

MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

900 HIGHPOINT CENTER
106 EAST COLLEGE AVENUE
TALLAHASSEE, FLORIDA 32301
(850) 681-7381 FAX (850) 681-0281

400 NORTH TAMPA STREET, SUITE 2300
P. O. BOX 15312NP 33601
TAMPA, FLORIDA 33602
(813) 273-4200 FAX (813) 273-4398

825 COURT STREET
P. O. BOX 166927P 33757
CLEARWATER, FLORIDA 33756
(813) 441-8966 FAX (813) 442-8470

IN REPLY REFER TO:

October 9, 1998

VIA FEDERAL EXPRESS

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

Re: Docket No. 980003-GU -- Purchased Gas Adjustment (PGA) Clause
True-Up Projections and Testimony for January 1999 - December 1999.

Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Peoples Gas System, Inc. ("Peoples"), please find the original and 15 copies of its Petition for Approval of PGA Factor for Application to Bills to be Rendered During the Period January 1999 Through December 1999. **11339-98**

Enclosed also for filing on behalf of Peoples, please find 15 copies of the Direct Testimony of W. Edward Elliott on behalf of Peoples, as well as 15 copies of Composite Exhibit EE-2 to Mr. Elliott's testimony. **11340-98**

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.

ACK RECEIVED & FILED
AFA Handwritten initials
APP Handwritten initials FPSC-BUREAU OF RECORDS

CAF _____
CMU _____
Enclosures

CTR _____ cc: Ms. Angie Llewellyn
EAG Handwritten initials Mr. W. Edward Elliott
LEG 1 All Parties of Record

LIN 3+orig test

OPC _____

RCH _____

SEC 1

WAS _____

OTH _____

Sincerely,

Handwritten signature: David M. Nicholson
DAVID M. NICHOLSON

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas : Docket No. 980003-GU
 Adjustment (PGA) True-Up :
 _____ : Submitted for Filing: 10-12-98

PETITION OF PEOPLES GAS SYSTEM FOR APPROVAL
 OF PGA FACTOR FOR APPLICATION TO BILLS TO BE RENDERED
 DURING THE PERIOD JANUARY 1999 THROUGH DECEMBER 1999

Peoples Gas System, Inc. ("Peoples"), by its undersigned attorneys, hereby files its petition for approval of its purchased gas adjustment ("PGA") factor to be applied to bills rendered for meter readings taken between January 1, 1999 and December 31, 1999, inclusive, and in support thereof says:

1. The name of the petitioner and the mailing address of its principal office is:

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

2. The names and mailing address of the persons authorized to receive notices and communications with respect to this petition are:

Ansley Watson, Jr., Esq., and
 David M. Nicholson, Esq.
 Macfarlane Ferguson & McMullen
 P. O. Box 1531
 Tampa, Florida 33601-1531

3. By its Orders Nos. 24463 and 24463-A in this docket, the Commission adopted a revised method for the recovery of purchased gas costs by regulated natural gas utilities, to be used for the recovery of such costs commencing October 1, 1991.

Submitted herewith is Peoples' Composite Exhibit EE-2,

DOCUMENT NUMBER-DATE

11339 OCT 12 98

FPSC-RECORDS/REPORTING

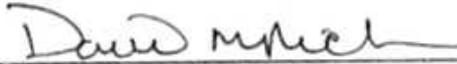
consisting of Schedules E-1, E-1/R, E-2, E-3, E-4 and E-5. The schedules in Composite Exhibit EE-2 are used to compute a maximum PGA factor for application to bills rendered for gas sold by Peoples during the twelve-month period of January 1, 1999 through December 31, 1999 (the "Projection Period").

4. The maximum PGA factor calculated in Composite Exhibit EE-2 basically represents (A) the sum of the final net true-up amount for the period April 1, 1997 through March 31, 1998, the estimated or projected true-up (based on actual data for five months and projected data for four months) for the period April 1, 1998 through December 31, 1998, both true-up amounts including interest, and Peoples' projected cost of purchased gas for the January 1999 - December 1999 period, without interest, (B) divided by Peoples' projected therm sales for the Projection Period.

5. The maximum (cap) PGA factor for which Peoples seeks approval for the Projection Period is shown on Line 45, Page 3 of Schedule E-1 of Composite Exhibit EE-2, and is 49.788 cents per therm.

WHEREFORE, Peoples Gas System, Inc., respectfully requests that the Commission enter its order approving Peoples' proposed maximum (cap) PGA factor of 49.788 cents per therm for application to bills rendered for meter readings taken from January 1, 1999 through December 31, 1999.

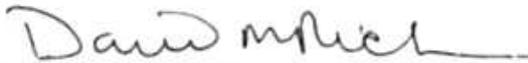
Respectfully submitted,



Ansley Watson, Jr.
David M. Nicholson of
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601
(813) 273-4205
Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition and the Direct Testimony of W. Edward Elliott has been furnished by regular U.S. Mail this 9th day of October, 1998, to all known parties of record in Docket No. 980003-GU.



David M. Nicholson