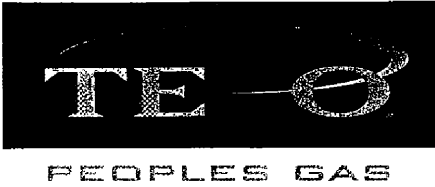


ORIGINAL



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October 22, 2002

VIA FEDERAL EXPRESS

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

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Re: Docket No. 020004-GU –
Natural Gas Conservation Cost Recovery Clause

Dear Ms. Bayo:

Enclosed for filing with the Commission in the above docket on behalf of Peoples Gas System ("Peoples"), please find the original and 15 copies of Peoples Preliminary Statement. A diskette containing the document is also enclosed.

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 pre-addressed envelope.

Thank you for your assistance.

Sincerely,

Matthew R. Costa
Corporate Counsel

- AUS _____
- CAF _____
- CMP _____
- COM 5
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Enclosures

cc: Ms. Kandi M. Floyd
Parties of Record

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AN EQUAL OPPORTUNITY COMPANY

(813) 275-3900
HTTP://WWW.PEOPLES GAS.COM

<u> </u> (KMF - 2R)	Floyd	Conservation cost recovery true-up data (January 2001 - December 2001) consisting of schedules CT-1 through CT-6 (PGS West Florida Region).
<u> </u> (KMF-3)	Floyd	Data for development of conservation cost recovery factor (January 1, 2003 - December 31, 2003), consisting of schedules C-1 through C-5 (except PGS West Florida Region).
<u> </u> (KMF-4)	Floyd	Data for development of conservation cost recovery factor (January 1, 2003 - December 31, 2003), consisting of schedules C-1 through C-5 (PGS West Florida Region).

D. STATEMENT OF BASIC POSITION:

PGS's Statement of Basic Position:

The Commission should approve -- for areas other than PGS's West Florida Region -- PGS's end-of-period final true-up amount of \$352,527 (overrecovery) for the period January 2001 through December 2001; the estimated true-up amount for the period January 2002 through December 2002; and the projected conservation program expenses for the period January 1, 2003 through December 31, 2003.

For areas other than PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for the period January 1, 2003 through December 31, 2003:

<u>Rate Class</u>	<u>ECCR Factor</u> <u>(per therm)</u>
Residential	\$0.05960
Small Commercial	\$0.05146
Commercial	\$0.02152
Commercial - Large Volume 1	\$0.01750
Commercial - Large Volume 2	\$0.01270
Street Lighting	\$0.00740
Natural Gas Vehicle Service	\$0.00578

(Floyd)

For PGS's West Florida Region, the Commission should approve PGS's end-of-period final true-up amount of \$1,138,610 (underrecovery) for the period January 2001 through December 2001; the estimated true-up amount for the period January 2002 – December 2002; and the projected conservation program expenses for the period January 1, 2003 through December 31, 2003.

For PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for the period January 1, 2003 through December 31, 2003:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.12620
Commercial	\$0.03951
Commercial Large Volume	\$0.02943
Industrial	\$0.02904

(Floyd)

E. STATEMENT OF ISSUES AND POSITIONS:

Generic Conservation Cost Recovery Issues for Natural Gas Utilities

1. ISSUE: What is the final end-of-period true-up amount for the period January 1, 2001 through December 31 2001?

PGS (except West Florida): \$352,527 overrecovery. (Floyd)

PGS – West Florida: \$1,138,610 underrecovery. (Floyd)

2. ISSUE: What are the appropriate conservation cost recovery factors for the period January 1, 2003 through December 31, 2003?

PGS (except West Florida): The appropriate conservation cost recovery factors for the period January 1, 2003 through December 31, 2003 are as follows:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.05960
Small Commercial	\$0.05146
Commercial	\$0.02152
Commercial - Large Volume 1	\$0.01750
Commercial - Large Volume 2	\$0.01270
Street Lighting	\$0.00740
Natural Gas Vehicle Service	\$0.00578

(Floyd)

PGS – West Florida: The appropriate conservation cost recovery factors for the period January 1, 2003 through December 31, 2003 are as follows:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.12620
Commercial	\$0.03951
Commercial Large Volume	\$0.02943
Industrial	\$0.02904

(Floyd)

3. ISSUE: What should be the effective date of the cost recovery factors for billing purposes?

PGS: The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January, 2003 through December, 2003. Billing cycles may start before January 1, 2003, and the last cycle may be read after December 31, 2003, so that each customer is billed for 12 months regardless of when the adjustment factor becomes effective.

F. STIPULATED ISSUES:


None at this time as to PGS.

G. PENDING MOTIONS AND OTHER MATTERS:

None as to PGS.

Dated this the 22nd day of October, 2002.

Respectfully submitted



MATTHEW R. COSTA, ESQUIRE

Corporate Counsel

TECO ENERGY, INC.

P.O. Box 111

Tampa, Florida 33601

(813) 228-4938

Corporate Counsel for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement of Peoples Gas system has been furnished this 22nd day of October, 2002, by regular U.S. Mail, to all known parties of record in Docket No. 020004-GU.



Matthew R. Costa