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IN REPLY REFER TO

January 30, 2002

Ansley Watson, Jr.
P.O. Box 1531
Tampa, Florida 33601
e-mail: aw@macfar.com

VIA FEDEX

Blanca S. Bayo, Director
Division of Commission Clerk & Administrative Services
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

020000-PU

COMMISSION
CLERK

JAN 31 AM 11:51

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Dear Ms. Bayo:

Enclosed is a report called for in the Peoples Gas System/Clearwater Gas System Territorial Agreement. This is simply an update on the status of this agreement, and we are requesting no action by the Commission in response to this filing.

Please acknowledge your receipt and the date of filing of the enclosures on the duplicate copy of this letter and return the same to the undersigned in the enclosed preaddressed envelope.

Thank you for your usual assistance.

Sincerely,


ANSLEY WATSON, JR.


02 JAN 31 AM 10:35

DISTRIBUTION CENTER

AWjr/a
Enclosures

cc: Mrs. Wraye J. Grimard, Peoples Gas System
William J. Peebles, Esquire, Attorney for Clearwater Gas System

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FPSC-BUREAU OF RECORDS

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**JOINT REPORT OF
PEOPLES GAS SYSTEM AND CLEARWATER GAS SYSTEM
ON STATUS OF TERRITORIAL AGREEMENT**

In Order No. PSC-00-0371-PAA-GU issued on February 21, 2000, in Docket No. 991758-GU, the Commission approved the territorial agreement entered into between Peoples Gas System ("PGS") and Clearwater Gas System ("CGS") (the "Agreement"). Section 5.1 of the Agreement calls for a meeting of the parties prior to the second anniversary of the effective date of the Agreement (and no more than every fifth anniversary thereafter), and a joint report on the status of the Agreement to be submitted to the Commission following such meetings.

By this report, PGS and CGS advise the Commission that (i) certain of the transfers of properties and customers contemplated by Section 2.2 of the Agreement have been accomplished pursuant to the terms of the Agreement and, pursuant to the terms of the Agreement, certain transfers have yet to be made, (ii) the Agreement remains in full force and effect, (iii) no modifications have been proposed in the terms of the Agreement, and (iv) no disputes between the parties have arisen concerning the provisions of the Agreement.

The parties will advise the Commission to the extent that any changes to the Agreement are proposed, and will petition the Commission to resolve any disputes which may arise with respect to the provisions of the Agreement if the parties are unable to resolve the same.

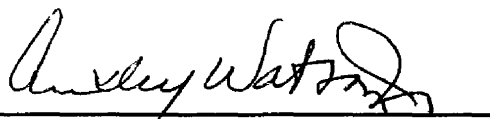
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DATED this 30th day of January, 2002.

Respectfully submitted,



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and

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