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IN REPLY REFER TO:

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

September 14, 2006

VIA FEDEX

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. 060004-GU – Natural gas conservation cost recovery

Dear Ms. Bayo:

CMP _____ Enclosed herewith for filing in the above docket on behalf of Peoples Gas
COM 5 System, please find the following:

CTR original • Peoples' Petition for Approval of Conservation Cost Recovery
ECR _____ Factors; 08476-06

GCL 1 } • Direct Testimony of Kandi M. Floyd on behalf of Peoples ; and
OPC _____ }
RCA 1 } • Exhibit _____ (KMF-3), consisting of the conservation cost recovery
SCR _____ } projection forms prescribed by the Commission Staff.

08476-06

SGA _____ The direct testimony of Mrs. Floyd and the referenced exhibits will be offered by
SEC 1 Peoples at the hearing in this docket, currently scheduled to commence on November
OTH Cover 1 6, 2006.

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

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Blanca S. Bayo, Director
September 14, 2006
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Thank you for your usual assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Ansley Watson, Jr.", written in a cursive style.

ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Parties of Record
Mrs. Kandi M. Floyd
Matthew R. Costa, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost)
recovery.)
_____)

Docket No. 060004-GU
Submitted for Filing:
9-15-06

**PETITION OF PEOPLES GAS SYSTEM
FOR APPROVAL OF CONSERVATION COST RECOVERY FACTORS**

Peoples Gas System ("Peoples"), through undersigned counsel and pursuant to Rule 25-17.015, *Florida Administrative Code*, petitions the Commission for approval of its conservation cost recovery factors for the period January 1 through December 31, 2007, and in support thereof says:

1. The name and address of the Petitioner are:

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

2. The persons to whom notices, orders, pleadings and correspondence in this docket should be addressed are:

Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Ms. Brenda Irizarry
Regulatory Affairs
Peoples Gas System
P. O. Box 111
Tampa, Florida 33601-0111

Matthew R. Costa
Corporate Counsel
TECO Energy, Inc.
P. O. Box 111
Tampa, Florida 33601-0111

3. Peoples has annually sought the Commission's approval of two sets of energy conservation cost recovery factors in this continuing docket since its acquisition of West Florida Natural Gas Company ("West Florida") in June 1997. Peoples is seeking approval by this petition of a single set of cost recovery factors which would

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apply throughout all of its service areas in Florida. That single set of factors is consistent with the relief sought by Peoples' petition, filed June 27, 2006 in Docket No. 060478-EG. By that petition, Peoples seeks various modifications to certain of its conservation programs, and to make the programs as modified applicable throughout all of its service areas in Florida. If requested by the Commission, Peoples will re-file this petition, and the schedules and testimony which accompany it, to request approval for separate recovery factors for (i) Peoples' West Florida Region and (ii) Peoples' Non-West Florida Regions.

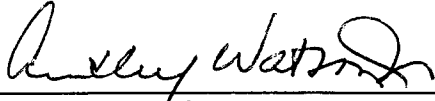
4. Peoples projects total conservation program expenses of \$14,851,820 for the period January 1 through December 31, 2007. The estimated true-up is an overrecovery of \$1,649,376. After decreasing the projected conservation expenses by the amount of this overrecovery, \$13,202,444 remains to be recovered during the January - December 2007 period. When this expense is allocated to the affected rate classes pursuant to the methodology approved by the Commission, and expanded for taxes, the recovery factors for the period January - December 2007 required to recover such expense are as follows:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.07370
Small General Service	\$0.06710
General Service 1	\$0.02553
General Service 2	\$0.02092
General Service 3	\$0.01757
General Service 4	\$0.01586
General Service 5	\$0.00901
Commercial Street Lighting	\$0.01122
Natural Gas Vehicle Service	\$0.01381

WHEREFORE, Peoples Gas System respectfully requests that the Commission grant this petition and approve the conservation adjustment factors for the

period January 1 through December 31, 2007 set forth in paragraph 4 of this petition.

Respectfully submitted,



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Attorneys for Peoples Gas System

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E-mail: mcosta@tecoenergy.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing petition, together with copies of the Direct Testimony of Kandi M. Floyd and Exhibit ___(KMF-3), have been furnished by U. S. Mail, this 14th day of September, 2006, to the following:

Katherine Fleming, Esquire
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Mr. Charles A. Rawson, III
Florida City Gas
955 East 25th Street
Hialeah, FL 33013-3498

Mr. Thomas A. Geoffroy
Florida Division
Chesapeake Utilities Corporation
P. O. Box 960
Winter Haven, FL 33882-0960

Florida Public Utilities Company
Mr. Marc S. Seagrave
P. O. Box 3395
West Palm Beach, FL 33402-3395

Beth Keating, Esquire
Akerman Senterfitt
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Tallahassee, FL 32301


Norman H. Horton, Jr., Esquire
Messer, Caparello & Self, P.A.
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Tallahassee, FL 32302-1876

Mr. Stuart L. Shoaf
St. Joe Natural Gas Company, Inc.
P. O. Box 549
Port St. Joe, FL 32457-0549

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Ten Peachtree Place
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Ansley Watson, Jr.