



PEOPLES GAS

August 26, 2008

Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

Re: Docket No. 080003-GU- Purchase Gas Adjustment (PGA) true-up

Dear Ms. Cole:

Enclosed for filing is the response to Peoples Gas System audit disclosure, (audit control number 08-037-2-6), in the above referenced docket.

Thank you for your assistance with this filing.

Sincerely,

Kandi M. Floyd
Manager, Regulatory

cc: Daniel Lee

PEOPLES GAS
702 NORTH FRANKLIN STREET
P.O. BOX 2562
TAMPA, FL 33601-2562
AN EQUAL OPPORTUNITY COMPANY

DOCUMENT NUMBER-DATE

07998 SEP-28

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Audit Finding No. 1 of the audit report reads as follows:

AUDIT FINDING NO. 1

SUBJECT ANALYSIS: ANALYSIS OF CUSTOMER BILL TEST

AUDIT ANALYSIS: We recalculated a sample of customer bills selected from various rate classes to verify that the appropriate PGA factor was charged.

We used tariff sheets and billing factors provided by Peoples Gas. We were unable to reconcile a bill for a General Service, Rate Schedule GS-5, customer. Peoples Gas states that the billing rate appears to be incorrect, and that the account will be reviewed and any necessary adjustments will be made.

The amount of the discrepancy as calculated by the auditor is \$7,084.71.

EFFECT ON THE GENERAL LEDGER: There is no effect on the General Ledger until the amount of the adjustment is determined.

EFFECT ON THE FILING: The adjustment, with interest, should be made in the 2008 PGA filing. Also, the company should verify the accuracy of its billing for the entire class.

Peoples' Response:

Peoples reviewed the account in question and agrees that the account was charged the improper distribution rate by approximately \$.06 / therm for January and February 2007. Upon discovery of the error, the account was reconciled and proper adjustments were made. The customer is a transportation customer and purchases its fuel directly from a third party supplier, therefore no adjustment to the PGA is required.

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