

Clearwater Gas System Lowers Gas Rates

by Brian Langille, Operations Manager - Design & Distribution

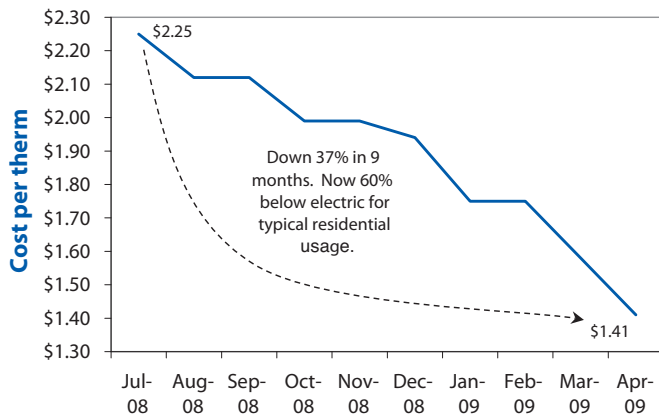
Clearwater Gas System recently announced further reductions in residential natural gas rates effective with the March 1, 2009 bills. This reduction from \$1.75 to \$1.41 per therm means that a typical residential natural gas appliance will operate at a 63% savings vs. its electric counterpart. In addition, propane gas rates have dropped respectively, from \$2.27 to \$2.20 per gallon, which is a 37% savings versus electric energy.

Natural gas prices continued to decline during the winter months despite some very cold weather across the country. As a result, the market price of natural gas decreased significantly, along with propane gas rates. Clearwater Gas System is passing those projected savings onto our customers. Historically, our residential natural gas rates are the lowest they have been since December 2002, and our propane residential rates are the lowest they have been since July 2005.

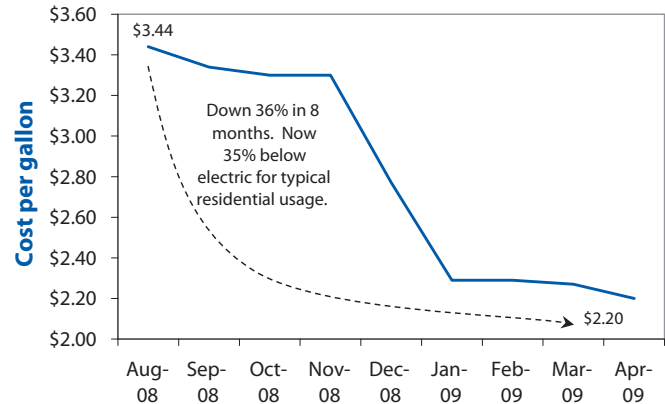
The major reason for the downturn in natural gas prices is the weakening U.S. economy. Historically, gas demand for industrial use was down by 10% in December 2008 over December 2007 levels, while the energy usage for power plants is expected to drop by 1% in 2009. Even though this is a small percentage, it's still significant given the large percentage of power plants that rely on natural gas to generate power. In addition, the manufacturing sector is expecting sharp declines in usage for 2009. In general, the outlook for natural gas demand looks dismal while at the same time wellhead production in 2009 is surpassing the 2008 levels.

At current rates, natural gas is 63% cheaper than electricity for typical household uses, while propane gas is 37% cheaper. Homeowners are encouraged to contact Clearwater Gas System at (727) 298-3540 for details on residential and commercial gas energy.

Residential Natural Gas Rates
Purchased Gas Adjustment (PGA)



Residential LP Rates
Purchased Gas Adjustment (PGA)



Federal Tax Credits Are Back and Better Than Ever

The American Recovery and Reinvestment Act of 2009, signed on February 17, 2009 by President Obama, has made significant changes to homeowner tax credits for specified energy-efficient home improvements including qualifying, residential gas water heaters. Some of the more significant changes include the extension of the tax credit through 2010. Take a look at the frequently asked questions summary for a more detailed overview of the Federal Tax Credits offered to homeowners:

What is a tax credit?

You don't receive an income tax credit when you buy the product, like an instant rebate. You claim the credit on your federal income tax form at the end of the year. The credit then increases the tax refund you receive or decreases the amount you have to pay.

What is the difference between a Tax Credit and a Tax Deduction?

In general, a tax credit is more valuable than a similar tax deduction. A tax credit reduces the tax you pay, dollar-for-dollar. Tax deductions – such as those for home mortgages and charitable giving – lower your taxable income. If you are in the highest 35% tax bracket, the income tax you pay is reduced by 35% of the value of a tax deduction. A tax credit reduces your federal income tax by 100% of the amount of the credit.

What are the specifications for energy-efficient water heaters under The American Recovery and Reinvestment Act of 2009?

To qualify, residential gas tankless water heaters must have an energy factor (EF) of at least 0.82 or greater, and must be "placed in service" between January 1, 2009 and December 31, 2010, and must be installed in or on the taxpayer's principal residence.

How much is the tax credit for a qualifying tankless water heater?

According to The American Recovery and Reinvestment Act of 2009, homeowners are eligible to receive up to 30% off the full purchase and installation price of a qualifying tankless water heater (up to a maximum of \$1500).

How do I get my tax credit?

File IRS Form 5695 with your 2009-2010 taxes. In addition, keep a copy of your proof of purchase and a copy of the Manufacturer's Certification Statement. Please consult a tax professional for more information.

Where can I purchase a tankless water heater?

You may call Clearwater Gas System at (727) 298-3540 to purchase a qualifying tankless water heater. Clearwater Gas System is also offering an additional \$300 allowance to existing customers when replacing their current gas water heater with a tankless unit, purchased from Clearwater Gas System.



Commercial Customers

SAVE UP TO \$100

on a commercial gas water heater, boiler or pool/spa heater from Clearwater Gas System with this coupon!

Expires 7/30/09

Certain Restrictions Apply. Coupons are valid only at the Clearwater Gas Sales Center and must be presented at time of purchase.

Residential Customers

SAVE UP TO \$100

on a gas grill or pool/spa heater from Clearwater Gas System with this coupon!

Expires 7/30/09

Certain Restrictions Apply. Grills priced at \$800 and higher. Coupons are valid only at the Clearwater Gas Sales Center and must be presented at time of purchase.

Safe Digging Is No Accident



**Know what's below.
Call before you dig.**

Did you know that every excavation/digging project at your home requires a phone call first? It's true that homeowners often make risky assumptions about whether or not they should get their utility lines marked prior to excavation projects. However, every digging job requires a call - even small projects like

planting trees and shrubs. The depth of the utility lines varies and there may be multiple utility lines in a common area.

During the month of April, Clearwater Gas System joined the nationwide campaign informing homeowners to know what is below. Digging without calling can disrupt service to an entire neighborhood, harm you and those around you which may result in costly penalties. One call to 8-1-1 allows Clearwater Gas System and other utilities to mark their underground facilities in the area of excavation.

Homeowners should check the area before proceeding with the project. If a member utility does not respond or if underground facilities are not clearly marked, call your state one call center again at 8-1-1 to have the area located properly. After the lines have been clearly marked, you are officially ready to dig!

Always be sure to dig around the marks, not on them. Some utility lines may be buried at a shallow depth, and an unintended shovel thrust can bring you right back to square one - facing potentially dangerous and/or costly consequences.

After you've made the smart call to 8-1-1 to protect yourself, your family and neighborhood, make sure to spread the word about 8-1-1.

Don't forget that with time, erosion or root structure growth may shift the locations of your utility lines, so remember to call again, each time you are planning an excavation project. Safe digging is no accident. Smart digging means calling 8-1-1 at least three days prior to an excavation project. Whether you are a homeowner or professional excavator, one call to 8-1-1 gets your underground utility lines marked for FREE.

In case you cause what seems to be **only** minor damage to a pipeline, **or any component attached to the pipeline**, you should **still** notify us immediately by calling our emergency hotline at (727) 462-6633. Always call before you dig to prevent accidents that could be damaging to health, property and the environment. By calling 8-1-1, you can help Clearwater Gas System prevent injuries and damage to underground facilities. Failure to comply may result in costly penalties. For additional information visit www.call811.com. Thanks for your help!



Calling All Propane Customers!

Attention residential propane customers – now for a limited time, make the smart investment and fill up your propane tank at the new low rate of \$2.20 per gallon (bulk rate). Don't delay, call Clearwater Customer Service today at (727) 562-4600, to schedule a propane tank fill.

Offices Will be Closed:

Monday, May 25 th	Memorial Day
Friday, July 3 rd	Independence Day Observed
Monday, September 7 th	Labor Day
Wednesday, November 11 th	Veterans' Day
Thursday and Friday, November 26 th - 27 th	Thanksgiving Holiday Observed
Friday, December 25 th	Christmas Day

Contact Us:

(727) 298-3540	Pinellas Sales Center
(727) 562-4900	Gas Administration
(727) 562-4900 x7419	Service and Repair
(727) 562-4900 x7444	Warehouse
(727) 562-4600	Customer Service
(727) 462-6633	24-Hour Emergency Line

For email inquiries, please visit www.clearwatergas.com

Prevent damage to buried utility lines.
Call 8-1-1 before you dig. It's the law.

Gas Industry News Update

News, trends and current events affecting the gas industry nationwide

Get Pumped! New Natural Gas Heat Pump Coming Soon

A new natural gas heat pump was unveiled to the U.S. market at the International Builders Show in Las Vegas in late January. Marketed under the brand name *écovaire*, this product will compete head on with the electric heat pump for both residential and commercial heating and cooling. The *écovaire* unit will be available in the Southwestern United States this summer. Roll-outs of this unit in other regions of the United States will follow, along with the introduction of a commercial rooftop unit. For more information, visit www.buildershow.com or www.ecovaire.com.

Water Heaters Soon to be Eligible for Energy Star Rating

For the first time ever, water heaters will be eligible for an ENERGY STAR rating. This could prove to be a huge boost for the natural gas industry, as this designation does not include electric water heaters. The designation began on January 1, 2009 and will include five categories of water heaters. The Department of Energy added water heaters to its efficiency efforts, as water heating represents up to 17% of national residential energy consumption, making it the third largest energy end use in homes, behind heating, cooling and kitchen appliances.

Rinnai Honored for Leadership in Energy Efficiency

Rinnai Corporation was recently awarded the Super Nova Star Award by the Alliance to Save Energy. The Alliance to Save Energy is a nonprofit coalition of business, government, environmental and consumer leaders who promote the efficient and clean use of energy worldwide. The award was presented to Rinnai based upon their energy-efficient water heating technology. Rinnai tankless water heaters are up to 30% more energy efficient than a traditional natural gas water heater and up to 50% more efficient than an electric water heater.

Sources: *The Source, Pipeline and Gas Journal, Florida Natural Gas Association*

 <p>For additional gas energy information, visit www.clearwatergas.com or contact Clearwater Gas Sales at (727) 298-3540</p>	<p>Executive Editor Chuck Warrington</p>	<p>Managing Editors Kristi Cheatham Chris Thorn</p>	<p>Editor Lisa Brown</p>
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