

ORIGINAL

MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

500 SOUTH FLORIDA AVENUE
SUITE 240
LAKELAND, FLORIDA 33801
(863) 680-9908 FAX (863) 683-2849

400 NORTH TAMPA STREET, SUITE 2300
P.O. BOX 1531 (ZIP 33601)
TAMPA, FLORIDA 33602
(813) 273-4200 FAX (813) 273-4396

625 COURT STREET
P.O. BOX 1669 (ZIP 33757)
CLEARWATER, FLORIDA 33756
(727) 441-8966 FAX (727) 442-8470

June 27, 2002

IN REPLY REFER TO:

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

BY HAND DELIVERY

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

RECEIVED - FPSC
JUN 27 AM 8:14
COMMISSION
CLERK

Re: Docket No. 020384-GU -- Application for a rate increase by Tampa Electric Company d/b/a PEOPLES GAS SYSTEM

Dear Ms. Bayo:

Enclosed herewith for filing in the above docket on behalf of Peoples Gas System, please find:

1. The original and 20 copies of Peoples' Petition for Authority to Increase its Rates and Charges. *06616-02*
2. 20 copies of new rate schedules (and other tariff modifications), pursuant to Section 366.06(4), *Florida Statutes*. *06617-02*
3. The original and 20 copies of Peoples' Petition for Interim Rate Relief under Section 366.071, *Florida Statutes*. *06618-02*
4. 20 copies of the natural gas utility Minimum Filing Requirements ("MFRs") required by the Commission's Rule 25-7.039, each set consisting of two volumes. One of the volumes contains the proposed new tariff sheets in legislative form, and the other contains the remainder of the MFRs.

AUS *Vandiver*
CAF _____
CMP _____
COM *3 + Ding Traversy*
CTR _____
ECR _____
GCL *[initials]*
OPC _____
MMS _____
SEC _____
OTH _____

RECEIVED & FILED
[Signature]
FPSC-BUREAU OF RECORDS

06619-02
06620-02


Blanca S. Bayo, Director
June 27, 2002
Page 2

5. 20 copies of books containing the direct testimony and exhibit(s) of Francis J. Sivard, Bruce Narzissenfeld, J. Paul Higgins, Roger H. Morin, Ph.D., and Wraye J. Grimard, on behalf of the Company. 06621-02
6. A computer diskette containing the Petitions referenced in paragraphs 1 (minus Exhibit B thereto) and 3 above in Microsoft Word format.

Please acknowledge your receipt and the date of filing of the items referenced above on the duplicate copy of this letter, and return the same to Mrs. Wraye Grimard of Peoples Gas System, who will be delivering this letter and the enclosures to you for filing.

Thank you for your usual assistance.

Sincerely,



ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Ms. Angela Llewellyn
Matthew R. Costa, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate increase by :
Tampa Electric Company d/b/a Peoples :
Gas System :

Docket No. 020384-GU

Submitted for Filing:
6-27-02

PETITION OF PEOPLES GAS SYSTEM
FOR INTERIM RATE RELIEF

Tampa Electric Company d/b/a PEOPLES GAS SYSTEM, hereinafter referred to as "Petitioner," "Peoples" or the "Company," files its Petition for Interim Rate Relief under Section 366.071, *Florida Statutes*, and in support of thereof states:

1. The name and address of the Petitioner are:

Tampa Electric Company
d/b/a Peoples Gas System
702 N. Franklin Street
Tampa, Florida 33602

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

Ansley Watson, Jr., Esquire
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Matthew R. Costa, Esquire
Legal Department
TECO Energy, Inc.
P. O. Box 111
Tampa, Florida 33601-0111

and

Ms. Angela Llewellyn
Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

3. Concurrently with the filing hereof, the Company has also filed with the Commission its Petition for permanent rate relief in the amount of \$22,615,228 pursuant to Section 366.06, *Florida Statutes*, and subsection (3) thereof. The Petition for permanent

DOCUMENT NUMBER-DATE

06618 JUN 27 02

FPSC-COMMISSION CLERK

rate relief is accompanied by new rate schedules adjusting the rates and charges of the Company to provide the additional annual gross revenues specified above, as well as by the data and other information required by Rule 25-7.039, *Florida Administrative Code*. The Company's Petition for permanent rate relief uses a 12-month period ending December 31, 2003, based upon an historic base year ended December 31, 2001, as the projected test year, and the Commission has acknowledged the use of such test period.

4. In its last rate proceeding (Docket No. 911150-GU), the Company used a test year ending September 30, 1993. By its Order No. PSC-92-0924-FOF-GU, issued September 3, 1992, the Commission set the midpoint of the rate of return to be earned by the Company upon its projected September 30, 1993 13-month average rate base at 9.75%. In said order, the Commission authorized a return on equity with a range of 11% to 13%, and a midpoint of 12%. Subsequently, Peoples and the Commission reached an agreement to reduce the Company's authorized return on equity to a range of 10.25% to 12.25%, with a midpoint of 11.25% to be ". . . more reflective of current market conditions." See Order No. PSC-93-1773-FOF-GU, issued December 10, 1993 in Docket No. 931101-GU.

5. The achieved rate of return of the Company for the interim test year ended April 30, 2002, calculated by applying appropriate adjustments consistent with those which were used in its most recent rate case, based upon a 13-month average net investment rate base, is 7.32%. To give the Company an opportunity to earn the minimum of the range of the last authorized rate of return on equity set by the Commission, the same being 10.25%, there exists an interim gross revenue deficiency, on an annual basis, of \$5,421,000, as shown by a summary of the interim rate data included in the schedules filed by the Company

in connection with the Petition for permanent rate relief. Such summary is attached hereto as Exhibit A and by this reference made a part hereof.

6. The Company having hereby established an entitlement to interim relief by demonstrating that it is earning less than the minimum of the range of rate of return calculated in accordance with Section 366.071(5), *Florida Statutes*, the Commission is directed by Section 366.071(2)(a), *Florida Statutes*, to authorize, within 60 days of the filing of this petition, the collection of rates sufficient to earn a rate of return at the minimum of the range of rate of return calculated in accordance with paragraph (5)(b)2 of said section, the same being 8.02%. The procedure for establishing the interim rates designed to provide the said gross revenue deficiency of \$5,421,000 is set forth in Rule 25-7.040(2), *Florida Administrative Code*, and the interim rates which shall apply are determined by data filed herewith, in accordance with such rule.

7. Pursuant to Section 366.071, *Florida Statutes*, the Company agrees to collect the difference between the interim rates and the previously authorized rates under bond or corporate undertaking subject to refund with interest at a rate determined in accordance with Rule 25-7.040(3), *Florida Administrative Code*.

WHEREFORE, the Company respectfully prays that, pending final action by the Commission on the Petition for permanent rate relief, the Commission will:

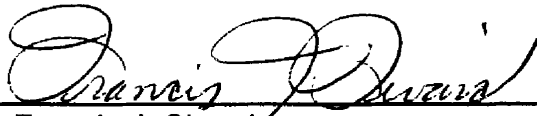
A. Authorize the Company, under Section 366.071, *Florida Statutes*, to place in effect on an interim basis an increase in rates sufficient to earn a rate of return at the minimum of the range of rate of return calculated in accordance with paragraph (5)(b)2 of said section, such rate of return being 8.02%;


B. Grant such authorization predicated on a determination under Section 366.071, *Florida Statutes*, of a gross annual revenue deficiency in the amount of \$5,421,000 as heretofore calculated; and

C. Require, under Section 366.071, *Florida Statutes*, that the difference between the interim rates and the previously authorized rates be collected under corporate undertaking subject to refund with interest to be determined as hereinbefore set forth.

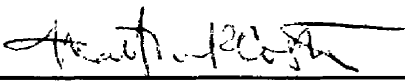
Respectfully submitted,

PEOPLES GAS SYSTEM

By 
Francis J. Sivard
Vice President - Accounting and Regulatory
702 N. Franklin Street
Tampa, Florida 33602


ANSLEY WATSON, JR.
Macfarlane Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601-1531
(813) 273-4321

and

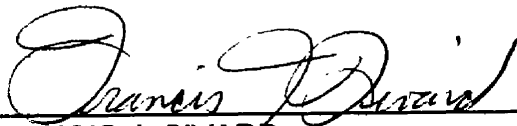

MATTHEW R. COSTA
Legal Department
TECO Energy, Inc.
P. O. Box 111
Tampa, Florida 33601-1531
(813) 228-4938

Attorneys for Peoples Gas System

STATE OF FLORIDA

COUNTY OF HILLSBOROUGH

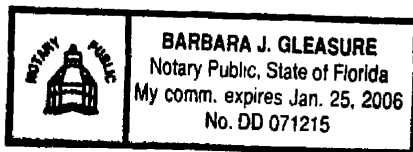
BEFORE ME, the undersigned authority, personally appeared FRANCIS J. SIVARD, personally known to me, who being by me first duly sworn, says that he is the Vice President-Accounting and Regulatory of Peoples Gas System, is duly qualified and acting in that capacity, and is authorized to execute the foregoing petition and to make this oath thereto; that the matters and things stated in said petition are, insofar as they come within his knowledge and belief, true; and that insofar as they are derived from or are dependent upon the knowledge of others, he verily believes them to be true.


FRANCIS J. SIVARD

Sworn to before me this 25th
day of June, 2002.


Notary Public - State of Florida
at Large

My Commission Expires:



PEOPLES GAS SYSTEM

Calculation of Interim Rate Relief--
Summary of Net Operating Income, Rate Base,
Rate of Return and Revenue Deficiency

	<u>Adjusted</u>
Rate Base	\$ 471,679,000
Net Operating Income	34,530,000
Rate of Return	7.32%

Calculation of Revenue Deficiency:

Adjusted Rate Base	\$ 471,679,000
Requested Rate of Return*	X <u>8.02%</u>
Net Operating Income Required	\$ 37,829,000
Less: Adjusted Net Operating Income	<u>\$ 34,530,000</u>
Net Operating Income Deficiency	\$ 3,299,000
Expansion Factor	X <u>1.6435</u>
Revenue Deficiency	<u>\$ 5,421,000</u>

*Required rate of return, calculated according to Section 366.071(51)(b)2, *Florida Statutes*, and using 10.25% as the "last authorized rate of return on equity" (as defined in Section 366.071(5)(b)3, *Florida Statutes*).