

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of experimental)
Rider FTA-2 (Firm Transportation)
Aggregation Service 2), and modifications)
to imbalance cashout provisions of Rider)
FTA program, by Peoples Gas System.)
_____)

Docket No. 990935-GU

Submitted for Filing:
2-16-00

ORIGINAL

OFFER OF SETTLEMENT

In the interests of reaching a mutually acceptable resolution to the issues in this docket and eliminating the need for hearing, Tampa Electric Company d/b/a Peoples Gas System ("Peoples Gas" or the "Company"), by and through its undersigned attorneys, hereby proposes the following Offer of Settlement:

1. On July 19, 1999, Peoples Gas filed a petition for approval of an experimental Firm Transportation Aggregation 2 ("FTA-2") Rider. The Commission permitted Rider FTA-2 to become effective by operation of law (and it is currently in effect), but the petition, as amended on August 18, 1999, was set for a full evidentiary hearing by Order No. PSC-99-2122-PCO-GU, issued October 25, 1999. This hearing is currently scheduled for February 22, 2000.

2. In setting this petition for hearing, the Commission expressed its concern about allegations that Peoples Gas' marketing affiliate, TECO Gas Services, had already effectively gained control of the market for transportation service by soliciting and reaching agreements with new gas customers along the route of Peoples Gas' new pipeline extension in southwest Florida, prior to approval of the proposed Rider FTA-2.

3. The Commission staff has thoroughly investigated all allegations concerning the marketing activities of TECO Gas Services, including those mentioned in Order No. PSC-99-2122-

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PCO-GU, and has determined that such allegations are without merit.

4. Further, the Commission staff has expressed concern about the provision of proposed Rider FTA-2 that requires gas suppliers/marketers to bring on new customers that represent incremental load to Peoples Gas' system before being able to offer transportation service to Peoples Gas' existing sales service customers.

5. As currently in effect, Rider FTA-2 provides that its availability will expire on September 30, 2000. To alleviate the Commission staff's concern with the proposed Rider FTA-2, Peoples Gas agrees that:

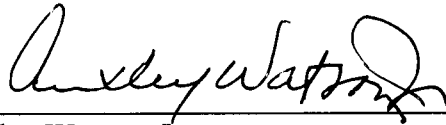
- (A) it will, not later than July 31, 2000, submit to the Commission for approval new tariff sheets which, after such new tariff sheets become effective, will make transportation service available on reasonable terms and conditions to not less than 300 non-residential customers of the Company each month, and
- (B) it will not seek to extend the availability of Rider FTA-2 beyond September 30, 2000 unless the new tariff sheets referenced in paragraph (A) above have not become effective by that date.

In consideration of these agreements, Rider FTA-2 shall be approved, or permitted to remain in effect without approval. The Commission staff agrees to exercise reasonable efforts to review the new tariff sheets referenced in paragraph (A) above on an expedited basis and make a recommendation to the Commission in time for such new tariff sheets to become effective by October 1, 2000. If such new tariff sheets have not become effective on that date, Staff agrees to support an extension of the availability of Rider FTA-2 until the effective date of such new tariff sheets.

6. This Offer of Settlement is made for settlement purposes only, i.e., for resolving the issues in this docket and eliminating the need for hearing in this docket.

7. This Offer of Settlement shall become null and void if not approved in its entirety.

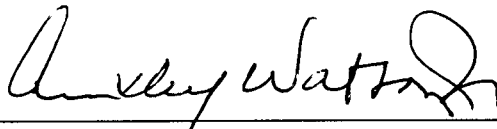
Respectfully submitted this 15th day of February, 2000.



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Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing motion has been furnished, via facsimile and regular U.S. Mail, to Wm. Cochran Keating, IV, Esquire, Staff Counsel, Florida Public Service Commission, Capital Circle Office Center, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, this 15th day of February, 2000.



Ansley Watson, Jr.