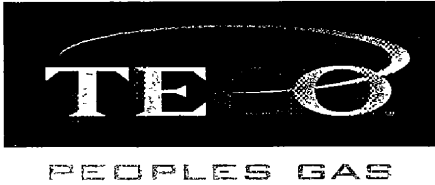


ORIGINAL



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 24, 2002

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

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Re: Docket No. 020003-GU – Purchased Gas Adjustment (PGA)
Prehearing Statement

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' Prehearing statement. Also enclosed is a 3-1/2" diskette containing the Prehearing Statement in MS Word form.

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

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

MRC/sb
Enclosures

cc: Ms. Angie Llewellyn
Mr. W. Edward Elliott
Ms. Wraye Grimard
Parties of Record

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas : DOCKET NO. 020003-GU
Adjustment (PGA) True-Up : Submitted for Filing: 10-25-02

PREHEARING STATEMENT OF PEOPLES GAS SYSTEM

A. APPEARANCES:

Matthew R. Costa, Esquire
Corporate Counsel
Post Office Box 111, Tampa, Florida 33601

B. WITNESSES:

Table with 3 columns: Witness, Subject Matter, Issues. Row 1: W. Edward Elliott (Peoples), Projected gas costs, therm sales and weighted average cost of gas ("WACOG"); final PGA true-up amount for January 2001 - December 2001; estimated PGA true-up amounts for January 2002 - December 2002; total PGA true-up amounts for January 2003 - December 2003; and levelized PGA cost recovery (cap) factor for January 2003 - December 2003, 1-5

C. EXHIBITS:

Table with 3 columns: Exhibit, Witness, Description. Row 1: (EE-1), Elliott, Calculation of final true-up for January 2001 - December 2001 (Schedule A-7). Row 2: (EE-2), Elliott, Calculation of estimated true-up for January 2002 - December 2002; Total true-up for January 2003 - December 2003; Calculation of PGA Factor for January 2003- December 2003 (Schedules E-1 through E-5)

DOCUMENT NUMBER - DATE

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D. STATEMENT OF BASIC POSITION:

Peoples' Statement of Basic Position:

The Commission should approve Peoples' final PGA true-up amount for the period January 2001 through December 2001 of \$2,948,202 (underrecovery), its estimated PGA true-up amount of \$6,783,915 (overrecovery) for the period January 2002 through December 2002, and its levelized PGA (cap) factor of \$0.97855 per therm for application to customers' bills during the period January 1, 2003 through December 31, 2003.

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 January 2001 through December 2001?

POSITION:

Peoples: \$2,948,202 underrecovery. (Elliott)

ISSUE 2: What is the appropriate estimated purchase gas adjustment true-up amount for the period January 2002 through December 2002?

POSITION:

Peoples: \$6,783,915 overrecovery. (Elliott)

ISSUE 3: What is the total purchased gas adjustment true-up amount to be collected or refunded during the period January 2003 through December 2003?

POSITION:

Peoples: \$3,835,711 overrecovery. (Elliott)

ISSUE 4: What is the appropriate levelized purchased gas cost recovery (cap) factor for the period January 2003 through December 2003?

POSITION:

Peoples: \$0.97855 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 the 24TH day of October, 2002.

Respectfully submitted



MATTHEW R. COSTA, ESQUIRE
Corporate Counsel
TECO ENERGY, INC.
P.O. Box 111
Tampa, Florida 33601
(813) 228-4938
Corporate Counsel 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 24th day of October, 2002, by regular U.S. Mail, to all known parties of record in Docket No. 020003-GU as follows:

City Gas Company of Florida
Ms. Gloria L. Lopez
955 East 25th Street
Hialeah, FL 33013-3498

Office of Public Counsel
Jack Shreve/Rob Vandiver
c/o The Florida Legislature
111 W. Madison Street, #812
Tallahassee, FL 32399-1400

Florida Division of Chesapeake Utilities Corporation
Mr. Thomas A. Geoffroy
Post Office Box 960
Winter Haven, FL 33882-0960

Rose Law Firm
Wayne Schiefelbein
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Florida Public Utilities Company
Mr. George Bachman
Post Office Box 3395
West Palm Beach, FL 33402-3395

Sebring Gas System, Inc.
Jerry Melendy
3515 Highway 27 South
Sebring, FL 33870-5452

Hopping Law Firm
Richard Melson
Post Office Box 6526
Tallahassee, FL 32314

Indiantown Gas Company
Brian J. Powers
Post Office Box 8
Indiantown, FL 34956-0008

Messer Law Firm
Norman H. Horton, Jr.
Post Office Box 1876
Tallahassee, FL 32302-1876

St. Joe Natural Gas Company
Mr. Stuart L. Shoaf
Post Office Box 549
Port St. Joe, FL 32457-0549



Matthew R. Costa