

ORIGINAL

MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

1501 SOUTH FLORIDA AVENUE  
LAKELAND, FLORIDA 33803  
(863) 680-9908 FAX (863) 683-2849

ONE TAMPA CITY CENTER, SUITE 2000  
201 NORTH FRANKLIN STREET  
P.O. BOX 1531 (ZIP 33601)  
TAMPA, FLORIDA 33602  
(813) 273-4200 FAX (813) 273-4396

www.mfmlegal.com  
EMAIL: info@mfmlegal.com

625 COURT STREET  
P. O. BOX 1669 (ZIP 33757)  
CLEARWATER, FLORIDA 33756  
(727) 441-8966 FAX (727) 442-8470

IN REPLY REFER TO:

October 15, 2004

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

RECEIVED - FPSC  
OCT 18 AM 10:14  
COMMISSION  
CLERK

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

Dear Ms. Bayo:

Enclosed for filing with the Commission, please find the original and 15 copies of 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.

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- COM 5
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- SCR \_\_\_\_\_
- SEC 1
- OTH \_\_\_\_\_

Thank you for your usual assistance.

Sincerely,

*Ansley Watson, Jr.*  
Ansley Watson, Jr.

AWjr/a  
Enclosure

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

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DOCUMENT NUMBER-DATE

11164 OCT 18 04

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 040004-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)		
Kandi M. Floyd (PGS)	True-up for period January 2003 - December 2003; Projected expenses and ECCR factors for period January through December 2005	1-3

B. EXHIBITS

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>                    </u> (KMF-1)	Floyd	Conservation cost recovery true-up data (January 2003 - December 2003) consisting of schedules CT-1 through CT-6 (except PGS West Florida Region).
<u>                    </u> (KMF-2)	Floyd	Conservation cost recovery true-up data (January 2003 - December 2003) consisting of schedules CT-1 through CT-6 (PGS West Florida Region).

DOCUMENT NUMBER-DATE

11164 OCT 18 04

FPSC-COMMISSION CLERK

<u>(KMF-3)</u>	Floyd	Data for development of conservation cost recovery factors (January 1 - December 31, 2005), consisting of schedules C-1 through C-5 (except PGS West Florida Region).
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<u>(KMF-4)</u>	Floyd	Data for development of conservation cost recovery factors (January 1 - December 31, 2005), consisting of schedules C-1 through C-5 (PGS West Florida Region).
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C. STATEMENT OF BASIC POSITION

PGS's Statement of Basic Position:

The Commission should approve -- for areas other than PGS's West Florida Region -- PGS's end-of-period final true-up amount of \$464,811 (underrecovery) for the period January 2003 through December 2003; the estimated true-up amount for the period January - December 2004; and the projected conservation program expenses for the period January 1 through December 31, 2005.

For areas other than PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for the period January 1 through December 31, 2005:

<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

For PGS's West Florida Region, the Commission should approve PGS's end-of-period final true-up amount of \$968,511 (underrecovery) for the period January 2003 through December 2003; the estimated true-up amount for the period January - December 2004; and the projected conservation program expenses for the period January 1 through December 31, 2005.

For PGS's West Florida Region, the Commission should approve the following

ECCR factors for the following rate classes for the period January 1 through December 31, 2005:

<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

(Floyd)

D. STATEMENT OF ISSUES AND POSITIONS:

Generic Conservation Cost Recovery Issues

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

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

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

**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

(Floyd)

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

(Floyd)

**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. (Floyd)

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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Ansley Watson, Jr.  
Macfarlane Ferguson & McMullen  
P. O. Box 1531  
Tampa, Florida 33601-1531  
Phone: (813) 273-4321  
Fax: (813) 273-4396  
E-mail: [aw@macfar.com](mailto:aw@macfar.com)

Attorneys for Peoples Gas System

Matthew R. Costa  
Corporate Counsel  
TECO Energy, Inc.  
P. O. Box 111  
Tampa, Florida 33601-0111  
Phone: (813) 228-4938  
Fax: (813) 228-1328  
E-mail: [mcosta@tecoenergy.com](mailto:mcosta@tecoenergy.com)

## 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:

Martha Brown, 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

Mr. Thomas A. Geoffroy  
Florida Division  
Chesapeake Utilities Corporation  
P. O. Box 960  
Winter Haven, FL 33882-0960

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

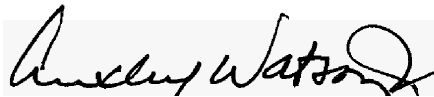
Gary Perko, Esquire  
Hopping Law Firm  
P.O. Box 6526  
Tallahassee, FL 32314

Norman H. Horton, Jr., Esquire  
Messer Law Firm  
P.O. Box 1876  
Tallahassee, FL 32302-1876

Wayne L. Schiefelbein, Esquire  
Rose Law Firm  
2548 Blairstone Pines Dr.  
Tallahassee, FL 32301

Mr. Stuart L. Shoaf  
St. Joe Natural Gas Company, Inc  
P. O. Box 549  
Port St. Joe, FL 32457-0549

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



Ansley Watson, Jr.