ORIGINAL

MACFARLANE FERGUSON & McMullen

ATTORNEYS AND COUNSELORS AT LAW

500 SOUTH FLORIDA AVENUE SUITE 240 LAKELAND, FLORIDA 33801 (863) 680-9908 FAX (863) 683-2849 400 NORTH TAMPA STREET, SUITE 2300
P O BOX 1531 (ZIP 33601)
TAMPA, FLORIDA 33602
(B13) 273-4200 FAX (B13) 273 4396

625 COURT STREET
P. O. BOX 1669 (ZIP 33757)
CLEARWATER, FLORIDA 33756
(727) 441-8966 FAX (727) 442-8470

IN REPLY REFER TO

December 17, 2002

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

VIA FEDERAL EXPRESS

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

Re: Docket No. 020384-GU -- Petition for rate increase by PEOPLES GAS SYSTEM

Dear Ms. Bayo:

AUS

COM __

ECK GCL OPC

MMS SEC

AWir/a

Enclosures

Enclosed for filing in the above docket on behalf of Peoples Gas System, please find the original and 20 copies of an Affidavit regarding compliance with the notice and public information requirements of the Commission's rules in the above proceeding. This Affidavit was identified as *Late-Filed Exhibit No. 2* at the hearing held in this docket on December 13, 2002.

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

Thank you for your assistance, and best wishes for the Holidays.

Sincerely.

ANSLEY WATSON, JR.

0S DEC 18 WW 10: 52

DISTRIBUTION CENTER

DOCUMENT NUMBER-DA

13780 DEC 188

Blanca S. Bayo, Director December 17, 2002 Page 2

cc: Parties of Record
Ms. Angela Llewellyn
Matthew R. Costa, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate increase by :

Docket No. 020384-GU

Tampa Electric Company d/b/a Peoples:

Gas System.

Submitted for Filing:

12-18-02

AFFIDAVIT REGARDING COMPLIANCE WITH NOTICE REQUIREMENTS

STATE OF FLORIDA

COUNTY OF HILLSBOROUGH

BEFORE ME, the undersigned authority, this day personally appeared KANDI M. FLOYD who, being first duly sworn, says:

- 1. That she is Regulatory Administrator of Peoples Gas System and was assigned responsibility for effecting compliance by the Company with the notice and public information requirements set forth in Rule 25-22.0406, *F.A.C.*, during the course of the proceedings in this docket, and that she has supervised and directed the actions of the Company and others required by such rule.
- 2. That, as required by Rule 25-22.0406(2), a copy of the Company's petition in this docket was mailed on June 27, 2002 to the chief executive officer of the governing body of each municipality and county within the Company's service areas.
- 3. That, within 15 days after the Company was notified that the Minimum Filing Requirements had been met (and within 15 days after the time schedule for the case in this docket (the Case Assignment and Scheduling Record)) was mailed to the Company, the Company:
 - A. On July 31, 2002, placed a copy of the Minimum Filing Requirements at the Company's Tampa headquarters, and at its offices located in Tampa St. DOCUMENT NOT NOT BELLETING.

13780 DEC 188

Petersburg, Sarasota, Orlando, Eustis, Avon Park, Daytona, Lakeland, Ft. Myers, West Palm Beach, North Miami, Miami, Ocala, Jacksonville, Panama City; and

- B. On July 31, 2002, distributed to the Company's Tampa headquarters, to its offices located in Tampa, St. Petersburg, Sarasota, Orlando, Eustis, Avon Park, Daytona, Lakeland, Ft. Myers, West Palm Beach, North Miami, Miami, Ocala, Jacksonville, Panama City, to the chief executive officer of the governing body of each municipality and county within the Company's service areas; and to the main county libraries within and most convenient to the Company's service areas, a synopsis of the Company's rate request in this docket (which had previously been approved by the Commission Staff) in the form attached hereto as Appendix A (attachments to the synopsis being omitted as attached hereto).
- 4. That, as required by Rule 25-22.0406(5), within 30 days after the rate case time schedule in this docket was mailed to the Company, the Company:
 - A. Followed its normal practice in billing its customers in all of its service areas (except the Panama City and Ocala portions of the Company's West Florida Region) for the billing cycles beginning August 8, 2002 and ending September 6, 2002, and enclosed in each customer's bill a Notice of Public Hearings (blue insert) in the form attached hereto as Appendix B (which had previously been approved by the Commission Staff); and
 - B. Followed its normal practice in billing its customers in the Panama City and Ocala portions of the Company's West Florida Region for the billing cycles beginning August 8, 2002 and ending September 6, 2002, and enclosed in each

customer's bill a Notice of Public Hearings (green insert) in the form attached hereto as Appendix C (which had previously been approved by the Commission Staff).

5. That, as required by Rule 25-22.0406(6), the Company caused to be published on September 7, 2002, in the following: Tampa Tribune, St. Petersburg Times, Lakeland Ledger, Orlando Sentinel, Ocala Star Banner, Florida Times Union, Miami Herald, El Nuevo Herald, Ft. Lauderdale Sun Sentinel, Palm Beach Post, Daytona Beach News Journal, Bradenton Herald, Sarasota Herald Tribune, Venice Herald Tribune and on October 5, 2002, Panama News Herald, newspapers of general circulation in the areas where the Hollywood, Tampa, Orlando, Jacksonville and Panama City service hearings in this case were scheduled to be held, a display advertisement, previously approved by the Commission Staff, in the form attached hereto as Appendix D, and obtained from such newspapers proofs of publication which will be made available for inspection on request by the Commission, its Staff, or any intervener in this docket.

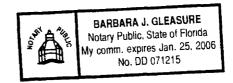
Kandi M. Floyd

Sworn to and subscribed before me this 17th day of December, 2002.

Notary Public - State of Florida at Large

Doebara Illeasure

My Commission expires:



CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Affidavit has been furnished to all parties of record in Docket No. 020384-GU by regular U.S. mail, this 17th day of December, 2002.

ANSLEY WATSON, JR.

Macfarlane Ferguson & McMullen

P. O. Box 1531

Tampa, Florida 33601-1531

(813) 273-4321

Attorney for Peoples Gas System

RATE CASE SYNOPSIS

On June 27, 2002, Peoples Gas System petitioned the Florida Public Service Commission for an increase in rates. The Commission, under Florida law, regulates rates, charges, and services provided by Florida investor-owned utilities. The case was assigned Docket No. 020384-GU. Peoples' last rate case was filed in January 1992, with a final order being issued in September 1992.

In the 10 years since Peoples' last rate case, many factors have contributed to the necessity for the Company to now seek rate relief. The Consumer Price Index during this period has increased more than 30%, which has not only required that the Company pay more for the goods and services it purchases, but has also contributed to a steady increase in the level of the Company's direct and indirect payroll costs. Additionally, health care costs continue to escalate at a rate significantly higher than that of inflation. During this 10-year period, there have also been major changes in accounting regulations, as well as increases in various taxes, all of which have contributed to the increase in the cost to provide service to our customers. At the same time, the Company has been striving to improve the efficiency and economy of its operations without compromising the level of service rendered to its customers. It is essential that the Company be permitted to recover these costs in order to maintain its financial integrity so that it can raise new capital needed to provide service to the public. The Company has calculated its revenue requirements based on an overall return on rate base of 9.29 percent. The request totals \$22.6 million in increased revenue.

Under the proposed rates (including gas cost and other fees), the residential monthly price of \$27.17 for 20 therms would increase to \$32.12 or 18.2%. In order to more fairly accommodate customers with different volume and usage requirements, the Company is proposing to create several new commercial rate schedules. The small general service monthly price of \$45.35 for 35 therms would increase to \$55.14 or 21.6%; general service (GS) customers with an average usage of 500 therms would be billed on the GS-1 schedule and the monthly price of \$385.90 would increase to \$396.30 or 2.7%; general service large volume (GSLV-1) customers with an average usage of 2,500 therms would be billed on the GS-2 schedule and the monthly price of \$1,794.58 would increase to \$1,814.75 or 1.1%; general service large volume (GSLV-1) customers with an average usage of 7,500 therms would be billed on the GS-3 schedule and the monthly price of \$5,333.73 would decrease to \$5,179.20 or 2.9%; general service large volume (GSLV-1) customers with an average usage of 31,250 therms would be billed on the GS-4 schedule and the monthly price of \$22,144.69 would decrease to \$20,944.69 or 5.4%; general service large volume (GSLV-2) customers with an average usage of 60,000 therms would be billed on the GS-5 schedule and the monthly price of \$38,745.60 would decrease to \$35,182.20 or 9.2%. The monthly bill for a commercial street lighting customer using 1,200 therms would increase \$105.74 or 15.4%; the monthly bill for a natural gas vehicle customer using 3,000 therms would increase \$506.98 or 30.8%; and the monthly bill for a wholesale service customer using 4,000 therms would increase \$173.00 or 7.1%. Interruptible customers monthly bills would essentially remain unchanged.

In June 1997, Peoples acquired via merger the distribution assets of West Florida Natural Gas Company. Since these customers are currently being billed under the former West Florida rates, the effect of the proposed rates on these customers will be different. For residential service the monthly price of \$26.57 for 20 therms would increase to \$33.24 or 25.1%; commercial service (CS) customers with an average usage of 500 therms would be billed on the GS-1 schedule and the monthly price of \$342.23 would increase to \$399.61 or 16.8%; commercial service (CS) customers with an average usage of 2,500 therms would be billed on the GS-2 schedule and the monthly price of \$1,671.15 would increase to \$1,843.38 or 10.3%; large commercial service (LCS) customers with an average usage of 7,500 therms would be billed on the GS-3 schedule and the monthly price of \$4,762.25 would increase to \$5,184.23 or 8.9%; large commercial service (LCS) customers with an average usage of 31,250 therms would be billed on the GS-4 schedule and the monthly bill would increase \$1,281.25 or 6.5%; firm industrial service (FIS) customers with an average usage of 60,000 therms would be billed on the GS-5 schedule and the monthly bill would increase \$3,148.40 or 9.7%; the monthly bill for interruptible service (IS) customers with an average usage of 200,000 therms would increase \$8,542.00 or 8.8%.

After the filing of the request, which took place on June 27, 2002, the Florida Public Service Commission has eight months to conduct the case. The formal request is circulated to the Commissioners, the Public Service Commission staff, the Office of the Public Counsel, and other parties who express interest in the case.

During the course of the proceeding, Peoples Gas responds to many requests for documents and information.

Service hearings are scheduled to be held in the following cities on the dates and at the times indicated below. Customers of Peoples Gas will be notified at a later date of the locations at which these service hearings are to be held, and such information will also be published in newspapers of general circulation in the Company's service areas.

> Hollywood September 17, 2002

Tampa September 24, 2002 12:00 noon 12:00 noon

Orlando September 25, 2002 12:00 noon

Jacksonville September 26, 2002 12:00 noon

Panama City October 22, 2002 5:00 p.m.

These hearings enable customers to express their views of the Company's performance, which the Commission takes into account when ruling on the case.

A technical hearing is scheduled to be held in Tallahassee on December 13, 2002. The purpose of this hearing is for presentation by the parties' witnesses of technical prefiled testimony and for cross examination of those witnesses.

Following the technical hearing, the Public Service Commission's Staff, after analyzing all the evidence in the case, will issue a recommendation to the Commission. The Commission then meets to decide the case.

New prices will go into effect 30 days after the Commission's vote establishing the Company's revenue requirements.

More detailed information on the Company's proposed rate increase is contained in exhibits that follow this discussion. A summary of the highlights of the case is set out in Exhibit A, attached, and a bill comparison showing typical monthly bills is contained in Exhibit B. Copies of the complete Minimum Filing Requirements filed with the Commission are available for inspection at each division and regional office of the Company and at the Company headquarters in Tampa.

•

PEOPLES GAS SYSTEM NOTICE TO OUR NATURAL GAS CUSTOMERS

NON-WEST FLORIDA REGION

Wednesday, September 25, 2002, 12 00 p m Orlando City Council Chambers 400 South Orange Avenue Orlando, Florida

Thursday, September 26, 2002, 12 00 p m Holiday Inn - Baymeadows 9150 Baymeadows Road Jacksonville, Florida

Tuesday, October 22, 2002, 5 00 p.m. (CT) Holiday Inn Select 2001 North Cove Boulevard Panama City, Florida

These hearings enable customers to express their views of the Company's performance, which the Commission takes into account when ruling on the case

A technical hearing is scheduled to be held in Tallahassee on December 13, 2002. The purpose of this hearing is for presentation by the parties' witnesses of technical pre-filed testimony and for cross-examination of those witnesses.

Copies of the complete minimum filing requirements filed with the Public Service Commission are available for inspection at each division and regional office of the Company and at Company headquarters in Tampa. Copies of the synopsis of the Company's rate request have been distributed to the main county library in each county within the Company's service area.





Florida Public Service Commission Notice of Public Hearings Docket No. 020384-GU

On June 27, 2002, Peoples Gas System petitioned the Florida Public Service Commission for an increase in rates. The Commission, under Florida law, regulates rates, charges, and services provided by Florida investor-owned utilities. The case was assigned Docket No. 020384-GU Peoples' last rate case was filed in January 1992, with a final order being issued in September 1992.

In the 10 years since Peoples' last rate case, many factors have contributed to the necessity for the Company to now seek rate relief. The Consumer Price Index during this period has increased more than 30%, which has not only required that the Company pay more for the goods and services it purchases, but it has also contributed to a steady increase in the level of the Company's direct and indirect payroll costs Additionally, health care costs continue to escalate at a rate significantly higher than that of inflation. During this 10-year period, there have also been major changes in accounting regulations, as well as increases in various taxes, all of which have contributed to the increase in the cost to provide service to our customers. At the same time, the Company has been striving to improve the efficiency and economy of its operations without compromising the level of service rendered to its customers. It is essential that the Company be permitted to recover these costs in order to maintain its financial integrity so that it can raise new capital needed to provide service to the public. The Company has

calculated its revenue requirements based on an overall return on rate base of 9.29 percent. The request totals \$22.6 million in increased revenue.

Under the proposed rates (including gas cost and other tees), the residential monthly price of \$27.17 for 20 therms would increase to \$32.12 or 18.2%. In order to more fairly accommodate customers with different volume and usage requirements, the Company is proposing to create several new commercial rate schedules. The small general service monthly price of \$45.35 for 35 therms would increase to \$55.1 For 21.6%, general service (GS) customers with an average usage of 500 therms would be billed on the GS-1 schedule and the monthly price of \$385.90 would increase to \$396.30 or 2.777, general service large volume (GSLV-1) customers with an average usage or 2,500 therms would be billed on the GS-2 schedule and the monthly price of \$1,794.58 would increase to \$1,81+75 or 1.1% general service large volume (GSLV-1) customers with an average usage of 7,500 therms would be billed on the GS-3 schedule and the monthly price of \$5,333.73 would decrease to \$5.179.20 or 2.9% general service large volume (GSLV-1) customers with an average usage of 31,250 therms would be billed on the GS-4 schedule and the monthly price of \$22,14+69 would decrease to 520,944 69 or 5 4%, general service large volume (GSLV-2) customers with an average usage of 60 (000 therms would be billed on the GS-5 schedule and the monthly price of \$38,745,60 would decrease to 555,182,20 or 9.2%. The monthly bill for a commeral street lighting customer using 1,200 therms would regresse \$105 flat or 15 477, the monthly bill for a natural gas vehicle customer using 3 000 therms would increase \$506.98 or 30.8%, and the monthly bill for a wholesale service customer using 4 000 therms would rease \$173.00 or 7.1%. Interruptable customers contbix bills would essentially remain unchanged

With respect to miscellaneous service charges, Peoples has requested an increase in the residential meter turn-on charge from \$25 to \$35, an increase in the residential reconnection charge from \$25 to \$60, and an increase in the residential account opening charge from \$10 to \$20. The commercial meter turn-on charge would increase from \$50 to \$75, the commercial reconnection charge from \$50 to \$100, the commercial account-opening charge from \$10 to \$20, the trip charge collection at customer premises from \$10 to \$20, and the charge to a pool manager for dropping a customer for non-payment of a pool manager's bill from \$20 to \$30. Peoples has also proposed three new service charges which include a temporary disconnection charge of \$25, a failed trip. charge of \$15, and a credit card use charge equal to 3.5% of each credit card transaction

The Commission has scheduled service hearings at which the Company will present a brief summary of its case, and the members or the public may present testimony regarding the rates and service of the Company. The dates, times, and locations of those hearings are set forth below. Persons who wish to present testimony are urged to appear at the beginning of the hearing since the hearing may be adjourned early if no witnesses are present to testify

Tuesday, September 17, 2002-12 00 p.m. Hollywood Beach Cultural & Community Center 1301 South Ocean Drive Hollywood, Florida

Tuesday Seprember 23, 2002, 12,00 p m Doubletree Tampa Westshore Lake Forest Ballit om - 500 West Cypress Street Tampa, Horida

Continued on back

PEOPLES GAS SYSTEM NOTICE TO OUR NATURAL GAS CUSTOMERS

WEST FLORIDA REGION

Thursday, September 26, 2002, 12·00 p m Holiday Inn - Baymeadows 9150 Baymeadows Road Jacksonville, Florida

Tuesday, October 22, 2002, 5:00 p m (CT) Holiday Inn Select 2001 North Cove Boulevard Panama City, Florida

These hearings enable customers to express their views of the Company's performance, which the Commission takes into account when ruling on the case

A technical hearing is scheduled to be held in Tallahassee on December 13, 2002. The purpose of this hearing is for presentation by the parties' witnesses of technical pre-filed testimony and for cross-examination of those witnesses.

Copies of the complete minimum filing requirements filed with the Public Service Commission are available for inspection at each division and regional office of the Company and at Company headquarters in Tampa. Copies of the synopsis of the Company's rate request have been distributed to the main county library in each county within the Company's service area.





Florida Public Service Commission Notice of Public Hearings Docket No. 020384-GU

On June 27, 2002, Peoples Gas System petitioned the Florida Public Service Commission for an increase in rates. The Commission, under Florida law, regulates rates, charges, and services provided by Florida investor-owned utilities. The case was assigned Docket No. 020384-GU Peoples' last rate case was filed in January 1992, with a final order being issued in September 1992.

In the 10 years since Peoples' last rate case, many factors have contributed to the necessity for the Company to now seek rate relief The Consumer Price Index during this period has increased more than 30%, which has not only required that the Company pay more for the goods and services it purchases, but it has also contributed to a steady increase in the level of the Company's direct and indirect payroll costs Additionally, health care costs continue to escalate at a rate significantly higher than that of inflation. During this 10-year period, there have also been major changes in accounting regulations, as well as increases in various taxes, all of which have contributed to the increase in the cost to provide service to our customers. At the same time, the Company has been striving to improve the efficiency and economy of its operations without compromising the level of service rendered to its customers. It is essential that the Company be permitted to recover these costs in order to maintain its

financial integrity so that it can raise new capital needed to provide service to the public. The Company has calculated its revenue requirements based on an overall return on rate base of 9.29 percent. The request totals \$22.6 million in increased revenue.

Under the proposed rates (including gas cost and other fees), the residential monthly price of \$26.57 for 20 therms would increase to \$33 24 or 25 1%, commercial service (CS) customers with an average usage of 500 therms would be billed on the GS-1 schedule and the monthly price of \$342.23 would increase to \$399.61 or 16.8%, commercial service (CS) customers with an average usage of 2,500 therms would be billed on the GS-2 schedule and the monthly price of \$1,671.15 would increase to \$1,843.38 or 10 3%, large commercial service (LCS) customers with an average usage of 7,500 therms would be billed on the GS-3 schedule and the monthly price of \$4,762 25 would increase to \$5,184 23 or 8.9%, large commercial service (LCS) customers with an average usage of 31,250 therms would be billed on the GS-4 schedule and the monthly bill would increase \$1,281 25 or 65%; firm industrial service (FIS) customers with an average usage of 60,000 therms would be billed on the GS-5 schedule and the monthly bill would increase \$3,148.40 or 9 7%, the monthly bill for interruptible service (IS) customers with an average usage of 200,000 therms would increase \$8,542.00 or 8.8%

With respect to miscellaneous service charges, Peoples has requested an increase in the residential meter turn-on charge from \$20 to \$35, an increase in the residential reconnection charge from \$25 to \$60, and an increase in the residential account opening charge from \$15 to \$20. The commercial meter turn-on charge would increase from \$25 to \$75, the

commercial reconnection charge from \$30 to \$100, the commercial account opening charge from \$15 to \$20, the trip charge/collection at customer premises from \$10 to \$20, and the charge to a pool manager for dropping a customer for non-payment of a pool manager's bill from \$20 to \$30. Peoples has also proposed three new service charges which include a temporary disconnection charge of \$25; a failed trip charge of \$15, and a credit card use charge equal to \$35% of each credit card transaction.

The Commission has scheduled service hearings, at which the Company will present a brief summary of its case, and the members of the public may present testimony regarding the rates and service of the Company. The dates, times, and locations of those hearings are set forth below. Persons who wish to present testimony are urged to appear at the beginning of the hearing since the hearing may be adjourned early if no witnesses are present to testify.

Tuesday, September 17, 2002, 12 00 p m Hollywood Beach Cultural & Community Center 1301 South Ocean Drive Hollywood, Florida

Tuesday, September 24, 2002, 12 00 p.m Doubletree Tampa Westshore Lake Forest Ballroom 4500 West Cypress Street Tampa, Flortda

Wednesday, September 25, 2002, 12 00 p m Orlando City Council Chambers 400 South Orange Avenue Orlando, Florida

Continued on back

LEGAL NOTICE

LEGAL NOTICE

Florida Public Service Commission Notice of Public Hearings Docket No. 020384-GU

NOTICE is hereby given that the Florida Public Service Commission will hold public hearings in the above docket on the Petition of Peoples Gas System, for authority to increase its rates and charges. The hearings will commence at the time and location shown below and will continue until all witnesses have been heard

PERSONS WHO WISH TO PRESENT TESTIMONY ARE URGED TO APPEAR AT THE BEGINNING OF THE HEARING SINCE THE HEARING MAY BE ADJOURNED EARLY IF NO WITNESSES ARE PRESENT TO TESTIFY

Tuesday, September 17, 2002, 12:00 p.m. Hollywood Beach Cultural & Community Center 1301 South Ocean Drive Hollywood, Florida

Tuesday, September 24, 2002, 12:00 p.m. Doubletree Hotel Tampa - Westshore Lake Forest Ballroom 4500 West Cypress Street Tampa, Florida

Orlando City Council Chambers 400 South Orange Avenue Orlando, Florida

Wednesday, September 25, 2002, 12:00 p.m. Thursday, September 26, 2002, 12:00 p.m. Holiday Inn - Baymeadows 9150 Baymeadows Road Jacksonville, Florida

> Tuesday, October 22, 2002, 5:00 p.m. (CT) Holiday Inn Select 2001 North Cove Boulevard Panama City, Florida

PURPOSE AND PROCEDURE

The purpose of these hearings shall be to permit members of the public to give testimony regarding the rates and services of Peoples Gas System. The Company will present a brief summary of its case and then members of the public may present testimony.

PUBLIC COUNSEL

Public Counsel has intervened in this docket to represent the public and will be present at the hearings. He will be available one-half hour prior to the time the hearing is scheduled to begin. He may be contacted prior to the hearings at 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400 Telephone (850) 488-9330.

IURISDICTION

Jurisdiction over said utility company is vested in the Commission by Chapter 366, Florida Statutes; authority to approve any change in rates is governed by Sections 366.04 through 366.076, Florida Statutes. The provisions of Chapters 25-7 and 25-9, Florida Administrative Code, are also applicable

By DIRECTION of the Florida Public Service Commission