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January 30, 1998

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. 980003-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'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.

- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- ESC
- LES
- LR
- MS
- PL
- PR
- RE
- TR
- WR

*Makin* Thank you for your assistance.

Sincerely,

DAVID M. NICHOLSON

3 Enclosures

cc: Ms. Angle Llewellyn  
Mr. W. Edward Elliott  
All Parties of Record

RECORDS DIVISION OF RECORDS

DOCUMENT NUMBER-DATE

01667 FEB-28

FPSR-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 980003-GU  
Filed: 02-02-98

PREHEARING STATEMENT OF PEOPLES GAS SYSTEM

A. APPEARANCES:

DAVID M. NICHOLSON, 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>
1. W. Edward Elliott (Peoples)	Projected gas costs, therm sales and weighted average cost of gas ("WACOG"); final PGA true-up amount for April 1996 - March 1997; estimated PGA true-up amounts for April 1997 - March 1998; total PGA true-up amounts for April 1998 - March 1999; and levelized PGA cost recovery (cap) factor for April 1998 - March 1999.	1 - 5

C. EXHIBITS:

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
(EE-1) (EE-2)	Elliott	Calculation of final true-up for April 1996 - March 1997 (Schedules A-1 through A-6)
(EE-3)	Elliott	Calculation of estimated true-up for April 1997 - March 1998; total true-up for April 1998 - March 1999; Calculation of PGA factor for April 1998 - March 1999 (Schedules E-1 through E-5)

DOCUMENT NUMBER-DATE

01667 FEB-28

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, 1996 through March, 1997 of \$3,911,759 (underrecovery), its estimated PGA true-up amount of \$4,183,629 (overrecovery) for the period April, 1997 through March, 1998, and its levelized PGA (cap) factor of 49.521 cents per therm for application to customers' bills, including the customers of the former West Florida Natural Gas Co., during the period April 1, 1998 through March 31, 1999.

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, 1996 through March, 1997?

POSITION:

Peoples: \$3,911,759 underrecovery. (Elliott)

ISSUE 2: What is the appropriate estimated purchased gas adjustment true-up amount for the period April, 1997 through March, 1998?

POSITION:

Peoples: \$4,183,629 overrecovery. (Elliott)

ISSUE 3: What is the total purchased gas adjustment true-up amount to be collected or refunded during the period April, 1998 through March, 1999?

POSITION:

Peoples: \$271,870 overrecovery. (Elliott)

ISSUE 4: What is the appropriate levelized purchased gas cost recovery (cap) factor for the period April, 1998 through March, 1999?

POSITION:

Peoples: 49.521 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 2nd day of February, 1998.

Respectfully submitted,

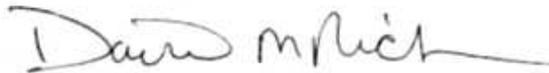


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Ansley Watson, Jr.  
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(813) 273-4200  
Attorneys for Peoples Gas System

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. 980003-GU.



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David M. Nicholson