

the Pilot

A newsletter for customers
of Clearwater Gas System **FALL 2006**

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IMPORTANT DATES:

October 29th - Daylight Saving Ends - "Fall Back"

November 10th - Veterans' Day observed, City offices closed

November 23rd-24th, Thanksgiving Holiday observance, City offices closed

December 25th, Christmas Day, City offices closed

Public Gas Systems Benefit the Community

Got Gas? If you answered yes then you are among the almost 19,000 customers in the Clearwater Gas service territory who enjoy the safety and reliability of gas energy.

Since 1923, Clearwater Gas has provided gas service to homeowners and businesses in Pinellas and Pasco counties. In honor of this accomplishment, Clearwater Gas joined the nation's publicly owned gas systems during the first week in October to celebrate Public Natural Gas Week.

Did you know that most public gas systems operate as local natural gas delivery systems and are owned by local government rather than by investors? Most public gas systems, or "municipals" as they are often called, were set up in the late 19th or early 20th century to provide natural gas service to areas not served by investor-owned utilities. Today, there are approximately 1,000 public gas systems in the U.S. Most are small operations, serving a few hundred to a few thousand customers - - but it's no small feat to the communities they serve.

In general, most people take the "gas company" for granted, but there are some very important benefits that public gas systems bring to their customers. The number one advantage is that public gas systems are owned by the municipal governments in the communities they serve rather than by stockholders who invest in the gas system to make a profit. They are also tax-free and not required to pay profits to stockholders, which allows the gas company to supply gas at reasonable rates. In addition, public gas utilities have strong ties to the communities they serve, purchasing goods and services in addition to providing jobs. According to data provided by the Department of Commerce's Bureau of Economic Analysis, every \$1 million of revenue generated by gas utilities

increases national economic output by \$2.66 million, employee earnings by \$450,000 and employment by 14 workers.

The history of natural gas in the United States dates back to the 1800s. The nation's first gas utility was established in Baltimore, Maryland, in 1816, with a charter to light the city's streets with gas manufactured from bituminous coal. The first natural gas well was drilled five years later in Fredonia, New York. Because there were no pipelines to bring gas into individual homes, street lighting remained the primary use of gas through the 1800s.

Three late century developments sent gas producers looking for new ways to market their products. They were: the conversion of many city gas lamps to electricity; Robert Bunsen's new burner that showed how gas could be used for cooking and heating; and construction of the first gas pipeline.

But it took WWII-related improvements in metals, welding techniques and pipe-making to make gas pipeline construction economical. After the war, and throughout the 1950s and '60s, the 1.4 million-mile U.S. pipeline network began to take shape, enabling truly "natural" gas to replace manufactured gas. Today, natural gas service is available in all 50 states serving more than 63 million customers and supplying one-fourth of the energy needed to efficiently run U.S. homes, businesses, vehicles, industries and power plants.

In honor of the Public Natural Gas Week celebration, Clearwater Gas invites the public to stop by the Energy Center Showroom at 2551 Drew Street in Clearwater or the North Service Center at 7302 US Highway 19, in New Port Richey, to receive a 2007 calendar and an "appreciation" gift for 83 years of servicing your gas energy needs.

Azeris Visit Clearwater Gas Facilities

Traveling more than 10,000 miles required a lot of patience and a lot of coffee for five international visitors that toured Clearwater Gas facilities on August 21st. Our visitors endured a more than 36-hour trip from Azerbaijan to the United States to gain knowledge regarding residential, industrial and commercial gas operations. The facility tour primarily focused on customer service, sales, marketing, and various daily operational functions required to successfully manage a natural and propane gas system.

In case you're wondering, Azerbaijan is a country where there is an abundance of oil and natural gas reserves, a major natural asset. Strategically situated at the gateway to southwest Asia,

Azerbaijan is bounded by Iran on the south and the Republic of Georgia on the north. Azerbaijan occupies the western ranges of the Greater and Lesser Caucasus and the Kura River valley. Azerbaijan's economic management has made it the most attractive of the oil-rich Caspian countries for foreign investment. In the years since its independence from the former Soviet Union, the country has undergone rapid privatization, and according to the International Monetary Fund, this transformation has proved to be the most successful international overhaul ever.

In the past, Azerbaijan's gas market was slow to develop, largely because the price of natural gas to consumers was regulated at artificially low prices. The country's gas market was also suffering



(Front Row): Gene Fominykl, Deputy Program Manager, U.S. Energy Association; Tofiq Allahverdiyev, Chief, Forecasting and Economics Department; Tom Sewell, Clearwater Gas Operations Director; Adil Baghirov, Chief, Gas Metering and Sales Department; Azar Bayramov, Chief Foreign Economic Relations Department.
(Back Row): Chuck Warrington, Clearwater Gas Managing Director; Jim Geary, Director of Customer Service & Marketing; John Scott, Customer Service Assistant Director.

from non-payment of bills by customers and many illegal connections to the gas network. However, new rules and regulations have allowed for system modernization including the installation of gas meters.

The international exchange visit provided an opportunity to explore the many features and benefits related to modern natural gas technologies and system improvements. "Across the miles, natural gas is one commodity that we all share, domestically and internationally, so naturally, we are happy to support our international partners with an information sharing session," says Chuck Warrington, Clearwater Gas Managing Director.

A recent study conducted by the American Gas Association reveals that our nation's expanding domestic natural gas industry offers worldwide trade opportunities. Currently the U.S. leads the world in terms of its natural gas infrastructure, and U.S. companies are furnishing equipment and expertise to countries in Central America, South America, Europe and the Far East that are just beginning to develop natural gas systems.



Doubletree Completes an Energy Efficient Makeover

Warm. Comfortable. Friendly. And, we might add, Energy Efficient and Powered by Natural Gas. This description is fitting for the newly remodeled Doubletree Beach Resort in North Redington Beach which is currently undergoing an energy makeover to natural gas. This makeover promises to deliver clean and efficient gas energy for many years to come.

The Doubletree Beach Resort decided to upgrade their facility with numerous changes as a way to reduce costs and conserve energy. One of the hotel's makeover decisions included installation of new natural gas piping and the replacement of propane gas appliances to reliably efficient natural gas.

These modifications are significant since the primary energy uses in most typical commercial establishments include space heating, water heating, cooking and drying segments. The appliance changeover included nine kitchen appliances, three dryers, three water heaters, one pool heater, one outdoor grill and 10 tiki torches. The Doubletree Beach Resort estimates energy savings over \$2,100 annually. The makeover is scheduled for November completion.

Clearwater Gas is pleased to assist local businesses with cost effective energy solutions. "We want our commercial and industrial customers to always think of energy efficiency as a critical business issue and look to Clearwater Gas for



The newly remodeled Doubletree Beach Resort is located in North Redington Beach at 17120 Gulf Boulevard and features a 125-room capacity.

help in finding valuable solutions," says Jim Geary, Clearwater Gas Customer Service and Marketing Director.

The Doubletree Beach Resort, a combination of Florida and the Tropics, is centrally located between

Clearwater and St. Petersburg Beaches, directly on the Gulf of Mexico.

From the millions of delighted hotel guests that enjoy the brand's legendary and famous warm chocolate chip cookie welcome during check-in time to the advantages of the hotel's unique reward programs, each Doubletree guest is guaranteed to receive a satisfying stay wherever their travels take them and receive the benefits of safe and reliable gas energy.

Clearwater Gas provides natural gas energy for more than 2,000 commercial businesses in north Pinellas and southwest Pasco counties.



MAKEOVER FACTS:

- 9 KITCHEN APPLIANCES
- 1 POOL HEATER
- 3 DRYERS
- 3 WATER HEATERS
- 1 GRILL
- 10 TIKI TORCHES

Natural Gas Energy Update

Natural gas supplies remained relatively stable during the summer months. However, now that we're entering the heating season, forecasters are warning of higher natural gas prices. Clearwater Gas does not expect natural gas supply shortages this winter, however we do anticipate slightly elevated commodity prices, resulting in a slight increase in residential natural gas bills.

Please be aware that Clearwater Gas makes no profit on commodity prices, but passes the cost of purchased gas along to customers. At current rates, natural gas is 44% cheaper, and propane gas is 14% cheaper than electricity for typical energy applications. Clearwater Gas will continue to take measures to ensure that the price you pay for natural gas is as stable as possible.

Regardless of the price of natural gas, there are several conservation measures that can save you money. Remember to have your equipment and appliances tested annually to ensure efficiency. The following conservation tips can help you reduce your natural gas bills during the winter months:

- Set your home heater thermostat between 65 and 70 degrees and lower it to 58 degrees when you will be away from the house more than a few hours.
- Seal up air leaks, especially around windows and doors with caulk or weather stripping.
- Close vents and doors in unused rooms and close the dampers on unused fireplaces.
- Set your water-heater temperature to normal, about 120 degrees.
- On sunny days, open draperies and blinds to let in the natural warmth of the sun. Close them at night to insulate against cold air outside.



Visit the National Energy Information Center's website at www.eia.doe.gov for additional conservation measures.

Gas System Receives Safety Award

The American Public Gas Association (APGA) recently presented the Safety Excellence award to Clearwater Gas in honor of its outstanding safety record for the past five years. APGA is a nationally-known nonprofit trade association that represents over 650 publicly owned natural gas local distribution companies (LDCs) and is considered the voice and choice among public gas systems.

The award is presented to member gas companies that exemplify performance excellence in natural gas safety procedures and management. Clearwater Gas was selected over several other member systems for maintaining the lowest safety incident record over the past five years. According to Chuck Warrington, Clearwater Gas Managing Director, "Our safety record success has remarkably minimized facility damage and reduced customer outages while protecting the health and safety of employees, customers, and the general public."

Clearwater Gas is the 35th largest of the nearly 1,000 publicly owned gas systems in America and provides natural and propane gas service to almost 19,000 residential and commercial customers in Pinellas and Pasco counties.

2007 Clearwater Gas Wall Calendars have arrived. Please stop by the Energy Center Showroom at 2551 Drew Street in Clearwater or our New Port Richey office at 8215 US 19 North to pick up your free calendar.

Survey Says . . .

Clearwater Gas is pleased to announce the results of its first annual safety awareness survey. The survey, conducted earlier this spring by Questfore Research, included 981 respondents in the Clearwater Gas service territory.

The survey shows that most of our residential customers have a basic awareness of natural gas safety, including what to do in case of a gas emergency.

Some Survey Highlights:

- Excellent ratings for remembering how to respond to gas leaks - 97.77% responded that they would leave the house and call 911 from a neighbor's house if they smelled gas.
- 83.49% of the respondents have the correct number to call Clearwater Gas if

there was an incident or if they needed more information.

- 84.20% of the respondents have heard or read that homeowners and/or excavators should call a central number prior to digging, to avoid accidentally hitting a natural gas pipeline.
- 97.82% of the respondents believe that they have adequate information about natural gas safety including how to recognize a leak, or what they should do if they smell gas in the home, etc.

Over the past nine years, Clearwater Gas has achieved a 59% collection rate for third party damage claims and we aggressively pursue damage recovery from contractors and individuals who damage underground gas facilities.



Clearwater Gas is proud of our customer loyalty and for the outstanding support we receive in day-to-day operations. It is our privilege to serve you, the homeowners and businesses in the Clearwater Gas service territory. As a safety reminder, Clearwater Gas reminds the public to call **Sunshine State One Call at (800) 432-4770**, two full days prior to digging so that utilities may mark any underground facilities. Failure to call is punishable by a minimum fine of \$250 to the homeowner or contractor.

The Clearwater Gas Public Awareness Program promotes pipeline safety to educate the public regarding the pipeline facilities and operations in the Clearwater Gas service territory.

contact US

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Pipeline to Connect Canadian Gas Supplies to U.S. Markets.

An interstate natural gas pipeline to connect Canadian natural gas supplies to U.S. northeast markets and regional storage facilities is being proposed by Alliance Pipeline, Duke Energy Gas Transmission and NJR Pipeline Company, a subsidiary of New Jersey Resources (NJR). The Lebanon Connector would be 125-170 miles in length and would follow the existing Texas Eastern Lateral.

California Project was a Load of Bull.

The Los Angeles Times featured a story about a California businessman in trouble with investors who say his project to turn cow manure into electricity was a scam.

W. Patrick Moriarty persuaded investors to give him \$10 million for his project to extract methane gas from tons of manure and use it to generate enough power to light a small city.

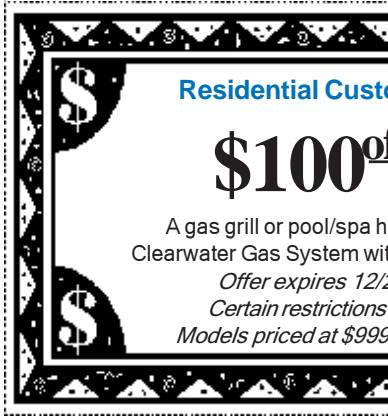
But the company he set up, Chino Organic Power Inc., had no licensed technology, no equipment, no permits - not even a guaranteed supply of manure. Scientists say that while manure can be used to create energy, it still remains an experimental technology.

Vogt Power to Supply Heat Recovery Units to Progress Energy.

Vogt Power International, a subsidiary of Babcock Power

Inc. won the bid to supply Progress Energy Florida the Heat Recovery Steam Generators for the Bartow Repowering Project in St. Petersburg, Florida. The project will deliver a cleaner, more reliable and efficient source of electricity for Progress Energy's customers.

Sources: Energy Central, Pipeline News, Los Angeles Times and Pipeline and Gas Technology.



CERTAIN RESTRICTIONS APPLY. Coupons are valid only at the Clearwater Gas Showroom and must be presented at time of purchase. This offer may not be combined with other promotional offers. Call Clearwater Gas at (727) 669-1958 for further details. Prior sales excluded.

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