

ORIGINAL

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IN REPLY REFER TO

December 12, 2002

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

FOR HAND DELIVERY ON 12/13/02

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

RECEIVED - FPSC
02 DEC 13 AM 11:35
COMMISSION
CLERK

Re: Docket No. 020384-GU -- Petition for rate increase by PEOPLES GAS SYSTEM

Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Peoples Gas System, please find the original and 20 copies of:

- Exhibit JPH-2R, which supersedes and replaces Exhibit JPH-2 that accompanied the Rebuttal Testimony of J. Paul Higgins filed in this docket on November 12, 2002;
Exhibit JPH-6R, which supersedes and replaces Exhibit JPH-6 that accompanied the Rebuttal Testimony of J. Paul Higgins filed in this docket on November 12, 2002; and
a certificate of service with respect to the above revised exhibits.

Please acknowledge your receipt and the date of filing of the enclosures on the duplicate copy of this letter, and return the same to me in the enclosed preaddressed envelope.

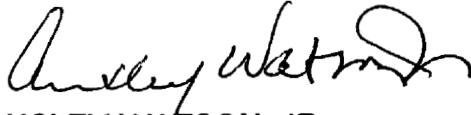
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Blanca S. Bayo, Director  
December 12, 2002  
Page 2

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Ansley Watson, Jr.", written in a cursive style.

ANSLEY WATSON, JR.

AWjr/a  
Enclosures

cc: Parties of Record  
Ms. Angela Llewellyn  
Matthew R. Costa, Esquire

## PEOPLES GAS SYSTEM Revised Projection of Plant Additions (000's)

**AS FILED**

## Plant in Service

	2001 Dec	2002 Jan	2002 Feb	2002 Mar	2002 Apr	2002 May	2002 Jun	2002 Jul	2002 Aug	2002 Sep	2002 Oct	2002 Nov	2002 Dec	2002 Total	13 Month Average
Plant in Service Additions		\$4,721	\$5,002	\$5,260	\$4,598	\$4,611	\$4,745	\$4,923	\$5,034	\$5,093	\$5,444	\$5,516	\$5,818	<del>\$60,764</del>	
Plant in Service Retirements		500	500	500	500	500	500	500	500	500	500	500	500	6,000	
Plant in Service ending balance	\$694,160	698,381	702,882	707,643	711,740	715,852	720,096	724,519	729,053	733,646	738,590	743,606	748,924		\$720,699
Depreciation Expense		(2,442)	(2,459)	(2,477)	(2,493)	(2,505)	(2,517)	(2,530)	(2,543)	(2,557)	(2,571)	(2,586)	(2,601)	(30,282)	
Accum. Depreciation Adjustments		(29)	-	-	-	-	-	-	-	-	-	-	-	(29)	
Depreciation Retirements		500	500	500	500	500	500	500	500	500	500	500	500	6,000	
Depreciation Removal Cost		134	134	134	134	134	134	134	134	134	134	134	134	1,608	
Amortization Expense		(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(271)	
Accumulated Depreciated Subtotal		(1,859)	(1,848)	(1,866)	(1,881)	(1,894)	(1,906)	(1,919)	(1,932)	(1,946)	(1,960)	(1,974)	(1,990)	(22,974)	
Accumulated Depreciation ending balance	(238,397)	(240,256)	(242,104)	(243,970)	(245,851)	(247,744)	(249,650)	(251,569)	(253,501)	(255,447)	(257,406)	(259,381)	(261,371)		(249,742)
Net Plant in Service	\$455,763	\$458,125	\$460,779	\$463,673	\$465,890	\$468,107	\$470,446	\$472,950	\$475,552	\$478,200	\$481,184	\$484,225	\$487,553		\$470,957

**REVISED**

## Plant in Service

Plant in Service Additions		\$4,992	\$5,240	\$3,887	\$5,824	\$4,418	\$3,583	\$3,939	\$3,393	\$3,055	\$4,420	\$5,348	\$5,292	<del>\$53,382</del>	
Plant in Service Retirements		500	500	500	500	500	500	500	500	500	500	500	2,158	7,658	
Plant in Service ending balance	\$694,160	698,651	703,392	706,779	712,103	716,021	719,104	722,543	725,436	727,991	731,911	736,759	739,893		\$718,057
Depreciation Expense		(2,470)	(2,458)	(2,474)	(2,488)	(2,502)	(2,513)	(2,524)	(2,534)	(2,541)	(2,550)	(2,563)	(2,575)	(30,192)	
Depreciation Retirements		500	500	500	500	500	500	500	500	500	500	500	1,569	7,069	
Depreciation Removal Cost		134	134	134	134	134	134	134	134	134	134	134	(1,524)	(50)	
Amortization Expense		(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(271)	
Accumulated Depreciated Subtotal		(1,858)	(1,847)	(1,863)	(1,877)	(1,891)	(1,902)	(1,912)	(1,922)	(1,930)	(1,939)	(1,951)	(2,553)	(23,444)	
Accumulated Depreciation ending balance	(238,397)	(240,255)	(242,102)	(243,964)	(245,841)	(247,732)	(249,634)	(251,546)	(253,468)	(255,399)	(257,337)	(259,289)	(261,841)		(249,754)
Net Plant in Service	\$455,763	\$458,396	\$461,290	\$462,814	\$466,262	\$468,288	\$469,470	\$470,997	\$471,968	\$472,593	\$474,573	\$477,471	\$478,052		\$468,303

DOCUMENT NUMBER DATE  
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**PEOPLES GAS SYSTEM**  
Revised Projection of Plant Additions  
(000's)

**AS FILED**

	2002 Dec	2003 Jan	2003 Feb	2003 Mar	2003 Apr	2003 May	2003 Jun	2003 Jul	2003 Aug	2003 Sep	2003 Oct	2003 Nov	2003 Dec	2003 Total	13 Month Average
Plant in Service															
Plant in Service Additions		\$5,525	\$5,525	\$5,525	\$4,851	\$4,851	\$4,851	\$4,851	\$4,851	\$4,851	\$4,851	\$4,851	\$4,851	\$60,231	
Plant in Service Retirements		500	500	500	500	500	500	500	500	500	500	500	500	6,000	
Plant in Service ending balance	\$748,924	753,948	758,973	763,998	768,349	772,699	777,050	781,401	785,752	790,102	794,453	798,804	803,155		\$776,739
Depreciation Expense		(2,664)	(2,683)	(2,702)	(2,719)	(2,733)	(2,747)	(2,761)	(2,775)	(2,789)	(2,803)	(2,817)	(2,831)	(33,021)	
Depreciation Retirements		500	500	500	500	500	500	500	500	500	500	500	500	6,000	
Depreciation Removal Cost		138	138	138	138	138	138	138	138	138	138	138	138	1,651	
Amortization Expense		(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(408)	
Accumulated Depreciated Subtotal		(2,060)	(2,079)	(2,099)	(2,115)	(2,129)	(2,143)	(2,157)	(2,171)	(2,185)	(2,199)	(2,213)	(2,227)	(25,778)	
Accumulated Depreciation ending balance	(261,371)	(263,431)	(265,510)	(267,609)	(269,724)	(271,853)	(273,997)	(276,154)	(278,325)	(280,510)	(282,709)	(284,922)	(287,149)		(274,097)
Net Plant in Service	\$487,553	\$490,518	\$493,463	\$496,389	\$498,624	\$500,846	\$503,054	\$505,247	\$507,427	\$509,592	\$511,744	\$513,882	\$516,005		\$502,642

**REVISED**

	2002 Dec	2003 Jan	2003 Feb	2003 Mar	2003 Apr	2003 May	2003 Jun	2003 Jul	2003 Aug	2003 Sep	2003 Oct	2003 Nov	2003 Dec	2003 Total	13 Month Average
Plant in Service															
Plant in Service Additions		\$3,897	\$4,095	\$4,237	\$3,874	\$4,000	\$4,048	\$3,933	\$3,866	\$4,332	\$5,190	\$4,347	\$4,188	\$50,007	
Plant in Service Retirements		500	500	500	500	500	500	500	500	500	500	500	500	6,000	
Plant in Service ending balance	\$739,893	743,290	746,886	750,622	753,996	757,496	761,044	764,477	767,843	771,675	776,366	780,213	783,901		\$761,362
Depreciation Expense		(2,632)	(2,645)	(2,658)	(2,671)	(2,682)	(2,694)	(2,706)	(2,718)	(2,730)	(2,745)	(2,760)	(2,772)	(32,413)	
Depreciation Retirements		500	500	500	500	500	500	500	500	500	500	500	500	6,000	
Depreciation Removal Cost		138	138	138	138	138	138	138	138	138	138	138	138	1,651	
Amortization Expense		(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(408)	
Accumulated Depreciated Subtotal		(2,028)	(2,041)	(2,055)	(2,067)	(2,079)	(2,091)	(2,103)	(2,114)	(2,126)	(2,141)	(2,156)	(2,169)	(25,170)	
Accumulated Depreciation ending balance	(261,841)	(263,870)	(265,911)	(267,966)	(270,033)	(272,112)	(274,202)	(276,305)	(278,419)	(280,546)	(282,687)	(284,843)	(287,011)		(274,288)
Net Plant in Service	\$478,052	\$479,420	\$480,975	\$482,657	\$483,964	\$485,384	\$486,841	\$488,172	\$489,424	\$491,130	\$493,679	\$495,370	\$496,889		\$487,074

Reduction in Capital Additions - 2003	(\$10,224)
Change in Plant In Service - 2003 13-month average	(\$15,377)
Change in Accumulated Depreciation - 2003	(191)
Change in Net Plant in Service - 2003	<u>(\$15,568)</u>
Change in Depreciation Expense - 2003	<u>(\$608)</u>

SCHEDULE G-2 Revised with rates proposed by PSC in Deprec. Study

CALCULATION OF THE PROJECTED TEST YEAR - DEPR. & AMORT.

PAGE 23 OF 31

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: PROVIDE THE CALCULATION FOR DEPRECIATION AND AMORTIZATION EXPENSE FOR THE PROJECTED TEST YEAR.

TYPE OF DATA SHOWN  
PROJECTED TEST YEAR: 12/31/03  
WITNESS: J. P. HIGGINS

COMPANY: PEOPLES GAS SYSTEM

DOCKET NO. : 020384-GU

LINE NO.	A/C NO.	DESCRIPTION	ESTIMATED DEPRECIATION AND AMORTIZATION EXPENSE FOR THE YEAR ENDING 12/31/03													TOTAL EXPENSE
			Rates Proposed by PSC	Jan 2003	Feb 2003	Mar 2003	Apr 2003	May 2003	Jun 2003	Jul 2003	Aug 2003	Sep 2003	Oct 2003	Nov 2003	Dec 2003	
1	375	STRUCTURES AND IMPROVEMENTS	2.700%	\$ 37,163	\$ 37,298	\$ 37,433	\$ 37,568	\$ 37,703	\$ 37,837	\$ 37,972	\$ 38,107	\$ 38,242	\$ 38,377	\$ 38,511	\$ 38,646	\$454,857
2	376	MAINS - STEEL	3.700%	785,355	787,829	790,273	792,718	795,163	797,607	800,052	802,497	804,942	807,386	809,831	812,276	9,585,929
3	376.02	MAINS - PLASTIC	2.800%	418,684	423,620	428,578	433,536	438,494	443,453	448,411	453,369	458,327	463,285	468,243	473,201	5,351,201
4	378	M & R EQUIPMENT - GENERAL	3.900%	20,501	20,774	21,048	21,321	21,595	21,868	22,142	22,415	22,689	22,962	23,236	23,509	264,060
5	378 01	M & R EQUIPMENT - GENERAL	3.900%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
6	379	M & R EQUIPMENT - CITY	3.000%	13,661	13,649	13,637	13,626	13,614	13,602	13,590	13,579	13,567	13,555	13,543	13,532	163,155
7	379 01	M & R EQUIPMENT - CITY	3.000%	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
8	380	SERVICE LINES -S TEEL	6.600%	198,910	199,271	199,632	199,992	200,353	200,714	201,075	201,436	201,797	202,158	202,519	202,880	2,410,736
9	380.02	SERVICE LINES - PLASTIC	4.400%	413,708	416,131	418,555	420,979	423,403	425,827	428,251	430,674	433,098	435,522	437,946	440,370	5,124,463
10	381	METERS	5.400%	114,130	114,369	114,608	114,847	115,086	115,325	115,564	115,804	116,043	116,282	116,521	116,760	1,385,339
11	381.01	METERS	5.400%	0	0	0	0	0	0	0	0	0	0	0	0	0
12	382	METER INSTALLATIONS	4.300%	90,202	90,674	91,147	91,620	92,093	92,566	93,039	93,512	93,984	94,457	94,930	95,403	1,113,627
13	383	REGULATORS	4.600%	35,047	35,255	35,464	35,673	35,881	36,090	36,298	36,507	36,716	36,924	37,133	37,341	434,329
14	384	REGULATOR INSTALL HOUSE	4.400%	32,245	32,417	32,589	32,761	32,933	33,105	33,277	33,449	33,621	33,793	33,965	34,137	398,292
15	385	M & R EQUIPMENT - INDUSTRIAL	3.000%	22,053	22,118	22,182	22,247	22,312	22,376	22,441	22,506	22,570	22,635	22,700	22,765	268,904
17	387	OTHER EQUIPMENT	7.900%	14,091	14,230	14,368	14,506	14,645	14,783	14,921	15,060	15,198	15,337	15,475	15,613	178,227
18	390	STRUCTURES AND IMPROVEMENTS	2.700%	2,071	2,063	2,055	2,047	2,039	2,031	2,024	2,016	2,008	2,000	1,992	1,984	24,330
19	391 00	OFFICE FURNITURE	9.700%	24,591	25,131	25,672	26,213	26,754	27,295	27,836	28,376	28,917	29,458	29,999	30,540	330,781
20	391 01	COMPUTER EQUIPMENT	19.800%	172,466	175,524	178,582	181,641	184,699	187,757	190,816	193,874	196,932	199,990	203,049	206,107	2,271,437
21	391 02	OFFICE EQUIPMENT/MACHINES	6.600%	2,552	2,549	2,546	2,542	2,539	2,536	2,532	2,529	2,525	2,522	2,519	2,515	30,406
22	391 03	OFFICE FURNITURE/EQUIP	19.800%	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	5,737	68,850
23	392 01	AUTO & TRUCK LESS THAN 1/2 TON	14.300%	114,000	121,088	128,177	131,249	130,305	129,362	128,418	127,475	126,531	125,587	124,644	123,700	1,510,537
24	392 02	AUTO & TRUCK 3/4 TO 1 TON	11.300%	18,040	18,040	18,040	18,040	18,040	18,040	18,040	18,040	18,040	18,040	18,040	18,040	216,476
25	392 03	AIRPLANCES	1.700%	8,542	8,542	8,542	8,542	8,542	8,542	8,542	8,542	8,542	8,542	8,542	8,542	102,505
26	392 04	TRAILERS, OTHER	3.900%	822	819	816	814	811	809	806	804	801	798	796	793	9,689
27	392 05	TRUCKS OVER 1 TON	7.300%	6,302	6,252	6,201	6,151	6,100	6,050	5,999	5,949	5,898	5,847	5,797	5,746	72,292
28	393	STORES EQUIPMENT	11.300%	532	527	522	517	512	507	502	497	492	487	482	477	6,056
29	394	TOOLS SHOP & GARAGE EQUIPMENT	6.700%	21,189	21,284	21,379	21,474	21,569	21,664	21,758	21,853	21,948	22,043	22,138	22,232	260,531
30	394 01	TOOLS SHOP & GARAGE EQUIPMENT - CNC	6.700%	0	0	0	0	0	0	0	0	0	0	0	0	0
31	395	LABORATORY EQUIPMENT	5.000%	540	540	540	540	540	540	540	540	540	540	540	540	6,479
32	396	POWER OPERATED EQUIPMENT	6.300%	11,218	11,261	11,304	11,347	11,390	11,434	11,477	11,520	11,563	11,606	11,649	11,692	137,461
33	397	COMMUNICATION EQUIPMENT	9.700%	28,650	29,040	29,430	29,820	30,210	30,600	30,990	31,380	31,770	32,160	32,550	32,940	369,543
34	398	MISC EQUIPMENT	3.200%	834	834	834	834	834	834	834	834	834	834	834	834	10,009
35		TOTAL DEPRECIATION EXPENSE		2,613,835	2,636,867	2,659,893	2,678,903	2,693,897	2,708,891	2,723,885	2,738,878	2,753,872	2,768,866	2,783,860	2,798,854	32,560,501
36		AMORTIZATION EXPENSE		87,453	87,453	87,453	87,453	87,453	87,453	87,453	87,453	87,453	87,453	87,453	87,453	1,049,439
37		TOTAL AMORT & DEPR EXPENSE - REVISED		2,701,288	2,724,321	2,747,346	2,766,356	2,781,350	2,796,344	2,811,338	2,826,332	2,841,326	2,856,319	2,871,313	2,886,307	33,609,940
		TOTAL AMORT & DEPR EXPENSE - ORIGINAL MFRs		2,697,636	2,716,946	2,736,244	2,752,874	2,766,837	2,780,800	2,794,762	2,808,725	2,822,687	2,836,650	2,850,612	2,864,575	33,429,346
		INCREASE (DECREASE) FROM DEPRECIATION STUDY		\$3,652	\$7,375	\$11,102	\$13,482	\$14,513	\$15,544	\$16,576	\$17,607	\$18,638	\$19,670	\$20,701	\$21,733	\$180,594

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Petition for rate increase by :  
Peoples Gas System :

Docket No. 020384-GU

Submitted for Filing:  
12-13-02

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that true and correct copies of Exhibits JPH-2R (Higgins) and JPH-6R (Higgins)) have been furnished to the following by Federal Express\*\* or hand delivery\*, this 12th day of December, 2002:

John W. McWhirter, Jr., Esquire\*  
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Timothy J. Perry, Esquire  
McWhirter, Reeves, McGlothlin *et al.*  
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Tallahassee, Florida 32301

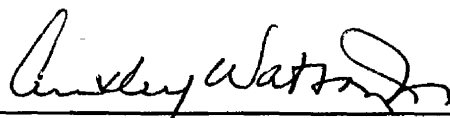
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