**CLEARWATER GAS SYSTEM**

**NEIGHBORHOOD EXPANSION PROGRAMS**

Clearwater Gas System, a locally owned natural and propane gas utility since 1923, is a revenue generating enterprise operation of the City of Clearwater. The company’s history dates back more than 85 years ago when operations began with a manufactured gas plant fueled by coal and coke. In 1959, natural gas transmission lines were installed and extended to peninsula Florida. At this time, Clearwater Gas System discontinued the manufacturing of coal and began receiving piped natural gas from the Florida Gas Transmission Company.

Today, Clearwater Gas System proudly serves more than 19,500 customers on Florida’s Suncoast either via propane or natural gas service. As a municipally-owned utility, Clearwater Gas System is a socially responsible leader in the natural and propane gas distribution utility industry dedicated to providing energy to our customers in the safest, most reliable, and most economical manner possible.

As a hometown energy provider, Clearwater Gas System maintains more than 800 miles of underground gas main within a two county area that serves residential, commercial, and industrial customers. Clearwater Gas System has grown its service territory from eight municipalities in one county to 20 municipalities in two counties. Our long-standing propane and natural gas history is evident based upon the number of years that we have served the community.

Over the years, we have celebrated many growth successes considering that we provide a very reliable and unique service in an extremely warm Florida climate *(approximately 495 annual heating degree days vs. 3,711 annual cooling degree days –based on 10-year average data).* As a public gasutility*,* weface numerous challenges to gain and/or attract new customers, including but not limited to a 1) sluggish economy, 2) ongoing building/code restrictions, and 3) rising costs of construction permits for new gas installations. These challenges (problem assessment), in some way shape or form, have continuously impeded our ability to further market gas energy as a competitively priced, convenient to use, and environmentally-friendly energy alternative.

The respective out-of-pocket costs of a typical residential gas line installation for new service can easily range between $1,100 – $2,000 depending upon the application and the Pinellas County gas code installation requirements. Therefore, to help facilitate and offset the costs of the installation of new gas mains that would otherwise not meet our standard seven year payback formula, the Clearwater Neighborhood Expansion Program (CNEP) was introduced and implemented. The CNEP was approved by the City of Clearwater Council on October 1, 2006, and allows for the extension of natural gas mains within existing residential Clearwater communities, where each new customer installs at minimum a gas water heater and one additional gas appliance. In addition, Clearwater Gas System offers energy conservation incentives (up to $1,875) when homeowners convert from electric to natural gas energy.

Phase I of this program included the installation of gas mains along the main roadways within targeted Clearwater communities. Phase II involved extending gas lines to serve single-family residential homes into the lateral roadways extending into *all* Clearwater neighborhoods. In addition, the CNEP program allows for main extensions, not to exceed 300 feet per new customer from the service line tap, for all single-family homes within Clearwater’s City limits. Finally, Phase III (*debuted January 1, 2010*) involves facilitating the installation of gas mains via our System-wide Neighborhood Expansion Program (SNEP). This system-wide program provides funding for gas main extensions to also include commercial, and/or industrial customers, not to exceed 300 feet from the service line tap. Therefore, within the City of Clearwater, both CNEP and SNEP allow the ability to extend up to 600 additional feet of main to serve a customer who would not otherwise be feasible.

Through the successful marketing of this program, our measureable outcomes reveal that 134 residential homeowners have converted to energy efficient natural gas while six new SNEP commercial accounts have been added (total of 14 miles of new main have been installed under these programs). A combination of ongoing “Live Greener with Gas” advertising messages support an aggressive CNEP/SNEP marketing campaign which includes postcard mailers, website links, neighborhood newsletter ads, bill stuffer messages, yard signs, facebook messaging, community sponsorships and various community tradeshows/events. The overall goal of the CNEP and SNEP is to continually promote natural gas energy as a renewable and sustainable fuel that is well positioned to help preserve and improve the quality of the environment while enhancing the health and welfare of Clearwater citizens via our unseen, silent and non-polluting underground gas main.

Notably, the supply of natural gas directly to the end-user via underground delivery eliminates the environmental impacts associated with transportation of other energies. It’s true: natural gas is a viable solution to our City’s current and future energy challenges which easily supports the City of Clearwater’s current Greenprint initiatives. The Clearwater Greenprint initiative allows residents and the City to partner to help build a cleaner, greener and more sustainable community. The goal of the Greenprint community action plan is to help guide city decision making over the next 20 years on topics such as energy-efficient buildings and redevelopment, transportation choices, waste recycling and local food production. Combined, all will ultimately result in efficiency throughout the City, which will provide long-term savings for residents and businesses within the community. To date, there are currently eleven City of Clearwater facilities that are equipped with energy-efficient natural gas, while future plans include building Tampa Bay’s first compressed natural gas fueling station (scheduled to open in June 2011) through the assistance of a State funded grant.

Historically, Clearwater Gas System is already positioned to help preserve and improve the environment and community through clean and efficient natural gas energy. Both CNEP and SNEP are designed to offer Clearwater homeowners and business owners a better energy alternative to efficient living at a fraction of the costs. Comparatively, natural gas is approximately 61 percent cheaper to operate vs. electricity for a typical residential application. On average, a homeowner using natural gas instead of electricity for heating, water heating, cooking and clothes drying has a carbon footprint of about 8,500 pounds of CO2 per year vs. 16,000 pounds per year or higher for electric appliances. According to the U.S. Department of Energy, houses consume about 37 percent of the energy and 68 percent of the electricity the country produces every year and they’re responsible for 1.2 billion metric tons of carbon dioxide emissions.

Although we have consistently communicated the comfortable, “responsible, economical” message, it has been our experience (and lesson learned) that eight out of ten homeowners are not yet overly concerned about saving the environment. Therefore, our most successful message approach involves highlighting the operating cost savings as the primary driver and efficiency as the secondary driver.

The overall funding/program costs to attract new CNEP/SNEP customers was approved by the City of Clearwater Council and is supported as a Capital Improvement Project *(current funding levels for both programs are approximately $954,000).* Transfers come from General Fund Retained Earnings and will continue to fund this project as part of our normal annual budget process. During fiscal year 2009/10, Clearwater Gas System added more than 400 new gas customers and 700,000 equivalent natural gas therms of new gas load despite an extremely poor economy. Given this great accomplishment, Clearwater Gas System provided economic impact (transfer payments to the City) in excess of $9.0 million through natural and propane gas service to homes and businesses in our two county service territory.

As energy demands increase and more consumers become more energy-wise and environmentally-savvy, natural gas will easily take a seat at the forefront of our local and statewide energy initiatives. Currently, natural gas supplies one-fourth of the energy needed to efficiently run U.S. homes, businesses, vehicles, industries and power plants. During the next 20 years, its use here is expected to grow by 50 percent.

Founded in 1923, Clearwater Gas System is the fourth largest municipal gas system in Florida and ranks 40th out of nearly 1,000 publicly owned gas systems in America. Clearwater Gas System currently provides natural and propane gas service to more than 19,500 residential and commercial customers in 20 cities in Pinellas and Pasco Counties.