

MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

1611 HARDEN BOULEVARD
LAKELAND, FLORIDA 33803
(863) 687-8320 FAX (863) 663-2849

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:

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

February 20, 2009

VIA FEDEX

Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED-FPSC
09 FEB 23 PM 3:38
COMMISSION
CLERK

Re: Docket No. 080318-GU -- Petition for rate increase by Peoples Gas System -- Exhibits DPY-3, DPY-4 and DPY-5 - Revised

Dear Ms. Cole:

Enclosed for filing on behalf of Peoples Gas System, please find 20 copies of each of the following revised exhibits to the Direct Testimony of Daniel P. Yardley, which testimony was filed on August 11, 2008:

- Exhibit DPY-3 - Revised
- Exhibit DPY-4 - Revised
- Exhibit DPY-5 - Revised

COM

ECR

GCL 3

OPC

RCP 1

BSC 3

SGA

ADM

CLK

Each of the enclosed revised exhibits replaces and should be substituted for the exhibits with the corresponding designations which were attached to Mr. Yardley's direct testimony as initially filed.

Please acknowledge your receipt and the date of filing of the enclosed revised exhibit on the copy of this letter which is enclosed, and return the same to me in the enclosed preaddressed envelope.

Thank you for your usual assistance.

DOCUMENT NUMBER-DATE

01484 FEB 23 08

FPSC-COMMISSION CLERK

Ann Cole, Commission Clerk
February 20, 2009
Page 2

Sincerely,

A handwritten signature in black ink, appearing to read "Ansley Watson, Jr.", written in a cursive style.

ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Parties of Record
Mrs. Kandi M. Floyd

**Peoples Gas System
Rate of Return and Required Increase by Class
to Yield Uniform Rate of Return**

<u>Line No.</u>	<u>Customer Class</u>	<u>No. of Customers</u>	<u>Existing Base Revenues</u>	<u>Earned ROR at Present Rates</u>	<u>Required Revenue Increase for 8.88% ROR</u>	<u>Required Increase In Base Revenues</u>
1	Residential (RS)	306,274	\$59,391,044	2.47%	\$15,696,376	26.4%
2	RS-SG	716	\$153,109	18.07%	(\$25,392)	-16.6%
3	CSLS	63	\$115,660	0.51%	\$62,083	53.7%
4	GS-SG	792	\$262,976	1.96%	\$68,177	25.9%
5	SGS (0-1,999) Therms	10,426	\$5,046,880	4.24%	\$1,057,185	20.9%
6	GS-1 (2,000 - 9,999)	13,329	\$20,534,619	6.21%	\$3,234,328	15.8%
7	GS-2 (10,000 - 49,999)	6,064	\$30,498,072	8.55%	\$2,286,219	7.5%
8	GS-3 (50,000 - 249,999)	828	\$15,303,329	8.21%	\$1,388,182	9.1%
9	GS-4 (250,000 - 499,999)	123	\$7,839,571	8.41%	\$668,155	8.5%
10	GS-5 (500,000 +)	104	\$6,691,956	5.95%	\$1,334,988	19.9%
11	Small IS	26	\$3,568,425	9.61%	\$141,426	4.0%
12	IS	14	\$4,773,640	12.27%	(\$210,481)	-4.4%
13	IS-LV	3	\$1,531,163	15.00%	(\$225,244)	-14.7%
14	NGVS	15	\$66,369	-2.04%	\$44,927	67.7%
15	Wholesale (WHS)	11	\$228,759	6.69%	\$37,448	16.4%
16	Special Contracts	8	\$6,555,855	10.60%	\$28,198	0.4%
17	Misc. Service Charges		\$7,344,698		\$901,517	
18	TOTAL COMPANY	338,795	\$169,906,125	6.02%	\$26,488,092	15.6%

**Peoples Gas System
Comparison of Existing and Proposed Base Revenues**

<u>Line No.</u>	<u>Customer Class</u>	<u>Existing Base Revenues</u>	<u>Proposed Base Revenues</u>	<u>Proposed Increase In Base Revenues</u>
1	Residential (RS)	\$59,391,044	\$75,043,297	26.4%
2	RS-SG	\$153,109	\$171,840	12.2%
3	CSLS	\$115,660	\$177,743	53.7%
4	GS-SG	\$262,976	\$332,640	26.5%
5	SGS (0-1,999) Therms	\$5,046,880	\$6,104,065	20.9%
6	GS-1 (2,000 - 9,999)	\$20,534,619	\$23,768,947	15.8%
7	GS-2 (10,000 - 49,999)	\$30,498,072	\$33,696,337	10.5%
8	GS-3 (50,000 - 249,999)	\$15,303,329	\$17,170,564	12.2%
9	GS-4 (250,000 - 499,999)	\$7,839,571	\$7,165,794	-8.6%
10	GS-5 (500,000 +)	\$6,691,956	\$8,026,943	19.9%
11	Small IS	\$3,568,425	\$3,709,851	4.0%
12	IS	\$4,773,640	\$4,563,159	-4.4%
13	IS-LV	\$1,531,163	\$1,305,919	-14.7%
14	NGVS	\$66,369	\$88,837	33.9%
15	Wholesale (WHS)	\$228,759	\$266,206	16.4%
16	Special Contracts	\$6,555,855	\$6,555,859	0.0%
17	Misc. Service Charges	\$7,344,698	\$8,246,215	
18	TOTAL COMPANY	\$169,906,125	\$196,394,217	15.6%

**Peoples Gas System
Comparison of Class-by-Class Rate of Return
at Current and Proposed Rates**

Line No.	Customer Class	At Current Rates		At Proposed Rates	
		Earned ROR	Unitized	Earned ROR	Unitized
1	Residential (RS)	2.47%	0.41	8.86%	1.00
2	RS-SG	18.07%	3.00	22.83%	2.57
3	CSLS	0.51%	0.08	8.88%	1.00
4	GS-SG	1.96%	0.32	9.07%	1.02
5	SGS (0-1,999) Therms	4.24%	0.70	8.88%	1.00
6	GS-1 (2,000 - 9,999)	6.21%	1.03	8.88%	1.00
7	GS-2 (10,000 - 49,999)	8.55%	1.42	9.75%	1.10
8	GS-3 (50,000 - 249,999)	8.21%	1.36	9.75%	1.10
9	GS-4 (250,000 - 499,999)	8.41%	1.40	4.23%	0.48
10	GS-5 (500,000 +)	5.95%	0.99	8.88%	1.00
11	Small IS	9.61%	1.60	8.88%	1.00
12	IS	12.27%	2.04	8.88%	1.00
13	IS-LV	15.00%	2.49	8.88%	1.00
14	NGVS	-2.04%	(0.34)	2.50%	0.28
15	Wholesale (WHS)	6.69%	1.11	8.88%	1.00
16	Special Contracts	10.60%	1.76	8.76%	0.99
17	TOTAL COMPANY	6.02%	1.00	8.88%	1.00