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IN REPLY REFER TO:

Ansley Watson, Jr.  
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e-mail: [aw@macfar.com](mailto:aw@macfar.com)

October 6, 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. 060004-GU – Natural gas conservation cost recovery

Dear Ms. Bayo:

Enclosed for filing in the above docket please find the original and 15 copies of Peoples Gas System's Prehearing Statement.

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.

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

- MP \_\_\_\_\_
- DM 5 \_\_\_\_\_
- TR \_\_\_\_\_
- CR \_\_\_\_\_
- CL \_\_\_\_\_
- PC \_\_\_\_\_
- CA \_\_\_\_\_
- CR \_\_\_\_\_
- GA \_\_\_\_\_
- EC 1 \_\_\_\_\_
- JH \_\_\_\_\_

AWjr/a  
Enclosures

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

RECEIVED & FILED  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
09294 OCT -9 g  
FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

DOCKET NO. 060004-GU  
Submitted for filing:  
10-9-06

**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 6-8, 2006.

**A. WITNESSES**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
(Direct)		
Kandi M. Floyd (PGS)	True-up for period January 2005 - December 2005; Projected expenses and ECCR factors for period January through December 2007	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 2005 - December 2005) 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 2005 - December 2005) consisting of schedules CT-1 through CT-6 (PGS West Florida Region).

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

(KMF-3)

Floyd

Data for development of conservation cost recovery factors (January 1 - December 31, 2007), consisting of schedules C-1 through C-5

C. STATEMENT OF BASIC POSITION

PGS's Statement of Basic Position:

The Commission should approve PGS's end-of-period final true-up amount of \$1,236,460 (overrecovery) for the period January 2005 through December 2005; the estimated true-up amount for the period January - December 2006; and the projected conservation program expenses for the period January 1 through December 31, 2007.

The Commission should approve the following ECCR factors for the following rate classes for the period January 1 through December 31, 2006:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.07364
Small General Service	\$0.06704
General Service 1	\$0.02551
General Service 2	\$0.02091
General Service 3	\$0.01756
General Service 4	\$0.01584
General Service 5	\$0.00901
Commercial Street Lighting	\$0.01121
Natural Gas Vehicle Service	\$0.01380

(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 2005 through December 2005?**

PGS: \$1,236,460 overrecovery (Floyd)

**ISSUE 2: What are the appropriate conservation cost recovery factors for the period January 2007 through December 2007?**

PGS:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.07364

Small General Service	\$0.06704
General Service 1	\$0.02551
General Service 2	\$0.02091
General Service 3	\$0.01756
General Service 4	\$0.01584
General Service 5	\$0.00901
Commercial Street Lighting	\$0.01121
Natural Gas Vehicle Service	\$0.01380

(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 2007 through December 2007. Billing cycles may start before January 1, 2007, and the last cycle may be read after December 31, 2007, 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

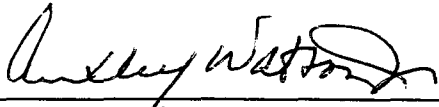
PGS has no pending confidentiality claims or requests at this time.

H. COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE

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

Dated this 6th day of October, 2006.

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 6th day of October, 2006, to the following:

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

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Mr. Thomas A. Geoffroy  
Florida Division  
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Winter Haven, FL 33882-0960

Florida Public Utilities Company  
Mr. Marc S. Seagrave  
P. O. Box 3395  
West Palm Beach, FL 33402-3395

Beth Keating, Esquire  
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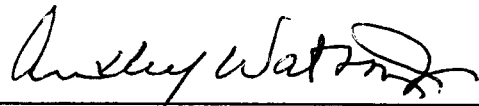
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Ansley Watson, Jr.