

Mission

Clearwater Gas System is a socially responsible leader in the natural and propane (LP) gas distribution utility industry. We are dedicated to providing energy to our customers in the most safe, reliable, and economical manner, while maintaining high levels of customer satisfaction and optimizing load growth. We provide excellence in quality service and continually improve and expand services to meet our customers' expanding energy requirements. We are dedicated to providing superior financial returns to the City of Clearwater for the benefit of its citizens.

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 for 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 690 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. 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 81 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 peninsular Florida, CGS discontinued the manufacturing of gas and began receiving piped natural gas from Florida Gas Transmission.

Clearwater Gas System serves over 18,000 customers in a 298 square mile service territory, which includes 17 municipalities as well as unincorporated areas of Pinellas and Pasco counties. 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. It 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 for the proposed North Suncoast Parkway) and from the Pinellas and Hillsborough County lines on the South to generally State Road 52 on the North.

Clearwater Gas System prides itself in being a competitive, public service-minded utility, delivering safe, reliable, economical gas service to the residents and businesses of our community.

Department Summary					
	<i>Actual</i> 2001/02	<i>Actual</i> 2002/03	<i>Budget</i> 2003/04	<i>Budget</i> 2004/05	<i>%</i> <i>Change</i>
Administration & Supply	16,026,400	19,139,980	18,081,650	20,446,800	13.1%
South Area Operations	2,726,598	2,992,599	5,000,220	6,298,470	26.0%
North Area Operations	1,797,135	1,931,500	3,320,830	3,984,810	20.0%
Marketing & Sales	<u>2,532,828</u>	<u>2,300,830</u>	<u>2,509,850</u>	<u>2,653,080</u>	<u>5.7%</u>
Total	23,082,961	26,364,909	28,912,550	33,383,160	15.5%

Department Full-Time Equivalent Positions				
	<i>Actual</i> 2001/02	<i>Actual</i> 2002/03	<i>Budget</i> 2003/04	<i>Budget</i> 2004/05
Gas System	90.0	90.0	90.0	90.0

Strategic Objectives/Measures/and Targets

Strategic Priority	Objective	Measure
Infrastructure Maintenance & Improvements	Capital projects needed to improve the levels of service	Total Miles of Gas Mains <u>Performance 2001/02</u> 669.4 Miles in Operation <u>Performance 2002/03</u> 685.7 Miles in Operation <u>Performance 2003/04 (Thru 8/31/04)</u> 694.8 Miles in Operation
Quality of Life Economic Development	Clearwater will have a valued position as a preferred community for families to live.	Total Number of Gas Customers <u>Performance 2001/02</u> 16,792 <u>Performance 2002/03</u> 17,522 <u>Performance 2003/04 (Thru 8/31/04)</u> 18,395

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					
	<i>Actual</i> 2001/02	<i>Actual</i> 2002/03	<i>Budget</i> 2003/04	<i>Budget</i> 2004/05	<i>% Change</i>
Personnel	413,354	450,599	501,380	531,030	5.9%
Operating	12,246,410	15,128,155	13,376,700	15,687,330	17.3%
Internal Services	865,077	857,213	880,120	902,900	2.6%
Capital	7,313	16,258	-	-	n/a
Debt service	1,477,892	1,415,775	2,173,450	2,175,540	0.1%
Transfers	1,016,354	1,271,980	1,150,000	1,150,000	0.0%
Total	16,026,400	19,139,980	18,081,650	20,446,800	13.1%
Program Full-Time Equivalent Positions	9.0	7.8	8.7	9.0	

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 & Supply program is supported by 9 full-time equivalent positions, up from 8.7 in the 2003/04 budget. The increase reflects the transfer of .3 positions from other Gas System programs. The total full-time equivalent positions for the entire Gas Fund remain at ninety, 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. Inventory purchases in this fiscal year are approximately \$10.5 million, representing 51% of this total program's budget. This budgeted expenditure is up 27% from the previous year's approved budget.
- ❖ 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 \$770,530 for all Gas operations, a decrease of 2.3% from the previous year's budget. The Administration & Supply portion of this charge is \$703,170.

Program Highlights

- ❖ Debt service costs estimated at \$2,175,540 in this program represent debt on outstanding bonds of the Gas Fund.
- ❖ 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, is budgeted in this program. The Gas Fund anticipated portion of this cost is \$1,171, 540 in this fiscal year, an increase of 3.6% over the previous year. Like last year's budget, this charge again includes an amount of \$325,000 over the Gas plan recommended charge.
- ❖ Budgeted transfers of \$1,150,000 for the 2004/05 budget include two items: the gas dividend transfer to the General Fund totaling \$1 million per Council policy and \$150,000 to the Capital Improvement Program to support gas system financed projects. These transfers represent the same level of funding as the approved 2003/04 budget.
- ❖ The most significant change in the Gas Administration and Supply program in this fiscal year is the 27% increase in the price of fuel for resale and is the primary reason that expenditures in this program are 13.1% higher than in the 2003/2004 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					
	<i>Actual</i> <i>2001/02</i>	<i>Actual</i> <i>2002/03</i>	<i>Budget</i> <i>2003/04</i>	<i>Budget</i> <i>2004/05</i>	<i>%</i> <i>Change</i>
Personnel	1,636,644	1,737,094	2,203,420	2,281,420	3.5%
Operating	666,887	827,041	853,130	827,240	-3.0%
Internal Services	423,067	428,464	443,550	469,810	5.9%
Capital	-	-	10,120	5,000	-50.6%
Transfers	-	-	1,490,000	2,715,000	82.2%
Total	2,726,598	2,992,599	5,000,220	6,298,470	26.0%
Program Full-Time					
Equivalent Positions	46.0	46.0	44.0	44.0	

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 positions, the same as the previous year's approved budget.
- ❖ Budgeted transfers of \$2,715,000 for the 2004/05 budget include the transfer of funds to the Capital Improvement Program to support gas system financed projects, primarily for new gas mains and lines in Pinellas County. The funding level is 82% greater than projects funded in the previous year.
- ❖ There have been no other significant changes in the South Area Gas Operations program in this fiscal year. The 2004/05 budget for this program reflects an increase of 26% from the previous year's budget, primarily due to a greater 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					
	<i>Actual</i> 2001/02	<i>Actual</i> 2002/03	<i>Budget</i> 2003/04	<i>Budget</i> 2004/05	%
					<i>Change</i>
Personnel	1,025,072	1,124,450	1,268,510	1,374,580	8.4%
Operating	489,162	529,927	546,450	620,760	13.6%
Internal Services	246,126	277,122	290,870	294,470	1.2%
Capital	36,775	-	-	-	n/a
Transfers	-	-	1,215,000	1,695,000	39.5%
Total	1,797,135	1,931,500	3,320,830	3,984,810	20.0%
Program Full-Time Equivalent Positions	24.0	25.0	26.0	26.0	

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 26 full-time equivalent positions, the same staffing level as the previous year's adopted budget. Personnel cost increases of 8.4% are the result of several factors, including merit raises, the transfer to this program of a long-time employee to fill a vacancy, and medical and workers compensation insurance premium increases.
- ❖ Gas inventory purchases for resale are budgeted to increase 15% in the 2004/2005 budget and are the primary reason behind the 13.6% increase in operating costs of this program.

NORTH AREA GAS OPERATIONS

Program Highlights

- ❖ Budgeted transfers of \$1,695,000 for the 2004/05 budget reflect the transfer of funds to the Capital Improvement Program to support gas system financed projects. This is an increase of \$480,000 over the funding in the previous year's budget. This enhanced level of funding is for the continued installation of new mains and service lines in Pasco County.
- ❖ There have been no other significant changes in the North Area Gas Operations program in this fiscal year. The 2004/05 budget for this office reflects an increase of 20% over the previous year's budget. The increase in contributions to capital programs accounts for this increase.

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					
	<i>Actual</i> <i>2001/02</i>	<i>Actual</i> <i>2002/03</i>	<i>Budget</i> <i>2003/04</i>	<i>Budget</i> <i>2004/05</i>	<i>%</i> <i>Change</i>
Personnel	621,376	720,909	772,300	810,870	5.0%
Operating	1,774,842	1,365,135	1,498,120	1,561,920	4.3%
Internal Services	136,610	214,786	239,430	155,290	-35.1%
Capital	-	-	-	125,000	100.0%
Total	2,532,828	2,300,830	2,509,850	2,653,080	5.7%
Program Full-Time Equivalent Positions	11.0	11.2	11.3	11.0	

Program Highlights

- ❖ The Gas Marketing and Sales program is supported by 11 full-time equivalent positions, a decrease of .3 positions over the previous year's adopted budget. This is the result of a transfer between Gas programs and does not change the overall personnel count of the Gas System.
- ❖ Almost 83% of this program's costs are focused in three areas: personnel and sales commissions represent 31% of this budget, advertising and promotional activities are 32% of program costs, and inventory purchases for resale represent 20% of budgeted program expenditures.
- ❖ Internal services costs decrease 35.1% in this program due to savings for several codes, such as telephone and postal service usage, and re-allocating administrative charges to other Gas Fund programs.
- ❖ This budget contains a contribution of \$125,000 to the Capital Improvement fund to support Gas projects.
- ❖ There have been no other significant changes in the Gas Marketing and Sales program in this fiscal year. The 2004/05 budget for this office reflects an increase of 5.7% over the previous year's budget, primarily due to merit raises, insurance adjustments and increases in inventory purchases for resale.