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IN REPLY REFER TO:

October 15, 2004

Ansley Watson, Jr.
P.O. Box 1531
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VIA FEDEX

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

COMMISSION
CLERK

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Re: Docket No. 040003-GU – Purchased gas adjustment (PGA) true-up

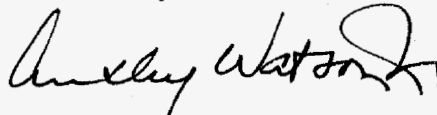
Dear Ms. Bayo:

Enclosed for filing with the Commission, please find Peoples Gas System's Prehearing Statement for the hearing scheduled to be held in the above docket November 8-10, 2004. A diskette containing the document in MS Word format is also enclosed.

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

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

- CMP _____
- COM 5
- CTR _____
- ECR _____
- GCL _____
- OPC AWjr/a
- MMS Enclosure

RCA cc: Mrs. Kandi M. Floyd
SCR _____ Matthew R. Costa, Esquire
SEC 1 Parties of Record
OTH _____

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DOCUMENT NUMBER-DATE

11162 OCT 18 04

FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 040003-GU
Submitted for filing:
10-18-04

**PEOPLES GAS SYSTEM'S
PREHEARING STATEMENT**

Peoples Gas System ("PGS"), by its undersigned attorneys, submits the following Prehearing Statement for the hearing scheduled to be held in the above docket November 8-10, 2004.

A. WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
W. Edward Elliott (PGS)	Projected gas costs, therm sales and weighted average cost of gas (WACOG"); final PGA true-up amount for January 2003 - December 2003; estimated PGA true-up amounts for January 2004 - December 2004; total PGA true-up amount for January 2005 - December 2005; and levelized PGA cost recovery (cap) factor for January 2005 - December 2005	1-5

B. EXHIBITS

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
_____ (EE-1)	Elliott	Calculation of final true-up for January 2003 - December 2003 (Schedule A-7)

DOCUMENT NUMBER-DATE

11162 OCT 18 04

FPSC-COMMISSION CLERK

(EE-2)

Elliott

Calculation of estimated true-up for January 2004 – December 2004; total true-up for January 2005 – December 2005); calculation of PGA factor for January 2005 – December 2005 (Schedules E-1 through E-5)

C. STATEMENT OF BASIC POSITION

PGS's Statement of Basic Position:

The Commission should approve PGS's final PGA true-up amount of \$7,268,762 (underrecovery) for the period January 2003 through December 2003; its estimated PGA true-up amount of \$10,448,229 (overrecovery) for the period January - December 2004; and its levelized PGA (cap) factor of \$0.99037 per therm for the period January 1 through December 31, 2005. (Elliott)

D. STATEMENT OF ISSUES AND POSITIONS

Generic Purchased Gas Adjustment Issues

ISSUE 1: What are the appropriate final purchased gas adjustment true-up amounts for the period January 2003 through December 2003?

PGS: \$7,268,762 underrecovery (Elliott)

ISSUE 2: What are the estimated purchased gas adjustment true-up amounts for the period January 2004 through December 2004?

PGS: \$10,448,229 overrecovery (Elliott)

ISSUE 3: What are the total purchased gas adjustment true-up amounts to be collected or refunded during the period January 2005 through December 2005?

PGS: \$3,179,465 overrecovery (Elliott)

ISSUE 4: What are the appropriate levelized purchased gas cost recovery (cap) factors for the period January 2005 through December 2005?

PGS: \$0.99037 per therm (Elliott)

ISSUE 5: What should be the effective date of the new purchased gas adjustment charge for billing purposes?

PGS: The factor should be effective for all bills from the first billing cycle in

January 2005 through and including the last billing cycle in December 2005. (Elliott)

E. STIPULATED ISSUES

None as to PGS.

F. PENDING MOTIONS

None as to PGS.

G. PENDING CONFIDENTIALITY CLAIMS OR REQUESTS

PGS has no pending confidentiality claims or requests at this time.

H. COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

PGS has complied with all requirements of the Order Establishing Procedure in this docket.

Dated this 15th day of October, 2004.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of the foregoing Prehearing Statement has been furnished by U. S. Mail this 15th day of October, 2004, to the following:

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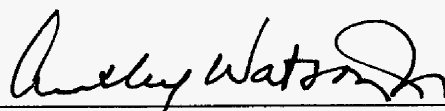
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