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COMMISSION CLERK

IN REPLY REFER TO:

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

September 14, 2006

VIA FEDEX

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. 060003-GU – Purchased gas adjustment (PGA) true-up

Dear Ms. Bayo:

- CMP _____
- COM 5
- CTR original
- ECR _____
- GCL 1
- OPC _____
- RCA 1
- SCR _____
- SQA _____
- SEC 1

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 2007 Through December 2007; 08474-06
- Direct Testimony of Edward Elliott; and 08475-06
- Composite Exhibit ___ (EE-2), consisting of Schedules E-1 through E-5 of the prescribed reporting forms.

The enclosed testimony and exhibit will be offered by Peoples at the hearing in this docket scheduled to commence on November 6, 2006.

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]
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER - DATE

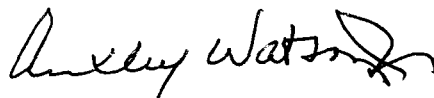
08474 SEP 15 06

FPSC-COMMISSION CLERK

Blanca S. Bayo, Director
September 14, 2006
Page 2

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

AWjr/a
Enclosures

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

DOCUMENT NUMBER-DATE

08474 SEP 15 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 060003-GU
Submitted for filing:
9-15-06

**PETITION OF PEOPLES GAS SYSTEM FOR APPROVAL
OF PGA FACTOR FOR APPLICATION TO BILLS TO BE RENDERED
DURING THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006**

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 2007 through the last billing cycle in December 2007, 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. Brenda Irizarry
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

08474 SEP 15 06

FPSC-COMMISSION CLERK

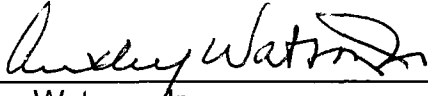
Submitted herewith is Peoples' Composite Exhibit EE-2, consisting of Schedules E-1, E-1/R, E-2, E-3, E-4 and E-5. The schedules in Composite Exhibit EE-2 are used to compute a maximum PGA factor for application to bills rendered for gas sold by Peoples during the twelve-month period of January 2007 through December 2007 (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, 2005 through December 31, 2005, the estimated or projected true-up (based on actual data for eight months and projected data for four months) for the period January 1, 2006 through December 31, 2006, both true-up amounts including interest, and Peoples' projected cost of purchased gas for the Projection 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 \$1.34867 per therm.

WHEREFORE, Peoples Gas System respectfully requests that the Commission enter its order approving Peoples' proposed maximum (cap) PGA factor of \$1.34867 per therm for application to bills beginning the first billing cycle in January 2007 through the last billing cycle in December 2007.

Respectfully submitted,



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Fax: (813) 228-1328
E-mail: mcosta@tecoenergy.com

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 14th day of September, 2006, to the following:

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

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

Beth Keating, Esquire
Akerman Senterfitt
106 E. College Avenue, Suite 1200
Tallahassee, FL 32301

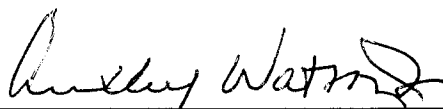
Ms. Brenda Irizarry
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Peoples Gas System
P. O. Box 111
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St. Joe Natural Gas Company, Inc
P. O. Box 549
Port St. Joe, FL 32457-0549



Ansley Watson, Jr.