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January 10, 1997

Original
FILE COPY

VIA FEDERAL EXPRESS

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. **970003**-GU -- Purchased Gas Adjustment (PGA) Clause
True-Up Projections and Testimony for April 1997 - March 1998.

Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Peoples Gas System, Inc. ("Peoples"), please find the original and 15 copies of its Petition for Approval of PGA Factor for Application to Bills to be Rendered During the Period April 1997 Through: March 1998. *cc 392-97*

Enclosed also for filing on behalf of Peoples, please find 15 copies of the Direct Testimony of W. Edward Elliott on behalf of Peoples, as well as 15 copies of Composite Exhibit EE-2 to Mr. Elliott's testimony. *cc 393-97*

Please acknowledge your receipt and filing of the enclosures by stamping the duplicate copy of this letter which is enclosed and returning the same to the undersigned.

ACK _____ Thank you for your assistance.

AFA 2 _____

ALJ _____

CPR _____

CPW _____

ENR _____ Enclosures

EPG 1 _____

EGG _____

EPG 3 + mg _____

EPG _____

EPG _____

EPG 1 _____

WPS _____

ATL _____

Sincerely,



DAVID M. NICHOLSON

cc: Mr. Hugh M. Grey, III
Ms. Adriene W. Guidry
Mr. W. Edward Elliott
All Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas : Docket No. 970003-GU
Adjustment (PGA) True-Up :
: Submitted for Filing: 01-13-97

PETITION OF PEOPLES GAS SYSTEM, INC. FOR APPROVAL
OF PGA FACTOR FOR APPLICATION TO BILLS TO BE RENDERED
DURING THE PERIOD APRIL 1997 THROUGH MARCH 1998

Peoples Gas System, Inc. ("Peoples"), by its undersigned attorneys, hereby files its petition for approval of its purchased gas adjustment ("PGA") factor to be applied to bills rendered for meter readings taken between April 1, 1997 and March 31, 1998, inclusive, and in support thereof says:

1. The name of the petitioner and the mailing address of its principal office is:

Peoples Gas System, Inc.
P. O. Box 2562
Tampa, Florida 33601-2562

2. The names and mailing address of the persons authorized to receive notices and communications with respect to this petition

are:
Ansley Watson, Jr., Esq., and
David Mn. Nicholson, Esq.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

3. By its Orders Nos. 24463 and 24463-A in this docket, the Commission adopted a revised method for the recovery of purchased gas costs by regulated natural gas utilities, to be used for the recovery of such costs commencing October 1, 1991.

Submitted herewith is Peoples' Composite Exhibit EE-2,

ACK _____
AFA 3 _____
APP _____
CAF _____
CMU _____
CTR _____
EAG 1 _____
LEG 3 _____
LIT _____
MVA _____
SEC 1 _____
WAS _____
OTH _____

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consisting of Schedules E-1, E-1/R, E-2, E-3, E-4 and E-5. The schedules in Composite Exhibit EE-2 are used to compute a maximum PGA factor for application to bills rendered for gas sold by Peoples during the twelve-month period of April 1, 1997 through March 31, 1998 (the "Projection Period").

4. The maximum PGA factor calculated in Composite Exhibit EE-2 basically represents (A) the sum of the final net true-up amount for the period April 1, 1995 through March 31, 1996, the estimated or projected true-up (based on actual data for eight months and projected data for four months) for the period April 1, 1996 through March 31, 1997, both true-up amounts including interest, and Peoples' projected cost of purchased gas for the April 1997 - March 1998 period, without interest, (B) divided by Peoples' projected therm sales for the Projection Period.

5. The maximum (cap) PGA factor for which Peoples seeks approval for the Projection Period is shown on Line 45, Page 3 of Schedule E-1 of Composite Exhibit EE-2, and is 42.301 cents per therm.

WHEREFORE, Peoples Gas System, Inc., respectfully requests that the Commission enter its order approving Peoples' proposed maximum (cap) PGA factor of 42.301 cents per therm for application to bills rendered for meter readings taken from April 1, 1997 through March 31, 1998.

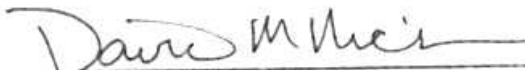
Respectfully submitted,



Ansley Watson, Jr.
David M. Nicholson of
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601
(813) 273-4205
Attorneys for Peoples Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing
Petition and the Direct Testimony of W. Edward Elliott has been
furnished by regular U.S. Mail this 10th day of January, 1997, to
all known parties of record in Docket No. 970003-GU.



David M. Nicholson