

State of Florida



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: DECEMBER 16, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (WHEELER, E. DRAPER,
SPRINGER) *MD* *CSK*
OFFICE OF THE GENERAL COUNSEL (VINING) *AG/MB* *JDJ*

RE: DOCKET NO. 020384-GU - PETITION FOR RATE INCREASE BY TAMPA
ELECTRIC COMPANY D/B/A PEOPLES GAS SYSTEM.

AGENDA: 12/17/02 - REGULAR AGENDA - POST HEARING DECISION -
PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

CRITICAL DATES: 8-MONTH EFFECTIVE DATE: FEBRUARY 27, 2003

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\020384A.RCM
ATTACHMENTS 1-3 ARE NOT AVAILABLE

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CASE BACKGROUND

This proceeding was initiated on June 27, 2002, with the filing of a petition for a permanent rate increase by Tampa Electric Company d/b/a Peoples Gas System (Peoples or the company). Peoples requested a permanent rate increase of \$22.6 million in additional annual revenues.

In Order No. PSC-02-1227-FOF-GU, issued on September 9, 2002, the Commission suspended Peoples' proposed permanent rate increase and granted Peoples' request for an interim rate increase of \$1.46 million.

A hearing was conducted on December 13, 2002. At the hearing, the Commission approved a stipulation between Peoples and the parties that grants Peoples a rate increase of \$12.05 million for the projected test year ending December 31, 2003. Parties to the

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DOCKET NO. 020384-GU
DATE: DECEMBER 16, 2002

proceeding are the Office of Public Council (OPC), the Florida Industrial Gas Users (FIGU), and Auburndale Power Partners (Auburndale).

This recommendation addresses the issues that were not decided at the December 13, 2002, hearing: Issues 71, 72, 73, 77, and 86.

Attachment 1 contains the staff recommended revenue increase by rate class, and the calculation of the resulting per therm energy charges for each rate class.

Staff's recommended per therm energy charges are contained in Attachment 2. This attachment includes the staff-recommended energy charges, as well as the customer charges that were approved in stipulated Issue 75. The customer and energy charges are designed to recover the \$12.05 million revenue increase approved by the Commission.

Attachment 3 contains a calculation of residential bills at present, Commission-approved interim, and staff-recommended rates for the West Florida and non-West Florida divisions.

Based upon the stipulation approved in Issue 84, the revised rates and charges are to become effective for meter readings made on or after 30 days from the date of the final Commission vote approving the rates and charges. The new rates will therefore become effective on January 16, 2003.

Based upon the stipulation approved in Issue 87, this docket should be closed after the Commission has issued its final order and the time for filing an appeal has expired.

The Commission has jurisdiction over this request for a rate increase and interim rate increase under Sections 366.06(2), and 366.071, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 71: If the Commission grants a revenue increase to Peoples, how should the increase be allocated to the rate classes?

RECOMMENDATION: Staff's recommended allocation of the increase to the rates classes is shown in Attachment 1. (WHEELER)

STAFF ANALYSIS: Page 1 of Attachment 1 contains staff's recommended allocation of the total revenue increase of \$12.05 million pursuant to the approved stipulation. Of this amount, \$3.4 million is recovered through increases to the stipulated miscellaneous charges. The remaining \$8.7 million is recovered through changes to the customer and per therm energy charges. The increases by rate class are shown in Column 6. The customer charges were the subject of an approved stipulation in Issue 74. Page 2 of Attachment 1 contains the calculation of the per therm energy charges that result from the recommended allocation.

The recommended allocation of the increase is based upon the stipulated cost of service methodology, as adjusted for the modifications to revenues, rate base, rate of return, and expenses that were approved in the stipulated issues. The recommended rates result in the rates of return for all classes moving closer to the system rate of return (i.e., towards parity).

In the company's filing, all of the proposed rates were set so that each class's return was equal to the proposed overall system rate of return. This means that the rates for each class were designed to recover the exact cost to serve as determined by the filed cost of service study, and based on Peoples' requested revenue increase of \$22.6 million. This allocation resulted in a reduction in rates to the General Service 2-5, Interruptible Service, Small Interruptible Service, and Interruptible Service Large Volume rate classes. As stipulated by the parties, staff's proposed allocation maintains the level of rates that were proposed by the company in its filing for these rate classes.

The remaining revenue increase was then allocated to the Residential, Small General Service, General Service 1, Commercial Street Lighting, Natural Gas Vehicle and Wholesale Service rate schedules. Using this method, the reduction in revenue requirements resulting from the stipulation (from \$22.6 million to

DOCKET NO. 020384-GU
DATE: DECEMBER 16, 2002

\$12.05 million) will serve to mitigate the rate increase to the residential and small commercial rate classes.

The rates resulting from staff's recommended allocation of the increase are shown in Attachment 2, which also shows the corresponding existing West Florida and Non-West Florida rates. Attachment 3 contains Residential Service bill comparisons for the West Florida and Non-West Florida divisions that show bill amounts before the filing of the rate case, the currently effective Commission-approved interim rates, and staff's recommended rates.

ISSUE 72: Is Peoples' proposal to apply uniform rates and service charges to all customers, including customers formerly served by West Florida Gas, appropriate?

RECOMMENDATION: Yes. Peoples' proposal to apply uniform rates and service charges to all customers, including customers formerly served by West Florida Gas, is appropriate. (E. DRAPER)

STAFF ANALYSIS: Effective June 30, 1997, Peoples acquired by merger the West Florida Natural Gas Company (West Florida) that served the Panama City and Ocala areas. The rates for the West Florida customers remained unchanged. Thus, at present, customers in Peoples' West Florida Division receive service under base rates that were established in West Florida's last rate proceeding. Customers in the non-West Florida Division receive service under base rates that were established in Peoples' last rate case.

In addition to separate base rates, customers in the West Florida and non-West Florida divisions pay separate conservation charges. Non-West Florida customers pay a competitive rate adjustment that the West Florida customers do not. All Peoples customers pay the same PGA factor.

Peoples is proposing base rates that will be applicable to both divisions. Since the West Florida residential base rates are currently lower than the non-West Florida residential base rates, any base rate increase will be greater for the West Florida division than for the non-West Florida division.

To support its petition, Peoples' witness Grimard states in her Direct Testimony at Page 15

"The uniformity in rates and tariffs will help to simplify the administration of Peoples' rates and other tariff provisions as well as facilitate the development of future rate design and service offerings."

OPC, FIGU, and Auburndale took no position on this issue, and no party proposed an alternative rate design that would allow for differing rates for the West Florida and Non-West Florida Divisions.

The Commission-approved customer charges and staff-recommended energy charges shown in Attachment 2 apply to the West Florida and

non-West Florida divisions. As shown in Attachment 3, Page 1 of 2, the present total monthly bill for a residential customer in the West Florida division using 20 therms will increase from \$28.54 to \$32.56. This represents a \$4.02, or 14.1 percent increase.

As shown in Attachment 3, Page 2 of 2, the present total monthly bill for a residential customer in the non-West Florida division using 20 therms will increase from \$29.31 to \$31.62. This represents a \$2.31, or 7.9 percent, increase.

Staff notes that the differences in the staff-recommended monthly bill column in the two divisions are due to the differences in the conservation and competitive rate adjustment clauses. These clauses will not change as a result of the rate case proceeding, and therefore the total bills for the two divisions will still be slightly different after the rate case.

While residential customers in the West Florida Division receive a larger rate increase than residential customers in the non-West Florida Division, staff does not believe that the difference is substantial. Additionally, as discussed in Issue 77, combining the two divisions will reduce the unnecessary duplication of costs associated with administering two sets of base rates.

For the above stated reasons staff recommends that the Peoples' proposal to apply uniform rates and service charges to all customers, including customers formerly served by West Florida Gas, is appropriate.

DOCKET NO. 020384-GU
DATE: DECEMBER 16, 2002

ISSUE 73: Should any increase in rates for the customers of the former West Florida Natural Gas Company be phased in over several years?

RECOMMENDATION: No. The increase in rates for the customers of the former West Florida Natural Gas Company should not be phased in over several years. (E. DRAPER)

STAFF ANALYSIS: See the staff analysis in Issue 72. As with Issue 72, OPC, FIGU, and Auburndale took no position on this issue.

ISSUE 77: Are Peoples' proposed customer classes and riders and their associated term requirements appropriate?

RECOMMENDATION: Yes. (SPRINGER)

STAFF ANALYSIS: Peoples Gas proposes to combine the customer classes and riders of its West Florida and non-West Florida divisions into uniform rates for the entire company. The West Florida Division consists of the former customers of West Florida Natural Gas Company, which was acquired by Peoples Gas in 1997. The West Florida Division customers thus are still served under the rates and rate schedules that were in effect for West Florida Natural Gas Company at the time of the acquisition.

The uniformity of rates, riders and tariffs between the two divisions will simplify the company's management of both customer service and regulatory compliance. The synergies resulting from the combining of the two divisions will reduce the unnecessary duplication of costs associated with administering two sets of rates and other tariff provisions.

Additionally, Peoples Gas is restructuring its rates in order to group customers based on their load profiles and usage characteristics. Peoples Gas is proposing to expand the number of rate classes to effect a more equitable distribution of the costs of serving various customer classes. Peoples Gas is also proposing to revise the term usage threshold levels in select rate classes to more accurately reflect similar end use patterns such as annual volume, load profile, and the assignment of fixed and variable costs.

FIGU and Auburndale agree that Peoples' proposed rate classes and riders are appropriate. OPC took no position on this issue.

Staff believes that the proposed new rate classes and riders are appropriate. They will result in rates that more accurately reflect the end use patterns and costs of customers, and will allow Peoples Gas to more efficiently administer its rate schedules and other tariff provisions.

ISSUE 86: Are Peoples' proposed changes to the Correction of Imbalances provision of its Individual Transportation Rider appropriate?

RECOMMENDATION: Yes. (WHEELER)

STAFF ANALYSIS: This issue addresses a proposed change to Peoples' Individual Transportation Service (ITS) Rider. The ITS rider is available optionally to non-residential customers who use at least 182,500 therms per year or more, and who wish to obtain their own gas. Under the rider, the customers arrange for the purchase of their gas through a marketer or broker for delivery to Peoples' system.

ITS customers must contract for a daily amount of gas to be delivered, which is intended to be equal to the amount of gas consumed. At the end of the month, any imbalance between the scheduled amount and the amount actually taken by the customer are settled.

If the imbalance is positive, i.e., the scheduled gas is greater than that used by the customer, Peoples purchases the imbalance gas from the customer at a benchmark price. If the imbalance is between 5% and 20%, however, the customer is paid only 90% of the benchmark price. If it is greater than 20%, the customer is paid 80% of the benchmark price. Peoples has now proposed to add an additional provision that is effective if the customer's imbalance is greater than 40%. In this event, the customer is paid only 50% of the imbalance amount.

When the balance is negative, i.e., the amount of gas taken by the customer exceeds the amount scheduled, the customer is required to purchase from Peoples the imbalance gas at a benchmark price which is adjusted according to the amount of the imbalance. Currently, customers whose imbalances exceeds 20% must pay 1.2 times the benchmark price for gas. Peoples has proposed to modify the imbalance provision so that if a customer's imbalance is greater than 50%, they must purchase the imbalance gas at 1.5 times the benchmark price.

Peoples indicates that this modification to the imbalance provision in the ITS rider is needed in order to prevent customers from gaming the system. Since it is intended under the ITS rider that customers schedule the amount of gas that they plan to

DOCKET NO. 020384-GU
DATE: DECEMBER 16, 2002

consume, staff believes that this modification is appropriate, and staff recommends that it be approved.

FIGU and Auburndale agreed that Peoples' proposed change to the ITS rider is appropriate. OPC's position as stated in the prehearing order is "No position at this time."

PEOPLES GAS SYSTEM
DOCKET NO. 020384-GU
STAFF RECOMMENDED REVENUE INCREASE BY RATE CLASS
SUMMARY OF CLASS RATES OF RETURN AND PERCENTAGE INCREASES

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)		
RATE CLASS	RATE BASE	PRESENT NOI	PRESENT ROR	PRESENT INDEX	INCREASE FROM SERVICE CHARGES	INCREASE FROM SALES OF GAS	TOTAL INCREASE IN REVENUE *	REQUIRED NOI	APPROVED ROR	APPROVED INDEX	% INCREASE
RESIDENTIAL	\$173,803,002	\$742,430	0.43%	0.06	\$2,912,032	\$8,771,001	\$11,683,033	\$10,782,378	6.20%	0.70	22.54%
COMMERCIAL ST. LIGHTING	\$903,797	(\$9,837)	-1.09%	-0.15	\$482	\$43,612	\$44,094	\$25,915	2.87%	0.32	35.45%
SMALL GENERAL SERVICE	\$4,027,029	(\$77,444)	-1.92%	-0.26	\$16,345	\$266,797	\$283,142	\$167,459	4.16%	0.47	23.59%
GENERAL SERVICE 1	\$113,099,985	\$9,407,503	8.32%	1.13	\$212,691	\$2,769,000	\$2,981,691	\$11,336,723	10.02%	1.13	9.43%
GENERAL SERVICE 2	\$62,764,122	\$6,862,840	10.93%	1.48	\$75,737	\$369,000	\$444,737	\$6,727,388	10.72%	1.21	2.66%
GENERAL SERVICE 3	\$53,198,128	\$7,314,480	13.75%	1.86	(\$23,388)	(\$1,107,000)	(\$1,130,388)	\$5,692,758	10.70%	1.21	-7.35%
GENERAL SERVICE 4	\$28,073,963	\$4,260,073	15.17%	2.06	\$2,957	(\$1,012,566)	(\$1,009,609)	\$2,991,785	10.66%	1.21	-12.40%
GENERAL SERVICE 5	\$19,390,309	\$2,709,114	13.97%	1.89	\$141,480	(\$641,206)	(\$499,726)	\$2,030,755	10.47%	1.19	-8.84%
SMALL INTERRUPTIBLE	\$18,339,384	\$2,573,501	14.03%	1.90	\$14,401	(\$515,316)	(\$500,915)	\$1,903,539	10.38%	1.18	-8.98%
INTERRUPTIBLE	\$13,565,763	\$1,579,351	11.64%	1.58	\$5,382	(\$86,513)	(\$81,131)	\$1,372,438	10.12%	1.15	-1.44%
INTERRUPTIBLE LARGE VOL.	\$5,101,552	\$717,988	14.07%	1.91	(\$3,567)	(\$212,489)	(\$216,056)	\$454,501	8.91%	1.01	-8.43%
NG VEHICLES	\$723,610	(\$64,013)	-8.85%	-1.20	\$210	\$67,686	\$67,896	(\$2,834)	-0.39%	-0.04	103.16%
WHOLESALE	\$60,458	\$2,954	4.89%	0.66	\$16	\$1,912	\$1,928	\$4,321	7.15%	0.81	13.76%
SPECIAL CONTRACTS	\$12,390,104	\$1,288,778	10.40%	1.41	\$0	(\$19,000)	(\$19,000)	\$1,155,186	9.32%	1.06	-0.45%
TOTAL	\$505,441,206	\$37,307,719	7.38%	1.00	\$3,354,778	\$8,694,918	\$12,049,696	\$44,642,312	8.83%	1.00	8.10%

* Does not total to exact increase granted of \$12,050,010 due to rounding and minor variances in cost of service model.

**COST OF SERVICE SUMMARY
CALCULATION OF STAFF RECOMMENDED RATES
PEOPLES GAS SYSTEM
020384-GU**

	TOTAL	RESIDENTIAL	COMMERCIAL ST. LIGHTING	SMALL GENERAL SERVICE	GENERAL SERVICE 1	GENERAL SERVICE 2	GENERAL SERVICE 3	GENERAL SERVICE 4	GENERAL SERVICE 5	SMALL INT. SERVICE	INTERRUPTIBLE SERVICE	INTERRUPTIBLE LARGE VOL.	VEHICLE GAS SALES	WHOLESALE	SPECIAL CONTRACTS
PROPOSED TOTAL TARGET REVENUES	160,806,915	63,525,305	168,473	1,483,345	34,601,022	17,138,300	14,246,908	7,133,339	5,152,905	5,075,786	5,537,518	2,345,779	133,710	15,936	4,250,578
LESS: OTHER OPERATING REVENUE	8,750,456	7,218,972	1,394	128,842	680,651	75,737	25,235	2,957	329,177	195,272	73,883	17,592	701	83	0
NET TARGET REVENUE	152,056,459	56,306,333	167,079	1,354,503	33,920,371	17,060,563	14,221,673	7,130,382	4,823,728	4,880,524	5,463,635	2,328,187	133,009	15,853	4,250,578
LESS: CUSTOMER CHARGE REVENUES															
PROPOSED CUSTOMER CHARGES		\$10.00	\$0.00	\$20.00	\$30.00	\$35.00	\$45.00	\$85.00	\$150.00	\$150.00	\$225.00	\$225.00	\$35.00	\$100.00	\$225.00
TIMES: NUMBER OF BILLS	3,507,987	3,158,825	1,068	48,885	258,251	28,736	9,575	1,122	748	444	168	40	287	24	38
EQUALS: CUSTOMER CHARGE REVENUES	42,088,930	31,588,250	0	977,700	7,747,530	1,005,760	430,875	95,370	112,200	66,600	37,800	9,000	9,345	2,400	8,100
LESS: OTHER NON-THERM-RATE REVENUES															
EQUALS: PER-THERM TARGET REVENUES	109,967,529	24,720,083	167,079	376,803	28,172,841	16,054,803	13,790,798	7,035,012	4,711,528	4,813,924	5,425,855	2,319,187	123,664	13,473	4,242,478
DIVIDED BY: NUMBER OF THERMS	1,136,115,379	65,628,617	1,302,382	1,397,893	113,571,065	72,102,337	70,802,148	39,460,098	46,921,610	66,606,332	154,038,773	231,450,899	882,484	98,909	272,051,832
EQUALS: PER-THERM RATES (UNROUNDED)		0.37667	0.12829	0.26955	0.23045	0.22267	0.19533	0.17828	0.10041	0.07227	0.03522	0.01002	0.14013	0.13822	0.01559
PER-THERM RATES (ROUNDED)		0.37667	0.12829	0.26955	0.23045	0.22267	0.19533	0.17828	0.10041	0.07227	0.03522	0.01002	0.14013	0.13822	0.01559
PER-THERM-RATE REVENUES (ROUNDED RATES)	109,965,205	24,720,331	167,083	376,802	26,172,452	16,055,027	13,790,718	7,034,946	4,711,399	4,813,640	5,425,246	2,319,138	123,662	13,473	4,241,288
SUMMARY: PROPOSED TARIFF RATES															
CUSTOMER CHARGES		\$10.00	\$0.00	\$20.00	\$30.00	\$35.00	\$45.00	\$85.00	\$150.00	\$150.00	\$225.00	\$225.00	\$35.00	\$100.00	\$225.00
ENERGY CHARGES															
NON-GAS (CENTS PER THERM)		37.667	12.829	26.955	23.045	22.267	19.533	17.828	10.041	7.227	3.522	1.002	14.013	13.822	1.559
SUMMARY: PRESENT TARIFF RATES															
CUSTOMER CHARGES		\$7.00	\$0.00	\$15.00	\$17.00	\$0.00	\$25.00	\$0.00	\$45.00	\$150.00	\$225.00	\$225.00	\$25.00	\$0.00	\$225.00
ENERGY CHARGES															
NON-GAS (CENTS PER THERM)		41.117	9.447	33.738	24.374	0.000	21.860	0.000	16.155	7.264	3.672	1.090	8.820	14.068	1.559

12

**PEOPLES GAS SYSTEM
 STAFF RECOMMENDED RATES
 DOCKET NO. 020384-GU**

RATE SCHEDULE	PRESENT RATES	STAFF RECOMMENDED RATES
<u>RESIDENTIAL SERVICE</u>		
<u>PEOPLES GAS SYSTEM</u>		
CUSTOMER CHARGE	\$7.00	\$10.00
ENERGY CHARGE (cents/therm)	41.117	37.667
<u>WEST FLORIDA NATURAL GAS</u>		
CUSTOMER CHARGE	\$7.00	\$10.00
ENERGY CHARGE (cents/therm)	32.525	37.667
<u>COMMERCIAL STREET LIGHTING SERVICE</u>		
CUSTOMER CHARGE	\$0.00	\$0.00
ENERGY CHARGE (cents/therm)	9.447	12.829
<u>SMALL GENERAL SERVICE</u>		
<u>PEOPLES GAS SYSTEM</u>		
CUSTOMER CHARGE	\$15.00	\$20.00
ENERGY CHARGE (cents/therm)	33.738	26.955
<u>WEST FLORIDA NATURAL GAS</u>		
<u>COMMERCIAL SERVICE (CS)</u>		
CUSTOMER CHARGE	\$10.00	\$20.00
ENERGY CHARGE (cents/therm)	16.378	26.955
<u>GENERAL SERVICE - 1</u>		
<u>PEOPLES GAS SYSTEM</u>		
<u>GENERAL SERVICE (GS)</u>		
CUSTOMER CHARGE	\$17.00	\$30.00
ENERGY CHARGE (cents/therm)	24.374	23.045
<u>WEST FLORIDA NATURAL GAS</u>		
<u>COMMERCIAL SERVICE (CS)</u>		
CUSTOMER CHARGE	\$10.00	\$30.00
ENERGY CHARGE (cents/therm)	16.378	23.045
<u>GENERAL SERVICE - 2</u>		
<u>PEOPLES GAS SYSTEM</u>		
<u>GENERAL SERVICE (GS)</u>		
CUSTOMER CHARGE	\$17.00	\$35.00
ENERGY CHARGE (cents/therm)	24.374	22.267
<u>GENERAL SERVICE LARGE VOLUME - 1 (GSLV-1)</u>		
CUSTOMER CHARGE	\$25.00	\$35.00
ENERGY CHARGE (cents/therm)	21.860	22.267
<u>WEST FLORIDA NATURAL GAS</u>		
<u>COMMERCIAL SERVICE (CS)</u>		
CUSTOMER CHARGE	\$10.00	\$35.00
ENERGY CHARGE (cents/therm)	16.378	22.267

**PEOPLES GAS SYSTEM
 STAFF RECOMMENDED RATES
 DOCKET NO. 020384-GU**

RATE SCHEDULE	PRESENT RATES	STAFF RECOMMENDED RATES
GENERAL SERVICE - 3		
<i>PEOPLES GAS SYSTEM</i>		
<i>GENERAL SERVICE LARGE VOLUME - 1 (GSLV-1)</i>		
CUSTOMER CHARGE	\$25.00	\$45.00
ENERGY CHARGE (cents/therm)	21.860	19.533
<i>WEST FLORIDA NATURAL GAS</i>		
<i>COMMERCIAL SERVICE (CS)</i>		
CUSTOMER CHARGE	\$10.00	\$45.00
ENERGY CHARGE (cents/therm)	16.378	19.533
<i>COMMERCIAL SERVICE LARGE VOLUME (LCS)</i>		
CUSTOMER CHARGE	\$50.00	\$45.00
ENERGY CHARGE (cents/therm)	13.840	19.533
GENERAL SERVICE - 4		
<i>PEOPLES GAS SYSTEM</i>		
<i>GENERAL SERVICE LARGE VOLUME - 1 (GSLV-1)</i>		
CUSTOMER CHARGE	\$25.00	\$85.00
ENERGY CHARGE (cents/therm)	21.860	17.828
<i>WEST FLORIDA NATURAL GAS</i>		
<i>COMMERCIAL SERVICE LARGE VOLUME (LCS)</i>		
CUSTOMER CHARGE	\$50.00	\$85.00
ENERGY CHARGE (cents/therm)	13.840	17.828
<i>FIRM INDUSTRIAL SERVICE (FIS)</i>		
CUSTOMER CHARGE	\$100.00	\$85.00
ENERGY CHARGE (cents/therm)	4.877	17.828
GENERAL SERVICE - 5		
<i>PEOPLES GAS SYSTEM</i>		
<i>GENERAL SERVICE LARGE VOLUME - 2 (GSLV-2)</i>		
CUSTOMER CHARGE	\$45.00	\$150.00
ENERGY CHARGE (cents/therm)	16.155	10.041
<i>SMALL INTERRUPTIBLE SERVICE</i>		
CUSTOMER CHARGE	\$150.00	\$150.00
ENERGY CHARGE (cents/therm)	7.264	10.041
<i>WEST FLORIDA NATURAL GAS</i>		
<i>FIRM INDUSTRIAL SERVICE (FIS)</i>		
CUSTOMER CHARGE	\$100.00	\$150.00
ENERGY CHARGE (cents/therm)	4.877	10.041

**PEOPLES GAS SYSTEM
 STAFF RECOMMENDED RATES
 DOCKET NO. 020384-GU**

RATE SCHEDULE	PRESENT RATES	STAFF RECOMMENDED RATES
<u>SMALL INTERRUPTIBLE SERVICE</u>		
<u>PEOPLES GAS SYSTEM</u>		
<i>SMALL INTERRUPTIBLE SERVICE</i>		
CUSTOMER CHARGE	\$150.00	\$150.00
ENERGY CHARGE (cents/therm)	7.264	7.227
<u>WEST FLORIDA NATURAL GAS</u>		
<i>INTERRUPTIBLE SERVICE (IS)</i>		
CUSTOMER CHARGE	\$500.00	\$150.00
ENERGY CHARGE (cents/therm)	2.781	7.227
<u>NTERRUPTIBLE SERVICE</u>		
<u>PEOPLES GAS SYSTEM</u>		
<i>INTERRUPTIBLE SERVICE</i>		
CUSTOMER CHARGE	\$225.00	\$225.00
ENERGY CHARGE (cents/therm)	3.672	3.522
<u>WEST FLORIDA NATURAL GAS</u>		
<i>INTERRUPTIBLE SERVICE (IS)</i>		
CUSTOMER CHARGE	\$500.00	\$225.00
ENERGY CHARGE (cents/therm)	2.781	3.522
<u>NTERRUPTIBLE LARGE VOLUME SERVICE</u>		
<u>PEOPLES GAS SYSTEM</u>		
<i>INTERRUPTIBLE LARGE VOLUME SERVICE</i>		
CUSTOMER CHARGE	\$225.00	\$225.00
ENERGY CHARGE (cents/therm)	1.090	1.002
<u>WEST FLORIDA NATURAL GAS</u>		
<i>INTERRUPTIBLE SERVICE (IS)</i>		
CUSTOMER CHARGE	\$500.00	\$225.00
ENERGY CHARGE (cents/therm)	2.781	1.002
<u>NATURAL GAS VEHICLE SERVICE</u>		
CUSTOMER CHARGE	\$25.00	\$35.00
ENERGY CHARGE (cents/therm)	6.620	14.013
<u>WHOLESALE SERVICE</u>		
CUSTOMER CHARGE	\$0.00	\$100.00
ENERGY CHARGE (cents/therm)	14.066	13.622

PEOPLES GAS SYSTEM - WEST FLORIDA DIVISION
 DOCKET NO. 020384-GU
BILL COMPARISONS - PRESENT, INTERIM & STAFF RECOMMENDED RATES
 Residential Usage
 Average Usage. 20 therms per month

<u>PRESENT RATES</u>	<u>COMMISSION APPROVED INTERIM RATES</u>	<u>STAFF RECOMMENDED RATES</u>
<u>Customer Charge</u> \$7.00	<u>Customer Charge</u> \$7.00	<u>Customer Charge</u> \$10.00
<u>Energy Charge (Cents per Therm)</u> 32.525	<u>Energy Charge (Cents per Therm)</u> 33.238	<u>Energy Charge (Cents per Therm)</u> 37.667
<u>PGA - Dec. 2002</u> 62.537	<u>PGA - Dec. 2002</u> 62.537	<u>PGA - Dec. 2002</u> 62.537
<u>Conservation *</u> 12.620	<u>Conservation *</u> 12.620	<u>Conservation *</u> 12.620

Therm Usage Increment: 5

Therm Usage	Present Monthly Bill	Commission Approved Interim Monthly Bill	Staff Recommended Monthly Bill	Increase Present vs. Staff Recommended		Increase Interim vs. Staff Recommended	
				Percent Increase	Dollar Increase	Percent Increase	Dollar Increase
5	\$12.38	\$12.42	\$15.64	26.3%	\$3.26	25.9%	\$3.22
10	\$17.77	\$17.84	\$21.28	19.8%	\$3.51	19.3%	\$3.44
15	\$23.15	\$23.26	\$26.92	16.3%	\$3.77	15.7%	\$3.66
20	\$28.54	\$28.68	\$32.56	14.1%	\$4.02	13.5%	\$3.88
25	\$33.92	\$34.10	\$38.21	12.6%	\$4.29	12.1%	\$4.11
30	\$39.30	\$39.52	\$43.85	11.6%	\$4.55	11.0%	\$4.33
35	\$44.69	\$44.94	\$49.49	10.7%	\$4.80	10.1%	\$4.55
40	\$50.07	\$50.36	\$55.13	10.1%	\$5.06	9.5%	\$4.77
45	\$55.46	\$55.78	\$60.77	9.6%	\$5.31	9.0%	\$4.99
50	\$60.84	\$61.20	\$66.41	9.2%	\$5.57	8.5%	\$5.21
55	\$66.23	\$66.62	\$72.05	8.8%	\$5.82	8.2%	\$5.43
60	\$71.61	\$72.04	\$77.69	8.5%	\$6.08	7.8%	\$5.65
65	\$76.99	\$77.46	\$83.34	8.2%	\$6.35	7.6%	\$5.88
70	\$82.38	\$82.88	\$88.98	8.0%	\$6.60	7.4%	\$6.10
75	\$87.76	\$88.30	\$94.62	7.8%	\$6.86	7.2%	\$6.32
80	\$93.15	\$93.72	\$100.26	7.6%	\$7.11	7.0%	\$6.54
85	\$98.53	\$99.14	\$105.90	7.5%	\$7.37	6.8%	\$6.76
90	\$103.91	\$104.56	\$111.54	7.3%	\$7.63	6.7%	\$6.98
95	\$109.30	\$109.98	\$117.18	7.2%	\$7.88	6.6%	\$7.20
100	\$114.68	\$115.40	\$122.82	7.1%	\$8.14	6.4%	\$7.42

* Effective January 2003.

PEOPLES GAS SYSTEM - NON-WEST FLORIDA DIVISIONS
 DOCKET NO. 020384-GU
BILL COMPARISONS - PRESENT, INTERIM & STAFF RECOMMENDED RATES
 Residential Usage
 Average Usage: 20 therms per month

<u>PRESENT RATES</u>	<u>COMMISSION APPROVED INTERIM RATES</u>	<u>STAFF RECOMMENDED RATES</u>
<u>Customer Charge</u> \$7.00	<u>Customer Charge</u> \$7.00	<u>Customer Charge</u> \$10.00
<u>Energy Charge (Cents per Therm)</u> 41.117	<u>Energy Charge (Cents per Therm)</u> 41.986	<u>Energy Charge (Cents per Therm)</u> 37.667
<u>PGA - Dec. 2002</u> 62.537	<u>PGA - Dec. 2002</u> 62.537	<u>PGA - Dec. 2002</u> 62.537
<u>Conservation *</u> 5.960	<u>Conservation *</u> 5.960	<u>Conservation *</u> 5.960
<u>Comp. Rate Adjust.</u> 1.920	<u>Comp. Rate Adjust.</u> 1.920	<u>Comp. Rate Adjust.</u> 1.920
<u>Total Conserv. and Comp. Rate</u> 7.880	<u>Total Conserv. and Comp. Rate</u> 7.880	<u>Total Conserv. and Comp. Rate</u> 7.880

Therm Usage Increment: 5

Therm Usage	Present Monthly Bill	Commission Approved Interim Monthly Bill	Staff Recommended Monthly Bill	Increase Present vs. Staff Recommended		Increase Interim vs. Staff Recommended	
				Percent Increase	Dollar Increase	Percent Increase	Dollar Increase
5	\$12.58	\$12.62	\$15.40	22.4%	\$2.82	22.0%	\$2.78
10	\$18.15	\$18.24	\$20.81	14.7%	\$2.66	14.1%	\$2.57
15	\$23.73	\$23.86	\$26.21	10.5%	\$2.48	9.8%	\$2.35
20	\$29.31	\$29.48	\$31.62	7.9%	\$2.31	7.3%	\$2.14
25	\$34.88	\$35.10	\$37.02	6.1%	\$2.14	5.5%	\$1.92
30	\$40.46	\$40.72	\$42.43	4.9%	\$1.97	4.2%	\$1.71
35	\$46.04	\$46.34	\$47.83	3.9%	\$1.79	3.2%	\$1.49
40	\$51.61	\$51.96	\$53.23	3.1%	\$1.62	2.4%	\$1.27
45	\$57.19	\$57.58	\$58.64	2.5%	\$1.45	1.8%	\$1.06
50	\$62.77	\$63.20	\$64.04	2.0%	\$1.27	1.3%	\$0.84
55	\$68.34	\$68.82	\$69.45	1.6%	\$1.11	0.9%	\$0.63
60	\$73.92	\$74.44	\$74.85	1.3%	\$0.93	0.5%	\$0.41
65	\$79.50	\$80.06	\$80.25	0.9%	\$0.75	0.2%	\$0.19
70	\$85.07	\$85.68	\$85.66	0.7%	\$0.59	-0.0%	(\$0.02)
75	\$90.65	\$91.30	\$91.06	0.5%	\$0.41	-0.3%	(\$0.24)
80	\$96.23	\$96.92	\$96.47	0.2%	\$0.24	-0.5%	(\$0.45)
85	\$101.80	\$102.54	\$101.87	0.1%	\$0.07	-0.7%	(\$0.67)
90	\$107.38	\$108.16	\$107.28	-0.1%	(\$0.10)	-0.8%	(\$0.88)
95	\$112.96	\$113.78	\$112.68	-0.2%	(\$0.28)	-1.0%	(\$1.10)
100	\$118.53	\$119.40	\$118.08	-0.4%	(\$0.45)	-1.1%	(\$1.32)

* Effective January 2003.