

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for rate increase by :  
Peoples Gas System. :  
\_\_\_\_\_ :

Docket No. 080318-GU  
Submitted for Filing:  
8-11-08

**PETITION OF PEOPLES GAS SYSTEM  
FOR INTERIM RATE RELIEF**

Peoples Gas System ("Petitioner," "Peoples" or the "Company," files its Petition for Interim Rate Relief under Section 366.071, *Florida Statutes*, and in support of thereof states:

1. The name and address of the Petitioner are:

Peoples Gas System  
702 N. Franklin Street  
Tampa, Florida 33602

2. The names and addresses of the persons authorized to receive notices and communications with respect to this petition are:

Ansley Watson, Jr., Esquire  
Macfarlane Ferguson & McMullen  
P. O. Box 1531  
Tampa, Florida 33601-1531

Matthew R. Costa, Esquire  
Legal Department  
TECO Energy, Inc.  
P. O. Box 111  
Tampa, Florida 33601-0111

and

Ms. Paula K. Brown  
Peoples Gas System  
P. O. Box 2562  
Tampa, Florida 33601-2562

Ms. Kandi M. Floyd  
Peoples Gas System  
P. O. Box 2562  
Tampa, Florida 33601-2562

3. Concurrently with the filing hereof, the Company has filed with the Commission its petition for permanent rate relief in the amount of \$26,488,091 pursuant to Section 366.06, *Florida Statutes*, and subsection (3) thereof. The petition for permanent rate relief is accompanied by new rate schedules adjusting the rates and

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charges of the Company to provide the additional annual gross revenues specified above, as well as by the data and other information required by Rule 25-7.039, *Florida Administrative Code*. The Company's petition for permanent rate relief uses a 12-month period ending December 31, 2009, based upon an historic base year ended December 31, 2007, as the projected test year.

4. In its last rate proceeding (Docket No. 020384-GU), the Company used a test year ending December 31, 2003. By its Order No. PSC-03-0038-FOF-GU, issued January 6, 2003, the Commission set the midpoint of the rate of return to be earned by the Company upon its projected December 31, 2003 13-month average rate base at 8.83%. In that order, the Commission authorized a return on common equity ("ROE") of 11.25%. Subsequent to that order, the Commission issued a clarifying order defining a range of 10.25% to 12.25%, with the midpoint of 11.25%.

5. The achieved rate of return of the Company for the interim test year ended April 30, 2008, calculated by applying appropriate adjustments consistent with those which were used in its most recent rate case, based upon a 13-month average net investment rate base, is 7.87%. To give the Company an opportunity to earn the minimum of the range of the last authorized ROE set by the Commission (10.25%), there exists an interim gross revenue deficiency, on an annual basis, of \$3,748,000, as shown by a summary of the interim rate data included in the schedules filed by the Company in connection with the petition for permanent rate relief. Such summary is attached hereto as Exhibit A and by this reference made a part hereof.

6. The Company having hereby established an entitlement to interim relief by demonstrating that it is earning less than the minimum of the range of rate of return

calculated in accordance with Section 366.071(5), *Florida Statutes*, the Commission is required by Section 366.071(2)(a), *Florida Statutes*, to authorize, within 60 days of the filing of this petition, the collection of rates sufficient to earn a rate of return at the minimum of the range of rate of return calculated in accordance with paragraph (5)(b)2 of said section, the same being 8.31%. The procedure for establishing the interim rates designed to provide the gross revenue deficiency of \$3,748,000 is set forth in Rule 25-7.040(2), *Florida Administrative Code*, and the interim rates which shall apply are determined by data filed herewith, in accordance with such rule.

7. Pursuant to Section 366.071, *Florida Statutes*, the Company agrees to collect the difference between the interim rates and the previously authorized rates under bond or corporate undertaking subject to refund with interest at a rate determined in accordance with Rule 25-7.040(3), *Florida Administrative Code*.

WHEREFORE, Peoples respectfully prays that, pending final action by the Commission on the Company's petition for permanent rate relief, the Commission will:

A. Authorize the Company, under Section 366.071, *Florida Statutes*, to place in effect on an interim basis an increase in rates sufficient to earn a rate of return at the minimum of the range of rate of return calculated in accordance with paragraph (5)(b)2 of said section, such rate of return being 8.31%;

B. Grant such authorization predicated on a determination under Section 366.071, *Florida Statutes*, of a gross annual revenue deficiency in the amount of \$3,748,000 as heretofore calculated; and

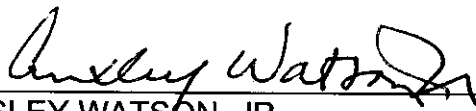
C. Require, under Section 366.071, *Florida Statutes*, that the difference between the interim rates and the previously authorized rates be collected under

corporate undertaking subject to refund with interest to be determined as hereinbefore set forth.

Respectfully submitted,

PEOPLES GAS SYSTEM

By   
\_\_\_\_\_  
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\_\_\_\_\_  
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Attorneys for Peoples Gas System


STATE OF FLORIDA

COUNTY OF HILLSBOROUGH

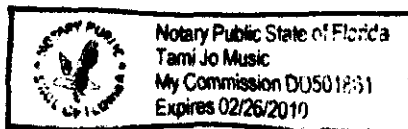
BEFORE ME, the undersigned authority, personally appeared WILLIAM N. CANTRELL, personally known to me, who being by me first duly sworn, says that he is the President of Peoples Gas System, is duly qualified and acting in that capacity, and is authorized to execute the foregoing petition and to make this oath thereto; that the matters and things stated in said petition are, insofar as they come within his knowledge and belief, true; and that insofar as they are derived from or are dependent upon the knowledge of others, he verily believes them to be true.

  
WILLIAM N. CANTRELL

Sworn to before me this 7  
day of August, 2008.

  
Notary Public - State of Florida  
at Large

My Commission Expires:



PEOPLES GAS SYSTEM

Calculation of Interim Rate Relief--  
Summary of Net Operating Income, Rate Base,  
Rate of Return and Revenue Deficiency

	<u>Adjusted</u>
Rate Base	\$ 515,212,000
Net Operating Income	40,534,000
Rate of Return	7.87%

Calculation of Revenue Deficiency:

Adjusted Rate Base	\$ 515,212,000
Requested Rate of Return*	X <u>8.31%</u>
Net Operating Income Required	\$ 42,814,000
Less: Adjusted Net Operating Income	<u>\$ 40,534,000</u>
Net Operating Income Deficiency	\$ 2,281,000
Expansion Factor	X <u>1.6436</u>
Revenue Deficiency	<u>\$ 3,748,000</u>

\*Required rate of return, calculated according to Section 366.071(5)(b)2, *Florida Statutes*, and using 10.25% as the "last authorized rate of return on equity" (as defined in Section 366.071(5)(b)3, *Florida Statutes*).