

## 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 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 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 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 all of the 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 the Land O'Lakes to just west of I-75 along the right of way of Ehren Cut Off 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 southwesternmost to the northeasternmost 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.

<b>Department Summary</b>					
	<i>Actual</i> <i>2002/03</i>	<i>Actual</i> <i>2003/04</i>	<i>Budget</i> <i>2004/05</i>	<i>Budget</i> <i>2005/06</i>	<i>%</i> <i>Change</i>
Administration & Supply	19,139,980	21,001,427	20,446,800	<b>27,063,790</b>	<b>32.4%</b>
South Area Operations	2,992,599	3,318,423	6,298,470	<b>4,589,200</b>	<b>-27.1%</b>
North Area Operations	1,931,500	2,151,503	3,984,810	<b>6,009,120</b>	<b>50.8%</b>
Marketing & Sales	<u>2,300,830</u>	<u>2,196,238</u>	<u>2,653,080</u>	<u><b>2,870,940</b></u>	<u><b>8.2%</b></u>
<b>Total</b>	<b>26,364,909</b>	<b>28,667,591</b>	<b>33,383,160</b>	<b>40,533,050</b>	<b>21.4%</b>

<b>Department Full-Time Equivalent Positions</b>				
	<i>Actual</i> <i>2002/03</i>	<i>Actual</i> <i>2003/04</i>	<i>Budget</i> <i>2004/05</i>	<i>Budget</i> <i>2005/06</i>
Gas System	90.0	90.0	90.0	<b>90.0</b>

## Performance Measures

<u>Measure</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Miles of Gas Mains in Operation	670	686	733	750
Total Number of Gas Customers	16,792	17,522	18,454	18,548

## 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.

<b>Program Summary</b>					
	<i>Actual</i> <i>2002/03</i>	<i>Actual</i> <i>2003/04</i>	<i>Budget</i> <i>2004/05</i>	<i>Budget</i> <i>2005/06</i>	<i>%</i> <i>Change</i>
Personnel	450,599	475,870	531,030	<b>626,390</b>	<b>18.0%</b>
Operating	15,128,155	17,253,922	15,687,330	<b>22,168,890</b>	<b>41.3%</b>
Internal Services	857,213	874,084	902,900	<b>930,830</b>	<b>3.1%</b>
Capital	16,258	-	-	-	<b>n/a</b>
Debt service	1,415,775	1,353,906	2,175,540	<b>2,017,680</b>	<b>-7.3%</b>
Transfers	1,271,980	1,043,645	1,150,000	<b>1,320,000</b>	<b>14.8%</b>
<b>Total</b>	<b>19,139,980</b>	<b>21,001,427</b>	<b>20,446,800</b>	<b>27,063,790</b>	<b>32.4%</b>
Program Full-Time Equivalent Positions	7.8	8.7	9.0	<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 & Supply program is supported by 10 full-time equivalent positions, up from 9 in the 2004/05 budget. The increase reflects the transfer of one position from the Gas Marketing & Sales program. 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 in the operating category. Inventory purchases in this fiscal year are approximately \$16.5 million, representing 61% of this total program's budget. This budgeted expenditure is up 57% from the previous year's approved budget due to the increased cost of fuel.
- ❖ 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 \$1,205,310 in this fiscal year, an increase of 2.9% over the previous year. Like last year's budget, this charge again includes an amount of \$325,000 over the Gas plan recommended charge. The Administration & Supply portion of this charge is \$1,138,070, an increase of \$62,320 or 6%.

### Program Highlights

- ❖ 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 \$764,040 for all Gas operations, a decrease of 0.8% from the previous year's budget. The Administration & Supply portion of this charge is \$697,250.
- ❖ Debt service costs estimated at \$2,017,680 in this program represent debt on outstanding bonds of the Gas Fund.
- ❖ Budgeted transfers of \$1,320,000 for the 2005/06 budget include two items: the gas dividend transfer to the General Fund totaling \$1.17 million, and \$150,000 to the Capital Improvement Program to support gas system financed projects. The total gas dividend reflects an increase of \$250,000, over the previous year. And the Administration & Supply portion of the increase is \$170,000. The capital project funding represents the same level of funding as the approved 2004/05 budget.
- ❖ The most significant change in the Gas Administration and Supply program in this fiscal year is the 57% increase in the price of fuel for resale and is the primary reason that expenditures in this program are 32.4% higher than in the 2004/2005 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.

<b>Program Summary</b>					
	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Budget</i>	<i>%</i>
	<i>2002/03</i>	<i>2003/04</i>	<i>2004/05</i>	<i>2005/06</i>	<i>Change</i>
Personnel	1,737,094	2,134,038	2,281,420	<b>2,311,480</b>	<b>1.3%</b>
Operating	827,041	702,975	827,240	<b>590,260</b>	<b>-28.6%</b>
Internal Services	428,464	441,769	469,810	<b>487,460</b>	<b>3.8%</b>
Capital	-	39,641	5,000	<b>5,000</b>	<b>0.0%</b>
Transfers	-	-	2,715,000	<b>1,195,000</b>	<b>-56.0%</b>
<b>Total</b>	<b>2,992,599</b>	<b>3,318,423</b>	<b>6,298,470</b>	<b>4,589,200</b>	<b>-27.1%</b>
Program Full-Time					
Equivalent Positions	46.0	44.0	44.0	<b>43.0</b>	

## 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 43 full-time equivalent positions, a decrease of one position due to the transfer of 1.0 FTE to the North Area Gas Operations program. The total full-time equivalent (FTE) positions for the entire Gas Fund remain at ninety, the same as the previous year's approved budget.
- ❖ Resale reflects a decrease of \$178,300 or 33%. This is due to less outsourcing with work being done by Clearwater Gas System crews. This decrease is the primary reason for the 28.6% decrease in operating from the 2004/05 budget.

## SOUTH AREA GAS OPERATIONS

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### Program Highlights

- ❖ Budgeted transfers of \$1,195,000 for the 2005/06 budget 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 dividend for the gas fund reflects an increase of \$250,000, over the previous year, and the South Area Operations' portion of the increase is \$10,000. The capital project funding of \$1,185,000 represents a 56% decrease from the approved 2004/05 budget. The funded projects are primarily for line relocations and new gas mains and lines in Pinellas County. The need for capital funding has shifted from the South Area to the North Area.
- ❖ There have been no other significant changes in the South Area Gas Operations program in this fiscal year. The 2005/06 budget for this program reflects a decrease of 27% from the previous year's budget, primarily due to the decrease in 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.

<b>Program Summary</b>					
	<i>Actual</i> <i>2002/03</i>	<i>Actual</i> <i>2003/04</i>	<i>Budget</i> <i>2004/05</i>	<i>Budget</i> <i>2005/06</i>	<i>%</i> <i>Change</i>
Personnel	1,124,450	1,316,977	1,374,580	<b>1,457,660</b>	<b>6.0%</b>
Operating	529,927	542,322	620,760	<b>584,300</b>	<b>-5.9%</b>
Internal Services	277,122	286,530	294,470	<b>307,160</b>	<b>4.3%</b>
Capital	-	5,674	-	-	n/a
Transfers	-	-	1,695,000	<b>3,660,000</b>	<b>115.9%</b>
<b>Total</b>	<b>1,931,499</b>	<b>2,151,503</b>	<b>3,984,810</b>	<b>6,009,120</b>	<b>50.8%</b>
Program Full-Time Equivalent Positions	25.0	26.0	26.0	<b>27.0</b>	

## 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 positions, an increase of one over the previous year's adopted budget, due to the transfer of a position from the South Area Gas Operations. The total full-time equivalent positions for the entire Gas Fund remain at ninety, the same as the previous year's budget.
- ❖ Gas inventory purchases for resale are budgeted to decrease \$35,000 or 9% in the 2005/2006 budget and are the primary reason behind the 5.9% decrease in operating costs of this program.

### Program Highlights

- ❖ Budgeted transfers of \$3,660,000 for the 2005/06 budget reflect a 15.9% increase in funding for the Capital Improvement Program to support gas system financed projects that are primarily for new gas mains and lines in Pasco County. The need for capital funding has shifted from the South Area to the North Area.
- ❖ The 2005/06 budget for this program reflects an increase of 50.8% over the previous year's budget, primarily due to the increase in the need to fund capital projects.

## 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.

<b>Program Summary</b>					
	<i>Actual</i> <i>2002/03</i>	<i>Actual</i> <i>2003/04</i>	<i>Budget</i> <i>2004/05</i>	<i>Budget</i> <i>2005/06</i>	<i>%</i> <i>Change</i>
Personnel	720,909	778,560	810,870	<b>825,470</b>	<b>1.8%</b>
Operating	1,365,135	1,192,788	1,561,920	<b>1,690,860</b>	<b>8.3%</b>
Internal Services	214,786	224,890	155,290	<b>159,610</b>	<b>2.8%</b>
Transfers	-	-	125,000	<b>195,000</b>	<b>56.0%</b>
<b>Total</b>	<b>2,300,830</b>	<b>2,196,238</b>	<b>2,653,080</b>	<b>2,870,940</b>	<b>8.2%</b>
Program Full-Time Equivalent Positions	11.2	11.3	11.0	<b>10.0</b>	

## Program Highlights

- ❖ The Gas Marketing and Sales program is supported by 10 full-time equivalent positions, a decrease of one position due to the transfer of 1.0 FTE to the Administration & Supply program. The total full-time equivalent (FTE) positions for the entire Gas Fund remain at ninety, the same as the previous year's approved budget.
- ❖ Almost 80% of this program's costs are focused in three areas: personnel and sales commissions represent 29% of this budget, advertising and promotional activities are 29% of program costs, and inventory purchases for resale represent 22% of budgeted program expenditures.
- ❖ Inventory purchases for resale reflect an increase of \$121,000 or 24% over the 2004/05 budget, which is the primary reason for the 8.3% increase in budgeted operating costs.
- ❖ Budgeted transfers of \$195,000 for the 2005/06 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 dividend for the gas fund reflects an increase of \$250,000, over the previous year, and the Marketing & Sales portion of the increase is \$70,000. The capital project funding of \$125,000 represents the same level as the approved 2004/05 budget.

### Program Highlights

- ❖ There have been no other significant changes in the Gas Marketing and Sales program in this fiscal year. The 2005/06 budget for this office reflects an increase of 8.2% over the previous year's budget, primarily due to the inventory purchases for resale and gas dividend increases.