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January 27, 1997

David M. Nicholson, Esq.
P.O. Box 1531
Tampa, Florida 33601

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

via FEDERAL EXPRESS

Re: Docket No. **970003-GU** - Purchased Gas Adjustment
(PGA) True-up; Prehearing Statement.

Dear Ms. Bayo:

Enclosed for filing in the above docket please find the original and 15 copies of Peoples Gas System, inc.'s Prehearing Statement. We also enclose a computer diskette (IBM-DOS 4.0, WP5.1) containing the same.

Please acknowledge your receipt and filing of the enclosures by stamping the duplicate copy of this letter which is enclosed and returning the same to the undersigned.

Thank you for your assistance.

Sincerely,

David M. Nicholson
DAVID M. NICHOLSON

- ACK _____
- AFA 1 _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG 1 _____
- LEG 1 _____
- LIN 3 _____
- ORC _____
- FRH _____
- STB 1 _____
- WFS _____
- OTH _____

Enclosures

cc: Mr. Hugh M. Grey, III
Ms. Adriene W. Guidry
Mr. W. Edward Elliott
All Parties of Record

RECEIVED & FILED
[Signature]
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
01082 JAN 28 1997
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas :
Adjustment (PGA) True-Up :
:

DOCKET NO. 970003-GU
Filed: 01-27-97

PREHEARING STATEMENT OF PEOPLES GAS SYSTEM, INC.

A. APPEARANCES:

DAVID M. NICHOLSON, Esquire,
Macfarlane Ferguson & McMullen
P. O. Box 1531, Tampa, Florida 33601
On behalf of Peoples Gas System, Inc.

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
1. W. Edward Elliott (Peoples)	Projected gas costs, therm sales and weighted average cost of gas ("WACOG"); final PGA true-up amount for April 1995 - March 1996; estimated PGA true-up amounts for April 1996 - March 1997; total PGA true-up amounts for April 1997 - March 1998; and levelized PGA cost recovery (cap) factor for April 1997 - March 1998.	1 - 5

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(EE-1)</u>	Elliott	Calculation of final true-up for April 1995 - March 1996 (Schedules A-1 through A-6)
<u>(EE-2)</u>	Elliott	Calculation of estimated true-up for April 1996 - March 1997; total true-up for April 1997 - March 1998; Calculation of PGA factor for April 1997 - March 1998 (Schedules E-1 through E-5)

DOCUMENT NUMBER-DATE

01082 JAN 28 5

FPSC-RECORDS/REPORTING

D. STATEMENT OF BASIC POSITION:

Peoples' Statement of Basic Position:

The Commission should approve Peoples' final PGA true-up amount for the period April, 1995 through March, 1996 of \$731,791 (underrecovery), its estimated PGA true-up amount of \$1,899,698 (overrecovery) for the period April, 1996 through March, 1997, and its levelized PGA (cap) factor of 42.301 cents per therm for application to customers' bills during the period April 1, 1997 through March 31, 1998.

E. STATEMENT OF ISSUES AND POSITIONS:

Generic Purchased Gas Adjustment Issues

ISSUE 1: What is the appropriate final purchased gas adjustment true-up amount for the period April, 1995 through March, 1996?

POSITION:

Peoples: \$731,791 underrecovery. (Elliott)

ISSUE 2: What is the appropriate estimated purchased gas adjustment true-up amount for the period April, 1996 through March, 1997?

POSITION:

Peoples: \$1,899,698 overrecovery. (Elliott)

ISSUE 3: What is the total purchased gas adjustment true-up amount to be collected or refunded during the period April, 1997 through March, 1998?

POSITION:

Peoples: \$1,167,907 overrecovery. (Elliott)

ISSUE 4: What is the appropriate levelized purchased gas cost recovery (cap) factor for the period April, 1997 through March, 1998?

POSITION:

Peoples: 42.301 cents per therm. (Elliott)

ISSUE 5: What should be the effective date of the new purchased gas adjustment charge for billing purposes?

POSITION:

Peoples: Agree with Staff. (Elliott)

F. STIPULATED ISSUES:

None as to Peoples at this time.

G. MOTIONS:

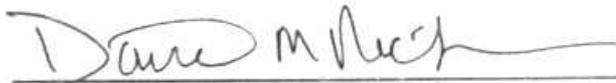
Peoples has no pending motions at this time.

H. OTHER MATTERS:

None as to Peoples at this time.

Dated this 27th day of January, 1997.

Respectfully submitted,



Ansley Watson, Jr., and
David M. Nicholson of
Macfarlane Ferguson & McMullen
P. O. Box 1531, Tampa, Florida 33601
(813) 273-4200
Attorneys for Peoples Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Prehearing Statement of Peoples Gas System, Inc., has been furnished this 27th day of January, 1997, by regular U.S. Mail, to all known parties of record in Docket No. 970003-GU.



David M. Nicholson