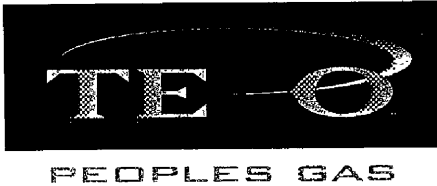


ORIGINAL



Matthew R. Costa
Corporate Counsel
702 North Franklin Street
Tampa, Florida 33602
Direct: (813) 228-4938
Fax: (813) 228-1328
E-Mail: mcosta@tecoenergy.com

October 15, 2002

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COMMISSION
CLERK

VIA FEDERAL EXPRESS

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

Re: Docket No. 020004-GU –
Natural Gas Conservation Cost Recovery Clause

Dear Ms. Bayo:

Enclosed for filing with the Commission in the above-docket on behalf of Peoples Gas System ("Peoples"), please find the original and 15 copies of Peoples Preliminary Statement of Issues and Positions.

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 pre-addressed envelope.

Thank you for your assistance.

Sincerely,

Matthew R. Costa
Corporate Counsel

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RM
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- MMS _____
- SEC 1
- OTH _____

MRC/sb
Enclosures

cc: Ms. Kandi M. Floyd
Parties of Record

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FPSC-COMMISSION CLERK

PEOPLES GAS
702 NORTH FRANKLIN STREET
P. O. BOX 2562
TAMPA, FL 33601-2562

(800) 282-4441

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Natural Gas Conservation : DOCKET NO. 020004-GU
Cost Recovery Clause :

Submitted for Filing: 10-16-02

**PEOPLES GAS SYSTEM'S
PRELIMINARY STATEMENT OF ISSUES AND POSITIONS**

Peoples Gas System ("PGS") hereby submits its preliminary statement of issues and positions to be addressed at the hearing now scheduled to commence on November 20, 2002 in this docket.

ISSUE: What is the end-of-period final true-up amount for the period January 1, through December 31, 2001?

PGS (except West Florida): \$352,527 overrecovery

PGS (West Florida): \$1,138,610 underrecovery

ISSUE: What are the appropriate conservation cost recovery factors for the period January 1 through December 31, 2003?

PGS (except West Florida): The appropriate conservation cost recovery factors for the period January 1 through December 31, 2003 are as follows:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.05960
Small Commercial	\$0.05146
Commercial	\$0.02152
Commercial – Large Vol. 1	\$0.01750
Commercial – Large Vol. 2	\$0.01270
Street Lighting	\$0.00740
Natural Gas Vehicle Service	\$0.00578

PGS – West Florida: The appropriate conservation cost recovery factors for the period January 1 through December 31, 2003 are as follows:

<u>Rate Class</u>	<u>ECCR Factor</u> <u>(per therm)</u>
Residential	\$0.12620
Commercial	\$0.03951
Commercial Large Volume	\$0.02943
Industrial	\$0.02904

ISSUE: What should be the effective date of the new conservation cost recovery factors for billing purposes?

PGS: The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January 1, 2003 through December 31, 2003. Billing cycles may start before January 1, 2003, and the last cycle may be read after December 31, 2003, so that each customer is billed for 12 months regardless of when such adjustment factor becomes effective.

Dated this 15th day of OCTOBER, 2002.

Respectfully submitted,



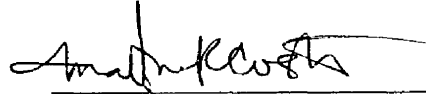
MATTHEW R. COSTA, ESQUIRE
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(813) 228-4938

and

ANSLEY WATSON, JR., ESQUIRE
Macfarlane Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601
(813) 273-4200
Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Preliminary Statement of Issues and Positions has been furnished this 15th day of October, 2002, by regular U.S. Mail, postage prepaid, to all known parties of record in Docket No. 010004-GU.



MATTHEW R. COSTA, ESQUIRE