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January 30, 1998

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TO

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

VIA FEDERAL EXPRESS

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

Re: Docket No. 980002-EG -- Conservation Cost Recovery Clause

Dear Ms. Bayo:

Enclosed for filing in the above docket please find the original and 15 copies of are the original and 15 copies of the Prehearing Statement of Peoples Gas System. A diskette containing the document in Wordperfect 5.1 format 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 preaddressed envelope.

ACK ✓
AFA Handwritten
APP _____
CAF _____
CMU _____
CTR _____
EAS Ballinger
LEG 1 AWjr/a
LIN 3 Enclosures
GIP _____
RCS _____
SEC 1
WAS _____
OTH _____

Thank you for your usual assistance.

Sincerely,

Ansley Watson, Jr.
ANSLEY WATSON, JR.

cc: Mr. Vernon Krutsinger
Mr. William B. Gray
Mr. Ron Sott
All Parties of Record

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
01666 FEB-2 88
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Conservation Cost :
Recovery Clause :
_____ :

DOCKET NO. 940002-EG
Filed: 2-2-98

PREHEARING STATEMENT OF PEOPLES GAS SYSTEM

A. APPEARANCES:

ANSLEY WATSON, JR., Esquire,
Macfarlane Ferguson & McMullen,
P. O. Box 1531, Tampa, Florida 33601
On behalf of Peoples Gas System

B. WITNESSES:

	<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
	(Direct)		
1.	V.I. Krutsinger (PGS)	Generic Conservation Cost Recovery Issues (for PGS areas other than the PGS West Florida Region)	1 and 2
2.	William B. Gray (PGS - West Florida Region)	Generic Conservation Cost Recovery Issues (for the PGS West Florida Region)	1 and 2
3.	Ron Sott (PGS - West Florida Region)	Generic Conservation Cost Recovery Issues (for the PGS West Florida Region)	1 and 2

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(VIK-1)</u>	Krutsinger	Conservation cost recovery true-up data (October 1996 - September 1997) consisting of schedules CT-1 through CT-6.
<u>(VIK-2)</u>	Krutsinger	Data for development of conservation cost recovery factor (April 1998 - March 1999), consisting of schedules C-1 through C-5.
<u>(WBG-1)</u>	Gray	Conservation cost recovery true-up data (October 1996 - September 1997) consisting of schedules CT-1 through CT-6.
<u>(WBG-2)*</u>	Gray, Sott	Data for development of conservation cost recovery factor (April 1998 - March 1999), consisting of schedules C-1 through C-5.

- * Incorrectly labeled at time of filing as WBG-1.

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 \$1,344,804 (overrecovery) for the period October 1996 through September 1997; the estimated true-up amount for the 12 months ending September 30, 1998; and the projected conservation program expenses for the period April 1, 1998 through March 31, 1999.

For areas other than PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for application to bills rendered for meter readings taken between April 1, 1998 and March 31, 1999:

<u>Rate Class</u>	<u>ECCR Factor</u> <u>(cents per therm)</u>
Residential	4.793
Commercial Street Lighting	0.600
Commercial - Small Volume	4.433
Commercial	1.748
Commercial - Large Volume 1	1.417
Commercial - Large Volume 2	1.030
Natural Gas Vehicle Service	0.460

For PGS's West Florida Region, the Commission should approve PGS's end-of-period final true-up amount of \$202,036 (overrecovery) for the period October 1996 through September 1997; the estimated true-up amount for the 12 months ending September 30, 1998; and the projected conservation program expenses for the period April 1, 1998 through March 31, 1999.

For PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for application to bills rendered for meter readings taken between April 1, 1998 and March 31, 1999:

<u>Rate Class</u>	<u>ECCR Factor</u> <u>(cents per therm)</u>
Residential	4.700
Commercial	1.587
Commercial Large Volume	1.181
Commercial Large Volume - Transp.	1.181
Industrial	0.266
Firm Transportation	0.266
Special Contract	0.266

E. STATEMENT OF ISSUES AND POSITIONS:

Generic Conservation Cost Recovery Issues For Natural Gas Utilities

1. ISSUE: What is the final end-of-the-period true-up amount for the period October 1, 1996 through September 30, 1997?

PGS: \$1,344,804 overrecovery. (Krutsinger)

PGS - West Florida: \$202,036 overrecovery. (Gray)

2. ISSUE: What are the appropriate conservation cost recovery factors for the period April, 1998 through March, 1999?

PGS: The appropriate conservation cost recovery factors for the period April, 1998 through March, 1999 are as follow:

<u>Rate Class</u>	<u>ECCR Factor</u> <u>(cents per therm)</u>
Residential	4.793
Commercial Street Lighting	0.600
Commercial - Small Volume	4.433
Commercial	1.748
Commercial - Large Volume 1	1.417
Commercial - Large Volume 2	1.030
Natural Gas Vehicle Service	0.460

(Krutsinger)

PGS - West Florida: The appropriate conservation cost recovery factors for the period April, 1998 through March, 1999 are as follow:

<u>Rate Class</u>	<u>ECCR Factor</u> <u>(cents per therm)</u>
Residential	4.700
Commercial	1.587
Commercial Large Volume	1.181
Commercial Large Volume - Transp.	1.181
Industrial	0.266
Firm Transportation	0.266
Special Contract	0.266

(Gray, Sott)

E. STIPULATED ISSUES:

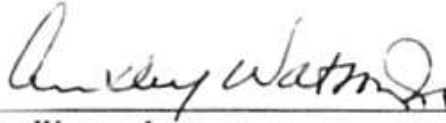
None as to PGS.

G. PENDING MOTIONS AND OTHER MATTERS:

None as to PGS.

Dated this 30th day of January, 1998.

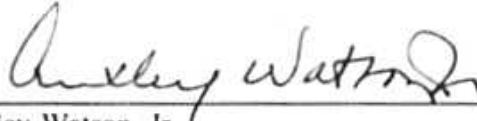
Respectfully submitted,



Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531, Tampa, Florida 33601
(813) 273-4321
Attorneys 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 30th day of January, 1998, by regular U.S. Mail, to all known parties of record in Docket No. 980002-EG.



Ansley Watson, Jr.