

MIKE
HARIDOPOLOS
President of the Senate



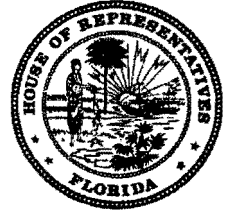
J.R. Kelly
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DEAN CANNON
Speaker of the
House of Representatives



December 16, 2010

Ms. Anne Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

100462-GU

RECEIVED-FPSC
10 DEC 16 PM 1:00
COMMISSION
CLERK

Re: Disposition of 2010 Overearnings of Peoples Gas System.

Dear Ms. Cole:

Enclosed for filing in the above-referenced-docket are an original and seven (7) copies of the (1) Joint Motion for Approval of Stipulation and Settlement and (2) Stipulation and Settlement Agreement as entered into by the Office of Public Counsel and Peoples Gas System on December 16, 2010.

Please acknowledge your receipt of the filing on the enclosed copy of this letter and return to the undersigned. Thank you for your assistance in this matter.

Sincerely,

Charles J. Rehwinkel
Associate Public Counsel

- COM _____
- APA _____
- ECR Enclosures
- GCL _____
- RAD _____ cc: Ansley Watson, Jr., Esquire
- SSC _____
- ADM _____
- OPC _____
- CLK _____

DOCUMENT NUMBER DATE
09975 DEC 16 2010
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Disposition of 2010 overearnings : Docket No.: 100402-GV
of Peoples Gas System. :
: Filed: December 16, 2010
_____ :

**JOINT PETITION FOR APPROVAL OF
STIPULATION AND SETTLEMENT AGREEMENT**

Peoples Gas System ("Peoples" or the "Company") and the Office of Public Counsel ("OPC") hereby petition the Commission to approve the Stipulation and Settlement Agreement dated December 16, 2010, and attached hereto, which the joint petitioners have entered into for the resolution of all issues relating to any overearnings of Peoples for the calendar year ending December 31, 2010. In support of this petition, the joint petitioners represent as follows:

1. The names, addresses and telephone numbers of the joint petitioners are as follows:

| | |
|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Peoples Gas System 702 N. Franklin Street Tampa, Florida 33602 (813) 228-4111 | Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, Florida 32399-1400 (850) 488-9330 |
|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

2. The names and addresses of the persons authorized to receive notices and communications with respect to this Joint Petition are:

| | |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Ansley Watson, Jr., Esquire Macfarlane Ferguson & McMullen P. O. Box 1531 Tampa, Florida 33601-1531 | Ms. Paula Brown Peoples Gas System 702 N. Franklin Street Tampa, Florida 33602 |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|

DOCUMENT NUMBER / DATE
09975 DEC 16 09
FPSC-COMMISSION CLERK

J. R. Kelly, Esquire
Charles J. Rehwinkel, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400

3. Peoples is a public utility as defined by Section 366.02, *Florida Statutes*, and subject to the regulatory jurisdiction of the Commission established by Chapter 366, *Florida Statutes*. The OPC provides legal representation for the people of the State of Florida in proceedings before the Commission as authorized and directed by Section 350.0611, *Florida Statutes*.

4. Primarily as a result of record low temperatures in Florida during the first quarter of 2010, it became apparent that Peoples' earnings might exceed the top of the return on equity ("ROE") range established in Order No. PSC-09-0411-FOF-GU in Docket No. 080318-GU, the Company's last full base rate proceeding. Representatives of Peoples, OPC and the Commission Staff ("Staff") met in Tallahassee in early June 2010 after Peoples filed its Earnings Surveillance Report ("ESR") for the first quarter of 2010. As requested by Staff, by letter dated June 9, 2010, Peoples agreed, subject to certain conditions, to cap its earned ROE for calendar year 2010 at 11.75 percent, the top of the range established by Order No. PSC-09-0411-FOF-GU. Subsequent ESRs submitted by the Company for the second and third calendar quarters of 2010 reflected an earned ROE above the top of the authorized range.

5. The joint petitioners engaged in discussions and negotiations, initiated by Peoples, for the purpose of reaching a comprehensive stipulation in settlement of all

issues arising from overearnings by Peoples for the calendar year ending December 31, 2010, thereby avoiding the need for potentially expensive, time-consuming litigation in hearings or other proceedings before the Commission. These negotiations have culminated in the execution of the attached Stipulation and Settlement Agreement. Petitioners request that following review by the Commission of the Stipulation and Settlement Agreement, the Commission will consider and approve the same at the earliest agenda conference practicable.


6. The Stipulation and Settlement Agreement provides for, among other things, a prompt refund of \$3,000,000.00 to Peoples' customers in the form of a one-time credit to customers' bills, with the balance of any 2010 overearnings to be used to correct or mitigate deficiencies in the Company's depreciation reserves.

7. Petitioners represent that the Stipulation and Settlement Agreement fairly and reasonably balances the interests of the Company and the short term and long term interests of its customers on issues arising from the Company's overearnings for the calendar year 2010, and that its approval by the Commission will serve the public interest. The Stipulation and Settlement Agreement is fully consistent with and supportive of the Commission's long-standing policy of encouraging the settlement of proceedings in a manner that benefits the ratepayers of utilities subject to the Commission's regulatory jurisdiction, and will avoid the need for costly and time-consuming litigation of the subject matter before the Commission.

WHEREFORE, for the foregoing reasons, the joint petitioners respectfully request that the Commission approve in its entirety the Stipulation and Settlement

Respectfully submitted,

PEOPLES GAS SYSTEM

By 

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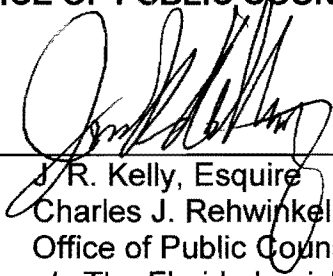
Attorneys for Peoples Gas System

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Respectfully submitted,

OFFICE OF PUBLIC COUNSEL

By



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