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IN REPLY REFER TO:

October 8, 2004

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

VIA E-FILING

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

Re: Docket No. 040004-GU – Natural gas conservation cost recovery

Dear Ms. Bayo:

Enclosed for filing with the Commission, please find Peoples Gas System's Preliminary List of Issues and Positions for the hearing scheduled to be held in the above docket November 8-10, 2004.

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

AWjr/a
Enclosure

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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost)
recovery.)
_____)

DOCKET NO. 040004-GU
Submitted for filing:
10-8-04

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

Peoples Gas System ("PGS"), by its undersigned attorneys, submits the following Preliminary List of Issues and Positions:

Generic Conservation Issues

ISSUE 1: What is the final end of the period true-up amount for the period January 2003 through December 2003?

PGS (except West Florida): \$464,811 underrecovery

PGS (West Florida): \$968,511 underrecovery

ISSUE 2: What are the appropriate conservation cost recovery factors for the period January 2005 through December 2005?

PGS (except West Florida):

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.05205
Small General Service	\$0.04404
General Service 1	\$0.01728
General Service 2	\$0.01404
General Service 3	\$0.01180
General Service 4	\$0.01064
General Service 5	\$0.00606
Commercial Street Lighting	\$0.00753
Natural Gas Vehicle Service	\$0.00906

PGS (West Florida):

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.19387
Small General Service	\$0.17525
General Service 1	\$0.07171
General Service 2	\$0.05681
General Service 3	\$0.04756

General Service 4	\$0.04315
General Service 5	\$0.02394
Commercial Street Lighting	\$0.03033
Natural Gas Vehicle Service	\$0.03033

ISSUE 3: What should be the effective date of the 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 2005 through December 2005. Billing cycles may start before January 1, 2005, and the last cycle may be read after December 31, 2005, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing Preliminary List of Issues and Positions has been furnished by U. S. Mail this 8th day of October, 2004, to the following:

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Mr. Thomas A. Geoffroy
Florida Division
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Florida Public Utilities Company
John T. English/George Bachman
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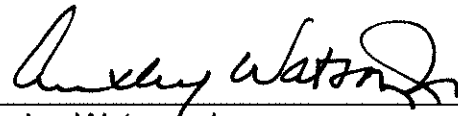
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