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IN REPLY REFER TO:

September 23, 2004

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

VIA FEDEX

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

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SEP 24 PM 3:16
COMMISSION
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Re: **Docket No. 040003-GU – Purchased gas adjustment (PGA) true-up**

Dear Ms. Bayo:

Enclosed for filing with the Commission on behalf of Peoples Gas System, please find the original and 15 copies of the following:

- Peoples' Petition for Approval of PGA Factor For Application To Bills To Be Rendered During The Period January 2005 Through December 2005;
- Direct Testimony of Edward Elliott (including diskette containing such testimony in MS Word format); and
- Composite Exhibit ___(EE-2), consisting of Schedules E-1 through E-5 of the prescribed reporting forms.

CMP _____
COM 5 _____
CTR _____
ECR _____
GCL _____
OPC _____
MMS _____
RCA _____
SCR _____
SEC 1 _____
OTH _____

The enclosed testimony and exhibit will be offered by Peoples at the hearing in this docket scheduled to commence on November 8, 2004.

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

RECEIVED & FILED
[Signature]
EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
10386 SEP 24 3
EPSC-COMMISSION CLERK

Blanca S. Bayo, Director
September 23, 2004
Page 2

Thank you for your usual assistance.

Sincerely,

A handwritten signature in black ink that reads "Ansley Watson, Jr." The signature is written in a cursive style with a large, stylized initial 'A'.

Ansley Watson, Jr.

AWjr/a
Enclosures

cc: Mrs. Kandi M. Floyd
Matthew R. Costa, Esquire
Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment)
(PGA) true-up.)
_____)

DOCKET NO. 040003-GU
Submitted for filing:
9-24-04

**PETITION OF PEOPLES GAS SYSTEM FOR APPROVAL
OF PGA FACTOR FOR APPLICATION TO BILLS TO BE RENDERED
DURING THE PERIOD JANUARY 2005 THROUGH DECEMBER 2005**

Peoples Gas System ("Peoples"), by its undersigned attorneys, hereby files its petition for approval of its purchased gas adjustment ("PGA") factor to be applied to bills beginning the first billing cycle in January 2005 through the last billing cycle in December 2005, inclusive, and in support thereof says:

1. The name of the petitioner and the mailing address of its principal office are:

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

2. The names and mailing address of the persons authorized to receive notices

and communications with respect to this petition are:

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

Ms. Angela L. Llewellyn
Regulatory Affairs
Peoples Gas System
P. O. Box 111
Tampa, Florida 33601-0111

Matthew R. Costa
Corporate Counsel
TECO Energy, Inc.
P. O. Box 111
Tampa, Florida 33601-0111

3. By its Orders Nos. 24463 and 24463-A in this docket, the Commission adopted a revised method for the recovery of purchased gas costs by regulated natural gas utilities, to be used for the recovery of such costs commencing October 1, 1991.

DOCUMENT NUMBER-DATE

10386 SEP 24 04

FPSC-COMMISSION CLERK

Submitted herewith is Peoples' Composite Exhibit EE-2, consisting of Schedules E-1, E-1/R, E-2, E-3, E-4 and E-5. The schedules in Composite Exhibit EE-2 are used to compute a maximum PGA factor for application to bills rendered for gas sold by Peoples during the twelve-month period of January 2005 through December 2005 (the "Projection Period").

4. The maximum PGA factor calculated in Composite Exhibit EE-2 basically represents (A) the sum of the final net true-up amount for the period January 1, 2003 through December 31, 2003, the estimated or projected true-up (based on actual data for eight months and projected data for four months) for the period January 1, 2004 through December 31, 2004, both true-up amounts including interest, and Peoples' projected cost of purchased gas for the January 2005 through December 2005 period, without interest, (B) divided by Peoples' projected therm sales for the Projection Period.

5. By its order No. PSC-99-0634-FOF-GU in Docket No. 981698-GU the Commission approved a methodology for charging separate Purchased Gas Adjustment Factors for different customer classes. The maximum (cap) PGA factor for which Peoples seeks approval for the Projection Period is the Residential factor shown on Line 45, Page 2 of Schedule E-1 of Composite Exhibit EE-2, and is \$0.99037 per therm.

WHEREFORE, Peoples Gas System respectfully requests that the Commission enter its order approving Peoples' proposed maximum (cap) PGA factor of \$0.99037 per therm for application to bills beginning the first billing cycle in January 2005 through the last billing cycle in December 2005.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing petition, together with copies of the Direct Testimony of W. Edward Elliott and Composite Exhibit ___(EE-2), have been furnished by U. S. Mail, this 23rd day of September, 2004, to the following:

Katherine Fleming, Esquire
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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

Robert Vandiver, Esquire
Office of the Public Counsel
c/o The Florida Legislature
111 W. Madison St. - #812
Tallahassee, FL 32399-1400

Florida Public Utilities Company
John T. English/Cheryl Martin
P. O. Box 3395
West Palm Beach, FL 33402-3395

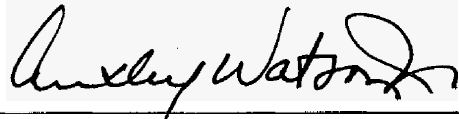
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Sebring Gas System, Inc.
3515 Highway 27 South
Sebring, FL 33870-5452

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Ansley Watson, Jr.