Comprehensive Exhibit List for Entry into Hearing Record

Hearing ID. #	Witness	I.D. # As Filed	Exhibit Description	Entered
Staff				
1		Exhibit List	Comprehensive Exhibit List	
Service Hearing Exhibits (Tampa – October 21, 2008)				
2	TECO	Service Hearing Exhibit #2	Notice of Publication of TECO Customer Service Hearings on 10/21/08 & 10/22/08	
3	Linda Saul-Sena	Service Hearing Exhibit #3	Resolution against TECO rate increase by Tampa City Council (late-filed exhibit)	
4	Mark P. Klutho	Service Hearing Exhibit #4	Article in Solar Today entitled "The Bull's-Eye on Our Back"	
5	Anne Kitko	Service Hearing Exhibit #5	Kitko Complaints about TECO to the PSC (late-filed exhibit)	
6	C. J. Reynolds	Service Hearing Exhibit #6	Tree Care and Power Outage (exhibit was never filed)	
7	Darren Booth	Service Hearing Exhibit #7	Photos of Tampa Street	
8	Sandra Devita	Service Hearing Exhibit #8	Devita's Statement	
9	Joe Robinson	Service Hearing Exhibit #9	Robinson's Statement and Questions	
Service Hearing Exhibits (Winter Haven – October 22, 2008)				
10	Rose Thompson	Service Hearing Exhibit #10	TECO to provide Thompson's most recent 24-month billing period (late-filed exhibit)	

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080317-EI EXHIBIT 1
COMPANY FL PSC Staff
WITNESS Exhibit List
DATE 01/20,21,27,28+29/09

DOCUMENT NUMBER-DATE
00165 JAN-7 09
FPSC-COMMISSION CLERK

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
11	TECO	Service Hearing Exhibit #11	Non-fee-paying sites map and locations detailing when the sites were created (date of establishment) and which sites are designated as fee or charging sites (late-filed exhibit)	
12	TECO	Service Hearing Exhibit #12	Percentage of customers by usage level. Average use by kWh by person (late-filed exhibit)	
Staff				
13	Staff	Staff's Composite Exhibit - 13 stipulated	**Request for Admissions** 1. TECO'S responses to Staff's First Request for Admissions (Nos. 1-2) *[Bates Nos. 00000001-000000005]* **Interrogatories** 2. TECO's Responses to Staff's Second Set of Interrogatories (Nos. 3-36) *[Bates Nos. 00000006-000000064]* 3. TECO's Responses to Staff's Third Set of Interrogatories (Nos. 37-57) *[Bates Nos. 00000065-000000094]* 4. TECO's Responses to Staff's Fourth Set of Interrogatories (Nos. 58-88, 92) *[Bates Nos. 00000095-*	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			000000170] 5. TECO's Responses to Staff's Fifth Set of Interrogatories (Nos. 98-100) *[Bates Nos. 00000171-000000179]* 6. TECO's Responses to Staff's Sixth Set of Interrogatories (Nos. 102, 103) *[Bates Nos. 00000180-000000183]* 7. TECO's Responses to Staff's Seventh Set of Interrogatories (Nos. 110, 119, 131, 132, 134) *[Bates Nos. 00000184-000000190]* 8. TECO's Responses to Staff's Eighth Set of Interrogatories (Nos. 139-141, 149-152) *[Bates Nos. 00000191-000000198]* 9. TECO's Responses to Staff's Ninth Set of Interrogatories (Nos. 153) *[Bates Nos. 00000199-000000200]* 10. TECO's Responses to Staff's Tenth Set of Interrogatories (Nos. 163-179) *[Bates Nos. 00000201-000000249]*	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			11. TECO's Responses to Staff's Eleventh Set of Interrogatories (Nos. 180) *[Bates Nos. 00000250-000000251]* 12. TECO's Responses to Staff's Twelfth Set of Interrogatories (Nos. 185-192) *[Bates Nos. 00000252-000000267]* 13. TECO's Responses to Staff's Thirteenth Set of Interrogatories (Nos. 193-220) *[Bates Nos. 00000268-000000309]* 14. TECO's Responses to Staff's Fourteenth Set of Interrogatories (Nos. 221-230) *[Bates Nos. 00000310-000000337]* 15. TECO's Responses to Staff's Fifteenth Set of Interrogatories (No. 232) *[Bates Nos. 00000338-000000340]* 16. TECO's Responses to OPC's First Set of Interrogatories (Nos. 1-6) *[Bates Nos. 00000341-000000363]* 17. TECO's Responses to OPC's Second Set of Interrogatories (Nos. 7-15) *[Bates Nos. 00000364-*	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			000000387] 18. TECO's Responses to OPC's Third Set of Interrogatories (Nos. 36-42, 47) *[Bates Nos. 00000388-000000396]* 19. TECO's Responses to OPC's Fourth Set of Interrogatories (Nos. 57-59, 73, 80, 89, 90) *[Bates Nos. 00000397-000000406]* 20. TECO's Responses to OPC's Fifth Set of Interrogatories (No. 93) *[Bates Nos. 00000407-000000408]* 21. TECO's Responses to OPC's Sixth Set of Interrogatories (Nos. 103-106, 117-119, 120, 140) *[Bates Nos. 00000409-000000419]* 22. TECO's Responses to FIPUG's Fourth Set of Interrogatories (Nos. 42-45) *[Bates Nos. 00000420-000000427]* 23. OPC's Responses to Staff's First Set of Interrogatories (Nos. 1-4) *[Bates Nos. 00000428-000000433]*	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			24. OPC's Responses to TECO's First Set of Interrogatories (No. 1) WITHDRAWN *[Bates No. 00000434]* 25. AARP's Responses to TECO's First Set of Interrogatories (Nos. 1-2) WITHDRAWN *[Bates No. 00000435]* 26. FIPUG's Responses to Staff's First Set of Interrogatories (Nos. 1-2) *[Bates Nos. 00000436-000000443]* 27. TECO's Responses to Staff's First Set of Interrogatories (Nos. 1-2) *[Bates Nos. 00000444-000000454]* 28. TECO's Responses to Staff's Sixth Set of Interrogatories (Nos. 106, 107) *[Bates Nos. 00000455-000000458]* 29. TECO's Responses to OPC's Third Set of Interrogatories (Nos. 28-31) and TECO's Responses to OPC's Fourth Set of Interrogatories (Nos. 49, 51, 52, 55, 56) *[Bates Nos. 00000459-000000476]*	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			30. FRF's Responses to Staff's First Set of Interrogatories (Nos. 1-4) *[Bates Nos. 00000477-000000499]* 31. FRF's Responses to Staff's Second Set of Interrogatories (No. 11) WITHDRAWN *[Bates No. 00000500]* 32. FRF's Responses to TECO's First Set of Interrogatories (No. 4) WITHDRAWN *[Bates No. 00000501]* **Request for Production of Documents** 33. TECO's Responses to Staff's First Request for Production of Documents (No. 1) *[Bates Nos. 00000502-000000503]* 34. TECO's Responses to Staff's First Request for Production of Documents (No. 2, pp. 1907-1962, 2015-2036, 2119-2145) (Confidential) *[Bates Nos. 00000504-000000505]* 35. TECO's Supplemental Response to Staff's First Request for Production of Documents (No. 2) *[Bates Nos. 00000506-00000507]*	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			36. TECO's Responses to Staff's First Request for Production of Documents (Nos. 3-8, 10-32) *[Bates Nos. 00000508-000000645]* 37. TECO's Responses to Staff's Second Request for Production of Documents (Nos. 33-41) *[Bates Nos. 00000646-000000860]* 38. TECO's Responses to Staff's Fourth Request for Production of Documents (No. 49) *[Bates Nos. 00000861-000000863]* 39. TECO's Responses to Staff's Seventh Request for Production of Documents (Nos. 55-64) *[Bates Nos. 00000864-000000965]* 40. TECO's Responses to Staff's Eighth Request for Production of Documents (No. 65) *[Bates Nos. 00000966-000000967]* 41. TECO's Responses to Staff's Ninth Request for Production of Documents (No. 66-68) *[Bates Nos. 00000968-000001052]* 42. TECO's Responses to OPC's First Request for Production of Documents	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			(Nos. 10, 18, 19, 20, 22-24, 27, 30, 36) WITHDRAWN *[Bates No. 00001053]* 43. TECO's Responses to OPC's First Request for Production of Documents (No. 46, pp. 56379, 57548-57563, 57920-57922, 57869, 57870, 57889, 57911-57912, 57916-57919, 57925-57982, 57995) *[Bates Nos. 00001054-000001142]* 44. TECO's Responses to OPC's First Request for Production of Documents (No. 46, pp. 58022-58344, 58464-58647, 58649-60734) *[Bates Nos. 00001143-000001144]* 45. TECO's Responses to OPC's First Request for Production of Documents (No. 46, pp. 63784-63785, 63792-63799) (Confidential) *[Bates Nos. 00001145-000001155]* 46. TECO's Responses to OPC's Second Request for Production of Documents (Nos. 56-68; No. 69 pp. 359-428, 532-574, and 604-646 (Confidential); and No. 72) *[Bates Nos. 00001156-000001484]*	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			47. TECO's Responses to OPC's Third Request for Production of Documents (Nos. 75-97) *[Bates Nos. 00001485-000001498]* 48. TECO's Responses to OPC's Fourth Request for Production of Documents (Nos. 98, 100 (pp. 817-820), 109, 110) *[Bates Nos. 00001499-000001559]* 49. TECO's Responses to OPC's Sixth Request for Production of Documents (Nos. 116-121) *[Bates Nos. 00001560-000001654]* 50. OPC's Responses to Staff's First Request for Production of Documents (No. 1) WITHDRAWN *[Bates No. 00001655]* 51. OPC's Responses to TECO's First Request for Production of Documents (Nos. 1-2) WITHDRAWN *[Bates No. 00001656]* 52. AARP's Responses to TECO's First Request for Production of Documents (No. 1) WITHDRAWN *[Bates No. 00001657]* 53. FIPUG's Responses to Staff's First Request for	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			Production of Documents (Nos. 9, 14-19) WITHDRAWN *[Bates No. 00001658]* 54. FIPUG's Responses to Staff's Second Request for Production of Documents (No. 38) WITHDRAWN *[Bates No. 00001659]* 55. FIPUG's Responses to TECO's Second Request for Production of Documents (No. 8) WITHDRAWN *[Bates No. 00001660]* 56. FRF's Responses to Staff's First Request for Production of Documents (Nos. 1-10) WITHDRAWN *[Bates No. 00001661]* 57. FRF's Responses to Staff's Second Request for Production of Documents (Nos. 11-12) WITHDRAWN *[Bates No. 00001662]* 58. FRF's Responses to TECO's First Request for Production of Documents (No. 1) *[Bates Nos. 00001663-00001679]*	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			Additional Items 59. Deposition Transcript of Susan D. Abbott including Late-Filed Exhibit No. 1 *[Bates Nos. 00001680-00001855]* 60. Deposition Transcript of William R. Ashburn including Late-Filed Exhibit Nos. 1-6 *[Bates Nos. 00001856-00002016]* 61. Deposition Transcript of Jeffrey S. Chronister including Late-Filed Exhibit Nos. 1-7 *[Bates Nos. 00002017-00002233]* 62. Deposition Transcript of Gordon L. Gillette including Late-Filed Exhibit Nos. 1-3 *[Bates Nos. 00002234-00002463]* 63. Deposition Transcript of Regan B. Haines including Late-Filed Exhibit Nos. 1-4, 6 *[Bates Nos. 00002464-00002563]* 64. Deposition Transcript of Mark J. Hornick including Late-Filed Exhibit Nos. 1-3 *[Bates Nos. 00002564-00002662]* 65. Deposition Transcript of Donald A. Murry	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
			including Late-Filed Exhibit Nos. 1-5 *[Bates Nos. 00002663-00002820]* 66. Deposition Transcript of Joann T. Wehle including Late-Filed Exhibit Nos. 1-5 *[Bates Nos. 00002821-00003008]*	
TAMPA ELECTRIC COMPANY (TECO) (DIRECT)				
14	Charles R. Black	CRB-1	Witness sponsored MFRs and public notice	
15	Charles R. Black	LFE-2	Notice of Publication	
16	Charles R. Black	LFE-10	Customer Rose Thompson – Two Year Billing History	
17	Charles R. Black	LFE-11	Bill Payment Locations – Free and Nominal Fee	
18	Gordon L. Gillette	GLG-1	Witness sponsored MFRs and documents supportive of witness's direct testimony including rate base and base revenue comparison, non-fuel and base revenue comparison, utility credit rating and Tampa Electric's credit methods	
19	Susan D. Abbott	SDA-1	Witness's prior testimony; rating symbols; public utility commission ranking; Standard & Poor's corporate rating matrix and Tampa Electric's metrics matrix versus S&P's matrix	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
20	Donald A. Murry, Ph.D.	DAM-1	Documents supportive of witness's cost of capital analysis and recommended rate of return	
21	Lorraine L. Cifuentes	LLC-1	Witness sponsored MFRs and documents supporting the appropriateness and reasonableness of Tampa Electric's demand and energy forecasting process, methodologies and assumptions and the forecasts used in the company's budget supporting its request for a base rate increase	
22	Mark J. Hornick	MJH-1	Witness sponsored MFRs; 2009 production, construction and O&M budgets; total system equivalent availability factor and total system heat rate	
23	Joann T. Wehle	JTW-1	Witness sponsored MFRs and 2009 proposed coal inventory, historical coal inventory levels, and 2009 proposed total fuel inventory	
24	Regan B. Haines	RBH-1	Witness sponsored MFRs and documents supporting Tampa Electric's T&D related capital and O&M expenses for the 2009 test year including T&D related price increases, test year investments in O&M, SAIDI comparison and projected storm hardening activities	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
25	Dianne S. Merrill	DSM-1	Witness sponsored MFRs and documents supportive of the witness's testimony regarding the reasonableness of Tampa Electric's forecasted payroll and benefits expense for 2009	
26	Edsel L. Carlson, Jr.	ELC-1	Witness sponsored MFR	
27	Steven P. Harris	SPH-1	Transmission and Distribution Assets – Storm Loss and Reserve Performance Analysis	
28	Alan D. Felsenthal	ADF-1	Witness sponsored MFRs and calculation of IRC required deferred income tax adjustment	
29	Jeffery S. Chronister	JSC-1	Witness sponsored MFRs and documents supporting the various components of the company's revenue requirement requests for the 2009 projected test year	
30	William R. Ashburn	WRA-1	Witness sponsored MFRs; proposed rate schedule changes; comparison of class allocated cost of service study results for the test year 2009; development of target proposed revenue increase by class and summary of resultant proposed class parity ratios and rates of return for the test period 2009	
31	William R. Ashburn	LFE-12	Inverted Rate Analysis – Percentage of Customers by Usage Level – Average Use by KWH by Person	
OFFICE OF PUBLIC COUNSEL (OPC) (DIRECT)				

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
32	Dr. J. Randall Woolridge	Appendix 1	Qualifications	
33	Dr. J. Randall Woolridge	JRW-1	Recommended Rate of Return	
34	Dr. J. Randall Woolridge	JRW-2	Interest Rates	
35	Dr. J. Randall Woolridge	JRW-3	Summary Financial and Risk Statistics for Proxy Group	
36	Dr. J. Randall Woolridge	JRW-4	Capital Structure Ratios and Debt Cost Rate	
37	Dr. J. Randall Woolridge	JRW-5	The Relative Risk of Stocks and Bonds	
38	Dr. J. Randall Woolridge	JRW-6	The Relationship Between Estimated ROE and Market-to Book Ratios	
39	Dr. J. Randall Woolridge	JRW-7	Public Utility Capital Cost Indicators	
40	Dr. J. Randall Woolridge	JRW-8	Industry Average Betas	
41	Dr. J. Randall Woolridge	JRW-9	Three-Stage DCF Model	
42	Dr. J. Randall Woolridge	JRW-10	DCF Study	
43	Dr. J. Randall Woolridge	JRW-11	CAPM Study	
44	Dr. J. Randall Woolridge	JRW-12	Summary of Tampa's Equity Cost Rate Approaches and Results	
45	Dr. J. Randall Woolridge	JRW-13	Analysis of Analysts' EPS Growth Rate Forecasts	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
46	Dr. J. Randall Woolridge	JRW-14	Analysis of Value Line's EPS Growth Rate Forecasts	
47	Dr. J. Randall Woolridge	JRW-15	Historic Equity Risk Premium Evaluation	
48	Dr. J. Randall Woolridge	JRW-16	CFO's Equity Risk Premium	
49	Hugh Larkin, Jr.	Appendix 1	Qualifications	
50	Hugh Larkin, Jr.	HL-1	Composite Exhibit (Schedules A, A-1, B-1, B-2, B-3, B-4, B-5, B-6, C-1, C-2, C-3, C-13, C-14, D-1)	
51	Helmuth W. Schultz, III	Appendix 1	Qualifications	
52	Helmuth W. Schultz, III	HWS-1	Composite Exhibit (Schedules C-4 to C-12)	
AARP (DIRECT)				
53	Stephen A. Stewart	SAS-1	Qualifications and experience	
FLORIDA INDUSTRIAL POWER USERS GROUP (FIPUG) and FLORIDA RETAIL FEDERATION (FRF) (DIRECT)				
54	Tom Herndon	TH-1	Resume of Tom Herndon	
FLORIDA INDUSTRIAL POWER USERS GROUP (FIPUG) (DIRECT)				
55	Jeffry Pollock	JP-1	Historical Plant Outages – Big Bend; Total Planned Outages	
56	Jeffry Pollock	JP-2	Big Bend Station Business Plan	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
57	Jeffry Pollock	JP-3	Total Planned Outage Costs - All Plants	
58	Jeffry Pollock	JP-4	Comparison of Incentive Compensation Paid vs. Targeted	
59	Jeffry Pollock	JP-5	Analysis of Characteristics of GSD, GSLD and IS classes	
60	Jeffry Pollock	JP-6	Cost Allocation Using the 12CP - 25% AD Method	
61	Jeffry Pollock	JP-7	Allocation of Production Plant and Fuel Costs Under the 12CP - 25% AD Method/Comparison of Net Plant Investment and Fuel Costs by Capacity Type	
62	Jeffry Pollock	JP-8	Analysis of Monthly Peak Demands/Analysis of System Load Characteristics	
63	Jeffry Pollock	JP-9	Reserve Margins as a Percent of Firm Peak Demand	
64	Jeffry Pollock	JP-10	Revised Cost of Service Study	
65	Jeffry Pollock	JP-11	Current Interruptible Credits	
66	Jeffry Pollock	JP-12	Allocation of Interruptible Credits	
67	Jeffry Pollock	JP-13	Proposed Base Revenue Increase	
68	Jeffry Pollock	JP-14	FIPUG Recommended Base Revenue Allocation	
69	Jeffry Pollock	JP-15	Summary of Cost of Service Study at FIPUG Recommended Rates	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
70	Jeffry Pollock	JP-16	Cost of Service Study at Present Rates With Interruptible Price at Firm and Big Bend Scrubber and Polk Gasifier Classified on Demand	
71	Jeffry Pollock	JP-17	Transformer Discount	
72	Jeffry Pollock	JP-18	Proposed Net Increase to Non-Firm Rates	
73	Jeffry Pollock	JP-19	Derivation of Revised Contracted Capacity Value	
FLORIDA RETAIL FEDERATION (FRF) (DIRECT)				
74	Kevin W. O'Donnell	KWO-1	DCF Results	
75	Kevin W. O'Donnell	KWO-2	DCF Summary	
76	Kevin W. O'Donnell	KWO-3	Plowback Comparison	
77	Kevin W. O'Donnell	KWO-4	Equity Return Comparison	
78	Kevin W. O'Donnell	KWO-5	Capital Structure	
79	Kevin W. O'Donnell	KWO-6	Qualifications (Originally submitted as Appendix A to testimony)	
TAMPA ELECTRIC COMPANY (REBUTTAL)				

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
80	Gordon L. Gillette	GLG-2	Documents supporting witness's rebuttal of witnesses Woolridge, O'Donnell, Herndon, Larkin, and Stewart including S&P methodology and new issue summary	
81	Donald A. Murry, Ph.D.	DAM-2	Documents supportive of witness's rebuttal of witnesses Woolridge, O'Donnell and Herndon	
82	Mark J. Hornick	MJH-2	Tampa Electric Company total planned outages for all plants, supporting the witness's rebuttal of witnesses Schultz, Larkin and Pollock	
83	Joann T. Wehle	JTW-2	Documents supporting witness's rebuttal of witness Larkin including an excerpt from a prior commission order and the executive summary of a rail feasibility study	
84	Regan B. Haines	RBH-2	Documents supporting witness's rebuttal of witnesses Schultz, Larkin and Pollock including 2009 substation preventive and maintenance and historical SAIDI goals and performance	
85	Dianne S. Merrill	DSM-2	Documents supporting the witness's rebuttal of witnesses Schultz and Pollock, including 2007 BENVAL studies related to compensation and benefits	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing I.D. #	**Witness**	**I.D. # As Filed**	**Exhibit Description**	**Entered**
86	William R. Ashburn	WRA-2	Documents supporting the witness's rebuttal of witness Pollock including average monthly load data, a revised exhibit JP-7; description of the discount being realized by general service interruptible customers under the company's proposed rate and a comparison of IS credit rate designs	

EXHIBITS

NUMBER:		ID.	ADMTD.
1	Comprehensive Exhibit List	23	23
2	Service Hearing Exhibit 2	24	24
3	Service Hearing Exhibit 3	24	24
4	Service Hearing Exhibit 4	24	24
5	Service Hearing Exhibit 5	24	24
7	Service Hearing Exhibit 7	24	24
8	Service Hearing Exhibit 8	24	24
9	Service Hearing Exhibit 9	24	24
10	Service Hearing Exhibit 10	24	24
11	Service Hearing Exhibit 11	24	24
12	Service Hearing Exhibit 12	24	24
13	Staff's Composite Exhibit 13 -stipulated	25	25
87	Tampa Electric Stipulated Comprehensive Exhibit List	26	26
88	OPC Stipulated Comprehensive Exhibit List	27	27
89	FIPUG Stipulated Comprehensive Exhibit List	27	27

EXHIBITS

NUMBER		ID.	ADMTD.
14	CRB-1		179
15	LFE-2		179
16	LFE-10		179
17	LFE-11		179
90	1993 Tampa Electric FERC Form 1 excerpt	120	179
91	News article re Florida foreclosure rates	134	179
92	Florida PSC typical residential bill summaries	141	179

EXHIBITS

NUMBER:		ID.	ADMTD.
93	(Late-Filed) ROE of Regulated Utilities Nationally - Comparison	325	
94	SNL Financial LC	342	
95	Excerpt of 2007 Annual Report	368	
96	Expanded RRA ROE with Additional Sorts	391	
97	U.S. Treasury Yield Rates 1/16/09	393	

EXHIBITS

NUMBER		ID.	ADMT.
18	GLG-1		528
80	GLG-2		529
94	SNL Financial LC		533
95	Excerpt of 2007 Annual Report		534
97	U.S. Treasury Yield Rates 1/16/09		535
98	FPSC Revenue Decoupling Report	434	535
99	WSJ Utility Bond Article, 1/13/09	452	535
100	S&P Rating Summary for Progress Energy	454	535
101	PEF Earnings Surveillance Report, 11/30/08	455	535
102	Business Week Article, 8/31/08	464	535
103	USA Today Article, 10/25/05	466	535
104	FPL Rating Summary, Storm Recovery Bonds	471	535

EXHIBITS

NUMBER:		ID.	ADMTD
19			650
105	Code of Conduct Fundamentals of Credit Rating Agencies	617	651

EXHIBITS

NUMBER:		ID.	ADMTD.
106	Final Order in Case of Public Service Company of Oklahoma	783	789
20			788
21			790
22	MJH-1	808	
82	MJH-2	809	

EXHIBITS

NUMBER		ID.	ADMT.
22	MJH-1		909
23	JTW-1	932	972
24	RBH-1	1029	
82	MJH-2		909
83	JTW-2	942	972
84	RBH-2	1030	

EXHIBITS

NUMBER	ID.	ADMT.

EXHIBITS

NUMBER:		ID.	ADMTD
27	SPH-1	1316	1316
28	ADF-1	1320	1396

EXHIBITS

NUMBER:		ID.	ADMTD
25		1404	
109	(Late-Filed) Actual Expenses of all Witnesses to Date by Witness	1511	

EXHIBITS

NUMBER:		ID.	ADMTD.
110	CLT Project Review	1570	1570
111	Comparison of 2007 Projected vs. Actual Plant Balances	1570	1570
112	(Late-filed) Revenue Impact of removing September CTs from 2009 Test Year	1588	
29			1607

EXHIBITS

NUMBER		ID.	ADMT.
113	Load Research Report	1746	1840
114	Document titled Open Lines	1785	1840
115	(Late-Filed) 1250 kilowatt inversion point	1792	
116	(Late-Filed) Revision to TECO's Response to Interrogatory No. 230	1810	
31			1839
30 and 86			1839
117	(Late-Filed) RRA Report	1850	
118	TECO MFRs	1851	

EXHIBITS

NUMBER		ID.	ADMT.
32-48	Appendix 1 and JRW-1 through JRW-16		1992
49	Larkin Appendix 1	2044	2068
50	HL-1	2044	2068
51	Schultz Appendix 1	2109	2149
52	HWS-1	2109	2149
53	Curriculum Vitae of Stephen A. Stewart	2144	2144
119	Woolridge FPL exhibit	1957	1992
120	U.S. Treasury Yields, 1/27/09	1976	1993
121	HL-2	2049	2068

EXHIBITS

NUMBER:		ID.	ADMTD.
125	Update ROE Results	2339	2395
74 through 79			2395
126	(Late-filed) Risk-free Return used in CAPM Analysis, Rebuttal		
81			2451

EXHIBIT NO. _____

DOCKET NO: 080317-EI

WITNESS: VARIOUS

PARTY: TAMPA ELECTRIC COMPANY

DESCRIPTION: STAFF'S STIPULATED COMPOSITE EXHIBITS - 13

DOCUMENTS:

Request for Admissions

1. TECO'S responses to Staff's First Request for Admissions (Nos. 1-2) *[Bates Nos. 00000001-000000005]*

Interrogatories

2. TECO's Responses to Staff's Second Set of Interrogatories (Nos. 3-36) *[Bates Nos. 00000006-000000064]*

3. TECO's Responses to Staff's Third Set of Interrogatories (Nos. 37-57) *[Bates Nos. 00000065-000000094]*

4. TECO's Responses to Staff's Fourth Set of Interrogatories (Nos. 58-88, 92) *[Bates Nos. 00000095-000000170]*

5. TECO's Responses to Staff's Fifth Set of Interrogatories (Nos. 98-100) *[Bates Nos. 00000171-000000179]*

6. TECO's Responses to Staff's Sixth Set of Interrogatories (Nos. 102, 103) *[Bates Nos. 00000180-000000183]*

7. TECO's Responses to Staff's Seventh Set of Interrogatories (Nos. 110, 119, 131, 132, 134) *[Bates Nos. 00000184-000000190]*

8. TECO's Responses to Staff's Eighth Set of Interrogatories (Nos. 139-141, 149-152) *[Bates Nos. 00000191-000000198]*

9. TECO's Responses to Staff's Ninth Set of Interrogatories (Nos. 153) *[Bates Nos. 00000199-000000200]*

10. TECO's Responses to Staff's Tenth Set of Interrogatories (Nos. 163-179) *[Bates Nos. 00000201-000000249]*

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080317-EI **EXHIBIT** 13
COMPANY FL PSC Staff
WITNESS Staff composite Exhibit 13
DATE 01/20, 21, 22, 28 & 29/09 Stipulated

11. TECO's Responses to Staff's Eleventh Set of Interrogatories (Nos. 180) *[Bates Nos. 00000250-000000251]*

12. TECO's Responses to Staff's Twelfth Set of Interrogatories (Nos. 185-192) *[Bates Nos. 00000252-000000267]*

13. TECO's Responses to Staff's Thirteenth Set of Interrogatories (Nos. 193-220) *[Bates Nos. 00000268-000000309]*

14. TECO's Responses to Staff's Fourteenth Set of Interrogatories (Nos. 221-230) *[Bates Nos. 00000310-000000337]*

15. TECO's Responses to Staff's Fifteenth Set of Interrogatories (No. 232) *[Bates Nos. 00000338-000000340]*

16. TECO's Responses to OPC's First Set of Interrogatories (Nos. 1-6) *[Bates Nos. 00000341-000000363]*

17. TECO's Responses to OPC's Second Set of Interrogatories (Nos. 7-15) *[Bates Nos. 00000364-000000387]*

18. TECO's Responses to OPC's Third Set of Interrogatories (Nos. 36-42, 47) *[Bates Nos. 00000388-000000396]*

19. TECO's Responses to OPC's Fourth Set of Interrogatories (Nos. 57-59, 73, 80, 89, 90) *[Bates Nos. 00000397-000000406]*

20. TECO's Responses to OPC's Fifth Set of Interrogatories (No. 93) *[Bates Nos. 00000407-000000408]*

21. TECO's Responses to OPC's Sixth Set of Interrogatories (Nos. 103-106, 117-119, 120, 140) *[Bates Nos. 00000409-000000419]*

22. TECO's Responses to FIPUG's Fourth Set of Interrogatories (Nos. 42-45) *[Bates Nos. 00000420-000000427]*

23. OPC's Responses to Staff's First Set of Interrogatories (Nos. 1-4) *[Bates Nos. 00000428-000000433]*

24. OPC's Responses to TECO's First Set of Interrogatories (No. 1) WITHDRAWN *[Bates No. 00000434]*

25. AARP's Responses to TECO's First Set of Interrogatories (Nos. 1-2) WITHDRAWN *[Bates No. 00000435]*

26. FIPUG's Responses to Staff's First Set of Interrogatories (Nos. 1-2) *[Bates Nos. 00000436-000000443]*

27. TECO's Responses to Staff's First Set of Interrogatories (Nos. 1-2) *[Bates Nos. 00000444-000000454]*

28. TECO's Responses to Staff's Sixth Set of Interrogatories (Nos. 106, 107) *[Bates Nos. 00000455-000000458]*

29. TECO's Responses to OPC's Third Set of Interrogatories (Nos. 28-31) and TECO's Responses to OPC's Fourth Set of Interrogatories (Nos. 49, 51, 52, 55, 56) *[Bates Nos. 00000459-000000476]*

30. FRF's Responses to Staff's First Set of Interrogatories (Nos. 1-4) *[Bates Nos. 00000477-000000499]*

31. FRF's Responses to Staff's Second Set of Interrogatories (No. 11) WITHDRAWN *[Bates No. 00000500]*

32. FRF's Responses to TECO's First Set of Interrogatories (No. 4) WITHDRAWN *[Bates No. 00000501]*

Request for Production of Documents

33. TECO's Responses to Staff's First Request for Production of Documents (No. 1) *[Bates Nos. 00000502-000000503]*

34. TECO's Responses to Staff's First Request for Production of Documents (No. 2, pp. 1907-1962, 2015-2036, 2119-2145) (Confidential) *[Bates Nos. 00000504-000000505]*

35. TECO's Supplemental Response to Staff's First Request for Production of Documents (No. 2) *[Bates Nos. 00000506-00000507]*

36. TECO's Responses to Staff's First Request for Production of Documents (Nos. 3-8, 10-32) *[Bates Nos. 00000508-000000645]*

37. TECO's Responses to Staff's Second Request for Production of Documents (Nos. 33-41) *[Bates Nos. 00000646-000000860]*

38. TECO's Responses to Staff's Fourth Request for Production of Documents (No. 49) *[Bates Nos. 00000861-000000863]*

39. TECO's Responses to Staff's Seventh Request for Production of Documents (Nos. 55-64) *[Bates Nos. 00000864-000000965]*

40. TECO's Responses to Staff's Eighth Request for Production of Documents (No. 65) *[Bates Nos.*

00000966-000000967]

41. TECO's Responses to Staff's Ninth Request for Production of Documents (No. 66-68) *[Bates Nos. 00000968-000001052]*

42. TECO's Responses to OPC's First Request for Production of Documents (Nos. 10, 18, 19, 20, 22-24, 27, 30, 36) WITHDRAWN *[Bates No. 00001053]*

43. TECO's Responses to OPC's First Request for Production of Documents (No. 46, pp. 56379, 57548-57563, 57920-57922, 57869, 57870, 57889, 57911-57912, 57916-57919, 57925-57982, 57995) *[Bates Nos. 00001054-000001142]*

44. TECO's Responses to OPC's First Request for Production of Documents (No. 46, pp. 58022-58344, 58464-58647, 58649-60734) *[Bates Nos. 00001143-000001144]*

45. TECO's Responses to OPC's First Request for Production of Documents (No. 46, pp. 63784-63785, 63792-63799) (Confidential) *[Bates Nos. 00001145-000001155]*

46. TECO's Responses to OPC's Second Request for Production of Documents (Nos. 56-68; No. 69 pp. 359-428, 532-574, and 604-646 (Confidential); and No. 72) *[Bates Nos. 00001156-000001484]*

47. TECO's Responses to OPC's Third Request for Production of Documents (Nos. 75-97) *[Bates Nos. 00001485-000001498]*

48. TECO's Responses to OPC's Fourth Request for Production of Documents (Nos. 98, 100 (pp. 817-820), 109, 110) *[Bates Nos. 00001499-000001559]*

49. TECO's Responses to OPC's Sixth Request for Production of Documents (Nos. 116-121) *[Bates Nos. 00001560-000001654]*

50. OPC's Responses to Staff's First Request for Production of Documents (No. 1) WITHDRAWN *[Bates No. 00001655]*

51. OPC's Responses to TECO's First Request for Production of Documents (Nos. 1-2) WITHDRAWN *[Bates No. 00001656]*

52. AARP's Responses to TECO's First Request for Production of Documents (No. 1) WITHDRAWN *[Bates No. 00001657]*

53. FIPUG's Responses to Staff's First Request for Production of Documents (Nos. 9, 14-19) WITHDRAWN *[Bates No. 00001658]*

54. FIPUG's Responses to Staff's Second Request for Production of Documents (No. 38) WITHDRAWN *[Bates No. 00001659]*

55. FIPUG's Responses to TECO's Second Request for Production of Documents (No. 8) WITHDRAWN *[Bates No. 00001660]*

56. FRF's Responses to Staff's First Request for Production of Documents (Nos. 1-10) WITHDRAWN *[Bates No. 00001661]*

57. FRF's Responses to Staff's Second Request for Production of Documents (Nos. 11-12) WITHDRAWN *[Bates No. 00001662]*

58. FRF's Responses to TECO's First Request for Production of Documents (No. 1) *[Bates Nos. 00001663-00001679]*

Additional Items

59. Deposition Transcript of Susan D. Abbott including Late-Filed Exhibit No. 1 *[Bates Nos. 00001680-00001855]*

60. Deposition Transcript of William R. Ashburn including Late-Filed Exhibit Nos. 1-6 *[Bates Nos. 00001856-00002016]*

61. Deposition Transcript of Jeffrey S. Chronister including Late-Filed Exhibit Nos. 1-7 *[Bates Nos. 00002017-00002233]*

62. Deposition Transcript of Gordon L. Gillette including Late-Filed Exhibit Nos. 1-3 *[Bates Nos. 00002234-00002463]*

63. Deposition Transcript of Regan B. Haines including Late-Filed Exhibit Nos. 1-4, 6 *[Bates Nos. 00002464-00002563]*

64. Deposition Transcript of Mark J. Hornick including Late-Filed Exhibit Nos. 1-3 *[Bates Nos. 00002564-00002662]*

65. Deposition Transcript of Donald A. Murry including Late-Filed Exhibit Nos. 1-5 *[Bates Nos. 00002663-00002820]*

66. Deposition Transcript of Joann T. Wehle including Late-Filed Exhibit Nos. 1-5 *[Bates Nos. 00002821-00003008]*

PROFFERED BY: STAFF

1

TECO's Responses to Staff's First Request for Admissions (Nos. 1-2)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase by Tampa Electric Company.	)	DOCKET NO. 080317-EI
	)	FILED: October 8, 2008

RESPONSE AND OBJECTION TO STAFF'S FIRST REQUEST FOR ADMISSIONS TO TAMPA ELECTRIC COMPANY (NOS. 1 – 2)

Tampa Electric Company ("Tampa Electric" or the "company") files this its Response and Objections to Staff's First Request for Admissions to Tampa Electric filed September 18, 2008 and says:

Admission Request 1: Please refer to pages 27 – 29 of witness Gillette's testimony: for purposes of this proceeding, no direct or indirect costs associated with TECO Energy's investment in TPS merchant power projects and other unregulated operations should be included in the determination of the rates and charges of Tampa Electric Company.

Objection and Response:

Tampa Electric objects to this request because it does not seek an admission regarding the truth of a statement or opinion of fact or the application of law to fact and because the phrase "direct or indirect costs associated with TECO Energy's investment in TPS merchant power projects and other unregulated operations" is ambiguous. The company cannot truthfully admit or deny the matter, because the request does not identify any specific "direct or indirect costs associated with TECO Energy's investment in TPS merchant power projects and other unregulated operations" that should not be "included in the determination of the rates and charges of Tampa Electric Company."

Hearing Exhibit - 00000002

Without waiving these objections, Tampa Electric admits that the Florida Public Service Commission has a long-standing regulatory policy that the effect of non-regulated operations and affiliates should not be included in the determination of the rates and charges of a utility. Tampa Electric believes that it has excluded the direct or indirect costs or benefits associated with TECO Energy's investments in TPS merchant power projects or any other unregulated operations from the rates proposed in this case.

Admission Request 2: Please refer to pages 21 – 23 of witness Gillette's testimony: the $77 million adjustment to increase the balance of common equity capital shown on line 10, column 5 of MFR Schedule D-1a, page 1 of 3 is not an actual equity investment made in the utility.

Response: The company admits that the $77 million adjustment referred to in the request is not an actual equity investment that has been made in the utility; however, the company notes that the FPSC has the authority to make appropriate regulatory adjustments and has approved similar adjustments for other utilities.

Hearing Exhibit - 00000003

DATED this 8th day of October, 2008.

Respectfully submitted,

LEE L. WILLIS
JAMES D. BEASLEY
KENNETH R. HART
J. JEFFRY WAHLEN
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Post Office Box 391
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(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

Hearing Exhibit - 00000004

CERTIFICATE OF SERVICE
DOCKET NO. 080317-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing Response and Objection to Staff's First request for Admissions to Tampa Electric Company (Nos. 1 – 2), filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 8th day of October, 2008 to the following:

Keino Young/Martha Brown*
Jennifer Brubaker/Jean Hartman
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ATTORNEY

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Hearing Exhibit - 00000005

2

TECO's Responses to Staff's Second Set of Interrogatories (Nos. 3-36)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's Petition for an Increase in Base Rates and Miscellaneous Service Charges.	)))	**DOCKET NO. 080317-EI FILED: OCTOBER 20, 2008**

TAMPA ELECTRIC COMPANY'S

ANSWERS TO SECOND SET OF INTERROGATORIES (NOS. 3 - 36)

OF

FLORIDA PUBLIC SERVICE COMMISSION STAFF

Tampa Electric files this its answers to Interrogatories (Nos. 3 - 36) propounded and served on September 18, 2008, by the Florida Public Service Commission Staff.

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
INDEX TO STAFF'S SECOND SET OF INTERROGATORIES (NOS. 3 - 36)

Number	Witness	Subject	Bates Stamped Page
3	Abbott	Please discuss in detail witness Abbott's understanding of Standard & Poor's consolidated enterprise rating methodology.	1
4	Gillette	Would the Company agree that based on Standard & Poors' (S&P) stated belief that there are insufficient prescriptive regulatory measures to restrict cash flow from the utility to the parent, that S&P evaluates Tampa Electric Company's corporate credit rating based on the financial and business risk profile of the consolidated enterprise (TECO Energy, Inc.)? If no, please explain why not.	2
5	Gillette	Please provide a history of the corporate credit ratings for Tampa Electric Company and TECO Energy, Inc. from 1999 through the present. For purposes of this response, identify each corporate credit rating change that occurred for each of these entities over this period and a summary of the respective rating agency's rationale for each rating change.	3
6	Gillette	Please provide a schedule that shows the same information provided in MFR Schedule D-2 for the period 1999 through 2004.	8
7	Gillette	Please discuss in detail the justification for the difference between the equity ratio maintained at the Tampa Electric Company level compared to the equity ratio levels maintained for TECO Energy, Inc.'s non-regulated operations and TECO Energy, Inc. on a consolidated basis.	13
8	Gillette	Please provide a schedule that shows the flow of funds between Tampa Electric Company and TECO Energy, Inc. from 1999 through 2007 (actual) and 2008 (projected). For purposes of this response, identify by year the annual amount of net income earned by Tampa Electric Company, the annual dividend paid by Tampa Electric Company to TECO Energy, the annual amount of any equity infusion from TECO Energy to Tampa Electric Company, and the annual amount of any return of contributions from Tampa Electric Company to TECO Energy over this period.	14
9	Gillette	What was the total amount of dividends paid by Tampa Electric Company and Peoples Gas System to TECO Energy, Inc. each year from 1999 through 2007 (actual) and 2008 (projected)? For purposes of this response, please segregate the Tampa Electric Company and Peoples Gas System dividend payments to TECO Energy.	15

10	Gillette	What was the total amount of dividends paid by TECO Energy, Inc. to its shareholders each year from 1999 through 2007 (actual) and 2008 (projected)?	16
11	Gillette	Please provide the financial information for the 2009 test year necessary to make a parent debt adjustment in accordance with Rule 25-14.004, Florida Administrative Code.	17
12	Gillette	Why did Tampa Electric Company enter into the interest rate locks that gave rise to the additional issuance expense shown on lines 8, 14, and 22 of MFR Schedule D-4a, page 1 of 3?	19
13	Gillette / Chronister	Please explain why the interest rate lock agreements that gave rise to the additional issuance expense shown on lines 8, 14, and 22 of MFR Schedule D-4a, page 1 of 3 were cost effective. For purposes of this response, please show what Tampa Electric Company's embedded cost of debt for the 2009 projected test year would have been had the agreements not been entered into by Tampa Electric Company.	20
14	Gillette / Chronister	Please provide a list of all reacquired notes and bonds that gave rise to the unamortized loss on reacquired debt shown on line 26 of MFR Schedule D-4a, page 1 of 3. For purposes of this response, for each note and bond please specify the issuance date, maturity date, and interest rate.	21
15	Gillette	For each note and bond identified in the previous response, please explain why each note and bond was reacquired and provide an analysis that demonstrates the reacquisition was cost effective.	24
16	Abbott	Referring to page 7, lines 8 – 11 of witness Abbott's testimony, please provide specific examples of creditworthy utilities that have been shut out of the markets due to the "dislocation in the credit markets resulting from the sub-prime mortgage crisis."	26
17	Abbott	Referring to page 12, lines 19 – 22 of witness Abbott's testimony, please provide the percentage of construction funds generated internally for the period 1999 through 2006.	28
18	Abbott	Referring to Document No. 3 attached to witness Abbott's testimony, please explain what these rankings mean.	29
19	Abbott	Referring to page 18, lines 8 – 18 of witness Abbott's testimony, please explain in detail how a company's financial integrity is impacted by an affiliate's non-regulated operations.	30
20	Abbott	Referring to page 23, lines 18 – 25 of witness Abbott's testimony, please discuss in detail the impact TECO Energy's non-investment grade credit rating has on Tampa Electric Company's credit rating.	31

21	Gillette	Referring to page 9, line 23 through page 10, line 10 of witness Gillette's testimony, please provide a projection of the external debt and equity issuances the Company anticipates will be necessary to fund its anticipated capital expenditure program for the period 2009 through 2013.	32
22	Gillette	Referring to page 14, lines 21 - 25 of witness Gillette's testimony, has Tampa Electric Company been "subject to lapses in availability of debt capital, onerous debt covenants, and higher borrowing costs" as a result of TECO Energy's non-investment grade rating?	33
23	Gillette	How has Tampa Electric Company's access to capital markets been impacted by the financial difficulties at TECO Energy discussed on pages 26 – 36 of witness Gillette's testimony?	34
24	Gillette	Has Tampa Electric Company been subject to additional debt covenants that it was not subject to prior to the downgrade of TECO Energy to non-investment grade? If yes, please explain these new debt covenants and their associated costs.	35
25	Gillette	Referring to page 19, lines 12 – 25 of witness Gillette's testimony, what are the Standard & Poors' credit metrics for Earnings Before Interest and Taxes to Interest (EBIT/Interest) coverage ratios for triple BBB, single A, and double AA ratings? For purposes of this response, please provide the credit metrics in the same format as provided in Document No. 4 attached to witness Abbott's testimony.	36
26	Murry	For the following series of questions, please refer to Document No. 6 attached to witness Murry's testimony. a. For each proxy company listed on Document No. 6, please provide the relative percentage of each companies' revenues that are generated from regulated utility operations. If a proxy company has more than one regulated utility, provide the information for each utility and on a total company basis. Provide the information for 2007. b. Please identify the regulated electric utility or utilities associated with each of the proxy companies listed on Document No. 6. c. For each regulated electric utility identified above, please provide the equity ratio as of 2007. For purposes of this response, equity ratio is defined as common equity divided by the sum of common equity, preferred stock, long-term debt, and short-term debt. d. Define and show the calculation of the equity ratios reported on exhibit Document No. 6. e. Please provide the current authorized return on equity (ROE) for each regulated electric utility identified above. For purposes of this response, provide the authorized ROE, the commission order number, and the date the order was issued.	37

Hearing Exhibit - 00000010

27	Murry	Referring to Document No. 7 attached to witness Murry's testimony, please provide the S&P rating for each of the regulated electric utility or utilities associated with each of the proxy companies listed on this schedule.	41
28	Murry	Referring to Document No. 7 attached to witness Murry's testimony, please provide the calculation of the after-tax times interest earned ratios reported on this schedule.	43
29	Murry	Referring to Document No. 7 attached to witness Murry's testimony, what are the after-tax times interest earned ratios for each of the regulated electric utility or utilities associated with each of the proxy companies listed on this schedule? Please show all calculations.	44
30	Murry	Referring to pages 21 and 22 of witness Murry's testimony, please provide a list of all companies initially considered for inclusion in witness Murry's proxy group. For purposes of this response, please identify each company that was eliminated from the proxy group and provide the explanation for its exclusion.	45
31	Murry	Why did witness Murry choose a market capitalization range of $2 billion to $8 billion as the threshold for inclusion in the proxy group?	46
32	Murry	What is TECO Energy's market capitalization? For purposes of this response, please use the same period assumed in witness Murry's analysis.	47
33	Murry	What is Tampa Electric Company's market capitalization? For purposes of this response, please use the same period assumed in witness Murry's analysis.	48
34	Murry	What is the market capitalization for each of the regulated electric utility or utilities associated with each of the proxy companies? For purposes of this response, please use the same period assumed in witness Murry's analysis.	49
35	Murry	Referring to page 64, lines 1 – 4 of witness Murry's testimony, is the average expected return on common equity of 12.2% for regulated electric operations or for total company operations (including the proxy group's non-regulated operations)?	50
36	Murry	Referring to page 64, lines 1 – 4 of witness Murry's testimony, what is the average expected return on common equity for the regulated electric companies represented in witness Murry's proxy group? For purposes of this response, please use the same period assumed in witness Murry's analysis.	51

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Hearing Exhibit - 00000012

3. Please discuss in detail witness Abbott's understanding of Standard & Poor's consolidated enterprise rating methodology.

A. Standard & Poor's ("S&P") derives credit ratings for companies in a holding company structure through a consolidated credit analysis sometimes referred to as a "top down approach" as compared to the "bottoms up approach" used by both Fitch and Moody's. In this consolidated credit rating methodology, S&P analysts arrive at an opinion about the credit quality of the corporate family as a whole, rather than assigning ratings for the individual entities within the corporate family. Once a consolidated rating has been decided, the ratings of the individual family members are derived. Typically, this is achieved by applying the consolidated rating to the individual entity within the corporate family that has the strongest credit profile and then, ratings are assigned for all affiliated entities according to individual characteristics.

Hearing Exhibit - 00000013

4. Would the Company agree that based on Standard & Poors' (S&P) stated belief that there are insufficient prescriptive regulatory measures to restrict cash flow from the utility to the parent, that S&P evaluates Tampa Electric Company's corporate credit rating based on the financial and business risk profile of the consolidated enterprise (TECO Energy, Inc.)? If no, please explain why not.

A. No. Although it is generally true that S&P does not separate the corporate credit ratings of a parent and subsidiary unless sufficient restrictive measures exist, it has not been applied to Tampa Electric in all cases. S&P deviated from this methodology in 2004 when it provided a two notch separation, which they had done in only a few other cases. This was based in part on the explicit actions of the TECO Energy Board of Directors taking the necessary steps to: insulate and protect Tampa Electric, ensure the company's financial condition remained stable, protect the interest of the retail ratepayers, and maintain its investment grade credit rating. Since that time, S&P has closed the gap between TECO Energy and Tampa Electric to one notch citing the fact that Tampa Electric has its own very significant construction program and external cash needs going forward.

Hearing Exhibit - 00000014

5. Please provide a history of the corporate credit ratings for Tampa Electric Company and TECO Energy, Inc. from 1999 through the present. For purposes of this response, identify each corporate credit rating change that occurred for each of these entities over this period and a summary of the respective rating agency's rationale for each rating change.

A. Attached are the ratings chronologies for each respective rating agency for Tampa Electric Company and TECO Energy, Inc. from 1999 through the present. See the company's response to Staff's First Request for Production of Documents No. 12 and OPC's Second Request for Production of Documents No. 72 for years 1999 through 2006 and 2007 through the present, respectively, for the rating agencies publications, which provide the respective rating agency's rationale for each rating change.

Hearing Exhibit - 00000015

	Y/E 1999			04/2000			07/2000		
	Moody's	S&P	D&P	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Tampa Electric									
Senior Secured	Aa2	AA	AA+	Aa2	AA	AA+	Aa2	AA	AA
Senior Unsecured	Aa3	AA	AA	Aa3	AA	AA	Aa3	AA	AA-
Commercial Paper	P1	A1+		P1	A1+	F1+	P1	A1+	F1+
Outlook				Negative	Stable	Stable	Negative	Stable	Stable
TECO Energy									
Senior Unsecured	A1	AA-	AA-	A1	AA-	AA-	A1	AA-	A
Trust Preferred									
Outlook				Negative	Stable	Stable	Negative	Stable	Stable
TECO Finance (Energy Guarantee)									
Senior Unsecured	A1			A1	AA	AA-	A1	AA	A
Commercial Paper	P1	A1+		P1	A1+	F1	P1	A1+	F1
Outlook				Negative	Stable	Stable	Negative	Stable	Stable

	10/2000			11/2000			03/2001		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Tampa Electric									
Senior Secured	Aa2	A	AA	Aa2	A	AA	Aa3	A	AA
Senior Unsecured	Aa3	A	AA-	Aa3	A	AA-	A1	A	AA-
Commercial Paper	P1	A1	F1+	P1	A1	F1+	P1	A1	F1+
	Negative	Negative	Stable	Review for Downgrade	Negative	Negative	Stable	Negative	Negative
TECO Energy									
Senior Unsecured	A1	A-	A	A1	A-	A	A3	A-	A
Trust Preferred									
	Negative	Negative	Stable	Review for Downgrade	Negative	Negative	Stable	Negative	Negative
TECO Finance (Energy Guarantee)									
Senior Unsecured	A1	A-	A	A1	A-	A	A3	A	A
Commercial Paper	P1	A1	F1	P1	A1	F1	P2	A1	F1
Outlook	Negative	Negative	Stable	Review for Downgrade	Negative	Negative	Stable	Negative	Negative

Hearing Exhibit - 00000016

	01/2002			04/2002			09/2002		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Tampa Electric									
Senior Secured	Aa3	A	AA-	Aa3	A-	AA-	A1	BBB	A
Senior Unsecured	A1	A	A+	A1	A-	A+	A2	BBB	A-
Commercial Paper	P1	A1	F1+	P1	A2	F1+	P1	A2	F2
Outlook	Negative	Negative	Negative	Negative	Negative	Negative	Stable	Negative	Stable
TECO Energy									
Senior Unsecured	A3	A-	A-	A3	BBB+	A-	Baa2	BBB-	BBB
Trust Preferred	Baa1	BBB+	BBB+	Baa1	BBB	BBB+	Baa3	BB+	BBB-
Outlook	Negative	Negative	Negative	Negative	Negative	Negative	Stable	Negative	Stable
TECO Finance (Energy Guarantee)									
Senior Unsecured	A3	A	A-	A3	BBB+	A-	Baa2	BBB-	BBB
Commercial Paper	P2	A1	F2	P2	A2	F2	P2	A3	F2
Outlook	Negative	Negative	Negative	Negative	Negative	Negative	Stable	Negative	Stable

	04/2003			05/2003			10/2003		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Tampa Electric									
Senior Secured	A3	BBB	A-	A3	BBB-	A-	A3	BBB-	A-
Senior Unsecured	Baa1	BBB	BBB+	Baa1	BBB-	BBB+	Baa1	BBB-	BBB+
Commercial Paper	P2	A2	F2	P2	A3	F2	P2	A3	F2
Outlook	Stable	Negative	Negative	Stable	Negative	Negative	Negative	Negative	Negative
TECO Energy									
Senior Unsecured	Ba1	BBB-	BB+	Ba1	BB+	BB+	Ba1	BB+	BB+
Trust Preferred	Ba2	BB+	BB	Ba2	BB	BB	Ba2	BB	BB
Outlook	Negative	Negative	Negative	Negative	Negative	Negative	Negative	Negative	Negative
TECO Finance (Energy Guarantee)									
Senior Unsecured	Ba1	BBB-	BB+	Ba1	BB+	BB+	Ba1	BB+	BB+
Commercial Paper	Not Prime	A3	No Rating	Not Prime	A3	No Rating	Not Prime	A3	No Rating
Outlook	Negative	Negative	Negative	Negative	Negative	Negative	Negative	Negative	Negative

	02/2004			07/2004			12/2004		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Tampa Electric									
Senior Secured	Baa1	BBB-	A-	Baa1	BBB-	A-	Baa1	BBB-	NR
Senior Unsecured	Baa2	BBB-	BBB+	Baa2	BBB-	BBB+	Baa2	BBB-	BBB+
Commercial Paper	P2	A3	F2	P2	A3	F2	P2	A3	F2
Outlook	Negative	Negative	Negative	Negative	Stable	Negative	Negative	Stable	Stable
TECO Energy									
Senior Unsecured	Ba2	BB+	BB+	Ba2	BB	BB+	Ba2	BB	BB+
Trust Preferred	Ba3	BB	BB	Ba3	B	BB	Ba3	B	BB
Outlook	Negative	Negative	Negative	Negative	Stable	Negative	Negative	Stable	Satble
TECO Finance (Energy Guarantee)									
Senior Unsecured	Ba2	BB+	BB+	Ba2	BB	BB+	Ba2	BB	BB+
Commercial Paper	Not Prime	A3	No Rating	Not Prime	No Rating	No Rating	Not Prime	No Rating	No Rating
Outlook	Negative	Negative	Negative	Negative	Negative	Negative	Negative	Stable	Stable

	05/2005			04/2007			06/2007		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Tampa Electric									
Senior Secured	Baa1	BBB-	NR	Baa1	BBB-	NR	Baa1	BBB-	NR
Senior Unsecured	Baa2	BBB-	BBB+	Baa2	BBB-	BBB+	Baa2	BBB-	BBB+
Commercial Paper	P2	A3	F2	NR	A3	F2	NR	A3	F2
Outlook	Stable	Stable	Stable	Stable	Stable	Positive	Stable	Stable	Positive
TECO Energy									
Senior Unsecured	Ba2	BB	BB+	Ba1	BB	BB+	Ba1	BB	BB+
Trust Preferred	Ba3	B	BB						
Outlook	Stable	Stable	Satble	Review for Upgrade	Stable	Positive	Review for Upgrade	Positive	Positive
TECO Finance (Energy Guarantee)									
Senior Unsecured	Ba2	BB	BB+	Ba1	BB	BB+	Ba1	BB	BB+
Commercial Paper	No Rating	No Rating	No Rating	No Rating	No Rating	No Rating	No Rating	No Rating	No Rating
Outlook	Stable	Stable	Satble	Review for Upgrade	Stable	Positive	Review for Upgrade	Positive	Positive

	11/2007			12/2007			03/2008		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Tampa Electric									
Senior Secured	Baa1	BBB-	NR	Baa1	BBB-	NR	Baa1	BBB-	NR
Senior Unsecured	Baa2	BBB-	BBB+	Baa2	BBB-	BBB+	Baa2	BBB-	BBB+
Commercial Paper	NR	A3	F2	NR	A3	F2	NR	A3	F2
Outlook	Stable	Stable	Watch Positive	Positive	Stable	Watch Positive	Positive	Stable	Stable
TECO Energy									
Senior Unsecured	Ba1	BB+	BB+	Baa3	BB+	BB+	Baa3	BB+	BBB-
Trust Preferred									
Outlook	Review for Upgrade	Stable	Watch Positive	Stable	Stable	Watch Positive	Stable	Stable	Stable
TECO Finance (Energy Guarantee)									
Senior Unsecured	Ba1	BB+	BB+	Baa3	BB+	BB+	Baa3	BB+	BBB-
Commercial Paper	No Rating	No Rating	No Rating	No Rating	No Rating	No Rating	No Rating	No Rating	No Rating
Outlook	Review for Upgrade	Stable	Watch Positive	Stable	Stable	Watch Positive	Stable	Stable	Stable

	06/2008		
	Moody's	S&P	Fitch
Tampa Electric			
Senior Secured	Baa1	BBB-	NR
Senior Unsecured	Baa2	BBB-	BBB+
Commercial Paper	NR	A3	F2
Outlook	Positive	Positive	Stable
TECO Energy			
Senior Unsecured	Baa3	BB+	BBB-
Trust Preferred			
Outlook	Stable	Positive	Stable
TECO Finance (Energy Guarantee)			
Senior Unsecured	Baa3	BB+	BBB-
Commercial Paper	No Rating	No Rating	No Rating
Outlook	Stable	Positive	Stable

6. Please provide a schedule that shows the same information provided in MFR Schedule D-2 for the period 1999 through 2004.

A. Attached is a schedule that shows the same information provided in MFR Schedule D-2 for the period 1998 through 2004.

Hearing Exhibit - 00000020

COST OF CAPITAL -1998 THROUGH 2004 [2][5]

($000's)

Class of Capital	1998 Amount (000)	1998 Percent of Total	1999 Amount (000)	1999 Percent of Total
Florida Utility (Tampa Electric Company)				
Common Equity	$ 1,156,562	60.62%	$ 1,151,007	56.35%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	700,830	36.73%	700,431	34.29%
Short-Term Debt	50,400	2.64%	191,275	9.36%
	1,907,812	100.00%	2,042,713	100.00%
Other Regulated Utility Operations (Peoples Gas System)				
Common Equity	$ 158,028	59.50%	$ 176,027	53.25%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	78,252	29.46%	74,653	22.58%
Short-Term Debt	29,300	11.03%	79,900	24.17%
	265,580	100.00%	330,580	100.00%
Non-Regulated Operations Combined (All other Subsidiaries)				
Common Equity (Note 4)	$ 475,514	51.47%	$ 430,851	39.04%
Intercompany Advances (Note 5)	(127,407)	-13.79%	(258,253)	-23.40%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt (Note 1)	336,475	36.42%	388,560	35.21%
Short-Term Debt	239,300	25.90%	542,500	49.15%
	923,882	100.00%	1,103,658	100.00%
Parent Company (TECO Energy, Inc.)				
Common Equity (Note 4)	$ 1,507,345	88.29%	$ 1,417,359	87.63%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	200,000	11.71%	200,000	12.37%
Short-Term Debt	-	0.00%	-	0.00%
	1,707,345	100.00%	1,617,359	100.00%
Eliminations				
Common Equity	$ (1,789,660)	107.66%	$ (1,757,449)	117.23%
Intercompany Advances	127,407	-7.66%	258,253	-17.23%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	-	0.00%	-	0.00%
Short-Term Debt	-	0.00%	-	0.00%
	(1,662,253)	100.00%	(1,499,196)	100.00%
Consolidated Basis (TECO Energy, Inc. Consolidated)				
Common Equity (Note 4)	$ 1,507,809	47.98%	$ 1,417,795	39.44%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	1,315,557	41.87%	1,363,644	37.93%
Short-Term Debt	319,000	10.15%	813,675	22.63%
	3,142,366	100.00%	3,595,114	100.00%

Note 1: Long-term debt includes non-recourse project debt raised at TECO Power Services.
Note 2: Reflects per books unadjusted capital structure components
Note 3: Totals may be affected due to rounding
Note 4: 2003 and beyond includes impacts of large merchant writeoffs
Note 5: Includes "Intercompany Advances" to non-regulated companies as these represent equity investments in these entities.

COST OF CAPITAL -1998 THROUGH 2004 [2)(5)]

($000's)

Class of Capital	2000 Amount (000)	2000 Percent of Total	2001 Amount (000)	2001 Percent of Total
Florida Utility (Tampa Electric Company)				
Common Equity	$ 1,232,779	57.79%	$ 1,381,265	56.13%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	722,450	33.87%	891,745	36.24%
Short-Term Debt	178,050	8.35%	187,780	7.63%
	2,133,279	100.00%	2,460,790	100.00%
Other Regulated Utility Operations (Peoples Gas System)				
Common Equity	$ 214,325	55.02%	$ 241,148	53.88%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	122,116	31.35%	145,205	32.44%
Short-Term Debt	53,100	13.63%	61,220	13.68%
	389,541	100.00%	447,573	100.00%
Non-Regulated Operations Combined (All other Subsidiaries)				
Common Equity (Note 4)	$ 454,389	23.74%	$ 734,760	30.30%
Intercompany Advances (Note 5)	64,156	3.35%	914,382	37.71%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt (Note 1)	417,662	21.82%	385,646	15.90%
Short-Term Debt	977,800	51.09%	389,900	16.08%
	1,914,007	100.00%	2,424,688	100.00%
Parent Company (TECO Energy, Inc.)				
Common Equity (Note 4)	$ 1,506,447	73.27%	$ 1,990,462	58.56%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	200,000	9.73%	200,000	5.88%
Long-Term Debt	349,657	17.01%	1,208,679	35.56%
Short-Term Debt	-	0.00%	-	0.00%
	2,056,104	100.00%	3,399,141	100.00%
Eliminations				
Common Equity	$ (1,901,083)	96.74%	$ (2,376,058)	72.21%
Intercompany Advances	(64,156)	3.26%	(914,382)	27.79%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	-	0.00%	-	0.00%
Short-Term Debt	-	0.00%	-	0.00%
	(1,965,239)	100.00%	(3,290,440)	100.00%
Consolidated Basis (TECO Energy, Inc. Consolidated)				
Common Equity (Note 4)	$ 1,506,857	33.28%	$ 1,971,577	36.23%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	200,000	4.42%	200,000	3.68%
Long-Term Debt	1,611,885	35.60%	2,631,275	48.35%
Short-Term Debt	1,208,950	26.70%	638,900	11.74%
	4,527,692	100.00%	5,441,752	100.00%

Note 1: Long-term debt includes non-recourse project debt raised at TECO Power Services.
Note 2: Reflects per books unadjusted capital structure components
Note 3: Totals may be affected due to rounding
Note 4: 2003 and beyond includes impacts of large merchant writeoffs
Note 5: Includes "Intercompany Advances" to non-regulated companies as these represent equity investments in these entities.

Hearing Exhibit - 00000022

COST OF CAPITAL -1998 THROUGH 2004 [2)(5)]

($000's)

Class of Capital	2002 Amount (000)	2002 Percent of Total	2003 Amount (000)	2003 Percent of Total
Florida Utility (Tampa Electric Company)				
Common Equity	$ 1,569,601	55.61%	$ 1,386,339	49.43%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	1,242,620	44.02%	1,418,163	50.57%
Short-Term Debt	10,500	0.37%	-	0.00%
	2,822,721	100.00%	2,804,502	100.00%
Other Regulated Utility Operations (Peoples Gas System)				
Common Equity	$ 268,430	59.33%	$ 265,323	59.74%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	184,028	40.67%	178,819	40.26%
Short-Term Debt	-	0.00%	-	0.00%
	452,458	100.00%	444,142	100.00%
Non-Regulated Operations Combined (All other Subsidiaries)				
Common Equity (Note 4)	$ 788,970	23.96%	$ (291,626)	-10.54%
Intercompany Advances (Note 5)	2,129,344	64.83%	2,838,653	102.61%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt (Note 1)	368,291	11.21%	219,334	7.93%
Short-Term Debt	-	0.00%	-	0.00%
	3,284,605	100.00%	2,766,361	100.00%
Parent Company (TECO Energy, Inc.)				
Common Equity (Note 4)	$ 2,644,995	49.90%	$ 1,681,622	38.86%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	649,125	12.25%	649,125	15.00%
Long-Term Debt	1,656,515	31.25%	1,958,751	45.27%
Short-Term Debt	350,000	6.60%	37,500	0.87%
	5,300,635	100.00%	4,326,998	100.00%
Eliminations				
Common Equity	$ (2,658,313)	55.52%	$ (1,383,953)	32.45%
Intercompany Advances	(2,129,344)	44.48%	(2,838,653)	67.55%
Preferred Stock	-	0.00%	-	0.00%
Long-Term Debt	-	0.00%	-	0.00%
Short-Term Debt	-	0.00%	-	0.00%
	(4,787,657)	100.00%	(4,202,606)	100.00%
Consolidated Basis (TECO Energy, Inc. Consolidated)				
Common Equity (Note 4)	$ 2,611,683	36.93%	$ 1,677,705	27.33%
Intercompany Advances	-	0.00%	-	0.00%
Preferred Stock	649,125	9.18%	649,125	10.57%
Long-Term Debt	3,451,454	48.80%	3,775,067	61.49%
Short-Term Debt	360,500	5.10%	37,500	0.61%
	7,072,762	100.00%	6,139,397	100.00%

Note 1: Long-term debt includes non-recourse project debt raised at TECO Power Services.
Note 2: Reflects per books unadjusted capital structure components
Note 3: Totals may be affected due to rounding
Note 4: 2003 and beyond includes impacts of large merchant writeoffs
Note 5: Includes "Intercompany Advances" to non-regulated companies as these represent equity investments in these entities.

COST OF CAPITAL -1998 THROUGH 2004 [2][5]

($000's)

Class of Capital	2004 Amount (000)	2004 Percent of Total
Florida Utility (Tampa Electric Company)		
Common Equity	$ 1,394,836	49.08%
Intercompany Advances	-	0.00%
Preferred Stock	-	0.00%
Long-Term Debt	1,345,838	47.36%
Short-Term Debt	101,150	3.56%
	2,841,824	100.00%
Other Regulated Utility Operations (Peoples Gas System)		
Common Equity	$ 267,319	58.78%
Intercompany Advances	-	0.00%
Preferred Stock	-	0.00%
Long-Term Debt	173,609	38.17%
Short-Term Debt	13,850	3.05%
	454,778	100.00%
Non-Regulated Operations Combined (All other Subsidiaries)		
Common Equity (Note 4)	$ (712,980)	-32.33%
Intercompany Advances (Note 5)	2,786,027	126.34%
Preferred Stock	-	0.00%
Long-Term Debt (Note 1)	132,080	5.99%
Short-Term Debt	-	0.00%
	2,205,127	100.00%
Parent Company (TECO Energy, Inc.)		
Common Equity (Note 4)	$ 1,283,301	36.40%
Intercompany Advances	-	0.00%
Preferred Stock	-	0.00%
Long-Term Debt	2,242,057	63.60%
Short-Term Debt	-	0.00%
	3,525,358	100.00%
Eliminations		
Common Equity	$ (948,595)	25.40%
Intercompany Advances	(2,786,027)	74.60%
Preferred Stock	-	0.00%
Long-Term Debt	-	0.00%
Short-Term Debt	-	0.00%
	(3,734,622)	100.00%
Consolidated Basis (TECO Energy, Inc. Consolidated)		
Common Equity (Note 4)	$ 1,283,881	24.26%
Intercompany Advances	-	0.00%
Preferred Stock	-	0.00%
Long-Term Debt	3,893,584	73.57%
Short-Term Debt	115,000	2.17%
	5,292,465	100.00%

Note 1: Long-term debt includes non-recourse project debt raised at TECO Power Services.
Note 2: Reflects per books unadjusted capital structure components
Note 3: Totals may be affected due to rounding
Note 4: 2003 and beyond includes impacts of large merchant writeoffs
Note 5: Includes "Intercompany Advances" to non-regulated companies as these represent equity investments in these entities.

7. Please discuss in detail the justification for the difference between the equity ratio maintained at the Tampa Electric Company level compared to the equity ratio levels maintained for TECO Energy, Inc.'s non-regulated operations and TECO Energy, Inc. on a consolidated basis.

A. The primary driver for the spread between the equity ratio levels maintained at Tampa Electric compared to the equity ratio levels maintained for TECO Energy's other operations is the substantial write-offs taken at TECO Energy related to the merchant asset impairments. These write-offs, totaling more than $1.5 billion after-tax, did not impact the equity ratio of Tampa Electric but significantly reduced the equity ratio of TECO Energy. Although TECO Energy has since reduced the parent company debt level and has improved the consolidated equity ratio, it is still less than the equity ratio of Tampa Electric due to these write-offs. The regulated capital structure as defined in the 2009 test year and described in witness Gillette's direct testimony is the appropriate capital structure for establishing rates that will ensure a financially healthy regulated electric utility.

Hearing Exhibit - 00000025

8. Please provide a schedule that shows the flow of funds between Tampa Electric Company and TECO Energy, Inc. from 1999 through 2007 (actual) and 2008 (projected). For purposes of this response, identify by year the annual amount of net income earned by Tampa Electric Company, the annual dividend paid by Tampa Electric Company to TECO Energy, the annual amount of any equity infusion from TECO Energy to Tampa Electric Company, and the annual amount of any return of contributions from Tampa Electric Company to TECO Energy over this period.

A. A schedule showing the flow of funds between Tampa Electric Company and TECO Energy, Inc. from 1999 through 2007 (actual) and 2008 (projected) is provided below.

($000's)	Tampa Electric Net Income	Dividends to TECO Energy	Equity Infusions	Return of Contributions
1999	$125,136	$130,711	$ -	$ -
2000	144,522	129,750	67,000	
2001	154,041	147,555	142,000	
2002	171,759	174,424	191,000	
2003	98,897	123,821	0	(158,339)
2004	146,032	137,536	0	
2005	147,069	144,840	0	
2006	135,864	140,087	51,800	
2007	150,276	138,850	81,800	
2008 (Proj)	153,233	152,269	350,000	
1999 - 2008	$1,426,829	$1,419,843	$883,600	($158,339)

* TECO Energy's internal subsidiary 100 percent net income dividend policy is calculated on a rolling quarterly basis, and there is a two month lag. This creates a timing difference between the annual earnings of Tampa Electric and the respective dividend to TECO Energy.

Hearing Exhibit - 00000026

9. What was the total amount of dividends paid by Tampa Electric Company and Peoples Gas System to TECO Energy, Inc. each year from 1999 through 2007 (actual) and 2008 (projected)? For purposes of this response, please segregate the Tampa Electric Company and Peoples Gas System dividend payments to TECO Energy.

A. The total amount of dividends paid by Tampa Electric Company and Peoples Gas System to TECO Energy, Inc. each year from 1999 through 2007 (actual) and 2008 (projected) is provided below.

($000's)	Dividends to TECO Energy		
	Tampa Electric	People's Gas	Total
1999	$130,711	$18,793	$149,504
2000	129,750	21,484	151,234
2001	147,555	24,221	171,776
2002	174,424	23,017	197,441
2003	123,821	27,622	151,443
2004	137,536	25,713	163,249
2005	144,840	28,455	173,295
2006	140,087	29,293	169,380
2007	138,850	27,263	166,113
Projected 2008	152,269	25,544	177,813
1999 - 2008	$1,419,843	$251,405	$1,671,248

Hearing Exhibit - 00000027

REDACTED

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S SECOND SET OF
INTERROGATORIES
INTERROGATORY NO. 10
PAGE 1 OF 1
FILED: OCTOBER 20, 2008

10. What was the total amount of dividends paid by TECO Energy, Inc. to its shareholders each year from 1999 through 2007 (actual) and 2008 (projected)?

A. The total amount of dividends paid by TECO Energy, Inc. to its shareholders each year from 1999 through 2007 (actual) and 2008 (projected) is provided below.

TECO Energy
Dividends to Shareholders

		($ millions)
1999	$	168.8
2000		167.4
2001		184.2
2002		215.8
2003		165.2
2004		145.2
2005		157.7
2006		158.7
2007		163.0
2008 (proj)		[redacted]
Total 1999 - 2008	$	[redacted]

11. Please provide the financial information for the 2009 test year necessary to make a parent debt adjustment in accordance with Rule 25-14.004, Florida Administrative Code.

A. The financial information for the 2009 test year necessary to make a parent debt adjustment in accordance with Rule 25-14.004, Florida Administrative Code is provided below.

		Company Position*
Debt Ratio of the parent	19.01%	0.00%
Debt Cost Rate of the parent	6.90%	6.90%
Consolidated Statutory Tax Rate	38.575%	38.575%
Subsidiary Equity	$1,901,759,000	$0 - $72,957,000

* As authorized in Rule 25-14.004, this represents the company's position, which rebuts the parent debt adjustment.

The foregoing represents the financial information for the 2009 test year necessary to make a parent company debt adjustment including the debt ratio of the parent, debt cost of the parent, the consolidated statutory tax rate and the equity dollars of the subsidiary utility (excluding retained earnings and other comprehensive income). The first column includes the amounts as they are projected in the 2009 test year and includes the existing $400 million of debt at the parent company. This results in a 19.01 percent debt ratio, and the cost rate associated with this debt is 6.90 percent, the consolidated statutory tax rate is 38.575 percent and the total 13 month average equity in Tampa Electric (excluding retained earnings and other comprehensive income) is $1,901,759,000. However, since the rule states that it "shall be a rebuttable presumption" to use the parent capital structure ratios, the company is authorized by the rule itself an opportunity to present evidence that the debt was not used to invest in the utility. If the utility can provide explanations as to the actual use of these funds that rebuts this presumption, then the 19.01% should not be used in the parent company debt calculation.

Hearing Exhibit - 00000029

As discussed in Mr. Gillette's direct testimony, no amount of the $400 million of parent debt that exists today was raised on behalf of Tampa Electric nor was it used to invest as equity in Tampa Electric. The $400 million represents the remaining debt at the parent level that was raised during 1998 to 2003 to fund the investments in the merchant projects of TECO Power Services. During 1998 to 2003, TECO Energy raised a total of $3.3 billion of external capital (including $2.1 billion of external debt) and invested $3.2 billion of this amount in the merchant projects of TECO Power Services. During this same timeframe, the equity invested in Tampa Electric totaled only $285 million (or $72 million if adjusted to reflect the external dividends of TECO Energy). Given the sheer magnitude of the dollars, it is clear that the capital raised during this timeframe, that includes the $400 million of debt that exists today, was raised for the purpose of investing in the merchant projects of TECO Power Services. To apply the 19.01 percent debt ratio to any amount of equity is inappropriate. Further, to apply this percentage to the $1.9 billion of equity that has been infused into Tampa Electric over time, beginning in 1981, is an inappropriate and punitive application of the parent company debt rule which should not be applied in this rate proceeding.

12. Why did Tampa Electric Company enter into the interest rate locks that gave rise to the additional issuance expense shown on lines 8, 14, and 22 of MFR Schedule D-4a, page 1 of 3?

A. Tampa Electric Company entered into interest rate locks to hedge against potential increases in interest rates. The interest rate lock costs that are included in MFR Schedule D-4a resulted from locking in an underlying interest rate in advance of issuance of the related debt securities in order to provide a level of certainty. Additionally, see the company's response to Staff's Second Set of Interrogatories No. 13.

13. Please explain why the interest rate lock agreements that gave rise to the additional issuance expense shown on lines 8, 14, and 22 of MFR Schedule D-4a, page 1 of 3 were cost effective. For purposes of this response, please show what Tampa Electric Company's embedded cost of debt for the 2009 projected test year would have been had the agreements not been entered into by Tampa Electric Company.

A. As described in response to the company's response to Staff's Second Set of Interrogatories No. 12, Tampa Electric Company utilizes interest rate hedges to provide a level of certainty and protect against potentially higher interest rates at the time of the related debt issue. To the extent interest rates increase between the time of the hedge and the issuance of the bonds, settlement results in receipt of a hedge premium. To the extent interest rates decline, settlement results in a hedge payment. The company's objective is to mitigate volatility and exposure to potentially higher costs. To ensure that a competitive rate is achieved, Tampa Electric Company receives simultaneous bids from several banks and executes the interest rate lock (or swap) with the counterparty submitting the lowest bid. The calculated cost of debt for the 2009 projected test year excluding the interest rate lock settlements is 6.64 percent.

Hearing Exhibit - 00000032

14. Please provide a list of all reacquired notes and bonds that gave rise to the unamortized loss on reacquired debt shown on line 26 of MFR Schedule D-4a, page 1 of 3. For purposes of this response, for each note and bond please specify the issuance date, maturity date, and interest rate.

A. The unamortized issuing expense and loss on reacquired debt reflected in MFR Schedule D-4a, page 1 of 3 includes costs associated with long-term debt reacquired or redeemed, including unamortized debt issuance costs, unamortized discounts or premiums, and call or option premiums. These costs are amortized over the original life of the debt instrument, in accordance with the Code of Federal Regulations, General Instruction 17. Except for accounts designated as a discount, premium, or put option, all other accounts relate to either unamortized issuance costs or interest expense. Please see details attached. Also, please see the company's response to Staff's Second Set of Interrogatories No. 15 for issue date, maturity date and interest rates.

Hearing Exhibit - 00000033

Tax-Exempt Financings/Refinancings

Series	Description	Amount	Outstanding	Footnote	Rate	Maturity
1972	Big Bend – Units 1, 2, 3 Bayside – Units 5, 6 Hooker's Point	27,000,000	0	(1)	5.75% (sinking fund)	N/A
1974A	Big Bend – Units 1, 2, 3 Hooker's Point	30,000,000	0	(2)	6.25%- 8.25%	N/A
1974B	Big Bend – Units 1, 2, 3	14,000,000	0	(2)	7.75%	N/A
1981	Gannon – Units 1, 2, 3, 4 Big Bend – Unit 4	25,000,000	0	(3)	11.625%- 11.88%	N/A
1982	Gannon – Units 1, 2, 3, 4 Big Bend – Unit 4	100,000,000	0	(4)	12.25%- 12.63%	N/A
1984	Big Bend – Unit 4	82,000,000	0	(5)	9.90%	N/A
1984A	Big Bend, Gannon & Hooker's Point	3,950,000	0	(5)	9.90%	N/A
1985	Big Bend – Unit 4	20,665,000	0	(2)	Variable	N/A
1990	Refunded 1974A, 1974B & 1985 series	51,605,000	0	(6)	Variable	N/A
1991	Refunded 1981 series	25,000,000	0	(1)	7.88%	N/A
1992	Refunded 1982 series	100,000,000	0	(1)	8.00%	N/A
1992	Refunded Gannon Project Trust Bonds	54,200,000	0	(7)	Variable	N/A
1993	Big Bend & Gannon	20,000,000	0	(8)	Variable	N/A
1994	Refunded 1984 & 1984A series	85,950,000	0	(9)	6.25%	N/A
1996	Polk Station – Unit 1	75,000,000	0	(10)	5.85%	N/A
2002	Refunded 1972, 1991 & 1992 series	60,685,000	60,685,000		5.10%	2013
2002	Refunded 1972, 1991 & 1992 series	86,400,000	86,400,000		5.50%	2023
2006	Refunded 1994 series	85,950,000	0	(11)	Auction	N/A
2007	Refunded 1996 Polk series	75,000,000	0	(12)	Auction	2030
2007A	Refunded 1990 series	54,200,000	0	(13)	Auction	N/A
2007B	Refunded 1992 series	51,600,000	0	(14)	Auction	N/A
2007C	Refunded 1993 series	20,000,000	0	(15)	Auction	2020
2008	Refunded 2006 series	85,950,000	85,950,000		5.00%	2034
2008	Refunded 2007A series	54,200,000	54,200,000		5.65%	2018
2008	Refunded 2007B series	51,600,000	51,600,000		5.15%	2025

(1) Series 1972, 1991 and 1992 were refunded with Series 2002.
(2) Series 1974A, 1974B and 1985 were refunded with Series 1990.
(3) Series 1981 was refunded with Series 1991.
(4) Series 1982 was refunded with Series 1992.
(5) Series 1984 and 1984A were refunded with Series 1994.
(6) Series 1990 was refunded with Series 2007B
(7) Series 1992 was refunded with Series 2007A
(8) Series 1993 was refunded with Series 2007C.
(9) Series 1994 was refunded with Series 2006.
(10) Series 1996 was refunded with Series 2007.
(11) Series 2006 was refunded with Series 2008.
(12) Series 2007 Polk was Purchased in Lieu of Redemption and has not been reissued.
(13) Series 2007A was refunded in 2008.
(14) Series 2007B was refunded in 2008.
(15) Series 2007C was Purchased in Lieu of Redemption and has not been reissued.

Hearing Exhibit - 00000034

Tampa Electric Company Call Premium/Option Details
Accounts 182.80-182.99

Acct.	Description	Unamortized Call/Option Premiums (1)	Action Taken
182.80	$38M Put Option	$160,531.16	Required repurchase/remarketing $38M put bonds (repurchased with option premium)
182.83	$75M Call Premium	819,127.49	Redeemed 7.75% first mortgage bonds prior to maturity to reduce interest expense
182.84	$80M Call Premium	1,797,727.69	Refinanced 8.0% bonds with 5.1%-5.5% bonds
182.85	$20M Call Premium	449,431.86	Converted from variable rate to fixed rate of 4.25%
182.87	$3.125M Call Premium	46,326.80	Refinanced 7.875% bonds with 5.1%-5.5% bonds
182.88	$21.875 Call Premium	324,287.26	Refinanced 7.875% bonds with 5.1%-5.5% bonds
182.93	$75M Call Premium	797,879.74	Refinanced 5.85% bonds with auction rate bonds (variable)
182.94	$21.875M Call Premium	107,358.25	Refinanced 11.875% bonds with 7.875% bonds
182.95	$80M Call Premium	418,117.20	Refinanced 12.625% bonds with 8.0% bonds
182.96	$85.95M Call Premium	819,322.52	Refinanced 6.25% bonds with auction rate bonds (variable)
182.97	$330M Put Option	8,121,200.01	Required repurchase/remarketing $100M put bonds (repurchased with option premium) ($330M new issue included refinancing of $100M put bonds redeemed)
		$13,861,309.98	

(1) Balance at 12/31/07

Hearing Exhibit - 00000035

15. For each note and bond identified in the previous response, please explain why each note and bond was reacquired and provide an analysis that demonstrates the reacquisition was cost effective.

A. Over its history, Tampa Electric Company has completed redemptions and refinancings of existing debt when it is economically beneficial for the company and its customers (i.e., when the present value of the savings from the lower interest rate on the new debt exceeds the redemption premium and new issuance cost). In particular, its tax-exempt securities have been refinanced numerous times since original issuance, capturing lower interest rates over time. Other securities have been repurchased at a premium and replaced with new securities to take advantage of lower interest rates at the time. Tampa Electric Company also issued two series of "put" bonds in 1998 (5.94% bonds) and 2000 (7.375% bonds) and received option premiums of $1.2 million and $4.5 million, respectively. These premiums were amortized over the period from issue date to the required remarketing date ("put date"), effectively lowering the interest expense on these bonds for that period. The put bonds, which required either remarketing or redemption in 2001 and 2002, were redeemed in those years, resulting in a payment in settlement of the put options of $0.6 million and $19.1 million, respectively. The option settlement amounts are being amortized for the period beginning on the required remarketing date through the remaining life of the reacquired bonds. Remarketing of the outstanding bonds in 2001 and 2002 would have resulted in higher effective interest rates than issuing new bonds and settling the put option premium in cash.

The first attachment details tax-exempt financings and refinancings. The second attachment details refinancings that resulted in a redemption premium or an option settlement payment. Various refinancing analysis are provided under the company's response to Staff's First Request for Production of Documents No. 29.

Hearing Exhibit - 00000036

TAMPA ELECTRIC COMPANY
Amortization of Debt Expense
2009 Amortization Acct's 182.80-182.99

Acct.	Debt Description	Footnote	Annual Amortization	Interest Expense	Total Annual Cost	Unamortized Issuing Expense & Loss on Reaquired Debt
181.08	$75M	(1)	$ 78,158	-	$ 78,158	$ 1,673,876
181.56	$20M	(1)	28,854.84		28,854.84	327,021.12
182.41	$3.95M	(1)	-	12,456.00	12,456.00	-
182.41	$82M	(1)	-	220,704.00	220,704.00	-
182.43	$21.875M	(1)	-	66,868.93	66,868.93	-
182.44	$80M	(1)	-	369,349.20	369,349.20	-
182.80	$38M Put Option	(2)	45,361.92	-	45,361.92	92,488.28
182.81	$54.2M	(1)	14,150.52	-	14,150.52	126,176.09
182.81	$20M	(1)	10,290.84	-	10,290.84	116,629.24
182.81	$51.605M	(1)	12,231.96	-	12,231.96	197,748.14
182.83	$75M	(3)	37,505.64	-	37,505.64	500,076.74
182.83	$75M Call Premium	(3)	53,421.36	-	53,421.36	712,284.77
182.83	$75M Bond Discount	(3)	120,924.96	-	120,924.96	1,612,334.00
182.84	$80M	(1)	67,074.48	-	67,074.48	860,787.84
182.84	$80M Call Premium	(1)	121,195.08	-	121,195.08	1,555,337.68
182.85	$20M	(1)	16,886.76	-	16,886.76	216,712.86
182.85	$20M Call Premium	(1)	30,298.80	-	30,298.80	388,834.26
182.86	$27M	(1)	-	-	-	-
182.87	$3.125M	(1)	2,324.76	-	2,324.76	28,091.82
182.87	$3.125M Call Premium	(1)	3,289.44	-	3,289.44	39,748.04
182.88	$21.875M	(1)	16,175.40	-	16,175.40	195,453.29
182.88	$21.875M Call Premium	(1)	23,026.32	-	23,026.32	278,234.62
182.90	$25M	(1)	26,292.00	-	26,292.00	40,434.39
182.91	$100M	(1)	61,334.12	-	61,334.12	163,588.55
182.93	$75M	(1)	21,361.56	-	21,361.56	458,383.14
182.93	$75M Call Premium	(1)	64,041.72	-	64,041.72	1,371,560.78
182.94	$21.875M Call Premium	(1)	26,444.04	-	26,444.04	50,745.43
182.95	$80M Call Premium	(1)	87,970.00	-	87,970.00	234,642.41
182.96	$85.95M	(1)	26,768.52	-	26,768.52	680,368.16
182.96	$85.95M Call Premium	(1)	29,884.08	-	29,884.08	759,554.36
182.97	$330M Put Option	(4)	1,585,486.80	-	1,585,486.80	4,950,226.41
182.99	$85.95M	(1)	85,093.08	-	85,093.08	397,100.36
182.99	$3.95M	(1)	6,768.00	-	6,768.00	10,682.00
182.99	$82M	(1)	119,916.00	-	119,916.00	549,651.00
182.99	Arbitrage		7,237.56	-	7,237.56	33,775.18
257.01	Unamortized Gain		-	-	-	
			$ 2,829,768	$ 669,378	$ 3,499,146	$ 18,622,547

(1) Relates to tax-exempt debt refinancings – see Staff's Interrogatory No. 15 – Schedule A for details.
(2) Required repurchase/remarketing $38 million 5.94% put bonds issued in 1998 (repurchased in 2001 with option premium). Subsequent $210 million new issue included refinancing of these bonds.
(3) Redeemed 7.75% first mortgage bonds issued in 1992 prior to their 2022 maturity to reduce interest costs.
(4) Required repurchase/remarketing $100 million 7.375% put bonds issued in 2000 (repurchased in 2002 with option premium). Subsequent $330 million new issue included refinancing of these bonds.

Hearing Exhibit - 00000037

16. Referring to page 7, lines 8 – 11 of witness Abbott's testimony, please provide specific examples of creditworthy utilities that have been shut out of the markets due to the "dislocation in the credit markets resulting from the sub-prime mortgage crisis".

A. The current credit crisis has affected many utilities' ability and willingness to raise money in the public markets. Many market statistics indicate that the ability of even creditworthy utilities to obtain funds from the public markets is difficult, if not impossible.

One example relates to an attempt in August of 2007 by Western Massachusetts Electric, a Baa2 rated operating subsidiary of Northeast Utilities, to issue a senior note in the public markets. Its underwriters indicated that they should expect to pay a premium of 110 basis points over comparable treasuries. However, when the company attempted to price its $50 million 30-year senior note, there were no takers. They eventually convinced two of their large existing bondholders to take a $40 million issue at 170 basis points over comparable treasuries, a 54 percent greater spread than originally expected.

In more general terms, market statistics as reported in the Wall Street Journal indicate that the dollar volume of issuance by electric, gas and water utilities in the third quarter of 2008 versus the second quarter of 2008 dropped from $62.2 billion to $37.4 billion. Year over year, the dollar volume of issuance for the same group dropped 24.4 percent in the U.S. In a period of time when utilities' needs for funds is at a historical high, that kind of decrease in debt issuance indicates serious disruption in the availability of credit to the sector.

Not one issue came to market in the high-grade sector for 10 consecutive days until September 23, 2008, when the market reopened. When the market did reopen, it was led by A-rated utilities, even though those highly creditworthy companies paid significantly higher rates than they had prior to the market shutting down. The large majority of new issues since the beginning of July 2008 have been made by A-rated utilities or above, and even they are paying 100 basis points or more than they would have earlier this year.

Having an A rating provides utilities with the ability to access the markets even under the worst conditions, and maintains a buffer to absorb additional shocks that a Baa/BBB rating cannot.

Hearing Exhibit - 00000039

17. Referring to page 12, lines 19 – 22 of witness Abbott's testimony, please provide the percentage of construction funds generated internally for the period 1999 through 2006.

A. The percentage of construction funds generated internally for the period 1999 through 2006 is provided below.

	Percent of Construction Funds Internally Generated
1999	38%
2000	71%
2001	22%
2002	39%
2003	99%
2004	85%
2005	60%
2006	68%
Average	60%

Hearing Exhibit - 00000040

18. Referring to Document No. 3 attached to witness Abbott's testimony, please explain what these rankings mean.

A. Regulatory Research Associates assigns ratings to regulatory climates that reflect the regulatory risk, from an investor perspective, associated with ownership of securities of utilities in a given jurisdiction. The three principal categories are as follows: Above Average, Average, and Below Average. An additional qualifier, in the form of the number 1, 2 or 3, indicates a stronger (1) or weaker (3) position within that category.

Regulatory practices that lead to higher ratings include, among other things, incentive rate plans that encourage more efficient operations, fair returns on equity, timely inclusion in rates of environmental, purchased power and fuel costs, storm restoration costs and streamlined processes for the approval of new generating plants.

Hearing Exhibit - 00000041

19. Referring to page 18, lines 8 – 18 of witness Abbott's testimony, please explain in detail how a company's financial integrity is impacted by an affiliate's non-regulated operations.

A. A utility's financial health is primarily a product of its regulatory environment. As such, any effect a non-regulated subsidiary has on a utility's financial integrity is secondary and results from management's practices regarding dividend and cash infusion policies. Since every situation is unique, the circumstances of each utility and its parent company must be considered when determining what the actual effect is of non-regulated activity on a regulated affiliates' financial integrity.

Hearing Exhibit - 00000042

20. Referring to page 23, lines 18 – 25 of witness Abbott's testimony, please discuss in detail the impact TECO Energy's non-investment grade credit rating has on Tampa Electric Company's credit rating.

A. The three agencies have TECO Energy's corporate credit ratings as Baa3/BBB-/BBB-, all of which are investment grade. Tampa Electric Company's ratings are primarily the product of the company's own financial stress caused by a heavy construction program and environmental expenditures. While its credit metrics fall at the higher end of S&P's guidelines for BBB and the lower end of those for A, all three rating agencies have affirmed Tampa Electric Company's ratings in the Baa2/BBB-/BBB+ categories but cited concerns over the size and timing of the construction program at Tampa Electric, and regulatory responses to potential rate increases related to the construction program. The rating agencies have indicated that any improvement in Tampa Electric Company's ratings hinge on additional clarity in the size and timing of the construction program and the regulatory response to it.

Hearing Exhibit - 00000043

21. Referring to page 9, line 23 through page 10, line 10 of witness Gillette's testimony, please provide a projection of the external debt and equity issuances the Company anticipates will be necessary to fund its anticipated capital expenditure program for the period 2009 through 2013.

A. See the company's response to OPC's First Request for Production of Documents No. 46.

Hearing Exhibit - 00000044

22. Referring to page 14, lines 21 - 25 of witness Gillette's testimony, has Tampa Electric Company been "subject to lapses in availability of debt capital, onerous debt covenants, and higher borrowing costs" as a result of TECO Energy's non-investment grade rating?

A. No. Tampa Electric Company's ratings have remained investment grade and, other than overall market dynamics that have affected all utility companies, the company has not been subject to lapses in availability of debt capital, onerous debt covenants, or higher borrowing costs as a result of TECO Energy's past non-investment grade ratings. In contrast, TECO Energy did experience lapses in access to debt capital, onerous debt covenants and higher borrowing costs while its ratings were below investment grade.

Hearing Exhibit - 00000045

23. How has Tampa Electric Company's access to capital markets been impacted by the financial difficulties at TECO Energy discussed on pages 26 – 36 of witness Gillette's testimony?

A. Tampa Electric's access to the capital markets was not affected by TECO Energy's financial difficulties.

Hearing Exhibit - 00000046

24. Has Tampa Electric Company been subject to additional debt covenants that it was not subject to prior to the downgrade of TECO Energy to non-investment grade? If yes, please explain these new debt covenants and their associated costs.

A. No. Tampa Electric Company has not been subjected to additional debt covenants that it was not subject to prior to the downgrade of TECO Energy to non-investment grade.

Hearing Exhibit - 00000047

25. Referring to page 19, lines 12 – 25 of witness Gillette's testimony, what are the Standard & Poors' credit metrics for Earnings Before Interest and Taxes to Interest (EBIT/Interest) coverage ratios for triple BBB, single A, and double AA ratings? For purposes of this response, please provide the credit metrics in the same format as provided in Document No. 4 attached to witness Abbott's testimony.

A. S&P does not focus on earnings coverage ratios such as EBIT / Interest and as such, there are no credit metrics to provide.

Hearing Exhibit - 00000048

26. For the following series of questions, please refer to Document No. 6 attached to witness Murry's testimony.

a. For each proxy company listed on Document No. 6, please provide the relative percentage of each companies' revenues that are generated from regulated utility operations. If a proxy company has more than one regulated utility, provide the information for each utility and on a total company basis. Provide the information for 2007.

b. Please identify the regulated electric utility or utilities associated with each of the proxy companies listed on Document No. 6.

c. For each regulated electric utility identified above, please provide the equity ratio as of 2007. For purposes of this response, equity ratio is defined as common equity divided by the sum of common equity, preferred stock, long-term debt, and short-term debt.

d. Define and show the calculation of the equity ratios reported on exhibit Document No. 6.

e. Please provide the current authorized return on equity (ROE) for each regulated electric utility identified above. For purposes of this response, provide the authorized ROE, the commission order number, and the date the order was issued.

A. a. According to SNLi, the percent of revenues generated from regulated revenues are as follows:

Company	Percentage Regulated Revenues
DPL, Inc	99.5%
Northeast Utilities	89.8%
NStar	95.8%
OGE Energy	48.3%
Pepco Holdings	55.9%
Pinnacle West	83.3%
SCANA	77.6%
Wisconsin Energy	98.8%

Hearing Exhibit - 00000049

b. According to SNLi, the regulated subsidiaries of the holding companies are:

DPL, Inc
- Dayton Power and Light

Northeast Utilities
- Connecticut Power & Light
- Public Service Company of New Hampshire
- Western Massachusetts Electric

NStar
- NStar Electric
- NStar Gas

OGE Energy
- Oklahoma Gas & Electric

Pepco Holdings
- Potomac Electric
- Delmarva Power
- Atlantic City Electric

Pinnacle West
- Arizona Public Service

SCANA
- South Carolina Electric & Gas
- Public Service Company of North Carolina

Wisconsin Energy
- Wisconsin Electric
- Wisconsin Gas

c. As discussed in witness Murry's direct testimony, the inclusion of short- term debt in the capital structure of the proxy group is not representative of the permanent sources of capital that these companies have raised to support their long-term capital needs. The inclusion of short-term debt, especially using a single point in time, can be misleading.

Hearing Exhibit - 00000050

According to the SNLi, the equity ratios in 2007 for the regulated subsidiaries as ratios of common equity, long-term debt, short-term debt, and preferred stock are:

Company	Equity Ratio
DPL, Inc	
Dayton Power and Light	59.84%
Northeast Utilities	
Connecticut Power & Light	40.15%
Public Service Company of New Hampshire	37.90%
Western Massachusetts Electric	37.50%
NStar	
NStar Electric	45.15%
NStar Gas	N/A
OGE Energy	
Oklahoma Gas & Electric	54.42%
Pepco Holdings	
Potomac Electric	42.47%
Delmarva Power	44.55%
Atlantic City Electric	32.57%
Pinnacle West	
Arizona Public Service	51.98%
SCANA	
South Carolina Electric & Gas	50.28%
Public Service Company of North Carolina	58.32%
Wisconsin Energy	
Wisconsin Electric	52.79%
Wisconsin Gas	N/A

d. Witness Murry obtained those ratios from *Value Line*. See the company's response to OPC's First Request of Production of Documents No. 46.

e. See the company's response to Staff First Request for Production of Documents No. 18.

Hearing Exhibit - 00000052

27. Referring to Document No. 7 attached to witness Murry's testimony, please provide the S&P rating for each of the regulated electric utility or utilities associated with each of the proxy companies listed on this schedule.

A. The S&P rating for each of the regulated electric utility or utilities associated with each of the proxy companies listed on witness Murry's schedule is provided below.

Company	S&P Bond Rating
DPL, Inc	
Dayton Power and Light	BBB
Northeast Utilities	
Connecticut Power & Light	BBB
Public Service Company of New Hampshire	BBB
Western Massachusetts Electric	BBB
NStar	
NStar Electric	A+
NStar Gas	A+
OGE Energy	
Oklahoma Gas & Electric	BBB+
Pepco Holdings	
Potomac Electric	BBB
Delmarva Power	BBB
Atlantic City Electric	BBB
Pinnacle West	
Arizona Public Service	BBB-
SCANA	
South Carolina Electric & Gas	A-
Public Service Company of North Carolina	A-
Wisconsin Energy	
Wisconsin Electric	A-

Hearing Exhibit - 00000053

Wisconsin Gas .....A-

Hearing Exhibit - 00000054

28. Referring to Document No. 7 attached to witness Murry's testimony, please provide the calculation of the after-tax times interest earned ratios reported on this schedule.

A. See the company's response to OPC's First Request for Production of Documents No. 46.

Hearing Exhibit - 00000055

29. Referring to Document No. 7 attached to witness Murry's testimony, what are the after-tax times interest earned ratios for each of the regulated electric utility or utilities associated with each of the proxy companies listed on this schedule? Please show all calculations.

A. As they do not have publicly traded common stock, witness Murry has not calculated the after-tax ratios for the regulated subsidiaries.

Hearing Exhibit - 00000056

30. Referring to pages 21 and 22 of witness Murry's testimony, please provide a list of all companies initially considered for inclusion in witness Murry's proxy group. For purposes of this response, please identify each company that was eliminated from the proxy group and provide the explanation for its exclusion.

A. See the company's response to OPC's First Set of Interrogatories No. 3.

Hearing Exhibit - 00000057

31. Why did witness Murry choose a market capitalization range of $2 billion to $8 billion as the threshold for inclusion in the proxy group?

A. A market capitalization range of $2 billion to $8 billion is a reasonable range given the size of Tampa Electric.

Hearing Exhibit - 00000058

32. What is TECO Energy's market capitalization? For purposes of this response, please use the same period assumed in witness Murry's analysis.

A. TECO Energy's market capitalization is $4.1 billion according to *Value Line.*

Hearing Exhibit - 00000059

33. What is Tampa Electric Company's market capitalization? For purposes of this response, please use the same period assumed in witness Murry's analysis.

A. Tampa Electric does not have publicly traded common equity.

Hearing Exhibit - 00000060

34. What is the market capitalization for each of the regulated electric utility or utilities associated with each of the proxy companies? For purposes of this response, please use the same period assumed in witness Murry's analysis.

A. The regulated electric utilities associated with the proxy group do not have publicly traded common equity.

Hearing Exhibit - 00000061

35. Referring to page 64, lines 1 – 4 of witness Murry's testimony, is the average expected return on common equity of 12.2% for regulated electric operations or for total company operations (including the proxy group's non-regulated operations)?

A. The average expected return referred to by witness Murry in the cited portion of his direct testimony relates to total company operations.

Hearing Exhibit - 00000062

36. Referring to page 64, lines 1 – 4 of witness Murry's testimony, what is the average expected return on common equity for the regulated electric companies represented in witness Murry's proxy group? For purposes of this response, please use the same period assumed in witness Murry's analysis.

A. Witness Murry does not possess published forecasts relating solely to the expected return on common equity for the regulated operations of the proxy group.

Hearing Exhibit - 00000063

A F F I D A V I T

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

Before me the undersigned authority personally appeared J. Denise Jordan who deposed and said that she is Director Rates and Planning, Tampa Electric Company, and that the individuals listed in Tampa Electric Company's response to Staff's Second Set of Interrogatories, (Nos. 3 - 36) prepared or assisted with the responses to these interrogatories to the best of her information and belief.

Dated at Tampa, Florida this 17th day of October, 2008.

J. Denise Jordan

Sworn to and subscribed before me this 17th day of October, 2008.

Velma A. Lewis

NOTARY PUBLIC STATE OF FLORIDA
VELMA A. LEWIS
MY COMMISSION # DD 682981
EXPIRES: August 22, 2011
Bonded Thru Budget Notary Services

My Commission expires August 22, 2011

3

TECO's Responses to Staff's Third Set of Interrogatories (Nos. 37-57)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's Petition for an Increase in Base Rates and Miscellaneous Service Charges.	)))	DOCKET NO. 080317-EI FILED: NOVEMBER 5, 2008

TAMPA ELECTRIC COMPANY'S

ANSWERS TO THIRD SET OF INTERROGATORIES (NOS. 37 - 57)

OF

FLORIDA PUBLIC SERVICE COMMISSION STAFF

Tampa Electric files this its answers to Interrogatories (Nos. 37 - 57) propounded and served on October 6, 2008, by the Florida Public Service Commission Staff.

Hearing Exhibit - 00000066

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
INDEX TO STAFF'S THIRD SET OF INTERROGATORIES (NOS. 37 - 57)

Number	Witness	Subject	Bates Stamped Page
37	Ashburn	For the following request, refer to Schedule No. E-14, page 7 (Bates-stamped 108) and page 8 (Bates-stamped 109). Please explain why TECO is proposing two reconnect charges (Reconnect After Disconnect at Meter and Reconnect After Disconnect at Pole) to replace the one charge for customers who have been disconnected for cause.	1
38	Ashburn	For the following question, please refer to Schedule No. E-14, page 8 (Bates-stamped 109). Does the Initial Connection Charge only apply to the first customer to establish service at a premise? Please explain your answer.	2
39	Ashburn	For the following question, refer to Schedule No. E-14, page 8. Can the Same Day Reconnect Charge apply when an existing customer's account is changed to another customer's name, for example, when the first customer sells his house to the second customer? Please explain your answer.	3
40	Ashburn	For the following question, refer to Schedule No. E-14, page 8. Can the Saturday Reconnect Charge apply when an existing customer's account is changed to another customer's name, for example, when the first customer sells his house to the second customer? Please explain your answer.	4
41	Ashburn	For the following question, refer to Schedule No. E-14, page 8. When customers have been disconnected for cause, are they eligible to be reconnected under the Same Day or Saturday Reconnect Charge? Please explain your answer.	5
42	Ashburn	For the following question, refer to Schedule No. E-14, page 8. If customers in good standing disconnect their service on a seasonal basis, what charges would apply when service is reconnected? Please explain your answer.	6
43	Ashburn	For the following question, refer to Schedule E-14, page 8. What is the difference between Reconnect after Disconnect at Meter for Cause and Reconnect after Disconnect at Pole for Cause, i.e., when and why would disconnection occur at a pole rather than a meter?	7
44	Ashburn	For the following request, refer to Schedule No. E-14, page 65 (Bates-stamped 166). Please explain under what circumstances Temporary Service is ordered by customers.	8

Number	Witness	Subject	Bates Stamped Page
45	Ashburn	For the following request, refer to the direct testimony of TECO witness Ashburn, page 42. Please explain why TECO is proposing charges for Same Day Reconnect and Saturday Reconnect, e.g., requests from customers, etc.	9
46	Ashburn	Comparing the cost support for service charges shown on E-7 (Bate stamped pages 10-18) and the proposed rates shown on Schedule E-13b (Bate Stamped 53), the rates deviate significantly in some cases from the cost. For each service charge, please explain why TECO has chosen to deviate from the cost in setting the proposed rates.	10
47	Ashburn	For the following, please refer to the 72.0% Loading Factor referenced In Schedule E-7, pages 1-3, 5-9 (Bates-stamped pages 10-12, 14-18). The 72.0% is defined as the "Loading Factor for non-productive time, direct benefits, other payroll costs and A&G." a. Please define "non-productive time," "direct benefits," "other payroll costs," and "A&G" and explain why each is appropriate to include in a Loading Factor. b. Please explain and provide the calculations used to derive "non-productive time," "direct benefits," "other payroll costs," and "A&G." c. Please explain with specificity the calculations used to derive the total Loading Factor.	11
48	Ashburn	For the following please refer to the 41.33% Loading Factor referenced In Schedule E-7, pages 1-3, 5-9 (Bates-stamped pages 10-12, 14-18). The 41.33% is defined as the "Loading Factor for Energy Delivery's supervisory and administrative overhead." a. Please define "Energy Delivery's supervisory and administrative overhead" and explain why it is appropriate to include in a Loading Factor. Please also explain why it is not included in the 72.0% factor. b. Please provide and explain the calculations used to derive Energy Delivery's supervisory and administrative overhead. c. Please explain with specificity the calculations used to derive the total Loading Factor.	13

Hearing Exhibit - 00000068

Number	Witness	Subject	Bates Stamped Page
49	Ashburn	For the following please refer to the 35.5% Loading Factor referenced In Schedule E-7, page 4 (Bates-stamped page 13). The 35.5% is defined as the "Loading Factor for direct benefits and other payroll costs." According to Note (1) for the 35.5% Factor, "[N]on-productive time and indirect benefits were not included since recovered in regular time loading." a. Are the definitions of direct benefits and other payroll costs the same for the 35.5% Loading Factor as for the 72.0% Loading Factor? Please explain your answer. b. Are the calculations of direct benefits and other payroll costs the same for the 35.5% Factor as for the 72.0% Factor? Please explain why or why. c. Please explain why A&G is not included in this factor when it is included in the 72% Factor. d. Where in the 72% Factor definition can "regular time loading" be found? Please include in your explanation the definition for "regular time loading." e. Please explain where and how the "indirect benefits" category is included in the 72% factor. f. Please list which costs would be "double counted" if the "same Loading Factors were used."	15
50	Ashburn	The hours listed in Schedule E-7, pages 1-9 (Bates-stamped 10-18) for "Customer Service and Office Labor Expenses" vary from 0.02 hour to 4.00 hours. Please explain in detail for each of these values the customer service and office labor that is performed and describe how the time was determined, e.g., time and motion study, observation, etc.	17
51	Ashburn	The dollar per hour amount of Customer Service and Office Labor Expenses shown in Schedule E-7, pages 1-9 (Bates-stamped 10-18) varies from a low of $16.80 for Reconnecting Service to Subsequent Subscriber to a high of $35.05 for the Field Credit Visit and Tampering Charge Without Investigation. Please explain in detail how each of the dollar amounts for Customer Service and Office Labor Expenses in Schedule E-7 was determined, e.g., hourly rates, average hourly rates, overtime rates, loadings, etc.	18
52	Ashburn	The hours listed in Schedule E-7, pages 1-9 (Bates-stamped 10-18) for "Field Labor Expenses" vary from 0.28 hour for Field Credit Visit to 3.00 hours for Saturday Reconnect. Please explain in detail how each of the hour amounts for Field Labor Expenses in Schedule E-7 was determined, e.g., time and motion study, observation, etc.	19

Hearing Exhibit - 00000069

Number	Witness	Subject	Bates Stamped Page
53	Ashburn	The dollar per hour amount of Field Labor Expenses shown in Schedule E-7, pages 1-9 (Bates-stamped 10-18) vary from a low of $25.06 for Reconnecting Service to Subsequent Subscriber to a high of $34.45 for Reconnect After Cut On Pole Disconnect for Cause. Please explain in detail how each of the dollar amounts for Field Labor Expenses in Schedule E-7 was determined, e.g., hourly rates, average hourly rates, overtime rates, etc.	20
54	Ashburn	The hours listed in Schedule E-7, pages 1-9 (Bates-stamped 10-18) for "Vehicles (Transportation) Costs" vary from 0.28 hour for Field Credit Visit to 2.00 hours for Saturday Reconnect. Please explain in detail how each of the hour amounts for Vehicles (Transportation) Costs in Schedule E-7 was determined, e.g., time and motion study, observation, etc.	21
55	Ashburn	The dollar per hour amount of Vehicles (Transportation) Costs shown in Schedule E-7, pages 1-9 (Bates-stamped 10-18) vary from a low of $5.33 for five of the charges to a high of $17.72 for Reconnect After Cut On Pole Disconnect for Cause. Please explain in detail how each of the dollar amounts for Vehicles (Transportation) Costs in Schedule E-7 was determined, e.g., hourly rates, average hourly rates, overtime rates, etc.	22
56	Ashburn	Please explain, for all service charges shown in Schedule E-7, pages 1-9 (Bates-stamped 10-18), why the hours and dollar per hour costs for Vehicles (Transportation) are added after the Loading Factors have been applied.	23
57	Ashburn	Do the proposed charges for any service connections include disconnection costs as well as reconnection costs? If so, please list the service charges that include disconnection costs and explain why they include disconnection costs and reconnection costs.	24

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37. For the following request, refer to Schedule No. E-14, page 7 (Bates-stamped 108) and page 8 (Bates-stamped 109). Please explain why TECO is proposing two reconnect charges (Reconnect After Disconnect at Meter and Reconnect After Disconnect at Pole) to replace the one charge for customers who have been disconnected for cause.

A. Reconnects are necessary after Tampa Electric performs a disconnect of a customer for non-payment either at the meter or at the pole. When it is possible to disconnect service at the meter, Tampa Electric strives to do so. However, there are times when meter access is denied for reasons such as a bad dog, locked gate, some other impediment or when service is being disconnected to a medium or large-sized non-residential customer and it is not physically possible to disconnect at the meter. In such cases the disconnection must be made at a point away from the meter such as at a handhole or the transformer on the pole. This type of disconnect and ultimate reconnection requires a troubleman instead of a meter worker. Due to the frequency of disconnects at the pole as well as the difference in labor and vehicle costs, a separate charge is being proposed for reconnecting at the pole.

Hearing Exhibit - 00000071

38. For the following question, please refer to Schedule No. E-14, page 8 (Bates-stamped 109). Does the Initial Connection Charge only apply to the first customer to establish service at a premise? Please explain your answer.

A. Yes. The initial connection charge only applies to the first customer to establish service at a premise. This connection cost includes the costs to process the initial request for new service, engineering for the new service, processing releases, performing inspections, setting the meter, connecting service and setting up the new account in the billing system.

Hearing Exhibit - 00000072

39. For the following question, refer to Schedule No. E-14, page 8. Can the Same Day Reconnect Charge apply when an existing customer's account is changed to another customer's name, for example, when the first customer sells his house to the second customer? Please explain your answer.

A. Yes. The proposed Same Day Reconnect Charge is for a subsequent subscriber to establish service to a premise where service has not been disconnected due to non-payment, tariff, or rule violation(s). The charge would apply when a new customer requests the existing customer's account be changed over that same day. Normally, reconnections of this type are performed the next business day after the request.

Hearing Exhibit - 00000073

40. For the following question, refer to Schedule No. E-14, page 8. Can the Saturday Reconnect Charge apply when an existing customer's account is changed to another customer's name, for example, when the first customer sells his house to the second customer? Please explain your answer.

A. Yes. It is similar to the proposed Same Day Reconnect Charge. See the company's response to Staff's Third Set of Interrogatories No. 39.

Hearing Exhibit - 00000074

41. For the following question, refer to Schedule No. E-14, page 8. When customers have been disconnected for cause, are they eligible to be reconnected under the Same Day or Saturday Reconnect Charge? Please explain your answer.

A. No. Both the Same Day and Saturday Reconnect Charges only apply to customers who are re-establishing service to a premise where the service has not been disconnected due to cause such as non-payment, tariff violation(s), or rule violation(s). Customers disconnected for cause must be reconnected during daylight hours and this cannot be accommodated under the proposed same day service. Additionally, the resources and system access required are not available under the proposed Saturday service.

Hearing Exhibit - 00000075

42. For the following question, refer to Schedule No. E-14, page 8. If customers in good standing disconnect their service on a seasonal basis, what charges would apply when service is reconnected? Please explain your answer.

A. Currently, a customer in good standing who has his service disconnected on a seasonal basis and requests his account be closed pays the connection charge upon requesting reconnection of the service. The connection charge includes costs for processing the re-activation order of the account, sending the appropriate field personnel to obtain the initial meter reading to begin billing, and re-establishing the account in the billing system.

Hearing Exhibit - 00000076

43. For the following question, refer to Schedule E-14, page 8. What is the difference between Reconnect after Disconnect at Meter for Cause and Reconnect after Disconnect at Pole for Cause, i.e., when and why would disconnection occur at a pole rather than a meter?

A. See the company's response to Staff's Third Set of Interrogatories No. 37.

Hearing Exhibit - 00000077

44. For the following request, refer to Schedule No. E-14, page 65 (Bates-stamped 166). Please explain under what circumstances Temporary Service is ordered by customers.

A. Power provided under Temporary Service includes, but is not limited to, service to construction sites, construction trailers, holiday lots such as Christmas tree lots, firework stands, and pumpkin patches, fairs, and exhibits. Temporary Service is limited to a maximum of 70 amperes at 240 volts. Service for larger loads and three-phase service is provided under the appropriate standard rate schedule.

Hearing Exhibit - 00000078

45. For the following request, refer to the direct testimony of TECO witness Ashburn, page 42. Please explain why TECO is proposing charges for Same Day Reconnect and Saturday Reconnect, e.g., requests from customers, etc.

A. Tampa Electric is proposing charges for optional same day and Saturday reconnections due to a large number of prior requests from customers. Currently, a number of customers request same day or Saturday reconnect service and on occasion, have offered to pay more if such services were available in order to meet their individual needs or schedule constraints but the company could not accommodate the requests. In assessing the feasibility of offering the optional same day and Saturday services, the company evaluated the additional costs to provide the services and explored whether the services could be accommodated by the company given existing workload, resources, and systems. Once the assessment was complete, the decision was made to offer the optional services. While the services may not be selected often by customers, the services may be seen as having value by some who are willing to pay for the convenience.

Hearing Exhibit - 00000079

46. Comparing the cost support for service charges shown on E-7 (Bate stamped pages 10-18) and the proposed rates shown on Schedule E-13b (Bate Stamped 53), the rates deviate significantly in some cases from the cost. For each service charge, please explain why TECO has chosen to deviate from the cost in setting the proposed rates.

A. Proposed charges are relatively close to the cost support provided on Schedule E-7. In most cases, the difference reflects rounding of the proposed charge to a whole number of zero or five. The only exception is the initial service connection charge; the $75.00 proposed charge is lower than the cost support of $116.55.

The initial service connection charge is proposed at a level lower than the cost support to limit what would otherwise be a significant increase from the current charge. The company also took into consideration comparable charges currently being imposed by other Florida electric utilities and determined that $75.00 is an appropriate and reasonable charge.

Hearing Exhibit - 00000080

47. For the following, please refer to the 72.0% Loading Factor referenced In Schedule E-7, pages 1-3, 5-9 (Bates-stamped pages 10-12, 14-18). The 72.0% is defined as the "Loading Factor for non-productive time, direct benefits, other payroll costs and A&G."

a. Please define "non-productive time," "direct benefits," "other payroll costs," and "A&G" and explain why each is appropriate to include in a Loading Factor.

b. Please explain and provide the calculations used to derive "non-productive time", "direct benefits", "other payroll costs", and "A&G".

c. Please explain with specificity the calculations used to derive the total Loading Factor.

A. a. Non-productive time is all time not worked but paid as a benefit to the employee including vacation time, sick time, jury duty time, holiday time, short-term disability time, funeral time, and all other paid time while not working.

Direct benefits include all of the employer portion of benefit costs provided to the employee such as retirement benefits, life insurance, medical insurance, worker's compensation insurance, long-term care insurance, education benefits, savings plan benefits, and wellness program benefits.

Other payroll costs include the employer portion of FICA taxes, employer state and federal unemployment taxes, and Tampa Electric's Success Sharing plan costs.

Administrative and General ("A&G") cost is an overhead allocation from FERC accounts 920, 921, 925, and 930.

These costs are a part of the cost of providing services and are best applied by using a loading factor.

b. The information used to derive the non-productive time, direct benefits and other payroll costs loading factor is based on the 2009 test year budget. The information used to derive the A&G costs

Hearing Exhibit - 00000081

loading factor is based on a 2003 study using budget data (calculations for the 2009 loading factor were not available at the time the initial cost support for the service charges was prepared.) See the company's response to Staff's Second Request for Production of Documents No. 33 for the calculations of non-productive time, direct benefits, other payroll costs, and A&G.

c. See the company's response to Staff's Second Request for Production of Documents No. 33 for the calculations used to derive the total loading factor.

Hearing Exhibit - 00000082

48. For the following please refer to the 41.33% Loading Factor referenced In Schedule E-7, pages 1-3, 5-9 (Bates-stamped pages 10-12, 14-18). The 41.33% is defined as the "Loading Factor for Energy Delivery's supervisory and administrative overhead."

a. Please define "Energy Delivery's supervisory and administrative overhead" and explain why it is appropriate to include in a Loading Factor. Please also explain why it is not included in the 72.0% factor.

b. Please provide and explain the calculations used to derive Energy Delivery's supervisory and administrative overhead.

c. Please explain with specificity the calculations used to derive the total Loading Factor.

A. a. The Energy Delivery supervisory and administrative overhead costs are a different expense source and are not contained in the non-productive time, direct benefits cost, other payroll costs or the A&G overhead FERC accounts 920, 921, 925, and 930. Energy Delivery supervisory and administrative overhead was calculated separately from the 72.0 percent Tampa Electric loading factor.

b. To calculate Energy Delivery's supervisory and administrative overhead, the 2009 budgeted Energy Delivery management and administrative labor (resources 00 and 02) is divided by the 2009 Energy Delivery operating labor (resource 01). This methodology was developed to allocate Energy Delivery's management and administrative cost as it relates to supporting the activities conducted by operating labor. Operating labor directly charges time to the work management system by activity, whether capital, O&M or miscellaneous charges. However, management and administrative labor supporting the operating labor does not directly charge time by the activities. Therefore, an appropriate allocation of management and administrative labor time based on operating labor activities was included to capture the appropriate amount of the overhead costs recovered in the service charges.

Hearing Exhibit - 00000083

c. See the company's response to Staff's Third Set of Interrogatories Nos. 47 and 49 along with the company's response to Staff's Second Request for Production of Documents No. 34.

Hearing Exhibit - 00000084

49. For the following please refer to the 35.5% Loading Factor referenced In Schedule E-7, page 4 (Bates-stamped page 13). The 35.5% is defined as the "Loading Factor for direct benefits and other payroll costs." According to Note (1) for the 35.5% Factor, "[N]on-productive time and indirect benefits were not included since recovered in regular time loading."

a. Are the definitions of direct benefits and other payroll costs the same for the 35.5% Loading Factor as for the 72.0% Loading Factor? Please explain your answer.

b. Are the calculations of direct benefits and other payroll costs the same for the 35.5% Factor as for the 72.0% Factor? Please explain why or why.

c. Please explain why A&G is not included in this factor when it is included in the 72% Factor.

d. Where in the 72% Factor definition can "regular time loading" be found? Please include in your explanation the definition for "regular time loading".

e. Please explain where and how the "indirect benefits" category is included in the 72% factor.

f. Please list which costs would be "double counted" if the "same Loading Factors were used."

A. a Yes, the definitions for the components used in the 35.5 percent loading factor are the same as the 72.0 percent loading factor. Although the components have the same definitions and values, not all of the components are applicable in this situation; therefore, not all were used. See the company's response to part b below for details regarding the components comprising each loading factor.

b. The calculation of the values for each component is the same; however, as provided in the table below the components comprising the loading factors are not the same.

	Non-Productive Time	Direct Benefit Costs	Other Payroll Costs	A&G Costs	Total
Regular Time	13%	22%	14%	23%	72%
Overtime	N/A	22%	14%	N/A	35.5%

c. This factor is used for the newly proposed service charge that will only be provided on Saturday, which means it is after normal (regular) working hours. Because the hours worked are after normal working hours with no additional resources being engaged, there would be no additional cost for non-productive time or A&G cost associated with this activity and therefore those costs were not included in the loading factor.

d. See the company's response to part c above. Regular time is used to describe the regularly scheduled work hours during Monday through Friday. The regularly scheduled work hours associated with the service charges received the fully loaded 72.0 percent loading factor.

e. The second sentence of paragraph (1) listed on page 4 of 9, column (4), "Non-productive time and indirect benefits were not included since recovered in regular time loading" was inadvertently included. Therefore, MFR Schedule E-7, page 4 of 9 has been revised.

f. For Saturday overtime work, the non-productive time and A&G cost load factors are not included; the rate allocation formula is as follows: hours multiplied by wage per hour multiplied by 1.355. When the Saturday wage per hour is double time, calculating the full load 72.0 percent rate on overtime pay results in over recovery of the non-productive and A&G costs for the same hour of labor on a regular weekday. Hence, using only the 35.5 percent rate is appropriate.

50. The hours listed in Schedule E-7, pages 1-9 (Bates-stamped 10-18) for "Customer Service and Office Labor Expenses" vary from 0.02 hour to 4.00 hours. Please explain in detail for each of these values the customer service and office labor that is performed and describe how the time was determined, e.g., time and motion study, observation, etc.

A. The values for customer service and office labor expenses were determined by subject matter experts from the departments responsible for performing the various duties required to complete each service. Based on current processes and procedures and the time required to complete the necessary steps in providing the service, times were assigned to each step based on observation, system automation, edits, manual processes, etc. See the company's response to OPC's First Request for Production of Documents No. 46 for documentation regarding labor performed for each service charge.

Hearing Exhibit - 00000087

51. The dollar per hour amount of Customer Service and Office Labor Expenses shown in Schedule E-7, pages 1-9 (Bates-stamped 10-18) varies from a low of $16.80 for Reconnecting Service to Subsequent Subscriber to a high of $35.05 for the Field Credit Visit and Tampering Charge Without Investigation. Please explain in detail how each of the dollar amounts for Customer Service and Office Labor Expenses in Schedule E-7 was determined, e.g., hourly rates, average hourly rates, overtime rates, loadings, etc.

A. The labor expense rate for customer service and office labor expenses is a weighted average rate of each labor type involved in providing the service multiplied by the weighted time for each labor rate involved. For each service charge, a process description, a time estimate for each labor type, and the labor rate for each labor were provided in the company's response to OPC's First Request for Production of Documents No. 46. For example, the calculations of customer service and office labor expenses for connect subsequent subscriber were as follows:

Position Description	Minutes	Percent (%)	Rate ($/hr)	Weighted Rate ($/hr)
Field Credit Dispatcher	0.6	12.0	35.05	$4.21
Customer Service Professional	4.0	80.0	12.40	$9.92
Meter Reader Dispatcher	0.4	8.0	33.43	$2.67
Weighted Expense for Customer Service and Office Labor				$16.80

The same weighting methodology was used for all service charges. The initial service connection charge used the same weighting but was more complicated because it had an additional weighting factor to reflect that 75 percent of the services are residential and 25 percent are commercial and another weighting factor to represent that 38 percent are overhead and 62 percent are underground.

52. The hours listed in Schedule E-7, pages 1-9 (Bates-stamped 10-18) for "Field Labor Expenses" vary from 0.28 hour for Field Credit Visit to 3.00 hours for Saturday Reconnect. Please explain in detail how each of the hour amounts for Field Labor Expenses in Schedule E-7 was determined, e.g., time and motion study, observation, etc.

A. Field labor expenses were determined by subject matter experts from the departments responsible for performing the various duties required to provide each service. Based on current processes and procedures and the time required to complete the necessary steps in providing the service, times were assigned to each step based on observation, routing of work, ability to leverage other field resources, etc. See the company's response to OPC's First Request for Production of Documents No. 46 for documentation regarding labor performed for each service charge.

Hearing Exhibit - 00000089

53. The dollar per hour amount of Field Labor Expenses shown in Schedule E-7, pages 1-9 (Bates-stamped 10-18) vary from a low of $25.06 for Reconnecting Service to Subsequent Subscriber to a high of $34.45 for Reconnect After Cut On Pole Disconnect for Cause. Please explain in detail how each of the dollar amounts for Field Labor Expenses in Schedule E-7 was determined, e.g., hourly rates, average hourly rates, overtime rates, etc.

A. The labor expense rate for field labor expenses is a weighted average rate of each labor type involved in the process times the weighted time for each labor rate involved. For each service charge, a process description, a time estimate for each labor type, and the labor rate for each labor were provided in the company's response to OPC's First Request for Production of Documents No. 46. For example, the calculations of the field labor expenses for the reconnect after disconnect at pole/other for cause were as follows:

Position Description	Minutes	Percent (%)	Rate ($/hr)	Weighted Rate ($/hr)
Field Credit / Meter Mechanic	12.6	60.0	26.63	$17.78
Meter Reader	8.4	40.0	18.21	$7.28
Weighted Field Labor Expense				$25.06

54. The hours listed in Schedule E-7, pages 1-9 (Bates-stamped 10-18) for "Vehicles (Transportation) Costs" vary from 0.28 hour for Field Credit Visit to 2.00 hours for Saturday Reconnect. Please explain in detail how each of the hour amounts for Vehicles (Transportation) Costs in Schedule E-7 was determined, e.g., time and motion study, observation, etc.

A. Vehicle or transportation costs were determined by subject matter experts from the departments responsible for performing the various duties required to complete work in the field. Based on current processes and procedures, and the time required to complete the necessary steps to provide the service, the vehicle costs were reconciled to field employee's time to complete the necessary tasks. See the company's response to OPC's First Request for Production of Documents No. 46 for documentation regarding labor performed for each service charge.

Hearing Exhibit - 00000091

55. The dollar per hour amount of Vehicles (Transportation) Costs shown in Schedule E-7, pages 1-9 (Bates-stamped 10-18) vary from a low of $5.33 for five of the charges to a high of $17.72 for Reconnect After Cut On Pole Disconnect for Cause. Please explain in detail how each of the dollar amounts for Vehicles (Transportation) Costs in Schedule E-7 was determined, e.g., hourly rates, average hourly rates, overtime rates, etc.

A. The vehicle expense rate for the Vehicle Costs was a weighted average rate of each vehicle type involved in the process times the weighted time for each vehicle rate involved. For each service charge a process description, a time estimate for each vehicle type, and the vehicle rate for each vehicle type was provided in the company's response to OPC's First Request for Production of Documents No. 46. For example, for the Reconnect After Cut on Pole Disconnect for Cause, the calculations of the Vehicle Expenses were:

Position Description	Minutes	Percent (%)	Rate ($/hr)	Weighted Rate ($/hr)
Vehicle Field Credit	17.0	19.1	5.33	$1.02
Trouble / Bucket Truck	72.0	80.9	20.65	$16.71
Weighted Vehicle Expense				$17.72

Hearing Exhibit - 00000092

56. Please explain, for all service charges shown in Schedule E-7, pages 1-9 (Bates-stamped 10-18), why the hours and dollar per hour costs for Vehicles (Transportation) are added after the Loading Factors have been applied.

A. The payroll and A&G loading factor in row 10 and the Energy Delivery administrative and overhead loading factor in row 12 on MFR Schedule E-7 apply to labor costs. Therefore, the loading factors should not be applied to vehicle, materials, supplies, or pager call out costs.

Hearing Exhibit - 00000093

57. Do the proposed charges for any service connections include disconnection costs as well as reconnection costs? If so, please list the service charges that include disconnection costs and explain why they include disconnection costs and reconnection costs.

A. The reconnect after disconnect for cause charges of $50.00 and $140.00 include both disconnect and reconnect costs. The appropriate reconnect after disconnect charge applies to the re-establishment of service after service has been disconnected due to non-payment, tariff violation(s), or rule violation(s). Charges are applied upon re-activation and they reflect both field visits necessary to turn off the service and to restore service once payment has been made to the company.

4

TECO's Responses to Staff's Fourth Set of Interrogatories (Nos. 58-88, 92)

58. Please refer to witness Haines Exhibit RBH-1, Document No. 3, page 1 of 1. Please explain the activities associated with planned "Blanket – Transmission" projects that are expected to be reflected in the capital investment amount of $11,965,000. In your response, please include the following:

a. A listing of the work orders that will be generated for the projects.

b. The location(s) for the work orders.

b. The labor and materials components of the work orders.

d. Nominal or estimated retirements that will be involved with the projects.

A. The budget for Energy Delivery's transmission capital blankets typically consists of trended historical activity that has been normalized and adjusted for inflation as well as projected increases or decreases in workload activity. As of 2008, blankets include capital spending that is less than $200,000 per activity or project.

a. Work orders for 2009 have not been generated by the company; however, attached is a list of the projected activities and respective spending, including labor and material costs.

b. Most of the work is associated with transmission structure remediation and change-outs related to Commission-required ground-line and above-ground inspections performed on transmission circuits disbursed throughout Tampa Electric's service area.

c. See the company's response to part a above.

d. Tampa Electric budgets for all transmission plant retirements using a historical five-year average. The amount of total transmission plant projected to be retired in the 2009 test year is $4,151,313.

Hearing Exhibit - 00000096

2009 Transmission Capital Blankets Projected Spending

		Total Spending
Planned Transmission Structure Change-Outs & Reframes [1]		**$8,551,744**
Labor	$4,453,541	
Materials	$3,081,914	
Address Overloaded Transmission Poles [2]		**$1,247,066**
Labor	$641,550	
Materials	$465,888	
Lattice Tower Foundation or Cathodic Protection Replacements		**$348,382**
Labor	$346,221	
Materials	$0	
Unplanned or Emergency Transmission Line Maintenance		**$648,157**
Labor	$345,044	
Materials	$209,005	
Transmission Growth Related New Construction [3]		**$664,673**
Labor	$522,711	
Materials	$129,840	
Transmission Right-of-Way New Construction [4]		**$180,000**
Labor	$36,000	
Materials	$141,000	
Transmission Right-of-Way Maintenance [4]		**$149,979**
Labor	$66,007	
Materials	$83,972	
Transmission Operations Support Functions		**$174,910**
Labor	$174,910	
Materials	$0	
Total	$10,697,603	**$11,964,912**

[1] Associated with ground-line and above-ground inspections

[2] Failed comprehensive loading analysis due to Tampa Electric equipment

[3] Work or project spending that totals less than $200,000

[4] Gates, roads, culverts, fences, and bridges

Hearing Exhibit - 00000097

59. Please provide comparative information for the projects included in Interrogatory No. 58 as follows: for the year 2007, provide a listing of work orders / projects done that are similar to the work described in Interrogatory No. 58 above, and provide the corresponding capital costs recorded for the 2007 work. Costs should be provided for individual work orders or projects, or groups of similar projects. Please provide a description of the project(s) and a breakdown of labor and materials costs.

A. Because the company generates over 700 individual work orders in a single year for transmission capital blankets and there are no specific 2009 work orders, the company has provided spending by activity rather than by individual work order to provide a meaningful comparison of the data requested. Attached is the comparative 2007 spending by activity.

After reviewing the details of the data provided in the company's response to OPC's Fourth Set of Interrogatories No. 64, the company has determined that certain amounts were unintentionally reflected in the blankets transmission category instead of the substation category. Additionally, Customer Service business unit blanket spending amounts were included in the Energy Delivery blanket spending from 2003 through 2007, thereby skewing the comparability of the historical results. Therefore, the aforementioned substation blanket spending was transferred and the 2003 through 2007 Customer Service blanket spending was removed from the transmission category. The company has revised its response to the aforementioned interrogatory; the attached document to this interrogatory reflects the correction.

Hearing Exhibit - 00000098

2007 Transmission Capital Blankets Actual Spending

		Total Spending
Planned Transmission Structure Change-Outs & Reframes [1]		**$7,608,297**
Labor	$4,168,355	
Materials	$2,537,908	
Address Overloaded Transmission Poles [2]		**0**
Labor	$0	
Materials	$0	
Lattice Tower Foundation or Cathodic Protection Replacements		**67,566**
Labor	$66,100	
Materials	$512	
Unplanned or Emergency Transmission Line Maintenance		**261,541**
Labor	$174,902	
Materials	$101,090	
Transmission Growth Related New Construction [3]		**505,944**
Labor	$454,585	
Materials	-$1,677	
Transmission Rights-of-Way New Construction [4]		**0**
Labor	$0	
Materials	$0	
Transmission Rights-of-Way Maintenance [4]		**102,678**
Labor	$86,650	
Materials	$10,745	
Transmission Operations Support Functions		**179,600**
Labor	$169,361	
Materials	$8,404	
	$7,776,933	**$8,725,625**

[1] Associated with ground-line & above-ground inspections

[2] Failed comprehensive loading analysis due to Tampa Electric equipment

[3] Work or project spending that totals less than $200,000

[4] Gates, roads, culverts, fences, and bridges

Hearing Exhibit - 00000099

60. Relating to Interrogatories No. 58 and 59, please describe any work projects or activities that are planned in 2009 and have no counterpart in 2007. In your response, please include detailed explanation as to the differences, as well as any similarities, to work and costs that have been booked recently.

A. Explanations of the projects or activities that are planned in 2009 and have no counterpart in 2007 are as follows:

- **Planned Transmission Structure Change-Outs and Reframes** – Pole or structure change-outs in 2007 were based on the ground-line and above-ground inspections performed in 2006, while expected change-outs in 2009 are based on inspections performed in 2008. Ground-line inspections, in particular, were enhanced beginning in late 2006 due to the requirements specified in Commission Order No. PSC-06-0144-PAA-EI to inspect each wooden transmission and distribution pole every eight years.

  In 2007, the company changed out 494 transmission poles. In 2009, the company expects to change out 546 transmission poles. This increase in change-outs is primarily due to the planned increase in ground-line inspections in 2008 compared to 2006.

- **Address Overloaded Transmission Poles** – In 2007, overloaded poles were not addressed; the company expects 85 poles to be changed-out or remedied in some manner in 2009. Due to the relative newness of the activity, the contractor performing the comprehensive loading analysis was not fully established in 2007. Currently, the contractor is performing the comprehensive analysis as well as engineering the solutions to the overloading and will continue the work in 2009.

- **Cathodic Protection Replacements and Lattice Tower Foundation Investigation** – Cathodic protection replacements were completed for 13 critical lattice towers in 2007. The company is continuing to replace and install new cathodic protection on towers in 2008 and will do so in 2009 as well. Tampa Electric is also investigating the foundations of its 214 lattice towers to determine whether remediation is needed on these structures. The foundations have not been replaced since they

Hearing Exhibit - 00000100

were constructed over 40 years ago. Therefore, the company expects some level of work will be required, which is why initial projected expenses for this work have been included in the 2009 test year budget.

- **Unplanned or Emergency Transmission Line Maintenance** – Tampa Electric experienced a milder than normal storm season in 2007, which reduced the spending needed to address damage and outages associated with storm activity. The average level of capital blankets spending for this activity from 2003 through 2007 was $1,300,000 per year. Therefore, the 2009 funding level is an increase over 2007.

- **Transmission Growth Related New Construction** – Engineering contracting, surveying and permitting costs have all increased.

- **Transmission Rights-of-Way New Construction** – The company has identified roads in our rights-of-way across the system that are in disrepair and are leading to access issues as well as some customer issues. Tampa Electric has projected the replacement of three roads in 2009.

- **Transmission Rights-of-Way Maintenance** – The company performed less than normal maintenance on its roads, gates, fences, culverts and bridges in its rights-of-way in 2007. The average level of capital blankets for this activity from 2003 through 2007 was $204,000 per year.

61. Please refer to witness Haines Exhibit RBH-1, Document No. 3, page 1 of 1. Please explain the activities associated with planned "Specific" Transmission projects that will be done on work orders that are projected to amount to capital investment of $ 9,160,000 in 2009. In your response, please include the project location and miles traversed, transmission rating, along with estimated number of substations and towers by height or class, and conductor length and classification.

A. The $9,160,000 capital investment in 2009 is comprised of the following projects:

- **Union Hall** – This substation is located in Dade City, Pasco County at 37717 Gaddis Street. Tampa Electric will construct approximately 14 new transmission structures between 85 and 95 feet and remove 23 transmission structures. The company will also remove 2,000 circuit feet of existing transmission conductor (336 ACSR rated at 690A (82 MVA) and 795 AAC rated at 1104A (131 MVA) and install 5,000 circuit feet of new transmission conductor: 3,000 feet of 954 AAC rated at 1340A (160MVA) and 2,000 feet of 795 ACSR rated at 1143A (136 MVA). The company will also install one new 69 kV circuit breaker along with miscellaneous metering at Union Hall and Dade City to modify the control area boundaries.

- **Whitehurst 69 kV Switching Station** – Tampa Electric will construct a three 69 kV circuit breaker ring bus to create a 69 kV transmission switching station. The station location is on the north side of Boot Bay road approximately 300 feet west of Whitehurst Road. All new transmission to be constructed will be comprised of 954 AAC rated at 1340A (160MVA).

- ***Wilderness 69 kV Switching Station*** – Tampa Electric will construct (will construct) a three 69 kV circuit breaker ring bus in order to create a 69 kV transmission Switching Station. The station location is on the northeast corner of Morris Bridge Road and the Hillsborough/Pasco county line. All new transmission to be constructed will be comprised of 954 AAC rated at 1340A (160MVA).

- **Gannon 230/69 kV Transmission, 69 kV Ring Bus Rebuild** – At Bayside, the existing Gannon 69 kV bus will be demolished and the

company will construct a new 69 kV ring bus with six 69 kV breakers and install one 3000A 69 kV air core inductor. At Hookers Point, the company will install two 2000A air core inductors. At Port Sutton, the company will remove the two existing 69 kV, 25kA circuit switchers and install two 69 kV 40kA circuit switchers. Additional work will be completed at Gannon substation, which is part of the aero-derivative combustion turbines construction at Bayside, for commercial operation in 2009.

- **Mobile 69 kV Capacitor Bank** – The company will construct a mobile 69 kV capacitor bank able to move between substations. The capacitor bank is rated at 57.6 MVAR.

- **Double Branch Switching Station, Circuit to Westchase Substation** – At Double Branch substation, Tampa Electric will construct a five 69 kV circuit breaker ring bus to create a transmission switching station. The company will also construct approximately 3.1 miles of 69 kV transmission from the Double Branch substation to the Westchase substation. This will be constructed with 954AAC, which is rated at 1340A (160 MVA). The number and height of the structures have not been determined at this time. In addition, a 0.6 mile loop will be constructed from Woodlands substation to Meadow Park into the ring bus at Double Branch. This will be constructed with 954 AAC, which is rated at 1340A (160 MVA). The number and height of the structures have not been determined at this time.

- **Sheldon Road Digital Fault Recorder** – Tampa Electric will install a fault recorder at its Sheldon Road substation to record transmission system disturbances. There are no transmission structures or conductors associated with this installation.

- **13kV Breaker Replacements** – Tampa Electric will replace 36 distribution circuit breakers at the following substation locations:

Substation	No. of Breakers
• Habana	5
• Alexander Road	5
• Gibsonton	2
• Temple Terrace	2

- Himes 7
- Rome 5
- Lake Silver 1
- Pine Lake 1
- Clarkwild 1
- Cypress Street 1
- Fern Street 1
- Del Webb 1
- Waters 4
- **Total 36**

Hearing Exhibit - 00000104

62. If any transmission projects of the same rating as those in Interrogatory No. 61 were booked in 2007, please describe those projects. Please provide information similar to that provided in Interrogatory No. 61, including location, transmission rating, and miles traversed.

A. The following transmission projects were constructed in 2007:

- **Cabbage Hill 69 kV Capacitor Bank** – Tampa Electric installed a 21.6 MVAR capacitor bank, one transmission structure and approximately 110 ft of 336 ACSR rated at 690A (82 MVA) at Cabbage Hill substation.

- **Fishhawk 69 kV Circuit** – Tampa Electric constructed approximately 2.4 miles of 69 kV transmission from Fishhawk substation to connect with existing 69 kV circuit to Pearson Road substation. The project consisted of approximately 80, 75 to 85 feet transmission poles and 954 AAC conductor with a maximum rating of 1340A (160 MVA). The company constructed one constructed 69 kV breaker at Fishhawk substation and re-conductored one mile of 4/0 copper to 954 AAC to reach a rating of 1340A (160 MVA), which required approximately 65 poles.

- **State Road 60 69 kV Breaker Replacements** – Tampa Electric removed and replaced eight 69 kV circuit Breakers and re-configured the existing 69 kV circuits at State Road 60. The company also installed eight new 69 kV transmission poles to complete the re-configuration around the station.

- **Ruskin 69 kV 50.4 MVAR Capacitor Bank** – At Ruskin substation, Tampa Electric installed a 50.4 MVAR 69 kV capacitor bank, which included a 69 kV circuit breaker, one 69 kV circuit switcher and the associated relay and protection equipment.

- **Circuit kV Reactors at River Substation** – Tampa Electric installed 3.5 and four ohm inductors at the River substation on two existing 69 kV circuits. Minor transmission work, which included the installation of approximately 800 feet of 954 AAC rated at 1340A (160MVA) and one pole, was completed to accommodate the installation of the inductors.

Hearing Exhibit - 00000105

- **Handcart 69 kV Switching Station/ Progress Energy Florida (PEF) Interconnect** –Tampa Electric constructed an interconnection 69 kV switching station with Progress Energy Florida ("Progress Energy"). The company constructed a four 69 kV circuit breaker transmission switching station and approximately 1.2 miles of 69 kV transmission at 954 AAC with a rating of 1340A (160 MVA). This involved constructing approximately 21 new transmission poles ranging in sizes from 45 to 100 feet concrete and steel poles. Progress Energy was responsible for constructing seven poles and re-constructing its infrastructure in the rights-of-way to accommodate the addition of Tampa Electric's infrastructure.

- **Hampton 69 kV Circuit Breaker Replacement** – Tampa Electric installed a new 69 kV circuit breaker at Hampton Substation

- **Clearview 69 kV Breaker Replacements** – Tampa Electric removed and replaced three existing 69 kV circuit breakers and upgraded a section of the 69 kV bus in the Clearview substation to 2000 amps.

- **River to Handcart Re-rate Circuits** – Tampa Electric re-rated two existing transmission circuits of 8.37 and 5.6 miles of 336 ACSR to 690A (82.5 MVA) between River and Handcart substations. This involved installing one 85 ft and five 70 ft transmission poles.

- **69 kV Breaker Replacements** – Tampa Electric replaced four existing 69 kV circuit breakers with new 69 kV gas circuit breakers to increase fault duty. All construction took place at its Ariana, Dale Mabry, and South Gibsonton substations.

- **Pebbledale Circuit Bus Swap** – At Pebbledale substation, Tampa Electric installed a new 69 kV circuit breaker on the south 69 kV bus and re-located an existing transmission circuit from the north 69 kV bus to this location. The transmission circuit installation consisted of approximately 1,600 feet of 954 AAC rated at 1340A (160 MVA), two 75 ft transmission structures.

Hearing Exhibit - 00000106

63. If the "as built" designs for the projects included in the response to Interrogatory No. 62 are different in any significant way from the designs for the projects included in the "Specific" Transmission projects planned for 2009, please explain those differences.

A. The electrical design for each similar project in 2007 and 2009 are the same. However, there can be differences in each field application due to factors ranging from differences in construction techniques due to environmental constraints, rights-of-way availability, environmental areas that could be impacted or avoided, the terrain the transmission line is crossing, etc. These differences may cause wide variations in the cost of similar projects from year to year.

Hearing Exhibit - 00000107

64. If pricing for the "Specific" transmission projects planned for 2009 is different from the pricing that was associated with the similar projects in 2007, please explain those differences.

A. Pricing for planned transmission projects in 2009 is difficult to compare against projects in 2007 due the reasons described in the company's response to Staff's Fourth Set of Interrogatories No. 63 and the lack of similarity in some of the projects.

Hearing Exhibit - 00000108

65. Please refer to witness Haines Exhibit RBH-1, Document No. 3, page 1 of 1. With respect to the projected capital investment of $ 68,101,000 for 230 kV transmission that is included in witness Haines testimony, pages 46-47 and 59, please provide the specific information for each of the projects that comprise this projected investment. Please include location of the installation(s) and miles traversed, along with estimated number of substations and towers by height or class for each installation, and conductor information.

A. There are three 230 kV projects that comprise the $68,101,000 and the expenditures in 2009 are only a portion of the total expenditures for each project. The projects are as follows:

- **Lake Agnes to Gifford** – This project is a joint 230 kV transmission line with Progress Energy being sited under the Transmission Line Siting Act ("TLSA"). Tampa Electric's portion of the 27.5 mile line is 10.5 miles. Although the pole locations have not been determined at this time, the line will begin at Tampa Electric's Lake Agnes substation and terminate at Progress Energy's Gifford substation. The conductor will be a bundled 954 ACSS-TW rated at 3786A. The typical structures heights for this project will be from 85 to 175 feet depending upon site specific locations.

- **Willow Oak 230 kV Substation and Circuit to Pebbledale** – This project consists of constructing a 230 kV transmission line approximately nine miles of 1590 ACSS rated at approximately 2693A. Although the pole locations have not been determined at this time, the 230 kV line will begin at Pebbledale substation and terminate at Willow Oak substation. The company will also construct the Willow Oak 230 kV substation, which will include one 230 kV circuit breaker at Willow Oak, a 230/69 kV 224 MVA autotransformer and a three 69 kV circuit breaker ring bus. Two 230 kV circuit breakers will be installed at the Pebbledale substation. Additionally, all the appropriate relay and control protection will be installed to operate the system properly.

- **Davis 230 kV Switching Station, 230 kV Circuit to Wheeler Road and 230/69 kV Transmission** – The project, which is being sited under the TLSA, will consist of the construction of a 12.3 mile 230 kV transmission line using transmission conductor 1590 ACSS capable of

carrying 2560A from Davis substation to Wheeler substation. Although the pole locations have not been determined at this time, the structures will be from 45 to 175 feet in height depending upon site-specific locations. The substation construction at Davis will consists of six 2000A 230 kV circuit breakers, two 3000A 230 kV circuit breakers and all the appropriate relay and protection needed to operate the system correctly. The substation construction at Wheeler will consists of constructing one 230 kV circuit breaker, one 230/69 kV 336 MVA autotransformer, five 69 kV circuit breakers and all the appropriate relay and protection equipment to operate the system.

Hearing Exhibit - 00000110

66. Please state whether there were any 230 kV transmission installations booked in 2007. If so, please provide general information such as location and miles traversed, along with associated capitalized cost.

A. There were no 230 kV transmission placed in service in 2007.

Hearing Exhibit - 00000111

70. In the 2007 Load and Resource Reliability Assessment Report provided by the Florida Reliability Coordinating Council, the Attachment B on page 25 shows that 5 projects are expected to be undertaken by TECO within five years of the report. Please state whether any of those projects are included in the projected capitalized costs for 2009 submitted in the rate case.

A. The costs related to the Lake Agnes to Gifford, Pebbledale to Willow Oak, and Davis to Wheeler 230 kV projects included in Attachment B of the 2007 Load and Resource Reliability Assessment Report provided by the Florida Reliability Coordinating Council ("FRCC") were included in the 2009 test year capital costs.

Hearing Exhibit - 00000112

71. For the projects in the FRCC Report mentioned in Interrogatory No. 70, please describe any of these projects that are underway or complete. Please include cost and completion date, which may be projected for projects underway.

A. The projects mentioned in the company's response to Staff's Fourth Set of Interrogatories No. 70 are in the pre-construction phase of engineering and final route selection. Details regarding the projects are provided in the company's response to Staff's Fourth Set of Interrogatories No. 65 and updated costs for the following projects excluding AFUDC are:

- **Lake Agnes to Gifford** – Project cost is estimated to be $43.2 million, with a planned in-service date of June 2011.
- **Pebbledale to Willow Oak** – Project cost is estimated to be $37 million, with a planned in-service date of December 2010.
- **Davis to Wheeler** – Project cost is estimated to be $37 million, with a planned in-service date of June 2010.

Hearing Exhibit - 00000113

72. For the projects in the FRCC Report mentioned in Interrogatory No. 70 that are planned and not yet underway, please provide a project description including projected cost and completion date.

A. There are two projects referred to in the FRCC Report that are not underway. Work will begin on these projects as the schedule dictates.

- **Davis to Dale Mabry** – construction of a 14 mile long 230 kV circuit from Davis substation to Dale Mabry substation. Project cost is estimated to be $30 million, with a planned in-service date of June 2012.

- **Willow Oak to Wheeler** – construction of a 17 mile long 230 kV circuit from Willow Oak to Wheeler Road substation. Project cost is estimated to be $34 million, with a planned in-service date of June 2012.

Hearing Exhibit - 00000114

73. Please list any of the projects in the FRCC Report under discussion that have not been described in the above questions, and provide general information as to the nature of the project. Please include an explanation for the project not being involved in planning by TECO even though the FRCC Report includes the transmission project as one that will be needed.

A. All but three of the projects referenced in the FRCC Report have been discussed in the preceding questions. General information for the three projects is as follows:

- **Dale Mabry to Denham East 230 kV line** – A 5.7 mile line from Tampa Electric's Dale Mabry substation to a new Progress Energy substation in south Pasco County. The in-service date has changed from June 2012 to May 2013.

- **Polk Power Station to Hardee Power Station** – A 9.4 mile line was originally planned to be in-service by June 2012. In 2007, the Polk Unit 6 Network Resource Integration Study identified a new 230 kV project, Polk to Mines to Fishhawk, which allowed this project to be delayed indefinitely.

- **Sheldon to Double Branch 230 kV line** – A 5.7 mile line from Sheldon substation to Double Branch substation along with a 230/69 kV substation at Double Branch. This project has been replaced with a North Mobley 230/69 kV project with an in-service date of June 2011.

Hearing Exhibit - 00000115

74. Schedule B-11 shows an addition of $ 41,350,000 in 2010 described as "Davis to Wheeler Transmission."

a. Please provide all the information regarding the project, including location, general description, and cost.

b. Please explain why the addition is not included in Schedule 10 of the TECO 2008 Ten-Year Site Plan.

c. Is this addition included in the Attachment B of the 2007 Load and Resource Reliability Assessment Report provided by the Florida Reliability Coordinating Council? Please explain any planning differences between TECO and FRCC indicated by your response.

A. a. The Davis 230 kV switching station, 230 kV circuit to Wheeler Road and 230/69 kV transmission line project is estimated to cost $37 million with a planned in-service date of June 2010. This project is to construct an approximately 12.3 mile 230 kV transmission line from Davis to Wheeler substations. The transmission line will be constructed using transmission conductor 1590 ACSS, which is capable of carrying 2560A. The pole locations have not been determined at this time. The project is being sited under the TLSA and the typical structures for this project will be from 45 to 125 feet in height depending upon site-specific locations.

The substation construction at Davis consists of six 2000A 230 kV circuit breakers, two 3000A 230 kV circuit breakers and all appropriate relay and protection needed to operate the system correctly. The substation construction at Wheeler consists of constructing one 230 kV circuit breaker, one 230/69 kV 336 MVA autotransformer, five 69 kV circuit breakers and all appropriate relay and protection equipment to operate the system.

b. The Davis to Wheeler project is not included in Schedule 10 of the company's 2008 Ten-Year Site Plan because it is not directly assigned to a generation expansion project.

c. The Davis to Wheeler project is included in Attachment B of the 2007 Load and Resource Reliability Assessment Report provided

Hearing Exhibit - 00000116

by the FRCC. The project scope and in-service date are the same as described in the report.

Hearing Exhibit - 00000117

75. Please explain the way that TECO identified the situations where transmission additions would be required.

a. In your response, please explain the following: how does TECO address transmission reliability, including the frequency of transmission reliability assessments.

b. In your response, please explain the following: the development and identification of reliability issues that are resolved by the transmission additions included in Docket Number 080317-EQ. When were the reliability issues identified, and what type of instability was involved? Please include a breakdown of the included additions, matched to the issues identified.

c. In your response, please provide the following: for each reliability issue identified, list options identified as a possible remedy, and the reasoning for selection or elimination of each option.

A. a. Tampa Electric separately and in conjunction with FRCC completes annual system simulations, associated assessments, and specific system studies to ensure that a reliable bulk electric system is developed to meet the specified performance requirements under single contingency conditions with normal operating procedures in effect. The performance requirements require the network to be operated to supply projected customer demands and projected firm non-recallable reserved transmission services at all demand levels over the range of forecasted system demands and under the conditions defined by the North American Electric Reliability Corporation Category B, single contingencies. The company continues to modify and upgrade the grid as necessary to meet present and future system needs.

b. Attached is a table that provides a listing of the projects identified as well as a description of the reliability issue and date identified by the company.

c. Attached is a table that provides the primary alternative considered and reason for rejecting the option.

Transmission Additions Included in Docket Number 080317-EI

Project	Reliability Issue	Year Identified
Union Hall substation and 69 kV line	Line thermal loading	2007
Whitehurst 69 kV Switching Station	Line thermal loading and voltage	2005
Wilderness 69 kV Switching Station	Line thermal loading and voltage	2005
Gannon 230/69 kV substation	Line thermal loading and voltage	2006
Mobile 69 kV cap bank	Voltage	2006
Pebbledale to Willow Oak 230 kV Circuit and 230/69 kV substation	Line thermal loading and voltage	2005
Davis to Wheeler 230 kV Circuit and 230/69 kV substation	Line thermal loading and voltage	2005
Lake Agnes to Gifford 230 kV circuit	Line thermal loading and voltage	2005

Hearing Exhibit - 00000119

Transmission Additions Included in Docket Number 080317-EI
Alternatives

PROJECT	Alternative	Reason for Elimination
Union Hall Substation and 69 kV line	Rebuild existing line	Reliability, new line out of Union Hall improves reliability
Whitehurst 69 kV Switching Station	Rebuild two 69 kV circuits	Reliability, cost
Wilderness 69 kV Switching Station	Rebuild two 69 kV circuits	Reliability, cost
Gannon 230/69 kV Substation	Construct new 230 kV circuit	Reliability, new circuit does not address 69 kV issues
Mobile 69 kV cap bank	Schedule transmission line work off peak and at night, install more permanent cap banks	Allowable construction times too restrictive; Additional permanent banks are expensive and can't be moved to support an area during an outage
Pebbledale to Willow Oak 230 kV Circuit and 230/69 kV Substation	Rebuild four 69 kV lines and install 69 kV capacitor bank	Reliability; Rebuilds do not provide loss savings or provide for future load growth
Davis to Wheeler 230 kV Circuit and 230/69 kV Substation	Radial 230 kV source from existing River Substation	Reliability, no room for new circuit at River Substation
Lake Agnes to Gifford 230 kV circuit	Numerous alternatives during FRCC Study	Cost

76. Please list the transmission projects associated with the additions included in the Schedule B-7 for years 2008 and 2009 that have been reviewed and approved by the Planning Committee of the FRCC.

A. A portion of the costs related to Davis to Wheeler, Pebbledale to Willow Oak and Lake Agnes to Gifford were included in the Schedule B-7 additions for 2008 and 2009. The FRCC Planning Committee approved these projects in 2007.

Hearing Exhibit - 00000121

77. Has TECO evaluated the transmission additions that will be needed to provide for interconnection of each of the generating installations described in Schedule 9 of the 2008 Ten-Year Site Plan?
    a. Please list the generation additions that will require additions to the TECO transmission grid, and a separate list of those that will not require additions.
    b. Please explain which required transmission addition(s) are described by information already provided in answers to the questions above.

A. Tampa Electric has determined that all of the generation additions in Schedule 9 of the company's 2008 Ten-Year Site Plan require additions to the company's transmission grid for interconnection.

    a. The generation additions that will require additions to the company's transmission grid are as follows:

    - Bayside Units 5 and 6
    - Bayside Units 3 and 4
    - Big Bend Combustion Turbine 4
    - Polk Unit 6
    - Future Combustion Turbine 1, 2, 3, 4, 5 and 6
    - Future Combustion Turbine 7, 8, 9 and 10
    - Future Combined Cycle 1

    b. None of the additions are described in answers to the previous questions.

Hearing Exhibit - 00000122

78. Please provide an update as to the status of generating additions that were planned to begin construction in August 2008, as shown in Schedule 9 of the 2008 Ten-Year Site Plan. In your response, please include any changes in projected costs for these additions. Please explain where the costs for those additions appear in the current rate case, and whether changes in costs are reflected in the MFR's.

A. There are no changes in the projected costs for the generating additions, Bayside Units 3, 4, 5 and 6 and Big Bend CT 4 as shown in Schedule 9 of the company's 2008 Ten-Year Site Plan. The overall projected costs for the five aero combustion turbines remain at $236.6 million. The public notice for the air construction permit was received on September 29, 2008. The company anticipates receiving the Big Bend permit in November. Additionally, the piling contractor began work on October 1, 2008 at the Bayside site. Design engineering is substantially complete. Through September, the company has spent about $110 million.

Attached is a list of MFRS where the costs for these additions appear.

Hearing Exhibit - 00000123

Bayside 3,4,5,6
Big Bend 4

	Bate Stamp	MFR	Line	Column
Asset cost & Accum depr as budgeted	1	B-1	2	1,2
CWIP earning AFUDC removal	4	B-2	11	1
Asset cost as proforma total amount	5	B-2	5,6	1
Asset cost as budgeted	20	B-5	2	1
Asset cost as budgeted	21	B-6	7	1
Accum depr as budgeted	22	B-6	7	1
Asset cost as budgeted	32	B-7	28	5
Asset cost as budgeted	35	B-7	20,28	5
Asset cost as budgeted	36	B-7	4,12	5
Accum depr as budgeted	68	B-9	30	4
Accum depr as budgeted	71	B-9	20,28	4
Accum depr as budgeted	72	B-9	4,12	4
Asset cost as budgeted	102	B-11	6,7,12	4
Asset cost as budgeted	103	B-12	11	3
Asset cost as budgeted	104	B-13	23,24,25	3,8
Expenses as budgeted	1	C-1	9,17	1
Expenses as proforma adjustment	6	C-2	9,17,19,21	5,6
Expenses as proforma adjustment	12	C-3	10,12	1
Expenses as budgeted	15	C-4	29	1
Expenses as budgeted	29	C-6	27	1
Expenses as budgeted	35	C-8	8	3
Expenses as budgeted	36	C-8	9	3
Expenses as proforma total amount	115	C-36	4	5
Expenses as proforma total amount	116	C-37	3	2,3
Expenses as proforma total amount	117	C-38	3	1,7
Expenses as proforma total amount	120	C-41	3	1,2
Production Plant Expansion	775	F-8	8-13	
Net Capability	780	F-8	7-10; 22	
Unit Outage Rates	782	F-8	9;16	
Unit Heat Rate	783	F-8	6;10	

79. Please refer to MFR Schedule B-9, page 26 of 27, Historical Prior Year Ended 12/31/2007. For each of the accounts listed below, please explain why the amounts in the Adjustments/Transfers Column (7) differ from the corrective reserve allocations approved in the company's last depreciation study, in Order No. PSC-08-0014-PAA-EI, issued January 4, 2008, in Docket No. 070284-EI. Please provide any calculations needed to support your response.

a. Account 362 – Station Equipment

b. Account 390 – Structures & Improvements

c. Account 392.1 – Light Trucks

A. In addition to reserve transfers approved in Order No. PSC-08-0014-PAA-EI ("the Order"), the company is required to transfer reserves associated with cost transfers.

a. The reserve allocation approved in the Order for account 362 is ($8,990,122). The additional amount of ($2,400.03) consists of reserve transfers associated with cost transfers.

b. The reserve allocation approved in the Order for account 390 is $2,011,100. The amount of ($100,511.60) consists of reserve transfers associated with cost transfers.

c. The amount of ($573,000) in account 392.1 corresponds to the ($572,412) reserve allocation amount approved in the Order, rounded to the nearest thousand.

Attached are documents providing the calculation and transaction support for the amounts in the Adjustments/Transfers Column (7).

Hearing Exhibit - 00000125

Staff's Fourth Set of Interrogatories
Interrogatory No. 79

Description	Month	Year	Reserve Transfers	
a. Account 362.00				
Reserve transfer per Order No. PSC-08-0014-PAAA-EI, page 3.	12	2007	(8,990,122.00)	
Reserve transfers associated with cost transfers	12	2007	(2,400.03)	Note
Total Adjustments/Transfers			(8,992,522.03)	
b. Account 390.00				
Reserve transfer per Order No. PSC-08-0014-PAAA-EI, page 3.	12	2007	2,011,100.00	
Reserve transfers associated with cost transfers	5	2007	(58.35)	
Reserve transfers associated with cost transfers	7	2007	(1,219.57)	
Reserve transfers associated with cost transfers	11	2007	156.55	
Reserve transfers associated with cost transfers	11	2007	6.68	
Reserve transfers associated with cost transfers	12	2007	(101,796.94)	Note
Reserve transfers associated with cost transfers	12	2007	2,400.03	Note
			(100,511.60)	
Total Adjustments/Transfers			1,910,588.40	
c. Account 392.01				
Reserve transfer per Order No. PSC-08-0014-PAAA-EI, page 3.	12	2007	(572,412.00)	

Note: The Plant Accounting System created a reserve transfer equal to the cost transfer. This will be researched in October, 2008.

Hearing Exhibit - 00000126

JE 90030

DO NOT KP IN CPR

TAMPA ELECTRIC COMPANY
DETAIL OF PROPERTY TRANSFERRED
SOURCE 79

December-07

PAGE NO. T-5

DESCRIPTION	COID	PLANT ACCT NO	RETIREMENT UNIT PAC1	PAC2	PAC3	PAC4	PAC5	ASSET NUMBER	LOC	YEAR INST	QTY	U/M	TOTAL TRANSF. PRICE	RET CDE
TRANS FROM 36200000	TC013	39000000	000	I91	000	000	000	0065939000	TC013	2006	10	EA	2,400.03	C
TRANS TO 39000000	TC013	36200000	000	I91	000	000	000	0065939000	TC013	2006	10	EA	-2,400.03	C
												TOTALS	0.00	

TITLE OF ENTRY: DETAIL OF PROPERTY TRANSFERRED

PLEASE PUNCH ABOVE DESCRIPTION

PREPARED BY
SILVIA PEREZ

CHECKED BY
KIM COCKFIELD

APPROVED BY
ANTHONY TRASK

PUNCHED BY
SILVIA PEREZ

Hearing Exhibit - 00000127

TAMPA ELECTRIC COMPANY
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CO. ID	VINTAGE	ACCOUNT TRSF FROM	ACCOUNT TRSF TO	COST	RSV RATIO	NET SAL %	RSV THRU 2004	DEP RATE	DEPR AMT	RESERVE TRANSFER
0128T	2006	39000000	39700000	7,299.48				0.035	21.29	21.29
0150T	2006	39000000	35200000	9,052.39				0.035	26.40	26.40
0318T	2006	39000000	35200000	3,825.76				0.035	11.16	11.16
				20,177.63					58.85	58.85

DEBIT	39000000	58.85
CREDIT	39700000	(21.29)
	35200000	(37.56)

JFEXO 06/04/07

Hearing Exhibit - 00000128

COPY

JE 90030
TAMPA ELECTRIC COMPANY
DETAIL OF PROPERTY TRANSFERRED
SOURCE 79

DO NOT KP IN CPR

May-07

PAGE NO. T-1

DESCRIPTION	COID	PLANT ACCT NO	RETIREMENT UNIT PAC1	PAC2	PAC3	PAC4	PAC5	ASSET NUMBER	LOC	YEAR INST	QTY	U/M	TOTAL TRANSF. PRICE	RET CDE
TRANS FROM 39000000	0128T	39700000	AMT	T07	000	000	000	0065939300	0128T	2006	1	EA	7299.48	C
TRANS TO 39700000	0128T	[illegible]	AMT	T07	000	000	000	0065939300	0128T	2006	-1	EA	-7299.48	C
TRANS FROM 39000000	0150T	35200000	000	L65	000	000	000	0065940300	0150T	2006	2	EA	9052.39	C
TRANS TO 35200000	0150T	[illegible]	000	L65	000	000	000	0065940300	0150T	2006	-2	EA	-9052.39	C
TRANS FROM 39000000	0318T	35200000	000	L65	000	000	000	0065941100	0318T	2006	1	EA	3825.76	C
TRANS TO 35200000	0318T	[illegible]	000	L65	000	000	000	0065941100	0318T	2006	-1	EA	-3825.76	C
TRANS FROM 39100030	TC013	39700000	AMT	GEN	EQP	000	000	0065943500	TC013	2006	1	EA	14247.29	C
TRANS TO 39700000	TC013	39100030	AMT	GEN	EQP	000	000	0065943500	TC013	2006	-1	EA	-14247.29	C
												TOTALS	0.00	

390 Rate .035

Amort > Amortizables

TITLE OF ENTRY: DETAIL OF PROPERTY TRANSFERRED

PLEASE PUNCH ABOVE DESCRIPTION

PREPARED BY	CHECKED BY	APPROVED BY	PUNCHED BY
SILVIA PEREZ	KIM COCKFIELD	ANTHONY TRASK	SILVIA PEREZ

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CO. ID	VINTAGE	ACCOUNT TRSF FROM	COST	RSV RATIO	NET SAL %	RSV THRU 2004	DEP RATE	DEPR AMT	RESERVE TRANSFER
BBC40	2006	39000000	83,627.39				0.035	1,219.57	1,219.57
	DEBIT	39000000	1,219.57						
	CREDIT	31100400	(1,219.57)						

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JFEXO 07/05/07

Hearing Exhibit - 00000130

COPY

JE 90030
TAMPA ELECTRIC COMPANY
DETAIL OF PROPERTY TRANSFERRED
SOURCE 79

DO NOT KP IN CPR

March-07

PAGE NO. 1-4

DESCRIPTION	COID	PLANT ACCT NO	RETIREMENT UNIT PAC1	PAC2	PAC3	PAC4	PAC5	ASSET NUMBER	LOC	YEAR INST	QTY	U/M	TOTAL TRANSF. PRICE	RET CDE
TRANS FROM 39000000	BBC40	31100400	A01	012	000	000	000	0065933600	BBC40	2005	5	EA	83627.39	C
TRANS TO 31100400	BBC40	[redacted]	A01	012	000	000	000	0065933600	BBC40	2006	-5	EA	-83627.39	C

PROJ # or CO. ID	VINTAGE	ACCOUNT TRSF FROM	COST	RSV RATIO	NET SAL %	RSV THRU 2004	DEP RATE	DEPR AMT	RESERVE TRANSFER
BBSTA	2004	31100400	93,927.65				0.020	156.55	156.55
BBSTA	2005	31100400	7,869.29				0.020	13.12	13.12
			101,796.94						169.67

	DEBIT	31100400	169.67
	CREDIT	39100000	(156.55)
	CREDIT	39100010	(13.12)

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JFEXO 11/09/07

Hearing Exhibit - 00000132

JE90030

TAMPA ELECTRIC COMPANY
DETAIL OF PROPERTY TRANSFERRED
JOURNAL ENTRY 90030

MONTH: NOVEMBER 2007 SOURCE 79 PAGE NO. T-1

DESCRIPTION	CO. ID	PLANT ACCOUNT NUMBER	RETIREMENT UNIT PAC	PAC	PAC	PAC	PAC	ASSET NUMBER	LOCATION	YEAR INST.	QTY	UM	TOTAL TRANSFER PRICE	REAS FOR TRFR
SIZE: 22AN	6N	8N	3AN	3AN	3AN	3AN	3AN	10N	5N	5N	5N	3A	14N	4AN
PAN TRUE UP WITH CPR	BBSTA	31100400	000	L02	000	000	000	0065984800		2004	-1	EA	(93,927.65)	
PAN TRUE UP WITH CPR	BBSTA	31100400	000	L02	000	000	000	0065984900		2005	-1	EA	(7,869.29)	
PAN TRUE UP WITH CPR	BBSTA	[illegible]	000	L02	000	000	000	0065984800		2004	1	EA	93,927.65	
PAN TRUE UP WITH CPR	BBSTA	39100010	000	L02	000	000	000	0065984900		2005	1	EA	7,869.29	
TO CORRECT CPR WITHMANATEE VEIWING CENTER.											TOTAL	0	0.00	

Copy

Rate 31140 .020

PREPARED BY:	CHECKED BY:	APPROVED BY:	CARD PUNCHED BY:
William Arcand	ROYCE BURT		

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TAMPA ELECTRIC COMPANY
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Hearing Exhibit - 00000133

CO. ID	VINTAGE	ACCOUNT CLASS	ACCOUNT RECLASS	AMOUNT	DEP RATE	DEPR AMT	RESERVE TRANSFER
BBSTA	2005	31100400	39000000	7,869.29	0.020	3.34	3.34
BBSTA	2006	31100400	31600400	22,911.47	0.020	3.34	3.34
BBSTA	2004	31100400	39000000	93,927.65	0.020	3.34	3.34
BBC40	2005	31500400	31200400	72,729.36	0.030	5.01	5.01
PHSEB	2007	34300280	34100280	4,774.12	0.037	6.19	6.19
							21.22

DEBIT	31100400	10.02
DEBIT	31500400	5.01
DEBIT	34300280	6.19
CREDIT	[illegible]	[illegible]
CREDIT	31600400	(3.34)
CREDIT	31200400	(5.01)
CREDIT	34100280	(6.19)

Hearing Exhibit - 00000134

JE90030

[redacted]

MONTH: November, 2007 SOURCE 79 PAGE NO. T-2

DESCRIPTION	CO. ID	PLANT ACCOUNT NUMBER	RETIREMENT UNIT PAC	PAC	PAC	PAC	PAC	ASSET NUMBER	LOCATION	YEAR INST.	QTY	UM	TOTAL TRANSFER PRICE	REAS FOR TRFR	
SIZE: 22AN	6N	8N	3AN	3AN	3AN	3AN	3AN	10N	5N	5N	5N	3A	14N	4AN	
POWER PLANT EQP	BBSTA	31100400	000	L02	000	000	265	0065984900	BBSTA	2005	(1)	EA	(7,869.29)	C	31140 Rate
POWER PLANT EQP	BBSTA	[redacted]	800	L02	000	000	265	0065984900	BBSTA	2005	1	EA	7,869.29	C	.020
POWER PLANT EQP	BBSTA	31100400	AMT	GEN	EQP	316	000	0065984500	BBSTA	2006	(1)	EA	(22,911.47)	C	31140 Rate
POWER PLANT EQP	BBSTA	31600400	AMT	GEN	EQP	316	000	0065984500	BBSTA	2006	1	EA	22,911.47	C	.020
POWER PLANT EQP	BBC40	31500400	C28	069	000	312	003	0065986100	BBC40	2005	(1)	EA	(72,729.36)	C	31340 Rate
POWER PLANT EQP	BBC40	31200400	C28	069	000	312	003	0065986100	BBC40	2005	1	EA	72,729.36	C	.030
POWER PLANT EQP	BBSTA	31100400	000	L02	000	000	264	0065984800	BBSTA	2004	(1)	EA	(93,927.65)	C	31140 Rate
POWER PLANT EQP	BBSTA	[redacted]	000	L02	000	000	264	0065984800	BBSTA	2004	1	EA	93,927.65	C	.020
POWER PLANT EQP	PHSEB	34300280	A20	338	000	341	001	0065986500	PHSEB	2007	(1)	EA	(4,774.12)	C	31308 Rate
POWER PLANT EQP	PHSEB	34100280	A20	338	000	341	001	0065986500	PHSEB	2007	1	EA	4,774.12	C	.037
TRANSFERS FROM 10/07 AUTOCLOSE										TOTAL	0		0.00		

PREPARED BY:	CHECKED BY:	APPROVED BY:	CARD PUNCHED BY:
ROYCE BURT			

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TAMPA ELECTRIC COMPANY
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Hearing Exhibit - 00000135

JE90030

TAMPA ELECTRIC COMPANY
DETAIL OF ASSET TRANSFERRED
JOURNAL ENTRY 90030

MONTH: DECEMBER 2007 SOURCE 79 PAGE NO. T-2

DESCRIPTION	CO. ID	PLANT ACCOUNT NUMBER	RETIREMENT UNIT PAC	PAC	PAC	PAC	PAC	ASSET NUMBER	LOCATION	YEAR INST.	QTY	UM	TOTAL TRANSFER PRICE	REAS FOR TRFR
SIZE: 22AN	6N	8N	3AN	3AN	3AN	3AN	3AN	10N	5N	5N	5N	3A	14N	4AN
POWER PLANT EQP	BBSTA	[illegible]	000	L02	000	000	000	0065984800	BBSTA	2004	(1)	EA	(93,927.65)	C
POWER PLANT EQP	BBSTA	31100400	000	L02	000	000	000	0065984800	BBSTA	2004	1	EA	93,927.65	C
POWER PLANT EQP	BBSTA	[illegible]	000	L02	000	000	000	0065984900	BBSTA	2005	(1)	EA	(7,869.29)	C
POWER PLANT EQP	BBSTA	31100400	000	L02	000	000	000	0065984900	BBSTA	2005	1	EA	7,869.29	C
													=101,769	94
										TOTAL	0		0.00	

To correct a double entry made on T-1 and T-2 in November

PREPARED BY:	CHECKED BY:	APPROVED BY:	CARD PUNCHED BY:
William Arcand	ROYCE BURT		

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TAMPA ELECTRIC COMPANY
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Hearing Exhibit - 00000136

80. Please refer to MFR Schedule B-9, pages 75 – 78, for the Projected Prior Year Ended 12/31/2008. For each of the following accounts, please explain why net salvage is shown, but no retirements are shown in accumulated depreciation or in the corresponding plant accounts. In your response, please explain how the amount of the salvage was derived and whether any items were retired. If any items were retired, please provide the dates and amounts of the retirements.

a. Page 75, Line 12 - Account 312,41 – Boiler Plant Equipment ($73,000)

b. Page 75, Line 20 – Account 312.42 – Boiler Plant Equipment ($3,238,000)

c. Page 75, Line 21 – Account 324,42 – Turbogenerator Units ($1,029,000)

d. Page 75, Line 22 – Account 315.42 – Accessory Electric Equipment ($61.000)

e. Page 75, Line 27 – Account 311.43 – Structures and Improvements ($14.000)

f. Page 76, Line 12 – Account 314.45 – Boiler Plant Equipment – ($200,000)

g. Page 76, Line 20 – Account 314.46 – Turbogenerator Units – ($3,000)

h. Page 78, Line 4 – Account 341,41 – Structures and Improvements ($16,000)

i. Page 78, Line 24 – Account 343.28 – Prime Movers, ($37,000)

j. Page 79, Line 12 – Account 343.81 – Prime Movers, ($225,000)

A. For the accounts listed above, net salvage is shown but retirements are not shown in accumulated depreciation or in the corresponding plant accounts because of the disparity in the budgeted timing between net salvage and retirements. The net salvage is forecasted primarily for late in 2008 but the retirements are budgeted in early 2009. See the retirement amounts on MFR Schedule B-9, pages 66 through 69, for the projected test year ended December 31, 2009. The amount of net

Hearing Exhibit - 00000137

salvage is budgeted by each operating group based on the planned removal activity.

Hearing Exhibit - 00000138

81. Please refer to Schedule C-2, line 17, for the Projected Test Year Ended 12/31/2009, Projected Prior Year Ended 12/31/2008, and Historic Test Year Ended 12/31/2007. For each year, please provide the breakdown of depreciation expense for each plant account, by month. Please show the rate used and include the total expense by account for each year.

A. Attached is the requested information for each year-end 2007 through 2009.

Hearing Exhibit - 00000139

TAMPA ELECTRIC COMPANY
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DEPR EXP		MONTH												
PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
30100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30300	-	296,134	231,659	226,963	227,400	227,178	226,040	224,316	223,445	222,949	223,471	221,701	220,668	2,771,924
30302	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31001	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31040	-	-	-	-	-	-	-	-	-	15,000	-	-	-	15,000
31050	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31060	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31070	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31075	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31101	0.035	4,405	4,501	4,663	4,678	4,683	4,680	4,678	4,709	4,757	4,812	4,849	4,974	56,389
31111	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31130	0.020	44,723	44,778	44,805	44,816	44,838	44,867	44,864						313,691
	0.023								(262,288)	411,980	51,181	51,092	25,563	277,527
31131	0.022	4,976	4,976	4,976	4,976	4,976	4,976	4,976						34,834
	0.023								6,786	5,203	5,203	5,203	2,601	24,995
31132	0.016	1,906	1,906	1,906	1,906	1,906	1,906	1,906						13,341
	0.023								8,577	2,740	2,740	2,740	1,370	18,166
31133	-								(22,570)	-	-	-	-	(22,570)
	0.050	3,224	3,224	3,224	3,224	3,224	3,224	3,224						22,570
31134	-								(12,427)	-	-	-	-	(12,427)
	0.043	1,775	1,775	1,775	1,775	1,775	1,775	1,775						12,427
31135	0.022	-	-	-	-	-	-	-						-
	0.023								-	-	-	-	-	-
31136	0.016	-	-	-	-	-	-	-						-
	0.023								-	-	-	-	-	-
31140	0.020													
	0.023	119,803	120,031	120,384	120,347	119,744	121,563	124,024	(2,298)	108,179	108,556	108,636	119,916	443,189
31141	0.014													845,916
	0.022	14,784	14,788	14,789	14,789	14,789	14,790	14,759	(28,260)	9,372	9,372	9,372	9,372	9,229
31142	0.016													103,488
	0.024	15,955	15,955	15,955	15,955	15,955	15,955	15,905	(26,642)	10,570	10,570	10,570	10,570	15,839
31143	0.012													111,837
	0.019	24,213	24,213	24,213	24,213	24,213	24,213	24,172	(47,189)	15,240	15,240	15,241	15,247	13,780
31144	0.014													169,450
	0.019	96,361	96,361	96,376	96,392	96,400	96,408	96,409	(106,515)	71,038	71,049	71,068	71,480	176,119
31145	0.015													674,706
	0.020	36,586	36,581	36,593	36,605	36,606	36,606	36,501	(36,722)	27,297	27,297	27,297	27,297	72,467
31146	0.026													256,079
	0.035	37,043	37,043	37,043	37,043	37,043	37,043	37,043	(39,159)	27,517	27,517	27,517	27,517	70,911
31150	-	-	-	-	-	-	-	-						259,299
31151	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31152	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31153	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31154	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31155	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31156	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31157	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31160	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31161	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31162	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31164	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31165	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31170	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31171	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31172	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31173	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31174	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31175	0.020	5,400	5,400	5,400	5,400	5,400	5,400	5,400						37,798
	0.023								(31,588)	49,677	6,210	6,210	3,105	33,613
31176	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31177	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31178	-													-
	0.050	1,166	1,166	1,166	1,166	1,166	1,166	1,166	(8,162)	-	-	-	-	(8,162)
31179	-													8,162
	0.043	1,323	1,323	1,323	1,323	1,323	1,323	1,323	(9,259)	-	-	-	-	(9,259)
31200	-	-	-	-	-	-	-	-						9,259
31211	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31230	0.017	3,536	3,536	3,536	3,536	3,536	3,536	3,536						-
	0.025								(19,606)	41,489	5,090	5,090	2,545	24,751
31231	-	-	-	-	-	-	-	-						34,808
								2009 -						-

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 81
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DEPR EXP		MONTH												
PAN	DEPR_RATE	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
31231	0.029								436	-	-	-	-	436
31232	0.011	696	696	696	696	696	696	696						4,871
	0.029								9,805	1,835	1,835	1,835	917	16,226
31233	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31234	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31235	0.020	-	-	-	-	-	-	-						-
	0.029								-	-	-	-	-	-
31236	0.011	-	-	-	-	-	-	-						-
	0.029								-	-	-	-	-	-
31240	0.026	181,108	183,875	186,077	185,577	186,314	187,891	189,318	190,971	192,243	192,573	193,344	196,350	2,265,641
31241	0.033								(23,928)	223,815	219,464	215,545	214,793	849,689
	0.038	274,332	274,484	276,262	276,330	275,352	274,573	272,136						1,823,469
31242	0.031								(232,732)	177,461	177,170	177,061	177,311	476,270
	0.041	250,972	244,127	237,436	237,522	237,801	238,121	236,783						1,682,762
31243	0.026								(78,720)	213,291	212,896	212,930	213,350	773,747
	0.031	260,783	260,629	260,736	261,079	261,225	261,101	260,389						1,825,942
31244	0.024								300,148	572,471	570,710	566,790	564,956	2,575,076
	0.026	443,179	443,218	443,406	443,683	530,078	618,357	620,369						3,542,293
31245	0.023								(147,634)	302,879	302,981	303,041	304,379	1,065,645
	0.028	355,140	355,220	355,339	355,416	362,415	389,510	389,033						2,522,073
31246	0.029								(276,324)	143,592	143,592	143,592	143,592	298,046
	0.041	205,367	205,367	205,367	205,367	205,367	205,367	205,367						1,437,587
31250	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31251	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31252	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31253	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31254	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31255	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31256	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31257	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31260	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31261	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31262	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31263	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31264	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31265	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31270	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31271	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31272	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31273	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31274	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31275	0.017	833	833	833	833	833	833	833						5,833
	0.025								3,970	1,225	1,225	1,225	613	8,259
31276	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31277	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31278	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31279	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31411	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31430	0.021	2,872	2,872	2,872	2,872	2,872	2,872	2,872						20,104
	0.029								(16,138)	31,729	3,966	3,966	1,983	25,506
31431	0.030	59,897	59,897	59,897	59,897	59,897	59,897	59,897						419,280
	0.040								219,823	79,727	79,591	79,591	39,796	498,328
31432	0.028	79,727	79,727	79,727	79,727	79,727	79,727	79,727						556,088
	0.039								330,288	110,027	109,005	109,005	54,502	712,837
31433	-								(281,544)	-	-	-	-	(281,544)
	0.040	40,221	40,221	40,221	40,221	40,221	40,221	40,221						281,544
31434	-								(192,950)	-	-	-	-	(192,950)
	0.037	27,564	27,564	27,564	27,564	27,564	27,564	27,564						192,950
31435	0.030	-	-	-	-	-	-	-						-
	0.040								-	-	-	-	-	-
31436	0.028	-	-	-	-	-	-	-						-
	0.039								-	-	-	-	-	-
31440	0.018	6,963	6,963	6,963	6,974	6,965	6,965	6,955	6,945	6,945	6,945	6,945	6,945	83,535
31441	0.025								7,318	61,689	63,673	65,658	65,659	263,998
	0.028	76,721	76,765	76,794	76,726	76,661	76,662	76,386						536,716
31442	0.025								(44,831)	62,438	62,438	62,438	62,438	204,923
	0.031	82,749	80,508	78,398	78,397	78,265	78,134	77,779						554,230
31443	0.018								(61,103)	45,043	45,046	45,076	45,390	119,452
	0.024	60,778	60,778	60,778	60,778	60,778	60,778	60,668						425,337
31444	0.020								(2,548)	143,362	143,375	143,376	143,364	570,928
	0.023	157,039	157,039	157,046	157,053	160,779	164,782	164,973						1,118,712
31450	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31451	-	-	-	-	-	-	-	2009 -	-	-	-	-	-	-

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DEPR EXP		MONTH												
PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
31452	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31453	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31454	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31455	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31456	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31460	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31461	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31462	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31463	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31464	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31465	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31470	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31471	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31472	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31473	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31474	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31475	-													
	0.017	-	-	-	-	-	-	-	-	-	-	-	-	-
31476	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31477	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31478	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31479	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31511	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31530	0.038	8,227	8,227	8,227	8,227	8,227	8,227	8,227						57,592
	0.043								(48,282)	74,460	9,310	8,310	4,655	48,473
31531	0.032								6,401	8,193	8,193	8,193	4,096	35,075
	0.033	8,449	8,449	8,449	8,449	8,449	8,449	8,449						59,141
31532	0.021	3,863	3,863	3,863	3,863	3,863	3,863	3,863						27,038
	0.031								18,577	5,702	5,702	5,702	2,851	38,534
31533	-								(21,634)	-	-	-	-	(21,634)
	0.033	3,091	3,091	3,091	3,091	3,091	3,091	3,091						21,634
31534	-								(25,898)	-	-	-	-	(25,898)
	0.045	3,700	3,700	3,700	3,700	3,700	3,700	3,700						25,898
31535	0.032								-	-	-	-	-	-
	0.033	-	-	-	-	-	-	-						-
31536	0.021	-	-	-	-	-	-	-						-
	0.031								-	-	-	-	-	-
31540	0.030								(34,472)	39,842	39,827	39,764	41,155	126,116
	0.038	50,400	50,405	50,432	50,427	50,440	50,460	50,462						353,027
31541	0.025								(21,333)	17,211	16,900	16,589	17,244	46,611
	0.033	22,699	22,715	22,715	22,714	22,716	22,717	22,719						158,994
31542	0.025								(17,153)	17,802	17,525	17,248	17,832	53,254
	0.032	23,025	22,799	22,799	22,799	22,799	22,799	22,799						159,819
31543	0.025								(28,014)	40,390	40,390	40,390	40,390	133,546
	0.031	50,660	50,660	50,661	50,661	50,661	50,661	50,661						354,624
31544	0.021								(58,807)	80,210	77,121	77,068	76,891	251,483
	0.027	83,850	83,850	83,850	83,894	95,251	106,916	107,327						644,937
31545	0.021								(21,931)	32,958	32,727	32,498	32,500	108,751
	0.026	40,741	40,741	40,741	40,771	40,807	40,813	40,808						285,423
31546	0.033								(26,320)	23,475	23,475	23,475	23,475	67,579
	0.043	30,588	30,588	30,588	30,588	30,588	30,588	30,588						214,118
31550	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31551	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31552	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31553	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31554	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31555	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31556	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31557	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31560	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31561	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31562	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31564	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31565	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31570	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31571	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31572	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31573	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31574	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31575	-								-	-	-	-	-	-
	0.038	-	-	-	-	-	-	-						-
31576	-								-	-	-	-	-	-
	0.033	-	-	-	-	-	-	2009 -						-

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DEPR EXP		MONTH												
PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
31577	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.021	-	-	-	-	-	-	-	-	-	-	-	-	-
31578	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.033	-	-	-	-	-	-	-	-	-	-	-	-	-
31579	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.021	-	-	-	-	-	-	-	-	-	-	-	-	-
31600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31601	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.035	-	-	-	-	-	-	-	26	22	22	22	22	114
31611	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31617	-	13,234	13,234	12,915	13,006	13,168	13,192	13,192	13,308	12,947	12,892	12,827	12,855	158,770
31630	0.030	7,623	7,623	7,623	7,623	7,623	7,623	7,623						53,359
	0.034								(44,919)	68,714	8,240	8,240	4,120	44,396
31631	0.023	350	350	350	350	350	350	350						2,453
	0.025								594	381	381	381	190	1,927
31632	0.020	279	279	279	279	279	279	279						1,950
	0.026								947	362	362	362	181	2,215
31633	-								(835)	-	-	-	-	(835)
	0.035	119	119	119	119	119	119	119						835
31634	-								(1,709)	-	-	-	-	(1,709)
	0.054	244	244	244	244	244	244	244						1,709
31635	0.023	-	-	-	-	-	-	-						-
	0.025								-	-	-	-	-	-
31636	0.020	-	-	-	-	-	-	-						-
	0.026								-	-	-	-	-	-
31640	0.025	10,416	10,414	10,415	10,415	10,294	10,173	10,186						72,312
	0.031								30,001	12,647	12,647	12,854	13,310	81,460
31641	0.012								(3,120)	646	646	646	646	(539)
	0.022	1,183	1,183	1,183	1,183	1,183	1,183	1,183						8,284
31642	0.020								(7,289)	900	900	900	900	(3,890)
	0.046	2,070	2,070	2,070	2,070	2,070	2,070	2,070						14,488
31643	0.025	2,765	2,766	2,766	2,766	2,766	2,766	2,766						19,360
	0.027								4,536	2,987	2,987	2,987	2,987	16,483
31644	0.017								(8,112)	7,662	7,662	7,662	7,662	22,534
	0.022	9,915	9,915	9,915	9,915	9,915	9,915	9,915						69,405
31645	0.020								(498)	1,246	1,246	1,246	1,246	4,486
	0.024	1,496	1,496	1,496	1,496	1,496	1,496	1,496						10,469
31646	0.025								(12,904)	3,708	3,708	3,708	3,708	1,928
	0.041	6,081	6,081	6,081	6,081	6,081	6,081	6,081						42,569
31647	-	26,524	25,237	24,717	24,056	24,008	23,964	23,373	24,237	25,001	25,109	25,043	24,985	296,271
31650	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31651	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31652	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31653	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31654	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31655	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31656	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31657	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31660	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31661	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31662	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31664	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31665	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31670	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31671	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31672	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31673	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31674	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31675	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.030	-	-	-	-	-	-	-	-	-	-	-	-	-
31676	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31677	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.020	-	-	-	-	-	-	-	-	-	-	-	-	-
31678	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.035	-	-	-	-	-	-	-	-	-	-	-	-	-
31679	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.054	-	-	-	-	-	-	-	-	-	-	-	-	-
31701	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31702	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31703	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31704	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31705	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31706	-	-	-	-	-	-	-	-	-	-	-	-	-	-

DEPR EXP PAN	DEPR_RATE	MONTH 1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
34028	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34030	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34042	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34080	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34081	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34128	0.034													-
	0.037	29,022	29,022	29,022	29,022	29,022	29,022	29,022	10,197	26,666	26,663	26,669	26,676	116,871
														203,157
34130	0.023													
	0.043	122,626	122,644	122,671	122,708	122,922	123,162	123,220	(334,264)	65,544	65,613	65,831	94,914	(42,363)
														859,954
34131	0.023													
	0.043	69,051	69,051	69,051	69,051	69,051	69,051	69,051	(187,883)	36,934	36,934	36,934	39,535	(37,545)
														483,357
34132	0.023													
	0.043	88,107	88,107	88,107	88,107	88,107	88,107	88,107	(239,732)	47,127	47,127	47,127	48,497	(49,855)
														616,747
34133	-													-
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34134	-													-
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34141	-													-
	0.044	418	418	418	418	418	418	418	(2,927)	-	(0)	-	-	(2,927)
														2,927
34142	-													
	0.001	134	134	134	134	134	134	134	(940)	-	(0)	-	-	(940)
														940
34151	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34180	0.021	112,861	112,861	112,861	112,861	112,861	112,861	112,861						
	0.023								196,851	123,610	123,610	123,610	123,610	790,029
34181	0.025								14,880	95,453	95,456	95,464	95,513	693,289
	0.026	108,762	107,370	107,380	107,379	107,379	107,379	107,255						396,765
34182	0.027	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	752,903
34183	0.026	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	56,380
34228	0.030								17,610	58,701	58,701	58,701	58,701	268,764
	0.033	64,571	64,571	64,571	64,571	64,570	64,570	64,570						252,413
34230	0.025													451,992
	0.043	51,133	51,212	51,265	51,325	51,370	51,427	51,485	(120,414)	29,904	29,957	30,080	33,253	2,781
34231	0.029													359,237
	0.043	252,706	252,706	252,706	252,706	252,706	252,706	252,706	(406,538)	170,362	170,362	170,362	170,362	275,909
34232	0.029													1,768,943
	0.043	336,577	336,577	336,577	336,577	336,577	336,577	336,577	(540,189)	226,770	226,770	226,770	227,687	367,797
34233	-													2,356,036
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34234	-													-
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34241	-													-
	0.010	95	95	95	95	95	95	95	(663)	-	(0)	-	-	(663)
34242	-													663
	0.036	5,443	5,443	5,443	5,443	5,443	5,443	5,443	(38,104)	-	0	-	-	(38,104)
34251	-	-	-	-	-	-	-	-	-	-	-	-	-	38,104
34260	0.022													-
	0.023	2,929	2,929	2,929	2,929	2,929	2,929	2,929	1,910	2,801	2,801	2,801	2,801	13,116
34261	0.033	626,959	626,752	626,976	628,004	628,454	628,904	625,776						20,801
	0.034								773,958	640,296	639,177	638,105	640,014	4,391,825
34262	0.029	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	3,331,551
34263	0.029	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	28,955
34328	0.031	53,333	53,325	53,338	53,438	53,365	53,226	53,263						33,381
	0.037								135,851	63,687	63,806	63,865	63,915	373,287
34330	0.029								(64,482)	14,414	14,996	15,711	26,397	381,123
	0.043	33,750	34,311	34,713	34,788	34,818	28,314	21,523						7,034
34331	0.040													222,217
	0.043	475,318	475,318	475,318	475,318	475,318	475,318	475,318	209,571	441,244	441,244	441,244	484,310	2,017,612
34332	0.039													3,327,227
	0.043	662,846	662,850	662,851	662,851	662,851	662,851	662,851	168,621	599,422	599,554	599,554	654,056	2,621,206
34333	-													4,639,955
	0.043	338	338	338	338	338	338	338	(2,363)	-	-	-	-	(2,363)
34334	-													2,363
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34341	-													-
	0.013	1,381	1,381	1,381	1,381	1,381	1,381	1,381	(9,668)	-	(2,330)	-	-	(11,998)
34342	0.032	46,780	46,780	46,780	46,780	46,780	46,780	46,780						9,668
	0.043								175,425	62,860	62,907	62,970	62,992	327,457
34351	-	-	-	-	-	-	-	-	-	-	-	-	-	427,154
34352	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34353	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34380	0.020													-
	0.024	4,860	4,860	4,860	4,860	4,860	4,860	4,860	(1,620)	4,050	4,050	4,050	4,050	14,581
34381	0.059	625,118	620,386	619,913	619,913	619,913	619,913	619,913						34,023
	0.064							2009	1,040,168	671,421	667,532	663,642	663,642	4,346,071
														3,706,405

DEPR EXP		MONTH												
PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
34382	0.052	119,920	119,920	119,920	119,920	119,920	119,920	119,920						839,443
	0.076								562,705	175,268	175,268	175,268	175,268	1,263,779
34383	0.052	131,372	131,372	131,372	131,372	131,372	131,372	131,372						919,604
	0.062								333,484	156,636	156,636	156,636	156,636	960,027
34384	0.043	-	-	57,438	115,692	116,531	117,105	117,741	117,917	121,423	124,902	125,193	125,448	1,139,390
34385	0.043	-	-	-	56,314	116,444	115,735	115,524	115,721	119,112	122,755	122,763	122,632	1,006,999
34386	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34390	0.043	23,145	23,148	23,218	23,284	23,284	23,284	23,284						162,645
	0.045								31,932	24,367	24,367	24,367	24,367	129,398
34391	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.045	-	-	-	-	-	-	-	-	-	-	-	-	-
34428	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.031	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.037	-	-	-	-	-	-	-	-	-	-	-	-	-
34441	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.013	-	-	-	-	-	-	-	-	-	-	-	-	-
34442	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34451	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34481	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.059	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.064	-	-	-	-	-	-	-	-	-	-	-	-	-
34528	0.035								-					-
	0.040	19,583	19,583	19,583	19,583	19,583	19,583	19,583	0	17,135	17,135	17,135	17,135	68,540
34530	0.043	31,322	31,182	31,224	31,294	31,369	31,418	31,526	31,685	31,859	31,961	32,074	36,795	137,080
34531	0.032								(110,428)	78,526	78,526	78,526	82,623	383,731
	0.043	105,520	105,520	105,520	105,520	105,520	105,520	105,520						207,775
34532	0.031								(168,603)	98,617	98,617	98,617	101,468	738,841
	0.043	136,791	136,791	136,791	136,791	136,791	136,791	136,791						228,716
34533	-	-	-	-	-	-	-	-	-	-	-	-	-	957,539
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34534	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34541	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.029	603	603	603	603	603	603	603	(4,222)	-	(1,081)	-	-	(5,303)
34542	-	-	-	-	-	-	-	-	-	-	-	-	-	4,222
	0.007	1,508	1,508	1,508	1,508	1,508	1,508	1,508	(10,558)	-	(27,084)	-	-	(37,641)
34551	-	-	-	-	-	-	-	-	-	-	-	-	-	10,556
34580	0.024								-	-	-	-	-	-
	0.025	3,437	3,437	3,437	3,437	3,437	3,437	3,437	2,337	3,299	3,299	3,299	3,299	15,533
34581	0.031													24,056
	0.034	164,978	164,978	164,981	164,984	164,984	165,007	164,757	48,220	150,162	150,126	150,158	150,145	648,812
34582	0.029	38,960	39,960	39,960	38,960	39,960	39,960	39,960						1,154,670
34583	0.030	22,662	22,662	22,662	22,662	22,662	22,662	22,662	39,961	39,960	39,960	39,960	39,960	479,525
34600	-	-	-	-	-	-	-	-	22,662	22,662	22,662	22,662	22,662	271,841
34628	0.038	2,061	2,061	2,061	2,063	2,065	2,067	2,070	-	-	-	-	-	-
	0.042													14,450
34630	0.034								3,342	2,230	2,230	2,230	2,230	12,263
	0.043	15,636	15,645	15,670	15,696	15,697	15,700	15,691	(10,561)	12,405	12,415	12,437	16,557	43,253
34631	0.025													109,735
	0.043	3,852	3,852	3,852	3,852	3,852	3,852	3,852	(9,047)	2,239	2,239	2,239	2,430	101
34632	0.026													26,962
	0.043	4,840	4,840	4,840	4,840	4,840	4,840	4,840	(10,467)	2,926	2,926	2,926	3,107	1,419
34633	-	-	-	-	-	-	-	-	-	-	-	-	-	33,878
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34634	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34641	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	0.019	4	4	4	4	4	4	4	(29)	-	(0)	-	-	(30)
34642	-	-	-	-	-	-	-	-	-	-	-	-	-	29
34680	0.022	1,475	1,475	1,475	1,475	1,475	1,475	1,475	-	-	-	-	-	-
34681	0.033	13,103	13,103	13,103	13,103	13,103	13,103	13,057	1,475	1,475	1,475	1,475	1,475	17,705
	0.034													91,673
34682	0.028	404	404	404	404	404	404	404	16,184	13,406	13,849	14,234	14,176	71,846
34683	0.028	1,010	1,010	1,010	1,010	1,010	1,010	1,010	404	404	404	404	404	4,850
	0.029													7,071
34687	-	11,006	11,284	11,445	11,615	11,837	11,740	11,519	1,299	1,046	1,046	1,046	1,046	5,484
34704	-	-	-	-	-	-	-	-	11,531	11,864	11,827	11,827	12,043	139,738
34705	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34706	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34707	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34708	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34709	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34710	-	-	-	-	-	-	-	-	-	-	-	-	-	-
								2009 -						

DEPR EXP		MONTH												
PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
34711	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34712	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34713	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34714	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34715	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34716	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34717	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34718	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34719	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34720	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34721	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35001	0.023								1,271	14,610	14,610	14,610	14,610	59,710
	0.026	16,515	16,515	16,515	16,515	16,515	16,515	16,515						115,606
35200	0.022	5,465	5,462	5,470	5,458	5,470	5,481	5,481						38,327
	0.023								7,461	5,711	5,717	5,717	5,719	30,324
35300	0.025	320,759	321,193	322,693	326,258	329,317	331,393	332,797	333,486	329,948	328,369	327,035	327,444	3,926,892
35326	0.025	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	48,107
35331	0.025	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	156,333
35332	0.025	17,091	17,091	17,091	17,091	17,091	17,091	17,091	17,092	17,091	17,091	17,091	17,091	205,098
35340	0.025	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,398	8,399	100,785
35341	0.025	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	40,725
35342	0.025	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	25,968
35343	0.025	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,161	2,160	2,160	2,160	2,160	25,936
35344	0.025	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	62,711
35349	0.025	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,606	19,298
35351	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35352	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35353	0.025	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	13,834
35354	0.025	552	552	552	552	552	552	552	552	552	552	552	552	6,628
35355	0.025	603	603	603	603	603	603	603	603	603	603	603	603	7,238
35356	0.025	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	18,211
35359	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35361	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35362	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35363	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35364	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35365	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35381	0.025	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	57,976
35382	0.025	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	33,572
35383	0.025	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	35,248
35390	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35400	0.024												4,631	4,631
	0.025								6,412	8,905	8,905	8,905		33,129
	0.026	9,262	9,262	9,262	9,262	9,262	9,262	9,262						64,832
35500	0.038	348,976	348,165	349,116	349,890	351,626	353,175	352,937						2,452,085
	0.044								796,379	411,432	414,783	417,746	420,767	2,461,107
35590	0.038	-	-	-	-	-	-	-						-
	0.044								-	-	-	-	-	-
35600	0.037								182,635	291,787	291,431	292,358	293,829	1,352,040
	0.039	301,944	301,998	302,224	302,500	304,416	306,150	306,319						2,125,550
35601	0.020	3,555	3,555	3,555	3,555	3,555	3,555	3,555	3,537	3,518	3,518	3,518	3,518	42,495
35690	0.037								-	-	-	-	-	-
	0.039	-	-	-	-	-	-	-						-
35700	0.017	5,016	5,016	5,016	5,016	5,016	5,016	5,016	5,011	5,005	5,005	5,005	5,005	60,142
35800	0.024								5,856	14,059	14,059	14,059	14,059	62,094
	0.026	15,262	15,262	15,262	15,262	15,262	15,262	15,262						106,834
35900	0.021	7,989	8,008	8,028	8,036	8,050	8,076	8,107						56,295
	0.022								11,192	8,513	8,501	8,500	8,546	45,252
35990	-									-	-	-	-	-
	0.021	-	-	-	-	-	-							-
	0.022								-					-
	0.029							-						-
36000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36001	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36100	0.024								1,608	3,362	3,402	3,586	3,729	15,686
	0.026	3,167	3,167	3,217	3,268	3,268	3,268	3,455						22,809
36200	0.025								(33,729)	315,078	314,982	318,959	323,953	1,239,243
	0.029	358,195	358,900	359,629	361,381	364,815	367,210	367,694						2,537,823
36290	0.025								-	-	-	-	-	-
	0.029	-	-	-	-	-	-	-						-
36400	0.040	608,398	608,806	611,412	614,597	617,818	620,363	622,900						4,302,295
	0.047								1,488,320	738,326	740,782	744,194	748,601	4,460,223
36490	0.040	-	-	-	-	-	-	2009 -						-

DEPR EXP		MONTH												
PAN	DEPR_RATE	1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
36490	0.047								-	-	-	-	-	-
36500	0.033								436,440	554,138	555,420	557,054	558,700	2,861,753
	0.034	560,599	562,354	563,170	564,356	566,165	567,384	568,125						3,952,152
36590	0.033								-	-	-	-	-	-
	0.034	-	-	-	-	-	-	-						-
36600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36601	0.020	233,609	235,146	236,496	238,286	239,903	241,527	243,063	244,327	245,832	247,225	248,401	249,883	2,903,698
36603	0.020	-	-	-	-	-	-	-	-	-	-	-	-	-
36609	0.020	-	-	-	-	-	-	-	-	-	-	-	-	-
36690	0.020	-	-	-	-	-	-	-	-	-	-	-	-	-
36700	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-
36701	0.032	458,670	461,425	463,394	464,878	467,172	470,892	474,542	477,785	480,632	483,916	486,667	489,035	5,679,006
36703	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-
36790	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-
36800	0.041	801,448	803,228	804,765	806,720	808,603	810,833	813,596						5,849,194
	0.042								973,911	838,182	840,066	841,937	844,169	4,338,264
36801	0.041	360,555	362,704	364,128	366,220	369,305	373,163	376,467						2,572,541
	0.042								451,577	391,900	393,640	395,134	397,537	2,029,789
36803	0.041	18,946	18,946	18,946	18,946	18,946	18,946	19,004						132,681
	0.042								22,746	19,479	19,527	19,675	19,762	101,189
36804	0.041	-	-	-	-	-	-	-						-
	0.042								-	-	-	-	-	-
36805	0.041	-	-	-	-	-	-	-						-
	0.042								-	-	-	-	-	-
36890	0.041	-	-	-	-	-	-	-						-
	0.042								-	-	-	-	-	-
36900	0.031								111,729	165,934	166,297	166,671	167,103	777,735
	0.032	165,501	162,975	163,292	163,635	169,733	170,058	170,449						1,185,853
36901	0.031								5,650	7,298	7,298	7,298	7,298	34,843
	0.032	7,534	7,534	7,534	7,534	7,534	7,534	7,534						52,735
36902	0.032	236,124	226,661	227,216	301,378	250,059	251,405	252,687						1,745,528
	0.033								251,434	263,010	264,247	265,574	267,209	1,311,474
36909	-								-	-	-	-	-	-
	0.032	-	-	-	-	-	-	-						-
36990	0.031								-	-	-	-	-	-
	0.032	-	-	-	-	-	-	-						-
37000	0.047	230,015	231,846	232,839	233,523	234,780	237,545	240,381						1,840,930
	0.063								862,750	324,727	326,084	328,396	332,535	2,194,492
37009	0.047	-	-	-	-	-	-	-						-
	0.063								-	-	-	-	-	-
37090	0.047	-	-	-	-	-	-	-						-
	0.063								-	-	-	-	-	-
37100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37300	0.052								325,676	375,922	376,867	378,079	378,933	1,835,477
	0.053	377,531	378,476	379,369	380,687	381,889	382,834	383,246						2,864,152
37301	0.052								210,862	244,654	246,316	247,615	249,603	1,199,049
	0.053	226,325	228,090	230,616	233,743	236,681	239,995	243,242						1,638,693
37309	-								-	-	-	-	-	-
	0.052								-					-
	0.053	-	-	-	-	-	-	-						-
37390	0.052								-	-	-	-	-	-
	0.053	-	-	-	-	-	-	-						-
37401	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37402	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37403	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37404	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37405	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37406	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38900	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39000	0.035	219,420	219,295	218,846	214,640	209,891	206,736	209,191						1,500,218
	0.036								258,402	215,776	216,174	217,259	151,606	1,059,217
39100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39101	-	53,453	53,504	53,868	53,282	55,904	56,684	56,967	57,665	55,722	55,534	56,661	55,349	664,791
39102	-	374,551	378,965	380,412	383,788	380,095	399,497	383,033	375,690	373,319	374,477	373,966	378,323	4,586,096
39103	-	6,214	6,214	5,854	5,508	5,504	4,743	4,591	4,668	4,542	4,572	4,626	4,242	62,279
39104	-	4,859	4,859	4,859	4,859	6,134	13,514	13,525	13,514	16,404	16,404	16,857	16,857	140,245
39105	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39106	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39107	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39131	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39132	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39133	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39175	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39198	-	-	-	-	-	-	-	2009 -	-	-	-	-	-	-

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DEPR EXP PAN	DEPR_RATE	MONTH 1	2	3	4	5	6	7	8	9	10	11	12	Grand Total
39300	-	142	142	142	(32)	(32)	(32)	(32)	(32)	(359)	-	-	-	(90)
39301	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39375	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39387	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39398	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400	-	60,957	58,217	58,369	58,381	58,234	58,637	58,919	58,952	58,672	58,991	59,277	58,451	706,259
39401	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39403	-	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	110,944
39431	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39475	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39487	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39498	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500	-	1,045	1,045	352	352	352	352	351	342	157	-	-	-	4,349
39501	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39531	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39575	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39587	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39598	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39600	-	1,696	1,696	1,695	1,451	1,451	1,451	1,451	1,432	1,441	1,441	1,441	1,290	17,936
39675	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39698	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700	-	264,800	238,010	244,122	138,622	226,475	155,105	222,177	224,246	215,475	215,557	213,627	208,416	2,566,632
39701	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39720	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39725	0.058	91,367	91,235	92,839	94,312	94,835	94,859	95,036	95,625	96,071	96,637	97,053	313,143	1,039,869
	0.069	-	-	-	-	-	-	-	-	-	-	-	-	313,143
39775	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39790	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39791	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39792	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39795	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39796	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39798	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39800	-	2,838	2,838	2,838	2,838	2,838	2,838	2,838	4,391	2,401	2,359	2,369	2,366	33,754
39887	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39999	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total		15,182,903	15,097,642	15,172,997	15,304,517	15,518,815	15,611,807	15,678,192	9,243,707	15,555,143	14,930,296	14,978,922	15,186,321	177,469,264
DISMANTLING ACCRUAL		323,075	323,075	323,075	323,075	323,075	323,075	323,075	(1,398,231)	107,912	107,912	107,912	149,955	1,336,986
MISC. AMORTIZATION - OUC		17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	209,337
MISC. AMORTIZATION - Sebring		(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(423,408)
ROUNDING		(54)	105	328	328	-	(14)	129	(5,736)	123	(219)	(591)	(373)	(5,973)
Totals		15,488,085	15,402,983	15,478,561	15,810,081	15,824,051	15,917,029	15,981,558	7,821,901	15,645,339	15,020,150	15,068,404	15,316,064	178,586,205

Total Depreciation and Amortization

0.973531 Jurisdictional Factor

173,856,207 Schedule C-2, Line 17

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PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
30100000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30200000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30300000	-	216,624	206,582	210,630	215,705	223,205	228,222	227,100	277,218	333,964	345,201	351,192	411,114	3,246,757
30300020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30500000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000400	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100010	0.035	5,096	5,096	5,096	5,096	5,096	5,096	5,096	5,096	5,096	5,096	5,096	5,096	61,155
31100110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100300	0.023	68	68	68	68	68	68	68	68	68	68	68	68	820
31100310	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100320	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100340	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100350	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100360	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100400	0.020	131,635	132,031	131,897	131,295	130,602	131,575	132,736	132,705	132,974	133,172	133,288	142,153	1,596,063
31100410	0.014	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,372	112,466
31100420	0.016	10,570	10,570	10,570	10,570	10,570	10,570	10,570	10,570	10,570	10,570	10,570	10,570	126,842
31100430	0.012	15,253	15,253	15,253	15,253	16,779	18,306	18,306	18,306	18,306	18,306	18,306	18,306	205,932
31100440	0.014	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	862,613
31100450	0.015	27,297	27,297	27,297	27,297	27,297	27,297	27,297	27,297	27,297	27,297	27,297	27,723	327,993
31100460	0.026	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	330,210
31100500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100520	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100540	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100550	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100560	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100570	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100610	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100620	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100640	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100650	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100710	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100720	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100730	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100740	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100750	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100760	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100770	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100780	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100790	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200300	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
31200310	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-
31200320	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-
31200330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200340	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200350	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-
31200360	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-
31200400	0.026	199,096	199,661	200,859	202,576	203,800	204,314	204,638	205,034	205,424	205,814	206,196	207,006	2,444,418
31200410	0.033	214,094	214,191	214,196	214,202	214,211	214,356	214,520	214,568	214,616	214,663	214,711	215,025	2,573,352
31200420	0.031	177,356	177,864	178,386	178,422	178,460	178,497	178,543	178,596	178,646	179,761	180,877	181,483	2,146,890
31200430	0.026	212,772	211,939	212,127	250,863	327,611	363,533	358,080	352,365	346,622	342,674	342,318	344,678	3,865,802
31200440	0.024	514,431	513,555	512,352	515,428	518,359	517,272	516,333	514,551	512,156	509,762	507,368	507,486	6,159,052
31200450	0.023	305,772	305,997	306,206	306,668	307,191	307,319	307,320	307,322	307,322	307,322	307,322	307,322	3,683,086
31200460	0.029	143,593	143,593	143,593	143,593	143,596	143,603	143,610	143,617	143,624	143,631	143,682	145,138	1,724,872
31200500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200520	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200540	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200550	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200560	-	-	-	-	-	-	-	2009 -	-	-	-	-	-	-

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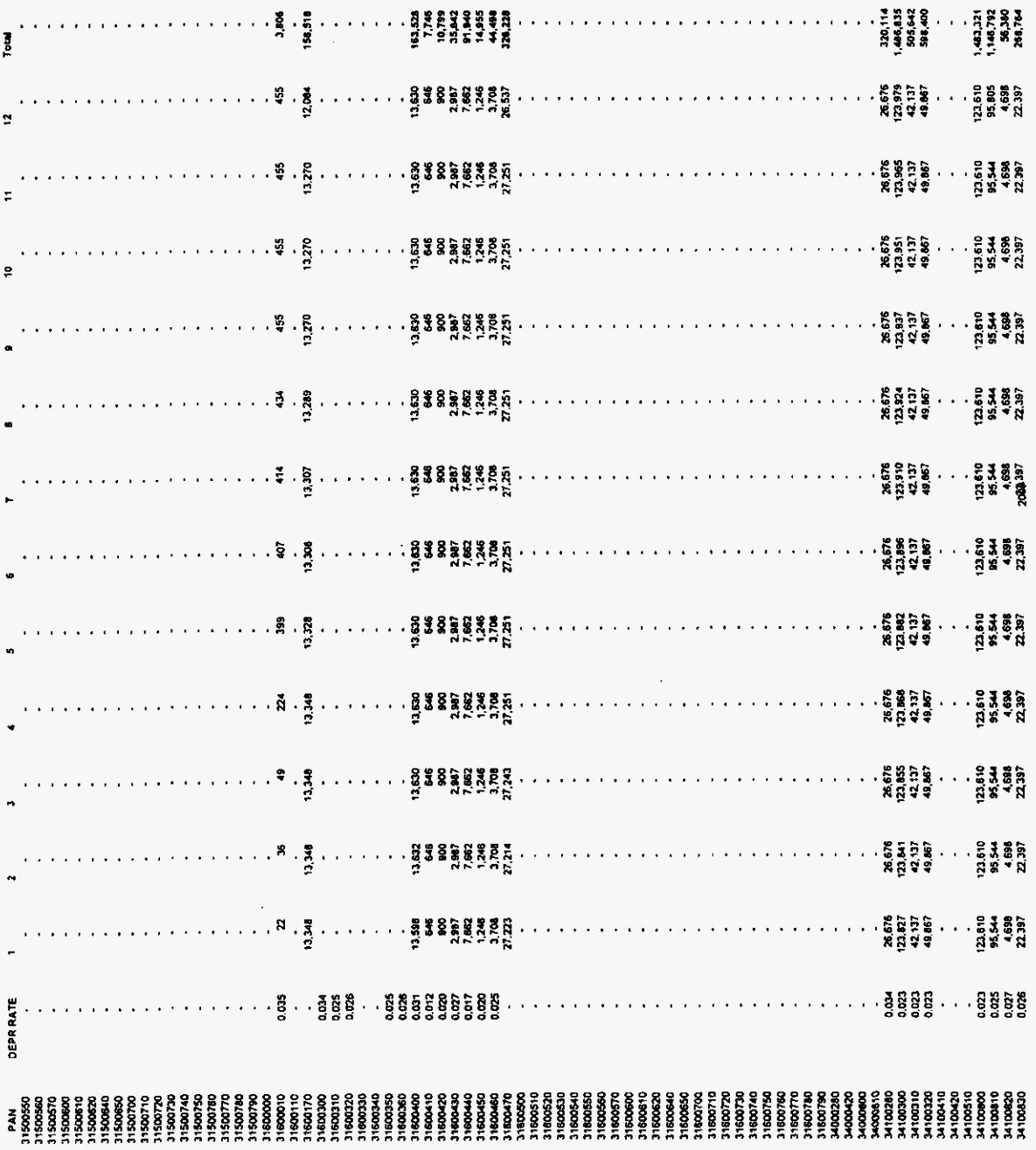
PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
31200570	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200610	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200620	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200630	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200640	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200650	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200710	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200720	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200730	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200740	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200750	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
31200760	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200770	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200780	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200790	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400300	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-
31400310	0.040	-	-	-	-	-	-	-	-	-	-	-	-	-
31400320	0.039	-	-	-	-	-	-	-	-	-	-	-	-	-
31400330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400340	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400350	0.040	-	-	-	-	-	-	-	-	-	-	-	-	-
31400360	0.039	-	-	-	-	-	-	-	-	-	-	-	-	-
31400400	0.018	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	83,341
31400410	0.025	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	787,909
31400420	0.025	62,439	62,439	62,439	62,439	62,439	62,439	62,439	62,439	62,439	62,439	62,439	62,439	749,283
31400430	0.018	46,343	47,077	46,830	52,148	57,101	58,232	59,697	59,351	59,351	59,351	59,351	60,015	664,845
31400440	0.020	143,356	143,356	143,356	143,356	143,356	143,356	143,356	143,356	143,356	143,356	143,356	143,356	1,720,266
31400500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400520	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400540	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400550	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400560	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400610	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400620	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400630	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400640	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400650	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400710	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400720	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400730	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400740	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400760	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400770	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400780	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31400790	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500300	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
31500310	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-
31500320	0.031	-	-	-	-	-	-	-	-	-	-	-	-	-
31500330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500340	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500350	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-
31500360	0.031	-	-	-	-	-	-	-	-	-	-	-	-	-
31500400	0.030	42,608	42,608	42,608	42,608	42,608	42,608	42,608	42,608	42,608	42,608	42,608	42,608	511,299
31500410	0.025	17,899	17,900	17,902	17,904	17,907	17,909	17,911	17,913	17,916	17,918	17,920	17,922	214,923
31500420	0.025	18,416	18,416	18,416	18,416	18,416	19,897	21,614	22,059	22,444	22,741	23,450	24,129	248,412
31500430	0.025	40,390	40,150	39,429	37,611	36,082	35,433	34,726	34,667	34,856	34,942	35,240	34,283	437,818
31500440	0.021	76,989	77,024	77,045	77,047	77,047	77,047	77,047	77,047	77,047	77,047	77,047	77,047	924,462
31500450	0.021	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	32,500	389,995
31500460	0.033	23,475	23,475	23,475	23,475	23,475	23,475	23,485	23,505	23,531	23,563	23,595	23,617	282,144
31500500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500520	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500540	-	-	-	-	-	-	-	2009 -	-	-	-	-	-	-



PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
31500550														
31500560														
31500570														
31500600														
31500610														
31500620														
31500640														
31500650														
31500700														
31500710														
31500720														
31500730														
31500740														
31500750														
31500760														
31500770														
31500780														
31500790														
31500000														
31600010	0.035	22	35	49	224	399	407	414	434	455	455	455	455	3,806
31600110														
31600170		13,348	13,348	13,348	13,348	13,328	13,306	13,307	13,289	13,270	13,270	13,270	12,084	156,518
31600300	0.034													
31600310	0.025													
31600320	0.026													
31600330														
31600340	0.025													
31600350	0.026													
31600360	0.031	13,598	13,632	13,630	13,630	13,630	13,630	13,630	13,630	13,630	13,630	13,630	13,630	163,525
31600400	0.012	646	646	646	646	646	646	646	646	646	646	646	646	7,746
31600410	0.020	900	900	900	900	900	900	900	900	900	900	900	900	10,799
31600420	0.027	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	35,842
31600430	0.017	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	91,940
31600440	0.020	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	14,955
31600450	0.025	3,704	3,704	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	44,498
31600460		27,223	27,214	27,243	27,251	27,251	27,251	27,251	27,251	27,251	27,251	27,251	26,537	326,229
31600470														
31600500														
31600510														
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31600550														
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31600760														
31600770														
31600780														
31600790														
34000280														
34000420														
34000900														
34000810														
34100280	0.034	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	320,114
34100300	0.023	123,927	123,841	123,855	123,856	123,882	123,896	123,910	123,924	123,937	123,951	123,965	123,979	1,486,835
34100310	0.023	42,137	42,137	42,137	42,137	42,137	42,137	42,137	42,137	42,137	42,137	42,137	42,137	505,642
34100320	0.023	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	598,400
34100410														
34100420														
34100510														
34100900	0.023	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	1,483,321
34100810	0.025	95,544	95,544	95,544	95,544	95,544	95,544	95,544	95,544	95,544	95,544	95,544	95,805	1,146,792
34100820	0.027	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	56,380
34100830	0.026	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	268,764

PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
34200280	0.030	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	704,407
34200300	0.025	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	437,061
34200310	0.029	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	2,044,346
34200320	0.029	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	2,743,257
34200410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34200420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34200510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34200800	0.022	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	33,616
34200810	0.034	642,445	643,068	643,628	643,934	644,303	644,714	645,125	645,536	645,947	646,378	646,852	650,086	7,742,018
34200820	0.029	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	28,955
34200830	0.029	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	33,381
34300280	0.037	63,950	63,966	63,996	64,174	64,462	64,618	64,647	64,662	64,678	64,678	64,678	64,724	773,232
34300300	0.029	37,023	37,419	38,373	39,308	59,574	79,615	79,864	80,131	80,306	80,490	80,707	80,942	773,752
34300310	0.040	526,209	522,702	518,027	554,980	591,933	588,427	587,258	587,258	587,258	587,258	587,258	586,705	6,825,278
34300320	0.039	708,865	708,865	708,865	708,953	709,085	709,307	709,640	709,946	710,293	710,801	711,348	711,583	8,517,550
34300330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300350	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300420	0.043	62,997	62,997	62,997	62,997	62,997	62,997	62,997	62,997	91,499	-	-	-	535,477
34300440	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300520	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300800	0.020	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	48,605
34300810	0.064	538,469	538,469	538,469	538,469	538,469	538,469	538,469	538,469	538,469	538,469	538,469	538,736	6,461,897
34300820	0.076	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	1,157,554
34300830	0.062	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	1,879,632
34300840	0.043	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	1,505,723
34300850	0.043	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	1,471,483
34300860	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300900	0.045	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	292,435
34400280	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34400410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34400420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34400510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34400810	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34500280	0.035	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	205,620
34500300	0.043	41,452	41,452	41,452	41,452	41,452	41,452	41,452	41,452	41,452	41,452	41,452	41,452	497,421
34500310	0.032	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,719	1,040,632
34500320	0.031	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	1,251,829
34500410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34500420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34500510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34500800	0.024	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	39,589
34500810	0.031	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,136	1,801,631
34500820	0.029	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	479,525
34500830	0.030	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	271,941
34600000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34600280	0.042	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	26,764
34600300	0.034	20,677	20,677	20,677	20,677	20,677	20,677	20,677	20,677	20,677	20,677	20,677	20,677	248,126
34600310	0.025	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	31,443
34600320	0.026	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	39,462
34600410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34600420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34600800	0.022	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	17,705
34600810	0.034	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	1,672,196
34600820	0.028	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	950,518
34600830	0.029	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	12,554
34600870	-	12,278	12,415	12,552	12,689	12,826	12,963	13,100	13,237	13,374	13,511	13,647	12,874	155,467
34700040	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35000000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35000010	0.023	14,610	14,610	14,610	14,610	14,610	17,503	21,044	22,338	23,633	24,928	26,386	27,197	236,078
35200000	0.023	5,721	5,721	5,721	5,721	5,721	5,721	5,721	5,721	5,721	5,721	5,911	6,101	69,220
35300000	0.025	327,386	327,305	327,835	328,380	329,005	329,231	328,786	330,934	333,956	334,790	337,647	346,948	3,982,003
35300280	0.025	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	48,107
35300310	0.025	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	156,334
35300320	0.025	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	205,098
35300400	0.025	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	100,786
35300410	0.025	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	40,725
35300420	0.025	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	25,966
35300430	0.025	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	2,160	25,926
35300440	0.025	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	62,711
35300490	0.025	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	19,298
35300510	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35300520	0.025	-	-	-	-	-	-	2009 -	-	-	-	-	-	-

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 81
PAGE 15 OF 22
FILED: NOVEMBER 10, 2008

PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
35300530	0.025	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	13,834
35300540	0.025	552	552	552	552	552	552	552	552	552	552	552	552	6,628
35300550	0.025	603	603	603	603	603	603	603	603	603	603	603	603	7,238
35300560	0.025	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	1,518	18,211
35300590	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35300610	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35300620	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35300630	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35300640	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35300650	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35300810	0.025	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	57,976
35300820	0.025	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	33,572
35300830	0.025	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	35,248
35300900	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35400000	0.024	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,905	106,866
35500000	0.044	423,333	427,168	430,876	432,408	436,318	439,797	441,532	443,558	445,148	446,626	449,009	454,764	5,270,738
35500900	0.044	-	-	-	-	-	-	-	-	-	-	-	-	-
35600000	0.037	295,401	299,319	303,157	304,721	308,731	312,441	314,305	316,409	316,093	319,832	322,142	328,124	3,742,676
35600010	0.020	3,518	3,518	3,518	3,518	3,518	3,518	3,518	3,518	3,518	3,518	3,518	3,518	42,212
35600900	0.037	-	-	-	-	-	-	-	-	-	-	-	-	-
35700000	0.017	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,006	60,066
35800000	0.024	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	168,714
35900000	0.022	8,580	8,580	8,580	8,580	8,580	8,580	8,580	8,580	8,580	8,580	8,580	8,580	102,954
35900900	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36000000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36000010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36100000	0.024	3,727	3,916	4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105	4,105	48,694
36200000	0.025	325,565	328,047	330,143	332,055	334,010	334,182	340,149	347,912	349,825	352,186	356,228	358,247	4,088,530
36200900	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
36400000	0.047	752,330	755,819	759,487	762,614	765,715	768,931	772,519	777,086	781,619	785,308	788,702	793,906	9,264,037
36400900	0.047	-	-	-	-	-	-	-	-	-	-	-	-	-
36500000	0.033	560,145	562,328	564,650	566,570	568,477	570,396	572,593	575,504	578,341	580,602	582,692	586,119	6,868,419
36500900	0.033	-	-	-	-	-	-	-	-	-	-	-	-	-
36600000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36600010	0.020	251,431	252,808	254,186	255,605	256,986	258,357	259,733	261,280	262,836	264,268	265,664	267,088	3,110,241
36600030	0.020	-	-	-	-	-	-	-	-	-	-	-	-	-
36600090	0.020	-	-	-	-	-	-	-	-	-	-	-	-	-
36600900	0.020	-	-	-	-	-	-	-	-	-	-	-	-	-
36700000	0.032	17	50	83	117	150	184	217	250	283	317	350	384	2,402
36700010	0.032	492,507	495,915	499,377	502,870	506,207	509,583	513,001	516,846	520,572	523,960	527,380	530,953	6,139,171
36700030	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-
36700900	0.032	-	-	-	-	-	-	-	-	-	-	-	-	-
36800000	0.042	846,738	849,965	853,503	856,442	859,254	861,992	864,994	868,984	872,693	875,580	878,550	883,884	10,372,581
36800010	0.042	400,140	402,345	404,480	406,650	408,790	410,774	412,608	414,708	416,791	418,869	421,007	423,131	4,940,293
36800030	0.042	19,762	19,762	19,762	19,762	19,762	19,762	19,762	19,762	19,762	19,762	19,762	19,762	237,147
36800040	0.042	-	-	-	-	-	-	-	-	-	-	-	-	-
36800050	0.042	-	-	-	-	-	-	-	-	-	-	-	-	-
36800900	0.042	-	-	-	-	-	-	-	-	-	-	-	-	-
36900000	0.031	167,706	168,358	169,016	169,690	170,357	171,018	171,674	172,341	173,001	173,669	174,347	175,019	2,056,199
36900010	0.031	7,298	7,299	7,299	7,299	7,299	7,299	7,299	7,299	7,299	7,299	7,299	7,299	87,589
36900020	0.033	268,963	270,508	272,052	273,614	275,175	276,735	278,294	279,862	281,417	282,979	284,544	286,107	3,330,248
36900090	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36900900	0.031	-	-	-	-	-	-	-	-	-	-	-	-	-
37000000	0.063	338,955	343,782	346,157	348,076	349,414	351,182	353,066	354,573	355,878	356,407	355,878	362,552	4,215,919
37000090	0.063	-	-	-	-	-	-	-	-	-	-	-	-	-
37000900	0.063	-	-	-	-	-	-	-	-	-	-	-	-	-
37100000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37300000	0.052	380,025	381,400	382,706	383,968	385,325	386,544	387,714	389,118	390,562	391,975	393,373	394,719	4,647,427
37300010	0.052	252,015	254,525	257,030	259,492	262,041	264,621	267,216	269,834	272,351	274,888	277,524	280,156	3,191,691
37300090	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37300900	0.052	-	-	-	-	-	-	-	-	-	-	-	-	-
37400010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38900000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39000000	0.036	218,968	219,168	220,060	220,973	222,263	223,567	223,978	224,366	224,728	225,111	225,614	227,047	2,675,881
39100000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100010	-	55,963	59,291	63,974	67,851	70,155	72,347	74,556	75,752	77,839	77,707	77,318	80,973	853,725
39100020	-	405,188	388,890	372,683	371,266	369,587	361,215	354,227	356,246	352,800	347,528	346,400	390,216	4,416,248
39100030	-	5,212	5,266	5,263	5,171	5,108	5,046	5,033	5,023	5,016	4,956	4,844	4,760	60,699
39100040	-	23,435	23,435	23,435	23,435	23,435	23,435	23,435	23,435	19,630	15,824	17,200	18,576	258,710
39100050	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100060	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100070	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100310	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100320	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100330	-	-	-	-	-	-	-	2009 -	-	-	-	-	-	-

PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
39100750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39300000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39300010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39300750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39300870	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39300980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400000	-	68,890	69,197	69,780	69,943	70,095	71,536	72,227	71,826	72,053	72,163	72,110	71,002	850,823
39400010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400030	-	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	110,944
39400310	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400870	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500310	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500870	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39600000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39600750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39600980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700000	-	208,104	207,684	208,212	209,536	211,099	212,111	211,689	211,176	208,981	206,061	203,731	199,866	2,498,251
39700010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700250	0.069	97,643	97,728	98,400	99,096	99,326	100,124	101,005	101,375	101,798	102,643	103,313	103,828	1,206,480
39700750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700900	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700910	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700920	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700950	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700960	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39800000	-	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	2,280	14,188	39,264
39800870	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39900990	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		15,099,314	15,112,028	15,139,211	15,264,215	15,452,458	15,546,091	15,575,505	15,664,978	15,713,645	15,710,005	15,750,374	15,942,235	185,970,057
DISMANTLING ACCRUAL		111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	1,336,986
MISC. AMORTIZATION - OUC		17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	209,337
MISC. AMORTIZATION - Sebring		(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(423,408)
ROUNDING		336	336	336	336	336	336	336	336	336	336	336	336	4,029
	Totals	15,193,226	15,205,940	15,233,123	15,358,126	15,546,370	15,640,003	15,669,417	15,758,890	15,807,557	15,803,917	15,844,285	16,036,147	187,097,000

Total Depreciation and Amortization

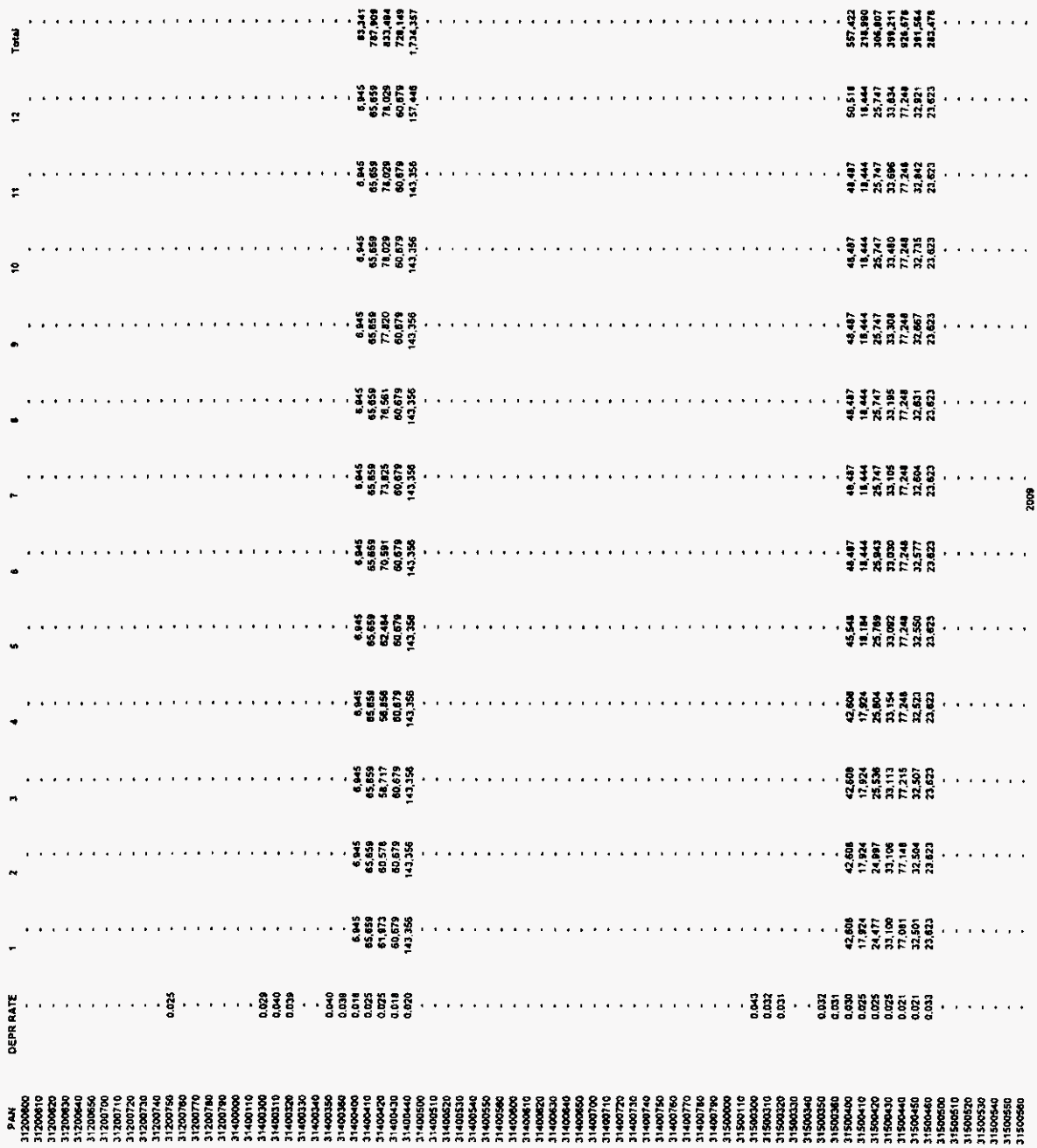
0.978445 Jurisdictional Factor

182,689,930 Schedule C-2, Line 17

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 81
PAGE 17 OF 22
FILED: NOVEMBER 10, 2008

PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
30100000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30200000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30300000	-	470,481	462,809	456,138	463,590	455,282	438,452	431,417	426,382	427,601	433,262	441,451	564,255	5,471,321
30300020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30500000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000400	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31000750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100010	0.035	5,107	5,129	5,150	5,190	5,248	5,307	5,365	5,424	5,482	5,541	5,599	5,639	64,181
31100110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100300	0.023	68	68	68	68	68	68	68	68	68	68	68	68	820
31100310	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100320	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100340	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100350	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100360	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100400	0.020	151,028	151,221	151,531	151,976	153,378	154,948	155,671	156,876	157,860	156,769	159,531	199,092	1,902,081
31100410	0.014	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,372	9,279	112,373
31100420	0.016	10,570	10,570	10,570	10,570	10,464	10,357	10,357	10,357	10,357	10,357	10,357	10,357	125,242
31100430	0.012	18,306	18,306	18,306	18,306	18,306	18,306	18,306	18,306	18,306	18,306	18,306	18,306	219,668
31100440	0.014	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	71,884	862,613
31100450	0.015	28,149	28,149	28,149	28,149	28,149	28,149	28,149	28,149	28,149	28,149	28,149	28,149	337,789
31100460	0.026	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	27,517	330,210
31100500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100520	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100540	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100550	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100560	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100570	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100610	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100620	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100640	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100650	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100710	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100720	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100730	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100740	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100750	0.023	-	-	-	-	-	-	-	-	-	-	-	-	-
31100760	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100770	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100780	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31100790	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200300	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
31200310	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-
31200320	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-
31200330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200340	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200350	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-
31200360	0.029	-	-	-	-	-	-	-	-	-	-	-	-	-
31200400	0.026	207,777	208,074	208,370	208,667	208,964	209,260	209,557	209,854	210,150	210,447	210,743	210,173	2,512,036
31200410	0.033	215,410	215,596	215,788	215,974	215,743	215,511	215,700	215,945	216,282	216,968	217,713	221,205	2,597,835
31200420	0.031	182,617	181,993	180,079	177,748	232,373	288,901	288,978	289,494	291,123	292,937	294,797	302,742	3,003,781
31200430	0.026	346,463	346,611	346,759	346,908	347,620	348,332	348,480	348,629	348,777	348,925	349,074	349,493	4,176,070
31200440	0.024	508,975	510,327	512,263	513,591	521,965	530,221	530,649	530,517	530,225	530,008	529,886	539,133	6,287,739
31200450	0.023	307,595	307,753	307,912	308,033	307,980	307,787	307,496	307,085	306,673	306,292	306,847	312,247	3,693,500
31200460	0.029	146,546	146,546	146,546	146,546	146,546	146,546	146,546	146,546	146,546	146,546	146,546	146,546	1,758,556
31200500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200520	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200540	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200550	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200560	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31200570	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2009



PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
31200800														
31200810														
31200820														
31200830														
31200840														
31200850														
31200700														
31200710														
31200720														
31200730														
31200740	0.025													
31200750														
31200760														
31200770														
31200780														
31200790														
31400000														
31400110	0.029													
31400300	0.040													
31400310	0.039													
31400320														
31400330														
31400340	0.040													
31400350	0.038													
31400360	0.018	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	6,945	83,341
31400400	0.025	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	65,659	787,909
31400410	0.025	61,973	60,578	58,717	58,656	62,494	70,591	73,825	76,561	77,820	78,029	78,029	78,029	833,494
31400420	0.018	60,679	60,679	60,679	60,679	60,679	60,679	60,679	60,679	60,679	60,679	60,679	60,679	728,149
31400430	0.020	143,356	143,356	143,356	143,356	143,356	143,356	143,356	143,356	143,356	143,356	143,356	157,448	1,734,357
31400440														
31400500														
31400510														
31400520														
31400530														
31400540														
31400550														
31400560														
31400600														
31400610														
31400620														
31400630														
31400640														
31400650														
31400700														
31400710														
31400720														
31400730														
31400740														
31400750														
31400760														
31400770														
31400780														
31400790														
31500000														
31500110														
31500300	0.043													
31500310	0.032													
31500320	0.031													
31500330														
31500340														
31500350	0.032													
31500360	0.031													
31500400	0.030	42,608	42,608	42,608	42,608	45,548	48,487	48,487	48,487	48,487	48,487	48,487	50,518	557,422
31500410	0.025	17,924	17,924	17,924	17,924	18,184	18,444	18,444	18,444	18,444	18,444	18,444	18,444	216,890
31500420	0.025	24,477	24,997	25,536	25,804	25,789	25,943	25,747	25,747	25,747	25,747	25,747	25,747	306,807
31500430	0.025	33,100	33,106	33,113	33,154	33,092	33,030	33,195	33,195	33,308	33,480	33,696	33,834	399,211
31500440	0.021	77,081	77,148	77,215	77,248	77,248	77,248	77,248	77,248	77,248	77,248	77,248	77,248	926,678
31500450	0.021	32,591	32,504	32,507	32,523	32,550	32,577	32,604	32,631	32,667	32,735	32,842	32,921	391,584
31500460	0.033	23,623	23,623	23,623	23,623	23,623	23,623	23,623	23,623	23,623	23,623	23,623	23,623	283,476
31500500														
31500510														
31500520														
31500530														
31500540														
31500560														

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PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
31500570	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500610	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500620	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500640	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500650	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500710	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500720	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500730	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500740	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500760	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500770	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500780	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31500790	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600010	0.035	473	491	557	626	649	729	838	903	930	941	943	943	9,027
31600110	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600170	-	10,956	10,985	10,957	10,999	11,026	11,011	11,011	11,011	11,011	11,011	11,011	10,096	131,082
31600300	0.034	-	-	-	-	-	-	-	-	-	-	-	-	-
31600310	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
31600320	0.026	-	-	-	-	-	-	-	-	-	-	-	-	-
31600330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600340	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600350	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
31600360	0.026	-	-	-	-	-	-	-	-	-	-	-	-	-
31600400	0.031	13,630	13,630	13,630	13,630	13,630	13,630	13,630	13,630	13,630	13,630	13,630	13,630	163,558
31600410	0.012	646	646	646	646	646	646	646	646	646	646	646	646	7,746
31600420	0.020	900	900	900	900	900	900	900	900	900	900	900	900	10,799
31600430	0.027	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	2,987	35,842
31600440	0.017	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	7,662	91,940
31600450	0.020	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	1,246	14,955
31600460	0.025	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	3,708	44,498
31600470	-	25,642	24,686	24,504	24,677	24,521	24,566	24,746	24,746	24,695	24,598	24,550	23,098	295,227
31600500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600520	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600540	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600550	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600560	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600570	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600600	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600610	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600620	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600640	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600650	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600700	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600710	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600720	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600730	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600740	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600760	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600770	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600780	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31600790	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34000280	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34000420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34000800	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34000810	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34100280	0.034	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	26,676	320,114
34100300	0.023	123,993	124,007	124,022	124,037	124,051	124,066	124,080	124,095	124,110	124,124	124,139	124,320	1,489,043
34100310	0.023	42,137	42,137	42,137	42,137	42,137	42,137	42,137	42,137	42,137	42,137	42,137	43,287	506,792
34100320	0.023	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	49,867	598,400
34100410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34100420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34100510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34100800	0.023	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	123,610	1,483,321
34100810	0.025	96,065	96,065	96,065	96,065	96,065	96,065	96,065	96,065	96,065	96,065	96,065	96,065	1,152,782
34100820	0.027	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	4,698	56,380
34100830	0.026	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	22,397	268,764
34200280	0.030	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	58,701	704,407
34200300	0.025	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	36,422	437,061
34200310	0.029	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	170,362	2,044,346

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PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
34200320	0.029	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	228,605	2,743,257
34200410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34200420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34200510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34200800	0.022	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	2,801	33,616
34200810	0.034	653,274	654,457	656,604	658,583	659,597	660,002	660,096	659,586	658,724	658,032	657,488	662,315	7,898,739
34200820	0.029	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	2,413	28,955
34200830	0.028	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	2,782	33,381
34300280	0.037	64,770	64,814	64,901	65,134	65,478	65,690	65,775	65,847	65,918	65,974	66,031	66,133	786,466
34300300	0.029	81,110	81,296	81,727	82,729	83,491	83,678	83,895	84,083	84,264	84,580	85,082	93,878	1,009,895
34300310	0.040	586,152	586,152	586,152	586,152	586,152	586,152	586,152	586,152	586,152	586,152	586,152	589,235	7,036,903
34300320	0.039	773,721	835,859	835,859	835,859	835,859	834,252	829,429	822,996	816,567	810,137	805,314	803,706	9,839,581
34300330	-	-	-	-	-	-	-	-	-	164,870	332,111	335,430	338,418	1,166,830
34300350	-	-	-	-	-	177,738	356,634	358,948	360,200	360,294	360,294	360,294	360,294	2,694,697
34300410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300420	0.043	-	-	-	-	-	-	-	-	-	-	-	-	-
34300440	-	-	-	-	-	-	-	-	-	91,704	184,145	185,357	185,852	647,058
34300510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300520	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300530	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300800	0.020	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	4,050	48,605
34300810	0.064	539,003	539,003	539,003	539,003	539,003	539,003	539,003	539,003	539,003	539,003	539,003	544,136	6,473,164
34300820	0.078	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	96,463	1,157,554
34300830	0.062	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	156,636	1,879,632
34300840	0.043	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	125,477	1,505,723
34300850	0.043	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	122,624	1,471,483
34300860	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34300900	0.045	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	24,370	292,435
34400280	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34400410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34400420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34400510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34400810	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34500280	0.035	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	17,135	205,620
34500300	0.043	41,452	41,452	41,452	41,452	41,452	41,452	41,452	41,452	41,452	41,452	41,452	42,947	498,916
34500310	0.032	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,719	86,148	1,040,059
34500320	0.031	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	104,319	1,251,829
34500410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34500420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34500510	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34500800	0.024	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	3,299	39,589
34500810	0.031	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,136	150,217	1,801,713
34500820	0.029	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	39,960	479,525
34500830	0.030	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	22,662	271,941
34600000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34600280	0.042	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	26,764
34600300	0.034	20,677	20,684	20,713	20,741	20,755	20,769	20,783	20,798	20,812	20,826	20,840	20,854	249,252
34600310	0.025	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	2,620	31,443
34600320	0.026	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	3,288	39,462
34600410	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34600420	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34600800	0.022	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	1,475	17,705
34600810	0.034	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	139,350	1,672,196
34600820	0.028	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	79,210	950,518
34600830	0.029	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	1,046	12,554
34600870	-	12,102	12,238	12,375	12,512	12,649	12,786	12,923	13,060	13,197	13,334	13,470	12,889	153,535
34700040	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35000000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35000010	0.023	27,197	27,197	27,197	27,197	27,197	27,197	27,197	27,197	27,197	27,197	27,197	27,197	326,359
35200000	0.023	6,202	6,481	6,655	6,652	6,651	6,648	6,646	6,752	7,110	7,363	7,367	7,372	81,899
35300000	0.025	354,598	355,451	355,597	362,300	371,680	375,372	376,047	376,615	379,442	387,626	394,176	400,720	4,489,823
35300280	0.025	4,009	4,009	4,008	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	4,009	48,107
35300310	0.025	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	13,028	156,334
35300320	0.025	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	17,092	205,098
35300400	0.025	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	8,399	100,786
35300410	0.025	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	3,394	40,725
35300420	0.025	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	2,164	25,966
35300430	0.025	2,160	2,160	2,132	2,104	2,104	2,104	2,104	2,104	2,103	2,103	2,103	2,103	25,386
35300440	0.025	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	5,226	62,711
35300490	0.025	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	19,298
35300510	0.025	-	-	-	-	-	-	-	-	-	-	-	(69)	(69)
35300520	0.025	-	-	-	-	-	-	-	-	-	-	-	(120)	(120)
35300530	0.025	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	13,834
35300540	0.025	552	552	552	552	552	552	552	552	552	552	552	552	6,628
35300550	0.025	603	603	603	603	603	603	603	603	603	603	603	603	7,238
35300560	0.025	1,518	1,516	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	18,184

2009

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FOURTH SET OF
INTERROGATORIES
INTERROGATORY NO. 81
PAGE 21 OF 22
FILED: NOVEMBER 10, 2008

PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
35300590	0.025	-	-	-	-	-	-	-	-	-	-	-	(15)	(15)
35300610	0.025	-	-	-	-	-	-	-	-	-	-	-	(26)	(26)
35300620	0.025	-	-	-	-	-	-	-	-	-	-	-	(25)	(25)
35300630	0.025	-	-	-	-	-	-	-	-	-	-	-	(21)	(21)
35300640	0.025	-	-	-	-	-	-	-	-	-	-	-	-	-
35300650	0.025	-	-	-	-	-	-	-	-	-	-	-	(58)	(58)
35300810	0.025	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	57,976
35300820	0.025	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	2,798	33,572
35300830	0.025	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	2,937	35,248
35300900	0.025	-	0	0	0	0	0	1	1	467	934	934	934	3,271
35400000	0.024	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,905	8,891	106,852
35500000	0.044	460,445	463,107	475,197	489,498	502,642	532,628	555,451	560,216	566,283	571,899	575,509	562,594	6,335,470
35500900	0.044	-	1	3	4	6	7	8	10	11	12	12	13	87
35600000	0.037	332,504	332,288	332,037	331,781	331,567	331,107	330,664	330,502	330,373	330,214	329,966	329,686	3,972,649
35600010	0.020	3,518	3,518	3,518	3,518	3,518	3,518	3,518	3,514	3,510	3,510	3,510	3,510	42,176
35600900	0.037	-	1	2	2	3	3	4	5	5	6	6	6	42
35700000	0.017	5,006	5,006	5,006	5,006	5,006	5,006	5,006	5,005	5,003	5,003	5,003	5,003	60,057
35800000	0.024	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,057	14,054	14,054	14,054	14,054	168,688
35900000	0.022	8,579	8,577	8,572	8,558	8,544	8,892	11,340	11,532	11,723	11,913	12,101	12,295	123,625
35900900	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36000000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36000010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36100000	0.024	4,105	4,105	4,105	4,105	4,104	4,103	4,103	4,100	4,097	4,097	4,096	4,095	49,213
36200000	0.025	358,771	359,253	359,963	362,625	367,106	369,277	371,284	373,278	374,554	377,543	379,642	379,893	4,433,401
36200900	0.025	-	0	0	0	0	0	0	0	62	123	123	123	433
36400000	0.047	801,804	810,369	819,097	828,835	838,647	848,437	858,876	870,409	882,097	892,255	901,478	913,022	10,265,325
36400900	0.047	-	2	4	6	7	9	10	12	13	14	15	16	108
36500000	0.033	588,440	588,215	587,963	587,717	587,492	587,189	586,911	586,694	586,419	586,145	585,884	585,666	7,044,735
36500900	0.033	-	1	2	2	3	4	5	5	6	7	7	8	50
36600000	-	2,550	7,485	12,544	18,941	25,162	30,266	35,453	41,341	47,301	52,942	58,347	63,566	395,898
36600010	0.020	267,833	267,828	267,821	267,814	267,808	267,798	267,782	267,776	267,770	267,766	267,766	267,782	3,213,528
36600030	0.020	-	-	-	-	-	-	-	-	-	-	-	-	-
36600090	0.020	-	-	-	-	-	-	-	-	-	-	-	-	-
36600900	0.020	-	0	1	1	2	2	2	3	3	3	4	4	25
36700000	0.032	379	337	300	267	231	200	170	120	56	(26)	(74)	(74)	1,884
36700010	0.032	532,740	530,244	530,040	532,016	531,697	531,426	531,157	530,902	530,495	530,104	529,837	529,568	6,379,228
36700030	0.032	-	-	(4)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(76)
36700900	0.032	-	5	13	18	24	29	34	40	44	47	51	54	360
36800000	0.042	887,288	886,352	885,486	884,657	883,750	882,574	881,187	879,643	877,880	876,327	875,144	874,146	10,574,434
36800010	0.042	424,015	423,531	423,036	422,504	421,890	421,337	420,490	419,547	418,533	417,723	417,065	416,522	5,046,313
36800030	0.042	19,762	19,756	19,708	19,653	19,635	19,584	19,539	19,535	19,518	19,497	19,477	19,455	235,119
36800040	0.042	-	-	-	-	-	-	-	-	-	-	-	-	-
36800050	0.042	-	-	-	-	-	-	-	-	-	-	-	-	-
36800900	0.042	-	15	39	54	69	85	100	116	128	139	149	159	1,053
36900000	0.031	175,134	175,238	175,899	177,128	178,353	179,015	179,675	180,349	181,021	181,699	182,379	183,054	2,148,943
36900010	0.031	7,298	7,299	7,299	7,299	7,299	7,299	7,299	7,299	7,299	7,299	7,299	7,299	87,589
36900020	0.033	285,503	284,875	286,411	290,114	293,816	295,356	296,896	298,447	299,992	301,534	303,080	304,627	3,540,649
36900090	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36900900	0.031	-	-	-	-	-	-	-	(3)	(6)	(6)	(6)	(6)	(26)
37000000	0.063	373,211	377,555	379,378	380,686	381,507	382,854	384,307	385,377	386,156	386,146	385,045	392,132	4,594,355
37000090	0.063	-	-	-	-	-	-	-	-	-	-	-	-	-
37000900	0.063	-	2	6	8	11	13	16	18	20	22	23	25	164
37100000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37300000	0.052	396,291	398,122	399,902	401,644	403,483	405,188	406,764	408,618	410,528	412,402	414,286	416,077	4,873,283
37300010	0.052	282,295	283,996	285,705	287,384	289,138	290,917	292,678	294,459	296,146	297,842	299,648	301,454	3,501,662
37300090	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37300900	0.052	-	2	5	7	8	10	12	14	16	17	18	20	129
37400010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38900000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39000000	0.036	228,116	228,135	228,364	228,993	229,456	229,464	229,472	229,572	229,869	229,880	229,851	235,301	2,756,474
39100000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100010	-	83,001	83,754	85,514	86,635	87,107	87,811	88,843	89,325	87,090	87,030	86,819	86,536	1,040,466
39100020	-	428,370	420,393	424,216	435,474	447,514	452,902	454,050	453,168	448,099	434,241	420,872	473,516	5,292,817
39100030	-	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	4,737	56,843
39100040	-	18,576	18,576	18,576	18,576	18,576	18,576	18,576	18,576	18,576	18,576	18,576	18,576	222,913
39100050	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100060	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100070	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100310	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100320	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100330	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39100980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39300000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39300010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39300750	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2009

PAN	DEPR RATE	1	2	3	4	5	6	7	8	9	10	11	12	Total
39300870	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39300980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400000	-	70,069	70,703	71,604	72,189	72,547	73,164	72,981	72,447	72,539	72,668	73,330	71,953	866,395
39400010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400030	-	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	9,245	110,944
39400310	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400870	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39400980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500310	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500870	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39500980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39600000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39600750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39600980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700000	-	191,812	185,509	184,475	184,181	186,767	191,058	192,122	190,338	184,018	178,342	176,994	173,794	2,219,412
39700010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700250	0.069	103,880	104,065	104,384	104,683	104,892	105,160	105,780	106,495	107,200	107,892	108,182	108,230	1,270,844
39700750	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700900	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700910	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700920	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700950	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700960	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39700980	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39800000	-	26,097	26,097	26,097	26,097	26,097	26,097	26,097	26,097	26,097	26,097	26,097	26,097	313,162
39800870	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39900990	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		16,176,309	16,240,625	16,274,613	16,347,500	16,659,263	16,966,588	17,013,866	17,034,091	17,308,749	17,588,484	17,615,948	17,936,417	203,162,453
DISMANTLING ACCRUAL		111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	111,416	1,336,986
MISC. AMORTIZATION - OUC		17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	17,445	209,337
MISC. AMORTIZATION - UNION		1,202	2,404	2,404	2,404	2,404	2,404	2,404	2,404	2,404	2,404	2,404	2,404	27,851
MISC. AMORTIZATION - SEBRING		(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(35,284)	(423,408)
Totals		16,271,087	16,336,605	16,370,594	16,443,481	16,755,243	17,062,569	17,109,847	17,130,071	17,404,729	17,684,465	17,711,929	18,032,398	204,313,018

Total Depreciation and Amortization

0.965152 Jurisdictional Factor

197,193,116 Schedule C-2, Line 17

Hearing Exhibit - 00000161

82. Please refer to the direct testimony of Regan B. Haines, pp. 32 to 33, where AMR meters are discussed. Specifically, on p. 33, lines 3 & 4, the witness states that "[t]he company has factored in all productivity improvements gains from this initiative into its cost projections." Please provide a breakdown of all calculations, reductions in expenses, or other costs that have been incorporated into the cost projections.

A. Since beginning the AMR project, the number of meter readers and associated vehicles has been reduced from 87 full-time equivalent ("FTE") in 2003 to 63 projected FTE's in 2009. The cost per customer has decreased from $5.18 per customer in 2003 to a projected $3.86 per customer in 2009, which is a 34 percent decrease.

Hearing Exhibit - 00000162

83. Please refer to MFR Schedule C-6, p. 31, line 33, Account 902 – Meter Reading Exp – Customer Accounts. Please explain why meter reading expenses are remaining relatively level, instead of decreasing.

a. Is there a reduction to salaries expense for meter readers or other personnel that will result from the AMR meter project?

b. If so, what is the amount of the expense reduction for the 2009 projected test year?

A. Meter expenses are recorded in FERC accounts 902 and 586 depending on the nature of the expenditures. Costs associated with disconnects, reconnects, meter sets, meter tests, meter service, and processing billing data are recorded in account 586 and meter reading expenses are recorded in account 902. Because Tampa Electric has been installing AMR meters, meter reading expenses reflected on MFR Schedule C-6, page 31, line 33, account 902 should be decreasing and, accordingly, Tampa Electric has reduced account 902 by $497,000. As explained in Staff's Fourth Set of Interrogatories No. 84, account 586 has increased, including the reclassified $497,000 from account 902. The overall total between the two accounts remains the same.

a. Yes. See the company's response to Staff's Fourth Set of Interrogatories No. 82 for more details.

b. The amount of expense reduction is $205,000 due to the reduction of five meter readers in 2009.

Hearing Exhibit - 00000163

84. Please refer to MFR Schedule C-8, p. 35, line 9, Account 586 – Meter Expense, and the corresponding note, p. 36, line 17. Also refer to Schedule C-6, p. 31, line 11, Account 586 – Meter Expenses - Distribution.

a. What specific items are included in meter expense?

b. Please explain why meter expenses are increasing while labor costs are decreasing.

c. What specific activities or other costs are projected to cause meter expense to increase?

A. a. Meter expense includes reconnects, disconnects, meter sets, meter test, period meter test, meter service, processing billing data, and reclassification credits to account for capitalization of meter installations and retirements.

b. Meter expenses are increasing because beginning in 2005; Tampa Electric chose to replace mechanical meters with AMR meters while performing some of the activities that are normally charged to FERC account 586. Because mechanical meters were replaced with new AMR meters, to complete the activity the associated labor was capitalized instead of charged to FERC Account 586.

c. There is a projected increase in disconnect/reconnect activity in the test year.

Hearing Exhibit - 00000164

85. Please refer to MFR Schedule B-7, p. 51, for the Historic Prior Year Ended 12/31/2007. For Big Bend Station Combustion Turbines 2 and 3, Account 343.42, Prime Movers, please explain the amount of $38,000 shown under column (5) Total Plant Added.

a. What was the expenditure for? Please explain in detail.

b. Why was the item added in 2007, then retired in 2008, as shown on MFR Schedule B-7 for the Projected Prior Year Ended 12/31/2008, page 42?

c. In your response, please state the date of the retirement.

A. a. The $38,000 shown under column (5), Total Plant Added, was for Big Bend Station Combustion Turbines 2 and 3 fuel oil flow meter.

b. In 2007, the item was added because the units were operational. The item was retired to correspond with the company's forecast to sell the units in 2008.

c. The forecasted retirement date was September 2008. The sale was finalized on October 24, 2008 and the asset will be transferred to account 102 – Plant Purchased or Sold in accordance with the Uniform System of Accounts.

Hearing Exhibit - 00000165

86. Please refer to MFR Schedule B-9, page 78, for the Projected Prior Year Ended 12/31/2008. For Big Bend Station Combustion Turbines 2 and 3, Account 345.42, Prime Movers, please explain the amount of $565,000 shown under column (4) Total Depreciation Accrued. Please provide the calculation used to derive this amount, including the remaining life rate used. How was the amount of net salvage of $4,400,000 derived? Please provide a break down into salvage and cost of removal.

A. Attached is the calculation used to derive the $535,000, including the remaining life rate used. The $4,400,000 is the budgeted sales proceeds from the sale of Big Bend Station Combustion Turbines 2 and 3. Cost of removal was not budgeted because it is the buyer's responsibility to remove the units.

Hearing Exhibit - 00000166

Plant Balances

	2007 Dec	2008 Jan	2008 Feb	2008 Mar	2008 Apr	2008 May	2008 Jun	2008 Jul	2008 Aug	2008 Sep	2008 Oct	2008 Nov	2008 Dec
343420	17,580,628	17,580,628	17,580,628	17,580,628	17,580,628	17,580,628	17,580,628	17,580,628	17,580,628	0	0	0	0

Depreciation

	2008 Jan	2008 Feb	2008 Mar	2008 Apr	2008 May	2008 Jun	2008 Jul	2008 Aug	2008 Sep	2008 Oct	2008 Nov	2008 Dec	Total	Deprec Rate
343420	62,997	62,997	62,997	62,997	62,997	62,997	62,997	62,997	31,499	0	0	0	536,477	0.043

Monthly depreciation equals average plant balance multiplied by remaining life rate divided by twelve.

For example, $62,997 = ((17,580,628+17,580,628)/2*0.043/12)
The rate 0.043 is the PSC approved rate for PAN 343.42. (see Docket No. 070284-EI)

87. Please refer to MFR Schedule B-9, page 87, for the Historical Prior Year Ended 12/31/2007. For Big Bend Station Combustion Turbines 1, 2 & 3, please explain the following items:

a. What are the negative amounts in column (4), Total Depreciation Accrued?

b. Why is net salvage shown with no corresponding retirements, column (6)?

c. Please explain each amount shown under adjustments and transfers, column (7), including why there are no corresponding adjustments to Plant in Service.

d. Why is depreciation accrued for account 343.42 – Prime Movers – then adjusted in the adjustments and transfers, column (7)?

A. a. The negative amounts in column (4), Total Depreciation Accrued were to true-up the assets reserve to equal cost, since it has been fully recovered per Tampa Electric's Depreciation Study approved in Docket No. 0070284-EI.

b. The net salvage is shown with no corresponding retirements due to the misclassification of net salvage to account 343.41. In 2008, these dollars have been reclassified to account Big Bend Unit 1 boiler plant account 312.41.

c. The adjustments and transfers in column (7) are the approved reserve transfers as of December 2006 per Tampa Electric's Depreciation Study in Docket No. 0070284-EI.

d. The reserve adjustment of $943,822 was approved in Tampa Electric's Depreciation Study in Docket No. 0070284-EI for activity through 2006. During 2007, this asset was in-service and calculated $754,611 in depreciation expense.

Hearing Exhibit - 00000168

88. Please refer to MFR Schedule B-9, page 68, for the Projected Test Year Ended 12/31/2009. For Big Bend Station Combustion Turbines 2 and 3, Account 345.42 - Prime Movers, please explain why there is a reserve balance at year end of $1,657,000.

A. There is a reserve balance at year-end December 31, 2009 of $1,657,000 because the sales price for Big Bend Station Combustion Turbines 2 and 3 exceeded the projected net book value.

Hearing Exhibit - 00000169

92. Will the modifications to update CIS discussed on Page 40 Line 16 through Line 24 of Jeffrey S. Chronister's Direct Testimony result in increased productivity? If so, please explain.

A. The modifications to update Customer Information System ("CIS") discussed on page 40, lines 16 through 24 of witness Chronister's direct testimony refer to all of the modifications that are necessary to implement the proposed changes in the company's base rate filing. Many of the customer rate schedules will be designed differently and the company's CIS and its sub-systems must be programmed in advance to ensure accurate billings upon Commission approval in April 2009. The modifications include, but are not limited to inverted energy rates for residential customers; demand rate changes; new service charges; new lighting schedules; and changes to interruptible customer rate schedules. The changes will provide for accurate detailed customer billing information and will enable the company to render bills timely. Without the modifications, several of the processes would need to be performed manually and could have an impact on productivity and accuracy of billing.

Hearing Exhibit - 00000170

5

TECO's Responses to Staff's Fifth Set of Interrogatories (Nos. 98-100)

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
INDEX TO STAFF'S FIFTH SET OF INTERROGATORIES (NOS. 98 - 100)

Number	Witness	Subject	Bates Stamped Page
98	Ashburn	Questions 98a. through 98c. pertain to TECO's proposed new meter tampering charge. a. Under TECO's current policy, who bears the cost of an investigation into tampering of its facilities? b. How many investigations into tampering with TECO's residential facilities were performed in calendar year 2007? c. Historically, what types of activities occur during an investigation into tampering of TECO's residential service facilities? In your response, please state the costs associated with those activities.	1
99	Ashburn	Questions 99a. through 99d. pertain to TECO's proposed new $5 minimum late payment charge as described on page 44 of William Ashburn's direct testimony. a. Why is TECO proposing a minimum late payment charge? b. What is the average monthly bill amount for TECO's residential customers? c. Is the computation of the late payment charge applied to the total bill including all applicable taxes and fees, or just the electric portion only? d. Please state how many bills for residential service, in number and as a percentage of all bills, were assessed a late payment charge in calendar year 2007. How many would have been subject to the new minimum charge?	5
100	Ashburn	Please refer to the direct testimony of TECO witness Ashburn, page 44, lines 7-8 which states that the ". . . minimum charge be established for all bills subject to a late payment charge of $10.00 or more." Please clarify what is intended by this sentence. In your response, please identify where the provision that refers to the $10.00 figure can be found in TECO's proposed tariffs.	7

William Ashburn
Director – Pricing and Financial Analysis
Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602

98. Questions 98a. through 98c. pertain to TECO's proposed new meter tampering charge.

98a. Under TECO's current policy, who bears the cost of an investigation into tampering of its facilities?

98b. How many investigations into tampering with TECO's residential facilities were performed in calendar year 2007?

98c. Historically, what types of activities occur during an investigation into tampering of TECO's residential service facilities? In your response, please state the costs associated with those activities.

A. a. Currently, Tampa Electric employees perform theft investigations on suspected tampering ranging from basic illegal service connection to more elaborate theft where service is diverted. The cost of the investigation is charged to the customer when the company discovers adequate proof of tampering. Otherwise, the company bears the cost for theft investigations.

b. In 2007, approximately 11,000 basic theft investigations were completed by the company. The majority of the investigations dealt with illegal connection or reconnection of electric service at the meter. Approximately 1,600 of those initial investigations were referred to Tampa Electric's investigators for additional review and assigned a case number. Of the cases referred, 526 resulted in the arrest and conviction of individuals for electric service theft.

c. There are generally two types of investigations; basic investigations and case investigations.

Basic investigations

Generally, accounts illegally connected are referred by Tampa Electric employees or customers. Also, automated reports occasionally identify unauthorized electric consumption and generate a work request. When identified, a follow-up request is generated and an employee is assigned a work request to

investigate whether theft occurred at the premise. In basic investigation cases, the following steps are followed:

1. A field visit is made to the premise to investigate.
2. If an illegal connection is found, service is disconnected at the premise and the meter is removed.
3. Once the customer satisfies all outstanding balances with Tampa Electric related to the tampering, service is restored and a new meter is installed at the premise. The customer is charged a tampering service charge to cover the cost of disconnecting and reconnecting the service.

The company's proposed $50.00 tampering charge is requested for the basic investigations completed by the company. The cost support for this activity is provided in the MFR Schedule E-7 page 5 of 9.

Case Investigations

Once Tampa Electric becomes aware of a possible theft of electric service, the investigation is assigned to a revenue protection investigator. The investigator researches the account and makes an initial decision as to the validity of the claim. If warranted, the investigator will make a visit to the premise in an attempt to investigate the type of tampering occurring at the location. In the event the investigator determines tampering is occurring at the premise, the investigator will document and photograph all evidence associated with the case. The majority of these cases are worked after-hours and on weekends and require numerous visits to the premise before a case can actually be substantiated.

If the customer is present when the investigator is at the premise, local law enforcement is contacted and an arrest is made for theft of electric service. If the customer is not present, the investigator will continue to make visits to the premise until someone is present at which time law enforcement is contacted to make an arrest.

Once the customer is charged with theft of electric service, the investigator is required to research the case information to determine the extent of the tampering that occurred at the premise.

Hearing Exhibit - 00000174

Research is completed on the premise history, along with information obtained to identify the timeframe of the power theft. Additional research is completed to identify any outstanding bills owed to Tampa Electric by the customer.

Investigators complete a detailed report of the theft investigation and are required to present the information to the State's Attorneys Office for criminal prosecution. Investigators are regularly required to appear in court proceedings to represent Tampa Electric in the electric service theft cases.

Other case investigations require additional steps to determine illegal power consumption at the premise. In these cases, more complex methods are used by the customer such as illegal service taps to avoid registering energy consumption at the meter. The investigators work with service employees to install detection devices at the transformer or service connection to monitor the daily energy consumption at the location. Law enforcement is contacted once the theft has been validated and an arrest case is made for the power theft.

The following is a list of unit charges for case investigations:

LABOR

Clerical -1/2 hour	$14.44
Investigator -per hour	$75.00
Meter Worker per hour	$32.00
Meter Mechanic per hour	$54.18
Service disconnect at pole	$100.00

MATERIAL

Meter	$37.95
Face Plate	$2.00
Sealing Ring	$2.50
Meter Can Lid	$20.00
Heavy Duty Locking Device (rings & barrel lock)	$20.00

VEHICLE

Light Vehicle (car, pick-up truck etc) per hour	$6.00
Heavy Vehicle (bucket truck, line truck etc)	$50.00

MISCELLANEOUS

Photograph – each	$2.00
Meter Test	$35.00
Swing Latch	$2.00
Hasp	$3.00

Hearing Exhibit - 00000176

99. Questions 99a. through 99d. pertain to TECO's proposed new $5 minimum late payment charge as described on page 44 of William Ashburn's direct testimony.

99a. Why is TECO proposing a minimum late payment charge?

99b. What is the average monthly bill amount for TECO's residential customers?

99c. Is the computation of the late payment charge applied to the total bill including all applicable taxes and fees, or just the electric portion only?

99d. Please state how many bills for residential service, in number and as a percentage of all bills, were assessed a late payment charge in calendar year 2007. How many would have been subject to the new minimum charge?

A. a. As described in the direct testimony of witness Ashburn, a minimum amount for the late payment charge has been approved by the Commission previously for three of the Florida investor-owned utilities; Tampa Electric is requesting similar treatment for this charge. As stated in Order No. PSC-02-1753-TRF-EI, Docket No. 021127-EI, page 3, "the $5 minimum late payment charge will allow the utility to recover the costs incurred in processing delinquent accounts. Further, it is an appropriate charge that places the costs associated with unpaid bills on the cost causer and encourages prompt payment, thereby reducing expenses associated with unpaid balances."

b. The average monthly bill amount for residential customers, September year to-date 2008 is $178.42.

c. The late payment charge is applied to the total bill, including all applicable taxes and fees.

d. During calendar year 2007, 1,585,980 residential service bills were assessed a late payment charge with some customers being assessed a late fee charge more that once during the year. This

represents about 22.5 percent of all residential customer bills during 2007. For this same time period, 1,199,088 bills would have been subject to the new minimum late fee charge.

Hearing Exhibit - 00000178

100. Please refer to the direct testimony of TECO witness Ashburn, page 44, lines 7-8 which states that the ". . . minimum charge be established for all bills subject to a late payment charge of $10.00 or more." Please clarify what is intended by this sentence. In your response, please identify where the provision that refers to the $10.00 figure can be found in TECO's proposed tariffs.

A. For a monthly bill under $10.00 for which a late payment charge is due, the $5.00 late payment minimum charge would not be assessed; however a 1.5 percent charge would be assessed by the company. For monthly bills of $10.00 up to $334.00, the late fee would be $5.00, the minimum charge. All bills $334.00 and over would be assessed the 1.5 percent charge. The $10.00 figure is not shown in the proposed tariffs. Therefore, upon further review, the company has revised its proposed tariff language to include pricing for the charge

Hearing Exhibit - 00000179

6

TECO's Responses to Staff's Sixth Set of Interrogatories (Nos. 102, 103)

102. Please refer to MFR Schedule C-35. Please state the number of employees by month for 2007, 2008, and 2009 by the O&M expense functions of Production, Transmission, Distribution, Customer Accounts, Customer Service and Information, Sales Expense, Administrative & General, and Other (please specify).

A. Tampa Electric does not calculate or report employee headcount information by the O&M expense functions.

The total headcount by month for 2007 and year-to-date 2008 is provided below. The company does not have the budgeted total headcount by month for 2009.

Monthly Employee Headcount[1]		
	2007	2008 YTD
JAN	2,450	2,530
FEB	2,454	2,524
MAR	2,467	2,530
APR	2,474	2,534
MAY	2,471	2,538
JUN	2,484	2,557
JUL	2,490	2,562
AUG	2,498	2,542
SEP	2,501	2,531
OCT	2,509	
NOV	2,512	
DEC	2,531	

(1) The total represents only employees listed and active in the company's payroll system at the end of each month. All approved and budgeted vacant positions are not included in the total.

103. Please refer to MFR Schedule C-35. Please explain in detail any increases or decreases in the average number of employees greater than 5% between the years 2007, 2008, 2009 by the O&M expense functions of Production, Transmission, Distribution, Customer Accounts, Customer Service and Information, Sales Expense, Administrative & General, and Other (please specify).

A. Tampa Electric does not calculate or report employee headcount information by the O&M expense functions. Instead, the company's employee headcount is calculated by business unit. The chart below provides actual headcount data for 2007 and budgeted information for 2008 and 2009. For 2007, both the annual average and the actual headcounts are provided to illustrate the variation that may occur between using a 12-month average of monthly actuals versus a year-end headcount. Therefore, the December 31, 2007 headcount is a closer representation of existing employees as Tampa Electric entered 2008 and is a better comparison to the 2008 budgeted headcount figures.

Based on the chart below, the only areas with a headcount increase or decrease greater than five percent between the years 2007 through 2009 were in Energy Delivery and Customer Service.

	2007		2008	2009
Business Unit	**Annual Average[1]**	**Year-End**	**Budget**	**Budget**
Energy Supply	778	782	803	807
Energy Delivery	979	995	1,054	1,083
Customer Services	287	306	284	304
All other	443	448	440	444
Total Tampa Electric	2487	2531	2,581	2,638

(1) The total represents only employees listed and active in the company's payroll system at the end of each month. Not all approved and budgeted vacant positions are included in the total.

The Energy Delivery business unit employee headcount increased 75 positions or 7.7 percent when comparing 2007 annual average with 2008 budget, although if you compare 2007 year-end headcount of 995 with the 2008 budgeted headcount, it is a 5.9 percent increase. New positions were added above the 2007 levels due to the following reasons: 1) the length of time required to train and develop operating positions such as craft apprentices and engineers, both of which are jobs that have been identified through workforce planning analysis as critical to future business operations; 2) jobs formerly performed by contractors or temporary workers are now being performed by Tampa Electric employees; 3) several administrative positions were added to allow line supervisors more time in the field in an effort to improve safety performance and productivity; and, to handle the increased volume of transmission infrastructure to be built over the next several years.

For Customer Service most of the changes occur within the Call Center section of the business unit. The changes in staffing between months and at year end are driven by staffing needs to maintain acceptable service levels based on the expected number of customer calls, Call Center employees are hired in "classes" since there is extensive training that must occur before they can begin serving customers. Depending on the timing of the classes, employee headcount may be extraordinarily high at month-end and year-end. In addition, this group of employees tends to have a higher turnover rate than that experienced in other areas of the business, which can cause swings in headcount.

7

TECO's Responses to Staff's Seventh Set of Interrogatories (Nos. 110, 119, 131, 132, 134)

110. Under the heading "Availability of Capital" on page 41052 of Document No. 18, Bates-stamped pages 40744-A – 43142 of the responses to OPC'S First Request for Production of Documents filed on September 29, 2008, the document states "Tampa Electric included a $45 million capital project as part of the pro-forma used to develop the 2009 rate case request. Tampa Electric proposes that the CSXT discount would first be used to fund the additional $15 million of project cost and once the deficit has been met (approximately 2 years or 5 million tons) the remaining $30 million of discounts would be flowed through to customers through the fuel clause."

a. When will the remaining $15 million cost of the project be spent?

b. Why has TECO proposed to fund the remaining $15 million cost of the project by retaining the discount that otherwise would be passed through to the ratepayers in the fuel clause?

c. How does TECO propose to account for the retained $15 million discount in the fuel clause?

A. a. The facility is currently being constructed and it will be completed in December 2009. The "remaining $15 million" will be spent in 2009.

b. The rail provider's funding is specifically designated to help offset the cost of constructing the required rail facilities. The company included an initial estimate of $45 million for the facilities given the timing of this proceeding to adjust base rates and the facilities in service date. Assuming the company recovers its initial estimated cost through base rates, it intends to utilize the funds as received to first offset facilities costs in excess of those granted in base rates with any remainder being credited to customers through the fuel cost recovery clause.

c. Any dollars used to credit against the construction cost of the project will be directly credited to capital; therefore it will not be accounted for in the fuel clause.

119. Referring to the direct testimony of witness Hornick on page 23 and 24, will contractual services agreements ("CSAs") be entered into for the 5 new CTs to be placed in service during 2009?

A. Yes, the company intends to enter into contractual service agreements for the five new CTs to be placed in service during 2009.

Hearing Exhibit - 00000186

131. Page 10 of witness CHRONISTER'S direct testimony states: The primary economic and financial conditions considered when Tampa Electric prepared the 2009 budget were customer growth, which includes number of customers and usage per customer, and inflation or cost increases.

a. Please provide the effect on the Revenue Increase Requested of $228,167,000 as shown on Witness Chronister's Document No. 2 Page 1, of all the rates used for input into the budget model(s) for 2009 shown under the heading Customer, Demand and Energy Forecast on page 18 & 19 of Witness Chronister's Document No. 3 are increased (or decreased if negative) by 5%.

b. Please provide the effect on the Revenue Increase Requested of $228,167,000 as shown on Witness Chronister's Document No. 2 Page 1, if all the CPI Percent Increases used for input into the budget model(s) for 2009 shown under the heading Growth Indices in MFR Schedule C-33 are decreased by 5%.

A. a. As a result of this hypothetical scenario assuming a population growth of 6.3 percent, the effect on the requested $228,167,000 revenue requirement would be a decrease of $54 million. However, this hypothetical is neither relevant nor reasonable in determining potential revenue requirement increases given that typically Florida's population growth has not exceeded 2.5 percent per year and, based on current customer growth and economic conditions, the company expects its 2009 revenues to be well below the amount included in the projected test year. Finally, without completing a comprehensive reforecast of all operating and financial assumptions and inputs, this hypothetical omits the impact of, among many things, operating expenses, capital expenditures, rate base and capital structure.

b. As a result of this hypothetical scenario, the revenue requirement would be a decrease of less than $100,000. This amount is because the direct application of CPI is used infrequently in Tampa Electric's expenditure budgeting process. The company uses specific indices and price trends for certain fundamental raw materials, equipment and property as well as the Handy-Whitman Index to estimate price increases for certain utility-specific property

items. Costs are also budgeted based on known terms and conditions of existing contracts and arrangements and payroll assumptions are based on appropriate compensation levels given expected conditions in the job market. As with the hypothetical example above, this scenario is neither applicable nor reasonable. Without completing a comprehensive reforecast of all operating and financial assumptions and inputs, this hypothetical omits the impact of, among many things, operating expenses, capital expenditures, rate base and capital structure.

132. Referring to pages 36 and 37 of witness Chronister's direct testimony, would the adjustment to annualize the revenue requirement effect of the five simple cycle units that will not be placed in service before the rate increase goes into effect result in customers being charged new rates designed to recover the costs of these five simple cycle units before the operating costs are being recognized on the company's books?

A. The adjustment to annualize the revenue requirement effect for the two simple cycle units going into service in May 2009 will not result in customers being charged new rates before operating costs are recognized on the company's books. For the three simple cycle units scheduled to go into service in September 2009, the adjustment to annualize the revenue requirement will result in customers being charged new rates before the operating costs are recognized on the company's books but by only four months. This adjustment to annualize revenue requirements associated with these five units is appropriate because base rates are being set to represent the cost of doing business not only in 2009 but beyond. These investments are known and measurable and will benefit customers. Furthermore, the adjustment will not result in the company earning above its allowed return since new rates will only be effective for a portion of 2009, resulting in a return on equity well below the requested midpoint.

Hearing Exhibit - 00000189

134. Referring to pages 37 and 38 of witness Chronister's direct testimony, would the adjustment to annualize the revenue requirement effect of the rail facilities that will not be placed in service before the rate increase goes into effect result in customers being charged new rates designed to recover the costs of these rail facilities before the operating costs are being recognized on the company's books?

A. Yes. As with the five simple cycle units going in service in 2009, the adjustment to annualize the revenue requirement for the rail facilities will result in customers being charged new rates before the operating costs are recognized on the company's books. This adjustment is appropriate because base rates are being set to represent the cost of doing business not only in 2009 but beyond. The rail facilities are known and measurable and will benefit customers. Furthermore, the adjustment will not result in the company earning above its allowed return since new rates will only be effective for a portion of 2009, resulting in a return on equity well below the requested midpoint.

Hearing Exhibit - 00000190

8

TECO's Responses to Staff's Eighth Set of Interrogatories (Nos. 139-141, 149-152)

139. Referring to page 10 of the direct testimony of witness Carlson, please state what direction was provided by Tampa Electric to ABS Consulting in the preparation of the study concerning the effects on storm damage of Tampa Electric's "Construction Standards" as discussed on pages 33 through 34 in the direct testimony of witness Haines.

A. No direction was provided to ABS regarding the "Construction Standards" as discussed in witness Haines' testimony. Data provided to ABS for completion of its study included information from Tampa Electric's actual storm damage experience in 2004. To the extent that Tampa Electric's storm damage experience included portions of the T&D system that were constructed under the construction standards described by witness Haines, it would have been reflected in the data considered by ABS.

Hearing Exhibit - 00000192

140. Referring to page 10 of the direct testimony of witness Carlson, please state what direction was provided by Tampa Electric to ABS Consulting in the preparation of the study concerning the effects on storm damage of Tampa Electric's "Other Process Improvements" as discussed on pages 34 through 38 in the direct testimony of witness Haines.

A. No direction was provided to ABS regarding the "Other Process Improvements" discussed in the direct testimony of witness Haines, which include improved response times, enhanced resource scheduling flexibility, and reduced outage durations. While these process improvements help with restoration time, they will not have a material effect on actual restoration cost of the T&D system in extreme conditions associated with severe windstorm damage.

Hearing Exhibit - 00000193

141. Referring to page 10 of the direct testimony of witness Carlson, please state what direction was provided by Tampa Electric to ABS Consulting in the preparation of the study concerning the effects on storm damage of Tampa Electric's "STORM HARDENING ACTIVITIES" as discussed on pages 38 through 40 in the direct testimony of witness Haines.

A. No direction was provided to ABS regarding the "Storm Hardening Activities" discussed in the direct testimony of witness Haines. Tampa Electric anticipates the storm hardening activities will help reduce overall T&D system damage, but the impacts are unknown at this time.

Hearing Exhibit - 00000194

149. Referring to page 7 of the direct testimony witness of Harris, does the "Annual damage and loss estimate" take into consideration the effects on storm damage of Tampa Electric's "Construction Standards" as discussed on pages 33 through 34 in the direct testimony of witness Haines?

A. The ABS T&D model for computation of annual storm damage and loss estimates does not explicitly take into consideration Tampa Electric's recent construction standards as described by witness Haines.

Hearing Exhibit - 00000195

150. Referring to page 7 of the direct testimony of witness Harris, does the "Annual damage and loss estimate" take into consideration the effects on storm damage of Tampa Electric's "Other Process Improvements" as discussed on pages 34 through 38 in the direct testimony of witness Haines?

A. The ABS T&D model for computation of annual storm damage and loss estimates does not explicitly take into consideration Tampa Electric's recent process improvements as described by witness Haines.

Hearing Exhibit - 00000196

151. Referring to page 7 of the direct testimony of witness Harris, does the "Annual damage and loss estimate" take into consideration the effects on storm damage of Tampa Electric's "STORM HARDENING ACTIVITIES" as discussed on pages 38 through 40 in the direct testimony of witness Haines?

A. The ABS T&D model for computation of annual storm damage and loss estimates does not explicitly take into consideration Tampa Electric's recent storm hardening activities as described by witness Haines.

Hearing Exhibit - 00000197

152. Referring to page 7 of the direct testimony of witness Harris, does "the entire 105-year historical record" include multiple hurricane landfalls within Tampa Electric's service territory consistent with the 2004 hurricane season other than 2004?

A. In the 105-year hurricane record, there has only been one season like 2004 with four hurricane landfalls in Florida. While Tampa Electric sustained damage from three of the four hurricanes in 2004, there has never been a season with four hurricane landfalls within Tampa Electric's service territory. However, many hurricane researchers and forecasters, most notably the National Oceanic and Atmospheric Administration, believe that in 1995, we entered a period of heightened hurricane formation in the Atlantic Basin and this could continue until 2035.

Hearing Exhibit - 00000198

9

TECO's Responses to Staff's Ninth Set of Interrogatories (Nos. 153)

153. Referring to Tampa Electric's response to OPC'S THIRD SET OF INTERROGATORIES, INTERROGATORY NO. 16, please provide the actual amount spent to date on the "CIS Upgrade" amount and the latest projection for 2009.

A. The actual amount spent October year to date is $956,086 and the company expects to spend an additional $511,609 by year end 2008 for its CIS Upgrade associated with modifications required by this base rate proceeding. The company expects to spend $1,324,305 in January through May 2009 for a total forecasted jurisdictional amount of $2,445,171.

Hearing Exhibit - 00000200

10

TECO's Responses to Staff's Tenth Set of Interrogatories (Nos. 163-179)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's Petition for an Increase in Base Rates and Miscellaneous Service Charges.	)))	DOCKET NO. 080317-EI FILED: DECEMBER 17, 2008

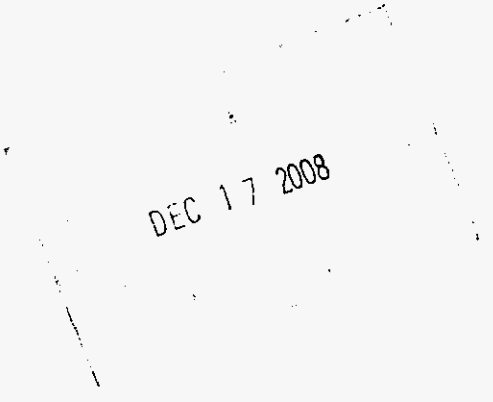
TAMPA ELECTRIC COMPANY'S

ANSWERS TO TENTH SET OF INTERROGATORIES (NOS. 163 - 179)

OF

FLORIDA PUBLIC SERVICE COMMISSION STAFF

Tampa Electric files this its answers to Interrogatories (Nos. 163 - 179) propounded and served on November 17, 2008, by the Florida Public Service Commission Staff.



TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
INDEX TO STAFF'S TENTH SET OF INTERROGATORIES (NOS. 163 - 179)

Number	Witness	Subject	Bates Stamped Page
163	Ashburn	For the following, please refer to page 40 of TECO witness Ashburn's Direct Testimony, lines 13-18. The witness states that consolidating the three lighting service rate schedules into one "will facilitate more efficient and understandable rates and services while recognizing the common cost of providing that service." a. Please explain or describe what is meant by the "common cost of providing that service." b. Please explain how one rate schedule will "facilitate more efficient and understandable rates and services."	1
164	Ashburn	For the following, please refer to page 66 of TECO witness Ashburn's Direct Testimony, lines 1-3. The witness states that TECO is proposing an increase in the transformer ownership discounts and the emergency relay service charges based on updated costs. a. Does the reference to updated costs mean that costs have simply been updated from TECO's last rate case proceeding with no change to the underlying procedures and methodologies employed in developing the discount rate and service charge? If no, please explain specifically in what way the procedures and methodologies have been changed and why. b. Please explain specifically what accounts for the increase in the transformer ownership discount rate at primary voltage from $0.36 to $0.80 per kW of Supplemental Demand. c. Please explain specifically what accounts for the increase in the transformer ownership discount rate from $0.32 to $0.65 per kW of Standby Demand. d. Please explain specifically what accounts for the increase in the transformer ownership discount rate for subtransmission or higher voltage from $0.59 to $1.26 per kW of Supplemental Demand. e. Please explain specifically what accounts for the increase in the transformer ownership discount rate of subtransmission or higher voltage from $0.52 to $1.29 per kW of Standby Demand. f. Please explain specifically what accounts for the increase in the monthly charge for emergency relay power supply service from $0.60 to $0.65 per kW of Supplemental Demand and Standby Demand.	2

165	Ashburn	For the following questions, please refer to MFR Schedule E-14, page 169 of 175. If the answer is no to any of the following questions, please explain why not. a. Line 13 states that it is the quotient of Line 9/Line 11. Should the reference be Line 10/Line 12 instead? b. Please explain "ratcheted demand" on line 49. c. Referring to lines 55-60: 1. Should the Distribution Primary Delivery ($/kW-mo) on line 55 refer to line 15, rather than line 14? 2. Should the Distribution Primary Delivery on line 56 refer to line 20, rather than line 19? 3. Should the Distribution Primary Delivery – Standby on line 57 refer to line 25, rather than line 24? 4. Should the Subtransmission Delivery on line 58 refer to line 15 + line 42, rather than line 14 + line 41? 5. Should the Subtransmission Delivery on line 59 refer to line 20 + line 47, rather than line 19 + line 46? 6. Should the Subtransmission Delivery – Standby on line 60 refer to line 23 + line 52, rather than line 22 + line 51?	7
166	Ashburn	The following questions refer to MFR Schedule E-14, page 170 of 175, the development of emergency relay power supply charges. a. Please explain how the trunk line % on line 12 was determined. b. Line 28 states it is the "Ratio a/b." Does "a" refer to line 25 and "b" refer to line 26? c. Does line 37 equal line 17 + line 35, rather than line 15 + line 33? d. Does line 42 equal the product of line 40 times line 41? e. Is line 44 the sum of line 20 and line 42, rather than the sum of line 18 and line 39?	9
167	Ashburn	For the following questions, please refer to page 73 of TECO witness Ashburn's Direct Testimony, lines 13-21. a. The witness states on lines 13-18 that where multiple rates are currently offered for the same lighting facilities, TECO proposes that the lowest rate be applied except for the presently reduced rate for additional lights on a pole. Do the "multiple rates" and "lowest rate" referenced by the witness refer to current existing rates or to the new rates based on TECO's cost of service study? b. The witness states on lines 18-21 that TECO proposes to price all lights on a pole of the same type at the same rate. Please explain in detail the rationale supporting TECO's proposal to eliminate the reduced rate for additional lights on a pole.	10

Hearing Exhibit - 00000204

168	Ashburn	For the following questions, please refer to page 73 of TECO witness Ashburn's Direct Testimony, lines 24-25, and page 74, lines 1-2. The witness states that the company is proposing that certain lighting facility offerings be eliminated or restricted to reflect the lack of customer interest or feasibility of the offering. a. Please list the specific offerings TECO proposes to restrict and describe the proposed restrictions. b. Please explain what is meant by the lack of "feasibility of offering." c. Please identify the source documents that support the assertion that there is a lack of customer interest or feasibility in the offerings TECO proposes to eliminate.	12
169	Ashburn	For the following questions, please refer to page 74 of TECO witness Ashburn's Direct Testimony, lines 8-12. The witness states that lighting facilities remain above parity in the Cost of Service study but the anticipated replacement with newer, more expensive facilities in the near term will move the cost of service closer to parity. a. What is meant by "near term," e.g., 3 years, 5 years, 10 years? b. What are the anticipated replacement lighting facilities?	14
170	Ashburn	For the following questions, please refer to TECO's 2008 lighting incremental cost study. a. Did TECO provide a similar cost study in its last rate case proceeding? b. If the response to (a) is affirmative, has TECO used the same procedures and methodologies in this currently filed cost study? If no, please explain in what specific ways the procedures and methodologies are different and the specific reasons for the differences.	15
171	Ashburn	For the following questions, please refer to TECO's 2008 lighting incremental cost study, pages 3-21, Maintenance Costs. a. Please explain the meaning of each column heading on pages 3 and 14. b. Please explain the meaning of the column heading "Bracket of Timer Failure" on page 8. c. Please describe the types of costs included in Material Handling costs. d. Please explain in detail how the Material Handling costs shown on pages 4-7, 9-13, 15-17, and 19-21 were developed. e. Please identify the source documents supporting the Material Handling costs shown on pages 4-7, 9-13, 15-17, and 19-21. f. Is the support for the frequencies of failure shown on pages 4-7 and 9-13 given on page 73? If not, please identify the documents supporting the development of frequencies of failure.	19

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172	Ashburn	For the following questions, please refer to TECO's 2008 lighting incremental cost study, pages 22-53, Installation Costs. a. Please explain in detail how the material unit costs and # of units were developed, e.g., continuing property records, work orders, etc.. b. Please identify the source documents supporting the development of the material unit costs and # of units. c. Please explain in detail how the labor and vehicle unit costs and # of units were developed, e.g. time and motion study, observation, work orders, etc. d. Please identify the source documents supporting the development of the labor and vehicle unit costs and # of units.	23
173	Ashburn	For the following questions, please refer to TECO's 2008 lighting incremental cost study, pages 54-72, Installation and Maintenance Labor. a. Please explain in detail how the unit times were determined, e.g., time and motion study, observation, time sheets, etc. b. On page 56, please explain how the Bucket/Climb Ratio was calculated. c. On page 56, please explain and provide the calculations supporting the derivation of the $76.36/hour labor for lamp failure and the $125.07/hour labor for luminaire parts failure. d. Please explain the meaning of "FR/Memo Ratio" on page 56. e. Please explain in detail how the FR/Memo Ratio was derived, identifying the source data used.	25
174	Ashburn	For the following, please refer to page 73 of TECO's 2008 lighting incremental cost study. Please explain in detail how the maintenance frequencies by activity and luminaire type were determined, e.g., trouble tickets, work orders, etc.	28
175	Ashburn	For the following questions, please refer to page 74 of TECO's 2008 lighting incremental cost study. a. Are the hourly labor rates shown in the second column fully loaded labor rates including both direct and indirect or overhead costs? b. If the response to (a) is affirmative, please explain specifically what types of costs are included in the indirect or overhead portion of a fully loaded labor rate. c. Please explain and provide the calculations used to derive the "crew make-up" dollars for each given crew. d. Please explain with specificity the calculations used to derive the "crew make-up" dollar amounts for each given crew.	29

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176	Ashburn	For the following questions, please refer to page 75 of TECO's 2008 lighting incremental cost study. a. Identify each factor that is used in the cost study. b. Please define each factor identified in (a) and explain with specificity the types of costs each factor is designed to recover. c. Please explain in detail how each factor identified in (a) is applied in the cost study. d. Please explain why each factor identified in (a) is appropriate to use in the cost study. e. Please explain and provide the calculations used to derive each factor identified in (a). f. Please explain with specificity the calculations used to derive each of the labor and equipment factors identified in (a).	31
177	Ashburn	Please explain with specificity how the levelized fixed charge rate is used in TECO's 2008 lighting incremental cost study and in the development of the proposed street lighting rates.	37
178	Ashburn	For the following, please refer to page 77 of TECO's 2008 lighting incremental cost study. Other than the levelized fixed charge rate based on a 19-year book life, have any other levelized fixed charge rates been used in the development of TECO's proposed street lighting rates? If affirmative, please provide the calculations of any other levelized fixed charge rates used and identify the facility to which each has been applied.	38
179	Ashburn	For the following, please refer to MFR Schedule E-13c, page 36 of 38. Please describe how the customer charge of $10.50 shown on line 2 was developed.	41

William Ashburn
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Hearing Exhibit - 00000207

163. For the following, please refer to page 40 of TECO witness Ashburn's Direct Testimony, lines 13-18. The witness states that consolidating the three lighting service rate schedules into one "will facilitate more efficient and understandable rates and services while recognizing the common cost of providing that service."

a. Please explain or describe what is meant by the "common cost of providing that service."

b. Please explain how one rate schedule will "facilitate more efficient and understandable rates and services."

A. a. The common cost of providing lighting service is the cost of those items and activities that do not vary between lighting rate schedules including, but not limited to, stocking and material handling, engineering, vehicles, operation and maintenance labor, supervision labor, energy production, transmission and distribution.

b. The company tariff currently includes three different lighting schedules under which many of the same fixtures or poles are offered at different prices and with different terms and conditions. For example, Rate Schedule SL-2, street lighting service, and Rate Schedule OL1, outdoor area lighting service, offer identical fixtures and poles with only a few exceptions; however, SL-2 offerings are provided at a lower rate and are only applicable to governmental entities and civic groups or homeowners associations requiring lighting service for public roadways. Customers who are not governmental entities and civic groups requesting lighting service for private roadways or other outdoor uses, may select identical fixtures under the OL-1 tariff, but must pay more for those selections and must enter into a service agreement, which they might have been exempt from under Rate Schedule SL-2. As a result, many customers are often confused and frustrated because the reasons for the differences among the rate schedules are not clear to them. Offering lighting service under one rate schedule will eliminate any price variation between identical product offerings and will provide consistency in the terms and conditions under which service is provided thus facilitating "more efficient and understandable rates and services":

Hearing Exhibit - 00000208

164. For the following, please refer to page 66 of TECO witness Ashburn's Direct Testimony, lines 1-3. The witness states that TECO is proposing an increase in the transformer ownership discounts and the emergency relay service charges based on updated costs.

a. Does the reference to updated costs mean that costs have simply been updated from TECO's last rate case proceeding with no change to the underlying procedures and methodologies employed in developing the discount rate and service charge? If no, please explain specifically in what way the procedures and methodologies have been changed and why.

b. Please explain specifically what accounts for the increase in the transformer ownership discount rate at primary voltage from $0.36 to $0.80 per kW of Supplemental Demand.

c. Please explain specifically what accounts for the increase in the transformer ownership discount rate from $0.32 to $0.65 per kW of Standby Demand.

d. Please explain specifically what accounts for the increase in the transformer ownership discount rate for subtransmission or higher voltage from $0.59 to $1.26 per kW of Supplemental Demand.

e. Please explain specifically what accounts for the increase in the transformer ownership discount rate of subtransmission or higher voltage from $0.52 to $1.29 per kW of Standby Demand.

f. Please explain specifically what accounts for the increase in the monthly charge for emergency relay power supply service from $0.60 to $0.65 per kW of Supplemental Demand and Standby Demand.

A. a. No, the procedures and methodologies employed in developing both the Transformer Ownership Discount and the Emergency Relay Service Charge have changed since Tampa Electric's last rate case proceeding.

Hearing Exhibit - 00000209

Transformer Ownership Discount ("discount")

Although the underlying theory employed of, (i.e., recognizing the embedded revenue requirements of transformers) is the same as in the last rate proceeding, the methodology for determining the discount in this rate proceeding is different from the one utilized in Tampa Electric's last rate proceeding.

In Tampa Electric's last rate proceeding the discount was determined by dividing the installed embedded cost of transformers by the installed capacity of transformers in kilovolt-amperes (kVA) and multiplying the result by a carrying charge to arrive at an annual revenue requirement on a dollar per kilovolt-ampere basis ($/kVA) basis. This result was then divided by 12 to produce a monthly dollar per kilovolt-ampere basis discount that was applied on a dollar per kilowatt ($/kW) basis.

The methodology used in this rate proceeding relies on detail provided by Tampa Electric's proposed cost of service study ("COS") to derive a discount that is calculated on the same basis it would be applied, (i.e., $/kW) . The discount at primary delivery voltage is calculated by multiplying COS distribution secondary voltage revenue requirements by the ratio of embedded line transformer costs to embedded secondary delivery to arrive at the annual revenue requirement for line transformers. The result is then divided by the annual effective billing kilowatt at secondary delivery voltage to arrive at the dollar per kilowatt discount.

The same general method is applied in calculating the discount at subtransmission delivery voltage. The COS distribution revenue requirement at primary delivery is multiplied by the ratio of embedded substation costs to total embedded distribution costs for primary delivery to obtain annual distribution substation revenue requirements. The result is then divided by the annual effective billing kW at primary delivery voltage to arrive at the $/kW discount.

For the GSD Option rate, the discounts in the current proceeding were calculated on a ¢/kWh rather than a $/kW basis.

For standby customers the kilowatt, which is used as the denominator in the final step of the calculation, is the ratcheted

Hearing Exhibit - 00000210

demand or maximum demand for each customer in the class. Standby demand charges are based on ratcheted demands, so it follows that kilowatt discounts for standby customers should also be based on ratcheted demands. In the last rate case proceeding, the discount calculated for non-standby customers was multiplied by a "ratchet" factor of 1.2852 to arrive at the discount for standby customers.

Emergency Relay Service Charge ("relay service charge")

The underlying theory (i.e., recognizing that portion of the COS embedded revenue requirements associated with back-up capacity at the substation and the O&M expense associated with both the trunk line and back-up capacity at the substation) utilized in this rate proceeding is the same as that employed in the last rate proceeding. With the exception of the calculation of the "trunk line %" that determines that portion of the total distribution primary line O&M expense that is attributed to trunk or feeder lines, the methodologies are essentially the same.

In the last rate proceeding, a weighed average trunk line percent was calculated by:

1) Multiplying the ratio of overhead ("OH") trunk line conductor footage to total OH primary conductor footage by the embedded pole costs;
2) Multiplying the ratio of embedded OH trunk costs to embedded OH costs by the total embedded primary OH line costs;
3) Multiplying the ratio of underground ("UG") trunk line conductor footage to total UG primary conductor footage by the embedded conduit costs;
4) Multiplying the ratio of embedded UG trunk costs to embedded UG costs times embedded primary UG cable costs; and
5) Dividing the sum of the products from steps 1 through 4 above by the total primary line plant costs.

This weighted average trunk line percent was then multiplied by the dollar per billing kW unit cost for primary line O&M expense to obtain the $/kW O&M expense associated with trunk lines.

Hearing Exhibit - 00000211

In this current proceeding, the trunk line percent is calculated by dividing the embedded cost of the conductor types used in construction of OH and UG feeders by the total embedded cost of OH and UG primary conductors. This percentage is then multiplied by the O&M expense for primary lines to obtain the trunk line O&M portion of the relay service charge and divided by billing kW to obtain the $/kW charge for the combined GSD class. The ¢/kWh charge for GSD Option customers is obtained by dividing the trunk line O&M allocation by billing kWh.

The company believes that neither of the two methods employed in the calculation of the trunk line percent are completely precise, only that the method utilized in this proceeding is superior in that it is simpler to derive and perhaps more accurate than the prior one. Although the footage allocations employed in the previous rate proceeding attempted to factor in other variables on a cost basis, the embedded cost of poles and conduit used in feeder work is not dollar for dollar with the embedded cost of poles and conduit used in other primary conductor work; therefore, adding a straight percentage of embedded pole and conduit costs to the equation does not necessarily yield a more accurate result. Since the level of detail required to accurately obtain the information required for the prior method is great and difficult to derive, the company believes that the simplified approach proposed for this proceeding to calculating the trunk line percent is reasonable and should be accepted.

b. The primary contributors to the 122 percent increase in the discount rate at primary voltage are the rising transformers and labor costs. Based on the *Handy Whitman Cost Trends of Electric Utility Construction*, second quarter 2008, the costs of line transformers and pad-mounted transformers, including installation labor have increased 114 percent and 158 percent, respectively, since 1992. Also contributing to the increase is the change in methodology whereby the transformer nameplate rating in kilovolt-amperes (a larger number) is replaced by the average class demand in kilowatts (a smaller number) as the denominator in determining the dollar per kilowatt discount rate. The company utilizes kilowatts in the denominator of the calculation instead of kilovolt-amperes, because kilowatts are the basis on which the discount is applied.

Hearing Exhibit - 00000212

c. As stated in the company's response to part b above, material and labor costs are the primary contributor for the 1.03 percent increase in the discount rate at primary voltage for standby customers. Substituting the class ratcheted or maximum demand in kilowatts for the transformer installed capacity in kilovolt-amperes also contributes to the increase in the discount rate.

d. The primary contributors for the 114 percent increase in the discount rate at subtransmission voltage are the increased equipment and labor costs. In addition to the increases reported in part "b" above, substation transformers have increased between 89 to 101 percent over the same period, according to *Handy Whitman*. Any remaining increase is associated with the change in methodology given the smaller average class demand is substituted for the larger transformer nameplate kilovolt-amperes as the denominator in determining the dollar per kilowatt discount rate.

e. As stated in the company's response to parts b and d above, material and labor costs are the primary contributors for the 148 percent increase in the discount rate at substation voltage for standby customers. Also contributing to the increase is the change in the methodology, which substitutes the smaller ratcheted demand for the larger transformer nameplate kilovolt-amperes as the denominator in determining the dollar per kilowatt rate.

f. The eight percent increase in the monthly charge for emergency relay power supply service, from $0.60/kW to $0.65/kW of Supplemental Demand and Standby Demand, is specifically due to increased equipment and labor costs and the change in methodology for allocating O&M costs to trunk lines.

Hearing Exhibit - 00000213

165. For the following questions, please refer to MFR Schedule E-14, page 169 of 175. If the answer is no to any of the following questions, please explain why not.

a. Line 13 states that it is the quotient of Line 9/Line 11. Should the reference be Line 10/Line 12 instead?

b. Please explain "ratcheted demand" on line 49.

c. Referring to lines 55-60:
   1. Should the Distribution Primary Delivery ($/kW-mo) on line 55 refer to line 15, rather than line 14?
   2. Should the Distribution Primary Delivery on line 56 refer to line 20, rather than line 19?
   3. Should the Distribution Primary Delivery – Standby on line 57 refer to line 25, rather than line 24?
   4. Should the Subtransmission Delivery on line 58 refer to line 15 + line 42, rather than line 14 + line 41?
   5. Should the Subtransmission Delivery on line 59 refer to line 20 + line 47, rather than line 19 + line 46?
   6. Should the Subtransmission Delivery – Standby on line 60 refer to line 23 + line 52, rather than line 22 + line 51?

A. a. Yes.

b. "Ratcheted demand" represents the sum of the non-coincident annual peak demands of each customer times 12, as if the customers had reached their annual maximum demand each month of the year. The ratcheted demand on line 49 was calculated by multiplying the effective billing demand by a "ratchet" factor of 1.22. The ratchet factor was calculated by dividing the sum of the annual non-coincident peak demands for each demand customer by the average monthly demand for the customer class.

c. 1. Yes.
   2. Yes.
   3. Yes.
   4. Yes.

Hearing Exhibit - 00000214

5. Yes.

6. Yes.

Hearing Exhibit - 00000215

166. The following questions refer to MFR Schedule E-14, page 170 of 175, the development of emergency relay power supply charges.

a. Please explain how the trunk line % on line 12 was determined.

b. Line 28 states it is the "Ratio a/b." Does "a" refer to line 25 and "b" refer to line 26?

c. Does line 37 equal line 17 + line 35, rather than line 15 + line 33?

d. Does line 42 equal the product of line 40 times line 41?

e. Is line 44 the sum of line 20 and line 42, rather than the sum of line 18 and line 39?

A. a. The truck line percent is derived by dividing the embedded cost of UG cable and OH wire typically used for feeder or trunk lines by the embedded cost of total system cable and wire.

b. Yes.

c. Yes.

d. Yes.

e. Yes.

Hearing Exhibit - 00000216

167. For the following questions, please refer to page 73 of TECO witness Ashburn's Direct Testimony, lines 13-21.

a. The witness states on lines 13-18 that where multiple rates are currently offered for the same lighting facilities, TECO proposes that the lowest rate be applied except for the presently reduced rate for additional lights on a pole. Do the "multiple rates" and "lowest rate" referenced by the witness refer to current existing rates or to the new rates based on TECO's cost of service study?

b. The witness states on lines 18-21 that TECO proposes to price all lights on a pole of the same type at the same rate. Please explain in detail the rationale supporting TECO's proposal to eliminate the reduced rate for additional lights on a pole.

A. a. Tampa Electric is referring to its current rates when using the terms "multiple rates" and "lowest rates".

b. For certain fixtures offered under Tampa Electric's current lighting rate schedules, there is one rate for the initial fixture installed on a wood or concrete pole and a different, lower rate for all additional fixtures that are installed on the same pole. The lower rate is currently applied to all additional fixtures of certain types up to a maximum based on the loading limit of the pole. The lower rate was designed to recognize the sharing of certain materials associated with the initial fixture installed on the pole and associated reductions in labor and vehicle costs to install the additional light fixtures on the same pole from reduced travel time.

Tampa Electric is proposing in this proceeding to eliminate the rate reduction for additional fixtures on a pole for two reasons:

1) While there can be some material cost savings when up to two additional fixture(s) are installed on one pole, depending on the lamp size associated with the fixture, the assumption does not hold true when more than two additional fixtures are installed on the same pole or if the additional fixtures have larger lamp sizes than the initial fixture. Experience has shown that in such cases, service wiring, or cable often needs to be upgraded to a

Hearing Exhibit - 00000217

larger capacity cable and associated conduit and fittings often need to be changed out to accommodate the larger cable or installation of an additional service cable required to the additional power requirements.

2) Unless the additional fixtures on the pole are installed at the same time as the initial fixture, the labor and vehicle cost savings will not be realized. Experience has shown that in many cases the additional lights are installed later and in those cases, there are no savings on labor or travel time. There are currently no restrictions in the lighting tariffs on when the additional lights must be installed in order to receive the lower rate.

Hearing Exhibit - 00000218

168. For the following questions, please refer to page 73 of TECO witness Ashburn's Direct Testimony, lines 24-25, and page 74, lines 1-2. The witness states that the company is proposing that certain lighting facility offerings be eliminated or restricted to reflect the lack of customer interest or feasibility of the offering.

a. Please list the specific offerings TECO proposes to restrict and describe the proposed restrictions.

b. Please explain what is meant by the lack of "feasibility of offering."

c. Please identify the source documents that support the assertion that there is a lack of customer interest or feasibility in the offerings TECO proposes to eliminate.

A. a. See the attached for the specific offerings that Tampa Electric proposes to restrict or eliminate.

b. Witness Ashburn uses of the phrase "feasibility of the offering" from a customer's perspective to mean that an offering cost may exceed the customer's budgeted amount for lighting service or the offering is perceived by the customer as too expensive or as not providing enough value for the price. Most of the offerings that the company proposes to eliminate are among the highest price offerings within each rate schedule.

c. Tampa Electric relied on queries of its Facilities Information System lighting inventory records and its Customer Information System's billing records to support its assumption that there is a lack of customer interest in the offerings that the company proposes to eliminate. The inventory records indicate that there are no fixtures and poles in the field of the type proposed for elimination and the customer billing records, likewise, confirm that there are no customers currently taking service under the rates of those fixtures and poles proposed for elimination. These offerings have been closed to new business for several years.

Hearing Exhibit - 00000219

Tampa Electric Company
Specific Lighting Offerings Proposed to be Restrict or Eliminated

	Current Schedule	Description	Proposed Restriction
1	SL-2	Turnpike 400 W HPS	Eliminate rate – currently closed to new business with no subscribers.
2	SL-2	Alum AB 27 ft for 250 - 400 W	Eliminate rate – current customers to be billed under current lower rate (i.e., Alum AB 27 ft pole for 150 W). New generic description for pole: Alum AB 27 ft
3	SL-2	Alum AB 28 ft for 70_100 W	No longer restricted to 70 or 100 W fixtures. New generic description for pole: Alum AB 28 ft.
4	SL-2	Conc STD DB 35 Ft UG for 70_100 W	Close to new business. Current customers will continue to receive service under closed rate. New customers may select the generic Standard 35 ft DB Concrete pole (currently offered under Schedule OL-3).
5	SL-2	Conc STD DB 35 Ft UG for 150 W	Same explanation as 4 above
6	SL-2	Conc STD DB 35 Ft UG for 250_400 W	Same explanation as 4 above
7	OL-1	Conc STD DB 35 Ft UG for up to 100 ft span	Same explanation as 4 above
8	OL-1	Conc STD DB 35 Ft UG for 100 - 150 ft spans	Same explanation as 4 above
9	OL-1	Conc STD DB 35 Ft UG for spans above 150 ft	Same explanation as 4 above
10	OL-3	Flat Decorative 400 W HPS	Eliminate rate – currently closed to new business with no subscribers.
11	OL-3	Cube Decorative 400 W MH	Eliminate rate – currently closed to new business with no subscribers.
12	OL-3	Alum PT Arlington	Eliminate rate – currently closed to new business with no subscribers.
13	OL-3	Alum AB 30 Ft	Eliminate rate – currently closed to new business with no subscribers.

Hearing Exhibit - 00000220

169. For the following questions, please refer to page 74 of TECO witness Ashburn's Direct Testimony, lines 8-12. The witness states that lighting facilities remain above parity in the Cost of Service study but the anticipated replacement with newer, more expensive facilities in the near term will move the cost of service closer to parity.

a. What is meant by "near term," e.g., 3 years, 5 years, 10 years?

b. What are the anticipated replacement lighting facilities?

A. a. With the average depreciation rate for fixtures at approximately 13 years, significant fixture replacement can be seen within three to five years. The average lives of poles are much longer than fixtures. The company does not anticipate replacing a significant number of poles in the near term.

b. The company anticipates that it will replace the lighting facilities that have exceeded useful life with the same or similar products, where available.

Hearing Exhibit - 00000221

170. For the following questions, please refer to TECO's 2008 lighting incremental cost study.

a. Did TECO provide a similar cost study in its last rate case proceeding?

b. If the response to (a) is affirmative, has TECO used the same procedures and methodologies in this currently filed cost study? If no, please explain in what specific ways the procedures and methodologies are different and the specific reasons for the differences.

A. a. Yes.

b. The company's records of the earlier study are comprised of hard copies of calculations and reports. No source documents of the calculations, formulas or algorithms themselves survive. As a result, the rationales behind many of the earlier calculations is no longer available. In some cases, the procedures and methodologies in the currently filed cost study were the same or similar as the cost study filed in the company's prior proceeding. The known specific differences are described below.

- The frequency of maintenance activity in the current cost study is based on two years of actual outage data from the company's Outage Management System ("OMS"). The frequency was tabulated per fixture by maintenance activity. The data source for the frequencies used in the 1992 study is unknown.

- The maintenance cost for each type of pole was calculated in the current cost study to capture wiring maintenance and other "aesthetic" maintenance (e.g., painting poles) associated with certain decorative poles. In the earlier study, costs for wiring maintenance were not included and only certain decorative poles included "aesthetic" maintenance costs.

- In the current study, there is only one average installation and cost for each fixture type. The installation cost is a weighted average of single fixture installation costs and multiple fixture

Hearing Exhibit - 00000222

installation costs that capture certain cost efficiencies in materials, labor, and vehicles due to sharing of materials and travel time, etc. As explained in more detail in the company's response to Staff's Tenth Set of Interrogatories No. 167, part b, the 1992 study included both an initial fixture cost and an additional fixture cost.

- Similarly, in the 2008 cost study, a weighted average for single pole and multiple pole installation was calculated using information from the work management system that indicated frequency of jobs with multiple fixtures and poles. It appears that the earlier study only considered the single pole installation scenario for the pole installation task.

  A factor in the 2008 cost study is the incorporation of one-man or two man crews and one or two vehicles based on the particular task for installation or maintenance. In fact, the same task might require different options for crew and vehicle makeup depending on circumstances such as working the task upon first response to the site, or alternatively working the task in two steps, partly upon first response (to diagnose the failure) and partly at a later date when material that was unavailable as truck stock at first response has been obtained and/or if the task requires two men to complete, sometimes due to safety constraints. Tasks with options for combinations of crew and vehicle makeup use weighted formulas to calculate the cost for a single installation while incorporating the variations of crews and vehicles that might be used on various occasions. It appears that the earlier study only considered one option for crew and vehicle makeup per task.

  A similar methodology was used for labor calculation for engineering estimates per task. Information from Tampa Electric's Work Order system indicating frequency of jobs with multiple fixtures and poles, grouping them in categories of 1-2, subdivisions, commercial jobs, intersection and roadway jobs was obtained. Times for each individual category were estimated and the times allocated to either a fixture, pole, or combination fixture and pole. Then a weighted average cost, based on frequency and time of each category, was calculated

Hearing Exhibit - 00000223

for the engineering task per fixture or pole. It appears that the earlier study only considered one option for engineering per task.

- In the 2008 cost study, a weighted cost based on usage was used for material costs for items with more than one equipment option for the same fixture or pole (e.g. the same wattage and type fixture is available wired 120V, 120/240V or 480V). This is why multiple luminaries or brackets (for example) may appear in the material lists for a fixture installation. The average number of units issued in the past three to four years for each option, combined with the system average unit price of that option, is used to calculate a weighted average unit cost of one luminaire or bracket (for example). The earlier study appears to have used the unit price of the most common option available.

- In the 2008 COS, the average span length for each luminaire type was calculated as follows:

  1. Using the engineering lighting design tool VISIO, various typical usage designs (e.g. roadway, parking lot, subdivision roadway, area light), with the appropriate OH or UG wiring (method of delivering service) were designed for each luminaire type, resulting in the appropriate span length for that design.
  2. For each luminaire type, the various span lengths were combined with the ratio of usage (e.g. 10 percent parking lot vs. 90 percent roadway), and a weighted average span length was developed for both OH and UG.
  3. For each luminaire type, the number of luminaires served by OH and UG wiring were identified.
  4. The luminaire types applicable for each specific pole type were identified.
  5. A weighted average span length for each pole type for OH or UG service was computed by taking the sum of the products of the number of OH luminaires of each available type multiplied by the respective OH span length for that

Hearing Exhibit - 00000224

luminaire, and that sum divided by the sum of the number of luminaires with OH service available for that pole type.

In the earlier study, a sample actual work request using a specified luminaire was provided and the average span length of that single actual design was used for the pole installation cost calculations for various poles for which that luminaire was an option.

By using this new methodology for 2008, the various combinations of span length based on the variety of luminaires that might be mounted on particular poles were accommodated. Since the average span length affects cable footage and other material usage this methodology provides for a more accurate pole installation cost estimate.

Hearing Exhibit - 00000225

171. For the following questions, please refer to TECO's 2008 lighting incremental cost study, pages 3-21, Maintenance Costs.
   a. Please explain the meaning of each column heading on pages 3 and 14.
   b. Please explain the meaning of the column heading "Bracket of Timer Failure" on page 8.
   c. Please describe the types of costs included in Material Handling costs.
   d. Please explain in detail how the Material Handling costs shown on pages 4-7, 9-13, 15-17, and 19-21 were developed.
   e. Please identify the source documents supporting the Material Handling costs shown on pages 4-7, 9-13, 15-17, and 19-21.
   f. Is the support for the frequencies of failure shown on pages 4-7 and 9-13 given on page 73? If not, please identify the documents supporting the development of frequencies of failure.

A. a. The meaning of each column heading on page three of the lighting incremental cost study is as follows:

- **Luminaire Type:** the style of the fixture, which determines the physical appearance of the fixture as well as the illumination pattern produced by the fixture.
- **Lamp Type:** analogous to the "bulb" type used in lighting fixtures. Where indoor lighting includes incandescent, halogen, fluorescent, etc. lamp types; the outdoor lamp types used by Tampa Electric include the energy-efficient high pressure sodium and metal halide lamps.
- **Size:** the wattage of the lamp, which indicates the lamps power requirement and consumption.
- **Lamp Size/Type:** the combination of the previous two headings.
- **Initial Lumens:** the measure of light output provided by a new lamp. Lumens can vary by age and configuration of the lamp.
- **Lamp Failure:** a breakdown in the operation of a lamp that leads to a lighting outage. The non-functioning lamp must be replaced to resume normal operation. The values in this column represent the annual cost associated with replacing the lamp based the frequency of lamp failure for each

Hearing Exhibit - 00000226

luminaire type (e.g., lamp replacement once every five years equals 20 percent of the replacement cost per year).

- **Luminaire Parts Failure:** a breakdown in operation of fixture parts, other than the lamp, that affects lighting service or creates an unsafe condition (e.g., starting aid, capacitor or ballast failure; broken glass refractor, etc.). The values in this column represent the annual cost associated with replacing the various luminaire parts based on the various frequencies of failure of each part per luminaire type.
- **PC:** the photocell, which is the device that acts as the on/off switch for the fixture. It detects levels of sunlight and activates the fixture when the sunlight drops below a certain level (usually at dusk) and deactivates the fixture when the sunlight rises above a certain level (usually at dawn.) The values in this column represent the annual cost associated with replacing the photocell based on the frequency of photocell failure for each luminaire type.
- **Relay:** a device that acts as the on/off switch for a group of lights, allowing the group of lights to come on and go off together at the same time (e.g. a parking lot or a string of lights along a highway). Relays may be set up for photocontrol or for timed service using a timer device. The values in this column represent the annual cost associated with replacing the relay based on the frequency of relay failure for each luminaire type
- **Total Annual Cost:** the sum of the annual maintenance costs for replacing lamps, luminaire parts, photocells, and relays based on the frequencies of each activity for each luminaire type.
- **Total Monthly Charge:** the monthly maintenance charge for each luminaire type calculated by dividing the amount in the Total Annual Cost column for each luminaire type by 12.

The meanings of the column headings on page 14 of the lighting incremental cost study are as follows:

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- **Pole Type:** the style of the pole that determines the physical appearance, height, and composition of the pole and method of delivering electric service (i.e., OH wiring or underground UG wiring).
- **SVC Type:** the delivery method of electric service, OH or UG wiring.
- **Pole Material:** the composition of the pole (i.e., wood, concrete, steel, aluminum, composite, or fiberglass).
- **OH Cable Failures and Parts:** the replacement of OH service wire and cables and associated equipment such as connectors, fuses, clamps, and sleeves due to failure. The values in this column represent the annual cost associated with replacing the OH cable and associated parts based on the frequency of OH cable and parts failure for each pole type.
- **UG Cable Failures and Parts:** the replacement of UG service cable and associated equipments such as handhole, connector, fuse, fuse holder, clamps and sleeves due to failure. The values in this column represent the annual cost associated with replacing the UG cable and associated parts based on the frequency of UG cable and parts failure for each pole type.
- **Paint Pole:** a maintenance activity required for certain poles that have painted surfaces or surfaces that fade over long periods of exposure to sunlight. The values in this column represent the annual cost associated with painting the pole based on the frequency of painting required for each pole type.
- **Total Annual Cost:** the sum of the annual maintenance costs for replacing OH and UG cable and parts and pole painting the frequencies of each activity for each pole type.
- **Total Monthly Charge:** the monthly maintenance charge for each pole type calculated by dividing the amount in the Total Annual Cost column for each pole type by 12.

b. The column heading "Bracket or Timer Failure" on page 8 refers to the double bracket that accommodates two post top fixtures on one pole and the timer device that is employed in timed service. The two items are not related, but were included in the same column for

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convenience. The values in this column represent the annual cost associated with replacing the double bracket failure and timer based on the frequency of bracket and timer failure for each fixture type.

c. Types of cost included in materials handling include:

Cost Description	Allocation Percent (%)
Stores Clearing rate (i.e., storeroom labor, vehicles, purchase order paper work etc.)	10.04%
Inventory Carrying Cost (i.e., warehouse space, taxes, insurance, and obsolete materials and shrinkage that are not included in Stores Clearing rate above).	9.45%
Self-help Rate (e.g., handling for truck stock, bulk items (self help bins for nuts, bolts, etc.) allocated by job type)	5.72%
Total Materials Overhead Adder (1+ 2 + 3)	25.17%

d. The values in the Material Handling columns shown on pages 4 through 7, 9 through 13, 15 through 17, and 19 through 21 are calculated by multiplying the corresponding Luminaire Type or Pole Type values in the Average Material Cost columns by the Total Materials Overhead Adder (25.17 percent) as identified above.

e. See the company's response to Staff's Seventh Request for Production of Documents No. 56.

f. The source documents for failure frequencies are the outage records from OMS for 2006 and 2007.

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172. For the following questions, please refer to TECO's 2008 lighting incremental cost study, pages 22-53, Installation Costs.

a. Please explain in detail how the material unit costs and # of units were developed, e.g., continuing property records, work orders, etc..

b. Please identify the source documents supporting the development of the material unit costs and # of units.

c. Please explain in detail how the labor and vehicle unit costs and # of units were developed, e.g. time and motion study, observation, work orders, etc.

d. Please identify the source documents supporting the development of the labor and vehicle unit costs and # of units.

A. a. Tampa Electric uses the work management system STORMS, also know as WorkPro, to track work requests and identify materials. Materials for common jobs are grouped into construction units ("CUs") and the records for these common jobs contain complete material lists. Therefore, the CUs for each job were utilized to develop material units and number of units. Material unit costs were identified based on either a system average unit price ("SAUP") from the company's materials management system ("MMIS"), which tabulates an average of the most recent purchases of that item or in the case of some items infrequently purchased, the last purchase price on record in MMIS was used.

b. The source document for the material unit costs was the December 2007 MMIS download report. The source document for the material number of units was primarily the WorkPro CU listings. Subject matter experts identified small parts (e.g. nuts, bolts, etc.) when not available on the CU listings.

c. **Labor unit costs:** For lighting crews, hourly labor rates from the labor contract book for each classification type required per job are used. The rates are summed if two or more positions are required per task. For engineering labor, the straight time annual cost of

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position classification is divided by 2,080 hours to obtain the labor unit cost.

- **Labor units:** In the mid-1980's, Tampa Electric conducted extensive time-and-motion studies for each distribution labor activity in order to develop base labor units (raw hours) per activity for its work order management system ("WOMS") at that time. The WOMS employed an algorithm to factor-in certain elements (i.e., personal fatigue and delay, net effectiveness, job preparation, and travel time) that added time to the base labor units. The company's current work management system, WorkPro, employs "average" labor units (labor CUs) that were developed from the WOMS base labor units and the other factors formerly applied by the WOMS algorithm. Although the base labor units for "turn the wrench" type activities have not changed since the 1980's, other factors, such as traffic congestion, that also contribute to the time required per activity have changed. As a result, the unit times were adjusted a few years ago to account for increased travel time, flagging requirement due to traffic, etc. These adjusted labor CUs were reviewed, validated, and if needed, updated by subject matter experts to reflect current procedures, practices, and any equipment changes and are reflected in the 2008 ICS.

- Vehicle unit costs: Hourly rates of vehicle for each type calculated by dividing the annual costs for each vehicle type by 2,080 hours. Rates were summed for tasks involving multiple vehicles.

- Vehicle units mirror labor units when the vehicle use is coincident with labor (i.e., if engineering design labor is performed in the office – vehicle time is not allocated). For two-man crews, vehicle units equal half of the labor units. Travel time was calculated based on a time study of a sample group of responses across the service territory.

d. See the company's response to Staff's Seventh Request for Production of Documents No. 58.

Hearing Exhibit - 00000231

173. For the following questions, please refer to TECO's 2008 lighting incremental cost study, pages 54-72, Installation and Maintenance Labor.

a. Please explain in detail how the unit times were determined, e.g., time and motion study, observation, time sheets, etc.

b. On page 56, please explain how the Bucket/Climb Ratio was calculated.

c. On page 56, please explain and provide the calculations supporting the derivation of the $76.36/hour labor for lamp failure and the $125.07/hour labor for luminaire parts failure.

d. Please explain the meaning of "FR/Memo Ratio" on page 56.

e. Please explain in detail how the FR/Memo Ratio was derived, identifying the source data used.

A. a. See the company's response to Staff's Tenth Set of Interrogatories No. 172, part c

b. Bucket/Climb ratios were developed from subject matter expert observation and expert knowledge of the work.

c. **Lamp Failure Labor Cost Formula:** the labor cost (SL1 Hourly Rate) multiplied by the time to perform the lamp replacement. This time includes the travel time, time to diagnose the problem, and to replace the lamp. The time to replace the lamp includes the variations of using a bucket or a ladder (climb) [Bucket/Climb Ratio], as well as the variations of completing the replacement during the first response (FR) or needing a second man and/or needing to return to complete the task on a second trip (Memo) [FR/Memo Ratio].

The formula for this calculation is (SL1 Hourly Rate) x [(Bucket Maintenance time) x (Bucket/Climb Ratio^{Bucket}) + (Climb Maintenance time + Second Man Climb Maintenance time) x (Bucket/Climb Rate^{Climb})]

Hearing Exhibit - 00000232

or

$76.36/hour = $87.21 x [(0.67 hours) x (86%) + (0.92 hours + 1.28 hours) x (14%)]

Luminaire Parts Failure Cost Formula: The labor cost (SL1 Hourly Rate) multiplied by the time to perform the lamp parts failure repair. This time includes the travel time, time to diagnose the problem, and to repair the lamp. The time to repair the lamp includes the variations of using a bucket or a ladder (climb) [Bucket/Climb Ratio], as well as the variations of completing the repair during the first response (FR) or needing a second man and/or needing to return to complete the task on a second trip (Memo) [FR/Memo Ratio].

The formula for this calculation is (SL1 Hourly Rate) x [(Bucket Maintenance time) x (Bucket/Climb Ration^{Bucket}) + (First Response/Memo Ratio^{Memo} x (Bucket Maintenance time + Memo time)] + (SL1 Hourly Rate) x [Bucket/Climb Ratio^{Climb} x (Climb Maintenance time + Second Man FR Climb time) + (First Response/Memo Ratio^{Memo} x (Climb Maintenance time + Memo time)]

or

$125.07/hour = ($87.21)x[(95%)x(1.15 hours)+ (5.7%)x(1.15 hours + 0.58 hours)] +)$87.21)x[(5%))x(1.40 hours + 1.17 hours) + (5.7%)x (1.40 hours + 0.58 hours)]

d. FR/Memo Ratio" on page 56 is an abbreviation for First Response to Memo Ratio. First response refers to the first field visit to a location for maintenance. One hundred percent of maintenance jobs have a first response. Memo is the second or subsequent field visit to a location. This is normally a follow up visit on a different date to a location after the initial first response. The follow up visit is required to complete a job where a second man, additional materials and/or specific requirements (e.g. flagging, permitting) must be met. In some cases, the memo visit occurs the same day as the first response with the first responder waiting for the second

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man in order to complete the job. The FR/Memo Ratio is the percentage of time the FR visit requires a second or Memo visit.

e. The FR/Memo Ratios were derived from subject matter expert observation and expert knowledge of the work.

Hearing Exhibit - 00000234

174. For the following, please refer to page 73 of TECO's 2008 lighting incremental cost study. Please explain in detail how the maintenance frequencies by activity and luminaire type were determined, e.g., trouble tickets, work orders, etc.

A. The maintenance frequencies by activity and luminaire type were developed from 2006 and 2007 OMS (trouble tickets) historical data. Records for each lighting maintenance ticket were tabulated by luminaire type and grouped into failure activity categories. Maintenance frequencies were calculated based on the ratio of the failures to the field installed count of each type of luminaire.

Hearing Exhibit - 00000235

175. For the following questions, please refer to page 74 of TECO's 2008 lighting incremental cost study.

a. Are the hourly labor rates shown in the second column fully loaded labor rates including both direct and indirect or overhead costs?

b. If the response to (a) is affirmative, please explain specifically what types of costs are included in the indirect or overhead portion of a fully loaded labor rate.

c. Please explain and provide the calculations used to derive the "crew make-up" dollars for each given crew.

d. Please explain with specificity the calculations used to derive the "crew make-up" dollar amounts for each given crew.

A. a. No. The hourly labor rates shown in the second column are not fully loaded labor rates. They are the straight time non-loaded hourly labor rates. The loading, both direct and indirect, takes place in the columns to the right per each type of crew.

b. Not applicable.

c. "Crew make-up" dollars for each given crew are calculated as follows: for each position on the crew, the hourly rate is multiplied by the number of positions of that type on the crew. This result is then adjusted for indirect and direct labor costs by multiplying by a loading factor. The adjusted values for all position types on the crew are summed to obtain the crew labor dollars. For each vehicle used with the crew, the hourly rate was multiplied by the number of vehicles of the same type to obtain crew vehicle dollars. (No other adjustments were made to vehicles dollars). The sum of the crew labor dollars and the vehicle dollars are the "Crew make-up" dollars.

"Crew make-up" dollars equal Σ (hourly rate per position x number of same position) x loading factor + Σ (hourly rate per vehicle type x number of vehicles of the type)

Hearing Exhibit - 00000236

The loading factor used in the labor calculation included a value labeled "A&G", the value labeled "Fringe", supervisory and administration, specific to lighting; and for IBEW labor only, small tools

or,

IBEW labor loading factor = 1+.70 +.72 +.4892 +.0268 = 2.936
Engineering labor loading factor = 1 +.70 +.72 + .321 = 2.741

Example: Conductor Crew (CC1):

Position	Hourly Rate	Positions per Crew	Loading Factor	Calculation
UG Serviceman	$25.41	2	2.93	$25.41 x 2 x 2.93 = $149.21
Light Vehicle	$4.84	2	NA	$4.84 x 2 = $9.68
Heavy Vehicle (Class A)	$11.59	1	NA	$11.59 x 1 = $11.59
Heavy Vehicle (Class B)	$13.56	1	NA	$13.56 x 1 = $13.56
				$184.04

d. "Crew make-up" dollar amounts for each given crew. For each crew type, the number of personnel is listed in the appropriate position type row, and the number of vehicles is listed in the appropriate vehicle type row, displayed in the respective crew column. For each crew, for each position listed, the number of personnel shown for that position on this crew is multiplied by the respective labor hourly rates displayed in the second column for that position and then multiplied by the respective loading factors detailed in part c above. This labor figure is summed with the number of vehicles for each vehicle type shown for this crew multiplied by the vehicle hourly rates displayed in the second column.

Hearing Exhibit - 00000237

176. For the following questions, please refer to page 75 of TECO's 2008 lighting incremental cost study.

a. Identify each factor that is used in the cost study.

b. Please define each factor identified in (a) and explain with specificity the types of costs each factor is designed to recover.

c. Please explain in detail how each factor identified in (a) is applied in the cost study.

d. Please explain why each factor identified in (a) is appropriate to use in the cost study.

e. Please explain and provide the calculations used to derive each factor identified in (a).

f. Please explain with specificity the calculations used to derive each of the labor and equipment factors identified in (a).

A. a. The factors that were used in Tampa Electric's 2008 lighting incremental cost study along with their definitions are "A&G", "Fringe", "Small Tools % for TEC Field Labor", "% Supv & Admin Lighting Field - TEC Labor (Maintenance)", "% Supv & Admin TEC lighting Engineering -TEC Labor (Installation)", and "ED Material Handling %."

b. The factors above are defined as follows:

- **A&G** – Although labeled "A&G", this labor loading factor represents non-productive time, direct benefits and other payroll benefits (fringe), and administrative and general (A&G). It is essentially the same factor as "Fringe" below; however it was calculated at a prior date, which is the reason for the slight difference in value.

- **Fringe** – Although labeled "Fringe", this labor loading factor represents non-productive time, direct benefits and other payroll benefits (fringe), and administrative and general (A&G). It is the more current version of the A&G factor above. As a result of

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review of the loading factors, Tampa Electric has determined that the A&G and fringe factors are different versions of the same loading factor, just labeled differently. Using both factors in the calculation of the maintenance and installation costs shown in the cost study results in the double-counting for certain labor loading components affecting all maintenance rates and certain decorative lighting rates. Tampa Electric will correct this error in the cost study and proposes that the impacts be reflected in the lighting rates when those rates are recalculated based on the approved cost of service study. The results of correcting this error will be a reduction in the final lighting rates by an estimated $1.1 million reduction in lighting maintenance rate revenues and $0.6 million in lighting facilities rate revenues, but no impact on total company revenue requirements as the reduced amount would be spread to the other rate classes for recovery. The revised cost study, reflecting this correction, will be provided before December 31, 2008.

- **Small Tools % for TEC Field Labor** – This labor loading factor covers small tools such as hammers, screwdrivers, padlocks, etc. that are not issued for a specific job or task.

- **% Supv & Admin Lighting Field - TEC Labor (Maintenance)** – this factor includes the costs of supervision and administrative time required to support the field classifications (non-engineering) in both the maintenance and installation of lighting equipment.

- **% Supv & Admin Lighting Engineering – TEC Labor (Installation)** – this factor includes the costs of supervision and administrative time required to support the engineering classifications employed in lighting activities.

- **ED Material Handling % -Materials** – This factor is a material overhead adder that includes material handling labor and vehicle costs, the costs of warehouse space (property costs), taxes on inventory, insurance, obsolete material and shrinkage, and the material handing cost for the "self-help" items (i.e., nuts, bolts, etc. that are related to pole work).

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c. Each factor identified in (a) above is applied in the cost study as follows:

- **A&G** – Labor multiplier applied to every labor hourly rate.
- **Fringe** – labor multiplier applied to every labor hourly rate.
- **Small Tools % for TEC Field Labor** – Although this factor relates to materials, it follows labor and is therefore applied to the labor hourly rate.
- **% Supv & Admin Lighting Field (Maintenance)** – labor multiplier applied to every field classification (non-engineering) labor hourly rate.
- **% Supv & Admin TEC Lighting Engineering (Installation)** – labor multiplier applied to every engineering classification labor hourly rate.
- **ED Material Handling %** – material handling multiplier applied to every material cost.

d. It is appropriate for Tampa Electric to use each factor identified in part a in the cost study because Rule 25-6.1351(1) Florida Administrative Code (F.A.C.), Cost Allocation and Affiliate Transactions states,

> ...the purpose of this rule is to establish cost allocation requirements to ensure proper accounting for affiliate transactions and utility nonregulated activities so that these transactions and activities are not subsidized by utility ratepayers.

Rule 25-6.1351 (2)(d)(e)(f), F.A.C. outlines the following concepts:

- (d) Direct Costs – Costs that can be specifically identified with a "particular service or product.
- (e) Fully Allocated Costs – The sum of direct costs plus a fair and reasonable share of indirect costs.
- (f) Indirect Costs – Costs, including all overheads, that cannot

Hearing Exhibit - 00000240

be identified with a particular service or product.

Rule 25-6.1351 (4)(b)(c), F.A.C. futher outlines the allocation methodology:

- (b) Direct costs shall be assigned to each non-tariffed service and product provided by the utility.
- (c) Indirect costs shall be distributed to each non-tariffed service and product provided by the utility on a fully allocated cost basis.

Loading factors are used for both recurring and non-recurring activties. Tampa Electric allocates fully loaded costs (both direct and indirect costs) to the parent company and its affiliates, third party job orders, capital, O&M and customer service related activities. The type of indirect costs being allocated are overheads such as fringe benefits, some administrative and general expenses, supervisory, engineering, material and warehouse handling costs. The type of indirect costs being allocated is contigent on the type of activity being performed. The indirect cost allocation is a function of the number of direct labor hours charged to an activity. If no indirect costs were allocated, there would be a distortion between direct cost recovery and the true cost of doing business. As a result, current utility ratepayers would be burdened with all the indirect costs being recovered through O&M expense base rates.

If the loading factors are reduced for the customer service acitivies, this will have a negative impact on these base rate proceeding. The Miscellaneous Service Revenue projections would have to be restated and reduced. Upon this restatement, any reduction to the projected 2009 test year Miscellaneous Service Revenues would be offset with an increase to the base rate revenue requirements

e. Calculations and explanations for the factors in part a above are provided below.

- **A&G** – See the company's response to Staff's Third Set of Interrogatories Nos. 47, 48 and 49.

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- **Fringe** – See the company's response to Staff's Third Set of Interrogatories Nos. 47, 48 and 49.

- **Small Tools % for TEC Field Labor** – See the company's response to Staff's Seventh Request for Production of Documents No. 56.

- **% Supv & Admin Lighting Field - TEC Labor (Maintenance)** – divide the total annual supervisory and administration dollars associated with TEC field labor for lighting maintenance by the total annual dollars associated with TEC field labor for lighting maintenance using 2008 budget figures or $310,752 divided by $635,185 equals 48.9 percent.

- **% Supv & Admin TEC Lighting Engineering** – TEC Labor (installation) is calculated by dividing the total annual supervisory and administration dollars associated with TEC installation labor for lighting by the sum of the total annual dollars associated with TEC engineering and field labor for lighting installation using 2008 budget figures or $580,692 divided by ($449,937 plus $1,359,934) equals 31.2 percent.

- **ED Material Handling %** – See the company's response to part b above, Staff's Tenth Set of Interrogatories No. 171, part c and Staff's Seventh Request for Production of Documents No. 56. This factor of 25.17 percent is the sum of three components: the ED stores clearing rate of 10.04 percent, the Inventory Carrying Cost of 9.45 percent, and the "Self-Help" Allocation Rate of 5.72 percent.

- **ED stores clearing rate** – Calculated by dividing the sum of 95 percent of the warehousing payroll cost and 100 percent of the warehousing vehicle costs by the total inventory dollars.

- **Inventory Carrying Cost component** – Calculated by summing the following:

  1) The cost of warehouse space, which is assumed to be at the industry average of one percent of total inventory;

Hearing Exhibit - 00000242

2) Taxes on inventory of 2.2 percent, which is calculated at the average composite rate for all Tampa Electric locations and then adjusted for the early payment discount;

3) Inventory insurance of 0.07 percent reflecting minimal insurance costs due to Tampa Electric being self-insured as compared to the industry average of 0.25 percent; and,

4) An obsolete material and shrinkage percentage of 6.18, which represents the annual cost to eliminate obsolete material.

- **Self Help Allocation Rate** – Calculated by dividing the 2007 actual cost of self-help items related to pole work as identified by in WOMS by the 2007 total stores issue costs.

f. See the response to part e above.

Hearing Exhibit - 00000243

177. Please explain with specificity how the levelized fixed charge rate is used in TECO's 2008 lighting incremental cost study and in the development of the proposed street lighting rates.

A. The levelized fixed charge rate is used both in Tampa Electric's 2008 lighting incremental cost study and for the development of the proposed lighting rates as a carrying charge that is multiplied by the incremental installed cost of a fixture or pole to obtain levelized annual revenue requirements for the fixture or pole. The resulting annual revenue requirements are then divided by 12 to obtain a monthly revenue requirement or monthly fixture or pole charge.

Hearing Exhibit - 00000244

178. For the following, please refer to page 77 of TECO's 2008 lighting incremental cost study. Other than the levelized fixed charge rate based on a 19-year book life, have any other levelized fixed charge rates been used in the development of TECO's proposed street lighting rates? If affirmative, please provide the calculations of any other levelized fixed charge rates used and identify the facility to which each has been applied.

A. Yes. The current rates under Rate Schedules OL-1 and OL-3 are based on 17-year and 15-year book lives, respectively. Therefore, a 17-year levelized fixed charge rate was used to calculate the incremental revenue requirements for current offerings under OL-1 and a 15-year levelized fixed charge rate was used for current offerings under Rate Schedule OL-3. Attached are the calculations for these levelized fixed charge rates.

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DATE 06/27/08

ACCOUNT 373 - STREET LIGHTING & SIGNAL SYSTEM

$ IN MILLION

	COST RATE	RATIO
COMMON EQUITY	0.1200	0.5500
PREFERRED STOCK	0.0000	0.0000
DEBT	0.0690	0.4500

Property Tax Escalation Rate 1.03

NET SALVAGE	0.00		
BOOK DEPR RATE	0.0667	INITIAL COST	1.00
DISCOUNT RATE	0.0691	BOOK LIFE	15 Years
TAX RATE	0.3856	TAX LIFE	7 Years
ITC RATE	0.0000		
OTHER TAX RATE	0.0144		

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DEPRECIATION	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
TAX BASIS	1.00														
TAX DEP RATE	14.29%	24.49%	17.49%	12.49%	8.93%	8.92%	8.93%	4.46%							
TAX DEP	0.143	0.245	0.175	0.125	0.089	0.089	0.089	0.045	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BOOK DEP	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067
RATE BASE ADJUSTMENTS															
DEFERRED TAXES	0.000	0.000	0.040	0.021	0.009	0.009	0.009	-0.009	-0.026	-0.026	-0.026	-0.026	-0.026	-0.026	-0.026
ACC DEF TAXES	0.028	0.098	0.140	0.162	0.171	0.180	0.189	0.180	0.154	0.129	0.103	0.077	0.051	0.026	0.000
ACC BOOK DEP	0.067	0.133	0.200	0.267	0.333	0.400	0.467	0.533	0.600	0.667	0.733	0.800	0.867	0.933	1.000
ITC AMORTIZATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
ACC DEFITC	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
RATE BASE															
NET PLANT	0.950	0.836	0.714	0.616	0.538	0.458	0.383	0.316	0.266	0.225	0.184	0.143	0.102	0.061	0.020
AVG DEF TAXES	0.028	0.098	0.140	0.162	0.171	0.180	0.189	0.180	0.154	0.129	0.103	0.077	0.051	0.026	0.000
AVG ITC	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AVG COMMON	0.624	0.460	0.393	0.339	0.296	0.252	0.210	0.174	0.146	0.124	0.101	0.079	0.056	0.034	0.011
AVG PREF	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
AVG DEBT	0.428	0.316	0.321	0.277	0.240	0.206	0.172	0.142	0.120	0.101	0.083	0.064	0.046	0.028	0.009
REVENUE REQUIREMENTS															
O & M EXPENSES	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROPERTY TAXES (PIS	0.014	0.015	0.015	0.016	0.017	0.017	0.018	0.018	0.019	0.019	0.020	0.021	0.021	0.021	0.022
RETURN-DEBT	0.030	0.026	0.022	0.019	0.017	0.014	0.012	0.010	0.008	0.007	0.006	0.004	0.003	0.002	0.001
RETURN-PREF	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
RETURN-COMMON	0.089	0.066	0.057	0.049	0.043	0.036	0.030	0.025	0.021	0.018	0.015	0.012	0.009	0.007	0.004	0.001
RETURN-ITC	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL RETURN	0.092	0.091	0.079	0.068	0.060	0.052	0.044	0.037	0.031	0.026	0.022	0.018	0.014	0.010	0.006	0.002
CURRENT TAXES	0.011	-0.034	-0.012	0.003	0.013	0.019	0.021	0.022	0.037	0.035	0.033	0.032	0.030	0.028	0.027
TOTAL TAXES	0.025	0.035	0.030	0.026	0.022	0.019	0.016	0.013	0.011	0.009	0.008	0.006	0.004	0.003	0.001
CASH DEP	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067	0.067
TOTAL REVENUE REQ	0.213	0.197	0.181	0.165	0.157	0.147	0.137	0.128	0.122	0.117	0.112	0.106	0.101	0.096	0.091
FIXED CHARGE RATE	0.21291	0.19731	0.18087	0.16765	0.15673	0.14678	0.13684	0.12810	0.12177	0.11665	0.11154	0.10645	0.10138	0.09632	0.09128

PRESENT WORTH REVENUE REQUIREMENTS

2008 DOLLARS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
NPV	0.213	0.182	0.154	0.131	0.113	0.098	0.084	0.072	0.063	0.056	0.049	0.043	0.038	0.033	0.029
FIXED CHARGE RATE	0.21291	0.18184	0.15362	0.13125	0.11306	0.09756	0.08384	0.07234	0.06337	0.05594	0.04930	0.04336	0.03806	0.03332	0.02911
CUM NPV	0.213	0.395	0.548	0.680	0.793	0.890	0.974	1.046	1.110	1.166	1.215	1.258	1.296	1.330	1.359
MULTIPLIER		1.3589													
LEVELIZED FIXED CHARGE RATE		0.1509													
DEPRECIATION BOOK LIFE		15													

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S TENTH SET OF
INTERROGATORIES
INTERROGATORY NO. 178
PAGE 3 OF 3
FILED: DECEMBER 17, 2008

DATE 8.07.08

STREET AND OUTDOOR LIGHTING

$ MILLION

	COST RATE	RATIO
COMMON EQUITY	0.1000	0.5500
PREFERRED STOCK	0.0000	0.0000
DEBT	0.0697	0.4500

Property Tax Escalation Rate 1.00

NET SALVAGE 0.00
BOOK DEPR RATE 0.0588
DISCOUNT RATE 0.0997
TAX RATE 0.3859
TC RATE 0.6000
OTHER TAX RATE 0.0144

INITIAL COST 1.00
BOOK LIFE 17 Years
TAX LIFE 7 Years

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
DEPRECIATION	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TAX BASIS	1.000																
TAX DEP RATE	14.29	24.490	17.490	12.490	8.930	8.920	8.930	4.460									
TAX DEP	1.143	0.245	0.175	0.125	0.089	0.089	0.089	0.045	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BOOK DEP	1.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059
RATE BASE ADJUSTMENTS																	
DEFERRED TAXES	0.000	0.072	0.045	0.025	0.012	0.012	0.012	-0.005	-0.023	-0.023	-0.023	-0.023	-0.023	-0.023	-0.023	-0.023	-0.023
ADD DEFTAXES	0.000	0.164	0.149	0.134	0.158	0.198	0.219	0.204	0.182	0.159	0.136	0.113	0.091	0.068	0.045	0.023	0.000
ADD BOOK DEP	0.059	0.118	0.176	0.235	0.294	0.353	0.412	0.471	0.529	0.588	0.647	0.706	0.765	0.824	0.882	0.941	1.000
TC AMORTIZATION	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
ADD DEF TC	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
RATE BASE																	
NET PLANT	0.964	0.843	0.726	0.632	0.555	0.484	0.414	0.351	0.307	0.271	0.235	0.199	0.163	0.126	0.090	0.054	0.018
A/D DEFTAXES	0.000	0.164	0.149	0.134	0.158	0.198	0.219	0.204	0.182	0.159	0.136	0.113	0.091	0.068	0.045	0.023	0.000
A/D ITC	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
A/D COMMON	0.605	0.464	0.366	0.348	0.305	0.266	0.228	0.194	0.169	0.149	0.129	0.109	0.089	0.070	0.050	0.030	0.010
A/D PREF	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
A/D DEBT	0.404	0.381	0.307	0.286	0.250	0.219	0.186	0.158	0.138	0.122	0.106	0.089	0.073	0.057	0.041	0.024	0.008
REVENUE REQUIREMENT																	
O & M EXPENSES	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
PROPERTY TAXES	0.014	0.015	0.015	0.016	0.016	0.017	0.017	0.018	0.018	0.018	0.019	0.019	0.020	0.021	0.021	0.022	0.022	0.023
RETURN DEBT	0.031	0.026	0.023	0.020	0.017	0.015	0.013	0.011	0.010	0.008	0.007	0.006	0.005	0.004	0.003	0.002	0.001
RETURN PREF	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
RETURN COMMON	0.093	0.056	0.048	0.042	0.037	0.032	0.027	0.023	0.020	0.016	0.016	0.013	0.011	0.008	0.006	0.004	0.001
RETURN ITC	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL RETURN	0.124	0.082	0.071	0.061	0.054	0.047	0.040	0.034	0.030	0.024	0.023	0.019	0.016	0.012	0.009	0.005	0.002
CURRENT TAXES	0.007	-0.007	-0.015	0.001	0.011	0.008	0.005	0.002	0.005	0.004	0.032	0.031	0.029	0.028	0.026	0.025	0.023
TOTAL TAXES	0.040	0.035	0.031	0.026	0.029	0.021	0.017	0.015	0.013	0.011	0.010	0.008	0.007	0.005	0.004	0.002	0.001
CASH DEP	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059	0.059
TOTAL REVENUE REQ	0.205	0.176	0.161	0.152	0.143	0.133	0.125	0.120	0.115	0.111	0.106	0.102	0.097	0.093	0.089	0.084	
FIXED CHARGE RATE	0.20540	0.19047	0.17470	0.16214	0.15184	0.14280	0.13333	0.12527	0.11860	0.11314	0.11070	0.10628	0.10187	0.09749	0.09312	0.08876	0.08443

PRESENT WORTH REVENUE REQUIREMENTS

2008 DOLLARS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
NP	0.205	0.176	0.148	0.127	0.110	0.095	0.082	0.071	0.062	0.055	0.049	0.043	0.038	0.034	0.030	0.026	0.023
FIXED CHARGE RATE	0.20540	0.17554	0.14836	0.12692	0.10957	0.09481	0.08169	0.07073	0.06224	0.05522	0.04893	0.04329	0.03824	0.03373	0.02969	0.02608	0.02287
CUM NP	0.205	0.381	0.529	0.656	0.766	0.861	0.942	1.013	1.075	1.130	1.179	1.223	1.261	1.295	1.324	1.350	1.373
X-FACTOR		1.9733															
LEVELIZED FIXED CHARGE RATE		0.1735															
DEPRECIATION BOOK LIFE		17															

179. For the following, please refer to MFR Schedule E-13c, page 36 of 38. Please describe how the customer charge of $10.50 shown on line 2 was developed.

A. The $10.50 customer charge proposed for residential ("RS"), general service ("GS"), and metered street lighting customers was set based on the company's Cost of Service study ("COS"). The derivation of the true unit cost based on COS is provided on page 166 of 175 of MFR Schedule E-14, Supplement B, and was calculated as follows:

1. The RS and GS class allocations of the embedded cost of meters from the COS, representing a weighted average cost of all of the various meter types in service for the RS and GS classes, were divided by the number of meters per class to arrive at the per meter costs of $1.61 and $2.11 per month, respectively.
2. Likewise, the unit costs for services were derived, resulting in per service costs of $4.42 and $6.32 per month for RS and GS, respectively.
3. Next, the operating costs related to meter reading, billing, and customer service from the COS were divided by the total number of bills for each class to obtain costs of $5.68 and $4.32 for per RS and GS bill, respectively.
4. Finally, The unit costs for meters, services, and meter reading, billing, and customer service were summed to obtain the total customer charge unit cost of $11.71 and $12.30 per month for RS and GS, respectively. The company proposed customer charge is $10.50 for both, RS and GS and believes the rate is also appropriate for the metered street lighting customer charge given the cost support is the same.

Hearing Exhibit - 00000248

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

Before me the undersigned authority personally appeared J. Denise Jordan who deposed and said that she is Director Rates and Planning, Tampa Electric Company, and that the individuals listed in Tampa Electric Company's response to Staff's Tenth Set of Interrogatories, (Nos. 163 - 179) prepared or assisted with the responses to these interrogatories to the best of her information and belief.

Dated at Tampa, Florida this 16th day of December, 2008.

J. Denise Jordan

Sworn to and subscribed before me this 16th day of December, 2008.

Velma A. Lewis

NOTARY PUBLIC STATE OF FLORIDA
VELMA A. LEWIS
MY COMMISSION # DD 682991
EXPIRES: August 22, 2011
Bonded Thru Budget Notary Services

My Commission expires _____

11

TECO's Responses to Staff's Eleventh Set of Interrogatories (Nos. 180)

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S ELEVENTH SET OF
INTERROGATORIES
INTERROGATORY NO. 180
PAGE 1 OF 1
FILED: DECEMBER 18, 2008

180. Referring to the response to STAFF'S SIXTH SET OF INTERROGATORIES, INTERROGATORY NO. 102, PAGE 1 OF 1, if "The company does not have the budgeted total headcount by month for 2009." Please provide the monthly budgeted headcount by business unit or other grouping that the company developed for 2009. If the company did not develop a monthly headcount for 2009, please explain how monthly payroll is developed.

A. The requested information is not available. Headcount is not one of the primary metrics used by Tampa Electric to manage its business or establish its budget. Tampa Electric manages its business by applying contractor, technology, and other resources to meet operational requirements; therefore, the focus of the company's budget system is on expense levels, not head count, and the budget system does not use or produce headcount as a primary input or output.

Hearing Exhibit - 00000251

12

TECO's Responses to Staff's Twelfth Set of Interrogatories (Nos. 185-192)

185. Refer to MFR Schedule B-3, Bates Stamped pages 8 and 11, Account 105, Property Held for Future Use.

a. Please explain the increases in that account in December 2008 and December 2009. Does the company anticipate the purchase of property?

b. If so, please describe the property the company expects to purchase, what the anticipated project will be, and when it is expected to be placed in service.

c. If the additions to the account are not the result of purchases, please describe the item and reason for the increase, and when the item is expected to be in service.

A. a. Yes. Tampa Electric purchased property in 2008 and expects to purchase property in 2009 for transmission and distribution substations.

b. In 2008, Tampa Electric purchased three transmission and one distribution substation sites. In addition, the company has one transmission substation site purchase in process and expects to purchase another distribution substation. Three of the four transmission substation sites also have provisions for distribution transformers making them dual purpose sites. The two dedicated distribution sites are to serve specific customer developments and the in-service dates are unknown at this time due to delays in the customer's schedules. Both sites are in locations that provide the company with flexibility to serve load in addition to the specific customer developments. Two of the transmission substations are planned to enter service by December 2009. Of the remaining two substation sites, one has an in service date of 2012. The last site is property adjacent to an existing transmission/distribution site in a heavily developed area. Tampa Electric is acquiring this property to allow future transmission additions and to act as a buffer to nearby commercial properties. A specific in service date has not been identified.

Hearing Exhibit - 00000253

In 2009, Tampa Electric plans to purchase two distribution substation sites. One of the sites is in an area of high growth and long term development. This site is expected to be more expensive due to the location near the intersection of two major roads and its proximity to an urban load center. The second site is in another densely populated area with major developments planned. Neither site has a specific in service date at this point, but Tampa Electric is working to acquire sites with good ingress/egress for circuits in advance of the planned developments.

c. Not applicable.

Hearing Exhibit - 00000254

186. Refer to MFR Schedule B-1. In response to staff audit requests TEC-05-07, request nos. 1 and 2, TECO listed projects totaling $7,699,289 in Account 107, Construction Work in Progress, that are recovered through ECRC. The total CWIP shown in that response for FERC Account 107 is $306,385,745, which corresponds to the December 2007 balance for CWIP in MFR Schedule B-3, Bates stamped page 14. Based on a review of MFR Schedules B-1 and B-2, it appears that no adjustment was made in the MFRs to remove the amount of CWIP associated with ECRC. Please state the monthly balances and the 13-month average adjustment to be removed from CWIP for each of the years 2007, 2008, and 2009.

A. No additional adjustments were required. On MFR B-2 Line 11, the reason for Adjustment or Omission was mislabeled. The description as filed reads "to remove CWIP eligible for AFUDC per Commission guidelines". This line item adjustment contains both amounts for AFUDC and ECRC projects that were removed from rate base. Attached is MFR Schedule B-2, which provides reconciliations for 2007, 2008 and 2009.

TAMPA ELECTRIC COMPANY **Year 2007**
ANALYSIS OF AFUDC BASIS

PLANT	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	13 MO AVERAGE	
SCRS	98,083,720	108,415,700	117,267,502	125,363,348	131,553,443	80,799,246	86,717,153	91,080,082	98,500,483	104,410,756	109,218,366	116,150,439	124,755,158	107,101,184	AFUDC
POLK 4 & 5	58,963,697	62,607,073	64,977,086	33,747,264	-	-	-	-	-	-	-	-	-	16,945,778	AFUDC
ECRC Projects	6,022,681	4,681,817	4,670,473	7,380,505	8,865,719	11,020,784	9,629,711	3,032,645	3,763,334	3,800,417	3,953,314	4,203,765	7,699,289	6,055,727	ECRC
ALL OTHER CWIP	99,443,169	107,693,845	116,795,318	134,856,881	152,179,384	117,994,825	128,103,286	146,702,230	156,741,975	163,348,072	173,779,924	185,118,342	173,930,297	142,822,119	-
EOP (107)	262,513,266	283,398,436	303,710,380	301,347,998	292,598,546	209,814,855	224,450,150	240,814,957	259,005,792	271,559,244	286,951,604	305,472,546	306,384,745	272,924,809	
MFR B-2															
AFUDC Eligible (gross)	157,047,417	171,022,774	182,244,588	159,110,612	131,553,443	80,799,246	86,717,153	91,080,082	98,500,483	104,410,756	109,218,366	116,150,439	124,755,158	124,046,963	A
Rate Base Treatment per Rule	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	
AFUDC Eligible (net)	120,876,417	134,851,774	146,073,588	122,939,612	95,382,443	44,628,246	50,546,153	54,909,082	62,329,483	68,239,756	73,047,366	79,979,439	88,584,158	87,875,963	B
ECRC Treatment	6,022,681	4,681,817	4,670,473	7,380,505	8,865,719	11,020,784	9,629,711	3,032,645	3,763,334	3,800,417	3,953,314	4,203,765	7,699,289	6,055,727	C
Not Eligible for AFUDC per Rule (gross)	99,443,169	107,693,845	116,795,318	134,856,881	152,179,384	117,994,825	128,103,286	146,702,230	156,741,975	163,348,072	173,779,924	185,118,342	173,930,297	142,822,119	D
Rate Base Treatment per Rule	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	
CWIP Included in Rate Base (net)	135,614,169	143,864,845	152,966,318	171,027,881	188,350,384	154,165,825	164,274,286	182,873,230	192,912,975	199,519,072	209,950,924	221,289,342	210,101,297	178,993,119	E

MFR B-1, Line 2, Column 4, Bate Stamp 3	272,924,809	A+C+D
MFR B-2, Line 11, Column 1, Bate Stamp 7	93,931,690	B+C
Jusiadictional Factor	0.973257	
MFR B-1, Line 8, Column 4, Bate Stamp 3 MFR B-2, Line 11, Column 3, Bate Stamp 7	91,419,675	

The adjustment amount above includes both the CWIP eligible for AFUDC and ECRC that has been removed from rate base.

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S TWELFTH SET OF INTERROGATORIES
INTERROGATORY NO. 186
PAGE 2 OF 4
FILED: DECEMBER 19, 2008

TAMPA ELECTRIC COMPANY **Year 2008**
ANALYSIS OF AFUDC BASIS

PLANT	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	13 MO AVERAGE	
SCRS	121,705,027	127,184,502	133,364,646	143,393,648	149,312,082	76,330,948	80,886,848	84,449,599	90,626,524	97,452,994	105,512,833	114,624,785	123,103,096	111,380,579	AFUDC
SIMPLE CYCLE CT's	3,050,131	9,905,419	11,558,299	13,987,810	18,076,943	24,178,206	30,579,168	41,873,444	57,147,661	72,202,579	88,662,591	106,237,422	125,355,787	46,370,420	AFUDC
RAIL FACILITY	-	-	-	-	-	-	-	-	-	-	4,948,521	6,286,153	15,982,296	2,093,613	AFUDC
TRANSMISSION	3,492,585	3,711,768	3,932,451	5,085,993	6,269,038	7,885,365	9,949,938	11,882,772	15,047,028	17,829,897	22,997,149	30,033,049	36,426,299	13,426,410	AFUDC
ECRC Projects	7,759,061	8,916,518	9,181,723	9,484,748	9,754,911	1,653,108	1,727,501	1,786,672	2,568,662	2,517,489	3,018,741	3,567,106	4,047,977		ECRC
ALL OTHER CWIP	170,377,941	179,809,877	191,418,106	206,350,506	129,730,963	130,148,277	131,050,580	134,943,765	131,963,457	144,742,535	150,569,177	154,666,928	109,614,023	151,183,549	-
EOP (107)	**306,384,745**	**329,528,084**	**349,455,224**	**378,302,704**	**313,143,936**	**240,195,903**	**254,194,035**	**274,936,251**	**297,353,332**	**334,745,493**	**375,709,011**	**415,415,443**	**414,529,478**	**324,454,571**	

MFR B-2															
AFUDC Eligible (gross)	128,247,743	140,801,689	148,855,396	162,467,451	173,658,063	108,394,519	121,415,954	138,205,815	162,821,213	187,485,470	222,121,094	257,181,409	300,867,478	173,271,023	A
Rate Base Treatment per Rule	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	
AFUDC Eligible (net)	**92,076,743**	**104,630,689**	**112,684,396**	**126,296,451**	**137,487,063**	**72,223,519**	**85,244,954**	**102,034,815**	**126,650,213**	**151,314,470**	**185,950,094**	**221,010,409**	**264,696,478**	**137,100,023**	**B**
ECRC Treatment	**7,759,061**	**8,916,518**	**9,181,723**	**9,484,748**	**9,754,911**	**1,653,108**	**1,727,501**	**1,786,672**	**2,568,662**	**2,517,489**	**3,018,741**	**3,567,106**	**4,047,977**	**5,075,709**	**C**
Not Eligible for AFUDC per Rule (gross)	170,377,941	179,809,877	191,418,106	206,350,506	129,730,963	130,148,277	131,050,580	134,943,765	131,963,457	144,742,535	150,569,177	154,666,928	109,614,023	151,183,549	D
Rate Base Treatment per Rule	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	
CWIP Included in Rate Base (net)	**206,548,941**	**215,980,877**	**227,589,106**	**242,521,506**	**165,901,963**	**166,319,277**	**167,221,580**	**171,114,765**	**168,134,457**	**180,913,535**	**186,740,177**	**190,837,928**	**145,785,023**	**187,354,549**	**E**

MFR B-1, Line 2, Column 4, Bate Stamp 2	**329,530,280**	**A+C+D**
MFR B-2, Line 11, Column 1, Bate Stamp 6	**142,175,731**	**B+C**
Jusisdictional Factor	**0.976078**	
MFR B-1, Line 8, Column 4, Bate Stamp 2 **MFR B-2, Line 11, Column 3, Bate Stamp 6**	**139,058,955**	

The adjustment amount above includes both the CWIP eligible for AFUDC and ECRC that has been removed from rate base.

TAMPA ELECTRIC COMPANY
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Hearing Exhibit - 00000257

TAMPA ELECTRIC COMPANY Year 2009
ANALYSIS OF AFUDC BASIS

PLANT	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	13 MO AVERAGE	
SCRS	123,103,096	130,534,191	138,674,647	145,410,616	150,165,427	69,575,092	67,847,826	70,129,253	72,790,695	75,702,944	79,051,506	83,956,705	86,958,578	99,530,814	AFUDC
SIMPLE CYCLE CT's	125,355,787	146,005,573	166,059,964	181,776,872	198,702,279	113,574,966	120,923,214	131,607,015	139,335,264	-	-	-	-	101,795,456	AFUDC
RAIL FACILITY	15,982,296	18,469,286	20,967,803	23,466,393	26,019,261	28,572,567	31,148,018	33,751,216	36,371,114	38,995,014	41,646,520	44,330,605	-	27,672,315	AFUDC
NGCC-Transmission	-	432,697	867,894	1,303,146	1,752,229	2,779,882	4,085,934	4,766,933	5,090,932	5,391,531	5,690,330	5,991,229	6,292,828	3,418,890	AFUDC
TRANSMISSION	36,426,299	41,561,159	47,676,599	54,446,610	60,366,954	61,205,961	55,575,914	61,251,610	66,364,181	71,250,734	75,777,645	80,266,659	84,759,399	61,302,286	AFUDC
ECRC Projects	4,047,977	4,117,284	4,216,242	4,286,619	4,360,304	4,345,127	4,382,161	4,419,195	4,479,455	4,573,985	4,453,922	5,269,242	5,931,072	4,529,430	ECRC
ALL OTHER CWIP	109,614,023	69,871,553	88,152,252	101,533,730	104,013,395	94,037,608	106,238,499	114,204,553	124,807,566	133,951,586	138,151,678	148,546,431	60,718,442	107,218,563	-
EOP (107)	**414,529,478**	**410,991,743**	**466,615,401**	**512,243,985**	**545,379,848**	**374,091,202**	**390,201,566**	**420,129,774**	**449,239,206**	**329,865,794**	**344,771,601**	**368,360,871**	**244,660,319**	**405,467,753**	
MFR B-2															
AFUDC Eligible (gross)	300,867,478	337,002,906	374,246,907	406,423,637	437,006,150	275,708,467	279,580,905	301,506,026	319,952,185	191,340,223	202,166,001	214,545,198	178,010,805	293,719,761	A
Rate Base Treatment per Rule	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	(36,171,000)	
AFUDC Eligible (net)	**264,696,478**	**300,831,906**	**338,075,907**	**370,252,637**	**400,835,150**	**239,537,467**	**243,409,905**	**265,335,026**	**283,781,185**	**155,169,223**	**165,995,001**	**178,374,198**	**141,839,805**	**257,548,761**	**B**
ECRC Treatment	**4,047,977**	**4,117,284**	**4,216,242**	**4,286,619**	**4,360,304**	**4,345,127**	**4,382,161**	**4,419,195**	**4,479,455**	**4,573,985**	**4,453,922**	**5,269,242**	**5,931,072**	**4,529,430**	**C**
Not Eligible for AFUDC per Rule (gross)	109,614,023	69,871,553	88,152,252	101,533,730	104,013,395	94,037,608	106,238,499	114,204,553	124,807,566	133,951,586	138,151,678	148,546,431	60,718,442	107,218,563	D
Rate Base Treatment per Rule	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	36,171,000	
CWIP Included in Rate Base (net)	**145,785,023**	**106,042,553**	**124,323,252**	**137,704,730**	**140,184,395**	**130,208,608**	**142,409,499**	**150,375,553**	**160,978,566**	**170,122,586**	**174,322,678**	**184,717,431**	**96,889,442**	**143,389,563**	**E**

MFR B-1, Line 2, Column 4, Bate Stamp 1	405,467,753	A+C+D
MFR B-2, Line 11, Column 1, Bate Stamp 4	262,078,190	B+C
Jusisdictional Factor	0.980116	
MFR B-1, Line 8, Column 4, Bate Stamp 1 MFR B-2, Line 11, Column 3, Bate Stamp 4	256,867,027	

The adjustment amount above includes both the CWIP eligible for AFUDC and ECRC that has been removed from rate base.

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Hearing Exhibit - 00000258

187. Refer to MFR Schedule B-7. For each of the following accounts, it appears that the depreciation rate was not approved in TECO's most recent depreciation study. Please explain in detail the basis for the depreciation rate. Has TECO requested approval of the subaccounts and rates used, in accordance with Rule 25-6.0436? If not, please explain why not.

a. Big Bend Station Combustion Turbine No. 4 Account 343.44 – Turbogenerator Units.

b. Polk Power Unit 4 Account 343.84 – Prime Movers.

c. Polk Power Unit 5 Account 343.85 – Prime Movers.

d. Bayside Power Station Combustion Turbine Unit 3 Account 343.33 – Turbogenerator Units.

e. Bayside Power Station Combustion Turbine Unit 4 Account 343.34 – Turbogenerator Units.

f. Bayside Power Station Combustion Turbine Unit 5 Account 343.35 – Turbogenerator Units.

g. Bayside Power Station Combustion Turbine Unit 6 Account 343.36 – Turbogenerator Units.

h. Miscellaneous Intangibles Account 303.00 – Software.

A. Items a through g are all new generation additions that were placed in service after year-end 2006 and were not included in the Tampa Electric's 2007 Depreciation Study. When new generating units go into service between depreciation studies, Tampa Electric uses a 4.3 percent interim study depreciation rate. The following are the components of the 4.3 percent rate:

Average Service Life 26
Accumulated Reserve Ratio.....0
Net Future Salvage ..... (12)

Where, the depreciation rate is calculated as follows: (100-0+12) / 26 = 4.3

Hearing Exhibit - 00000259

h. Miscellaneous Intangibles – Software, Account 303.00 has not been filed in past depreciation studies. This account is for intangible plant and is amortized over five years with a 20 percent amortization rate in accordance with Generally Accepted Accounting Principles. The reserve is contained in FERC account 111, Accumulated Provision for Amortization of Electric Utility Plant and expensed to FERC account 404, Amortization of Limited-Term Electric Plant.

Hearing Exhibit - 00000260

188. Refer to MFR Schedule B-7. For each of the following accounts, explain why the account number used is different from the approved account number used in TECO's most recent depreciation study.

a. Approved - General Plant Account 392.02 – Light Trucks; Account 392.01 used in MFRs.

b. Approved - General Plant Account 392.12 – Light Trucks – Energy Supply; Account 392.11 used in MFRs.

c. General Plant Account 390.00 - Structures and Improvements. Rate used 3.6%; approved rate 3.5%.

d. General Plant Account 392.02 (Shown as 392.01 in MFRs) – Light Trucks. Rate used 9.7%; approved rate 12.6%.

A. a. The column referring to 392.01 should have read 392.02- Light Trucks.

b. The column referring to 392.11 should have read 392.12- Light Trucks.

c. The preliminary rate from Order No. PSC-07-0657-PCO-EI dated August 15, 2007 was inadvertently used instead of the rate from Order No. PSC-08-0014-PAA-EI issued January 4, 2008.

d. The preliminary rate from Order No. PSC-07-0657-PCO-EI dated August 15, 2007 was inadvertently used instead of the rate from Order No. PSC-08-0014-PAA-EI issued January 4, 2008.

Hearing Exhibit - 00000261

189. Refer to MFR Schedule B-7. For each of the following accounts, it appears that the TECO is using a depreciation rate that is different from the approved rate in TECO's most recent depreciation study. Please explain in detail the basis for the depreciation rate. Provide the correct calculation of depreciation expense and the accumulated depreciation 13-month average for 2007, 2008, and 2009 for each of these accounts.

A. The 2007 depreciation expense and accumulated depreciation for accounts 390 Structures and Improvements and 392.02 Light Trucks is correct. Depreciation adjustments were made in December to reflect the approved depreciation rates of 3.5 percent and 12.6 percent respectively per Order No. PSC-08-0065-CO-EI issued January 28, 2008.

For 2008 and 2009, the correct calculation of depreciation expense and the accumulated depreciation 13-month average is attached.

Hearing Exhibit - 00000262

TAMPA ELECTRIC COMPANY
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STAFF'S TWELFTH SET OF INTERROGATORIES
INTERROGATORY NO. 189
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PAN	Year	Month	Cost Beginning Balance	Cost Ending Balance	Filed Depreciation Rate 3.6%	Approved Depreciation Rate 3.5%	Depreciation Variance	Depreciation Variance Total	Filed Reserve Ending Balance	Recalculated Reserve Ending Balance	Reserve Ending Balance Variance	13-Month Average	Recalculated 13-Month Average	13-Month Average Variance
39000	2007	12							(27,045,676)	(27,045,676)	-			
39000	2008	1	72,959,999	73,018,577	218,968	212,885	(6,082)		(27,264,644)	(27,258,561)	6,082			
39000	2008	2	73,018,577	73,093,159	219,168	213,080	(6,088)		(27,483,811)	(27,477,723)	6,088			
39000	2008	3	73,093,159	73,813,584	220,060	213,947	(6,113)		(27,703,871)	(27,697,758)	6,113			
39000	2008	4	73,813,584	73,701,666	220,973	214,835	(6,138)		(27,924,844)	(27,918,706)	6,138			
39000	2008	5	73,701,666	74,473,678	222,263	216,089	(6,174)		(28,147,107)	(28,140,933)	6,174			
39000	2008	6	74,473,678	74,584,006	223,587	217,376	(6,211)		(28,370,694)	(28,364,483)	6,211			
39000	2008	7	74,584,006	74,734,414	223,978	217,756	(6,222)		(28,594,671)	(28,588,450)	6,222			
39000	2008	8	74,734,414	74,842,785	224,366	218,133	(6,232)		(28,819,037)	(28,812,805)	6,232			
39000	2008	9	74,842,785	74,975,597	224,728	218,485	(6,242)		(29,043,765)	(29,037,522)	6,242			
39000	2008	10	74,975,597	75,098,613	225,111	218,858	(6,253)		(29,268,876)	(29,262,623)	6,253			
39000	2008	11	75,098,613	75,310,465	225,614	219,347	(6,267)		(29,494,490)	(29,488,223)	6,267			
39000	2008	12	75,310,465	76,054,285	227,047	220,740	(6,307)	(74,329)	(29,721,537)	(29,715,230)	6,307	(28,375,617)	(28,369,899)	5,718
39000	2009	1	76,054,285	76,023,024	228,116	221,779	(6,337)		(29,875,616)	(29,869,279)	6,337			
39000	2009	2	76,023,024	76,067,048	228,135	221,798	(6,337)		(29,991,792)	(29,985,455)	6,337			
39000	2009	3	76,067,048	76,175,886	228,364	222,021	(6,343)		(30,188,510)	(30,182,167)	6,343			
39000	2009	4	76,175,886	76,486,339	228,993	222,632	(6,361)		(30,417,503)	(30,411,142)	6,361			
39000	2009	5	76,486,339	76,484,135	229,456	223,082	(6,374)		(30,601,021)	(30,594,648)	6,374			
39000	2009	6	76,484,135	76,491,870	229,464	223,090	(6,374)		(30,792,988)	(30,786,614)	6,374			
39000	2009	7	76,491,870	76,489,701	229,472	223,098	(6,374)		(30,947,558)	(30,941,184)	6,374			
39000	2009	8	76,489,701	76,558,121	229,572	223,195	(6,377)		(31,165,317)	(31,158,940)	6,377			
39000	2009	9	76,558,121	76,687,685	229,869	223,483	(6,385)		(31,390,329)	(31,383,944)	6,385			
39000	2009	10	76,687,685	76,565,929	229,880	223,495	(6,386)		(31,389,844)	(31,383,459)	6,386			
39000	2009	11	76,565,929	76,668,267	229,851	223,467	(6,385)		(31,616,270)	(31,609,885)	6,385			
39000	2009	12	76,668,267	80,198,899	235,301	228,765	(6,536)	(76,569)	(31,840,944)	(31,834,408)	6,536	(30,764,556)	(30,758,181)	6,375

TAMPA ELECTRIC COMPANY
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STAFF'S TWELFTH SET OF INTERROGATORIES
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PAN	Year	Month	Cost Beginning Balance	Cost Ending Balance	Filed Depreciation Rate 9.7%	Approved Depreciation Rate 12.6%	Depreciation Variance	Depreciation Variance Total	Filed Reserve Ending Balance	Recalculated Reserve Ending Balance	Reserve Ending Balance Variance	13-Month Average	Recalculated 13-Month Average	13-Month Average Variance
39202	2007	12							(1,417,862)	(1,417,862)	-			
39202	2008	1	3,962,957	3,762,957	31,226	40,561	9,335		(1,249,088)	(1,258,423)	(9,335)			
39202	2008	2	3,762,957	3,812,957	30,619	39,774	9,154		(1,279,707)	(1,288,861)	(9,154)			
39202	2008	3	3,812,957	3,812,957	30,821	40,036	9,215		(1,310,528)	(1,319,743)	(9,215)			
39202	2008	4	3,812,957	3,837,957	30,922	40,167	9,245		(1,371,451)	(1,380,696)	(9,245)			
39202	2008	5	3,837,957	3,837,957	31,023	40,299	9,275		(1,432,474)	(1,441,749)	(9,275)			
39202	2008	6	3,837,957	3,837,957	31,023	40,299	9,275		(1,493,498)	(1,502,773)	(9,275)			
39202	2008	7	3,837,957	3,337,957	29,003	37,674	8,671		(1,022,500)	(1,031,171)	(8,671)			
39202	2008	8	3,337,957	3,387,957	27,184	35,311	8,127		(1,049,684)	(1,057,812)	(8,127)			
39202	2008	9	3,387,957	3,387,957	27,386	35,574	8,188		(1,077,070)	(1,085,258)	(8,188)			
39202	2008	10	3,387,957	3,387,957	27,386	35,574	8,188		(1,104,456)	(1,112,644)	(8,188)			
39202	2008	11	3,387,957	3,387,957	27,386	35,574	8,188		(1,131,842)	(1,140,030)	(8,188)			
39202	2008	12	3,387,957	3,387,957	27,386	35,574	8,188	105,048	(1,159,228)	(1,167,416)	(8,188)	(1,238,415)	(1,246,495)	(8,081)
39202	2009	1	3,387,957	3,387,957	27,386	35,574	8,188		(1,186,614)	(1,194,802)	(8,188)			
39202	2009	2	3,387,957	3,387,957	27,386	35,574	8,188		(1,214,000)	(1,222,188)	(8,188)			
39202	2009	3	3,387,957	3,387,957	27,386	35,574	8,188		(1,241,386)	(1,249,574)	(8,188)			
39202	2009	4	3,387,957	3,422,957	27,527	35,757	8,230		(1,298,914)	(1,307,144)	(8,230)			
39202	2009	5	3,422,957	3,422,957	27,669	35,941	8,272		(1,356,583)	(1,364,855)	(8,272)			
39202	2009	6	3,422,957	3,422,957	27,669	35,941	8,272		(1,414,252)	(1,422,524)	(8,272)			
39202	2009	7	3,422,957	3,422,957	27,669	35,941	8,272		(1,441,920)	(1,450,193)	(8,272)			
39202	2009	8	3,422,957	3,422,957	27,669	35,941	8,272		(1,469,589)	(1,477,862)	(8,272)			
39202	2009	9	3,422,957	3,422,957	27,669	35,941	8,272		(1,497,258)	(1,505,530)	(8,272)			
39202	2009	10	3,422,957	3,422,957	27,669	35,941	8,272		(1,524,927)	(1,533,199)	(8,272)			
39202	2009	11	3,422,957	3,422,957	27,669	35,941	8,272		(1,552,596)	(1,560,868)	(8,272)			
39202	2009	12	3,422,957	3,422,957	27,669	35,941	8,272	98,970	(1,580,265)	(1,588,537)	(8,272)	(1,379,810)	(1,388,053)	(8,243)

190. Refer to the company's response to Staff's Fourth Set of Interrogatories No. 79a. Describe the item or items totaling $2,400.03 that were transferred from Account 362 Station Equipment to account 390 Structures and Improvements. In your response, please explain how the company determined that the transfer of plant and reserve was necessary.

A. This transfer was to correct the classification to the proper plant account for a battery installed at a general plant location.

Hearing Exhibit - 00000265

191. Refer to the company's response to Staff's Fourth Set of Interrogatories No. 79a and b, page 34. The note at the bottom of the response states that "[t]he Plant Accounting System created a reserve transfer equal to the cost transfer. This will be researched in October, 2008." What was the result of that research? Please provide any adjustments, if any, to the MFRs that result from the company's research.

A. In October 2008, a correcting adjustment was made to reverse the transfers done in December 2007. The following shows the change to 2009 13-month average reserve balance:

MFR and Line No.	Account No.	Account Title	Adjustment
MFR B-9:			
Pg 1, Line 3	311.40	BB Structures & Improve	($102)
Pg 8, Line 4	362.00	Distrib.-Station Equipment	(2)
Pg 8, Line 18	390.00	General-Struct. & Improve	104
MFR B-10:			
Pg 1, Line 4	311.40	BB Structures & Improve	(102)
Pg 8, Line 4	362.00	Distrib.-Station Equipment	(2)
Pg 8, Line 18	390.00	General-Struct. & Improve	104

Hearing Exhibit - 00000266

192. Refer to the company's response to Staff's Fourth Set of Interrogatories No. 79b. Describe each specific item included in the total of $100,511.60. How did the company determine that these transfers of plant and reserve were necessary?

A. The description of each specific item included in the total of $100,511.60 and how the company determined that the transfers were necessary are below.

(21.29)	To correct the classification to the proper plant account for amortizable common equipment.
(37.56)	To correct the classification to the proper plant account for air conditioner and air handlers.
(1,219.57)	To correct the classification to the proper plant account for a/c chiller/piping.
156.55	To correct the location from Big Bend common power plant site to general plant structures.
3.34	Duplicate correction for the location from Big Bend common power plant site to general plant structures. A correcting adjustment to be made November 2008.
3.34	Duplicate correction for the location from Big Bend common power plant site to general plant structures. A correcting adjustment to be made November 2008.
(101,796.94)	System error reversal made in October 2008.
2,400.03	System error reversal made in October 2008.

These adjustments arose from the review of construction work orders prior to closing except for the system error referred to in Interrogatory No. 191.

Hearing Exhibit - 00000267

13

TECO's Responses to Staff's Thirteenth Set of Interrogatories (Nos. 193-220)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's Petition for an Increase in Base Rates and Miscellaneous Service Charges.	)))	DOCKET NO. 080317-EI FILED: JANUARY 5, 2009

TAMPA ELECTRIC COMPANY'S

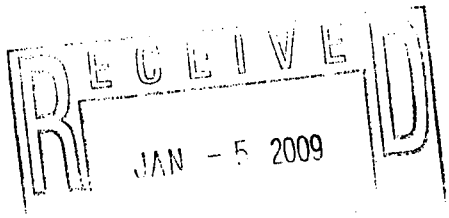
ANSWERS TO THIRTEENTH SET OF

INTERROGATORIES (NOS. 193 - 220)

OF

FLORIDA PUBLIC SERVICE COMMISSION STAFF

Tampa Electric files this its answers to Interrogatories (Nos. 193 - 220) propounded and served on December 3, 2008, by the Florida Public Service Commission Staff.



Hearing Exhibit - 00000269

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
INDEX TO STAFF'S THIRTEENTH SET OF INTERROGATORIES (NOS. 193 - 220)

Number	Witness	Subject	Bates Stamped Page
193	Ashburn	For the following requests, refer to TECO's response to Staff's Second Request for Production of Documents, No. 33. a. Please define "fringe rate" as it is used in the title, "Payroll Loading Factors and Fringe Rate." b. Please define "fringe loading factor" as it is used in the last line on the page, in "Total Payroll and Fringe Loading Factor." c. For each of the nine items listed under "Non-productive Time Paid," please identify the source document. d. For each of the ten items listed under "Direct Benefits Paid," please identify the source document. e. For each of the three items listed under "Other Payroll Costs," please identify the source document. f. For each of the four FERC accounts provided, please identify the source document. g. Please define FERC 925 "Injuries & Damages," and explain why it is included in the calculations.	1
194	Ashburn	For the following question, refer to TECO's response to Staff's Second Request for Production of Documents, No. 34. Please define the following abbreviations used in the header line and explain how they are used in the table: "GL_MTH," "GL_YR," "VP," "Director," "MANAGE," "ORG_LC," "FERC," "PNT," "RSRC," "BNFT_L," "AMT_PRPSD," and "STATUS."	3
195	Ashburn	For the following question, refer to TECO's response to Staff's Second Request for Production of Documents Nos. 36, 37, 38, 39, 40, and 41. In its responses, TECO refers staff to TECO's response to OPC's First Request for Production of Documents No. 46 (OPC 46), which contains 7,420 pages. Please identify, by page number, each of the pages in OPC 46 which are responsive to each of these PODs.	5
196	Ashburn	For the following question, refer to TECO's response to Staff's Third Set of Interrogatories, No. 37. Please explain in detail the job functions of a "troubleman" and a "meter worker," including why a troubleman is needed to reconnect a customer at a pole.	6

197	Ashburn	For the following question, refer to TECO's response to Staff's Third Set of Interrogatories, No. 37. a. How many customers requested same day reconnect service and Saturday reconnect service for the most recent 12-month period? b. Please explain the process employed by TECO to analyze the existing workload, resources, and systems in order to determine whether or not they were adequate to accommodate these services.	7
198	Ashburn	For the following question, refer to TECO's response to Staff's Third Set of Interrogatories, No. 46. The response states that "[I]n most cases, the difference reflects rounding of the proposed charge to a whole number of zero or five." Please explain why some charges were rounded down (e.g., Same day reconnect, Saturday reconnect, and Field credit visit) while others were rounded up (e.g., Normal reconnect subsequent subscriber, Reconnect at meter, Reconnect at pole, Tampering charge without investigation, and Temporary service).	9
199	Ashburn	For the following request, refer to TECO's response to Staff's Third Set of Interrogatories, No. 47(a). Please explain in detail why non-productive time, direct benefits, other payroll costs, and A&G costs are "best applied by using a loading factor."	10
200	Ashburn	For the following questions, refer to TECO's response to Staff's Third Set of Interrogatories, No. 47(b). According to the response, the A&G loading factor is based on the 2008 prior year budget because estimated 2009 costs were not available; however, the 2009 test year budget was used for non-productive time, direct benefits, and other payroll costs. a. Does TECO believe there is an inconsistency in using data from two different time periods? Why or why not? b. Has TECO made any adjustment to the data to account for the inconsistency? Why or why not?	11
201	Ashburn	For the following request, refer to Staff's Third Set of Interrogatories, No. 48(a) and TECO's response to the interrogatory. Please define "Energy Delivery" and explain why it is appropriate to include it as a loading factor, including what specific costs are recovered by this factor.	12
202	Ashburn	For the following request, refer to the table in TECO's response to Staff's Third Set of Interrogatories No. 49(c). Please explain in detail why Non-productive time and A&G costs are included in "Overtime," but not "Regular Time."	13

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203	Ashburn	Please refer to TECO's response to Staff's Third Set of Interrogatories, Nos. 50, 52, 53, 54, and 55. Please explain in further detail how TECO's subject matter experts determined the values for the following categories. For example, who are the subject matter experts (names, titles, work experience), when did the subject matter experts undertake this study, does TECO have guidelines for subject matter experts to follow, and was the same procedure followed in TECO's last rate case? a. Customer service and office labor expenses (Interrogatory No. 50) b. Field labor expenses (Interrogatory No. 52) c. Field Credit/Meter Mechanic and Meter Reader (Interrogatory No. 53) c. Vehicle or transportation costs (Interrogatory No. 54) d. Vehicle expense rate for Vehicle Costs (Interrogatory No. 55).	14
204	Ashburn	For the following questions, please refer to TECO's response to Staff's Third Set of Interrogatories, No. 51. a. Please identify the source of the information that 75% of services are residential, 25% of services are commercial, 38% of services are overhead, and 62% of services are underground. b. Please define the positions of "Field Credit Dispatcher," "Customer Service Professional," and "Meter Reader Dispatcher."	16
205	Ashburn	For the following question, please refer to TECO's response to Staff's Third Set of Interrogatories, No. 53. Please define the "Field Credit" and "Meter Mechanic" positions and explain why both positions are listed for field labor.	17
206	Ashburn	Please refer to TECO's response to Staff's Third Set of Interrogatories, No. 54. Please explain how the "vehicle costs were reconciled to field employee's time to complete the necessary tasks."	18
207	Ashburn	For the following questions, refer to TECO's response to Staff's Third Set of Interrogatories, No. 55. a. What is the "Vehicle Field Credit" and why is it allocated 17 minutes? b. Is a trouble truck the same as a bucket truck? Please explain your answer.	19

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208	Ashburn	The following requests refer to loading factors. a. Are loading factors used only for non-recurring charges? If yes, please explain your answer. If no, please list the charges that use loading factors and explain why loading factors are necessary. Please identify any finance or accounting rules or texts that support your answer. b. What costs should be recoverable through loading factors? Please explain your answer and identify any finance or accounting rules or texts that support your answer. c. Does TECO employ a particular methodology for determining loading factors? If so, what is the methodology? Please explain in detail how the methodology works and identify any finance or accounting rules or texts that support your answer.	20
209	Ashburn	Please refer to the direct testimony of William Ashburn, page 32, lines 13-14. Please explain when and why Teco discontinued the use of the Equivalent Peaker method.	22
210	Ashburn	Please refer to the direct testimony of William Ashburn, page 30, lines 10-11. Please list all variable operating costs that are recovered through the non-fuel energy charge.	23
211	Ashburn	Please refer to the direct testimony of William Ashburn, page 30, lines 21-24. For the past ten years, please list: type of generation installed (base-, intermediate-, or peaking unit), name of the unit, and in-service date.	26
212	Ashburn	Please refer to the direct testimony of William Ashburn, page 46, lines 1-3. Please explain how TECO determined the full load characteristics of the IS customers.	27
213	Ashburn	Please show bill impacts for each of the current RST customers if the transfer to the RSVP rate.	28
214	Ashburn	Please refer to the direct testimony of William Ashburn, page 56, lines 8-11. a. Does TECO have a annual dollar value associated with the subsidy firm customers have been providing to interruptible load? b. How does TECO recover the subsidy between rate cases?	29
215	Ashburn	The following questions refer to the closure of the interruptible rates. a. How many IS customers does TECO currently serve? b. Will all current IS customers be eligible to take service under the GSLM-2 or GSLM-3 program? . c. Without identifying any customers by name or usage level, for each current IS customer, please state each customer's current total annual revenues, and projected revenues if the customer takes service under the corresponding GSLM-2 or GSLM-3 program.	30

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216	Ashburn	Please refer to the direct testimony of William Ashburn, page 56, lines 13-15. Please discuss the benefits IS customers provide to the ratepayers.	32
217	Ashburn	Please refer to the direct testimony of William Ashburn, page 62, lines 15-25. Please explain how GSD customers will benefit from TECO's proposal to bill the capacity, energy conservation, and environmental cost recovery factors on a billing demand basis (rather than on a kwh basis).	33
218	Ashburn	Please refer to the direct testimony of William Ashburn, page 68, line 68. What is the basis for proposing a threshold of 9,000 kWh (as opposed to a different kWh threshold)?	34
219	Ashburn	Please explain how TECO determined that $9.35 is the appropriate demand charge for the GSD rate class and tie the number to the unit costs shown in Volume III of the MFR's.	35
220	Ashburn	Are the allocation factors shown on bates stamp page 208 of Schedule E, Volume III of the MFRs, based on TECO's most recent load research study? If not, please explain.	36

William Ashburn
Director – Pricing and Financial Analysis
Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602

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193. For the following requests, refer to TECO's response to Staff's Second Request for Production of Documents, No. 33.

a. Please define "fringe rate" as it is used in the title, "Payroll Loading Factors and Fringe Rate."

b. Please define "fringe loading factor" as it is used in the last line on the page, in "Total Payroll and Fringe Loading Factor."

c. For each of the nine items listed under "Non-productive Time Paid," please identify the source document.

d. For each of the ten items listed under "Direct Benefits Paid," please identify the source document.

e. For each of the three items listed under "Other Payroll Costs," please identify the source document.

f. For each of the four FERC accounts provided, please identify the source document.

g. Please define FERC 925 "Injuries & Damages," and explain why it is included in the calculations.

A. a. The header might have been better labeled the same as the footer to assure clarity. The 72 percent "Total Payroll and Fringe Loading Factor" has two components: a 23 percent A&G rate component and a 49 percent "fringe" rate component. The "fringe" rate component is comprised of the 13 percent "Non-Productive Time Paid", 22 percent "Direct Benefits Paid" and 14 percent "Other Payroll Cost" rates as shown in the response.

b. See the company's response to part a above.

c. All nine items are based on a three-year historical actual payroll analysis. The source document is included in the company's response to Staff's Ninth Request for Production of Documents No. 66.

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d. These ten items are based on 2009 budgeted expenses to FERC account 926. The source document is included in the company's response to Staff's Ninth Request for Production of Documents No. 66.

e. These three items are based 2009 budgeted payroll expenses. The source document is included in the company's response to Staff's Ninth Request for Production of Documents No. 66.

f. Data for the four FERC accounts is provided by the Accounting department. At the time of filing, the 2008 and 2009 factors were not available and the existing 2003 analysis for the 23 percent A&G rate was the most current analysis and, therefore, was relied upon. As a result, the company has revised its response to Staff's Third Set of Interrogatories No. 47, part b to correctly identify the values as 2003 budgeted expenses. In addition, the company's response to Staff's Second Request for Production of Documents No. 33 incorrectly labeled these values as 2008 budgeted expenses instead of 2003. The source document is included in the company response to Staff's Ninth Request for Production of Documents No. 66. A post filing analysis indicates that had 2008 and 2009 A&G factors been available for use, those factors would have been 36 percent and 34 percent, respectively.

g. FERC account 925 includes insurance costs for general liability, fleet vehicles and company personnel. Customer related activities such as meter change outs and connecting or disconnecting services require company personnel to travel via fleet vehicles to meter locations to perform these services. Any number of events or circumstances can occur while traveling and working around meter locations and the company insures its personnel and ratepayer assets to minimize the amount of loss associated with injuries and damages. These costs are appropriately included in the calculations.

Hearing Exhibit - 00000276

194. For the following question, refer to TECO's response to Staff's Second Request for Production of Documents, No. 34. Please define the following abbreviations used in the header line and explain how they are used in the table: "GL_MTH," "GL_YR," "VP," "Director," "MANAGE," "ORG_LC," "FERC," "PNT," "RSRC," "BNFT_L," "AMT_PRPSD," and "STATUS."

A. Definitions for the following abbreviations used in the header line and an explanation of how they are used in the table are provided below.

- **GL_YR:** General ledger year – identifies 2009 as the general ledger year
- **GL_MTH:** General ledger month – identifies month (i.e. 1 – 12) of the year
- **ORG_LC:** Originating Location – identifies the operating department that originated the cost charge. This rolls up to the manager location.
- **MANAGE:** A corporate roll up header– identifies the Manager location which rolls up to the Director.
- **Director:** Director, a corporate roll up header – identifies the Director location which rolls up to the VP
- **VP:** Vice President, a roll up header – identifies the vice president of the Business Unit that the director rolls up to
- **FERC:** FERC account number – identifies the FERC account per the Code of Federal Regulations Uniform System of Account
- **PNT:** Subpoint – identifies the detailed subaccount within the FERC account
- **RSRC:** Resource code – identifies the type of cost and/or resource consumed
- **BNFT_LC:** Benefiting location – identifies project activity code
- **AMT_PRPSD:** Amount being proposed – identifies the 2009 proposed budget amount

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- **STATUS:** Proposal status – identifies accepted deleted proposals. The 2009 projected test year included only the "P" status dollars.

Hearing Exhibit - 00000278

195. For the following question, refer to TECO's response to Staff's Second Request for Production of Documents Nos. 36, 37, 38, 39, 40, and 41. In its responses, TECO refers staff to TECO's response to OPC's First Request for Production of Documents No. 46 (OPC 46), which contains 7,420 pages. Please identify, by page number, each of the pages in OPC 46 which are responsive to each of these PODs.

A. The supporting workpapers which include descriptions, processes, and resource time estimates for all of the proposed service charges were provided in the company's response to OPC's First Request for Production of Documents No. 46, Bates stamped pages 57548 through 57563. Listed below are the specific documents with the corresponding Bates stamp page number(s).

- Bates stamped pages 57548 through 57554 are the work papers for Connecting Initial Service.
- Bates stamped page 57555 is the work paper for Reconnecting Service to Subsequent Subscriber.
- Bates stamped page 57556 is the work paper for Same Day Reconnect.
- Bates stamped page 57557 is the work paper for Saturday Reconnect.
- Bates stamped page 57558 is the work paper for Reconnect After Disconnect at Meter for Cause.
- Bates stamped page 57559 is the work paper for Reconnect After Cut on Pole Disconnect.
- Bates stamped page 57560 is the work paper for Field Credit Visit.
- Bates stamped page 57561 is the work paper for Tampering Charge without Investigation.
- Bates stamped page 57562 is the work paper for Overhead Temporary Service.
- Bates stamped page 57563 has a summary table of the Customer Service, Office Labor, Field Labor and Equipment rates that were used in the calculations of the Service Charges.

Hearing Exhibit - 00000279

196. For the following question, refer to TECO's response to Staff's Third Set of Interrogatories, No. 37. Please explain in detail the job functions of a "troubleman" and a "meter worker," including why a troubleman is needed to reconnect a customer at a pole.

A. A "meter worker" handles various job responsibilities for single-phase service only. Responsibilities include service disconnects, reconnects, meter installations and replacements, and field verifications. They are trained and able to work only with the meter, not before the meter on the distribution system. Therefore, they are not able to disconnect service at the pole, in a handhole or at the transformer.

A "troubleman" has a working knowledge of Tampa Electric's distribution line construction specifications and repairs and maintains distribution system line equipment such as overhead, underground residential and commercial distribution and network equipment. They also switch distribution and substation equipment and perform scheduled or emergency overhead and underground line patrol. Troublemen troubleshoot and repair street and area lights and are required to work energized systems as well as respond to emergency call-outs. They can install and replace meters and reconnect or disconnect services ahead of the meter (i.e. cut on pole).

A troubleman may be needed to reconnect a customer at a pole when a meter worker receives a disconnect order but is unable to disconnect the service at the meter because of one or more of the following reasons: access issue, bad dog, meter type greater than single-phase or safety issue. In such cases, because the meter worker does not have the equipment, training or authority to disconnect service except at the meter, the meter worker leaves a disconnect notice for the customer advising of the service disconnect. The meter worker then completes the disconnect order and requests a disconnect-at-pole by a troubleman. A troubleman will then be dispatched to disconnect the service as specified by the meter worker. A troubleman will complete the appropriate disconnect at the pole, in a handhole or at the transformer. Upon receipt of payment from the customer, a troubleman will be dispatched back to the location to restore service.

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197. For the following question, refer to TECO's response to Staff's Third Set of Interrogatories, No. 37.

a. How many customers requested same day reconnect service and Saturday reconnect service for the most recent 12-month period?

b. Please explain the process employed by TECO to analyze the existing workload, resources, and systems in order to determine whether or not they were adequate to accommodate these services.

A. a. Because the company currently does not provide these services, it has not gathered data to specifically understand customer interest. To evaluate potential customer interest, the company conducted an informal poll in March 2008 using Tampa Electric's Business and Industry and Customer Care Residential Call Center associates. The Business and Industry associates reported that, for one day, approximately 50 customers applying for service expressed interest in receiving same day service. Residential Customer Care associates documented that during one week, 41 out of 1,093 customers expressed interest in same day service or having service reconnected after 6 p.m.

The number of customers requesting Saturday reconnect service was based on calls received by Customer Care supervisors on weekends. This was based on another informal poll.

b. Tampa Electric utilized the aforementioned informal poll results and assumed an average of 50 orders per day interested in these reconnect services to evaluate the feasibility of absorbing the extra work and the impact to overtime of offering same day reconnect service. Factors such as routing the work, resources available to complete the work, normal work load (pre-scheduled work), travel time, safety of team members for late night connects, and type of connections (meter or transformer level reconnects) were all taken into consideration, as well as Call Center resources needed on weekends to handle customer calls for service. Tampa Electric's Customer Care currently operates Monday through Friday, 7:00 a.m. through 7:00 p.m. and handles all non-outage-related requests. Once the above data was gathered and based on the

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estimated number of orders, it was determined that the work could be completed; however, the added workload would require overtime hours for field personnel to accommodate requests from anywhere in Tampa Electric's service area. These costs are reflected in the proposed service charges.

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198. For the following question, refer to TECO's response to Staff's Third Set of Interrogatories, No. 46. The response states that "[I]n most cases, the difference reflects rounding of the proposed charge to a whole number of zero or five." Please explain why some charges were rounded down (e.g., Same day reconnect, Saturday reconnect, and Field credit visit) while others were rounded up (e.g., Normal reconnect subsequent subscriber, Reconnect at meter, Reconnect at pole, Tampering charge without investigation, and Temporary service).

A. In most instances, the charges were rounded to a whole number of zero or five. There were two exceptions; Same Day Reconnect was rounded down to $65 to maintain a differential between it and the Initial Service Connection charge, which was limited to $75, substantially below the cost. The Saturday Reconnect, which was rounded down to $300 rather than up to $305, was set to establish the initial charge at a more "round" number.

Hearing Exhibit - 00000283

199. For the following request, refer to TECO's response to Staff's Third Set of Interrogatories, No. 47(a). Please explain in detail why non-productive time, direct benefits, other payroll costs, and A&G costs are "best applied by using a loading factor."

A. See the company's responses to Staff's Tenth Set of Interrogatories No. 176 regarding Rule 25-6.1351, F.A.C. and Staff's Thirteenth Set of Interrogatories No. 208. Additionally, the use of loading factors for these types of costs to calculate fully loaded costs is a commonly used methodology that has been accepted by this Commission.

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200. For the following questions, refer to TECO's response to Staff's Third Set of Interrogatories, No. 47(b). According to the response, the A&G loading factor is based on the 2008 prior year budget because estimated 2009 costs were not available; however, the 2009 test year budget was used for non-productive time, direct benefits, and other payroll costs.

a. Does TECO believe there is an inconsistency in using data from two different time periods? Why or why not?

b. Has TECO made any adjustment to the data to account for the inconsistency? Why or why not?

A. a. No. In using an A&G loading factor for cost support of the service charges in this proceeding, a 2008 or 2009 A&G study and resulting factor was not available. The best available data was in a 2003 A&G study and the factor derived from that study was found to be reasonable.

b. Tampa Electric has not made an adjustment to the data. The company did perform an updated look at the factor based on 2009 data, and if adjusted, it would increase costs. However, Tampa Electric is not proposing any changes to the service charges provided in MFR E13-b.

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201. For the following request, refer to Staff's Third Set of Interrogatories, No. 48(a) and TECO's response to the interrogatory. Please define "Energy Delivery" and explain why it is appropriate to include it as a loading factor, including what specific costs are recovered by this factor.

A. Energy Delivery is a Tampa Electric business unit primarily responsible for the transmission and distribution function of the business. Among other activities, the business unit carries out miscellaneous service work. The loading factor is appropriate because it provides for a fully loaded cost, including management and office overhead, to deliver the miscellaneous services to customers. Without Energy Delivery's management and office support, the front line operations personnel would not be able to conduct this service. The specific costs that are recovered by this factor include allocated Energy Delivery supervisory and office payroll costs related to operations payroll costs. As noted previously in the company's response to Staff's Third Set of Interrogatories No. 48, Part a, these costs are exclusive of the corporate A&G loading factor that includes FERC accounts 920, 921, 925 and 930.

Hearing Exhibit - 00000286

202. For the following request, refer to the table in TECO's response to Staff's Third Set of Interrogatories No. 49(c). Please explain in detail why Non-productive time and A&G costs are included in "Overtime," but not "Regular Time."

A. The non-productive time and A&G costs were not included in the "Overtime" cost loading factor of 35.5 percent but were included in the "Regular Time" cost factor of 72 percent. To calculate a total cost of service, the non-productive time and A&G costs must be recovered in the normally scheduled 40-hour work week. Upon review, the company has revised its response to Staff's Third Set of Interrogatories No. 49 part b because the row titles were erroneously reversed. The corrected table is provided below.

	Non-Productive Time	Direct Benefit Costs	Other Payroll Costs	A&G Costs	Total
Regular Time	13%	22%	14%	23%	72%
Overtime	N/A	22%	14%	N/A	35.5%

Hearing Exhibit - 00000287

203. Please refer to TECO's response to Staff's Third Set of Interrogatories, Nos. 50, 52, 53, 54, and 55. Please explain in further detail how TECO's subject matter experts determined the values for the following categories. For example, who are the subject matter experts (names, titles, work experience), when did the subject matter experts undertake this study, does TECO have guidelines for subject matter experts to follow, and was the same procedure followed in TECO's last rate case?

a. Customer service and office labor expenses (Interrogatory No. 50)

b. Field labor expenses (Interrogatory No. 52)

c. Field Credit/Meter Mechanic and Meter Reader (Interrogatory No. 53)

d. Vehicle or transportation costs (Interrogatory No. 54)

e. Vehicle expense rate for Vehicle Costs (Interrogatory No. 55)

A. a. In March 2008, a project team was formed to review all current and proposed service charges. For all of the service charges, the team developed a process flow to identify all tasks required to carry out the services associated with each charge. As part of the process, the subject matter experts relied on data, experience, observations, and job knowledge to assess and assign the appropriate times to each task in the process flow. Tampa Electric's last rate case was in 1992 and some detailed information was unavailable for comparison. The names of the project team members, the departments they represented, and their years of experience with Tampa Electric are provided in the attached table.

b. See the company's response part a above.

c. See the company's response part a above.

c. See the company's response part a above.

d. See the company's response part a above.

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Name	Title	Department Represented	Years with Tampa Electric
Rachel Roman	Manager, Revenue Recovery	Customer Services / Project Lead	24
Bruce Jarrett	Sr. Business Analyst	Energy Delivery Finance	36
Carlos Rodriguez	Manager, Meter Reading Ops	Meter Reading	26
Clayton Dean	Manager, Field Credit	Field Credit	25
Melonie Odum	Supervisor, Customer Care	Customer Services	30
John Hrabe	Manager, System Service	Energy Delivery System Service	19
Jack Swoboda	Lead Line Supervisor	South Hillsborough Op Center, Energy Delivery	25
Matt LaRussa	Manager, Field Engineering	Energy Delivery Engineering	18
Brett Edmark	Manager, Energy Delivery Finance	Energy Delivery Finance	11
Terry Gay	Process Analyst	Customer Services New Construction	27
Rusty Evans	Manager, Construction Project	Customer Services New Construction	22

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204. For the following questions, please refer to TECO's response to Staff's Third Set of Interrogatories, No. 51.

a. Please identify the source of the information that 75% of services are residential, 25% of services are commercial, 38% of services are overhead, and 62% of services are underground.

b. Please define the positions of "Field Credit Dispatcher," "Customer Service Professional," and "Meter Reader Dispatcher."

A. a. The source of this information is Tampa Electric's Workpro Management System. Upon further review, the weighting factors for overhead services and underground services should have been 24 percent and 76 percent, respectively. The cost support for the Initial Service Connection based on the correct weighting factors is $109.82 rather than $116.55. However, this correction does not impact the proposed charge given that Tampa Electric is requesting $75, which is still well below the revised calculated cost.

b. A Field Credit Dispatcher directs the daily activity, primarily disconnect and reconnect functions for Field Credit employees. In addition, this position handles communications with the Call Center concerning field orders to properly assign to the appropriate worker. Field Credit Dispatcher also has ability to assign and dispatch work to Meter Mechanics and other departments.

A Customer Service Professional ("CSP") is a Call Center employee who handles customer requests via telephone or web. The CSP handles a wide-range of customer requests including billing, credit arrangements, and service order requests. Communication from the CSP to the Field Credit Dispatcher is used to determine the needed course of action to be taken in the field.

A Meter Reader Dispatcher directs the daily activity for Meter Reading employees and assigns daily meter reading routes and daily service turn-off orders.

Hearing Exhibit - 00000290

205. For the following question, please refer to TECO's response to Staff's Third Set of Interrogatories, No. 53. Please define the "Field Credit" and "Meter Mechanic" positions and explain why both positions are listed for field labor.

A. The "Field Credit" or "Meter Worker" is defined in the company's response to Staff's Thirteenth Set of Interrogatories No. 196. A "field credit" or "meter worker" handles various job responsibilities for single-phase service only. Responsibilities include service disconnects, reconnects, meter installations and replacements, and field verifications. They are trained and able to work only with the meter, not before the meter on the distribution system. Therefore, they are not able to disconnect service at the pole, in a handhole or at the transformer. A "meter mechanic" is required to complete service orders that are greater than single-phase service or orders that require a more specialized meter (i.e. Time-of-Day Metering). Both positions are listed on the same line in the rate table worksheet since the rate of pay is the same.

Hearing Exhibit - 00000291

206. Please refer to TECO's response to Staff's Third Set of Interrogatories, No. 54. Please explain how the "vehicle costs were reconciled to field employee's time to complete the necessary tasks."

A. See the company's response to OPC's First Request for Production of Documents No. 46 for documentation regarding labor performed for each service charge. See the company's response to Staff's Thirteenth Set of Interrogatories No. 195 for a list of the specific workpapers with the corresponding Bates stamped page number(s) for each service charge. Based on the labor time identified to perform the services associated with each service charge, the vehicle costs generally reflect that same time. When there are differences, they can be the result of having more than one field employee utilizing the same vehicle for the same job (e.g., a two man trouble crew is utilizing one truck) or including field employees' time that, under union requirements, may have pre-established labor time per job, however the vehicle time will still reflect the time required to complete the job.

Hearing Exhibit - 00000292

207. For the following questions, refer to TECO's response to Staff's Third Set of Interrogatories, No. 55.

a. What is the "Vehicle Field Credit" and why is it allocated 17 minutes?

b. Is a trouble truck the same as a bucket truck? Please explain your answer.

A. a. The 17 minutes represent the average time allocated for the vehicle use by a Field Credit (Meter Worker) or Meter Mechanic to help perform a Reconnect After Cut on Pole Disconnect for Cause. The 17 minutes was used as an example in the company's response to Staff's Third Set of Interrogatories No. 55. For the original source of the 17 minutes, see the company's response to OPC's First Request of Production of Documents No. 46, Bates Stamp 57559. On that page, the 17 minutes is shown to be made up of three Field Credit activities: Meter Worker reviews order and drives to location (14 minutes), Meter Worker notices must be COP (2 minutes), and Meter Worker enters "code9" in MDT for COP order (1 minute).

b. No. A trouble truck is a type of bucket truck. It is classified as a Heavy Truck Class C, the class that includes most trouble trucks and bucket trucks. Since the associated rates are the same for both, they were combined on the same line in the rate table worksheet.

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208. The following requests refer to loading factors.

a. Are loading factors used only for non-recurring charges? If yes, please explain your answer. If no, please list the charges that use loading factors and explain why loading factors are necessary. Please identify any finance or accounting rules or texts that support your answer.

b. What costs should be recoverable through loading factors? Please explain your answer and identify any finance or accounting rules or texts that support your answer.

c. Does TECO employ a particular methodology for determining loading factors? If so, what is the methodology? Please explain in detail how the methodology works and identify any finance or accounting rules or texts that support your answer.

A.

a. No, loading factors are used for both recurring and non-recurring activities. All recurring and non-recurring charges use loading factors to account for non-direct costs.

The following finance/accounting rule responds to all three subparts of this request:

Rule 25-6.1351(1), Florida Administrative Code ("F.A.C.") – Cost Allocation and Affiliate Transactions: the purpose of this rule is to establish cost allocation requirements to ensure proper accounting for affiliate transactions and utility nonregulated activities so that these transactions and activities are not subsidized by utility ratepayers.

Rule 25-6.1351 (2)(d)(e)(f), F.A.C. outlines the following concepts:

(d) Direct Costs – Costs that can be specifically identified with a particular service or product.
(e) Fully Allocated Costs – The sum of direct costs plus a fair and reasonable share of indirect costs.
(f) Indirect Costs – Costs, including all overheads, that cannot be identified with a particular service or product.

Hearing Exhibit - 00000294

Rule 25-6.1351 (4)(b)(c), F.A.C. futher outlines the allocation methodology:

(b) Direct costs shall be assigned to each non-tariffed service and product provided by the utility.

(c) Indirect costs shall be distributed to each non-tariffed service and product provided by the utility on a fully allocated cost basis.

Loading factors are used for both recurring and non-recurring activties.

b. Indirect costs that cannot be identified with a particular service or product.

c. The methodology Tampa Electric uses to calculate the loading factor is to add up all of the indirect costs that are associated with providing the labor resource. Then add up all of the direct costs of the labor resource. The loading factor is then calculated by taking the indirect costs and then dividing them by the direct labor costs which produces a percent. The percent then can be applied to a direct cost to produce a fully allocated cost.

Hearing Exhibit - 00000295

209. Please refer to the direct testimony of William Ashburn, page 32, lines 13-14. Please explain when and why Teco discontinued the use of the Equivalent Peaker method.

A. The Equivalent Peaker method was first addressed in Docket No. 850050-EI. The company was directed to use it in its cost of service study, although it did not support the methodology. In Tampa Electric's succeeding base rate case in Docket No. 920324-EI, the company proposed a cost of service study using the 12CP and 1/13th method. As the result of a stipulation, the Commission relied on that proposed methodology for the approved cost of service study in its final decision. The company's current rate proceeding is the first opportunity that the company has to present a revised cost of service study.

Hearing Exhibit - 00000296

210. Please refer to the direct testimony of William Ashburn, page 30, lines 10-11. Please list all variable operating costs that are recovered through the non-fuel energy charge.

A. Variable costs were provided in FIPUG First Set of Interrogatories, revised response to No. 22, December 22, 2008. The table shown on page 2 of this response provides the requested information regarding the variable costs that are recovered through the non-fuel energy charge.

Hearing Exhibit - 00000297

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S THIRTEENTH SET OF
INTERROGATORIES
INTERROGATORY NO. 210
PAGE 2 OF 2
FILED: JANUARY 5, 2009

VARIABLE OPERATING COSTS
Breakdown
Category

- Lubricants and control system oils
- Generator cooling gases (hydrogen)
- Water (effluent, potable)
- Water treatment chemicals (catalyst, acids, bases, resin, etc.)
- Process chemicals (amine, nitrogen, acids, bases, iron ore, etc.)
- Waste disposal (oil, fly ash, bottom ash, slag, etc.)
- Environmental system chemicals (ammonia, lime, limestone, etc.)
- Material conveyor belts (coal, limestone, gypsum)
- Residual handling
- Fuel handling
- Bearings for rotating equipment
- Hammers for coal field crushers
- Steel balls for mills
- Condenser plugs
- Fuel (natural gas, propane, oil, coal, pet coke)
- Emissions compliance costs

Total 2009 ($000's)	Fuel Clause	Other Clause	Non-Fuel Energy	Non-Fuel Demand
126			126	-
631			541	90
1,384		769	615	-
1,754		246	1,508	-
2,580		1,864	716	-
401			321	80
9,573		9,353	220	-
246			246	-
14			14	-
1,435			1,435	-
250			220	30
35			35	-
150			150	-
30			30	-
1,384,638	1,384,638			-
221			97	124
1,403,468	1,384,638	12,232	6,274	324

Hearing Exhibit - 00000298

211. Please refer to the direct testimony of William Ashburn, page 30, lines 21-24. For the past ten years, please list: type of generation installed (base-, intermediate-, or peaking unit), name of the unit, and in-service date.

A. Since 1998, Tampa Electric has installed the following generating units:

Generation Type	Unit Name	Commercial In-Service Date	
Peaking	Polk Unit 2	July	2000
Peaking	Partnership 1	April	2001
Peaking	Partnership 2	April	2001
Peaking	Polk Unit 3	May	2002
Intermediate	Bayside Unit1	April	2003
Intermediate	Bayside Unit 2	January	2004
Peaking	Polk Unit 4	March	2007
Peaking	Polk Unit 5	April	2007

Hearing Exhibit - 00000299

212. Please refer to the direct testimony of William Ashburn, page 46, lines 1-3. Please explain how TECO determined the full load characteristics of the IS customers.

A. The forecast of class load characteristics for the 2009 test period was developed by Tampa Electric's Load Research and Forecasting group. This forecast is based on a load model that incorporates a history of load patterns established from time recorded metering information for billing or load research sampling purposes. All IS customers have time recorded metering. For trending and forecasting the load projections for 2009, the model incorporates a weather normalization adjustment to the historic hourly established data and further adjusts the data, where necessary, to normal usage amounts during periods when interruptions may have been exercised. Thus, the projection of IS load in the model represents the IS customers' full load characteristics for the test period.

Hearing Exhibit - 00000300

213. Please show bill impacts for each of the current RST customers if the transfer to the RSVP rate.

A. Tampa Electric's residential time-of-use meters do not record hourly consumption. Without hourly data on the RST customers, the company cannot determine the impact that transferring to the RSVP rate will have on each these customers. The company expects that if these customers' consumption patterns result in reduced electric charges under the residential time-of-day rate, they will result in at least the same savings under the RSVP rate with the potential to save even more.

Hearing Exhibit - 00000301

214. Please refer to the direct testimony of William Ashburn, page 56, lines 8-11.

a. Does TECO have an annual dollar value associated with the subsidy firm customers have been providing to interruptible load?

b. How does TECO recover the subsidy between rate cases?

A. a. No, the company has not made such a calculation.

b. The current methodology of providing a discount to IS customers does not permit any correction of this subsidy outside of a base rate case. To the extent that, in-between base rate cases, the company's total base revenues are sufficiently recovering its overall base costs of service within it's authorized return range and IS customers are realizing a discount in their base rates that exceeds the avoided cost of providing interruptible service to them, then all other customers are bearing the costs of this subsidy by virtue of the level of base rates they are paying.

Hearing Exhibit - 00000302

215. The following questions refer to the closure of the interruptible rates.

a. How many IS customers does TECO currently serve?

b. Will all current IS customers be eligible to take service under the GSLM-2 or GSLM-3 program?

c. Without identifying any customers by name or usage level, for each current IS customer, please state each customer's current total annual revenues, and projected revenues if the customer takes service under the corresponding GSLM-2 or GSLM-3 program.

A. a. The company serves 55 interruptible accounts. There are 45 accounts served under Rate Schedules IS-1, IST-1, IS-3, and IST-3 and 10 accounts served under the interruptible standby schedules, SBI-1 and SBI-3.

b. Yes.

c. Refer to the attached table containing current and projected annual revenues for each interruptible account. The current revenue is based on current base rates and recovery clause rates effective January 1, 2009. The projected revenue is based on Tampa Electric's proposed base rates for Schedules GSD, and SBF and proposed changes to the recovery clause rates. The proposed revenue also assumes that all the IS customers will take service under corresponding Schedules GSLM-2 or GSLM-3. The billing determinants used in the calculations are from the most recent 12-month billing period, December 2007 through November 2008.

Hearing Exhibit - 00000303

Annual Revenue from Interruptible Customers Under Present and Proposed Rates
Based on Billing Determinants from December 2007 through November 2008

	Annual Revenue ($) Under Current Rates as of January 2009	*Proposed Rate Schedule*	Annual Revenue ($) Under Proposed Rates as of May 2009	Revenue ($) Difference	% Difference
SCHEDULE IS1					
ACCOUNT 1	342,780.77	*GSD/GSLM-2*	410,060.29	67,279.52	20%
ACCOUNT 2	813,053.50	*GSD/GSLM-2*	901,730.81	88,677.31	11%
ACCOUNT 3	233,099.97	*GSD Opt./GSLM-2*	295,499.60	62,399.63	27%
ACCOUNT 4	179,460.40	*GSD Opt./GSLM-2*	228,916.92	49,456.52	28%
ACCOUNT 5	664,141.30	*GSD/GSLM-2*	793,421.62	129,280.32	19%
SCHEDULE IS3					
ACCOUNT 6	917,215.16	*GSD/GSLM-2*	976,334.37	59,119.22	6%
ACCOUNT 7	68,085.30	*GSD/GSLM-2*	72,161.41	4,076.11	6%
ACCOUNT 8	249,147.29	*GSD/GSLM-2*	298,456.36	49,309.07	20%
ACCOUNT 9	1,034,396.93	*GSD Opt./GSLM-2*	1,308,015.78	273,616.85	26%
ACCOUNT 10	1,204,129.93	*GSD/GSLM-2*	1,316,557.83	112,427.90	9%
SCHEDULE IST-1					
ACCOUNT 11	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 12	333,638.47	*GSDT/GSLM-2*	352,644.21	19,005.74	6%
ACCOUNT 13	667,458.19	*GSDT/GSLM-2*	753,545.33	86,087.14	13%
ACCOUNT 14	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 15	526,782.52	*GSDT/GSLM-2*	550,425.22	23,642.70	4%
ACCOUNT 16	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 17	3,699,898.44	*GSDT/GSLM-2*	3,834,374.13	134,475.69	4%
ACCOUNT 18	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 19	52,315.58	*GSD Opt./GSLM-2*	51,796.30	(519.28)	-1%
ACCOUNT 20	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 21	12,266,034.39	*GSDT/GSLM-2*	15,110,070.94	2,844,036.55	23%
ACCOUNT 22	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 23	39,930,531.90	*GSDT/GSLM-2*	42,397,148.51	2,466,616.61	6%
ACCOUNT 24	4,127,744.40	*GSDT/GSLM-2*	4,933,006.06	805,261.66	20%
ACCOUNT 25	270,329.84	*GSDT/GSLM-2*	334,601.02	64,271.18	24%
ACCOUNT 26	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 27	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 28	21,756.26	*GSD Opt./GSLM-2*	13,757.38	(7,998.88)	-37%
ACCOUNT 29	1,894,736.01	*GSDT/GSLM-2*	2,084,571.33	189,835.33	10%
ACCOUNT 30	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 31	2,146,225.68	*GSDT/GSLM-2*	2,303,189.30	156,963.62	7%
ACCOUNT 32	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 33	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 34	2,038,209.59	*GSDT/GSLM-2*	2,021,333.26	(16,876.32)	-1%
ACCOUNT 35	12,307.69	*GSDT/GSLM-2*	-	(12,307.69)	- *
ACCOUNT 36	387,897.85	*GSDT/GSLM-2*	412,149.73	24,251.88	6%
SCHEDULE IST-3					
ACCOUNT 37	1,045,339.41	*GSDT/GSLM-2*	1,053,809.87	8,470.46	1%
ACCOUNT 38	134,440.65	*GSDT/GSLM-2*	143,119.88	8,679.23	6%
ACCOUNT 39	2,800,932.57	*GSDT/GSLM-2*	2,893,984.94	93,052.37	3%
ACCOUNT 40	689,081.78	*GSDT/GSLM-2*	717,535.05	28,453.27	4%
ACCOUNT 41	1,487,559.46	*GSDT/GSLM-2*	1,535,992.53	48,433.07	3%
ACCOUNT 42	3,591,358.19	*GSDT/GSLM-2*	3,588,575.63	(2,782.56)	0%
ACCOUNT 43	1,292,254.02	*GSDT/GSLM-2*	1,330,985.33	38,731.30	3%
ACCOUNT 44	3,909,553.01	*GSDT/GSLM-2*	4,132,839.82	223,286.81	6%
ACCOUNT 45	759,178.75	*GSDT/GSLM-2*	793,001.29	33,822.53	4%
SCHEDULE SBI-1					
ACCOUNT 46	1,451,970.11	*SBFT/GSLM-3*	1,394,788.45	(57,181.66)	-4%
ACCOUNT 47	4,217,430.48	*SBFT/GSLM-3*	4,984,075.99	766,645.51	18%
ACCOUNT 48	2,866,064.23	*SBFT/GSLM-3*	3,499,730.93	633,666.70	22%
SCHEDULE SBI-3					
ACCOUNT 49	301,790.89	*SBFT/GSLM-3*	407,030.36	105,239.47	35%
ACCOUNT 50	4,338,469.17	*SBFT/GSLM-3*	4,847,305.73	508,836.55	12%
ACCOUNT 51	6,176,909.67	*SBFT/GSLM-3*	6,855,475.81	678,566.14	11%
ACCOUNT 52	12,625.47	*SBFT/GSLM-3*	-	(12,625.47)	- *
ACCOUNT 53	12,625.60	*SBFT/GSLM-3*	-	(12,625.60)	- *
ACCOUNT 54	587,233.03	*SBFT/GSLM-3*	673,463.46	86,230.43	15%
ACCOUNT 55	12,625.60	*SBFT/GSLM-3*	-	(12,625.60)	- *

Note: Revenue amounts exclude revenue from lighting service.
* It is assumed that these accounts will be closed by current customers as there will be no need to maintain active status under the proposed rate schedule which is open to new business, which results in a 100% reduction in revenue.

216. Please refer to the direct testimony of William Ashburn, page 56, lines 13-15. Please discuss the benefits IS customers provide to the ratepayers.

A. The benefits are the demand-related production cost avoidance associated with the interruptible service that the current IS customers are receiving. The "overall ratepayers" should be indifferent whether they are paying rates that support the demand-related costs of production capacity or supporting the payment of interruptible credits that provide similar capability. This is why it is important that the credits paid for interruptible service do not exceed the costs of avoided demand-related production capacity.

Hearing Exhibit - 00000305

217. Please refer to the direct testimony of William Ashburn, page 62, lines 15-25. Please explain how GSD customers will benefit from TECO's proposal to bill the capacity, energy conservation, and environmental cost recovery factors on a billing demand basis (rather than on a kwh basis).

A. The GSD class, as a whole, should be indifferent to the recovery mechanism (i.e. kW or kWh) since the company's proposal does not change the GSD class' allocated cost responsibility of the two clauses. The company has installed more costly metering for GSD customers in order to obtain kW measurements required for administering kW-measured base rate charges. Because this metering has been installed and the demand billing units are available, there is also an opportunity to use this rate measurement tool for recovery of other capacity related costs. A rate design based in part on the use of kW billing units for revenue recovery has the desired attribute of providing an economic incentive to customers to improve their load factor. Improved load factors provide more efficiency to the electric system, reducing average costs for all customers, including GSD class customers. The Commission has previously found this rate design appropriate for recovery of Capacity Cost Recovery Clause costs by Florida Power & Light's demand measured customers.

Hearing Exhibit - 00000306

218. Please refer to the direct testimony of William Ashburn, page 68, line 68. What is the basis for proposing a threshold of 9,000 kWh (as opposed to a different kWh threshold)?

A. The standard metering equipment employed for GS service does not record maximum monthly demand making it nearly impossible to determine if a GS customer might be, at some point, more appropriately served under Rate Schedule GSD. As a result, the company has determined and is currently employing a 9,000 kWh per month energy threshold as a trigger for installing a demand meter on a GS customer to monitor the customer's demand in the event that it exceeds 49 kW (the kW threshold for GSD) and to identify those GS customers who would benefit from service under Rate Schedule GSD. The 9,000 kWh threshold is expected to produce the desired GS/GSD rate structure objective. This level also appears to be the threshold usage that results in the least number of customers being transferred between the GS and GSD rate schedules.

Hearing Exhibit - 00000307

219. Please explain how TECO determined that $9.35 is the appropriate demand charge for the GSD rate class and tie the number to the unit costs shown in Volume III of the MFR's.

A. The unit costs that are being referenced were not used explicitly to derive the proposed GSD rate charges. The company's firm customers (GSD and GSLD) have found the current relationship of cost recovery between demand and energy charges to be generally acceptable and, therefore, Tampa Electric has elected to maintain this relationship with its proposed rates. In other words, the company has elected to revise the present GSD and GSLD rates uniformly such that all customers in the new, consolidated GSD class, regardless of load factor, will realize approximately the same percentage base rate increase. As can be seen in the table below for the standard GSD base demand and energy charge, the company's proposed GSD rates reflect this method of revision, (i.e. approximately the same percentage increase).

	Present Unit Charge	Proposed Unit Charge	$ Increase	$ Increase
Demand	$7.25/kW	$9.35/kW	$2.10/kW	29.0%
Energy	1.370¢/kWh	1.764¢/kWh	0.394	28.8%

Note: The proposed unit charges shown reflect the numbers contained in the company's original filing. Due to a revenue calculation error that understated the amount of proposed GSD revenues, the company has recalculated its proposed GSD unit charges resulting in slightly lower proposed unit charges. The recalculated values, however, are still intended to have resultant demand and energy charges reflect approximately the same percentage increase.

Hearing Exhibit - 00000308

220. Are the allocation factors shown on bates stamp page 208 of Schedule E, Volume III of the MFRs, based on TECO's most recent load research study? If not, please explain.

A. Yes. Tampa Electric uses ITRON's MetrixND and MetrixLT load forecasting tools to model hourly load profiles for each class. These models incorporate the class load survey data collected over the past 10 years, including the most recent load research study period of 12 months ended December 2007. From these load profiles, projected class CP demands (Allocation Factors 101, 117, 121, 122, 123, 124, 125, and 126) and NCP demands (Allocation Factor 105) were developed. Allocation Factor 106, customer maximum demands, was developed directly from the load factor relationship found in the most recent load research study period. Energy (MWH) data utilized in the allocation factors shown on Bates stamped page 208 are not projected from load research data.

Hearing Exhibit - 00000309

14

TECO's Responses to Staff's Fourteenth Set of Interrogatories (Nos. 221-230)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's Petition for an Increase in Base Rates and Miscellaneous Service Charges.	)))	DOCKET NO. 080317-EI FILED: JANUARY 7, 2009

TAMPA ELECTRIC COMPANY'S

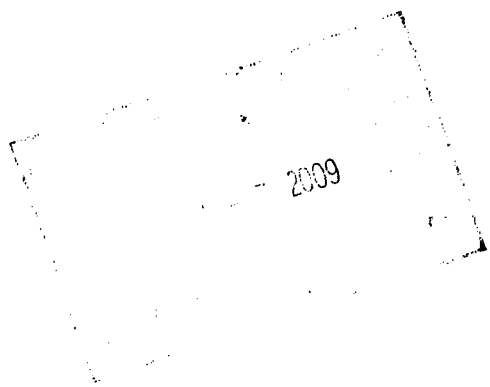
ANSWERS TO FOURTEENTH SET OF

INTERROGATORIES (NOS. 221 - 230)

OF

FLORIDA PUBLIC SERVICE COMMISSION STAFF

Tampa Electric files this its answers to Interrogatories (Nos. 221 - 230) propounded and served on December 8, 2008, by the Florida Public Service Commission Staff.



TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
INDEX TO STAFF'S FOURTEENTH SET OF INTERROGATORIES (NOS. 221 - 230)

Number	Witness	Subject	Bates Stamped Page
221	Ashburn	TECO's Load Research Report filed with the Commission on April 30, 2008, shows on page 24 the 12 CP load factors by rate class. Based on the load research which shows that the 12 CP load factors vary by rate class, please discuss in detail why TECO believes it is appropriate to combine the GSD, GSLD, and IS class.	1
222	Ashburn	TECO's Load Research Report filed with the Commission on April 30, 2008, shows on page 23 customer average monthly energy (kWh) usage. Based on the load research which shows that usage between GSD, GSLD, and IS customers varies significantly, please discuss in detail how TECO considered the results shown on page 23 of the Load Research Report in its analysis to combine the GSD, GSLD, and IS rate schedules.	2
223	Ashburn	The following questions refer to TECO's proposal to combine the GSLD rate into the GSD rate schedule. a. Were the present GSD and GSLD base rate charges for energy and demand determined in TECO's last rate case, Docket 920324-EI? b. Please discuss in detail why TECO believes that the GSD and GSLD base energy and demand charges should continue to be the same, given that they were determined 16 years ago. c. Please state whether TECO has done any analysis based on current cost of service results whether the energy and demand charges for the GSD and GSLD should continue to be the same? If yes, provide the analysis. d. If the Commission denies TECO's proposal to combine the GSD and GSLD rate classes into one new GSD rate schedule, how will TECO determine what the appropriate GSD and GSLD energy and demand charges are?	3

224	Ashburn	The following questions refer to the contribution in aid for time-of-use rate customers opting to make a lump sum payment for a time-of-use meter. a. Please explain in detail why TECO is eliminating lump-sum meter payment option in the GSDT rate schedule, while retaining the option in the GST rate schedule. b. Please explain in detail why TECO is proposing to decrease the lump-sum meter payment for GST customers from $175 to $70 and reduce the credit from $3 to $1.50 (tariff sheet No. 6.321).	7
225	Ashburn	The following questions refer to TECO's proposal to apply the metering level discount to additional billing charges. a. Please provide a hypothetical calculation of a commercial customer's bill under the current and under the proposed metering level discount provision. Assume the customer takes service at primary voltage, and has a power factor greater than 90%. b. Please explain why it is appropriate to apply the metering level discount to any credits from optional riders and list all riders TECO is referring to.	8
226	Ashburn	Please state what steps would TECO need to take to develop a separate cost based rate schedule for K-12 schools?	10
227	Ashburn	Please state whether TECO has any load data or cost information to document whether usage patterns for schools differ significantly from other customers served in their applicable rate classes? If so, please provide the data.	12
228	Ashburn	If a non-cost compensatory discount rate was approved for K-12 schools, what would be the impact on the rest of the ratepayers?	14
229	Ashburn	What other options are available to schools to reduce their electric costs?	15

Hearing Exhibit - 00000313

230	Ashburn	Refer to testimony provided by witness Ashburn, page 55, lines 22-25: a. The witness refers to the IS-1 and IS-3 rate schedules and says: ". . . they are no longer cost effective." Does this statement refer to cost effectiveness studies done at the time of the earlier closures, specifically closing IS-1 in 1985 and IS-3 in 2000? b. Please provide a cost effectiveness study for the test year based on continuation of the IS-1 and IS-3 rate schedules, unchanged, for any customers operating under these rates at September 30, 2008. All variable values used in the calculation should be sourced to the most recent revision of the rates and costs proposed by TECO in this docket. c. How many customers were included in the calculations for IS-1 in part "b"? d. How many customers were included in the calculations for IS-3 in part "b"? e. Please provide a cost effectiveness study for the test year based on transferring the IS customers to the GSLM-2 and GSLM-3 interruptible conservation programs as proposed by TECO and mentioned by witness Ashburn in his testimony on page 56, lines 6-15. If the study includes transferred customers comingled with non-transferred, then please provide a study of the programs without inclusion of transferred customers. The company response should allow the impact of transferred customers to be isolated. f. Under the assumption that the IS customers are transferred to the interruptible conservation programs, what is the projected total dollar impact in the test year to the transferred customers? g. Under the assumption that the IS customers are transferred to the interruptible conservation programs, what is the largest projected dollar impact in the test year to a single customer?	16

William Ashburn
Director – Pricing and Financial Analysis
Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602

Hearing Exhibit - 00000314

221. TECO's Load Research Report filed with the Commission on April 30, 2008, shows on page 24 the 12 CP load factors by rate class. Based on the load research which shows that the 12 CP load factors vary by rate class, please discuss in detail why TECO believes it is appropriate to combine the GSD, GSLD, and IS class.

A. This subject is discussed in detail in Mr. Ashburn's rebuttal testimony on pages 6 through 8. To summarize some of Mr. Ashburn's points regarding general service demand ratemaking: (i) customer size alone should have little significance in determining class designation under average price ratemaking, (ii) metering and service voltage differences can be recognized within a single class by the inclusion of tiered customer charges and transformation discounts in the tariff rates, and (iii) there is a wide range of usage patterns in each of the present groupings of GSD, GSLD, and IS such that the company believes it would be inequitable if customers of the same load factor were priced differently simply due to being arbitrarily assigned to one of these rate groupings.

Hearing Exhibit - 00000315

222. TECO's Load Research Report filed with the Commission on April 30, 2008, shows on page 23 customer average monthly energy (kWh) usage. Based on the load research which shows that usage between GSD, GSLD, and IS customers varies significantly, please discuss in detail how TECO considered the results shown on page 23 of the Load Research Report in its analysis to combine the GSD, GSLD, and IS rate schedules.

A. See the company's response to Staff's Fourteenth Set of Interrogatories No. 221 and Mr. Ashburn's discussion of this matter in his direct and rebuttal testimony.

Hearing Exhibit - 00000316

223. The following questions refer to TECO's proposal to combine the GSLD rate into the GSD rate schedule.

a. Were the present GSD and GSLD base rate charges for energy and demand determined in TECO's last rate case, Docket 920324-EI?

b. Please discuss in detail why TECO believes that the GSD and GSLD base energy and demand charges should continue to be the same, given that they were determined 16 years ago.

c. Please state whether TECO has done any analysis based on current cost of service results whether the energy and demand charges for the GSD and GSLD should continue to be the same? If yes, provide the analysis.

d. If the Commission denies TECO's proposal to combine the GSD and GSLD rate classes into one new GSD rate schedule, how will TECO determine what the appropriate GSD and GSLD energy and demand charges are?

A. a. The current base rate charges, which reflect identical GSD and GSLD base energy and demand charges, were set in Docket No. 920324-EI. However, the GSD and GSLD base energy and demand charges were first set as equal in Docket No. 850050-EI. The Commission determined in the earlier rate case that only the customer charge should be greater for GSLD to recognize the higher costs of metering large demands and high voltage customers and the power factor clause should only be applicable to GSLD customers. That determination was not changed when the charges were reset in 1992.

b. The company is not proposing that GSD and GSLD base energy and demand charges should continue to be the same; the company is proposing that the two classes be combined. In fact, under the company proposal, some GSLD customers could avail themselves of the GSD optional rate to provide a lower overall bill at a different energy rate and no demand rate

Hearing Exhibit - 00000317

The Company is in concurrence with the Commission's justification and final decision expressed in Order No. 15451 in Docket No. 850050-EI, which set the GSD and GSLD base energy and demand charges the same and states the following:

> Equal GSD and GSLD Demand and Energy Charges
>
> Presently, general service customers with maximum billing demands between 50 and 999 KW take service on the GSD rate schedule. Those with maximum billing demands of 1000 KW or more take service on GSLD. An issue in this case is whether the schedules should be combined for ratemaking purposes. The Company has no objection to setting the demand and non-fuel energy charges equal as long as the classes are kept separate and have different customer charges to adequately recover the cost of metering the two groups. Staff and FIPUG argue that separate classes should be maintained in this case until a more extensive analysis of rate reclassification and restructuring can be done.
>
> These parties assert that the key factor in customer groupings should be homogeneous load characteristics, including load factor, coincidence factor, delivery voltage and customer size. TECO's general service rates are basically defined by customer size even though this characteristic has less bearing on cost causation than other factors such as load factor and coincidence factor. Thus, they agree that the current rate classes do not adequately group customers by similar load characteristics, which leads to inequities within classes. However, Staff contends that, in spite of the inadequacies, the current rate classifications at least serve to recognize the differences between average load factors and coincidence factors of the classes. In Staff's opinion, combining the GSD and GSLD classes may exacerbate the inequities.
>
> We believe that it is unfair to set rates based on the different load factors and coincidence factors of the GSD

Hearing Exhibit - 00000318

> and GSLD classes. Under the current rate classifications and Staff recommended rates, a GSD customer would pay less than a GSLD customer with exactly the same load factor. This is due to the greater diversity of the GSD class. By diversity we mean the ratio of the class billing demand to class demand at the time of the system peak. We believe it is unfair to charge one demand-metered customer more than another customer with the same load factor simply because he was arbitrarily assigned to a particular class. We think the benefits of diversity should be spread among the entire body of ratepayers as much as practical. Therefore, we are combining the GSD and GSLD rate classes for purposes of this rate determination. This means they will have the same demand and non-fuel energy charges. However, consistent with the Staff and Company recommendations, separate GSD and GSLD rate schedules will be maintained with different customer charges to recognize the higher cost of metering large demand and high voltage customers and with a power factor clause applicable to GSLD customers only.

Following the reasoning embodied in the order, and after designing and proposing customer charges for GSD that "recognize the higher cost of metering large demand and high voltage customers" as well as tariff language that makes the power factor clause applicable to customers above 1,000 kW, who were once only GSLD, the combination of those two classes became not only possible, but appropriate.

c. No such analysis has been performed.

d. In general, the company would most likely make revisions to the energy and demand charges of the GSD and GSLD rate schedules that would result in fairly uniform percentage increases for all the customers within each class. This is most easily accomplished by applying the same percentage increase factor to the present energy and demand unit charges to derive proposed energy and demand unit charges. The percentage increase factor applicable for each rate schedule would be that increase amount required to derive the

proposed charges that by their application to the class's respective billing determinants would produce the desired class revenues. The result of this approach may result in energy and demand charges for the GSD and GSLD rate schedules being essentially the same. (This discussion relates to the derivation of standard base energy and demand charges. The GSD and GSLD rate schedules rate design, under this scenario, would still incorporate the company's proposed design of customer charges, TOD rate charges, transformer ownership discounts, standby rate charges, etc.)

Hearing Exhibit - 00000320

224. The following questions refer to the contribution in aid for time-of-use rate customers opting to make a lump sum payment for a time-of-use meter.

a. Please explain in detail why TECO is eliminating lump-sum meter payment option in the GSDT rate schedule, while retaining the option in the GST rate schedule.

b. Please explain in detail why TECO is proposing to decrease the lump-sum meter payment for GST customers from $175 to $70 and reduce the credit from $3 to $1.50 (tariff sheet No. 6.321).

A. a. Metering becomes more costly when kW demand is required to be measured for application of the GSD rate schedule. With electronic metering being employed today, there is little cost difference between the standard demand meters and meters that also measure time of use billing determinants (which are required for application of the GSDT rate schedule). Therefore, there is no CIAC difference to be considered for GSDT. However, there is a metering cost difference that can be recognized by a CIAC between GS and GST. The time of use metering required for the GST rate schedule is a more costly meter than the cost of a standard kWh meter used for the GS rate schedule.

b. The proposed lump-sum payment of $70.00 and the proposed reduced customer charge credit of $1.50 for GST customers was established from the analysis of Customer Charge Cost Components presented in MFR Schedule E-14, Supplement B, page 2 (Bates stamped page 267) and summarized as follows:

Meter Type	Installed Cost	Difference
Secondary	$97.72	-
SC TOD	$167.64	$69.92 (rounded to $70.00)

Meter Unit Cost - $ per month		
Standard	TOD	Difference
$1.64	$2.81	$1.17 (rounded to $1.50)

225. The following questions refer to TECO's proposal to apply the metering level discount to additional billing charges.

a. Please provide a hypothetical calculation of a commercial customer's bill under the current and under the proposed metering level discount provision. Assume the customer takes service at primary voltage, and has a power factor greater than 90%.

b. Please explain why it is appropriate to apply the metering level discount to any credits from optional riders and list all riders TECO is referring to.

A. a. Attached is the hypothetical calculation of a commercial customer's bill under the current and proposed metering level discount provision as requested.

b. Currently, Tampa Electric applies the Metering Level Discount to only base demand and energy charges; however, the company is proposing to apply the Metering Level Discount to the following charges and credits: Transformer Ownership Discount, Emergency Power Relay Service, Power Factor, Contract Credit Value ("CCV"), and any other charge or credit based on measured billing determinants. The charges or credits associated with these other billed provisions are designed for application to measured quantities at the secondary voltage level. Measurements made at higher voltage levels are recording approximately 1 percent and 2 percent more billing units as a result of measuring the additional line losses. Therefore, these measurements at higher voltage levels need to be adjusted to represent measurements that would have been recorded at the secondary voltage level for which the rate charges were designed. The result of applying the line loss adjustment to the charge or credit is the same as if it were applied to the billing determinants.

Hearing Exhibit - 00000322

Electric Charges for Hypothetical Commercial Customer
Under Current and Proposed Metering Level Discount Provisions

Assumptions:

A. Billing Demand	1,000 kW
B. Peak Demand	990 kW
C. On-peak Energy:	182,500 KWh
D. Off-peak Energy:	547,500 KWh
E. Load Factor:	92 %
F. Power Factor:	84 %

Description of Charge/Credit:	Current Rates	Charges Based on Current Metering Level Discount Provision	Charges Based on Proposed Metering Level Discount Provision
G. Customer ($/bill)	$255	$ 255	$ 255
H. Billing Demand ($/kW)	$2.36	$ 2,360.00	$ 2,360.00
I. Peak Demand ($/kW)	$5.08	$ 5,029.20	$ 5,029.20
J. On-peak Energy Charge (¢/kWh)	2.198	$ 4,011.35	$ 4,011.35
K. Off-peak Energy Charge (¢/kWh)	1.008	$ 5,518.80	$ 5,518.80
L. Emergency Power Relay Service ($/kW)	0.6	$ 600.00	$ 600.00
M. Transformer Ownership Discount ($/kW)	-0.36	$ (360.00)	$ (360.00)
N. Power Factor ($/kVARh)	0.002 [1]	$ 38.24	$ 38.24
O. Meter Level Discount (%)	-1	$ (169.19) [2]	$ (171.98) [3]
P. FL GRT (%)	2.5641	443.16	443.09
Q. Total Electric Charges		**$ 17,726.56**	**$ 17,723.71**

[1] When the average power factor is less than 85%, the rate is $0.002 for each kVARh by which reactive energy numerically exceeds 0.619744 times the billing energy. When the average power factor is greater than 90%, the rate is ($0.001) for each kVARh by which the reactive energy is numerically less than 0.484322 timesthe billing energy.

[2] Under the current provision the Metering Level Discount applies to Rows H, I, J, and K.

[3] Under the proposed provision the Metering Level Discount applies to Rows H, I, J, K, L, M, and N.

226. Please state what steps would TECO need to take to develop a separate cost based rate schedule for K-12 schools?

A. To establish any new cost-based rate schedule, the following information must be developed or studies performed:

1. Define specific customer rate class applicability; determine mandatory or optional application.
2. Determine customer transfers occurring from other rate classes, which is described as "revised class" hereafter.
3. Determine new class and revised class billing determinants.
4. Determine new class and revised class load research data for establishing class CP and NCP load characteristics (This step would include establishing sample or 100 percent groups for hourly recorded metering and over 12 months history to develop data from which to derive the needed 12 CP and NCP results).
5. Develop class allocation factors incorporating new class and revised class cost responsibilities.
6. Prepare an allocated class cost of service study reflecting the rate classes for the new class and the revised class.
7. Establish new class and revised class target revenue requirements.
8. Determine appropriate standard and TOD rate designs to produce target new class revenues.
9. Re-establish revenue requirements and corresponding rate charges for the new class and the revised class.
10. Prepare bill comparisons to assess typical customer rate impact under new rates.
11. Review interclass rate relationships to assess possible additional migratory effects of customers to other rate schedules. In the event migration occurs, all prior analyses must be repeated.
12. Prepare standard and time of use rate schedules for FPSC approval in Tariff.

Many of the above steps would have to be repeated if the new rate schedule was optional to ensure that only those qualifying customers that benefit from the optional rate are transferred. There are additional steps associated with implementation of the new rate schedule (e.g.,

Hearing Exhibit - 00000324

programming for customer information and billing systems, testing, training, customer notifications, etc.) that have not been addressed in this response.

Hearing Exhibit - 00000325

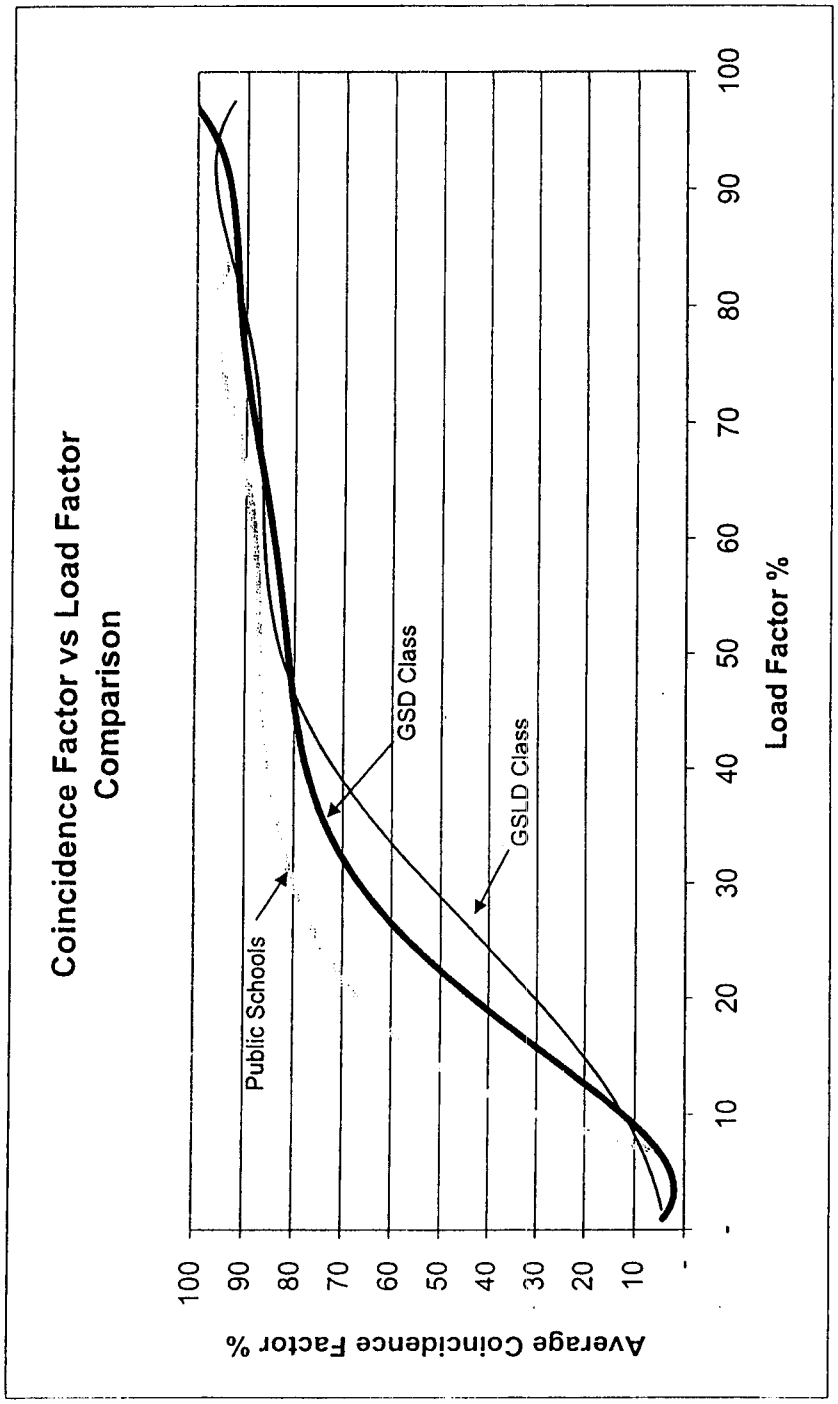
227. Please state whether TECO has any load data or cost information to document whether usage patterns for schools differ significantly from other customers served in their applicable rate classes? If so, please provide the data.

A. The load research data that Tampa Electric has on county public schools does not represent a statistically valid sample that could be used for purposes of providing a separate class of service in the retail cost of service study.

However, the Company does have hourly metering on a number of large county public schools (500 kW and above) and some smaller county public schools which were included in the load research sampling process for the GSD class. The load information that is available for schools indicates a 12 CP load factor of 51 percent for the group. This value is lower than the 12 CP load factor of any existing rate class and substantially lower than GSD at 77 percent or GSLD at 87 percent, the rate classes in which most schools are included. A 12 CP load factor is a mathematical relationship of a class's annual energy usage and the load coincident with the company's system monthly peaks. The greater the load factor, the more kWh use is realized for each unit of coincident demand. Thus, unit costs expressed on a dollar per kWh basis will decrease as 12 CP load factor increases.

Refer to the attached graph which compares the trend lines from plotting average coincidence factor to load factor for GSD, GSLD, and the subset of county public schools for which Tampa Electric has hourly metering data. The graph indicates that if all county public schools, as a group, exhibit the same load characteristics as the subset and were put into a class cost of service study as their own class, the results would demonstrate a higher cost of service for county public schools than either the GSD or GSLD classes within which they currently reside.

Hearing Exhibit - 00000326


Coincidence Factor vs Load Factor
Comparison
Average Coincidence Factor %
Load Factor %
Public Schools
GSD Class
GSLD Class
100
90
80
70
60
50
40
30
20
10
-

228. If a non-cost compensatory discount rate was approved for K-12 schools, what would be the impact on the rest of the ratepayers?

A. The rest of the ratepayers would have higher, non-cost based rates in order to subsidize the discount rate provided for the K-12 schools.

Hearing Exhibit - 00000328

229. What other options are available to schools to reduce their electric costs?

A. County public schools can elect to take one of several rate options available to them under Tampa Electric's tariffs. One option is to take service under time-of-day rates. This option is often not a beneficial option for the typical county public school load as these schools often have higher electric usage during on-peak times. Some county public schools, however, may be capable of and could benefit from operating chiller equipment off-peak. They also could explore taking service at a higher voltage level and avail themselves of the discounts provided for such service.

Tampa Electric has numerous energy efficiency conservation programs available to all its commercial customers, including county public schools, which can assist in reducing their electric costs. These programs are designed to: 1) educate customers about energy consumption, 2) provide guidance as to how to make behavioral modifications relative equipment usage, and 3) provide incentives to help defray the incremental cost of installing higher efficiency equipment at the customer's facility. The commercial programs specifically available to the county public schools include the following:

- Energy Audit Program
- Duct Repair Program
- Building Envelope Program
- Lighting Program
- Load Management Program (GSLM-1)
- Interruptible Service Program (GSLM-2)
- Standby Generator Program
- Conservation Value Program
- Cooling Program
- Chillers Program
- Energy Efficient Motors Program
- Lighting Occupancy Sensor Program
- Refrigeration (Anti-Condensate) Program
- Water Heating Program

Hearing Exhibit - 00000329

230. Refer to testimony provided by witness Ashburn, page 55, lines 22-25:

a. The witness refers to the IS-1 and IS-3 rate schedules and says: ". . . they are no longer cost effective." Does this statement refer to cost effectiveness studies done at the time of the earlier closures, specifically closing IS-1 in 1985 and IS-3 in 2000?

b. Please provide a cost effectiveness study for the test year based on continuation of the IS-1 and IS-3 rate schedules, unchanged, for any customers operating under these rates at September 30, 2008. All variable values used in the calculation should be sourced to the most recent revision of the rates and costs proposed by TECO in this docket.

c. How many customers were included in the calculations for IS-1 in part "b"?

d. How many customers were included in the calculations for IS-3 in part "b"?

e. Please provide a cost effectiveness study for the test year based on transferring the IS customers to the GSLM-2 and GSLM-3 interruptible conservation programs as proposed by TECO and mentioned by witness Ashburn in his testimony on page 56, lines 6-15. If the study includes transferred customers commingled with non-transferred, then please provide a study of the programs without inclusion of transferred customers. The company response should allow the impact of transferred customers to be isolated.

f. Under the assumption that the IS customers are transferred to the interruptible conservation programs, what is the projected total dollar impact in the test year to the transferred customers?

g. Under the assumption that the IS customers are transferred to the interruptible conservation programs, what is the largest projected dollar impact in the test year to a single customer?

A. a. Yes.

b. Please see the attached cost-effectiveness study on pages 4 through 7. The study shows that the benefits (incremental revenue) associated with transferring the non-firm customers to firm service outweigh the incremental capital revenue requirements and system operating costs associated with the generating facilities required to serve the non-firm load on a firm basis.

c. There are five IS-1, 26 IST-1 and three SBI-1 customers included in the calculations.

d. There are five IS-3, nine IST-3 and seven SBI-3 customers included in the calculations.

e. The RIM analysis was provided in the company's response to FIPUG's First Request for Production of Documents No. 24 and FIPUG's Seventh Request for Production of Documents No. 51, which was the electronic version of the company's response to No. 24). This is the cost effectiveness analysis from which the interruptible credit provided under GSLM-2 and GSLM-3 was derived for the test year. This analysis does not include, nor does it need to address, the issue of transferred IS customers.

f. Including the proposed base rates, proposed rate design changes to capacity, energy conservation, environmental cost recovery clauses, and interruptible credits based on GSLM-2 and GSLM-3, the projected total dollar impact in the test year to the transferred interruptible customer class is $16,035,475. The calculations are shown on page 8.

g. See the company's response to Staff's Thirteenth Set of Interrogatories No. 215, part c. The largest projected dollar impact to a single customer account in the test year is $2,844,036.55 representing a 23 percent increase. Tampa Electric notes that the company's response to Interrogatory No. 215 part c also shows that, aside from the multiple accounts with no load that would no longer need to be maintained and thus would see a 100 percent decrease, several customers would see a reduction in their bills under the new design with the largest dollar impact reduction of those being $16,876.32, representing a 1 percent decrease.

Hearing Exhibit - 00000331

2009 COST-EFFECTIVENESS REVIEW OF NON-FIRM LOAD

MULTIPLICATION FACTORS TO SPLIT OUT IS-1/SBI-1 AND IS-3/SBI-3
INCREMENTAL EXPANSION PLAN REVENUE REQUIREMENTS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	ENERGY			BILLING DEMAND			% OF TOTAL IS BILLING DEMAND		% OF TOTAL IS ENERGY	
YEAR	IS-1/SBI-1 (MWH)	IS-3/SBI-3 (MWH)	TOTAL IS (MWH)	IS-1/SBI-1 (MW)	IS-3/SBI-3 (MW)	TOTAL IS (MW)	IS-1/SBI-1	IS-3/SBI-3	IS-1/SBI-1	IS-3/SBI-3
2009	1,047,781	346,485	1,394,266	299	122	421	71%	29%	75%	25%
2010	1,047,929	348,094	1,396,023	299	122	421	71%	29%	75%	25%
2011	1,047,929	348,094	1,396,023	299	122	421	71%	29%	75%	25%
2012	1,047,929	348,094	1,396,023	299	122	421	71%	29%	75%	25%
2013	1,047,929	348,094	1,396,023	299	122	421	71%	29%	75%	25%
2014	1,047,929	348,094	1,396,023	299	122	421	71%	29%	75%	25%
2015	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2016	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2017	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2018	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2019	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2020	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2021	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2022	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2023	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2024	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2025	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2026	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2027	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2028	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2029	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2030	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2031	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2032	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2033	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2034	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2035	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2036	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2037	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%
2038	1,046,429	348,094	1,394,523	299	122	421	71%	29%	75%	25%

> COLUMNS (7) & (8) RATIO OF IS-1 OR IS-3 AVG MONTHLY BILLING DEMAND TO TOTAL INTERRUPTIBLE AVG MONTHLY BILLING DEMAND.
> COLUMNS (9) & (10) RATIO OF IS-1 OR IS-3 ENERGY TO THE TOTAL INTERRUPTIBLE ENERGY.
> SYSTEM IMPACTS FOR CAPITAL AND FIXED O&M ALLOCATED BY THE % OF BILLING DEMAND.
> SYSTEM IMPACTS FOR VARIABLE O&M AND FUEL ALLOCATED BY THE % OF INTERRUPTIBLE ENERGY.

2009 COST-EFFECTIVENESS REVIEW OF NON-FIRM LOAD

TOTAL COST BREAKOUT FOR CAPACITY ADDITION TO SERVE IS-1/SBI-1 AND IS-3/SBI-3 CUSTOMERS

(SYSTEM IMPACT)

(1)	(2)	(3)	(4)	(5)	(6)
YEAR	BASEPLAN	BASE PLAN W/ TRANSFERRED EXISTING INTERRUPTIBLE LOAD	IS-1/SBI-1 & IS-3/SBI-3 COST (3) - (2)	IS-1/SBI-1 COST	IS-3/SBI-3 COST
	($000)	($000)	($000)	($000)	($000)
2009	1,241,770	1,256,056	14,286	10,028	4,258
2010	1,208,382	1,226,012	17,630	12,472	5,158
2011	1,219,995	1,234,312	14,317	10,013	4,304
2012	1,277,356	1,311,169	33,813	23,885	9,928
2013	1,428,271	1,465,229	36,959	26,157	10,802
2014	1,496,988	1,532,218	35,230	24,928	10,303
2015	1,563,815	1,580,883	17,069	12,038	5,031
2016	1,652,514	1,667,268	14,754	10,418	4,336
2017	1,766,566	1,873,250	106,684	76,694	29,990
2018	1,879,547	1,972,366	92,818	66,845	25,973
2019	2,106,931	2,059,594	(47,338)	(33,614)	(13,723)
2020	2,208,410	2,169,333	(39,077)	(27,820)	(11,258)
2021	2,320,098	2,307,521	(12,577)	(9,026)	(3,551)
2022	2,452,708	2,447,054	(5,653)	(4,110)	(1,543)
2023	2,702,387	2,597,998	(104,389)	(74,225)	(30,164)
2024	2,853,184	2,771,801	(81,383)	(57,582)	(23,801)
2025	2,976,715	3,021,467	44,752	31,633	13,119
2026	3,125,469	3,163,558	38,090	26,923	11,167
2027	3,314,325	3,327,257	12,932	9,151	3,781
2028	3,388,687	3,398,426	9,739	6,928	2,810
2029-2038	38,875,073	38,911,046	35,973	24,872	11,102
09CPWRR	25,509,480	25,683,663	174,183	123,813	50,370

CPWRR - CUMULATIVE PRESENT WORTH OF REVENUE REQUIREMENTS

> IS-1/SBI-1 & IS-3/SBI-3 COST, COLUMN (4), IS COLUMN (3) - COLUMN (2)

> IS-1/SBI-1 AND IS-3/SBI-3 COSTS FOR CAPACITY ADDITIONS ARE BROKEN OUT SEPARATELY, SEE COLUMNS (5) AND (6), RESPECTIVELY. THE BREAKDOWN IS BASED ON EACH RATES PERCENT OF TOTAL INTERRUPTIBLE AVERAGE MONTHLY BILLING DEMAND FOR CAPACITY AND FIXED O&M, AND PERCENT OF ENERGY FOR FUEL AND VARIABLE O&M.

Annual Differential Revenue Associated with Transferring IS & SBI Customers
from Interruptible Service to Firm Service Under Proposed Schedules GSD & SBF
Based on 2009 Test Year Billing Determinants

IS/SBI to Firm Transfer Groups	A Annual Revenue Based on Current IS/SBI Rates as of January 2009	B Annual Revenue Based on Proposed GSD/SBF Rates as of May 2009
IS-1 transfers to GSD	$ 13,620,961	$ 32,324,380
IS-1 transfers to GSD Opt	$ 86,013	$ 208,720
IS-1 vacant accounts eliminated[1]	$ 168,000	$ -
SBI-1 transfers to SBF	$ 1,954,960	$ 5,814,043
IS-3 transfers to GSD	$ 3,660,109	$ 7,050,715
IS-3 transfers to GSD Optional	$ 289,638	$ 730,524
SBI-3 transfers to SBF	$ 2,134,844	$ 5,218,850
Subtotal Base Revenue [2]	$ 21,914,525	$ 51,347,233
CCR, ECCR, ECRC [3]	$ 4,234,778	$ 11,342,181
Fuel	$ 88,644,225	$ 88,644,225
Total Base and Recovery Clause Charges	$ 114,793,528	$ 151,333,639
Total IS/SBI Annual Differential Revenue		$ 36,540,111
IS1/SBI1 Annual Differential Revenue		$ 22,517,210
IS3/SBI Annual Differential Revenue		$ 14,022,901

[1] These accounts have consumption activity; however, customers continue paying the minimum charge to maintain active status thus ensuring "grandfathered" access to the closed rate schedules. There will be no economic reason to continue to maintain these accounts when the customers are transferred to the open rate schedule, GSD, and interruptible rate rider, GSLM-2.

[2] The current and proposed base revenue calculations are shown on MFR Schedule E-13c.

[3] The CCR, ECRC, and ECCR clause charges will be affected by the 12 CP and 25% AD cost allocation method proposed by Tampa Electric in this rate proceeding. In addition, the company is proposing CCR and ECCR rates based on demand instead of energy.

Hearing Exhibit - 00000334

2009 COST-EFFECTIVENESS REVIEW OF NON-FIRM LOAD

RATE AND SYSTEM IMPACTS (COST vs BENEFITS) OF TRANSFERRING EXISTING IS-1/SBI-1 AND IS-3/SBI-3 LOAD TO FIRM LOAD

	IS-1/SBI-1 NOMINAL and PRESENT WORTH					IS-3/SBI-3 NOMINAL and PRESENT WORTH				
YEAR	RATE IMPACT ($000)	SYSTEM IMPACT ($000)	NET IMPACT ($000)	PW ($000)	CUMUL. PW ($000)	RATE IMPACT ($000)	SYSTEM IMPACT ($000)	NET IMPACT ($000)	PW ($000)	CUMUL. PW ($000)
2009	22,517	10,028	12,489	12,489	12,489	14,023	4,258	9,765	9,765	9,765
2010	22,517	12,472	10,045	9,310	21,800	14,023	5,158	8,865	8,217	17,981
2011	22,517	10,013	12,505	10,742	32,542	14,023	4,304	9,719	8,349	26,331
2012	22,517	23,885	(1,368)	(1,090)	31,452	14,023	9,928	4,095	3,261	29,592
2013	22,517	26,157	(3,640)	(2,686)	28,766	14,023	10,802	3,221	2,377	31,969
2014	22,517	24,928	(2,410)	(1,649)	27,117	14,023	10,303	3,720	2,545	34,514
2015	22,517	12,038	10,479	6,644	33,761	14,023	5,031	8,992	5,701	40,215
2016	22,517	10,418	12,099	7,110	40,872	14,023	4,336	9,687	5,693	45,908
2017	22,517	76,694	(54,177)	(29,510)	11,362	14,023	29,990	(15,967)	(8,697)	37,211
2018	22,517	66,845	(44,328)	(22,379)	(11,017)	14,023	25,973	(11,950)	(6,033)	31,178
2019	22,517	(33,614)	56,132	26,266	15,249	14,023	(13,723)	27,746	12,984	44,161
2020	22,517	(27,820)	50,337	21,832	37,081	14,023	(11,258)	25,280	10,965	55,126
2021	22,517	(9,026)	31,544	12,680	49,761	14,023	(3,551)	17,574	7,065	62,191
2022	22,517	(4,110)	26,627	9,921	59,683	14,023	(1,543)	15,566	5,800	67,990
2023	22,517	(74,225)	96,742	33,410	93,093	14,023	(30,164)	44,187	15,260	83,251
2024	22,517	(57,582)	80,099	25,640	118,732	14,023	(23,801)	37,824	12,107	95,358
2025	22,517	31,633	(9,116)	(2,705)	116,028	14,023	13,119	904	268	95,626
2026	22,517	26,923	(4,406)	(1,212)	114,816	14,023	11,167	2,856	785	96,412
2027	22,517	9,151	13,366	3,407	118,223	14,023	3,781	10,242	2,611	99,022
2028	22,517	6,928	15,589	3,683	121,906	14,023	2,810	11,213	2,649	101,671
2029-2038	225,172	24,872	200,300	30,639	152,545	140,229	11,102	129,127	20,064	121,735
09CPWRR	276,358	123,813				172,106	50,370			

DISCOUNT RATE = 7.89%

Impact to Interruptible Class

Resulting from transfer to Schedule GSD/SBF and Rate Riders GSLM-2/GSLM-3

IS Transfer Groups	Current as of 1/09	Proposed 5/09	
IS-1 transfers to GSD	$ 13,620,961	$ 32,324,380	
IS-1 transfers to GSD Opt	$ 86,013	$ 208,720	
IS-1 vacant accounts eliminated[1]	$ 168,000	$ -	
IS-3 transfers to GSD	$ 3,660,109	$ 7,050,715	
IS-3 transfers to GSD Optional	$ 289,638	$ 730,524	
SBI-1 transfers to SBF	$ 1,954,960	$ 5,814,043	
SBI-3 transfers to SBF	$ 2,134,844	$ 5,218,850	
Total GSLM-2 and GSLM-3 Credits	$ -	$ (20,504,636)	
Subtotal Base Charges	$ 21,914,525	$ 30,842,597	
CCR, ECCR, ECRC[2]	$ 4,234,778	$ 11,342,181	
Fuel	$ 88,644,225	$ 88,644,225	
Total Base and Recovery Clause Charges	$ 114,793,528	$ 130,829,003	
Impact to IS Class		$ 16,035,475	14%

(1) These accounts have consumption activity; however, customers continue paying the minimum charge to maintain active status thus ensuring "grandfathered" access to the closed rate schedules. There will be no economic reason to continue to maintain these accounts when the customers are transferred to the open rate schedule, GSD, and interruptible rate rider, GSLM-2.

(2) The CCR, ECRC, and ECCR clause charges will be affected by the 12 CP and 25% AD cost allocation method proposed by Tampa Electric in this rate proceeding. In addition, the company is proposing CCR and ECCR rates based on demand instead of energy.

Hearing Exhibit - 00000336

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

Before me the undersigned authority personally appeared J. Denise Jordan who deposed and said that she is Director Rates and Planning, Tampa Electric Company, and that the individuals listed in Tampa Electric Company's response to Staff's Fourteenth Set of Interrogatories, (Nos. 221 - 230) prepared or assisted with the responses to these interrogatories to the best of her information and belief.

Dated at Tampa, Florida this 6th day of January, 2009.

J. Denise Jordan

Sworn to and subscribed before me this 6th day of January, 2009.

Velma A. Lewis

NOTARY PUBLIC STATE OF FLORIDA

VELMA A. LEWIS
MY COMMISSION # DD 662991
EXPIRES: August 22, 2011
Bonded Thru Budget Notary Services

My Commission expires _____

15

TECO's Responses to Staff's Fifteenth Set of Interrogatories (No. 232)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's Petition for an Increase in Base Rates and Miscellaneous Service Charges.	)))	**DOCKET NO. 080317-EI FILED: JANUARY 9, 2009**

TAMPA ELECTRIC COMPANY'S

ANSWERS TO FIFTEENTH SET OF

INTERROGATORIES (NOS. 231 - 232)

OF

FLORIDA PUBLIC SERVICE COMMISSION STAFF

Tampa Electric files this its answers to Interrogatories (Nos. 231 - 232) propounded and served on December 10, 2008, by the Florida Public Service Commission Staff.

232. Please develop a separate firm IS rate schedule based on the load characteristics of the IS customers. Show and explain the analysis, and show the customer charge, base energy, and demand charge.

A. Tampa Electric does not propose or support the development of a separate IS rate class or schedule. As requested through this interrogatory, a separate firm IS base rate design is developed below, showing the analysis and procedure used to develop the base rate charges:

1. Revenue requirement for a separate firm IS rate class per cost of service equal $42, 219,000

2. Revenue effect of increase on unbilled revenue equal ($20,000)

3. Total proposed target class revenue equal $42,239,000 [(1) minus (2)]

4. Set cost-based customer charges based on cost of service as follows:
   a. Standard/TOD Primary – $622.00
   b. Standard/TOD Subtransmission – $2,372.00

5. Set charges for transformer ownership discount, power factor, and emergency relay service at like charges of proposed GSD, adjusted by a factor of 0.99 to reflect rates for primary delivery service and set meter level discount for subtransmission service at one percent.

6. Set energy charge equal to present IS-3 energy charge at $.01327 per kWh.

7. Demand charge is derived to an amount required that produces the remaining revenues not produced by charges set in number four thru six above, resulting in a demand charge of $6.00.

8. The application of the above derived base rate charges to IS billing determinants produces IS class revenues of $42,225,000.

16

TECO's Responses to OPC's First Set of Interrogatories (Nos. 1-6)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase by Tampa Electric Company.	)))	DOCKET NO. 080317-EI FILED: September 26, 2008

TAMPA ELECTRIC COMPANY'S NOTICE OF SERVICE OF ANSWERS TO CITIZENS' FIRST SET OF INTERROGATORIES (NOS. 1-6)

Tampa Electric Company has this date furnished by hand delivery to Ms. Patricia A Christensen, Associate Public Counsel, Office of Public Counsel, 111 West Madison Street, Room 812, Tallahassee, FL 32399, its Answers to the Citizens' First Set of Interrogatories (Nos. 1-6), propounded and served by electronic and U. S. Mail on August 27, 2008.

DATED this 26th day of September 2008.

Respectfully submitted,

LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

Hearing Exhibit - 00000342

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Service to Citizens' First Set of Interrogatories (Nos. 1-6), filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 26th day of September 2008 to the following:

Keino Young/Martha Brown*
Jennifer Brubaker/Jean Hartman
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

J. R. Kelly/Patricia A. Christensen
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

Robert Scheffel Wright
John T. LaVia, III
Young van Assenderp, P.A.
225 South Adams Street, Suite 200
Tallahassee, FL 32301

Vicki Gordon Kaufman
Jon C. Moyle, Jr.
Anchors Smith Grimsley
118 North Gadsden Street
Tallahassee, FL 32301

John W. McWhirter, Jr.
McWhirter, Reeves & Davidson, P.A.
Post Office Box 3350
Tampa, FL 33601-3350

ATTORNEY

Hearing Exhibit - 00000343

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's Petition for an Increase in Base Rates and Miscellaneous Service Charges.	))))	**DOCKET NO. 080317-EI FILED: SEPTEMBER 26, 2008**

TAMPA ELECTRIC COMPANY'S

ANSWERS TO FIRST SET OF INTERROGATORIES (NOS. 1-6)

OF THE

OFFICE OF PUBLIC COUNSEL

Tampa Electric files its Answers to Interrogatories (Nos. 1 – 6) propounded and served on August 27, 2008, by the Office of Public Counsel.

Hearing Exhibit - 00000344

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
INDEX TO OPC'S FIRST SET OF INTERROGATORIES (NOS. 1-6)

Number	Witness	Subject	Bates Stamped Page
1	MURRY	Please provide a list of publications of Dr. Murray.	1
2	MURRY	With respect to page 5, lines 10-17, of Dr. Murry's testimony, please: (1) explain what financial information for TECO Energy is relevant to estimating a cost of capital for Tampa Electric; and (2) indicate by reference to page number, line number and Document Number, what financial information of TECO Energy was used by Dr. Murry in evaluating the riskiness of Tampa Electric; and indicate by reference to page number, line number and Document Number, what financial information of TECO Energy was used by Dr. Murry in evaluating the capital structure, debt cost rate, and equity cost for Tampa Electric	4
3	MURRY	With reference to pages 21-22, of Dr. Murry's testimony please: (1) indicate the justification for each of the screens applied to the electric utilities in the *Value Line Investment Survey*; (2) the companies eliminated from the group from each of these screens; and (3) the reason that each of the companies were eliminated	5
4	MURRY	With reference to page 30, lines 1-25 and Document No. 8, please: (1) explain how the timeliness and safety Value Line measures for TECO Energy are related to the business risk of Tampa Electric.	8
5	MERRILL	Please provide the breakdown in the expected return on pension plan assets for TECO and/or Tampa. Specifically, please provide the expected return on different asset classes (bonds, US stocks, international stocks, etc) used in determining the expected return on plan assets. Please provide all associated source documents and workpapers.	9
6	CHRONISTER	Please provide Tampa's authorized and earned return on common equity for electric operations for electric operations over the past ten years. Please show the figures used in calculating the earned return on common equity for each year, including all adjustments to net income and/or common equity.	16

Donald A. Murry, Ph.D.
C. H. Guernsey & Company
5555 N. Grand Blvd.
Oklahoma City, Oklahoma 73112-5507

Dianne S. Merrill
Director, Staffing & Development
Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602

Jeffrey S. Chronister
Assistant Controller
Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602

Hearing Exhibit - 00000346

1. Please provide a list of publications of Dr. Murray.

A. The following is a list of Dr. Murry's publications since 1990:

"Linking Risk and ROE," *Public Utilities Fortnightly*, January 2008, pp. 30-32, with Zhen Zhu, Ph.D. and Mike Knapp, Ph.D.

"Asymmetric Price Responses, Market Integration and Market Power: A Study of the U.S. Natural Gas Market," *Energy Economics,* Vol. 30, pp. 748-765, 2008, with Zhen Zhu, Ph. D.

"An Empirical Analysis of Market Power in the U.S. Natural Gas Market," 24th USAEE/IAEE North American Conference, July 2004, with Zhen Zhu, Ph.D.

"EnronOnline and Informational Efficiency in the U. S. Natural Gas Market," *The Energy Journal*, Vol. 25, No. 2, with Zhen Zhu, Ph.D.

"The Potential Impact of The 'Standardized Market Design' on Oklahoma's Electric Power Infrastructure." *State Policy & Economic Development in Oklahoma: 2003*, 2003, pp 81-87.

"EnronOnline and Efficiency In the U. S. Natural Gas Market." Presented at the Meeting of the International Association of Energy Economists, October 7-8, 2002, with Zhen Zhu, Ph.D.

"Cascading Caution: *California Crisis Delays Deregulation." Public Utilities Fortnightly,* September 1, 2001, with Jeremy D. Oller, J.D.

"Electric Energy Deregulation Experiences and Some Lessons for Oklahoma," in *State Policy & Economic_Development in Oklahoma, 2001*, pp. 81-94.

"The Economic Impact of Open Access and Unbundling in the Gas Distribution Sector," presented at The Oklahoma Gas Association Annual Conference, September 30, 1997.

"A Definition of The Gross Domestic Product-Electrification Interrelationship," The *Journal of Energy and Development, Vol. 19, No.2,*

1996, by the International Research Center for Energy and Economic Development, with Gehaung D. Nan, Ph.D.

"Gas and Electric Deregulation and Economic Development Effects in Oklahoma," *State Policy & Economic Development in Oklahoma.* Pages 61-69. 1996.

"Emerging Issues in Public Service Property Taxation in Oklahoma," *Oklahoma 2000, Inc.*, with Alexander Holmes, Kent Olson and Larkin Warner. 1995.

"Market Forces, LDC Deregulation and The Efficiency/Equity Tradeoff," presented at The Oklahoma Corporation Commission Symposium on Restructuring the Oklahoma Energy Utility Industry, Oklahoma City, OK, October 17, 1995.

"Rural Electric Power Requirements Forecasts: Detecting and Correcting for Weaknesses and Bias." *Management Quarterly,* with G. David Nan, Ph.D. and Bryan Harrington. Fall 1993.

"Utility Allowed Returns and Market Extremes," *Public Utilities Fortnightly,* March 1, 1993, with Gehuang D. Nan and Bryan M. Harrington.

"What Production Buyers Are Seeking In The U.S.," *Oil & Gas Journal,* Jan 25, 1993, with D. Lynn Taggart and Victor Burk.

"The Clean Air Act: Emissions Trading and Regulated Markets," The Economics Committee, Edison Electric Institute, Chicago, IL, June 4, 1992.

"Energy Demand with the Flexible Double-Logarithmic Form," *The Energy Journal*, Vol. 13 No. 4, 1992, with Gehuang D. Nan.

"The Energy Consumption and Employment Relationship: A Clarification,"*The Journal of Energy and Economic Development*, Vol. 16 No. 1, 1992, with Gehuang D. Nan.

"An R&D Policy for Regulated Natural Gas and Electric Utilities," *Public Utilities Fortnightly*, Vol. 127 No. 4, Feb 15, 1991, with Barnet Groten and Jack Chambless.

"A Strategy for Negotiating End-Use Gas Contracts," Engineering & Operations Workshop, American Public Power Association, February 27, 1991.

"HB 1017: The Education Reform Act of 1990," in *State Policy and Economic Development*: 1991, Oklahoma 2000, Inc., 1991. (Coauthor).

"Energy Demand in the Northeastern U.S.," *Energy Development in the 1990's: Challenges Facing Global/Pacific Markets*, ed. by F. Fesharaki and J. P. Dorian, Honolulu, HI, 1991, with Gehuang D. Nan.

"Energy Demand and Electricity Sales Surtaxes: California Case," Western Economics Association, Seattle, WA, 1991. (Coauthor).

"The Market for Oil and Gas Assets Defined in Survey," *Oil and Gas Journal*, Nov. 18, 1991, pp. 62-66, (Coauthor).

"Energy Demand: A Utility Approach with Alternative Functional Forms," North American Conference, International Association of Energy Economists, Chicago, IL, Nov. 1991. In *Energy Disruptions; Lessons, Opportunities, and Prospects,* with Gehuang D. Nan.

Hearing Exhibit - 00000349

2. With respect to page 5, lines 10-17, of Dr. Murry's testimony, please:

(1) explain what financial information for TECO Energy is relevant to estimating a cost of capital for Tampa Electric; and

(2) indicate by reference to page number, line number and Document Number, what financial information of TECO Energy was used by Dr. Murry in evaluating the riskiness of Tampa Electric; and

(3) indicate by reference to page number, line number and Document Number, what financial information of TECO Energy was used by Dr. Murry in evaluating the capital structure, debt cost rate, and equity cost for Tampa Electric

A. Any financial information related to TECO Energy included in Dr. Murry's analysis of the company's cost of capital was not used to govern the determination of the capital structure, debt cost rate and equity cost for a financially healthy Tampa Electric.

Hearing Exhibit - 00000350

3. With reference to pages 21-22, of Dr. Murry's testimony please:

(1) indicate the justification for each of the screens applied to the electric utilities in the *Value Line Investment Survey*;
(2) the companies eliminated from the group from each of these screens; and
(3) the reason that each of the companies were eliminated

A. (1) The reason for each criterion Dr. Murry utilized in the selection of the electric utilities used in his analysis is explained in his direct testimony. Please see from page 21, line 4 through page 22, line 19.

(2) See the attached table which identifies each selection criterion and the companies identified as electric utilities by *Value Line* that were eliminated by one or more of the following criterion:
(a) Companies involved in a merger.
(b) Companies that have eliminated or reduced their dividend in the past five years according to *Value Line*,
(c) Companies for which *Value Line* has forecasted a zero or negative growth in earnings,
(d) Companies that have market capitalizations above $8 billion or equal to or less than $2 billion according to *Value Line*, and,
(e) Companies that have operating income from electric utility operations less than 60 percent of total corporate operating income.

(3) See the company's response to part 2 above.

Hearing Exhibit - 00000351

Companies Identified As Electric Utilities By *Value Line*
That Were Eliminated Due To Selection Criterion

	Reason for Elimination				
	(a)	(b)	(c)	(d)	(e)
Allete				●	
Allegheny Energy		●			
American Electric Power Company		●			
Avista				●	
Aquila, Inc.	●		●		
Black Hills Corporation	●			●	
Central Vermont Public Service Corporation				●	
CH Energy				●	
CLECO Corporation				●	
CMS Energy		●			
Consolidated Edison				●	
Constellation Energy				●	
Dominion Resources				●	
DTE Energy					●
Duke Energy				●	
Edison International		●			
El Paso Electric Company		●			
Energy East	●		●		
Entergy				●	
Exelon				●	
FirstEnergy				●	
FPL Group				●	
Great Plains Energy	●				

Hearing Exhibit - 00000352

Companies Identified As Electric Utilities By *Value Line*
That Were Eliminated Due To Selection Criterion

	Reason for Elimination				
	(a)	(b)	(c)	(d)	(e)
IDACorp		●			
Integrys Energy					●
ITC Holdings			●		
MDU Resources					●
MGE Energy				●	
NiSource		●			●
Otter Tail				●	
PG&E Energy		●			
PNM Resources	●		●		
Portland General				●	
PPL Corporation	●			●	
Progress Energy				●	
Public Service Energy Group				●	
Puget Energy	●				
Sempra Energy				●	
Sierra Pacific Resources		●			
Southern Company				●	
The Empire District Electric Company				●	
UIL Holdings				●	
UniSource Energy				●	
Vectren				●	
Westar Energy		●			
Xcel Energy				●	

Hearing Exhibit - 00000353

4. With reference to page 30, lines 1-25 and Document No. 8, please:

(1) explain how the timeliness and safety Value Line measures for TECO Energy are related to the business risk of Tampa Electric.

A. The *Value Line* measures of "timeliness" and "safety" embody business risk influences. Please see further explanation in the direct testimony of Dr. Murry from page 25, line 25 through page 26, line 4.

Hearing Exhibit - 00000354

5. Please provide the breakdown in the expected return on pension plan assets for TECO and/or Tampa. Specifically, please provide the expected return on different asset classes (bonds, US stocks, international stocks, etc) used in determining the expected return on plan assets. Please provide all associated source documents and workpapers.

A. See the attached for the expected return on pension plan assets.

Hearing Exhibit - 00000355

MEMORANDUM

To: Files

From: Randall Zavertnik

Date: September 1, 2007

RE: 2008 Benefit Plan Assumptions – Budget Purposes

Background

In mid-July 2007, a key management group met with Towers Perrin to analyze the assumptions to be used to determine the 2008 benefit plan costs for budget purposes. The following are the key assumptions recommended to be used in estimating the 2008 benefit plan costs for budget purposes.

Discount Rates

	2007	2007 Re-Measure	2008 Budget
Pension	5.85%	Na	6.00%
SERP	5.85%	6.00%	6.00%
FAS 106	5.85%	6.00%	6.00%

Towers Perrin performed a RATE:Link analyses at 9/30/06 for both the Pension and FAS 106 plans. The SERP is a small plan with characteristics similar to the pension program and, therefore, are expected to utilize the same discount rate. The RATE:Link analysis is a cash flow matching technique that produces a cash flow pattern equivalent to the plan's projected benefit payments. Based on available bonds as of 9/30/06 and TECO's projected cash flows, the model supported discount rates of 5.85%-5.91% for the pension plans and 5.83%-5.90% for FAS 106. For 2007 expense purposes, the discount rate was estimated at the nearest 5 basis point increment or 5.85%. By comparison, the Moody's Aa rate at 9/30/06 was 5.66%.

Hearing Exhibit - 00000356

As discussed above, TECO's policy is to base its discount rate off of RATE:Link. In determining the appropriate rate to be used for the 3/31/07 re-measurement, TECO reviewed the relationships between the Moody's Aa corporate bond rates and the RATE:Link rates for historical periods as follows:

Measurement Date	Moody's AA	RATE:Link	Spread
10/1/2004	5.73%	5.90%	0.17%
10/1/2005	5.36%	5.60%	0.24%
10/1/2006	5.66%	5.85%	0.19%
3/31/2007	5.82%		
Spread Average over 3 years	0.20%		
3/31/07 Estimate	6.02%		
TECO Discount Rate @ 3/31/07	**6.00%**		

Based on the Moody's Aa corporate bond rate at 3/31/07 of 5.82%, the estimated discount rate that would have resulted from a detailed RATE:Link analysis was determined to be 6.00%. This estimate is within the historical spreads, as discussed above, and appears reasonable for use at this interim re-measurement date.

By continuing this same relationship, the discount rate that could be used in estimating the 2008 budget amounts could be as high as 6.20% based on the 8/6/07 Moody's Aa rate of 5.99% or as low as 6.15% based on the 8/3/07 Moody's Aa rate of 5.95% rounded to the nearest 5 basis points. However, to be conservative for budget purposes, the recommended discount rate should remain at the 6.00% level.

Also, based on prior year experience, the RATE:Link rate determined for FAS 106 liabilities was determined to not be significantly different than the rate selected for FAS 87 (Pension & SERP) purposes. For 2008 budget purposes, we assume this relationship would continue. Separate RATE:Link analyses for FAS 106 and FAS 87 would be expected in connection with the 9/30/07 valuation.

Return on Assets

2007	2007 Re-Measure	2008 Budget
8.25%	na	8.25%

The return on assets assumption used for 2008 budget purposes is based on a "building block" analysis prepared by Towers Perrin and considers economic conditions at 6/30/07. This analysis estimated an ROA range of 8.20%-8.40% based on low and high inflation scenarios. The selected ROA is consistent with the prior year and within the estimated "Low Inflation" scenario.

Hearing Exhibit - 00000357

Salary Increase

2007	2007 Re-Measure	2008 Budget
4.00%	4.00%	4.25%

For preliminary 2008 budget purposes, this assumption was evaluated under a building block approach based on economic conditions at 6/30/07. This "building block" approach that takes into account merit/promotion, real growth and inflation indicates that salary increases would be in the 4.25% to 4.5% range. TECO's selected assumption falls in the "Low Inflation" scenario and reflects TECO's expectations.

Medical Trend Rate

	2007	2007 Re-Measure	2008 Budget
Fiscal 2007 expense	9.5%	9.5%	--
Fiscal 2008 expense	--	--	9.25%
Ultimate rate	5.25%	5.25%	5.25%

The preliminary 2008 budget assumption is based on Towers Perrin's building block analysis of the ultimate medical rate. This analysis indicated that the 2008 rate should be in the range of 8.5% - 9.25% (current inflation + real growth + utilization) and the ultimate rate should be in the range of 5.0% to 5.25% (LT inflation + real growth + utilization). Although the assumptions recommended for ROA and salary increase reflect a lower inflation scenario, we are again in 2008 recommending a medical inflation assumption reflecting the higher inflation scenario.

Mortality Table

2007	2007 Re-Measure	2008 Budget
RP2000	RP2000	RP2000

Information presented by Towers Perrin indicated that the various measures of mortality demonstrating life expectancy have increased from the 1980s. TECO used the RP2000 mortality table for its 9/30/06 and 3/31/07 re-measurement valuations. We would recommend using the updated RP2000 mortality for the 2008 budget estimates.

Termination/Turnover

For the 9/30/06 valuation, the assumed turnover was based on length of service from five tables (<2 years, 2-3 years, 3-4 years, 4-5 years and 5+ years). A prior experience study showed that there was no clear pattern by age but there were significant variations by length of service. A separate table was used for TECO Transport as its experience

Hearing Exhibit - 00000358

indicates a much different turnover pattern. For the preliminary 2008 budget valuation, no changes to these tables were deemed needed.

Retirement Rates

Valuations prior to 9/30/05 used three tables for retirement rates based on Social Security normal retirement age (NRA). However, Towers Perrin's 2005 experience study indicated that very few participants worked past age 65 and a small percentage elect to retire prior to age 55. Retirement incidence is not materially different based on Social Security NRA. Therefore, only one table is needed for this assumption. No change is deemed needed for the 2008 budget valuation.

Hearing Exhibit - 00000359

Lump Sum Elections

2007	2007 Re-Measure	2008 Budget
50%	50%	50%

Towers Perrin's 2005 experience study indicated that about 46% of grandfathered pension plan participants elected the lump sum settlement option. No change to this assumption is recommended for the 2008 budget valuation.

Retiree Medical Participation

	2007	2007 Re-Measure	2008 Budget
Pre-65 retirees	78% in 2006 70% in 2020	78% in 2007 70% in 2020	76% in 2008 70% in 2020
Post-65 retirees	74% in 2006 40% in 2020	74% in 2007 40% in 2020	71% in 2008 40% in 2020

Towers Perrin's 2005 experience study indicated that about 85% of grandfathered eligible participants participated in the retiree medical plan in 2002, 93% in 2003 and 74% in 2004 (weighted average was 86%). Other external factors such as the introduction of Medicare Part D and increased availability of Medicare Advantage plans, as well as higher cost sharing, will continue to increase the likely number of retirees opting out of company provided retiree medical coverage. Therefore, based on experience, no change is needed to this assumption table for the 2008 budget valuation.

Hearing Exhibit - 00000360

TECO Energy —
Support for preliminary fiscal 2008 FAS 87/106 economic assumptions

	Lower Inflation Scenario				Higher Inflation Scenario			
	EROA		Salary Scale	Medical Trend	EROA		Salary Scale	Medical Trend
	Equity	Fixed Income			Equity	Fixed Income		
Current Inflation	N/A	N/A	N/A	6.25	N/A	N/A	N/A	7.00
Long-Term Inflation	2.75	2.75	2.75	2.75	3.00	3.00	3.00	3.00
Real Growth	1.75	1.75	0.75	0.75	1.75	1.75	0.75	0.75
Term Spread	1.00	0.50	N/A	N/A	1.00	0.50	N/A	N/A
Credit Spread	0.00	0.50	N/A	N/A	0.00	0.50	N/A	N/A
Equity Risk Premium	3.25	N/A	N/A	N/A	3.25	N/A	N/A	N/A
Active Management	0.25	0.50	N/A	N/A	0.25	0.50	N/A	N/A
Move to Normative	N/A	0.00	N/A	N/A	N/A	(0.15)	N/A	N/A
Subtotal – Before Adjustment for Asset Mix	9.00	6.00	N/A	N/A	9.25	6.10	N/A	N/A
Subtotal – Adjusted for Asset Mix (65% equity/35% fixed inc)	5.85	2.10	N/A	N/A	6.01	2.14	N/A	N/A
Merit & Promotion	N/A		0.75	N/A	N/A		0.75	N/A
Utilization / New Technology	N/A		N/A	1.50	N/A		N/A	1.50
Expenses Paid from Trust	(0.25)		N/A	N/A	(0.25)		N/A	N/A
Portfolio Effect	0.50		N/A	N/A	0.50		N/A	N/A
Total	**8.20%**		**4.25%**	**8.50%/8.00%**	**8.40%**		**4.50%**	**9.25%/8.25%**

TOWERS PERRIN
HR SERVICES

S:\05426\07\RET\211 - Pension_SERP Vals\Exec - Deliv\teco building block 2008 prelim revised 082807.ppt

Revised 8/28/2007

Hearing Exhibit - 00000361

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
OPC's FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 5
PAGE 7 OF 7
FILED: SEPTEMBER 26, 2008

6. Please provide Tampa's authorized and earned return on common equity for electric operations for electric operations over the past ten years. Please show the figures used in calculating the earned return on common equity for each year, including all adjustments to net income and/or common equity.

A. See the company's response to OPC's First Request for Production of Documents No. 6.

Hearing Exhibit - 00000362

A F F I D A V I T

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

Before me the undersigned authority personally appeared J. Denise Jordan who deposed and said that she is Director Rates and Planning, Tampa Electric Company, and that the individuals listed in Tampa Electric Company's response to OPC's First Set of Interrogatories, (Nos. 1-6) prepared or assisted with the responses to these interrogatories to the best of her information and belief.

Dated at Tampa, Florida this 25th day of September, 2008.

J. Denise Jordan

Sworn to and subscribed before me this 25th day of September, 2008.

Velma A. Lewis

My Commission expires August 22, 2011

NOTARY PUBLIC STATE OF FLORIDA
VELMA A. LEWIS
MY COMMISSION # DD 682991
EXPIRES: August 22, 2011
Bonded Thru Budget Notary Services

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TECO's Responses to OPC's Second Set of Interrogatories (Nos. 7-15)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase by Tampa Electric Company.	)	DOCKET NO. 080317-EI
	)	FILED: September 29, 2008

TAMPA ELECTRIC COMPANY'S NOTICE OF SERVICE OF ANSWERS TO CITIZENS' SECOND SET OF INTERROGATORIES (NOS. 7-15)

Tampa Electric Company has this date furnished by hand delivery to Ms. Patricia A Christensen, Associate Public Counsel, Office of Public Counsel, 111 West Madison Street, Room 812, Tallahassee, FL 32399, its Answers to the Citizens' Second Set of Interrogatories (Nos. 7-15), propounded and served by electronic and U. S. Mail on August 29, 2008.

DATED this 29th day of September 2008.

Respectfully submitted,

LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

Hearing Exhibit - 00000365

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Service to Citizens' Second Set of Interrogatories (Nos. 7-15), filed on behalf of Tampa Electric Company, has been furnished by U. S. Mail or hand delivery (*) on this 29th day of September 2008 to the following:

Keino Young/Martha Brown*
Jennifer Brubaker/Jean Hartman
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

J. R. Kelly/Patricia A. Christensen
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

Robert Scheffel Wright
John T. LaVia, III
Young van Assenderp, P.A.
225 South Adams Street, Suite 200
Tallahassee, FL 32301

Vicki Gordon Kaufman
Jon C. Moyle, Jr.
Anchors Smith Grimsley
118 North Gadsden Street
Tallahassee, FL 32301

John W. McWhirter, Jr.
McWhirter, Reeves & Davidson, P.A.
Post Office Box 3350
Tampa, FL 33601-3350

ATTORNEY

Hearing Exhibit - 00000366

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company) for an increase in its base rates and) miscellaneous service charges)	DOCKET NO. 080317-EI FILED: SEPTEMBER 29, 2008

TAMPA ELECTRIC COMPANY'S

ANSWERS TO SECOND SET OF INTERROGATORIES (NOS. 7-15)

OF

OFFICE OF PUBLIC COUNSEL

Tampa Electric files its Answers to Interrogatories (Nos. 7 - 15) propounded and served on August 29, 2008, by the Office of Public Counsel.

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
INDEX TO OPC'SSECOND SET OF INTERROGATORIES (NOS. 7-15)

Number	Witness	Subject	Bates Stamped Page
7	Abbott	Please provide a listing of all publications of Susan D. Abbott.	1
8	Abbott	Please provide a detailed business overview of New Harbor Inc. including a summary of business activities, the date of formation, a list of clients, the number of employees, etc.	2
9	Abbott	With respect to page 20, lines 14-25, of Susan D. Abbott's testimony, please provide: a. A detailed explanation as to why Tampa Electric should be targeting an A bond rating; and b. The financial commitments that would be necessary for Tampa Electric to achieve an A bond rating.	11
10	Abbott	With reference to Document No. 5 attached to Susan D. Abbott's direct testimony, please show all calculations and list all assumptions used in developing this document.	12
11	Gillette	With reference to page 18, lines 14-25, of Gordon L. Gillette's testimony, please provide: a. The details, assumptions, and the magnitude of all adjustments that were made to the capitalization as of December 31, 2007 to arrive at the proposed capital structure; and b. The monthly cash flow and capitalization amounts and ratios, including short-term debt and all actual and pro forma financings. c. The timing and amounts of the dividends to be paid by Tampa Electric to TECO Energy, as well as the equity infusions to be made by TECO Energy into Tampa Electric.	13
12	Gillette	Please provide the quarterly capitalization amounts and ratios, including and excluding short-term debt, for the past three years for Tampa Electric.	14
13	Gillette	With reference to pages 21-22 of Gordon L. Gillette's testimony, please provide the amounts of debt and equity in the 13 month average capital structure, with and without the adjustment for purchased power commitments.	15

14	Gillette	With reference to pages 23, lines 14-25, of Gordon L. Gillette's testimony, please provide: a) The annual earnings of Tampa Electric, the annual dividends paid by Tampa Electric to TECO Energy, and the annual equity infusions made by TECO Energy into Tampa Electric, for the years 2005-2007; and b) The projected annual earnings of Tampa Electric, the projected annual dividends to be paid by Tampa Electric to TECO Energy, and the projected annual equity infusions made by TECO Energy into Tampa Electric, for the years 2008-2009.	16
15	Gillette	With reference to Document No. 5, attached to Gordon L. Gillette's direct testimony, please show all calculations and list all assumptions in the development of the credit metrics presented.	17

Gordon G. Gillette
Executive Vice President of TECO Energy and CFO
Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602

Susan Abbott
Managing Director
New Harbor Inc.
546 5th Ave
New York, NY 10036-5000

Hearing Exhibit - 00000369

For requests 7-10, please refer to Susan D. Abbott's direct testimony.

7. Please provide a listing of all publications of Susan D. Abbott.

A. Ms. Abbott co-authored hundreds of publications while at Moody's, therefore an exhaustive list is not available. However, below are representative titles of papers she co-authored. In addition, she either published in her own name or co-authored Global Credit Reports on all U.S. electric and combination utilities as well as large generating companies during each of her 13 years at Moody's, where she was involved in analysis in the electric, gas and water sectors

- Electric Utility Industry Study, annually 1993 through 2001
- The Growing Impact of Regulation on the UK Electricity Sector, August 2000
- Credit Implications of Power Supply Risk, July 2000
- Consolidation Will Pressure Ratings of the Water Utilities, June 2000
- New York State's Energy Supply Situation, May 2001
- NETA: The Early Days, May 2001
- The Italian Electricity Industry: Radical Changes are Dramatically Reshaping the Italian Power Market, March, 2001
- The Pennsylvania-New Jersey-Maryland Region's Energy Supply Situation, February 2001
- The Northwest Region's Energy Supply Situation, January 2001
- Electric Utility Holding Companies, Rating Methodology, April 2000
- Creeping Leverage: Growth in Electric Holding Company Debt, April 2000
- Methodology Evolves in Rating Electric and Gas Company Combinations, Rating Methodology, December 1999
- North American Power Grid: Y2K Ready, December 1999
- Electricity Companies in Europe; Industry Outlook, June 2000
- Ratings for Asia's Electric Utilities to Diverge from Sovereigns as Deregulation Progresses, September 1999

8. Please provide a detailed business overview of New Harbor Inc. including a summary of business activities, the date of formation, a list of clients, the number of employees, etc.

A. New Harbor is a boutique investment banking firm specializing in providing strategic advice primarily to companies in both the regulated and unregulated electric, gas and water sectors. The firm has been in business since June 1993, and has been engaged by a broad-based selection of U.S. and European electric, gas and water utilities, both municipally and investor-owned, including Southern California Edison, Entergy Corporation, Central Vermont, E.ON, Suez, Energy East, Tucson Electric, Los Angeles Department of Water and Power, California Water Association, Duke Energy, Edison Mission Energy, International Power, Iberdrola, Lower Colorado River Authority, and Southern Company to name a few. Attached is a more complete list entitled "New Harbor Strategic Advisory Experience", which is part of a presentation made to potential clients.

New Harbor has provided advisory services to clients who have been engaged in, among other things, merger and acquisition activity, asset sales and purchases, regulatory proceedings, and fund raising efforts as well as offering general strategic advise. Currently, New Harbor employs 13 individuals, including four managing directors who have over 100 years of cumulative experience in the utility sector.

Hearing Exhibit - 00000371

New Harbor Strategic Advisory Experience

Air Products & Chemicals, Inc.
- Sale of Cambria and Orlando (203 MW of cogeneration plants)

Allegheny Power
- Strategic Advisory / Potential M&A Transaction
- Acquisition of 275 MW coal-fired Fort Martin

Anonymous Client
- Buy-side Advisory/NEES Divestiture Assets

Anonymous Client
- Buy-side Advisory/UGI Utility Properties

Aquarion
- Company Valuation

Avista
- Divestiture of Centralia (1,340 MW coal-fired facility)

Centerior Energy
- Financial & Strategic Advisory / Potential M&A Transaction
- Valuation of Transmission Assets

Central and South West
- Sell-side Advisory on Sale to AEP

Central Maine Power Company
- Strategic Advisory assignments including:
  - Buyout of Fort Fairfield (33 MW wood-fired)
  - Sale of power assets
  - Restructuring plan
  - Investment in Telecommunications

Hearing Exhibit - 00000372

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
OPC'S SECOND SET OF
INTERROGATORIES
INTERROGATORY NO. 8
PAGE 2 OF 8
FILED: SEPTEMBER 29, 2008

New Harbor Strategic Advisory Experience

Central Vermont Public Service Company
- Strategic Advisory
- Acquisition of Fiberwatt/Thetford
- Common Stock Buyback

Catamount Energy (subsidiary)
- Sale to Diamond Castle Holdings (Private Equity)

Cleveland Electric Illuminating
- Acquisition of Toledo Edison

Columbia Gas Company's
Creditor's Committee
- Advisory on Bankruptcy Proceedings

Dominion Resources
- Strategic Advisory
- Purchase of Electric Distribution Assets

Duke Energy
- Buy-side Advisory

Econergy International
- Strategic Advisory
- Purchase of 50% interest in Empresa Elétrica Corani S.A. from Duke

Edison International
- Strategic Advisory

Edison Mission Energy (Subsidiary)
- Sell-side Advisory of Geothermal Projects
- Sale of BEOWAWE Assets

Southern California Edison (Subsidiary)
- Advisory During California Restructuring
- Divestiture of 9,562 MW Gas-Fired Generation Assets

Hearing Exhibit - 00000373

TAMPA ELECTRIC COMPANY
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OPC'S SECOND SET OF
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New Harbor Strategic Advisory Experience

El Paso Electric Company
- Bankruptcy Advisory
- Restructuring

Enron Corp
- Sell-side Advisory/50% Interest in IPP

Entergy Corp
- Sell-side Advisory / non-regulated asset portfolio

Exelon Corp
- Buy-side Advisory

FPL Group
- Buy-side Advisory
- Potential Purchase of German Wind Assets
- Sell-side Advisory Port of Stockton facility (on-going)

General Public Utilities
- Acquisition of Phillips plant from DQE

Grays Harbor County, Public Utility District of
- Divestiture of Centralia (1,340 MW coal-fired facility)

Green Mountain Power
- Strategic Advisory
- Tender Defense/Company Valuation
- Valuation of Transmission Assets

Hydrocontracting Gmbh
- Sell-side Advisory of Hydro Projects

NEW HARBOR
INCORPORATED

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Hearing Exhibit - 00000374

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
OPC'S SECOND SET OF
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FILED: SEPTEMBER 29, 2008

New Harbor Strategic Advisory Experience

LGE Energy Corp.
- Strategic Advisory
- Sell-side Advisory on Sale of Natural Gas Clearinghouse to NOVA Corp

Maxxam
- Sale of Water Utility in Arizona

MEAG Power
- Strategic Advisory
- Debt Restructuring

MMWEC Solutions Committee
- Strategic Advisory

National Power (UK)
- Acquisition of NP Energy ANP portfolio

American National Power (Subsidiary)
- Buy-side Advisory
- Portfolio restructuring and financing

National Grid plc
- Purchase of NEES

Natural Gas Clearinghouse
- Sell-side Advisory on Sale of Stake to LG&E

New York City
- Purchase of Jamaica Water Properties Queens Division

NiSource Inc.
- General Strategic Advisory

NEES
- Buy-side Advisory/PSNH bankruptcy

Northern States Power Company
- Advisor on proposed merger with WEC

NEW HARBOR
INCORPORATED

TAMPA ELECTRIC COMPANY
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OPC'S SECOND SET OF
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Hearing Exhibit - 00000375

New Harbor Strategic Advisory Experience

PacifiCorp
- Strategic Advisory
- Buy-side Advisory
  - Big Rivers Electric Co-op
  - Powercor Australia
  - TPC Corp (midstream gas business)
- Divestiture of Centralia (1,340 MW coal-fired facility)

Pinnacle West Capital Corp.
- Buy-side Advisory on Acquisition Opportunity

Portland General Electric
- Divestiture of Centralia (1,340 MW coal-fired facility)

Powergen plc
- Purchase of LG&E

Progress Energy
- Buy-side Advisory
- Sell-side Advisory
- Fairness Opinion for sale of 1,245 MW of Gas-fired Generation Assets

Providence Energy / NEGASCO
- General Strategic Advisory
- Advisor on Potential Management Buyout

PSI Resources
- Buy-side Advisory on Purchase of Indiana Utility

Public Service Company of Colorado
- Strategic Advisory
- Acquisition of Colorado - Ute
- Acquisition of Rocky Mountain Gas Company

Hearing Exhibit - 00000376

TAMPA ELECTRIC COMPANY
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FILED: SEPTEMBER 29, 2008

New Harbor Strategic Advisory Experience

Public Service Company of New Mexico
- Strategic Advisory
- Restructuring Advisory
- Fairness Opinion on Restructuring

Public Service Enterprise Group
- Buy-side Advisory wind assets in North America (on-going)

Puget Sound Energy
- Divestiture of Centralia (1,340 MW coal-fired facility)

Seattle, City of
- Divestiture of Centralia (1,340 MW coal-fired facility)

Siemens Power
- Valuation of Transmission Assets

Snohomish, Public Utility District of
- Divestiture of Centralia (1,340 MW coal-fired facility)

South Jersey Industries
- Strategic Advisory
- Tender Defense
- Potential M&A Transaction

Southern Company
- Strategic Advisory
- Buy-side Advisory – Savannah Electric
- Buy-side Advisory – Gulf States Utilities
- Strategic Advisory on Mirant

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Hearing Exhibit - 00000377

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
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FILED: SEPTEMBER 29, 2008

New Harbor Strategic Advisory Experience

Suez North America (SENA)
- Buy-side Advisory (on-going)

Tacoma, City of
- Divestiture of Centralia (1,340 MW coal-fired facility)

TECO Energy
- Strategic Advisory

Tucson Electric Power's Bank Creditors
- Advisory on Restructuring

UniSource Energy Corporation
- Strategic Advisory
- Advisor on Proposed LBO by KKR
- Advisor on acquisition of Citizens Communications Electric and Gas Divisions

Tucson Electric Power (Subsidiary)
- Proposed Merger with San Diego Gas & Electric
- Valuation of Transmission Assets

Utah Power and Light
- Sale to PacifiCorp

Wisconsin Electric Power Co.
- Strategic Advisory
- Acquisition of 630 MW of Coal and Hydro Upper Peninsula Power Plants

Note: Project financing / capital markets assignments available upon request.

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Hearing Exhibit - 00000378

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
OPC'S SECOND SET OF
INTERROGATORIES
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FILED: SEPTEMBER 29, 2008

9. With respect to page 20, lines 14-25, of Susan D. Abbott's testimony, please provide:

a. A detailed explanation as to why Tampa Electric should be targeting an A bond rating; and

b. The financial commitments that would be necessary for Tampa Electric to achieve an A bond rating.

A. Refer to Ms. Abbott's direct testimony, specifically page 5, lines 7-23, page 6, lines 11-23, page 7, lines 13-25 and page 11, lines 4-22, where she explains in detail the rationale for why Tampa Electric should be targeting an A bond rating. Also, as stated in her direct testimony on page 26, approval of the company's requested rate increase should be sufficient to move the credit metrics to the range of "intermediate" and should support the credit ratings in the A range.

Hearing Exhibit - 00000379

10. With reference to Document No. 5 attached to Susan D. Abbott's direct testimony, please show all calculations and list all assumptions used in developing this document.

A. Refer to the company's response to OPC's First Request for Production of Documents No. 46 for the documentation that shows the calculations of the credit metrics shown on Document No. 5. The following assumptions were used in the formation of the credit metrics:

1. The after-tax effect of deferred fuel recovery amounts were removed from certain years in deriving the Funds from Operations ("FFO") amounts to better reflect the trends in the coverage ratios excluding deferred fuel, which varies in amount from year to year.

2. All years include the off balance sheet debt and interest associated with purchased power obligations.

3. 2009 is shown with and without the requested rate increase of $228,167,000 assuming a 55 percent equity ratio. All amounts for 2009 include the impact on FFO and interest for the proforma adjustments included in the 2009 test year.

Hearing Exhibit - 00000380

For requests 11-14, please refer to Gordon L. Gillette's direct testimony.

11. With reference to page 18, lines 14-25, of Gordon L. Gillette's testimony, please provide:

a. The details, assumptions, and the magnitude of all adjustments that were made to the capitalization as of December 31, 2007 to arrive at the proposed capital structure; and

b. The monthly cash flow and capitalization amounts and ratios, including short-term debt and all actual and pro forma financings.

c. The timing and amounts of the dividends to be paid by Tampa Electric to TECO Energy, as well as the equity infusions to be made by TECO Energy into Tampa Electric.

A. See the company's response to OPC's Second Request for Production of Documents No. 58.

12. Please provide the quarterly capitalization amounts and ratios, including and excluding short-term debt, for the past three years for Tampa Electric.

A. Attached are the quarterly capitalization amounts and ratios including and excluding short-term debt for the past three years for Tampa Electric.

Hearing Exhibit - 00000382

13-Month Average Jurisdictional Capital Structure

	2005			
	March	June	September	December
Long-term Debt	$ 1,195,913,100	$ 1,196,774,848	$ 1,190,478,376	$ 1,189,711,165
Short-term Debt	39,852,417	39,823,462	41,625,969	59,614,202
Common Equity	1,283,446,175	1,285,126,390	1,279,654,494	1,276,298,423
Total	2,519,211,692	2,521,724,700	2,511,758,839	2,525,623,790
PPA	79,175,000	80,050,000	80,925,000	81,800,000
Total Debt Ratio w/ STD	50.6%	50.6%	50.6%	51.1%
Total Debt Ratio w/o STD	48.3%	48.3%	48.3%	47.7%

	2006			
	March	June	September	December
Long-term Debt	$ 1,189,101,961	$ 1,206,085,095	$ 1,242,404,168	$ 1,276,549,822
Short-term Debt	78,774,665	75,761,170	66,398,305	60,352,489
Common Equity	1,267,827,147	1,250,899,637	1,237,395,037	1,227,968,563
Total	2,535,703,773	2,532,745,902	2,546,197,510	2,564,870,874
PPA	79,850,000	77,900,000	75,950,000	74,000,000
Total Debt Ratio w/ STD	51.5%	52.1%	52.8%	53.5%
Total Debt Ratio w/o STD	47.1%	47.8%	49.0%	50.0%

	2007			
	March	June	September	December
Long-term Debt	$ 1,314,986,187	$ 1,367,068,720	$ 1,382,565,969	$ 1,404,913,615
Short-term Debt	25,699,498	7,821,490	14,726,750	14,856,944
Common Equity	1,231,805,024	1,233,100,824	1,233,737,707	1,254,250,601
Total	2,572,490,709	2,607,991,034	2,631,030,426	2,674,021,160
PPA	72,450,500	70,901,000	69,351,500	67,802,000
Total Debt Ratio w/ STD	53.4%	54.0%	54.3%	54.3%
Total Debt Ratio w/o STD	52.0%	53.5%	53.5%	53.4%

Hearing Exhibit - 00000383

13. With reference to pages 21-22 of Gordon L. Gillette's testimony, please provide the amounts of debt and equity in the 13 month average capital structure, with and without the adjustment for purchased power commitments.

A. The amounts of debt and equity in the 13-month average capital structure, with and without the adjustment for purchased power commitments are provided below.

	Jurisdictional Adjusted Capital Structure[1]	OBS Debt Obligation	Capital Structure Per Filing	Less: PPA Adjustment		Capital Structure Excluding PPA Adjs
				PPA Equity Adjustment	Pro Rata Impact	
Long-term Debt	$ 1,397,565	$ 77,000	$ 1,474,565	$ -	$ 25,363	$ 1,499,928
Short-term Debt	8,002		8,002		145	8,147
Common Equity	1,835,985		1,835,985	(77,000)	43,957	1,802,942
Total	$ 3,241,552	$ 77,000	$ 3,318,552	$ (77,000)	$ 69,465	$ 3,311,017
Equity / Total %			55.3%			54.5%

(1) Source: MFR D-1a, Column 9

14. With reference to pages 23, lines 14-25, of Gordon L. Gillette's testimony, please provide:

a) The annual earnings of Tampa Electric, the annual dividends paid by Tampa Electric to TECO Energy, and the annual equity infusions made by TECO Energy into Tampa Electric, for the years 2005-2007; and

b) The projected annual earnings of Tampa Electric, the projected annual dividends to be paid by Tampa Electric to TECO Energy, and the projected annual equity infusions made by TECO Energy into Tampa Electric, for the years 2008-2009.

A. a) The annual and projected earnings of Tampa Electric, the annual and projected dividends paid or to be paid by Tampa Electric to TECO Energy, and the annual and projected equity infusions made or to be made by TECO Energy into Tampa Electric for the requested years are provided below.

($000)	Tampa Electric Earnings	Dividends to TECO Energy	Equity Infusions
2005	$ 147,069	$ 144,840	$ -
2006	135,864	140,087	51,800
2007	150,276	138,850	81,800
2008	153,233	152,269	350,000
2009	126,394	139,239	285,000
2005 - 2009	$ 712,836	$ 715,285	$ 768,600

* TECO Energy's internal subsidiary 100 percent net income dividend policy is calculated on a rolling quarterly basis, and there is a two month lag. This creates a timing difference between the annual earnings of Tampa Electric and the respective dividend to TECO Energy.

b) See the company's response to part a above.

Hearing Exhibit - 00000385

15. With reference to Document No. 5, attached to Gordon L. Gillette's direct testimony, please show all calculations and list all assumptions in the development of the credit metrics presented.

A. Refer to the company's response to OPC's First Request for Production of Documents No. 46 for the documentation showing the calculations of the credit metrics shown on Document No. 5. The following assumptions were used in the formation of the credit metrics:

1. The after-tax effect of deferred fuel recovery amounts were removed from certain years in deriving the Funds from Operations ("FFO") amounts to better reflect the trends in the coverage ratios excluding deferred fuel, which varies in amount from year to year.

2. All years include the off balance sheet debt and interest associated with purchased power obligations.

3. 2009 is shown with and without the requested rate increase of $228,167,000 assuming a 55 percent equity ratio. 2009 is also shown assuming a lower equity ratio of 46 percent and a corresponding lower revenue increase of $188,716,000. All amounts for 2009 include the impact on FFO and interest for the proforma adjustments included in the 2009 test year.

Hearing Exhibit - 00000386

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

Before me the undersigned authority personally appeared J. Denise Jordan who deposed and said that she is Director Rates and Planning, Tampa Electric Company, and that the individuals listed in Tampa Electric Company's response to OPC's Second Set of Interrogatories, (Nos. 7-15) prepared or assisted with the responses to these interrogatories to the best of her information and belief.

Dated at Tampa, Florida this 26th day of September, 2008.

Sworn to and subscribed before me this 26th day of September, 2008.

Notary Public State of Florida
Brenda Lee Irizarry
My Commission DD551587
Expires 07/29/2010

My Commission expires _____

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TECO's Responses to OPC's Third Set of Interrogatories (Nos. 36-42, 47)

36. Income Taxes. Refer to the testimony of Alan Felsenthal. Provide a summary of the adjustments (i.e., to the extent a rate base adjustment is proposed show the impact on the revenue requirement) that the Company proposes as a result of the work performed by Mr. Felsenthal.

A. The first proposed adjustment based on the work of Mr. Felsenthal is the capital structure adjustment to Accumulated Deferred Income Taxes ("ADIT") as discussed in his direct testimony at pages 23 through 34 and depicted in Exhibit ___ (ADF-1). This adjustment represents a reduction of $1,894,321 in ADIT to the capital structure, with a corresponding increase in the "pro rata" adjustments to capital structure. The impact on revenue requirements of this adjustment was an increase of approximately $230,000.

The second proposed adjustment based on the work of Mr. Felsenthal relates to the Investment Tax Credit ("ITC") amortization. When Congress added the ITC to the Internal Revenue Code in 1971(section 46 (f) (2)) rate regulated utilities such as Tampa Electric were required to elect how to treat the ITC for rate purposes and on its books of accounts. Tampa Electric chose to amortize the ITC as a reduction of income tax expense in cost of service over the useful life of the plant asset generating the ITC. The IRS has issued guidance, which makes it clear that amortization is to occur over the book life of the related assets and not the book depreciation rate, which typically includes a provision for cost of removal and interim retirements. This adjustment is necessary to amortize ITC over the estimated useful life of the Plant assets and reduced annual ITC amortization by approximately $2,067,000, increasing the 2009 revenue requirement by approximately $3,365,000.

Hearing Exhibit - 00000389

37. Income Taxes. Refer to the testimony of Alan Felsenthal. Please explain if the income tax treatment proposed by Mr. Felsenthal is different from how the Company accounted for deferred income taxes in previous rate filings, and if so, what tax law required the changed treatment. If not, explain why it was necessary to have an outside consultant testify on an accepted accounting practice.

A. An adjustment similar to the adjustment proposed by Mr. Felsenthal discussed on pages 23 through 34 of his direct testimony was not proposed in Tampa Electric's 1992 rate filing. The IRS Regulations on this matter were in place; however, the Private Letter Rulings ("PLRs") referred to in Mr. Felsenthal's testimony were released around the time of the previous rate filing. The PLRs provided substantial clarification to the IRS Regulations addressing the ADIT requirements when a forecasted test period is used. Also see the company's response to OPC's Third Set of Interrogatories No. 17.

Hearing Exhibit - 00000390

38. Income Taxes. Refer to the testimony of Alan Felsenthal. Provide an explanation as to whether in Mr. Felsenthal's opinion the accounting for the accelerated depreciation under the Economic Stimulus Act of 2008 is any different from the accounting for deferred taxes under the .Job Creation and Workers Assistance Act of 2002 (i.e., disregard any difference in the bonus depreciation rate, this request strictly applies to the accounting for the bonus depreciation).

A. The accelerated depreciation provisions of the Economic Stimulus Act of 2008 and the Job Creation and Workers Assistance Act of 2002 create book/tax temporary differences. Under the provisions of SFAS No. 109, accumulated deferred income taxes must be recorded based upon these temporary differences.

Hearing Exhibit - 00000391

39. Income Taxes. Refer to the testimony of Alan Felsenthal, page 32. Does Mr. Felsenthal consider the projected test period to be part historical and part future? If yes, identify what part of the projected test year is historical.

A. Yes. Mr. Felsenthal's states the following in his direct testimony on page 29, lines 21 through 25:

> "In Tampa Electric's filing, the future portion of the test period subject to the pro rata guidance is the period from May 1, 2009 (the expected effective date of the rate change) to December 31, 2009 (the end of the projected test period)."

Therefore, the period from January 1, 2009 through April 30, 2009 is the historical portion of the projected year as that term is defined in the guidance in the IRC regulations.

Hearing Exhibit - 00000392

40. Employees. Provide the number of employees in the Company's and/or any of its affiliates that are classified as tax department employees.

A. TECO Energy's tax department has 13 employees and it provides tax services for the entire corporation including TECO Energy (parent), Tampa Electric, Peoples Gas, TECO Coal, and TECO Guatemala.

Hearing Exhibit - 00000393

41. Consultants. Explain why the Company required the services of the Huron Consulting Group in this proceeding, including why the Company's tax department was not qualified to discuss the computation of deferred income taxes.

A. Huron Consulting Group assisted Tampa Electric in MFR review and quality control, expert testimony on tax matters and assistance in the discovery process. The tax department is a qualified team of professionals and Huron Consulting Group was engaged to provide expert testimony primarily because the tax director was scheduled to be out on extended medical leave during this rate proceeding. Further, the tax department is staffed to handle ongoing, day-to-day tax accounting responsibilities and the additional workload of the rate filings required supplementing the existing team.

Hearing Exhibit - 00000394

42. Income Taxes. Provide the years that are still subject to audit by the IRS, identify the last five years that were audited by the IRS and identify the type of adjustment(s) (i.e., depreciation, wages, contributions, etc.), if any, that was made in each of the years.

A. The years 2007 and 2008 are still subject to audit by the IRS. The last five years audited by the IRS were the years 2002 through 2006. Adjustments were proposed in 2002 through 2004 relating to depreciation, environmental expense, strategic business expense, cost of goods sold, dismantlement, sale of land, interest capitalized-263a and pension expense. No adjustments were proposed for the years 2005 or 2006.

Hearing Exhibit - 00000395

47. Channel Dredging. Refer to the testimony of Jeffrey Chronister at pages 38 to 39 and the testimony of Mark Hornick at page 17. Explain how $6.9 million amortized over 5 years reduces net operating income by $3.267 million.

A. Page 38 of Jeffrey Chronister's testimony has been revised to correctly reflect that the adjustment increases jurisdictional net operating income by $3,267,000. A summary of the jurisdictional net operating income impact of the channel dredging is shown below.

TAMPA ELECTRIC COMPANY
CHANNEL DREDGING
($000's)

O&M	$ 6,900
Less 1 year of O&M	1,380
Total Proforma	5,520
Effective Tax Rate	0.38575
Income Taxes	2,130
Net Operating Income	3,390
Jurisdictional Factor	0.963848
Jurisdictional Net Operating Income	$ 3,267

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TECO's Responses to OPC's Fourth Set of Interrogatories (Nos. 57-59, 73, 80, 89, 90)

57. Employee Benefits. Provide for each of the years 2003-2007 the active employees and retired employees share of medical benefits, respectively.

A. The active and retired employees share of medical benefits for each of the years 2003 through 2007 are provided below.

	2003	2004	2005	2006	2007
Active:					
Current Medical & Dental	$10,846,033	$13,501,812	$11,548,353	$14,667,504	$15,859,103
Postretirement Medical	7,163,088	5,660,808	6,233,532	6,604,524	6,282,729
Retiree:					
Postretirement Medical	$7,948,908	$7,463,472	$5,765,760	$6,096,480	$6,653,768

Hearing Exhibit - 00000398

58. Employee Benefits. Refer to MFR Schedule C-35. Explain the up and down of the Retirement Savings expense for 2005-2007 and explain why the trend is expected to continue in 2008 and 2009.

A. The Retirement Savings Plan expenses consist of two components: a fixed match and a performance match. The annual fixed match is based on the first six percent of employees' contributions to the retirement savings plan. The annual performance match is "at risk" since it is based on the company exceeding net income targets and it varies by year.

The performance match for 2005 through 2007 is based on actual results. The performance match for 2008 and 2009 is budgeted at zero since the company expects to meet plan but not exceed it. With the "at risk" portion of the Retirement Savings Plan, there will always be variation in expense from year to year.

The fixed and performance match for each year is provided below.

Year	Fixed Match	Performance Match
2005	.30 cents	.28 cents
2006	.30 cents	.15 cents
2007	.30 cents (Jan – Mar) .50 cents (Apr – Dec)	.36 cents .16 cents
2008	.50 cents	N/A
2009	.50 cents	N/A

59. Employee Benefits. Refer to MFR Schedule C-35. Explain the decrease in Long Term Disability in 2007 and explain why the cost increases again in 2008.

A. Long-term disability liabilities are highly volatile and increase or decrease based on the net change in participants during the year. Typically, there are more new entrants than there are those exiting the plan during the year. The expense for 2006 was higher than 2007 based on a net increase of five new entrants to the plan. Tampa Electric experienced an overall net decrease in the number of employees on long-term disability in 2007. This net reduction of four employees (six new entrants and ten exiting the plan) was a primary driver in the decrease in long-term disability expense for 2007. The expense for 2008 is projected to be higher than for 2007. The assumptions for the 2008 projected amounts include a net increase of five new entrants to the plan.

Hearing Exhibit - 00000400

73. Transmission & Distribution. Does the Company perform its own tree trimming or does it contract it out? If contracted out, does the Company obtain bids for the services performed?

A. Tampa Electric contracts out its entire tree trimming activities and the work is competitively bid.

Hearing Exhibit - 00000401

80. Stockholder Relations Refer to MFR Schedule C-2. Please provide a detailed description of the methodology and a calculation of the adjustment to remove the stockholder relations expense from Other O&M Expenses for the historical 2007 base year, the 2008 projected prior year, and the 2009 projected test year. Also identify in which account(s) the cost were or would be recorded.

A. The stockholder relations adjustment from MFR Schedule C-2 is calculated by selecting the salaries of TECO Energy employees working on stockholder relations activities and multiplying the salaries by the allocation of each employee's time dedicated to that activity. The calculated amount is then multiplied by the TECO Energy percentage allocation to Tampa Electric. The stockholder relations amount allocated to Tampa Electric, recorded in FERC account 930.46, is multiplied by the income tax rate and the jurisdictional factor to arrive at the net operating income adjustment amount. See the attached schedules detailing the aforementioned calculations for the years 2007, 2008, and 2009.

Hearing Exhibit - 00000402

Stockholder Relations Allocation
MFR Schedule C-2

	Jan	Feb	Mar	Apr	May	Jun	2007 Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Stockholder Relations	23,303	23,854	35,601	23,854	23,854	24,012	24,170	36,416	24,275	23,659	24,275	24,294	311,568
% Allocation to Tampa Electric	58.72%	58.44%	58.67%	57.88%	57.29%	57.32%	57.28%	57.27%	57.84%	58.06%	58.56%	58.35%	
Total Stockholder Relations Expensed to Tampa Electric	13,683	13,940	20,887	13,807	13,666	13,764	13,845	20,856	14,041	13,736	14,216	14,176	180,616
Income Taxes													(69,673)
Total Adjustment													110,943
Jurisdictional Separation Factor													0.973149
Jurisdictional Adjustment													107,964

	Jan	Feb	Mar	Apr	May	Jun	2008 Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Stockholder Relations	37,129	24,752	24,752	24,752	24,752	24,752	37,129	24,752	24,752	24,752	24,752	24,752	321,781
% Allocation to Tampa Electric	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	68.00%	
Total Stockholder Relations Expensed to Tampa Electric	25,247	16,832	16,832	16,832	16,832	16,832	25,247	16,832	16,832	16,832	16,832	16,832	218,811
Income Taxes													(84,406)
Total Adjustment													134,405
Jurisdictional Separation Factor													0.973149
Jurisdictional Adjustment													130,796

	Jan	Feb	Mar	Apr	May	Jun	2009 Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Stockholder Relations	39,099	26,066	26,066	26,066	26,066	26,066	39,099	26,066	26,066	26,066	26,066	26,066	338,861
% Allocation to Tampa Electric	67.00%	67.00%	67.00%	67.00%	67.00%	67.00%	67.00%	67.00%	67.00%	67.00%	67.00%	67.00%	
Total Stockholder Relations Expensed to Tampa Electric	26,197	17,464	17,464	17,464	17,464	17,464	26,197	17,464	17,464	17,464	17,464	17,464	227,037
Income Taxes													(87,580)
Total Adjustment													139,457
Jurisdictional Separation Factor													0.973149
Jurisdictional Adjustment													135,713

89. Property Held for Future Use. Please provide the basis on which the Company projected the balance in the property held for future use account for the projected prior year ended December 31, 2008 and the projected test year ended December 31, 2009.

A. The projected balance in the property held for future use account was based on the budgeted land acquisition requirements for each respective year. The company forecasts what the future growth rate of the population may be and ensures that it is more than able to supply the needs of its current and future customers.

Hearing Exhibit - 00000404

90. Property Held for Future Use. Please provide a 13-month average of the balance in property held for future use for each of the years ended December 31, 2004, December 31, 2005, and December 31 , 2006.

A. Attached is the 13-month average of the balance in property held for future use for each of the years ended December 31, 2004, 2005 and 2006.

Hearing Exhibit - 00000405

Acct	Name	2004 13-Month Avg	2005 13-Month Avg	2006 13-Month Avg	Comments
	Transmission Substation Sites				
105.05	Dale Mabry Sub	368,966.60	368,966.60	368,966.60	
105.12	Willow Oak Sub (English Creek T & D)	8,994.71	432,632.55	786,337.70	
105.13	Wilderness Sub	189.93	4,337.20	4,717.77	
105.16	Chapman Sub	31,160.07	68,042.93	68,042.93	
105.19	Handcart Sub	-	-	61,474.07	Opened on 1/2006, first charges hit in 2006
105.23	Ohio Sub	69,143.91	69,143.91	69,143.91	
105.24	Pebbledale Sub	52,400.00	52,400.00	52,400.00	
105.25	Riverdale Sub	1,438,076.32	1,438,076.32	1,438,076.32	
105.30	Skyway Sub	368,096.92	368,096.92	368,096.92	
105.61	Lithia Sub	86,915.69	83,185.07	83,185.07	
105.67	Juneau Sub	106,084.49	106,084.49	106,084.49	
105.69	Wilderness Sub II	3,865.15	297.32	-	
	Total Transmission Subs	2,533,893.78	2,991,263.31	3,406,525.78	
	Distribution Substation Sites				
105.01	Compark Sub	726,700.70	726,109.22	726,109.22	
105.06	AG Park Sub	5,945.34	5,945.34	5,945.34	
105.06	Balm Sub	23,662.67	23,662.67	23,662.67	
105.06	Baycourt Sub	86,890.89	86,890.89	86,890.89	
105.06	Big Bend East Sub	28,471.64	28,471.64	28,471.64	
105.06	Bolando Sub	2,176.00	2,176.00	2,176.00	
105.06	Carefree Cove Sub	23,311.77	23,311.77	23,311.77	
105.06	Cass Street Sub	175,976.43	-	-	
105.06	Cork Sub	6,820.65	6,820.65	6,820.65	
105.06	Creek Sub	1,822.23	1,822.23	1,822.23	
105.06	Drew Park Sub	192,485.47	192,485.47	192,485.47	
105.06	Johnson Sub	8,165.94	8,165.94	8,165.94	
105.06	Loop Road Sub	3,612.26	3,612.26	3,612.26	
105.06	Lynchburg Sub	8,423.10	8,423.10	8,423.10	
105.06	McCoy Sub	5,288.45	5,288.45	5,288.45	
105.06	19th Ave Sub	1,084.86	1,084.86	1,084.86	
105.06	Seneca Sub	27,666.47	27,666.47	27,666.47	
105.06	Simmons Sub	3,132.83	3,132.83	3,132.83	
105.06	Son Keene Sub	6,066.23	6,066.23	6,066.23	
105.06	State Road 672 Sub	2,893.15	2,893.15	2,893.15	
105.06	Sundance Sub	22,386.09	22,386.09	22,386.09	
105.06	Trapnell Sub	5,903.35	5,903.35	5,903.35	
105.06	Transport Sub	3,011.74	3,011.74	3,011.74	
105.06	Washington St Sub	1,821,335.00	1,821,335.00	1,821,335.00	
105.06	Turkey Creek Sub	6,298.00	6,298.00	6,298.00	
105.08	Mango Sub	735.48	735.48	735.48	
105.09	Silver Dollar Sub	6,457.72	69,255.96	541,773.79	
105.10	Valroy Sub	-	669.65	9.25	
105.14	Eagle Palm Sub	216.80	216.80	216.80	
105.17	Pearson Rd Sub Expansion	-	794.95	1,159.02	Added in 3/2005, charges hit in 2005
105.18	Lake Hutto Sub	-	-	26.45	Added in 1/2006, charges hit in 2006
105.20	South Bend # 3	-	-	96.88	Added in 10/2006, charges hit in 2006
105.28	Cass St II Sub	1,061,742.42	1,244,134.23	1,244,134.23	
105.29	Thornhill Sub	66,278.45	66,278.45	66,278.45	
105.31	Cypress Creek Sub	71,470.56	71,470.56	71,470.56	
105.32	Whitehurst Sub	-	-	89.24	Added in 8/2006, charges hit in 2006
105.33	Kingsmill Sub	505.22	505.22	505.22	
105.35	Indian Creek Sub (So Hookers Pt 334D)	-	-	-	Acct deleted in 2004 after charges were cleared.
105.36	Sun City Sub	13,154.91	13,154.91	13,154.91	
105.65	49th Street Sub	33,337.44	33,337.44	33,337.44	
105.71	Causeway Blvd Sub	4,520.30	4,520.30	4,563.80	
105.73	North Mobley Rd Sub (Northwood Sub)	16,162.49	16,162.49	16,162.49	
	Total Distribution Subs	4,474,113.05	4,544,199.79	5,016,677.35	
	Production and Transmission R/W Land				
105.02	Beacon Key Transmission R/W	689,115.04	665,478.62	594,359.32	
105.03	River to S Hillsborough Trans R/W	22,123,085.66	22,313,790.10	23,223,174.80	
105.04	Trans R/W to Phosphate Area	968,745.09	968,745.09	968,745.09	
105.07	Big Bend Buffer Land	1,203,101.06	1,203,101.06	1,203,101.06	
105.11	New Tampa Transmission Easement	58,089.74	763,092.83	768,621.15	
105.15	St Rd 672 II - Additional Land	72,851.93	72,851.93	72,851.93	
105.21	Sun City Sub - Additional Land	-	-	245.78	Added in 10/2006, charges hit in 2006
105.26	Gannon Land Tract 2 Parcel B	-	-	-	Acct deleted in 2004 after charges were cleared.
105.27	Palm River Operating Center - Addl Land	618,703.87	618,703.87	618,703.87	
105.70	Big Bend Buffer II	39,691.56	39,724.47	39,724.47	
	Total Prod and Trans R/W Land	25,773,383.95	26,645,487.96	27,489,527.47	
	GRAND TOTAL 105 PHFFU LAND	32,781,390.78	34,180,951.06	35,912,730.60	

Hearing Exhibit - 00000406

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TECO's Responses to OPC's Fifth Set of Interrogatories (No. 93)

93. Please explain whether TECO energy and/or Tampa Electric has requested or sought approval to file consolidated tax adjustments and what the results of such approval were or if they are still pending.

A. Neither TECO Energy nor Tampa Electric has requested or sought approval to file consolidated tax adjustments.

Hearing Exhibit - 00000408

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TECO's Responses to OPC's Sixth Set of Interrogatories (Nos. 103-106, 117-119, 120)

103. Income Taxes. Refer to the response to OPC Interrogatory No. 36. Identify each of the years audited by the IRS since 1992 and each of the years where the IRS took exception to the Company's accounting for ITC amortization during an audit of its books. Also explain whether the Company has proposed a change in accounting to the IRS for the adjustment proposed and provide the status of that request. If the Company has not requested a change in accounting to the IRS, explain why not.

A. The IRS has not taken exception to the company's accounting for ITC amortization during their audits since 1992. The company has not requested a change in accounting to the IRS for the adjustment proposed because the company has not changed its method of accounting for ITC. The company continues to defer and amortize ITC but has changed the estimated period over which the ITC amortization occurs.

Hearing Exhibit - 00000410

104. Income Taxes. Refer to the response to OPC Interrogatory No. 37. Are the PLR's referred to binding to Tampa Electric Company.

A. No. As each private letter indicates "This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that a private letter ruling may not be used or cited as precedent." The specific fact patterns existing in the cited private letter rulings are similar to those faced by Tampa Electric in this proceeding and the rulings help clarify how the IRS would likely conclude should Tampa Electric request a specific ruling.

105. Income Taxes. Refer to the response to OPC Interrogatory No. 39. Is it Mr. Felsenthal's testimony that even though the costs for January 1, 2009 through April 30, 2009 are projected costs and not actual that they should be considered historical?

A. Yes. In addressing the concept of a projected test period, PLR 9202029 states, "the historical period is that portion of the test period before rates go into effect, while the portion of the test period after the effective date of the rate order is the future period." Thus, the period from January 1, 2009 through April 30, 2009 is the historical portion of the projected year as defined in the guidance of the IRS.

Hearing Exhibit - 00000412

106. Consultants. Refer to the response to OPC Interrogatory No. 41. Identify and provide detailed discussions on what issues were reviewed by Huron Consulting Group other than the specific accounting treatment for taxes discussed in their testimony.

A. See the company's response to OPC's Sixth Set of Interrogatories No. 95.

Hearing Exhibit - 00000413

117. Plant Held For Future Use. Provide a summary by year for 2003-2007 of plant held for future use that was sold without being put into service. Identify the proceeds from the sale, the cost and the account the net gain or loss was recorded to.

A. A summary of plant held for future use that was sold without being put into service as well as the proceeds from the sale, the cost and the account the net gain or loss was recorded to is provide for each year 2003 through 2007 below.

Year	FERC Account	Description	Proceeds on Sale	Cost of Land	Gain on Sale	Loss on Sale
2003	105.06	Sale of Pebblecreek Sub	$2,861.71	$3,301.64		$439.93
	105.06	Sale of Taylor Rd Sub	$21,425.60	$2,829.37	$18,596.23	
	105.10	Sale of Port Manatee	$1,198,877.32	$457,244.03	$741,633.59	
2004	105.03	Sale of Trans R/W	$5,880.28	$8,677.22		$2,796.94
	105.61	Lithia Switching Station	$15,310.81	$4,041.50	$11,269.31	
2005	105.02	Sale of Port Manatee	$1,562,094.28	$76,901.65	$1,477,381.01	
	105.03	Sale of Port Manatee Tran R/W	$106,567.62	$116,829.23		$11,895.91
	105.03	Sale of Beacon Key R/W	$3,279,338.75	$433,142.67	$2,840,165.78	
2006	105.02	Sale of Hills Ranch Corp	$207,054.99	$19,387.02	$177,887.37	
2007		N/A – No Sales				

NOTE: All gains on sale of land recorded in account 105 are deferred to Account 254 and then amortized over a 60-month period to account 411.60 (Gain for Property Held for Future Use) as per Commission precedent.

All losses on sales of land recorded in account 105 are recognized immediately and are charged to account 411.70 (Loss for Property Held for Future Use).

118. Plant Held For Future Use. Refer to the response to OPC Interrogatory No. 87. Would it be correct to assume that the projected 2009 Plant Held For Future Use amount in the filing has been adjusted to remove any of the listed plant amounts with a projected in service date of 2007, 2008 and 2009. If not, explain why not.

A. The projected 2009 Plant Held For Future Use amount has not been adjusted to remove any of the listed amounts projected with in service dates of 2007, 2008, and 2009. Therefore, the company has revised it response to OPC's Fourth Set of Interrogatories No. 87 to reflect the corrected in service dates and the adjustments to reduce Plant Held For Future Use. These adjustments do not change the total system rate base since the reduction in Plant Held For Future Use would be offset by a corresponding increase in Electric Plant In Service.

Hearing Exhibit - 00000415

Acct	Name	2007 Number of Months	Originally Aquired Date	Projected Use Date	2007 13-Mth Avg	2008 13-Mth Avg	2009 13-Mth Avg	Adjustments
	Transmission Substation Sites							
105.05	Dale Mabry Sub	12	3/30/1973	Post 2011	368,967	371,053	397,111	
105.12	Willow Oak Sub	12	4/19/2004	2010	786,338	790,511	842,626	
105.13	Wilderness Sub	12	Various	Various	6,096	7,415	7,415	
105.16	Chapman Sub	12	Various	Various	68,043	68,043	68,043	
105.19	Handcart Sub	12	1/18/2006	12/1/2008	607,637	638,534	690,649	4
105.23	Ohio Sub	12	Various	Various	69,144	69,144	69,144	
105.24	Pebbledale Sub	12	Various	Various	52,400	52,400	52,400	
105.25	Riverdale Sub	12	6/30/1985	2010	1,438,076	1,446,422	1,550,653	
105.30	Skyway Sub	12	6/30/1987	Post 2014	368,097	370,183	396,241	
105.61	Lithia Sub	12	Various	Various	83,185	83,185	83,185	
105.67	Juneau Sub	12	Various	Various	106,084	106,084	106,084	
105.69	Wilderness Sub II	12	Various	Various	3	-	-	
	Total Transmission Subs				3,954,070	4,002,974	4,263,552	
	Distribution Substation Sites							
105.01	Compark Sub	12	11/15/1985	2011	726,109	730,282	782,193	
105.06	AG Park Sub	12	Various	Various	5,945	5,945	5,959	
105.06	Balm Sub	12	Various	Various	23,663	23,663	23,719	
105.06	Baycourt Sub	12	Various	Various	86,891	86,891	87,097	
105.06	Big Bend East Sub	12	Various	Various	28,472	28,472	28,539	
105.06	Bolando Sub	12	Various	Various	2,176	2,176	2,181	
105.06	Carefree Cove Sub	12	Various	Various	23,312	23,312	23,367	
105.06	Cork Sub	12	Various	Various	6,821	6,821	6,837	
105.06	Creek Sub	12	Various	Various	1,822	1,822	1,827	
105.06	Drew Park Sub	12	Various	Various	192,485	192,485	192,943	
105.06	Johnson Sub	12	Various	Various	8,166	8,166	8,185	
105.06	Loop Road Sub	12	Various	Various	3,612	3,612	3,621	
105.06	Lynchburg Sub	12	Various	Various	8,423	8,423	8,443	
105.06	McCoy Sub	12	Various	Various	5,288	5,288	5,301	
105.06	19th Ave Sub	12	Various	Various	1,085	1,085	1,087	
105.06	Seneca Sub	12	Various	Various	27,666	27,666	27,732	
105.06	Simmons Sub	12	Various	Various	3,133	3,133	3,140	
105.06	Son Keene Sub	12	Various	Various	6,066	6,066	6,081	
105.06	State Road 672 Sub	12	Various	Various	2,893	2,893	2,900	
105.06	Sundance Sub	12	Various	Various	22,386	22,386	22,439	
105.06	Trapnell Sub	12	Various	Various	5,903	5,903	5,917	
105.06	Transport Sub	12	Various	Various	3,012	3,012	3,019	
105.06	Washington St Sub	12	6/30/1985	Post 2014	1,823,398	1,836,470	1,966,281	
105.06	Turkey Creek Sub	12	Various	Various	6,298	6,298	6,313	
105.08	Mango Sub	12	Various	Various	735	735	737	
105.09	Silver Dollar Sub	12	10/30/2001	3/31/2008	545,577	549,027	575,428	2
105.10	Valroy Sub	12	Various	Various	9	9	9	
105.14	Eagle Palm Sub	12	Various	Various	217	217	217	
105.17	Pearson Rd Sub	12	Various	Various	1,159	1,159	1,162	
105.18	Lake Hutto Sub	12	1/18/2006	Post 2014	351,537	569,777	596,228	
105.20	South Bend #3 Sub	12	10/9/2006	2016	109,341	1,385,341	1,463,923	
105.28	Cass St II Sub	12	10/31/1987	2012	1,244,134	1,250,394	1,328,655	
105.29	Thornhill Sub	12	Various	Various	66,278	66,278	66,436	
105.31	Cypress Creek Sub	12	Various	Various	71,471	71,471	71,640	
105.32	Whitehurst Sub	12	Various	Various	617	2,505	2,511	
105.33	Kingsmill Sub	12	Various	Various	505	505	506	
105.34	Pendola Point Sub	May thru Dec-07	Various	Various	7,994	24,935	24,994	
105.35	Indian Creek Sub	May thru Dec-07	5/2/2007	11/30/2007	268,668	692,255	744,094	1
105.36	Sun City Sub	12	Various	Various	13,155	13,155	13,186	
105.65	49th Street Sub	12	Various	Various	33,337	33,337	33,417	
105.71	Causeway Blvd Sub	12	Various	Various	5,286	5,669	5,682	
105.73	North Mobley Rd Sub (Northwood Sub)	12	Various	Various	21,222	58,190	133,618	
	Total Distribution Subs				5,766,270	7,767,230	8,287,568	

Acct	Name	2007 Number of Months	Originally Aquired Date	Projected Use Date	2007 13-Mth Avg	2008 13-Mth Avg	2009 13-Mth Avg	Adjustments
	Production and Transmission R/W Land							
105.02	Beacon Key Transmission R/W	12	6/30/1967	Post 2011	592,868	594,954	621,420	
105.03	River to S Hillsborough Trans R/W	12	6/30/1973	6/30/2010	23,751,666	23,875,389	25,412,795	
105.04	Trans R/W to Phosphate Area	12	6/30/1973	Post 2011	968,745	972,918	1,025,442	
105.07	Big Bend Buffer Land	12	6/30/1986	Post 2011	1,203,101	1,209,360	1,287,534	
105.11	New Tampa Transmission Easement	12	12/4/2004	12/31/2010	775,054	782,298	834,311	
105.15	St Rd 672 II - Adiitional Land	12	Various	Various	72,852	72,852	73,056	
105.21	Sun City Sub - Additional Land	12	Various	Various	1,201	1,201	1,201	
105.22	Big Bend Buffer Land	Jun thru Dec-07	6/30/1986	Post 2011	225,802	496,188	522,450	
105.27	Palm River Operating Center - Addl Land	12	6/30/1987	7/31/2008	618,704	622,877	674,584	3
105.70	Big Bend Buffer II	12	6/30/1986	Post 2011	39,724	39,724	39,827	
	Total Prod and Trans R/W Land				28,249,717	28,667,762	30,492,619	
	Total 105 PHFFU (as filed on MFR B-15, Line 18, Columns 1,2)				37,970,056	40,437,966	43,043,739	
	Adjustments: to transfer from 105 (PHFFU) to 101 (Land in-service)							
1	105.35 - Indian Creek Sub has an in-service date of 11/2007				(268,668)	(692,255)	(744,094)	
2	105.09 - Silver Dollar Sub has an in-service date of 3/2008				-	(549,027)	(575,428)	
3	105.27 - Palm River Ops Center has an in-service date of 7/2008				-	(622,877)	(674,584)	
4	105.19 - Handcart Sub has an in-service date of 12/2008				-	(638,534)	(690,649)	
	Total Adjustments				(268,668)	(2,502,692)	(2,684,755)	
	Revised 105 PHFFU (System per Books)				37,701,389	37,935,273	40,358,984	

	AS FILED			REVISION		
	2009 13-Mth Avg	2009 Jurs Factor	2009 Jurs Amount	Revised 2009 13-Mth Avg	2009 Jurs Factor	2009 Jurs Amount
Transmission Substation Sites	4,263,552	0.86725	3,697,565	3,572,903	0.86725	3,098,600
Distribution Substation Sites	8,287,568	0.86725	7,187,393	6,968,046	0.86725	6,043,038
Production & Transmission R/W Land:						
River to S. Hillsborough Tran R/W	25,412,795	0.86725	22,039,247	25,412,795	0.86725	22,039,247
Aggregate Prop Under 5%	5,079,824	0.86725	4,405,477	4,405,240	0.86725	3,820,444
Total	30,492,619		26,444,724	29,818,035		25,859,691
105 PHFFU (Retail Amount)	43,043,739		37,329,683	40,358,984		35,001,329

Hearing Exhibit - 00000417

119. Rate Base CIS Upgrade. Refer to response to OPC Production of Documents No. 98. What documentation exists to support the conclusion on page 4 that No other more cost effective and timely alternative is available." Also confirm that no cost benefit analysis was performed since the response did not include a cost benefit analysis.

A. Tampa Electric's Customer Information System ("CIS") is a legacy system and there is a finite number of company employees and contractors with experience in programming. As the company scoped out the modifications required to CIS based on the rate design changes, service charge changes and other changes included in its filing while considering available resources with appropriate skill sets, the estimated timeline and associated costs reflected in the Project Scope Approval were the most cost effective and timely alternative available to the company.

Hearing Exhibit - 00000418

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
OPC'S SIXTH REQUEST FOR
PRODUCTION OF DOCUMENTS
DOCUMENT NO. 120
BATES STAMPED PAGE: 91
FILED: NOVEMBER 10, 2008

120. Please provide a copy of all orders identified in response to Interrogatory Nos. 91 and 93.

A. See the company's response to OPC's Fifth Set of Interrogatories Nos. 91 through 93.

Hearing Exhibit - 00000419

22

TECO's Responses to FIPUG's Fourth Set of Interrogatories (Nos. 42-45)

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's Petition for an Increase in Base Rates and Miscellaneous Service Charges.	)))	DOCKET NO. 080317-EI FILED: NOVEMBER 14, 2008

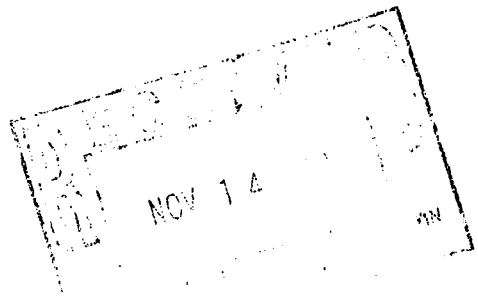
TAMPA ELECTRIC COMPANY'S

ANSWERS TO FOURTH SET OF INTERROGATORIES (NOS. 42 - 45)

OF THE

FLORIDA INDUSTRIAL POWER USERS GROUP

Tampa Electric files its Answers to Interrogatories (Nos. 42 - 45) propounded and served on October 15, 2008, by the Florida Industrial Power Users Group.



TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
INDEX TO FIPUG'S FOURTH SET OF INTERROGATORIES (NOS. 42-45)

Number	Witness	Subject	Bates Stamped Page
42	Ashburn	Referring to MFR Schedule E-14, page 169, please confirm that the proposed $1.26 transformer ownership discount for service provided at subtransmission voltage reflects the avoided cost for 73.7% of distribution secondary costs and 22.3% of distribution primary costs.	1
43	Ashburn	Please explain why a customer receiving service at subtransmission voltage should only receive a transformer ownership discount that reflects less than 100% of the cost of providing primary and secondary distribution service.	2
44	Ashburn	Referring to MFR Schedule E-14, page 169, please confirm that the proposed $0.80 transformer ownership discount for service provided at primary voltage reflects the avoided cost for 73.7% of distribution secondary costs.	3
45	Ashburn	Please explain why a customer receiving service at primary voltage should only receive a transformer ownership discount that reflects less than 100% of the cost of providing secondary distribution service.	4

William Ashburn
Director – Pricing and Financial Analysis
Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602

42. Referring to MFR Schedule E-14, page 169, please confirm that the proposed $1.26 transformer ownership discount for service provided at subtransmission voltage reflects the avoided cost for 73.7% of distribution secondary costs and 22.3% of distribution primary costs.

A. Yes. The derivation of the $1.26 proposed transformer ownership discount for service provided at subtransmission voltage does reflect the avoided cost of 73.7 percent of distribution secondary costs and 22.3 percent of distribution primary costs.

Hearing Exhibit - 00000423

43. Please explain why a customer receiving service at subtransmission voltage should only receive a transformer ownership discount that reflects less than 100% of the cost of providing primary and secondary distribution service.

A. Tampa Electric's transformer ownership discount does not recognize avoided line costs because not all higher voltage delivery points avoid company investment in primary and secondary distribution lines. Tampa Electric's discount is described in the tariff as a transformer ownership discount and thus only reflects the cost of transformers. The company has given additional consideration to reflecting all of the avoided cost of distribution secondary in the credit applicable to the Local Facilities Charge for Standby Service customers who have interconnected to the company's subtransmission system.

Hearing Exhibit - 00000424

44. Referring to MFR Schedule E-14, page 169, please confirm that the proposed $0.80 transformer ownership discount for service provided at primary voltage reflects the avoided cost for 73.7% of distribution secondary costs.

A. Yes. The derivation of the proposed $0.80 transformer ownership discount for service provided at primary voltage does reflect the avoided cost of 73.7 percent of distribution secondary costs.

Hearing Exhibit - 00000425

45. Please explain why a customer receiving service at primary voltage should only receive a transformer ownership discount that reflects less than 100% of the cost of providing secondary distribution service.

A. See the company's response to FIPUG's Fourth Set of Interrogatories No. 43.

Hearing Exhibit - 00000426

A F F I D A V I T

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

Before me the undersigned authority personally appeared J. Denise Jordan who deposed and said that she is Director Rates and Planning, Tampa Electric Company, and that the individuals listed in Tampa Electric Company's response to FIPUG's Fourth Set of Interrogatories, (Nos. 42 - 45) prepared or assisted with the responses to these interrogatories to the best of her information and belief.

Dated at Tampa, Florida this 13th day of November, 2008.

Sworn to and subscribed before me this 13th day of November, 2008.

VELMA A. LEWIS
MY COMMISSION # DD 692991
EXPIRES: August 22, 2011
Bonded Thru Budget Notary Services

My Commission expires _____

23

OPC's Responses to Staff's First Set of Interrogatories (Nos. 1-4)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's Petition for an Increase in Base Rates and Miscellaneous Service Charges ----------/	Docket No. 080317-EI Filed: January 12, 2009

OFFICE OF PUBLIC COUNSEL'S RESPONSE TO THE FLORIDA PUBLIC SERVICE COMMISSION ("STAFF") FIRST SET OF INTERROGATORIES (NOS. 1-4)

Office of Public Counsel ("OPC), by and through its undersigned counsel, hereby serves its response to the Florida Public Service Commission ("STAFF") First Set of Interrogatories (Nos. 1-4):

INTERROGATORIES

1. For the following series of questions, please refer to Exhibit JRW-3 attached to the direct testimony of witness J. Randall Woolridge.

   a. Please identify the regulated electric utility or utilities associated with each of the proxy companies listed on Exhibit JRW-3.

OPC Response:

Allete
- Minnesota Power
- Superior Water, Light, and Power Company

Ameren
- Ameren US
- Ameren Cilco

Central Vermont Public Service Company
- Central Vermont Public Service Company

Cleco Corporation
- Cleco Power LLC

DPL Inc.
Dayton Power & Light
Empire District Electric Company
Empire District Electric Company
Hawaiian Electric Industries
Hawaiian Electric Light Company
Maui Electric Company
IDACORP, Inc.
Idaho Power Company
Northeast Utilities
The Connecticut Light and Power Company
Public Service Company of New Hampshire
Western Massachusetts Electric Company
NSTAR
NSTAR Electric Co.
Pinnacle West Capital Corporation
Arizona Public Sercive Corporation
Progress Energy, Inc.
Progress Energy Carolinas, Inc.
Progress Energy Florida, Inc.
UIL Holdings,
The United Illuminating Company

b For each regulated electric utility identified in response to Interrogatory No. 1a, please provide the equity ratio as of 2007. For purposes of this response, equity ratio is defined as common equity divided by the sum of common equity, preferred stock, long-term debt, and short-term debt.

OPC Response:

Dr. Woolridge did not use the requested information in preparing his testimony, and does not have access to the requested information.

c. Define and show the calculation of the equity ratios reported on Exhibit JRW-3.

OPC Response:

Dr. Woolridge did not make the calculations. The equity ratios were calculated and published by AUS Utilities Reports. Dr. Woolridge did not make the calculations.

d. Please provide the current authorized return on equity (ROE) for each regulated electric utility identified in response to Interrogatory No. 1a. For purposes of this response, provide the authorized ROE, the commission order number, and the date the order was issued.

OPC Response:

Dr. Woolridge did not use the requested information in preparing his testimony, and does not have access to the requested information. The average authorized return on equity for the publicly-traded parent company, averaged over the owned public utilities, is provided in the *AUS Utilities Reports* which were provided in Dr. Woolridge's work papers.

2. Please identify the Standard & Poors' corporate credit rating for each of the regulated electric utilities identified in response to Interrogatory No. 1a.

OPC Response:

Dr. Woolridge did not use the requested information in preparing his testimony, and does not have access to the requested information. Dr. Woolridge has provided the requested information for the publicly-traded parent organization in Exhibit JRW-4.

3. Please refer to page 10, line 19 – page 11, line 9 of witness J. Randall Woolridge's direct testimony. Please identify all companies initially considered for inclusion in witness Woolridge's proxy group. For purposes of this response, please identify each company that was eliminated from the proxy group and provide the explanation for its exclusion.

OPC Response:

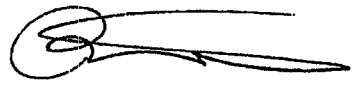
The requested information, including all companies considered as well as the reasons for removal, is provided on the CD (Sequentially numbered CD 003)containing Dr.

Woolridge's work papers in the folder labeled 'Work Sheets' and in the file named 'Electric Utility Group.xls.'

4. Please explain or describe in detail witness J. Randall Woolridge's understanding of Standard & Poors' consolidated enterprise rating methodology.

OPC Response:

Dr. Woolridge's understanding of Standard & Poors' consolidated enterprise rating methodology is based on his reading of S&P literature on the topic The methodology includes qualitative and quantitative analyses related to the business and financial risks of corporations. The methodology is described in detail in the S&P publication entitled, "S&P Corporate Ratings Criteria – 2008." The publication is available on the S&P website (http://www2.standardandpoors.com).



Patricia A. Christensen
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
(850) 488-9330

Attorneys for the Citizens
of the State of Florida

CERTIFICATE OF SERVICE
DOCKET NO. 080317-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing Citizen's Response to Staff's First Set of Interrogatories (Nos.1-4) has been furnished by hand delivery (*) electronic mail or U.S. Mail to the following parties on this 12th day of January, 2009

James Beasley/Lee Willis
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Keino Young/ Martha Brown
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Tallahassee, Florida 32399-0850

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Florida Industrial Power Users Group
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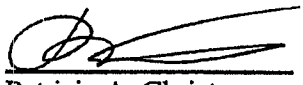
John W. McWhirter, Jr.
McWhirter, Reeves & Davidson, P.A.
P.O. Box 3350
Tampa, FL 33601-3350



Patricia A. Christensen
Associate Public Counsel

24

OPC's Responses to TECO's First Set of Interrogatories (No. 1)

WITHDRAWN

25

AARP's Responses to TECO's First Set of Interrogatories (Nos. 1-2)

WITHDRAWN

26

FIPUG's Responses to Staff's First Set of Interrogatories (Nos. 1-2)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase by Tampa Electric Company. / DOCKET NO. 080317-EI

AMENDED
THE FLORIDA INDUSTRIAL POWER USERS GROUP'S OBJECTIONS AND RESPONSES TO STAFF'S FIRST SET OF INTERROGATORIES (NOS. 1-3)
(as to Party only)

The Florida Industrial Power Users Group (FIPUG) submits the following Objections and Responses to The Staff of the Florida Public Service Commission's (Staff's) First Set of Interrogatories (Nos. 1-3) propounded and served on December 8, 2008. FIPUG incorporates by reference its Objections filed on December 29, 2008.

INTERROGATORY RESPONSES (NOS. 1-3)

1. For the following question, refer to the Direct Testimony of FIPUG and the Mosaic Company's witness Pollock, pages 52-53 and Exhibit JP-17. Other than the witness' concern that actual billing demand rather than ratcheted demand should be used in developing the transformer ownership discount, does the witness agree with all other TECO inputs and calculations for determining the discount? If no, please identify the other portions of the calculation the witness disagrees with TECO?

Response:

FIPUG has several concerns with the calculations. Mr. Pollock specifically addressed the use of "ratcheted demand" on MFR Schedule E-14 Supp B, lines 22 and 49. The other concern is with the assumption that the proposed $1.26 transformer ownership discount for service provided at subtransmission voltage reflects the avoided cost for 73.7% of distribution secondary costs and 22.3% of distribution primary costs. TECO has

Hearing Exhibit - 00000437

provided no support for these percentages, nor has TECO demonstrated what distribution secondary and distribution primary facilities are required to serve customers that take service at subtransmission voltage, and thereby provide their own distribution investment.

2. If actual billing demand should be used in the development of the transformer ownership discount, does FIPUG and the Mosaic Company witness Pollock also believe that actual billing demand rather than ratcheted demand should be used in the development of the emergency relay power supply charge shown on TECO's MFR Schedule E-14, Bates-stamped page 271? If no, please explain why actual billing demand should be used in developing the transformer ownership discount but not in developing the emergency relay power supply charge.

Response:

Mr. Pollock has not specifically reviewed the emergency relay power supply charge. However, in general, Mr. Pollock believes that actual billing determinants should be used to design rates.

3. Refer to testimony provided by witness Pollock, page 65, lines1-19 and the associated exhibit JP-19 titled "Revised CCV":

a. Please explain the calculations used in producing the exhibit JP-19.

Response:

Exhibit JP-19 is essentially the same calculation as the cost-effectiveness calculation presented by TECO in Docket No. 080002-EG, except for the assumption that interruptible load would not defer any production capacity until 2012. As Mr. Pollock explains in his testimony (beginning on page 65), is it not reasonable to assign zero value to deferred generation capacity in the years 2008 through 2011 because the interruptible

Hearing Exhibit - 00000438

tariffs have been in existence for decades. Their existence has allowed TECO to avoid building unneeded generation capacity (because capacity additions are based on projected firm loads). As further evidence of the value of generation capacity deferred by interruptible load, TECO is seeking to include the cost of five new CTs in its test year revenue requirements. Without interruptible load, TECO could have added six or more CTs.

b. Referring to the calculations included in your response to "a" above, are those calculations a part of Commission approved methodology? If yes, please include direct reference to the Commission's rule or documents.

Response:

Rule 25-6.0438 Non-Firm Electric Service - Terms and Conditions defines cost-effective in the context of non-firm service based on avoided costs (*i.e.*, the net economic deferral or avoidance of additional production plant construction by the utility or in other measurable economic benefits in excess of all relevant costs accruing to the utility's general body of ratepayers). Exhibit JP-19 reflects Mr. Pollock's estimate of production capacity avoided by the existence of interruptible load.

c. Is the "Derivation of Revised Contracted Capacity Value" in JP-19 based on an avoided unit having an in-service year of 2009?

Response:

Yes, in part. Mr. Pollock assumes that generation capacity was also avoided in the years 2009 through 2011 because there is interruptible load on the system during those years.

Hearing Exhibit - 00000439

d. What is the basis for the designation of the avoided units involved in the calculations used to produce the exhibit JP-19?

Response:

Please see the response to part a.

e. How does the designation of the avoided units, included in your response to "d" above, compare with the planning provided in the Ten-Year Site Plan for 2008-2017 filed by TECO?

Response:

The Ten Year Site Plan for 2008-2017 shows that TECO is planning to add 186 MW (winter rating) of generation capacity in 2009. Had the 172 MW of interruptible load that TECO is serving been firm, rather than interruptible, load, TECO would have required over 200 MW of additional capacity in 2009 and beyond.

f. Is it your proposal that the zero avoided capacity costs for the period 2008 through 2011, as you are discussing in the referenced testimony, is not an accurate assessment of the value associated with interruptible service?

Response:

Yes, because capacity was in fact avoided by the existence of interruptible load for the period 2008 through 2011.

g. Does your proposed methodology comport with the Commission approved methodology for analysis of cost effectiveness of deferred or avoided costs?

Hearing Exhibit - 00000440

Response:

Mr. Pollock's analysis is based on his understanding of measuring the benefits of interruptible load based on avoided costs, which is referenced in Commission Rule 25-6.0438. Further, Mr. Pollock would note that TECO's calculation of the cost-effectiveness of non-firm load generally followed the procedures outlined in the *Cost Effectiveness Manual for Demand Side Management Programs and Self Service Wheeling Proposals* ("Manual"), adopted at the June 11, 1991 Agenda Conference. The Manual specifically states on pages 3 and 4 that:

> This manual does not address interruptible and curtailable load. However, nothing herein shall preclude the Commission from applying this methodology to such non-firm load after explicit consideration of the matter by the Commission in a proceeding.
>
> The delineation of the various ways of expressing test results is not meant to discourage the continued development of additional variations for expressing cost-effectiveness.

h. Did you utilize a methodology that has been previously approved by the Commission in the analysis provided in your exhibit JP-19?

Hearing Exhibit - 00000441

Response:

Mr. Pollock has not conducted research to determine if the approach presented in Exhibit JP-19 has been previously considered by the Commission.

s/ Vicki Gordon Kaufman
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Attorneys for Florida Industrial
Power Users Group

Hearing Exhibit - 00000442

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Amended FIPUG's Objections and Responses to Staff's First Set of Interrogatories (Nos. 1-3) has been furnished by electronic mail and U.S. Mail this 8th day of January, 2009, to the following:

Keino Young
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s/Vicki Gordon Kaufman
Vicki Gordon Kaufman

Hearing Exhibit - 00000443

27

TECO's Responses to Staff's First Set of Interrogatories (Nos. 1-2)

1. For each officer of TECO Energy, Inc. for 2007, 2008 and 2009, please provide the name and title of the officer and the actual or projected compensation amounts for the following:
   a. Base Salary
   b. Stock Awards
   c. Option Awards
   d. Non-Equity Incentive Plan Compensation
   e. All Other Compensation
   f. Total Compensation
   g. Amount of Total Compensation Allocated to Tampa Electric Company
   h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3

A. See the attached tables for the name and title of the TECO Energy officer and the actual or projected compensation amounts for 2007, 2008 and 2009, where:
   a. Base salary is the fixed portion of each officer's total compensation package;
   b. Stock awards represent the dollar amounts expensed by the company for restricted stock awards and are not necessarily the amount of compensation received by the officers;
   c. Option awards represent the dollar amounts expensed by the company for stock option awards and are not necessarily the amount of compensation received by the officers;
   d. Non equity incentive plan compensation is the annual cash bonuses earned by the officers. Corporate and individual goals are established at the beginning of the year for each officer and results are measured at the end of that year;
   e. All other compensation includes perquisites such as, premiums paid by the company in behalf of the officers for executive supplemental life insurance and the company's 401k retirement savings plan match;
   f. Total Compensation is the sum of (a), (b), (c), (d) and (e);
   g. Amount of Total Compensation Allocated to Tampa Electric Company represents Total Compensation allocations from TECO

Hearing Exhibit - 00000445

Energy. It also includes Total Compensation at Tampa Electric Company less amounts chargeable to non-O&M projects; and,

h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company is calculated by multiplying row (g) times the jurisdictional separation factor for Other O&M on MFR C-1, Pages 1, 2 or 3.

Hearing Exhibit - 00000446

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 1
PAGE 3 OF 5
FILED: SEPTEMBER 15, 2008

Year: 2007	SHERRILL W. HUDSON Chairman of the Board & Chief Executive Officer	JOHN B. RAMIL President TECO Energy & Chief Operating Officer	GORDON L. GILLETTE Executive VP TECO Energy & Chief Financial Officer	[redacted] VP, General Counsel	[redacted] VP, Consumer Operations	[redacted] Chief Nuclear Officer	[redacted] VP, Treasury & Risk Management	CHARLES O. HINSON VP, State Governmental Affairs	DAVID E. SCHWARTZ VP, Governance & Compliance, General Counsel & Corporate Secretary	JANET L. SENA VP, Federal Affairs
a. Base Salary	$798,250	$615,000	$439,810	$265,000	$214,056	$302,400	$220,000	$162,000	$206,250	$189,000
b. Stock Awards	$2,341,968	$796,046	$507,018	$103,782	$83,730	$246,836	$83,730	$26,606	$44,462	$36,108
c. Option Awards	$84,217	$126,641	$76,412	$16,377	$12,378	$37,499	$12,378	$13,622	$22,989	$18,599
d. Non Equity Incentive Plan Compensation	$850,360	$469,227	$339,516	$141,150	$91,147	$176,081	$95,218	$49,273	$69,399	$56,893
e. All Other Compensation	$90,070	$14,322	$9,594	$9,881	$9,662	$8,923	$8,679	$1,512	$9,264	$7,263
f. Total Compensation	$4,164,865	$1,921,236	$1,372,349	$536,190	$410,973	$769,738	$420,005	$251,912	$352,364	$307,863
g. Amount of Total Compensation Allocated to Tampa Electric Company	$2,286,983	$1,053,798	$741,712	$293,273	$224,460	$422,393	$229,890	$53,305	$192,399	$90,801
h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company	$2,231,464	$1,028,216	$723,706	$286,153	$219,002	$412,139	$224,309	$52,011	$187,728	$88,596

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 1
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FILED: SEPTEMBER 15, 2008

Year: 2008 Projected	SHERRILL W. HUDSON Chairman of the Board & Chief Executive Officer	JOHN B. RAMIL President TECO Energy & Chief Operating Officer	GORDON L. GILLETTE Executive VP TECO Energy & Chief Financial Officer	[redacted] VP General Counsel	[redacted] VP & Controller Operations	[redacted] VP Treasury & Risk Management	[redacted] Senior VP Corporate Services & Chief Human Resource Officer	CHARLES O. HINSON VP State Governmental Affairs	DAVID E. SCHWARTZ VP Governance & Compliance, General Counsel & Corporate Secretary	JANET L. SENA VP Federal Affairs
a. Base Salary	$826,189	$534,000	$466,500	$287,525	$222,618	$228,800	$313,000	$169,000	$216,000	$196,000
b. Stock Awards	$1,972,070	$878,318	$542,533	$107,213	$96,116	$96,116	$309,647	$35,660	$62,703	$46,043
c. Option Awards	$11,993	$42,152	$24,216	$5,318	$3,951	$3,951	$12,916	$4,022	$6,768	$5,585
d. Non Equity Incentive Plan Compensation	$660,951	$373,800	$273,300	$115,010	$77,916	$80,080	$140,850	$42,250	$64,500	$48,750
e. All Other Compensation	$92,035	$14,995	$9,035	$9,395	$9,835	$8,601	$8,736	$5,512	$9,395	$8,883
f. Total Compensation	$3,563,238	$1,843,265	$1,304,584	$524,461	$410,436	$417,547	$785,048	$256,444	$358,366	$304,261
g. Amount of Total Compensation Allocated to Tampa Electric Company	$2,414,027	$1,247,980	$885,281	$354,563	$276,716	$282,300	$532,201	$170,846	$241,608	$204,980
h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company	$2,358,996	$1,219,532	$865,101	$346,471	$270,408	$276,865	$520,070	$166,951	$236,100	$200,306

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Hearing Exhibit - 00000448

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
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INTERROGATORY NO. 1
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FILED: SEPTEMBER 15, 2008

Year: 2009 Projected	SHERRILL W. HUDSON Chairman of the Board & Chief Executive Officer	JOHN B. RAMIL President TECO Energy & Chief Operating Officer	GORDON L. GILLETTE Executive VP TECO Energy & Chief Financial Officer	[redacted] [redacted]	PHILIP L. BARRINGER, JR. VP & Controller	[redacted] [redacted] Management	GORDON E. GILLESS [redacted] Human Resource Officer	CHARLES O. HINSON VP [redacted] Affairs	DAVID E. SCHWARTZ VP Governance & Compliance, General Counsel & Corporate Secretary	JANET L. SENA VP Federal Affairs
a. Base Salary	$859,237	$656,360	$473,720	$299,026	$231,523	$237,962	$326,520	$176,760	$223,600	$202,800
b. Stock Awards	$1,881,636	$988,478	$626,328	$117,827	$116,808	$116,808	$374,483	$47,631	$84,894	$69,876
c. Option Awards	$0	$6,564	$3,624	$806	$603	$603	$2,052	$603	$1,006	$806
d. Non Equity Incentive Plan Compensation	$687,389	$388,762	$284,232	$119,810	$81,033	$83,283	$146,484	$43,940	$67,080	$60,700
e. All Other Compensation	$92,036	$14,995	$9,036	$9,396	$9,836	$8,601	$8,736	$6,012	$9,396	$8,943
f. Total Compensation	$3,520,196	$1,954,149	$1,396,939	$546,664	$438,801	$446,247	$857,244	$273,946	$385,976	$323,125
g. Amount of Total Compensation Allocated to Tampa Electric Company	$2,349,686	$1,303,920	$934,139	$364,214	$291,651	$297,378	$572,745	$179,725	$256,563	$214,564
h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company	$2,280,484	$1,265,518	$906,626	$353,488	$283,062	$288,621	$555,678	$174,432	$248,997	$208,245

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Hearing Exhibit - 00000449

2. For each officer of Tampa Electric Company for 2007, 2008 and 2009, please provide the name and title of the officer and the actual or projected compensation amounts for the following:
   a. Base Salary
   b. Stock Awards
   c. Option Awards
   d. Non-Equity Incentive Plan Compensation
   e. All Other Compensation
   f. Total Compensation
   g. Amount of Total Compensation Allocated to Tampa Electric Company
   h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3

A. See the attached tables for the name and title of the Tampa Electric officer and the actual or projected compensation amounts for 2007, 2008 and 2009, where:
   a. Base salary is the fixed portion of each officer's total compensation package;
   b. Stock awards represent the dollar amounts expensed by the company for restricted stock awards and are not necessarily the amount of compensation received by the officers;
   c. Option awards represent the dollar amounts expensed by the company for stock option awards and are not necessarily the amount of compensation received by the officers;
   d. Non equity incentive plan compensation is the annual cash bonuses earned by the officers. Corporate and individual goals are established at the beginning of the year for each officer and results are measured at the end of that year;
   e. All other compensation includes perquisites such as, premiums paid by the company in behalf of the officers for executive supplemental life insurance and the company's 401k retirement savings plan match;
   f. Total Compensation is the sum of (a), (b), (c), (d) and (e);
   g. Amount of Total Compensation Allocated to Tampa Electric Company represents Total Compensation allocations from TECO

Hearing Exhibit - 00000450

Energy. It also includes Total Compensation at Tampa Electric Company less amounts chargeable to non-O&M projects; and,

h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company is calculated by multiplying row (g) times the jurisdictional separation factor for Other O&M on MFR C-1, Pages 1, 2 or 3.

Hearing Exhibit - 00000451

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
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INTERROGATORY NO. 2
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FILED: SEPTEMBER 15, 2008

Year: 2007	CHARLES R BLACK	BERNIE A. BROWN	BRUCE CHRISTMAS JR	THOMAS L. HERNANDEZ	KAREN M. MINCEY	WILLIAM T. WHALE
	President Tampa Electric	VP Customer Service & Regulatory Affairs	VP Fuels Management	VP Energy Supply	VP Information Technology & Chief Information Officer	VP Energy Delivery
a. Base Salary	$356,000	$215,000	$218,000	$246,000	$196,500	$241,000
b. Stock Awards	$307,251	$65,220	$91,814	$132,834	$72,402	$119,373
c. Option Awards	$48,335	$17,102	$15,028	$20,793	$14,451	$18,968
d. Non Equity Incentive Plan Compensation	$250,898	$99,247	$95,292	$112,266	$69,643	$111,038
e. All Other Compensation	$8,311	$8,307	$8,513	$3,669	$9,080	$7,535
f. Total Compensation	$970,795	$404,876	$428,647	$515,562	$362,076	$497,914
g. Amount of Total Compensation Allocated to Tampa Electric Company	$968,819	$371,379	$335,556	$512,205	$298,600	$496,714
h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company	$837,619	$322,667	$205,348	$421,775	$291,350	$473,441

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Hearing Exhibit - 00000452

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
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INTERROGATORY NO. 2
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FILED: SEPTEMBER 15, 2008

Year: 2008 Projected	CHARLES R BLACK	DEIRDRE A. BROWN	BRUCE CHRISTMAS JR	THOMAS L. HERNANDEZ	KAREN M. MINCEY	WILLIAM T. WHALE
	President Tampa Electric	VP Customer Service & Regulatory Affairs	VP Fuels Management	VP Energy Supply	VP Information Technology & Chief Information Officer	VP Energy Delivery
a. Base Salary	$370,240	$222,525	$225,630	$254,610	$203,378	$249,435
b. Stock Awards	$306,431	$94,448	$94,448	$125,386	$72,706	$122,895
c. Option Awards	$16,279	$5,073	$5,073	$6,627	$3,951	$6,414
d. Non Equity Incentive Plan Compensation	$202,653	$78,400	$79,450	$89,600	$61,050	$89,600
e. All Other Compensation	$8,311	$8,307	$8,513	$3,669	$9,080	$7,535
f. Total Compensation	$903,914	$408,753	$413,114	$479,892	$350,164	$475,879
g. Amount of Total Compensation Allocated to Tampa Electric Company	$901,938	$406,017	$298,032	$476,535	$298,915	$474,679
h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company	$729,454	$357,202	$180,995	$440,791	$292,101	$451,670

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Hearing Exhibit - 00000453

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST SET OF
INTERROGATORIES
INTERROGATORY NO. 2
PAGE 5 OF 5
FILED: SEPTEMBER 15, 2008

Year: 2009 Projected	CHARLES R BLACK	DEIRDRE A. BROWN	BRUCE CHRISTMAS JR	THOMAS L. HERNANDEZ	KAREN M. MINCEY	WILLIAM T. WHALE
	President Tampa Electric	VP Customer Service & Regulatory Affairs	VP Fuels Management	VP Energy Supply	VP Information Technology & Chief Information Officer	VP Energy Delivery
a. Base Salary	$383,198	$231,426	$234,655	$264,794	$211,513	$259,412
b. Stock Awards	$299,287	$93,155	$93,155	$121,844	$69,850	$121,844
c. Option Awards	$2,496	$806	$806	$1,006	$603	$1,006
d. Non Equity Incentive Plan Compensation	$210,759	$81,536	$82,628	$93,184	$63,492	$93,184
e. All Other Compensation	$8,311	$8,307	$8,513	$3,669	$9,080	$7,535
f. Total Compensation	$904,051	$415,230	$419,757	$484,497	$354,538	$482,981
g. Amount of Total Compensation Allocated to Tampa Electric Company	$902,075	$379,382	$300,162	$481,140	$301,329	$481,781
h. Amount of Total Compensation Included in Adjusted Jurisdictional Other O&M Expenses on MFR Schedule C-1, Pages 1, 2 and 3 Allocated to Tampa Electric Company	$719,313	$327,347	$177,450	$410,431	$292,454	$455,003

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Hearing Exhibit - 00000454

28

TECO's Responses to Staff's Sixth Set of Interrogatories (Nos. 106, 107)

106. Please provide a breakdown of the Payroll and Fringes per Employee shown on MFR Schedule C-35, Line 27, by the same categories shown on MFR Schedule C-35, Lines 1 through Lines 25, for 2008 and 2009. Please show the dollar amount and percentage increase/decrease from the previous year.

A. Attached is breakdown of the payroll and fringe per employee for the categories shown in MFR Scheduled C-35 as requested.

Hearing Exhibit - 00000456

Line No.	(1)	(2) 2009 Amount	(3) 2009 % Increase (Decrease)	(4) 2008 Amount
1	**Per Employee Basis:**			
2				
3	Gross Payroll (A) - per employee	$ 77,761	4.84	$ 74,173
4	Gross Average Salary	77,761	4.84	74,173
5				
6	Fringe Benefits - per employee			
7				
8	Medical & Dental Insurance	7,397	6.64	6,936
9	Federal Insurance Contributions Act	5,437	1.99	5,330
10	Postretirement Medical	4,970	(2.13)	5,078
11	Pension Plan	2,797	(2.45)	2,867
12	Long Term Disability	2,039	(3.66)	2,117
13	Retirement Savings Plan	1,887	7.85	1,749
14	Worker's Compensation Insurance	1,300	(2.79)	1,337
15	Stock Compensation	974	2.62	949
16	Other Benefits	460	3.51	445
17	Vacation Carryover	331	(10.47)	370
18	Group Life Insurance	274	1.83	269
19	Federal & State Unemployment Taxes	112	(32.58)	166
20				
21	Subtotal Fringe Benefits - per employee	$ 27,977	1.32	$ 27,613
22				
23	Total Payroll and Fringes - per employee	$ 105,738	3.88	$ 101,786
	From the MFR C-35			
23	Total Payroll and Fringes - per company	$ 278,937,183	6.18	$ 262,710,483
25	Average # of Employees - per company	2,638	2.21	2,581
27	Payroll and Fringes Per Employee	$ 105,738	3.88	$ 101,786

Hearing Exhibit - 00000457

107. Please refer to MFR Schedule C-35. Please provide a breakdown of the 7.15% increase in Gross Payroll for 2009 by amounts due to new employees, reduced employees (if any), existing management, and existing non-management.

A. Tampa Electric does not budget its payroll by the categories requested. However, a breakdown of the 7.15 percent increase in 2009 gross payroll by employee category is provided below.

Employee Category[1]	2008	2009	Percent Change
Exempt	94,171,569	101,546,623	7.83%
IBEW	69,938,350	73,966,456	5.76%
OPEIU & Non-Covered /Non-Exempt (NC/NE)	27,330,674	29,620,099	8.38%
Total (C-35,line 3)	**191,440,593**	**205,133,178**	**7.15%**

(1) Exempt employees are those employees exempt from the Fair Labor Standards Act overtime rules that apply to non-exempt employees. Non-exempt employees are eligible for one and one-half times their hourly pay rate for hours worked in excess of 40 hours in a workweek as outlined in the regulations. There are two unions, the International Brotherhood of Electrical Workers ("IBEW"), Local 108 and Office and Professional Employees International Union ("OPEIU"), Local 46, to which some of Tampa Electric's team members belong or are "covered" under.

29

TECO's Responses to OPC's Third Set of Interrogatories (Nos. 28-31) and TECO's Responses to OPC's Fourth Set of Interrogatories (Nos. 49, 51, 52, 55, 56)

Hearing Exhibit - 00000459

28. Payroll. Explain in detail what the Company and/or its affiliates do to evaluate compensation levels of the current employee complement.

A. When evaluating compensation levels, TECO Energy's practice is to price jobs based on competitive market levels. Market pricing is the process of taking a job's essential functions from the job description and translating them into a Job Market Value (JMV) or Market Reference Point (MRP). This is accomplished by matching TECO Energy, which includes Tampa Electric, Peoples Gas Systems and TECO Partners, Inc., essential job functions to those jobs found in external market surveys that are purchased annually from large third party survey firms like Towers Perrin, Watson Wyatt, Mercer, etc. If no valid external market match is found, jobs are slotted into the TECO Energy pay grade and corresponding salary range structure using internal equity considerations. The grade level and the salary range reflect the average and/or median value of the corresponding job in the market or as compared to other jobs within the company as accurately as possible. The company considers the salary range, business need, performance and position when determining an employee's salary.

Hearing Exhibit - 00000460

29. Incentive Compensation. Provide for each of the years 2003-2007 the target incentive compensation and the actual paid and the actual expensed.

A. The target incentive compensation and the actual amount paid and the actual amount expensed for each of year from 2003 through 2007 are provided below.

Category	2003	2004	2005	2006	2007
Target Incentive	$12,907,073	$8,915,750	$7,842,388	$8,648,081	$10,062,634
Actual Paid [1]	$7,523,283	$10,423,489	$10,889,364	$9,749,805	$12,909,356
Actual Expensed	$5,560,138	$10,480,885	$11,653,924	$10,296,670	$12,762,948

(1) Represents payouts for the plan year as indicated; some payments were made in the subsequent calendar year.

Hearing Exhibit - 00000461

30. Incentive Compensation. Provide for each of the years 2003-2007 the respective company and team goals and the respective actual results for each of the goals.

A. Tampa Electric's Success Sharing goals and the actual results for each goal for 2003 through 2007 are provided below.

December 2003 Success Sharing

Goal	Year to Date Targets	Year to Date Actual
Safety – Achieve individual goal of zero personal injuries and preventable accidents. Limit annual company-wide to 130 or less	Individual: 0 Company Target: 130 Company Max: 127	Individual: n/a Company: 155
Customer Favorability – Achieve yearly, average "favorable" rating of 94% or better	Target: 94% Max: 96%	95%
Environmental – Limit preventable environmental events to zero in each quarter.	Target: 0 Max: 16 event	6
Reliability – Limit average annual residential outage time to no more than 69 minutes.	Target: 69 min. 0 sec. Max: 67 min. 0 sec.	86 min. 23 sec.
Fuel & Purchased Power – Achieve net fuel and purchased power costs of $30.85/MWH or less.	Target: $30.85 Max: $30.05	$34.97
Cash Flow – Maintain Annual Cash Flow of $136.6	Target: $136.6 mm Max: $150.3 mm	$155 mm
Net Income -- Achieve $104 million or more in annual net income.	Target: $104 mm	$101.9 mm

Hearing Exhibit - 00000462

December 2004 Success Sharing

Goal	Year to Date Targets	Year to Date Actual
Safety - Participate in proactive safety activity. Achieve individual goal of zero personal injuries and zero preventable accidents.	Individual: 0 Company: 116	Individual: N/A Company: 107
Environmental - Limit preventable environmental events to zero in each quarter.	0	5
Customer Favorability - Achieve a yearly average favorable rating of 94% or better.	94%	96%
Reliability - Limit the average annual outage time to no more than 67 minutes, and the annual number of average momentary interruptions to no more than 14.	SAIDI–67:00 mins. MAIFIe –14.00 events	SAIDI – 83:08 mins. MAIFIe – 17.31 events
Cost Recovery Clauses - Achieve total cost recovery clauses costs of $41.53/MWH or less	$41.53	$40.50
Cash Flow - Maintain Annual Cash Flow of $81.4 million	$81.4 mm	$100.5 mm
Net Income - Achieve annual net income of: $154.1 million – $165.9 million	$154.0 mm	$154.9 mm

Hearing Exhibit - 00000463

December 2005 Success Sharing

Goal	Year to Date Targets	Year to Date Actual
Safety - Participate in proactive safety activity. Achieve individual goal of zero personal injuries and zero preventable accidents.	Individual: N/A Company: 89 Incidence Rate: 2.71	Individual: N/A Company: 126 Incidence Rate: 3.51
Environmental - Limit preventable environmental events to zero.	0	4
Customer Favorability - Achieve a yearly average favorable rating of 95% or better.	95%	95%
Reliability - Limit the average annual outage time to no more than 67 minutes, and the annual number of average momentary interruptions to no more than 14.	SAIDI – 67:00 mins. MAIFIe –14.00 events	SAIDI – 100:29 mins. MAIFIe – 14.00 events
Cost Recovery Clauses - Achieve total cost recovery clauses costs of $42.83/megawatt hour or less.	$42.83	$52.36
Cash Flow – Achieve Annual cash flow of $107.6 million	$107.6	$237.5
Net Income - Achieve annual net income of:		
Tampa Electric $152.1 million – $158.7 million	$152.1	$147.1
TECO Energy $230.7 million – $241.7 million	$230.7	$252.5

Hearing Exhibit - 00000464

December 2006 Success Sharing

Goal	Year to Date Targets	Year to Date Actual
Safety[1] - Participate in proactive safety activity. Achieve individual goal of zero personal injuries and zero preventable accidents. Limit OSHA recordable incident rate to 2.84	Individual: N/A Company: # / Incident Rate 95 / 2.84	Individual: N/A Company: # / Incident Rate 89 / 2.16
Environmental - Limit preventable environmental events to zero.	0	2
Customer Favorability - Achieve a yearly average favorable rating of 95% or better.	95%	95%
Reliability - Limit the average annual outage time to no more than 90 minutes, and the annual number of average momentary interruptions to no more than 13.	SAIDI – 90:00 mins. MAIFIe – 13:00 events	SAIDI – 83:22 mins. MAIFIe – 12.86 events
Cost Recovery Clauses - Achieve total cost recovery clauses costs of $59.60/megawatt hour or less.	$59.60	$51.42
Cash Flow – Achieve Annual cash flow of ($58.2) million	($58.2)	$0.7
Net Income - Achieve annual net income of:		
Tampa Electric $141.7 million – $151.6 million	$141.7	$135.9
TECO Energy[5] $212.4 million - $222.2 million	$212.4	$201.5

December 2007 Success Sharing

Goal	Year to Date Targets	Year to Date Actual
Safety - Limit OSHA recordable incidence rate to 2.15 and business unit incidence rates to: Energy Delivery, 3.4; Energy Supply,1.76; and Support Services, .63.	Company: 2.15 ED: 3.40 ES: 1.76 SS: 0.63	Company: 1.59 ED: 2.40 ES: 1.43 SS: 0.60
Environmental - Limit preventable environmental events to zero.	0	2
Customer Favorability - Achieve a yearly average favorable rating of 95% or better.	95%	97%
Reliability - Limit the average annual outage time to no more than 85 minutes, and the annual number of average momentary interruptions to no more than 13.	SAIDI – 85.00 mins. MAIFIe – 13 events	SAIDI – 94.34 mins. MAIFIe – 13.90 events
Cost Recovery Clauses - Achieve total cost recovery clauses costs of $56.09/megawatt hour or less by year end.	$56.09	$55.65
Cash Flow – Achieve annual cash flow of ($81.3) million	($81.3)	($67.5)
Net Income – Achieve annual net income of:		
Tampa Electric $146.0 million – $156.2 million	$146.0	$150.3
TECO Energy $298.6 million – $308.6 million	$298.6	$276.3

Hearing Exhibit - 00000466

31. Incentive Compensation. Provide a detailed explanation as to how the incentive goals are established, how the plan works and the different level of goals (i.e. corporate, group, individual) that must be achieved. Also identify whether there is any discretionary decisions that can impact the awarding of incentive compensation.

A. A detailed explanation as to how the incentive goals are established, how the plan works and the different level of goals, as well as whether there are any discretionary decisions that can impact the awarding of incentive compensation is provided below. There are generally three levels of goals – Officers, Key Employees, and General Employees. Officers include all executive officers of the company. Key Employees are employees in important roles within the organization who can nominated annually by the officer of the business unit. General Employees are all other team members within the organization. Incentives may be broken down between short-term incentives and long-term incentives.

Officer Short-Term Annual Incentive Plan

BASIC PLAN CONCEPT

The Annual Incentive Compensation Plan provides a consistent framework for applying annual incentive pay to officers of TECO Energy and each of its operating units. Each participant is assigned a target award amount, expressed as a percentage of annual salary, which represents an appropriate incentive payment when performance is at the targeted level. Smaller awards may be earned when performance is below target, and larger awards may be earned when performance exceeds target.

Performance for each participant is measured, in part, against a combination of one or more quantifiable profit and operational goals. These goals are set at the corporate and operating levels, and most participants have a portion of their awards related to each. The remaining portion of each participant's performance that is not measured by the quantified goals mentioned above are evaluated on a subjective basis considering overall contribution level and achievement of other individual goals. Each participant has a "Business Plan" goal, which reflects the participant's contribution to (i) achieving initiatives in support of the business plan and (ii) overcoming any "business challenges" by: (a) mitigating the impact of unexpected adverse business or regulatory developments on the business unit or (b) enhancing profitability or capacity for profit; through effective

management initiatives beyond those in the business plan.

ELIGIBILITY
All officers that are approved by the Chief Executive Officer of TECO Energy and the Compensation Committee of the TECO Energy Board (the "Compensation Committee") are eligible to participate.

TARGET AWARD LEVELS
Target award levels are established at a level that, when combined with each participant's base salary, provides a fully competitive total cash compensation opportunity. The incentive portion of the total compensation opportunity reflects compensation "at risk" which is directly related to performance and results achieved. Generally, the portion of compensation "at risk" (i.e., the target award level) is influenced by the level of the participant's accountability for contributing to operating results, the degree of influence the participant has over results and competitive practice.

ESTABLISHING PERFORMANCE GOALS AND WEIGHTINGS
For each plan year, profit, growth and/or operational effectiveness goals are established for TECO Energy and each of its operating units. Financial goals may measure performance relative to other companies over periods of one-year or longer.

For each financial goal the target level of performance, as well as threshold and maximum levels, are approved by the Compensation Committee. Threshold performance represents the minimum performance that still warrants incentive recognition for that particular goal (paid at 50 percent of the target award level), and maximum performance represents the highest level likely to be attained (paid at 150 percent of the target award level for all goals, except the Business Plan goal which can be paid up to 200 percent). Regardless of the degree of achievement of each established goal, the payout to all participants is zero if TECO Energy's income threshold set for that year by the Compensation Committee is not achieved.

A determination is made for each participant regarding their portion of the award based on corporate, operating unit or individual performance. Generally, the weightings among these three measurement groups vary by organizational level.

APPLICATION OF DISCRETION
While not anticipated to be a common occurrence, the Compensation Committee may occasionally decide that the plan formula unduly penalizes or rewards management. In such cases, award funds may be increased or decreased to better meet the plan's intent of relating rewards to management performance.

AWARD DETERMINATION
At the end of each plan year, a four-step process is followed in determining actual incentive awards.

Step 1: The actual degree of achievement for each goal at the corporate, operating unit and individual level is determined. Levels of achievement can range up to 200 percent for the Business Plan goal (key employees' maximum is 150 percent) and up to 150 percent for all other goals.

Step 2: Corporate, operating unit and individual performance factors are determined by multiplying levels of goal achievement by the weightings assigned to each goal.

Step 3: The total of all performance factors is multiplied by the target award, producing the calculated award.

Step 4: The calculated award may be adjusted up or down by the Compensation Committee with respect to the senior officers and by the Chief Executive Officer of TECO Energy with respect to other officers, based on the participant's total performance during the plan year. The actual award, as so adjusted, may not exceed 150 percent of the target award level and must be approved by the Compensation Committee.

PLAN ADMINISTRATION
The Compensation Committee and the Chief Executive Officer of TECO Energy performs the respective functions set forth in this plan. The Compensation Committee may elect to discharge its responsibility in the form of recommendations to the TECO Energy Board. The Chief Human Resources Officer of TECO Energy is responsible for administering the plan.

OTHER CONSIDERATIONS
For any year in which a participant's employment is terminated or an officer

Hearing Exhibit - 00000469

first becomes eligible for participation in the plan, whether any incentive award is granted for that year and the amount of any such award is determined by the Compensation Committee with respect to senior officers and by the Chief Executive Officer of TECO Energy with respect to other officers. Any such determination by the Chief Executive Officer is reported to the Compensation Committee at its next meeting.

Notwithstanding the foregoing, for any year in which a participant's employment terminates for any reason following a change in control of TECO Energy, as defined in the TECO Energy 2004 Equity Incentive Plan (or its successor), such participant is entitled to receive an incentive award equal to (a) the number of days employed during that year divided by 365 multiplied by (b) the greater of (i) the participant's target award for the year in which the change in control occurred or (ii) the incentive award actually paid to the participant with respect to the year immediately preceding the year in which the termination of employment occurred.

Key Employee Short-Term Annual Incentive Plan

Key Employees are nominated on an annual basis by the officer of each business unit. Administration of the plan is virtually identical to the incentive plan for officers. Key employee goals are based on financial goals (50 percent) and individual goals (50 percent).

General Employee Short-Term Annual Incentive Plan

The Success Sharing plan is available to all other employees working at least 20 hours per week (excludes Officers and Key Employees as described above). For 2008, the plan is based on five non-financial goals: *Safety, Environmental, Customer Favorability, Reliability, and Cost Recovery Clauses* and on two financial goals: *Cash Flow and Net Income.* Maximum payout for the plan is 12 percent of either the higher of the employee's total earnings or Job Market Value for the calendar year.

Officer/Key Employee Long-Term Annual Incentive Plan

Long-term incentive (LTI) awards are recommended to, and approved by the Compensation Committee of the Board of Directors in April/May of each

Hearing Exhibit - 00000470

year. LTI awards are not an entitlement, but are used as a tool to retain and motivate Officers and Key Employees and to focus them on the long-term growth of the company. Key Employees are nominated for LTI awards on an annual basis by the officer of each business unit. Prior to grant year 2007, TECO Energy's LTI grants were awarded in three forms: stock options, performance restricted shares and time restricted shares. Beginning In grant year 2007, stock options were eliminated. Currently, LTI awards to officers and other key employees are divided into two forms: 70 percent performance restricted shares and 30 percent time restricted shares.

PERFORMANCE RESTRICTED SHARES

Shares are awarded to employees with prohibitions on sale or transfer until restrictions lapse. The following performance thresholds are used to determine the payout level at the end of each three year performance period:

- If TECO Energy total shareholder return is in the bottom quartile of a group of peer companies, target award is forfeited.
- If TECO Energy total shareholder return is equal to the median of a group of peer companies, 100 percent of target award is earned.
- If TECO Energy total shareholder return is in the top 10 percent of a group of peer companies, 150 percent of target award earned.
- Awards are prorated for performance falling between these levels.

The employee owns the stock and typically has voting rights and receives dividends during the restriction period.

TIME-VESTED RESTRICTED SHARES

Shares are awarded to employees with prohibitions on sale or transfer until restrictions lapse. Restrictions on full ownership lapse on these shares at the end of the designated restricted period, based upon the passage of time only. Shares are forfeited if employee terminates before restrictions lapse. The employee owns the stock and typically has voting rights and receives dividends during the restriction period.

49. Payroll. Refer to Exhibit No._(DSM-1) Document 2, attached to the testimony of Dianne Merrill. Provide a comparison to market that reflects the amount of average total compensation allowed in rates of public utilities.

A. Tampa Electric does not possess specific data regarding the amount of average total compensation allowed in rates for other public utilities.

Hearing Exhibit - 00000472

51. Payroll. Refer to the testimony of Dianne Merrill at page 8. Explain how the Company determines that the benchmark jobs are "pure matches."

A. "Pure match" refers to those Tampa Electric jobs that have one and only one market match that can be used when pricing that particular job. These market matches are consistent across market surveys. Examples include accountant, programmer analyst and labor relations manager.

Hearing Exhibit - 00000473

52. Payroll. Refer to the testimony of Dianne Merrill at pages 10 and 11. Is there a benefit to shareholders from the Company's Success Sharing compensation plan? If yes, identify in detail how shareholders benefit and if no, explain why there is no benefit to shareholders.

A. Yes. The objective of the Success Sharing Plan is to emphasize key operational and financial goals for any one particular year and to reward team members who have helped contribute to their attainment. The company's 2008 goals focus on safety, environmental compliance, customer favorability, reliability, rates, capital expenditures, and net income. Through attainment of these goals, customers and shareholders benefit through lower rates, quality service, and financial stability of the organization.

Hearing Exhibit - 00000474

55. Payroll. Identify what year the Success Sharing plan was first implemented and indicate whether employees' base compensation was reduced in that year to place a portion of what was base pay at risk.

A. Success Sharing was first implemented in 1992 and base pay was not reduced as a result of the implementation. However, the company's base pay philosophy did change from a targeted mid-point of job match validation ("JMV") of ten percent above market to market.

Success Sharing was implemented to encourage team members to have a greater focus on key operational and financial goals. As the company achieves its goals, team members share in that success and the company's customers and shareholders benefit through lower rates, quality service, and financial stability of the organization.

Hearing Exhibit - 00000475

56. Employees. Refer to the testimony of Dianne Merrill at page 6. The Company MFR Schedule C-35 shows annual increases in the employee count. Provide a summary showing the 1992 count and the average for each year after through 2007.

A. A summary showing the 1992 employee count and the average employee count for each year after through 2007 is provided below.

Year	Employee Count
1992	3,253
1993	3,230
1994	3,163
1995	2,826
1996	2,826
1997	2,763
1998	2,851
1999	2,832
2000	2,863
2001	2,833
2002	2,756
2003	2,544
2004	2,403
2005	2,382
2006	2,443
2007	2,487

Hearing Exhibit - 00000476

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FRF's Responses to Staff's First Set of Interrogatories (Nos. 1-4)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Rate Increase by Tampa Electric Company	)	DOCKET NO. 080317-EI
	)	FILED: JANUARY 12, 2009

THE FLORIDA RETAIL FEDERATION'S RESPONSES TO STAFF'S FIRST SET OF INTERROGATORIES (NOS. 1-4)

The Florida Retail Federation ("FRF") hereby responds to Staff's First Set of Interrogatories (Nos. 1-4).

INTERROGATORY RESPONSES

1. Please explain or describe in detail witness Kevin W. O'Donnell's understanding of Standard & Poor's consolidated enterprise rating methodology.

FRF Response:

U.S. GAAP (Generally Accepted Accounting Principles) requires consolidation of all types of corporation operations. As such, each operation must be analytically evaluated on its own.

Utilities ratings are unique in that the companies are often owned by parent companies that are also involved in riskier operations. Consolidated corporate ratings are often very similar to the ratings of the unregulated subsidiaries as the credit quality of the consolidated entity takes into account the parent-company obligations. One possible exception to the link between consolidated credit ratings and unregulated subsidiaries that are also sister companies of regulated utilities is when regulators develop barriers to insulate a subsidiary from a parent. When such barriers are created, the rating of the subsidiary is based more on its "stand-alone" profile. S&P now analyzes such regulatory protection on a specific case-by-case basis.

Hearing Exhibit - 00000478

2. For the following series of questions, please refer to Exhibit KWO-1 attached to the direct testimony of witness Kevin W. O'Donnell.

a. For each proxy company listed on Exhibit KWO-1, please provide the relative percentage of each companies' revenues that are generated from regulated utility operations. If a proxy company has more than one regulated utility, provide the information for each utility and on a total company basis. Provide the information for calendar year 2007.

b. Please identify the regulated electric utility or utilities associated with each of the proxy companies listed on Exhibit KWO-1.

c. For each regulated utility identified in the response to Interrogatory No. 2b, please provide the equity ratio as of 2007. For purposes of this response, equity ratio is defined as common equity divided by the sum of common equity, preferred stock, long-term debt, and short-term debt.

d. Please provide the current authorized return on equity (ROE) for each regulated electric utility identified in the response to Interrogatory No. 2b. For purposes of this response, provide the authorized ROE, the commission order number, and the date the order was issued.

FRF Response:

a. Please see Appendix INT-A.

b. Please see Appendix INT-B.

c. Please see Appendix INT-B.

d. Mr. O'Donnell does not have the information requested above, nor does he know where to find such details for all utilities in his comparable group. However, in an effort to answer this request, Mr. O'Donnell did review the annual reports/10-Ks of each company in the comparable group to determine if the authorized ROEs were included in these reports. The results of Mr. O'Donnell's findings are compiled in Appendix INT-C.

Hearing Exhibit - 00000479

3. Please identify the Standard & Poor's corporate credit rating for each of the regulated electric utilities identified in the response to Interrogatory No. 2b.

FRF Response: Please see Appendix INT-B.

4. Please refer to page 11, line 16 - page 12, line 3 of witness Kevin W. O'Donnell's direct testimony. Please identify all companies initially considered for inclusion in witness O'Donnell's proxy group. For purposes of this response, please identify each company that was eliminated from the proxy group and provide the explanation for its exclusion.

FRF Response: Please see Appendix INT-D.

Hearing Exhibit - 00000480

Respectfully submitted this 12th day of January, 2009.

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Hearing Exhibit - 00000481

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic delivery and U.S. Mail this 12th day of January, 2009, to the following:

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Hearing Exhibit - 00000482

DOCKET NO. 080317-EI

FLORIDA RETAIL FEDERATION'S RESPONSES TO STAFF'S FIRST SET OF INTERROGATORIES, NOS. 1-4

Appendix INT-A

Hearing Exhibit - 00000483

Tampa Electric Company
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Company	2007 Revenues	
	Utility %	Non-Utility %
Alliant Energy	90.5%	9.5%
AEP	90.4%	9.6%
Avista	90.9%	9.1%
CenterPoint	70.4%	29.6%
DTE	76.9%	23.1%
Duke	76.2%	23.8%
Edison	79.9%	20.1%
Empire District	99.3%	0.7%
Great Plains	39.6%	60.4%
Hawaiian Electric	83.0%	17.0%
IdaCorp	99.5%	0.5%
NiSource	73.1%	26.9%
Northeast Util.	98.6%	1.4%
PEPCO	56.0%	44.0%
PG&E	100.0%	0.0%
PNM Resources	56.5%	43.5%
Progress Energy	100.0%	0.0%
SCANA	66.2%	33.8%
Sierra Pacific	97.1%	2.9%
UIL	99.9%	0.1%
UniSource	81.5%	18.5%
Westar Energy	81.3%	18.7%
Wisconsin Energy	93.2%	6.8%
Xcel Energy	99.4%	0.6%

DOCKET NO. 080317-EI

FLORIDA RETAIL FEDERATION'S RESPONSES TO STAFF'S FIRST SET OF INTERROGATORIES, NOS. 1-4

Appendix INT-B

Tampa Electric Company
Docket No. 080317-EI

Alliant Energy		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Interstate P&L	BBB+	$1,156,092,472	$190,000,000	$928,378,390	$43,900,000	$2,318,370,862	49.9%
Wisconsin P&L	A-	$1,114,855,599	$59,963,000	$548,136,335	$134,900,000	$1,857,854,934	60.0%

Amer. Elec. Power		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
American Electric Power, Inc.	BBB	PARENT COMPANY					
Appalachian Power Co.	BBB	$2,053,566,076	$17,763,400	$2,598,663,824	$0	$4,669,993,300	44.0%
Columbus Southern Power Comp.	BBB	$1,058,769,348	$0	$1,197,321,940	$0	$2,256,091,288	46.9%
Indiana Michigam Power Co.	BBB	$1,291,674,996	$8,082,400	$1,555,134,837	$0	$2,854,892,233	45.2%
Kentucky Power	BBB	$369,651,869	$0	$446,968,004	$0	$816,619,873	45.3%
Kingsport Power	N/A	$24,084,381	$0	$20,000,000	$0	$44,084,381	54.6%
Ohio Power	BBB	$2,008,342,319	$16,630,400	$2,031,293,125	$0	$4,056,265,844	49.5%
Public Service Co. of Oklahoma	BBB	$585,437,933	$5,261,700	$669,997,907	$0	$1,260,697,540	46.4%
Southwestern El. Power Co.	BBB	$821,202,064	$4,696,600	$680,508,525	$0	$1,506,407,189	54.5%
AEP Texas Central	BBB	$405,116,420	$5,921,300	$681,387,558	$0	$1,092,425,278	37.1%
AEP Texas North Co.	BBB	$306,355,259	$2,348,600	$276,935,749	$0	$585,639,608	52.3%
Wheeling Power Co.	N/A	$38,542,474	$0	$25,000,000	$0	$63,542,474	60.7%

Avista Corp.		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Avista Corp.	BBB-	$916,846,092	$0	$1,110,548,471	$4,000,000	$2,031,394,563	45.1%

CenterPoint Energy		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
CenterPoint Energy, Inc.	BBB	PARENT COMPANY					
CenterPoint Houston	BBB	$1,882,160,682	$0	$1,741,160,071	$0	$3,623,320,753	51.9%
CenterPoint Energy Resources	BBB						

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DTE		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
DTE Energy Co.	BBB	PARENT COMPANY					
Detroit Edison	BBB	N/A	N/A	N/A	N/A	N/A	N/A
MichCon	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Duke		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Duke Energy Corp.	A-						
Duke Energy Carolinas	A-	$5,978,436,249	$0	$5,268,338,356	$0	$11,246,774,605	53.2%
Duke Energy Ohio	A-	$6,379,198,504	$0	$1,530,425,329	$0	$7,909,623,833	80.7%
Duke Energy Indiana	A-	$2,091,939,047	$0	$2,378,223,157	$0	$4,470,162,204	46.8%
Duke Energy Kentucky	A-	$349,347,951	$0	$270,996,702	$0	$620,344,653	56.3%

Edison International		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Edison International	BBB-	PARENT COMPANY					
Southern Cal. Edison	BBB+	$5,432,371,907	$928,754,950	$5,513,197,865	$0	$11,874,324,722	45.7%

Empire District Electric		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Empire District	BBB-	N/A	N/A	N/A	N/A	N/A	N/A
Empire District Gas	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Hearing Exhibit - 00000487

Tampa Electric Company
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Great Plains Energy		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Great Plains Energy, Inc.	BBB	PARENT COMPANY					
Kansas City P&L	BBB	$1,383,142,743	$0	$983,117,029	$156,400,000	$2,522,659,772	54.8%

Hawaiian Electric Industries		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Hawaiian Electric Co.	BBB	$958,203,440	$22,293,140	$483,126,400	$113,107,151	$1,576,730,131	60.8%
Maui Electric Co., Limited	BBB	$192,230,913	$5,000,000	$154,720,000	$0	$351,950,913	54.6%
Hawaii Electric Light Company, Inc	BBB	$175,099,595	$7,000,000	$131,600,000	$0	$313,699,595	55.8%

IDACORP		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Idacorp Inc.	BBB	PARENT COMPANY					
Idaho Power Co.	BBB	$1,024,876,392	$0	$983,947,728	$52,200,001	$2,061,024,121	49.7%

NiSource		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
NiSource Inc.	BBB-	N/A	N/A	N/A	N/A	N/A	N/A
		N/A	N/A	N/A	N/A	N/A	N/A

Northeast Utilities		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Northeast Utilities	BBB	PARENT COMPANY					
Connecticut Light and Power	BBB	$1,251,029,615	$116,200,000	$1,288,570,205	$0	$2,655,799,820	47.1%
Public Service Co. of NH	N/A	$467,562,469	$0	$507,099,237	$0	$974,661,706	48.0%
Western Massachusetts Electric C	BBB	$218,966,536	$0	$209,025,962	$0	$427,992,498	51.2%
Yankee Gas Services Co.	BBB					$0	#DIV/0!

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Tampa Electric Company
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Pepco Holdings, Inc.		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
PEPCO Holdings, Inc.	BBB	PARENT COMPANY					
Potomac El. Power Co.	BBB	$1,091,193,733	$0	$1,199,948,184	$67,100,000	$2,358,241,917	46.3%
Delmarva Power & Light	BBB	$652,068,617	$18,169,800	$721,300,543	$91,100,000	$1,482,638,960	44.0%
Atlantic City Electric Co.	BBB	$464,560,834	$6,214,500	$973,798,427	$1,199,818	$1,445,773,579	32.1%

PG&E		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
						$0	#DIV/0!
Pacific Gas & Electric	BBB+	$8,418,228,132	$257,994,575	$8,741,510,205	$460,000,000	$17,877,732,912	47.1%

PNM Resources		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
PNM Resources Inc.	BB-	PARENT COMPANY					
Public Service Co. of New Mexico	BB-	$1,190,135,710	$11,529,299	$985,609,235	$251,300,030	$2,438,574,274	48.8%
Texas-New Mexico Power Co.		$0	$0	$0	$0	$0	#DIV/0!

Progress Energy		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Progress Energy, Inc.	BBB+	PARENT COMPANY					
Carolina Power & Light	BBB+	$3,289,767,650	$59,333,982	$3,647,769,302	$20,251,876	$7,017,122,810	46.9%
Florida Power corp.	BBB+	$2,687,280,742	$33,496,700	$2,556,457,093	$0	$5,277,234,535	50.9%

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Tampa Electric Company
Docket No. 080317-EI

SCANA Corp.		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
SCANA Corp.	A-	PARENT COMPANY					
South Carolina Electric & Gas	A-	$2,457,344,972	$114,620,250	$1,860,122,770	$362,177,000	$4,794,264,992	51.3%
Public Service Co. of North Carolir	A-	N/A	N/A	N/A	N/A	N/A	N/A

UIL Holdings Corp.		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
The United Illuminating Company	N/A	$411,873,599	$0	$346,460,000	$74,000,000	$832,333,599	49.5%

UniSource Energy Corp.		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Tuscon Electric Power	N/A	$554,714,492	$0	$821,170,000	$30,000,000	$1,405,884,492	39.5%

Westar Energy, Inc.		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Kansas Gas & Electric	BBB-	$1,426,950,791	$0	$387,427,500	$0	$1,814,378,291	78.6%
Westar Energy	N/A	$1,546,028,644	$21,436,300	$1,175,837,254	$160,000,000	$2,903,302,198	53.3%

Wisconsin Energy Corp.		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Wisconsin Energy Corp.	BBB+	PARENT COMPANY					
Wisconsin Electric Power	N/A	$2,528,612,952	$30,449,800	$1,586,323,132	$274,133,009	$4,419,518,893	57.2%
Wisconsin Gas LLC	A-	N/A	N/A	N/A	N/A	N/A	N/A
Edison Sault Electric Company	N/A	$42,521,051	$0	$11,843,000	$281,000	$54,645,051	77.8%

Hearing Exhibit - 00000490

Tampa Electric Company
Docket No. 080317-EI

Xcel Energy		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
Xcel Energy Inc.	BBB+	PARENT COMPANY					
National States Power Company, I	N/A	N/A	N/A	N/A	N/A	N/A	N/A
National States Power Company, '	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Public Service Co. of Colorado	BBB+	$3,009,036,696	$0	$1,900,410,199	$372,500,000	$5,281,946,895	57.0%
Southwestern Public Service Co.	BBB+	$795,413,804	$0	$773,902,926	$51,000,000	$1,620,316,730	49.1%

TECO		Common	Preferred				CE
Utility	S&P Bond Rating	Equity	Stock	LTD	STD	Total	Ratio
TECO Energy Inc.	BBB-	PARENT COMPANY					
Tampa Electric	BBB-	$1,444,641,084	$0	$1,595,105,610	$4,280,000	$3,044,026,694	47.5%

Hearing Exhibit - 00000491

DOCKET NO. 080317-EI

FLORIDA RETAIL FEDERATION'S RESPONSES TO STAFF'S FIRST SET OF INTERROGATORIES, NOS. 1-4

Appendix INT-C

Tampa Electric Company
Docket No. 080317-EI

Alliant

Utility	State	Authorized ROE	Effective Date	Source
Interstate P&L	MN	10.39%	05/06	P. F-7 of 2007 Annual Report
Interstate P&L	IA	10.40%	11/05	P. F-7 of 2007 Annual Report
Wisconsin P&L	WI	10.80%	01/08	P. F-7 of 2007 Annual Report

American Electric Power Co., Inc.

Utility	State	Authorized ROE	Effective Date	Source
PS of Oklahoma	OK	10.00%	10/07	p. 81 of Appendix A of Annual Report
Southwestern El. Power (	LA	10.565%	08/08	p. 82 of Appendix A of Annual Report

Avista

Utility	State	Authorized ROE	Effective Date	Source
Avista	Wash	10.20%	01/08	P. 5 of 2007 Annual Report
Avista	Idaho	10.40%	09/04	P. 5 of 2007 Annual Report
Avista	Oregon	10.00%	04/08	P. 5 of 2007 Annual Report

CenterPoint Energy

Utility	State	Authorized ROE	Effective Date	Source
CenterPoint	Arkansas	9.65%	09/07	P. 15 of 2007 10-K

DTE

Utility	State	Authorized ROE	Effective Date	Source
MichCon	Michigan	11.00%	08/07	P. 32 of 2007 10-K

Duke Energy

Utility	State	Authorized ROE	Effective Date	Source
Duke Carolinas	NC	11.00%	01/08	P. 17 of 2007 10-K

Tampa Electric Company
Docket No. 080317-EI

Edison International

Utility	State	Authorized ROE	Effective Date	Source

N/A

Empire District

Utility	State	Authorized ROE	Effective Date	Source
Empire District	Missuiri	10.9%	12/06	p.45 of 2007 Annual Report

Great Plains

Utility	State	Authorized ROE	Effective Date	Source
Kansas City P&L	Missouri	10.8%	12/07	p. 88 of 2007 annual report

Hawaiian Electric

Utility	State	Authorized ROE	Effective Date	Source
Hawaiian Electric Co.	Hawaii	10.7%	09/07	p. 21 of 2007 annual report
Hawaiian Electric Light	Hawaii	10.7%	04/07	p. 22 of 2007 annual report
Mauii Electric	Hawaii	10.7%	12/07	p. 22 of 2007 annual report

IdaCorp

Utility	State	Authorized ROE	Effective Date	Source
Idaho Power	Idaho	N/A	01/08	p. 53 of 2007 annual report

NiSource

Utility	State	Authorized ROE	Effective Date	Source

N/A

Hearing Exhibit - 00000494

Tampa Electric Company
Docket No. 080317-EI

Northeast Utilities

Utility	State	Authorized ROE	Effective Date	Source
Yankee Gas	Conn.	10.1%	07/07	p. 23 of 2007 Annual Report
PS of New Hampshire	NH	9.7%	07/06	p. 23 of 2007 Annual Report
Conn. L&P	Conn.	9.4%	01/08	p.22 of 2007 Annual Report

PEPCO

Utility	State	Authorized ROE	Effective Date	Source
PEPCO	DC	10.0%	02/08	p.B-56 of 2007 Annual Report
PEPCO	Maryland	10.0%	07/07	p.B-56 of 2007 Annual Report

PG&E

Utility	State	Authorized ROE	Effective Date	Source
PG&E	California	11.35%	01/08	P. 48 of 2007 Annual Report

PNM Resources

Utility	State	Authorized ROE	Effective Date	Source
PNM	New Mexico	9.53%	06/07	P. A-16 of 2007 10K

Progress Energy

Utility	State	ROE	Eff. Date	Source

N/A

SCANA

Utility	State	ROE	Eff. Date	Source
SCE&G (el)	SC	10.70%	01/05	p. 82 of 2007 10-K
SCE&G (gas)	SC	10.25%	N/A	p. 82 of 2007 10-K

Hearing Exhibit - 00000495

Tampa Electric Company
Docket No. 080317-EI

Sierra Pacific

Utility	State	ROE	Eff. Date	Source
Nevada Power Co.	Nevada	10.70%	06/07	p.124 of Annual Report

UIL Holdings

Utility	State	ROE	Eff. Date	Source

N/A

Unisource

Utility	State	ROE	Eff. Date	Source

N/A

Westar

Utility	State	ROE	Eff. Date	Source

N/A

Wisonsin Energy

Utility	State	ROE	Eff. Date	Source
Wisonsin El. & Gas (el.)	Wis.	10.75%	01/08	P. F-30 of 2007 Annual Report
Wisconsin El. & Gas (gas)	Wis.	11.20%	01/06	P. F-31 of 2007 Annual Report

Xcel Energy

Utility	State	ROE	Eff. Date	Source
PS of Colorado	Col	10.25%	07/07	p. 108 of 2007 Annual Report
NSP - Wisconsin	Wis	10.75%	01/08	p. 107 of 2007 Annual Report
NSP- Minnesota	North Dakota	10.75%	ct to PSC app	p. 106 of 2007 Annual Report
NSP- Minnesota El.	Minn.	10.54%	09/06	P. 105 of 2007 Annual Report
NSP - Minnesota Gas	Minn.	9.71%	09/07	P. 105 of 2007 Annual Report

Hearing Exhibit - 00000496

DOCKET NO. 080317-EI

FLORIDA RETAIL FEDERATION'S RESPONSES TO STAFF'S FIRST SET OF INTERROGATORIES, NOS. 1-4

Appendix INT-D

Hearing Exhibit - 00000497

Tampa Electric Company
Docket No. 080317-EI

Ticker	Company	S&P Stock Rating	Reason for Exclusion
ALE	ALLETE	B+	S&P stock rating too high
AYE	Allegheny Energy	B	just restored their dividend in 2007
LNT	Alliant Energy	B	
AEP	Amer. Elec. Power	B	
AEE	Ameren Corp.	A-	S&P stock rating too high
AVA	Avista Corp.	B	
BKH	Black Hills	B	VL says hist. nos. are not comparable due to new acquisitions and sales- see Aug. 8, VL
CV	Cen. Vermont Pub. Serv.	B+	S&P stock rating too high
CNP	CenterPoint Energy	B	
CHG	CH Energy Group	A-	S&P stock rating too high
CNL	Cleco Corp.	B+	S&P stock rating too high
CMS	CMS Energy Corp.	C	S&P stock rating too low
ED	Consol. Edison	B+	S&P stock rating too high
CEG	Constellation Energy	B+	S&P stock rating too high
D	Dominion Resources	B+	S&P stock rating too high
DPL	DPL Inc.	B+	S&P stock rating too high
DTE	DTE Energy	B	
DUK	Duke Energy	B	
EIX	Edison Int'l	B	
EE	El Paso Electric	B	no dividend
EDE	Empire Dist. Elec.	B	
ETR	Entergy Corp.	A-	splitting off nuke division - see VL
EXC	Exelon Corp.	B+	S&P stock rating too high
FE	FirstEnergy Corp.	A-	S&P stock rating too high
FPL	FPL Group	A-	S&P stock rating too high
GXP	G't Plains Energy	B	
HE	Hawaiian Elec.	B	
IDA	IDACORP, Inc.	B	
TEG	Integrys Energy	A-	S&P stock rating too high
ITC	ITC Holdings	NR	not rated - taken out

Hearing Exhibit - 00000498

Tampa Electric Company
Docket No. 080317-EI

Ticker	Company	S&P Stock Rating	Reason for Exclusion
MDU	MDU Resources	A	S&P stock rating too high
MGEE	MGE Energy	B+	S&P stock rating too high
NI	NiSource Inc.	B	
NU	Northeast Utilities	B	
NST	NSTAR	A-	S&P stock rating too high
OGE	OGE Energy	A-	S&P stock rating too high
OTTR	Otter Tail Corp.	A-	S&P stock rating too high
POM	Pepco Holdings	B	
PCG	PG&E Corp.	B	
PNW	Pinnacle West Capital	B+	S&P stock rating too high
PNM	PNM Resources	B	
POR	Portland General	NR	not rated - taken out
PPL	PPL Corp.	B+	S&P stock rating too high
PGN	Progress Energy	B	
PEG	Public Serv. Enterprise	B+	S&P stock rating too high
PSD	Puget Energy Inc.	B	in the middle of a takeover
SCG	SCANA Corp.	B	
SRE	Sempra Energy	B+	S&P stock rating too high
SRP	Sierra Pacific Res.	B	
SO	Southern Co.	A-	S&P stock rating too high
TE	TECO Energy	B	
UIL	UIL Holdings	B	
UNS	UniSource Energy	B	
VVC	Vectren Corp.	B+	S&P stock rating too high
WR	Westar Energy	B	
WEC	Wisconsin Energy	B	
XEL	Xcel Energy Inc.	B	

Hearing Exhibit - 00000499

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FRF's Responses to Staff's Second Set of Interrogatories (No. 11)

WITHDRAWN

32

FRF's Responses to TECO's First Set of Interrogatories (No. 4)

WITHDRAWN

33

TECO's Responses to Staff's First Request for Production of Documents (No. 1)

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PRODUCTION OF DOCUMENTS
DOCUMENT NO. 1
BATES STAMPED PAGE: 1
FILED: OCTOBER 20, 2008

1. Please provide copies of all reports or reviews for Tampa Electric Company prepared by or for investment banking firms since January 1, 2007.

A. All reports or reviews prepared by investment banking firms are completed for TECO Energy, not specifically for Tampa Electric. See the company's response to Staff's First Request for Production of Documents No. 2.

Hearing Exhibit - 00000503

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TECO's Responses to Staff's First Request for Production of Documents (No. 2, pp. 1907-1962, 2015-2036, 2119-2145) (Confidential)

2. Please provide copies of all reports or reviews for TECO Energy, Inc. prepared by or for investment banking firms since January 1, 2007.

A. Copies of the requested confidential documents will be made available for review at the office of Ausley & McMullen in Tallahassee, Florida at a date and time mutually convenient to Staff and Tampa Electric.

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TECO's Supplemental Response to Staff's First Request for Production of Documents (No. 2)

Hearing Exhibit - 00000506

Hearing Exhibit - 00000507

DATE: October 5, 2007

TO: Sherrill Hudson, John Ramil, Gordon Gillette, Chuck Black, Dee Brown, Sandra Callahan

FROM: Mark Kane

RE: Analyst Reports in Response to Tampa Electric's Polk 6 Announcement 10/4

Attached are the analyst reports published yesterday and overnight in response to the announcement regarding Polk 6.

It was surprising to see support from JP Morgan. The analyst there has been, at best, neutral to the story to somewhat skeptical of TECO's earnings outlook. This is the analyst that first called the 2008 target of $1.23 into question.

Dan Eggers at Credit Suisse calmed down and issued a more positive report overnight. He really had to tone his ego down to issue such a positive follow-up report. I spent quite a bit of time on the phone with him yesterday afternoon going through some of the options and they are reflected in his report. (I don't know where he came up with a gas fired plant in 2011, which was never discussed.) Dan also has the benefit of a half day meeting with the FPSC and Staff in late July so he saw and now understands some of political atmosphere in Tallahassee.

Some of the major themes in the discussions on the phone yesterday were:

1. What changed since the Merrill Lynch presentation last week?
2. Do we still need to sell TECO Transport?
3. What are the options to fill the generation needs?
4. When will you be able to provide a revised generation construction plan and capex and cash flow forecasts?
5. What are the prospects for rate base growth now?
6. Can you now do a share repurchase?
7. Was this just a negotiating tactic with the FPSC and DEP?
8. Need for a rate case and does this change the timing of rate case(s)
9. Is this reflective of the political environment in Florida?
10. Did the Governor work behind the scenes to kill the plant?
11. Does this earn us "brownie points" with the FPSC by pulling the plant before they have to rule on it?
12. Is IGCC dead forever or just for now?

It was clear from the tone and nature of the questions later in the day that there was a lot of cross talk among the investors (especially the hedge funds) regarding our announcement. Late in the day, the questions were more focused on the political aspects and the other rate base growth than the pure reaction to the announcement early in the day.

CREDIT SUISSE

04 October 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

TECO Energy (TE)

COMPANY UPDATE

Bummer - Bumping IGCC Plans

Rating	OUTPERFORM*
Price (03 Oct 07)	16.37 (US$)
Target price (12M)	20.50 (US$)
52 week high - low	18.50 - 15.13
Market cap. (US$ m)	3,446
Enterprise value (US$ m)	6,446

** Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*

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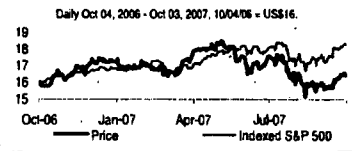
TECO announced this morning plans to suspend (we read cancel) construction of its proposed Polk 6 IGCC power plant, citing concerns and uncertainty around evolving CO2 policy in Florida after recent initiatives proposed by Governor Crist.

While TE remains confident that it can capture CO2 from an IGCC plant, the cost of sequestration is still unknown and would inevitably be added to the already projected $2 BN plant cost. With the risk of even more expense, TECO has decided the financial risk was not offset by the opportunity.

We are disappointed in the announcement in light of past support and enthusiasm from the company, the state legislature, and most importantly the Governor. We would look for weakness in TECO shares in response to today's decision.

We are still reviewing our earnings estimates to understand the impact from scrapping the IGCC project. Tampa Electric still has a growth story – albeit slower than what we had been expecting- with annual capex spend of $400 MM plus need for new peaking capacity additions that the company was planning to outsource given expected capital obligations associated with the IGCC. TECO could have other generation investment opportunities in Florida to fill the capacity gap now created in the absence of Polk 6, helping to fill some of the capex downdraft.

Share price performance



On 10/03/07 the S&P 500 index closed at 1,539.59.

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.21	0.25	0.37	0.17
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.00	0.94
Prev. EPS (US$)			
P/E (x)	17.0	16.4	17.4
P/E rel. (%)	101.9	106.1	125.4
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	851.7	810.1
OCFPS (US$)	2.72	3.49	2.72
P/OCF (x)	6.3	4.7	6.0
EV/EBITDA (current)	8.2	7.6	8.3
Net debt (12/06A, US$ m)	3,458.4	2,999.3	3,242.9
ROIC	7.6%	8.1%	7.8%

Number of shares (m)	210	IC (current, US$ m)	—
BV/share (current, US$)	8.88	EV/IC (x)	1.0
Net debt (current, US$ m)	3,362.1	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	61.8%	Dividend yield	4.6%

Source: Company data, Credit Suisse estimates.

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Companies Mentioned *(Price as of 03 Oct 07)*
TECO Energy (TE, $16.37, OUTPERFORM, TP $20.50, UNDERWEIGHT)

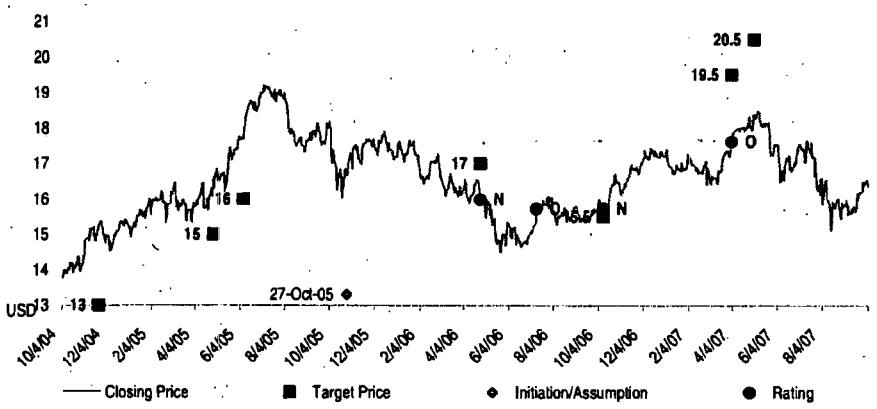
Disclosure Appendix

Important Global Disclosures

I, Dan Eggers, CFA, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

See the Companies Mentioned section for full company names.

3-Year Price, Target Price and Rating Change History Chart for TE



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

TE Date	Closing Price Price (US$)	Target Price Price (US$)	Rating	Initiation/ Assumption
11/24/04	15.33	13		
4/28/05	16.31	15		
6/8/05	18.06	16		
10/27/05				X
4/26/06	15.99	17	NEUTRAL	
7/11/06	15.74		OUTPERFORM	
10/10/06	15.74	15.5	NEUTRAL	
4/2/07	17.63	19.5	OUTPERFORM	
5/2/07	18.38	20.5		

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities.

Analysts' stock ratings are defined as follows*:**

Outperform: The stock's total return is expected to exceed the industry average* by at least 10-15% (or more, depending on perceived risk) over the next 12 months.

Neutral: The stock's total return is expected to be in line with the industry average* (range of ±10%) over the next 12 months.

Underperform:** The stock's total return is expected to underperform the industry average* by 10-15% or more over the next 12 months.

**The industry average refers to the average total return of the analyst's industry coverage universe (except with respect to Asia/Pacific, Latin America and Emerging Markets, where stock ratings are relative to the relevant country index.*

***In an effort to achieve a more balanced distribution of stock ratings, the Firm has requested that analysts maintain at least 15% of their rated coverage universe as Underperform. This guideline is subject to change depending on several factors, including general market conditions.*

****For Australian and New Zealand stocks a 7.5% threshold replaces the 10% level in all three rating definitions, with a required equity return overlay applied.*

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Volatility Indicator [V]: A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' coverage universe weightings are distinct from analysts' stock ratings and are based on the expected performance of an analyst's coverage universe* versus the relevant broad market benchmark:**

Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.
Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.
Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.
**An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.*
***The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.*

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		Global Ratings Distribution
Outperform/Buy*	45%	(58% banking clients)
Neutral/Hold*	40%	(55% banking clients)
Underperform/Sell*	12%	(52% banking clients)
Restricted	2%	

**For purposes of the NYSE and NASD ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.*

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See the Companies Mentioned section for full company names.
Price Target: (12 months) for (TE)
Method: We reach our $20.50 target price on Teco Energy using EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiples, P/E (price/earnings) multiples, and a traditional discounted cash flow analysis. On our discounted cash flow, we use a 7.0% discount rate (modestly above the broader Utility average of 6.9%) and 7.75x terminal EBITDA multiple, supported by our sum-of-the parts analysis, using 8.0x Utility EBITDA, 6.5x Coal EBITDA, 6.5x Transport EBITDA, and 6.0x Guatemala EBITDA and 16.0x Utility EPS, 12.5x Transport EPS, 14.0x Coal EPS, and 13.0x Guatemala EPS.
Risks: Risks to our $20.50 target price on Teco Energy include: (1) uncertainty surrounding synfuel contribution (2) coal price assumptions - every $5 move in spot steam coal prices impacts out year earnings potential by ~6% (3) legislative approval of cash recovery on newbuild generation (4) regulatory changes in Florida

See the Companies Mentioned section for full company names.
The subject company (TE) currently is, or was during the 12-month period preceding the date of distribution of this report, a client of Credit Suisse.
Credit Suisse provided investment banking services to the subject company (TE) within the past 12 months.
Credit Suisse expects to receive or intends to seek investment banking related compensation from the subject company (TE) within the next 3 months.

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The analyst(s) involved in the preparation of this report have not visited the material operations of the subject company (TE) within the past 12 months.

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period relative to the relevant coverage universe. Because Trade Alerts and stock ratings reflect different assumptions and analytical methods, Trade Alerts may differ directionally from the analyst's stock rating.
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Disclaimers continue on next page.

04 October 2007
Americas/United States
Equity Research

CREDIT SUISSE

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Utilities Research
October 4, 2007

TECO Energy, Inc. (TE)

IGCC Plant Shelved; Lowering Price Target to $18, Maintain Outperform Rating

				FY Dec	2006A	2007E	2008E
Price: (10/04/07)	**15.80**	**Rating:**	**Outperform**	Q1	0.28A	0.21A	
52WK H-L:	**19 - 15**			Q2	0.25A	0.25A	
Market Cap (mil):	**3,318.00**	**Suitability:**	**Average Risk**	Q3	0.37A	0.37E	
Shares Out (mil):	208.9			Q4	0.25A	0.20E	
Float (mil):	207.5			**Total**	**1.14A**	**1.03E**	**1.20E**
Avg. Daily Vol (mil):	1.75			FY P/E	13.9x	15.3x	13.2x
		Price Target:	**18**				
Dividend:	0.78	Previous:	20				
Yield:	4.94						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

We had believed approval of an IGCC plant would provide a catalyst for the stock. However, TECO has shelved its plans in front of next week's hearing citing technology and economic risks, leaving construction of another natural gas plant to meet expanding customer needs as its most likely alternative, implying lower potential EPS growth for shareholders. We have lowered our price target to $18, but maintain our Outperform rating.

Summary

- Last week, we listed TECO as one of our top ideas citing two factors: First, we had expected oral approval of an IGCC plant within the next couple weeks, which followed 6/2007 passage of legislation that provided enhanced recovery of IGCC investments. Second, we expected a sale of the Transport business would be announced in the near future.
- This morning, TECO announced that it has shelved its plans to develop 600-MW of IGCC generation to meet baseload needs. We believe the din in the CO2 debate and uncertainty over carbon policy and eventually recoverability of such costs led TECO to the decision.
- The alternative for TECO becomes more natural gas generation and, therefore, a continuation of fuel-price volatility for its customers. While conservation and renewables will play some part in meeting potential energy needs, continued 2-3% customer growth requires generation expansion.
- Whereas we believed IGCC could provide a $0.40-0.50/share earnings benefit by 2013, we believe the alternative would be an incremental $0.10-0.15/share, reducing long-term EPS growth expectations.
- Management still expects to complete the sale of its Transport business, but the volatile credit markets have slowed final sale negotiations. We believe a sale announcement could provide a positive catalyst for the stock.
- We have lowered our 12-month price target to $18, or 15x our 2008 EPS estimate reflecting a reduction of longer-term EPS growth expectations. However, we maintain our Outperform rating as the 4.8% dividend yields provides a solid base for the stock.

Details

No further details.

Investment Thesis

We maintain an Outperform rating on the shares of TECO Energy (TE) with a 12-month price target of $18. Key investment considerations include the following:

- **Well-Positioned Utility Operations.** TE benefits from strong 2-3% customer growth and supportive regulation that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG). TE expects to spend $400 million in annual base capital expenditures on average over the next five years, nearly two times depreciation levels, with potential generation additions being additive.
- **Improved Financial Health.** Following significant losses in 2003 and 2004 from TECO's merchant operations, TECO's balance sheet has improved reflecting improved operating performance, the disposition of the merchant operations and significant debt reduction. We expect these positive trends to continue as TE monetizes its merchant-related NOL's and continues its solid operating performance.
- **Potential TECO Transport Sale.** We estimate a sale of the Transport business could raise over $500 million, which would allow TECO to accelerate its NOL monetization and corporate-level debt repayment, thus allowing investment back into the regulated utility to fund several major investment opportunities.
- **Attractive and Sustainable Dividend Yield.** We expect a resumption of dividend growth in 2008 given improving cash flow and EPS growth.
- **Regaining Credibility with Investors.** We believe improved financial performance combined with TE's commitment to increase its communications with Wall Street is improving investor sentiment regarding the stock.
- **Valuation.** Adjusting for $2-3/share of incremental value associated with TECO's NOL balance, our 12-month price target of $18 is 13x our 2008 EPS estimate.

Risks & Caveats

We maintain a suitability rating of Average Risk on TE due to the additional risk associated with TE's non-regulated business, which are more susceptible to earnings fluctuations from varying market conditions. Risks include, but are not limited to, the following:

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

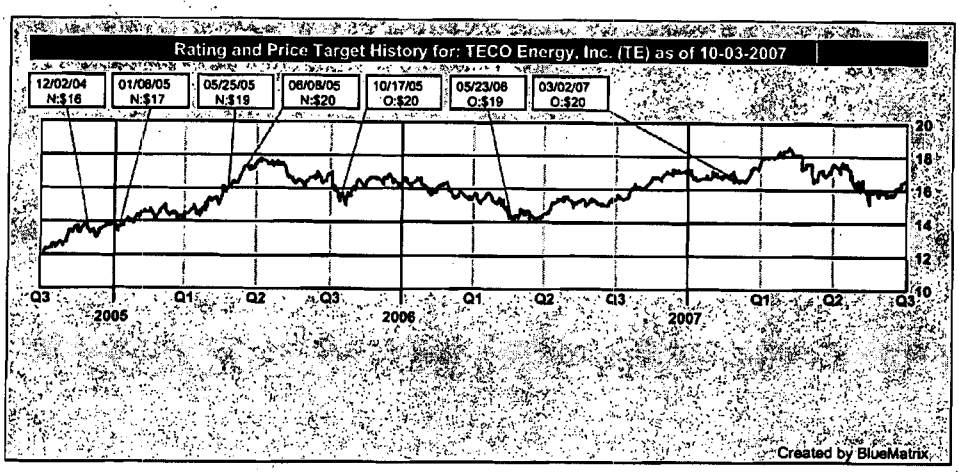
Company Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. Its primary businesses are Tampa Electric, Peoples Gas, TECO Coal, TECO Guatemala

and TECO Transport. Tampa Electric Company provides retail electric service to more than 660,000 customers in West Central Florida. Peoples Gas System provides retail natural gas service to over 335,000 customers in Florida. TECO Coal operates coal mines and handling facilities in Kentucky and Tennessee, and through 2007, has interests in several synfuel production facilities. TECO Guatemala is engaged in the distribution and generation of electricity in Guatemala. The company expects to sell TECO Transport during 2007.

TECO Energy, Inc.
October 4, 2007

Appendix - Important Disclosures and Analyst Certification



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TECO Energy, Inc.
October 4, 2007

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TECO Energy
TE, $15.82, Hold
Tampa Pulls Plug on IGCC Project; Model Updated

October 4, 2007

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Ticker	TE
Market Cap (M)	$3,330.1
Price	$15.82
52-Wk. Range	$19–$15
Rating	Hold
Price Target	$16.75
Shares Out (M)	210.5
Dividend	$0.78
Yield	4.9%
Trading Volume(M)	1.747
Market	NYSE

Sector Opinion:
The electric utility industry continues its fundamental improvement and expansion, largely by pursuing "back to basics" investment strategies in its core regulated businesses of distribution, transmission, and in some cases generation. Environmental compliance and renewable portfolio standards are also driving industry investment. We see this rate base growth, which is largely recession-proof, leading to higher earnings and higher share prices. Current adverse market conditions have negatively impacted utility shares. The weakness began with rising interest rates in May and continues with volatile market conditions despite a recent decline in the 10-year Treasury. During the five-year bull market for utilities there have been periods of underperformance, such as during the rate spikes in summer of '03, spring of '04, and spring of '06, and we have just had another one. However, with industry conditions strong and prospective growth rates at many utilities equal to or greater than market averages, we view the current weakness as a buying opportunity. At this time we would focus purchases on **Integrys Energy** (TEG-$51.74-Buy), **Pepco Holdings** (POM-$27.43-Buy), and **Wisconsin Energy** (WEC-$45.27-Buy).

Action

Hold. Earlier today, we downgraded TE from Buy to Hold due to the decision of core-utiity Tampa Electric to "defer," apparently for long while, the construction of Polk 6, a porposed 600 MW IGCC plant. We saw the project substantially building rate base and earnings over the 2009-13 time period. Without the project, TE becomes a free cash flow company that can build cash to meet parent-level maturities in 2010 and 2011; however, the beneficial earnings impact from debt reduction will be much less than if the plant had been built. While management may yet come up with something, at this point TE's earnings prospects are much less exciting over the next several years without the plant. We lower our price target from $18.25/shr to $16.75, based upon capitalizing our new 2008E of $1.12/shr at 15.0x, and maintain our Hold rating.

Fiscal Year Dec		Fiscal Year			Calendar Year			Curr. Qtr.	Next Qtr.	Yr. Ago Qtr.
$		F06A	F07E	F08E	C06A	C07E	C08E	3Q07E	4Q07E	3Q06A
Revenue	Current	—	—	—	—	—	—	—	—	—
	Previous	—	—	—	—	—	—	—	—	—
EPS	Current	1.17	1.01	1.12	1.17	1.01	1.12	0.34	0.21	—
	Previous	1.17	1.04	1.14	1.17	1.04	1.14	0.35	22.00	—
Dividend	Current	—	—	—	—	—	—	—	—	—
P/E	Current	NM	15.7	14.1	NM	15.7	14.1	—	—	—

Revenues in millions, except when noted.

- **Polk 6 - plug pulled.** TECO's core-utility Tampa Electric has "deferred" the construction of its 600 MW, IGCC Polk 6 plant, citing the cost benefits and rate payer and shareholder risks associated with emerging CO2 policy and carbon capture/sequestration.
- **Polk 6 earnings stream - gone.** With this announcement, a substantial future earnings stream associated with $2 billion of rate base growth is removed from the picture. Management may yet announce something, but for now we see TE as a cash-flow positive company that will build cash for retirement of 2010 and 2011 parent-level debt maturities.
- **Estimates - going down.** We lower our 2008E from $1.14/shr to $1.12, and 2009E from $1.29/shr to $1.25. We also shave our 2007E from $1.04/shr to $1.01 due to recent management guidnace.
- **Valuation - down.** We reduce our valuation and price target from $18.25/shr to $16.75, based upon capitalizing our 2008E of $1.12/shr at 15.0x.
- **Summary and recommendtion - Hold.** This announcement substantially reduces TE's earnings growth propsects over the next several years. Accordingly, this morning we lowered our rating from Buy to Hold.

Important disclosure information is contained on pages 6 - 11 of this report. The recipient of this report is directed to read these disclosures.

SOLEIL

TECO Energy
TE, $15.82, Hold : Tampa Pulls Plug on IGCC Project; Model Updated

This morning, Tampa Electric, the core utility of **TECO Energy** (TE - Hold) announced it no longer plans to build the 600 MW Polk 6, its $2.0 billion, coal-fired, integrated gas, combined cycle (IGCC) plant, citing uncertainty surrounding possible CO2 regulations and carbon capture/sequestration. The $2.0 billion investment in the plant would have been incremental to Tampa's current rate base of $3.0 billion, and would have been the main driver of potential strong earnings growth for TECO Energy in the 2009-2013 time frame. Tampa will now look to other options, such as natural gas, to meet its increasing need for baseload capacity. However, a 600 MW combined cycle gas turbine plant (CCGT) would probably only cost about $600 million and not provide anywhere near the rate base growth of the IGCC. This changes TE's earnings profile going forward. This dramatic announcement has numerous ramifications, in our opinion. Here are some of them:

- **The deferral is timely.** It comes on the eve of hearings scheduled next week at the Florida PSC on Tampa's request for a Determination of Need (Docket No. 070467) for the plant. The hearings are in the process of being cancelled by the PSC.
- **Florida politics are changing.** Former Gov. Jeb Bush, who was sitting during the terrible hurricanes of 2005, experienced disruption of gas supply, wanted to diversify away from gas dependence, and supported nuclear and clean coal technologies. New Gov. Charlie Crist is much "greener" than his predecessor, and even though he supported IGCC technology (he signed legilsation in June supporting it with favorable financial treatment), the national greenhouse gas debate is moving very quickly and has changed on the use of coal --- even clean coal --- going foward, at least in Florida where rising tides related to global warming would be devastating.
- **Tampa will consider other alternatives.** The utility says it still needs 600 MW of baseload capacity in 2013, and will look to other sources. It mentioned natural gas as a possibility. Neighboring **Progress Energy** (PGN-NR) is planning a new nuclear plant north of its existing Crystal River site on the Gulf of Mexico; conceiveably Tampa could take an equity postion in, or get a PPA from, the plant, but it would be on line in 2017 at the earliest.
- **Conservation debate may advance in Florida.** Despite existing conservation measures, we do not see the conservation debate in Florida reaching anywhere near the level as northeastern states; where decoupling measures and smart grid investment are moving ahead quickly. That could change.
- **TECO Energy becomes cash flow positive.** Management thought it could finance the equity portion of the IGCC from internal sources over the 2008-2013 time frame. We see the company having free cash flow primarily from $763 million of NOLs and $197 million of AMTs from its ill-fated merchant plant expansion.
- **Polk 1 to demonstrate again?** In the press release, Tampa said it remained committed to IGCC technology and would like to partner with government agencies and others to demonstrate the viability of carbon capture/sequestration at its existing Polk 1 IGCC. Polk 1 was built in partnership with the EPA in the 1990s as a demonstration of IGCC technology, and would be the logical candidate to play that role again with carbon sequestration.
- **We view this as a serious "wake-up call" for clean coal.** The coal industry has been advancing clean coal technology in recent years as a way of maintaining coal markets. We suggest that this action by Tampa Electric places the future of clean coal in doubt. Perhaps the coal industry would make a good partner (i.e., financial supporter) for a sequestration project at Polk 1.

The "deferral" (Tampa is not calling it an outright cancellation, though it would appear to be a very long-term deferral) of Polk 6 also has ramifications on TECO's earning profile going

forward. As earlier presented by management, the investment in Polk 6 would have increased the Tampa Electric rate base by $2.0 billion on top of $3.0 billion currently, and would have been financed internally without the sale of additional equity. That made the stock attractive to us.

Now, with that primary earnings driver gone, we must adjust our estimates going forward. Thus, we remove the IGCC from our earnings model, and use the free cash flow to pay off parent-level debt in 2010 and 2011. We also assume that Transport get sold, though with net proceeds of $300 million rather than $400 million. (We note that TECO says it is going ahead with the sale, despite the IGCC deferral.)

- **2007E - down three cents.** We lower our 2007E from $1.04 per share to $1.01 given management's comment discouraging earnings in the upper end of its $0.97-$1.07 per share guidance range (from continuing earnings, ex-synfuel).
- **2008E - down two cents.** We lower our 2008E from $1.14 per share to $1.12, reflecting the removal from rate base of $50 million in average IGCC investment, as well as shaving utility ROEs.
- **2009E - down four cents.** We lower our 2009E from $1.29 per share to $1.25 reflecting the removal of $238 million in average IGCC investment from rate base. EPS for '09 still advances nicely, helped by the end of $(0.04) per share of Transport contract disallowance.

Summary and recommendation - Hold. While management may yet come up with something to replace Polk 6, at this point TE's earnings prospects are much less exciting over the next several years without the plant. We lower our price target from $18.25/shr to $16.75, based upon capitalizing our new 2008E of $1.12/shr at 15.0x, and maintain our Hold rating.

RISKS

- **Valuation risk.** Price targets are based upon earnings projections and the capitalization of those projections by the stock market. If we are wrong on either our estimates or valuation, there may be price risk in the stock.
- **Interest rate risk.** Utility stocks are often viewed as yield vehicles. As such, they are susceptible to changes in interest rates, and a rising interest rate environment will likely put downward pressure on utility shares, including TECO Energy.
- **Regulatory risk.** Regulators at the Florida PSC have traditionally been fair with utilities operating in the state, including core-utility Tampa Electric. However, there are aberrations, such as the TECO Transport penalty; moreover, the current commission is inexperienced and understaffed by two members. With virtually all of TECO's utility revenues regulated by the FPSC, any changes from the historic regulatory climate in the state would be a major negative for the stock.
- **CAPEX risk.** A large part of the capital expenditures driving forecasted earnings growth is for an IGCC power plant. While such a plant is relatively environmentally benign from a multi-pollutant standpoint, it is nevertheless a fossil-fuel plant that produces CO2. Tampa Electric faces possible federal CO2 restrictions, carbon sequestration expenses, and political opposition with this plant.
- **Restructuring risk.** TECO Energy continues to undergo restructuring to reduce the financial stress that followed in the wake of its largely botched venture into unregulated independent power production. Still to go are sale of TECO Transport and further debt reduction. If these measures fail to go as planned, future EPS growth may not materialize as projected.

- **Unregulated risk.** TECO Energy has a material unregulated coal mining business with a higher risk profile that its utility operations. Thus, this business can experience greater earnings volatility and potential damage the price of the stock.

Appendix I
TECO Energy - Earnings Estimates and Valuations
(In $ millions, except per share figures and percentages)

2007E

Utility businesses	Rate Base	% Equity	$ Equity	ROE	Income
Tampa Electric	$ 3,100	50%	$ 1,550	10.50%	$ 162.8
- Transport disallowance (tax)	$ -		$ (15.0)	40.0%	$ (9.0)
Peoples Gas	$ 535	50%	$ 268	10.50%	$ 28.1
Total Utility Income	$ 3,635		$ 1,818		$ 181.8
+ TECO Transport					$ 25.0
+ TECO Coal - synfuel *					$ -
+ TECO Coal - conventional					$ 33.0
+ Guatemala operations					$ 38.5
Total Unregulated Income					$ 96.5
Total Operating Cos					$ 278.3
- Holdco - interest expense	$ 1,750	7.26%	$ (127.1)	40.0%	$ (76.2)
- Holdco - internally allocated interest			$ 10.0	40.0%	$ 6.0
- Holdco - other parent expenses			$ (5.0)	40.0%	$ (3.0)
- Holdco - cash	$ 250	4.75%	$ 11.9	40.0%	$ 7.1
Holding company impact					$ (66.1)
Net Income					$ 212.2
Earnings per Share					$ 1.01
Avg. Diluted Shares Outstanding					*210.5*

** TECO Coal synfuel - estimated $70 million of earnings excluded from model and valuation.*

Valuation	
Utility earnings ($ mils)	$ 181.8
less share of holdco interest	$ -
Net utility earnings	$ 181.8
Utility EPS	$ 0.86
Assigned multiple	15.5x
Utility value per share	**$ 13.39**
Unregulated earnings ($ mils)	$ 96.5
less share of holdco interest	$ (66.1)
Net unregulated earnings ($ mils)	$ 30.4
Unregulated EPS	$ 0.14
Assigned multiple	15.0x
Unregulated value per share	**$ 2.17**
Sum-of-the-Parts Valuation	**$ 15.56**

2008E

Utility businesses	Rate Base	% Equity	$ Equity	ROE	Income
Tampa Electric - ongoing	$ 3,250	50%	$ 1,625	10.75%	$ 174.7
- Transport disallowance (tax)	$ -		$ (15.0)	40.0%	$ (9.0)
Peoples Gas	$ 555	50%	$ 278	10.75%	$ 29.8
Total Utility Income	$ 3,805		$ 1,903		$ 195.5
+ TECO Transport - sold					$ -
+ TECO Coal - synfuel - ended					$ -
+ TECO Coal - conventional					$ 44.4
+ Guatemala operations					$ 39.0
Total Unregulated Income					$ 83.4
Total Operating Cos					$ 278.9
- Holdco - interest expense	$ 1,100	7.28%	$ (80.1)	40.0%	$ (48.0)
- Holdco - internally allocated interest			$ 10.0	40.0%	$ 6.0
- Holdco - other parent expenses			$ (5.0)	40.0%	$ (3.0)
- Holdco - cash	$ 100	4.50%	$ 4.5	40.0%	$ 2.7
Holding company impact					$ (42.3)
Net Income					$ 236.6
Earnings per Share					$ 1.12
Avg. Diluted Shares Outstanding					*212.0*

Valuation	
Utility earnings ($ mils)	$ 195.5
less share of holdco interest	$ -
Net utility earnings	$ 195.5
Utility EPS	$ 0.92
Assigned multiple	15.0x
Utility value per share	**$ 13.83**
Unregulated earnings ($ mils)	$ 83.4
less share of holdco interest	$ (42.3)
Net unregulated earnings ($ mils)	$ 41.1
Unregulated EPS	$ 0.19
Assigned multiple	15.0x
Unregulated value per share	**$ 2.90**
Sum-of-the-Parts Valuation	**$ 16.74**

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By: Maurice E. May

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Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
BUY[BUY]	154	50.83	0	0
HOLD[HOLD]	124	40.92	0	0
SELL[SELL]	25	8.25	0	0

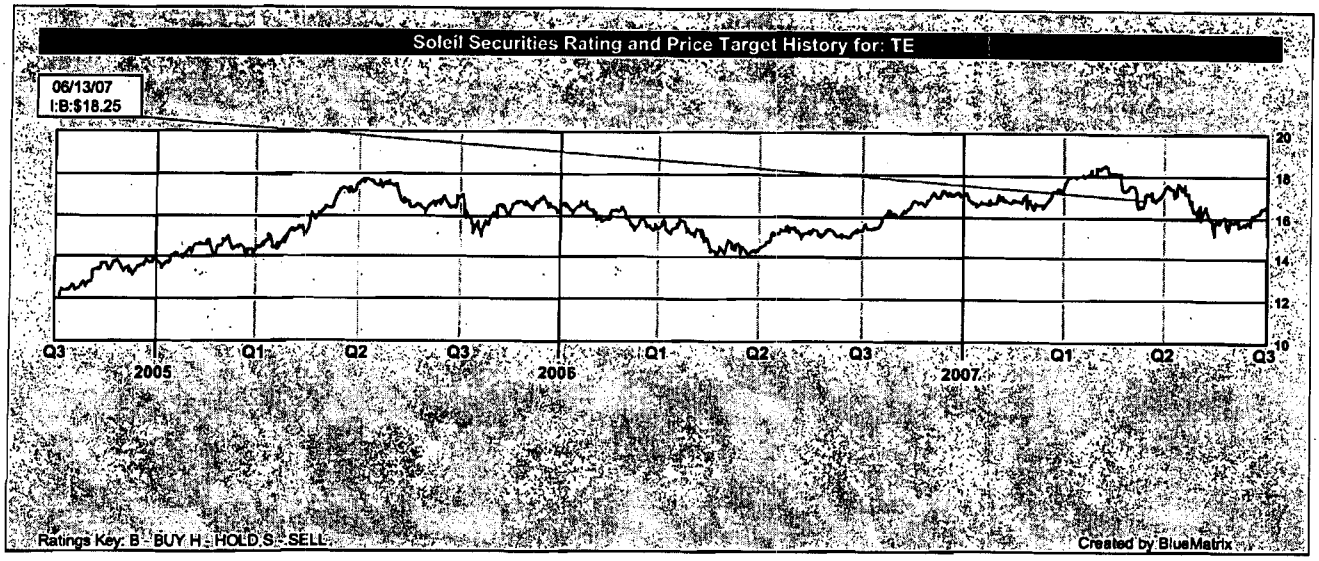
Utilities

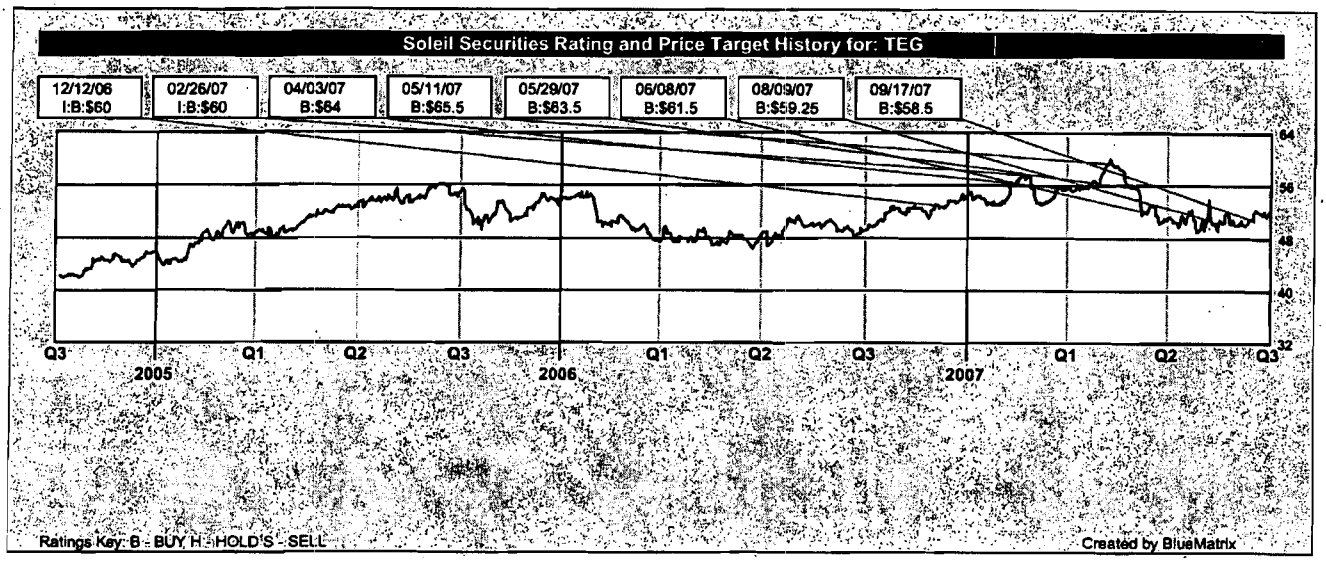
Rating	Count	Percent	IB Serv/Past 12 Mos. Count	IB Serv/Past 12 Mos. Percent
BUY[BUY]	5	41.67	0	0
HOLD[HOLD]	7	58.33	0	0
SELL[SELL]	0	0.00	0	0

SOLEIL

TECO Energy
TE, $15.82, Hold : Tampa Pulls Plug on IGCC Project; Model Updated

31, 2008





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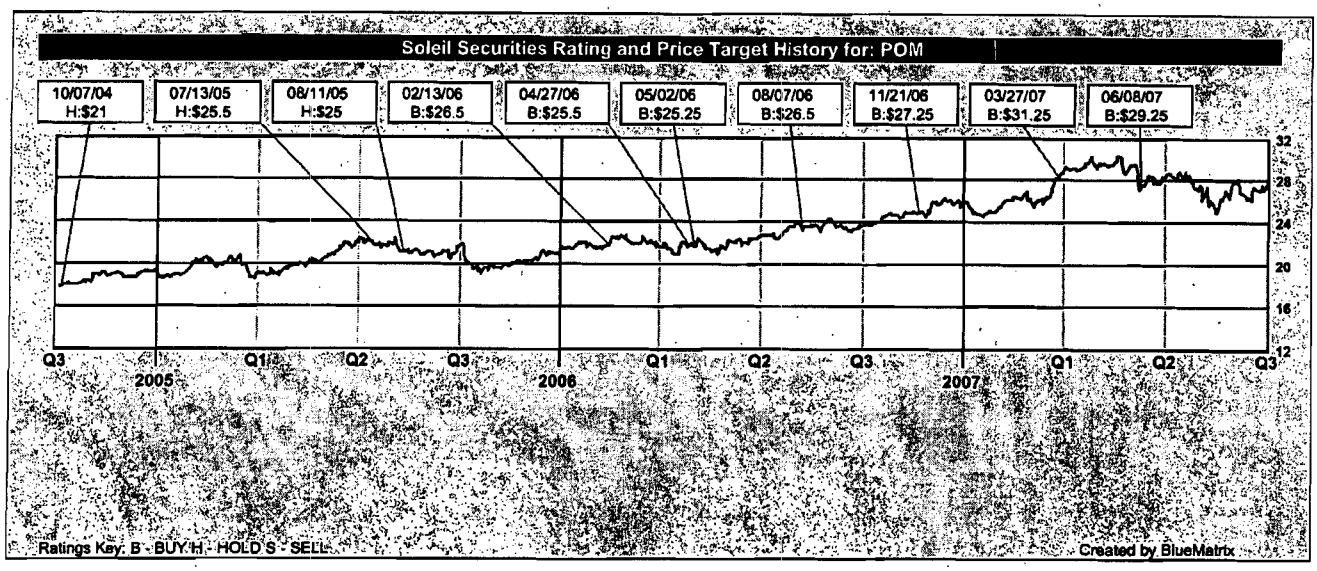

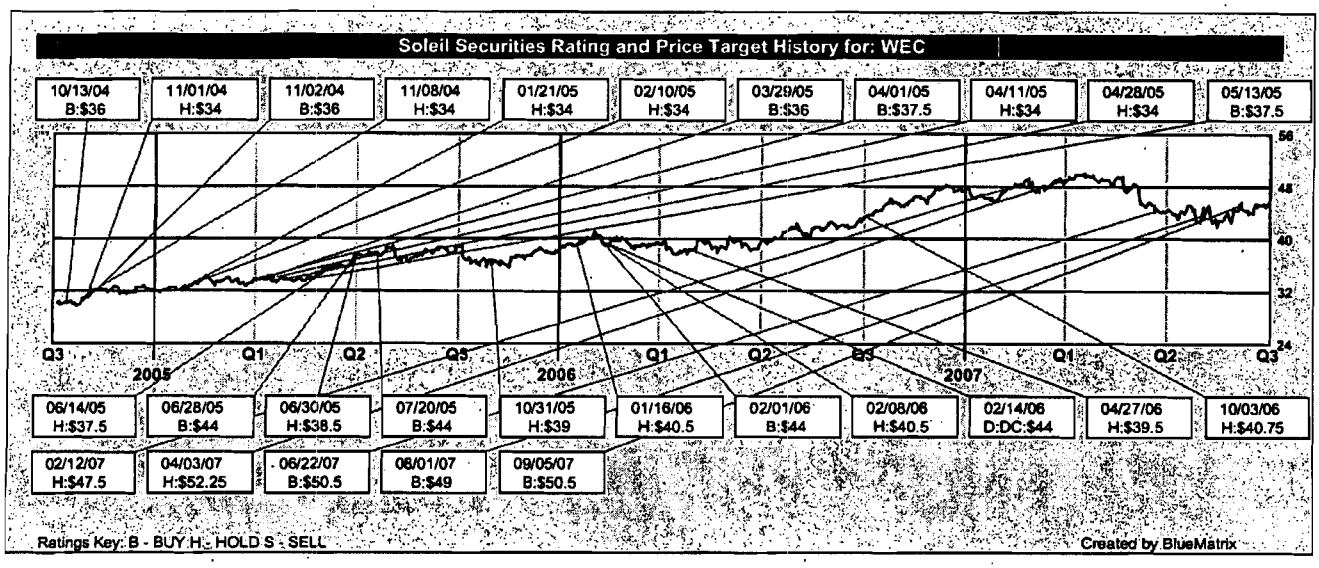

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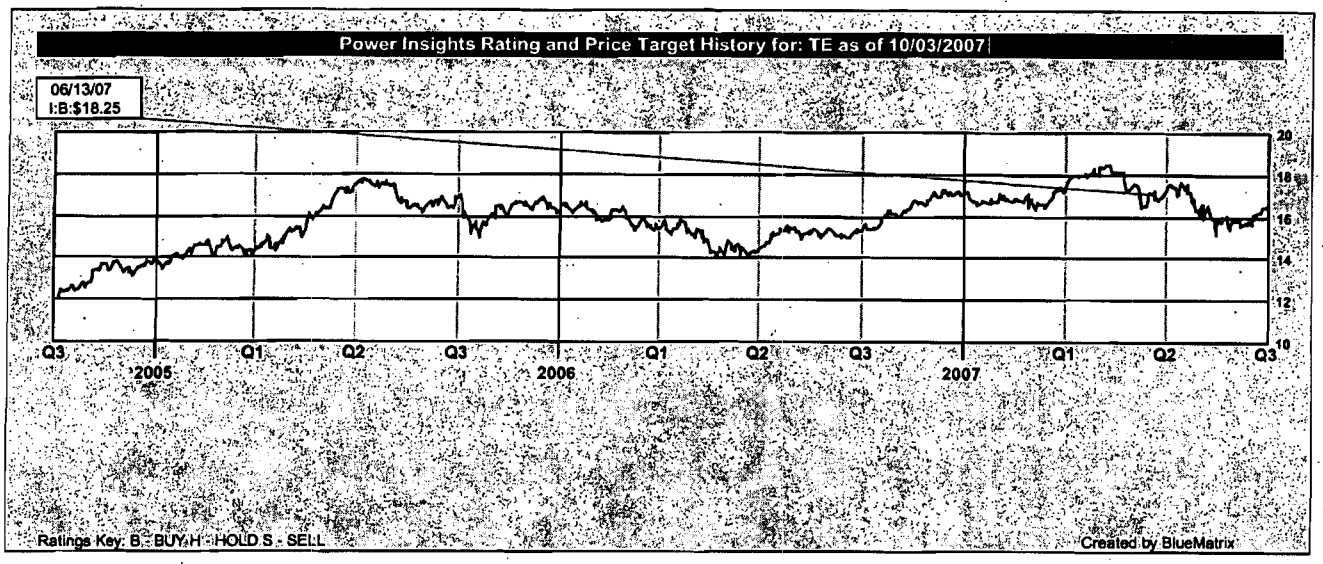
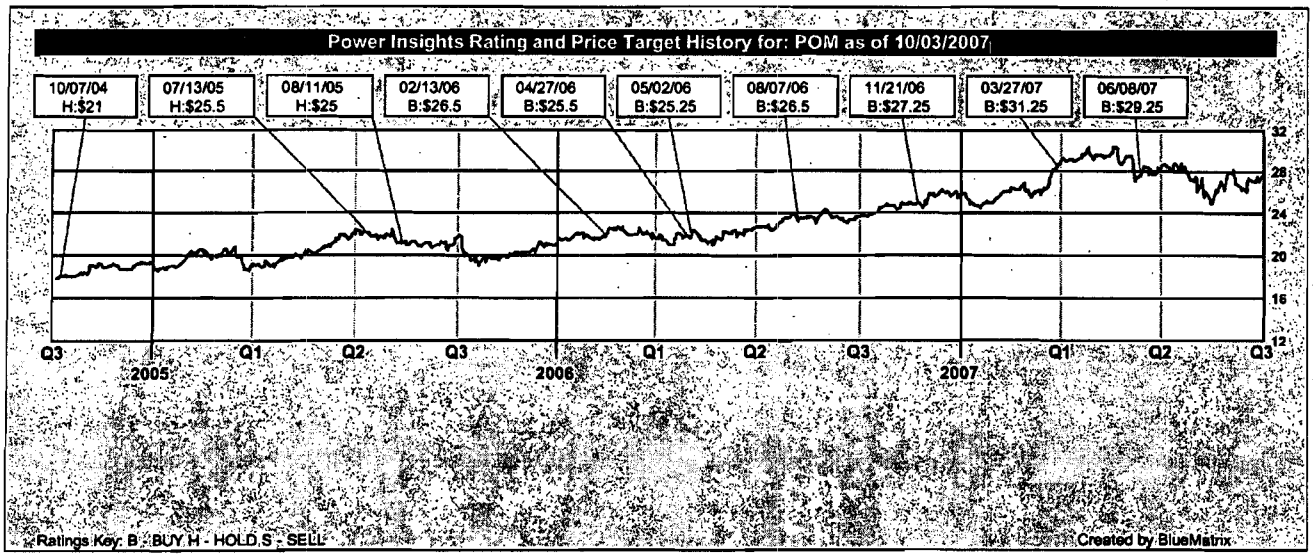
Pepco Holdings (POM, $27.40, Buy , NYSE)
TECO Energy (TE, $15.82, Hold , NYSE)
Wisconsin Energy (WEC, $45.35, Buy , NYSE)

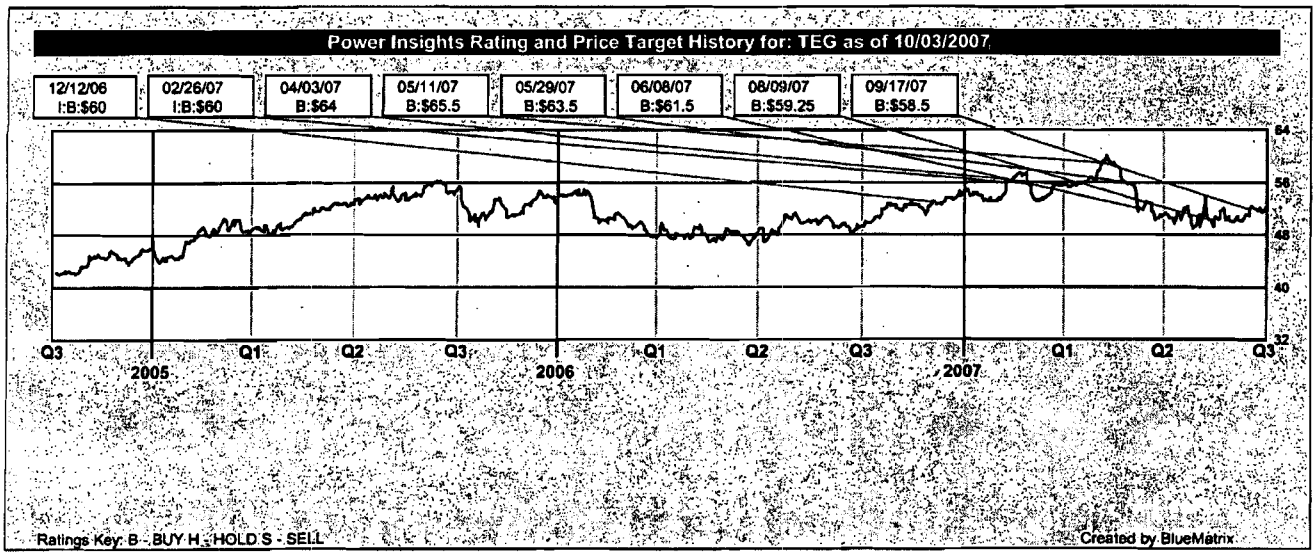


SOLEIL

TECO Energy

TE, $15.82, Hold : Tampa Pulls Plug on IGCC Project; Model Updated





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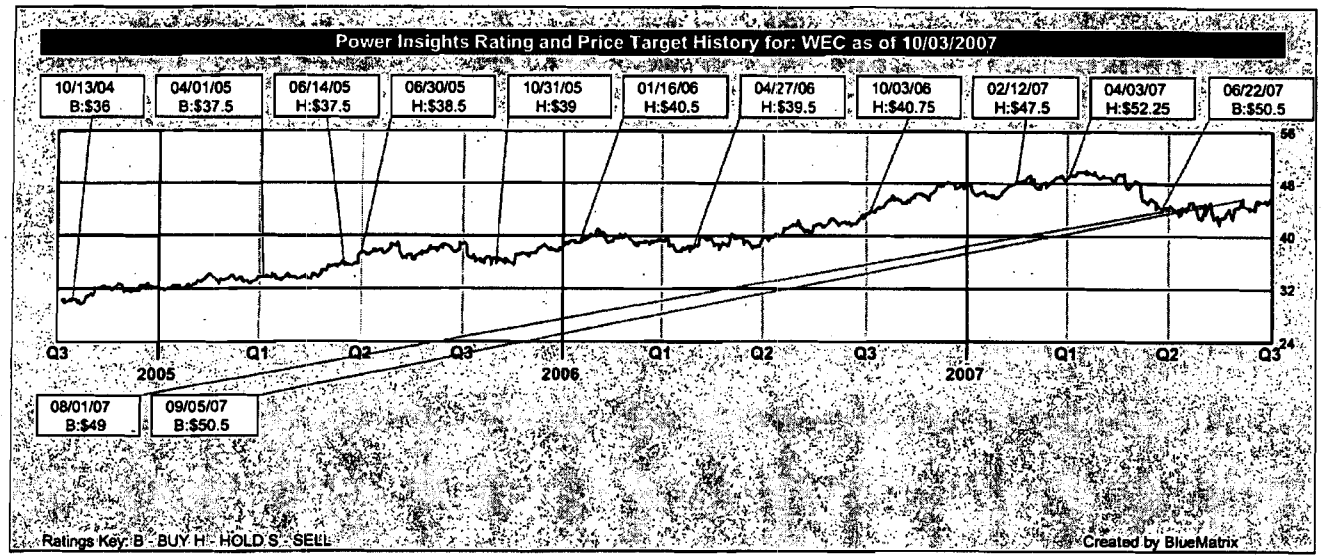
TE, $15.82, Hold : Tampa Pulls Plug on IGCC Project; Model Updated



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North America Equity Research
04 October 2007

JPMorgan

TECO Energy Inc

Sell Off Unwarranted; Cancellation of Proposed IGCC Reduces Regulatory Risk - ALERT

Neutral

$16.37
03 October 2007

- **Pullback provides buying opportunity.** TECO Energy (TE) shares are selling off on this morning's announcement that Tampa Electric has cancelled plans to build an integrated gasification combined-cycle (IGCC) plant to meet its baseload requirements in 2013. We believe the sell off is unwarranted given any significant EPS contribution from the IGCC was not likely to be seen before 2012 - 2013 and the escalating project costs (~ $2.0B - $3.0B) had already substantially increased the likelihood that Florida regulators would not approve the plant, in our view. We recommend investors use this pullback to buy TECO shares.

- **Significant discount valuation gap not likely to be sustained.** By our estimates, TECO shares trade at more than a 15% discount to the utility group P/E multiple average, when adjusting for the value of TECO's NOLs. While we believe a discount valuation is warranted primarily given current challenges at TECO Coal, we view the current valuation gap as not likely to be sustained given the utility's above-industry average sales volume growth rate and the likelihood that a general rate case will be filed at Tampa Electric in the next 6 months to recover recent reliability spend. Additionally, on today's pullback, TECO shares are currently yielding almost 5%, which is significantly above the utility group average dividend yield of 3.6%. Applying what we view to be a more reasonable 4.5% - 4.6% yield would suggest TECO shares could trade above $17 per share.

- **Combined-cycle generation option could support less risky rate base and earnings growth.** While it is still early in the process of evaluating alternative generation options, we believe Tampa Electric could pursue a combined-cycle gas plant to meet its baseload requirements in place of the IGCC. We view the gas option favorably as we would expect regulators to prefer a lower-cost gas plant that also addresses state environmental mandates. Assuming continued cost inflation, we estimate a 630-MW combined-cycle plant could add $750MM - $1.0B to Tampa Electric's rate base in 2013, which could boost earnings significantly.

Electric Utilities

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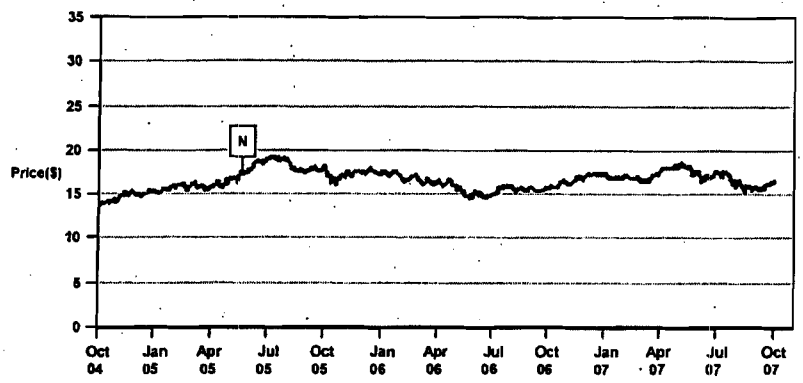
TECO Energy Inc (TE) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
23-May-05	N	17.12	-

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
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Revised September 28, 2007.

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENT[redacted] 31, 2008

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North America Equity Research
04 October 2007

JPMorgan

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

05 October 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

CREDIT SUISSE

TECO Energy (TE)

DECREASE TARGET PRICE

Rating	OUTPERFORM*
Price (03 Oct 07)	15.84 (US$)
Target price (12M)	(from 20.50) 18.50 (US$)
52 week high - low	18.50 -
Market cap. (US$ m)	4,078
Enterprise value (US$ m)	13,469

** Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*

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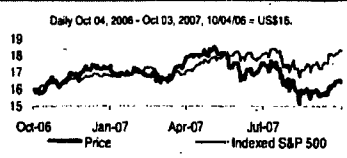
Upon Further Review

We have taken some time (and deep breaths) after TE's announcement that it is halting its planned Polk 6 IGCC plant that was the backbone of a good rate base growth story. And, while our disappointment remains, we still like the TE investment opportunity (although admittedly not as much as before this negative announcement). **We are maintaining our Outperform rating and are lowering our target to $18.50 from $20.50.**

Why we remain attracted to the story:

- **Tampa Electric still needs new generation to keep up with load growth (~150 MW / year) and to fill the gap of a 300 MW supply contract rolling off.** So, on top of the $400 MM of maintenance capital plus environmental spend (automatically into rates), our numbers now assume TECO builds a 600 MW CCGT plant with a mid-2011 in-service date for $510 MM – this will serve as a placeholder until management provides a formal plan. While no longer doubling, we do estimate 40% rate base growth to 2012.
- **International met coal prices are soaring, potentially providing a nice lift to earnings** (and maybe an opportunity for exit) since met accounts for ~40% of volumes (~3.6 MM tons). We still assume flat earnings at Coal, although Q4 / Q1 re-contracting will be worth watching closely.
- **TE's 4.8% dividend yield is safe,** providing stock support and current income while also packaged in a company with a better growth profile / story to tell than other high yielding utilities.
- **Valuation still works** with broad support on multiples (12.7x 08 P/E adjusted for NOLs), DCF, and dividend discount models. Also, we believe the NOL balance (PV of $3.50/share from year-end 2008), is underappreciated. Our new 07-09 estimates are $1.00, $0.97, and $1.09.

Share price performance



On 10/03/07 the S&P 500 index closed at 1,542.84.

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.21	0.25	0.37	0.17
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.00	0.97
Prev. EPS (US$)		1.00	0.94
P/E (x)	16.4	15.8	16.4
P/E rel. (%)	98.6	102.6	121.3
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	851.7	813.8
OCFPS (US$)	2.72	3.49	2.71
P/OCF (x)	6.3	4.5	5.9
EV/EBITDA (current)	6.1	5.3	5.3
Net debt (12/06A, US$ m)	9,733	10,319	10,955
ROIC	—	—	—

Number of shares (m)	210.54	IC (current, US$ m)	—
BV/share (current, US$)	8.88	EV/IC (x)	—
Net debt (current, US$ m)	3,357.1	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	61.8%	Dividend yield	4.8%

Source: Company data, Credit Suisse estimates.

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Some-of-the-Parts Analysis

Exhibit 1: Enterprise Value-to-EBITDA SOTP Analysis

		2008	2009	2010	2011	2012
EBITDA						
Tampa Electric		555.7	591.8	641.4	711.8	725.7
People Gas		96.2	108.8	114.3	120.0	125.9
TECO Coal (ex. Synfuel)		74.8	76.0	76.0	76.0	76.0
TECO Guatemala		71.1	72.6	74.3	75.9	77.6
Corp / Other		16.0	16.0	16.0	16.0	16.0
Total EBITDA		**813.8**	**865.2**	**922.0**	**999.7**	**1,021.1**
EV/EBITDA Multiples	**Discount Rate**					
Tampa Electric	6.7%	8.0x	8.0x	8.0x	8.0x	8.0x
People Gas	6.7%	8.0x	8.0x	8.0x	8.0x	8.0x
TECO Coal	8.5%	7.0x	7.0x	7.0x	7.0x	7.0x
TECO Guatemala	7.5%	7.0x	7.0x	7.0x	7.0x	7.0x
Other	7.5%	7.4x	7.4x	7.4x	7.4x	7.4x
Enterprise Value						
Tampa Electric		4,445.5	4,734.8	5,131.5	5,694.4	5,805.3
People Gas		769.7	870.0	914.3	959.9	1,006.9
TECO Coal		523.7	531.9	531.9	531.9	531.9
TECO Guatemala		497.4	508.5	519.9	531.5	543.3
Other		118.2	118.2	118.2	118.2	118.2
Total		**6,354.4**	**6,763.4**	**7,215.8**	**7,835.8**	**8,005.5**
Net Debt		3,125.7	3,269.7	3,431.7	3,494.5	3,370.4
PV Equity Capitalization		**3,228.7**	**3,266.9**	**3,309.7**	**3,552.7**	**3,548.4**
PV Def Taxes		736.2	665.1	573.1	458.0	312.0
Per Share Impact		3.52	3.18	2.74	2.19	1.49
Price (Inc. Synfuels)		**$18.94**	**$18.79**	**$18.55**	**$19.16**	**$18.45**

Source: Company data, Credit Suisse estimates

Exhibit 2: **Price-to-Earnings SOTP Analysis**

		2008	2009	2010	2011	2012
Net Income						
Tampa Electric		153.8	169.3	192.5	223.1	222.3
People Gas		25.4	30.5	31.0	31.9	33.1
TECO Coal		15.4	16.2	16.2	16.2	16.2
TECO Guatemala		42.6	42.7	42.8	42.8	42.7
Corporate / Other		(34.9)	(31.2)	(29.2)	(24.8)	(19.4)
Total Net Income		**202.3**	**227.4**	**253.2**	**289.1**	**295.0**
P/E Multiples	**Discount Rate**					
Tampa Electric	6.7%	15.5x	14.5x	13.6x	12.8x	12.0x
People Gas	6.7%	15.5x	14.5x	13.6x	12.8x	12.0x
TECO Coal	8.5%	14.0x	12.9x	11.9x	11.0x	10.1x
TECO Guatemala	7.5%	14.0x	13.0x	12.1x	11.3x	10.5x
Corporate / Other	7.5%	15.0x	14.0x	13.0x	12.1x	11.2x
Equity Value						
Tampa Electric		2,383.3	2,458.7	2,620.4	2,846.8	2,658.5
People Gas		393.7	442.6	422.4	406.5	396.4
TECO Coal		215.7	208.6	192.2	177.2	163.3
TECO Guatemala		596.8	556.2	518.0	481.9	447.8
Other		(523.1)	(435.1)	(379.5)	(299.1)	(217.6)
Total		3,066	3,231	3,373	3,613	3,448
PV of Deferred Taxes		736.2	665.1	573.1	458.0	312.0
Per Share Impact		$3.52	$3.18	$2.74	$2.19	$1.49
Price (inc. Synfuels)		**$18.17**	**$18.62**	**$18.86**	**$19.45**	**$17.97**

Source: Company data, Credit Suisse estimates

Discounted Cash Flow Valuation

Exhibit 3: **DCF Sensitivity Analysis**

Terminal EBITDA Multiple	Discount Rate 6.70%	6.80%	6.90%	7.00%	7.10%	7.20%	7.30%
7.00x	17.66	17.41	17.16	16.91	16.67	16.43	16.19
7.25x	18.38	18.13	17.87	17.62	17.37	17.13	16.88
7.50x	19.11	18.85	[illegible]	[illegible]	[illegible]	17.82	17.57
7.75x	19.84	19.57	[illegible]	[illegible]	[illegible]	18.51	18.26
8.00x	20.56	20.29	[illegible]	[illegible]	[illegible]	19.21	18.94
8.25x	21.29	21.01	20.73	20.45	20.17	19.90	19.63
8.50x	22.02	21.73	21.44	21.16	20.87	20.59	20.32

Source: Company data, Credit Suisse estimates

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Dividend Discount Valuation

Exhibit 4: Dividend Discount Model

Years to Discount	0 2006	0 2007	0 2008	1 2009	2 2010	3 2011	4 2012	5 2013	6 2014	7 2015	8 2016
EPS	0.96	1.00	0.97	1.09	1.21	1.38	1.41	1.50	1.57	1.63	1.68
Growth		*3.7%*	*-3.4%*	*12.4%*	*11.3%*	*14.2%*	*2.0%*	*6.4%*	*4.4%*	*3.7%*	*3.5%*
Dividends	0.76	0.76	0.78	0.81	0.84	0.87	0.91	0.94	0.98	1.02	1.06
Growth		*0.0%*	*3.0%*	*3.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*
Payout	79%	76%	81%	74%	69%	63%	64%	63%	63%	63%	63%

	Terminal Growth Rate 1.5%	2.0%	2.5%
NPV FCF	7.39	7.39	7.39
NPV Terminal FCF	10.33	11.44	12.80
Fair Value	17.72	18.83	20.20

Source: Company data, Credit Suisse estimates

See consolidated financials statements and capex assumptions in the exhibits on the following pages.

Exhibit 5: TE Consolidated Income State, 2006A-2012E

TECO Energy (NYSE: TE)	2006A	1Q07A	2Q07A	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Net Revenues	3,448.1	821.3	866.5								
Fuel, Purc. Power & Gas	(1,684.0)	(408.0)	(437.7)								
Gross Margin	**1,764.1**	**413.3**	**428.8**	**478.7**	**367.8**	**1,688.6**	**1,486.3**	**1,530.5**	**1,581.0**	**1,670.5**	**1,760.1**
O&M & Other	(862.7)	(201.7)	(205.8)	(223.7)	(169.3)	(800.5)	(520.0)	(525.9)	(541.2)	(557.1)	(573.0)
DD&A	(282.2)	(71.6)	(72.8)	(73.5)	(69.3)	(287.2)	(276.4)	(280.7)	(284.4)	(296.6)	(307.7)
Taxes other than Income Taxes	(217.5)	(58.8)	(55.0)	(61.5)	(58.7)	(234.0)	(237.7)	(237.6)	(238.2)	(244.4)	(249.7)
Operating Income	**401.7**	**81.2**	**95.2**	**120.0**	**70.5**	**366.9**	**452.2**	**486.3**	**517.3**	**572.5**	**629.6**
Other Income (inc. equity earnings)	153.8	69.8	42.4	42.9	42.5	197.7	85.1	98.3	120.4	130.7	83.8
Net Interest Expense	(278.3)	(67.1)	(65.7)	(60.3)	(57.1)	(250.2)	(211.0)	(217.7)	(229.3)	(236.8)	(237.6)
Interest Rate	*8.0%*	*8.0%*	*7.7%*	*7.1%*	*6.8%*	*7.6%*	*7.0%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Pre-tax Income	**277.2**	**83.9**	**71.9**	**102.6**	**55.9**	**314.3**	**326.3**	**366.8**	**408.4**	**466.3**	**475.8**
Income Tax	(113.3)	(32.9)	(28.1)	(41.0)	(22.4)	(124.4)	(124.0)	(139.4)	(155.2)	(177.2)	(180.8)
Tax Rate	*40.9%*	*39.2%*	*39.1%*	*40.0%*	*40.0%*	*39.6%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*
Minority Interests	69.6	23.5	20.3	17.3	16.2	77.3	0.0	0.0	0.0	0.0	0.0
Recurring Net Income	**233.5**	**74.5**	**64.1**	**78.9**	**49.7**	**267.2**	**202.3**	**227.4**	**253.2**	**289.1**	**295.0**
GAAP Net Income	233.5	72.8	64.1	78.9	189.5	267.2	202.3	227.4	253.2	289.1	295.0
Recurring EPS	**1.12**	**0.36**	**0.31**	**0.38**	**0.24**	**1.27**	**0.97**	**1.09**	**1.21**	**1.38**	**1.41**
Diluted Shares Outstanding	208.8	209.5	208.9	209.0	209.0	209.6	209.3	209.3	209.3	209.3	209.3
Recurring EPS ex. Synfuels	**0.96**	**0.21**	**0.25**	**0.37**	**0.17**	**1.00**	**0.97**	**1.09**	**1.21**	**1.38**	**1.41**
Growth	*22%*	*-9%*	*0%*	*21%*	*-4%*	*4%*	*-3%*	*12%*	*11%*	*14%*	*2%*
Price	16.13	16.91	17.67	16.50	16.67	16.94	17.50	18.37	19.29	20.26	21.27
						16.7	18.1	16.9	15.9	14.7	15.1
Dividend per Common Share	0.76	0.19	0.19	0.19	0.19	0.76	0.78	0.81	0.84	0.87	0.91
Payout Ratio	79%					76%	81%	74%	69%	63%	64%
Growth						0%	3%	3%	4%	4%	4%

Source: Company data, Credit Suisse estimates

Exhibit 6: TE Balance Sheet, 2006A-2012E

BALANCE SHEET	2006A	2007A	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Cash & Cash Equivalents	441.6	361.6	219.9	219.9	219.9	219.9	19.9	19.9	19.9	19.9	19.9
Restricted Cash	37.3	37.3	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4
Accounts Receivable	338.3	310.2	297.2	304.7	312.2	312.2	332.2	332.2	332.2	332.2	332.2
Inventory	159.6	189.7	212.5	212.5	212.5	212.5	212.5	212.5	212.5	212.5	212.5
Other	308.9	309.8	317.5	317.5	317.5	317.5	317.5	317.5	317.5	317.5	317.5
Total Current Assets	**1,285.7**	**1,208.6**	**1,084.5**	**1,092.0**	**1,099.5**	**1,099.5**	**919.5**	**919.5**	**919.5**	**919.5**	**919.5**
Net PP&E	**4,766.9**	**4,694.5**	**4,755.8**	**4,785.8**	**4,656.7**	**4,656.7**	**4,919.3**	**5,232.3**	**5,576.5**	**5,952.5**	**6,011.9**
Other Investments	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Investments in unconsol. affiliates	292.9	266.8	286.3	286.3	286.3	286.3	286.3	286.3	286.3	286.3	286.3
Goodwill	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4
Deferred income taxes	630.2	580.2	574.0	535.0	438.5	438.5	321.0	189.0	42.0	(125.9)	(297.2)
Regulatory assets	231.3	240.8	237.4	237.4	237.4	237.4	247.3	259.0	311.4	362.7	365.7
Deferred charges & Other	87.3	84.3	89.1	89.1	89.1	89.1	89.1	89.1	89.1	89.1	89.1
Intangible assets	0.1	156.3	164.2	164.2	164.2	164.2	164.2	164.2	164.2	164.2	164.2
Total Other assets	**1,309.2**	**1,395.8**	**1,418.4**	**1,379.4**	**1,282.9**	**1,282.9**	**1,175.3**	**1,065.0**	**960.4**	**843.8**	**675.6**
Total Assets	**7,361.8**	**7,298.9**	**7,258.7**	**7,257.3**	**7,039.1**	**7,039.1**	**7,014.1**	**7,216.8**	**7,456.4**	**7,625.9**	**7,607.0**
Recourse	638.1	456.1	156.1	156.1	156.1	156.1	156.1	156.1	156.1	156.1	156.1
Non-recourse	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
ST debt	639.4	457.4	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5
Notes Payable	48.0	51.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	326.5	267.6	259.9	259.9	259.9	259.9	259.9	259.9	259.9	259.9	259.9
Current derivative liability	70.3	1.6	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Customer deposits	129.5	132.8	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4
Accrued interest	50.5	85.6	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.1
Taxes accrued	25.3	42.5	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Assets held for sale & Other	60.9	183.4	206.6	206.6	206.6	206.6	206.6	206.6	206.6	206.6	206.6
Total Current Liabilities	**1,358.4**	**1,221.9**	**877.7**	**877.7**	**877.7**	**877.7**	**877.7**	**877.7**	**877.7**	**877.7**	**877.7**
Deferred Income Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment tax credit	14.7	14.0	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Regulatory Liabilities	555.3	573.3	578.4	578.4	578.4	578.4	578.4	578.4	578.4	578.4	578.4
Deferred credits & Other	499.8	509.2	512.6	512.6	512.6	512.6	512.6	512.6	512.6	512.6	512.6
Total Other Liabilities	**1,069.8**	**1,096.5**	**1,104.4**	**1,104.4**	**1,104.4**	**1,104.4**	**1,104.4**	**1,104.4**	**1,104.4**	**1,104.4**	**1,104.4**
Recourse	3,202.2	3,202.3	3,451.0	3,410.4	3,042.5	3,042.5	2,979.0	3,123.0	3,285.0	3,347.8	3,223.7
Non-recourse	10.4	9.0	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Pref. Securities/Junior subord.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	**3,212.6**	**3,211.3**	**3,460.1**	**3,419.5**	**3,051.6**	**3,051.6**	**2,988.1**	**3,132.1**	**3,294.1**	**3,356.9**	**3,232.8**
Preferred Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock	209.5	209.6	210.6	210.6	210.6	210.6	210.6	210.6	210.6	210.6	210.6
Additional Paid-in Capital	1,466.3	1,470.9	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4
Retained earnings	83.7	116.9	149.6	188.8	338.5	338.5	377.0	435.7	513.4	620.0	725.1
AOCI	(30.5)	(28.2)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)
Unearned compensation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholders' Equity	**1,729.0**	**1,769.2**	**1,816.5**	**1,855.7**	**2,005.4**	**2,005.4**	**2,043.9**	**2,102.6**	**2,180.3**	**2,286.9**	**2,392.0**
Total Liab. & Equity	**7,361.8**	**7,298.9**	**7,258.7**	**7,257.3**	**7,039.1**	**7,039.1**	**7,014.1**	**7,216.8**	**7,456.4**	**7,625.9**	**7,607.0**

Source: Company data, Credit Suisse estimates

Exhibit 7: **TE Statement of Cash Flows, 2006A-2012E**

CASH FLOW STATEMENT	2006A	1Q07A	2Q07A	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Net Income	246.3	72.8	73.7	78.9	189.5	414.9	202.3	227.4	253.2	289.1	295.0
D&A	282.2	71.6	66.8	73.5	69.3	281.2	276.4	280.7	284.4	296.6	307.7
Deferred Income Taxes	112.3	29.3	8.3	39.0	96.5	173.1	117.5	132.0	147.0	167.9	171.3
Minority loss	(69.6)	(23.5)	(20.3)	(17.3)	(16.2)	(77.3)	0.0	0.0	0.0	0.0	0.0
Changes to Working Capital	(27.2)	4.1	(41.0)	(7.5)	(7.5)	(51.9)	(20.0)	0.0	0.0	0.0	0.0
Other	23.4	4.6	(12.7)	0.0	0.0	(8.1)	(9.9)	(21.7)	(42.4)	(51.3)	(3.0)
Operating Cash Flow	**567.4**	**158.9**	**74.8**	**166.6**	**331.6**	**731.9**	**566.3**	**618.4**	**642.1**	**702.2**	**771.0**
Capex	(455.7)	(134.5)	(137.6)	(127.5)	(127.5)	(527.1)	(539.0)	(593.7)	(628.5)	(582.5)	(457.1)
AFDUC	3.3	1.7	1.1	0.0	0.0	2.8	0.0	0.0	0.0	0.0	0.0
Purchases of Business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Business/Assets	100.4	7.9	37.6	23.9	187.3	256.8	0.0	0.0	0.0	0.0	0.0
Investments	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(7.5)	(29.8)	(2.4)	0.0	0.0	(32.2)	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**(352.2)**	**(154.7)**	**(101.3)**	**(103.6)**	**59.8**	**(299.7)**	**(539.0)**	**(593.7)**	**(628.5)**	**(582.5)**	**(457.1)**
Issuance of Common Stock	12.5	3.6	4.8	0.0	0.0	8.4	0.0	0.0	0.0	0.0	0.0
Purchase of Treasury Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from LT Debt	327.5	0.0	321.0	0.0	0.0	321.0	0.0	0.0	0.0	0.0	0.0
Repayment of LT Debt	(199.3)	(72.8)	(375.0)	(40.6)	(367.9)	(856.3)	(63.5)	144.0	161.9	62.8	(124.1)
Net Increase in ST Debt	(167.0)	3.0	(51.0)	0.0	0.0	(48.0)	0.0	0.0	0.0	0.0	0.0
Issuance of Redeemable Pref.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity Contract Adj. Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(158.7)	(39.8)	(41.0)	(39.7)	(39.7)	(160.2)	(163.8)	(168.7)	(175.5)	(182.5)	(189.8)
Minority Interest	65.7	21.8	26.0	17.3	16.2	81.3	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	**(119.3)**	**(84.2)**	**(115.2)**	**(63.0)**	**(391.4)**	**(653.8)**	**(227.3)**	**(24.7)**	**(13.6)**	**(119.7)**	**(313.9)**
Change in Cash	**95.9**	**(80.0)**	**(141.7)**	**0.0**	**0.0**	**(221.7)**	**(200.0)**	**0.0**	**0.0**	**0.0**	**0.0**
Beginning Cash	345.7	441.6	361.6	219.9	219.9	441.6	219.9	19.9	19.9	19.9	19.9
Ending Cash	**441.6**	**361.6**	**219.9**	**219.9**	**219.9**	**219.9**	**19.9**	**19.9**	**19.9**	**19.9**	**19.9**

Source: Company data, Credit Suisse estimates

Exhibit 8: TE Segment Capex

Capex Assumptions

Transmission	21.0	21	59	56	58	59	60
Distribution	95.0	118	125	124	106	108	111
Generation -- Maintenance	96.0	109	62	86	86	86	86
Generation -- CCGT (assumed)	57.0		51	153	204	102	
Generation -- Growth		-	-	-	-	53	53
Other	20.0	25	31	25	25	25	25
Environmental	74.0	121	98	42	42	42	15
Tampa Electric	363.0	394	426	485	520	474	349
People Gas	54.0	50	50	50	50	50	50
Teco Transport	40.0	45	40	33	33	33	33
Teco Coal	17.0	25	23	26	26	26	26
Other Unreg & Other	(20.0)	3	-	-	-	-	-
Non-Regulated Segments:	38.7	73	63	58	58	58	58
Consolidated Capex	**455.7**	**517**	**539**	**594**	**629**	**583**	**457**

Source: Credit Suisse estimates

CREDIT SUISSE

05 October 2007

Companies Mentioned *(Price as of 04 Oct 07)*
TECO Energy (TE, $15.84, OUTPERFORM, TP $18.50, UNDERWEIGHT)

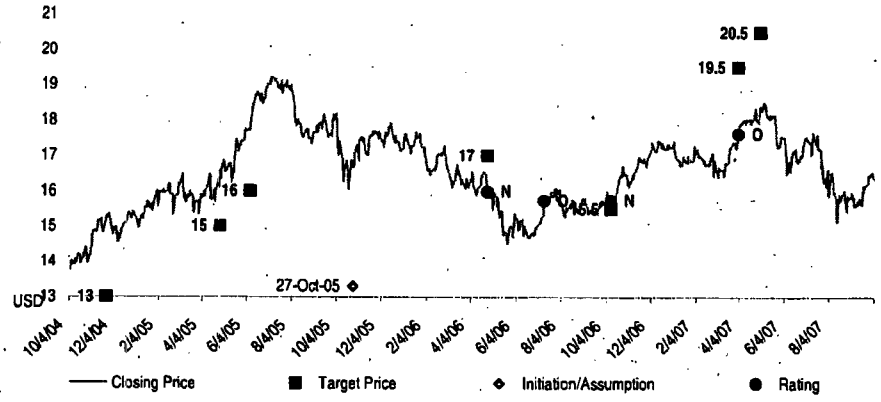
Disclosure Appendix

Important Global Disclosures

I, Dan Eggers, CFA, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

See the Companies Mentioned section for full company names.

3-Year Price, Target Price and Rating Change History Chart for TE



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

TE Date	Closing Price Price (US$)	Target Price Price (US$)	Rating	Initiation/ Assumption
11/24/04	15.33	13		
4/28/05	16.31	15		
6/8/05	18.06	16		
10/27/05				X
4/26/06	15.99	17	NEUTRAL	
7/11/06	15.74		OUTPERFORM	
10/10/06	15.74	15.5	NEUTRAL	
4/2/07	17.63	19.5	OUTPERFORM	
5/2/07	18.38	20.5		

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Neutral: The stock's total return is expected to be in line with the industry average* (range of ±10%) over the next 12 months.

Underperform:** The stock's total return is expected to underperform the industry average* by 10-15% or more over the next 12 months.

**The industry average refers to the average total return of the analyst's industry coverage universe (except with respect to Asia/Pacific, Latin America and Emerging Markets, where stock ratings are relative to the relevant country index.*

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Restricted	2%	

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Price Target: (12 months) for (TE)
Method: We reach our $18.50 target price on Teco Energy using EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiples, P/E (price/earnings) multiples, and a traditional discounted cash flow analysis. On our discounted cash flow, we use a 7.0% discount rate (modestly above the broader Utility average of 6.9%) and 7.0x terminal EBITDA multiple, supported by our sum-of-the parts analysis, using 8.0x Utility EBITDA, 7.0x Coal EBITDA, and 7.0x Guatemala EBITDA and 15.5x Utility EPS, 14.0x Coal EPS, and 14.0x Guatemala EPS.
Risks: Risks to our $18.50 target price on Teco Energy include: (1) uncertainty surrounding synfuel contribution (2) coal price assumptions - every $5 move in spot steam coal prices impacts out year earnings potential by ~6% (3) legislative approval of cash recovery on newbuild generation (4) regulatory changes in Florida

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05 October 2007
Americas/United States
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10/2 Polk 6

call a Time out

① FDEP - 20% cc + 5% sequestration
liability stays w/TEC
+ meet future carbon cap rules

② Cost escalation RISK - most likely

③ Do it Before hearings

Project "suspension" "Delay" "Deferral"
close FPSC DOCKET now
"not moving forward" for 2013
legislative sensitivities

Primary reason - RISK of cost to customers
ccs - no longer least cost

climate change ~~CO~~ CO_2 exist efforts
now ccs developing - not understood
Technology + costs uncertain

Pursue ccs Trial on P-1
Announce Thur

① Message Gov's office
② Board ahead
③ External constituents

can not blame DEP

like IGCC technology
Fuel diversity

conservation / Renewables / still need
generation in 2013 have to
Revaluate Technologies &
Economics

DRAFT 1 (Confidential)

FOR IMMEDIATE RELEASE

TAMPA ELECTRIC DEFERS USE OF CLEAN COAL GENERATING UNIT BEYOND 2013 NEEDS

Company cites potential cost impacts to customers, uncertainty in evolving carbon regulations

Tampa, Florida – October 4, 2007 – Tampa Electric today announced that it no longer plans to meet its 2013 need for baseload generation through the use of integrated gasification combined-cycle technology, or IGCC. Primary drivers of the decision announced today include continued cost increases for the project, as well as continued and intensified debate on carbon dioxide (CO_2) emissions and the probable need for future emissions reductions. These factors would result in an uncertain financial impact to customers and shareholders, which are unacceptable to the company.

The company remains steadfast in support of IGCC as a critical component of future fuel diversity in Florida and the nation; the technology is the most environmentally responsible way to utilize coal, an affordable, abundant and domestically produced fuel. Tampa Electric is recognized as the world leader in the production of electricity from IGCC. The company also believes that IGCC technology offers the best platform to capture CO_2 and, once sequestration of carbon emissions are fully demonstrated, more is known about the economics of doing so, and public policy issues regarding long-term sequestration are resolved, it will play a significant role in the nation's power generation.

President Chuck Black said, "We believe we will utilize IGCC in our future generation plans, but with the uncertainty of construction costs and future carbon reduction requirements, the timing may not be right to utilize it to address our next baseload construction, needed by 2013. We are not prepared to present either our customers or our shareholders with that risk."

"Even with the $133.5 million in federal tax credits we were awarded for this project, with the current economic uncertainty, we are concerned that IGCC may not be the most cost-effective technology to meet our customers' growing needs," said Black. "We're going to take a step back and evaluate how best to meet our 2013 needs."

While technology exists for carbon capture, there remain many uncertainties about carbon sequestration that must be resolved before a significant investment like Polk 6 can occur. As the owner of the first and largest commercial IGCC generating facility, Tampa Electric anticipates that its Polk Unit 1 could be a central part of the research needed to advance the technology, in partnership with government agencies and/or others.

Over the next 10 years, peak demand for Tampa Electric is expected to continue to grow by 150 megawatts per year, taking into consideration strong average customer growth of 2.3% and average energy sales growth of 2.5%.

Following deferment of the IGCC plan, the company will further study how it will meet its needs for more than 600 megawatts of baseload generation in early 2013, evaluating other technologies and fuel options, including natural gas, as well as the impact of expanded energy-efficiency and conservation programs and renewable resources.

Tampa Electric expects to continue to make significant investments to reliably serve its growing customer base. The company's capital spending for other infrastructure needs is unchanged at an annual average of approximately $400 million through 2011. TECO Energy remains committed to its early debt retirement plans.

Black expressed gratitude to Governor Charlie Crist, the state legislature, environmental organizations like National Resource Defense Council, Audubon of Florida and the Southern Alliance for Clean Energy, for supporting the IGCC advanced cost recovery legislation passed by the legislature earlier this year, and restated his believe that this vehicle will benefit the state in terms of fuel diversity and lower fuel costs to customers in the future.

Tampa Electric Company is the principal subsidiary of TECO Energy, Inc. (NYSE: TE), an integrated energy-related holding company with core businesses in the utility sector, complemented by a family of unregulated businesses. Tampa Electric Company is a regulated utility with both electric and gas divisions (Tampa Electric and Peoples Gas System). Other subsidiaries are engaged in waterborne transportation, coal and synthetic fuel production and independent power.

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DRAFT 1 (Confidential)

FOR IMMEDIATE RELEASE

TAMPA ELECTRIC DEFERS USE OF CLEAN COAL GENERATING UNIT BEYOND 2013 NEEDS

Company cites potential cost impact to customers, uncertainty in evolving carbon regulations

Tampa, Florida – October 4, 2007 – Tampa Electric today announced that it no longer plans to meet its 2013 need for baseload generation through the use of integrated gasification combined-cycle technology, or IGCC. Primary drivers of the decision announced today include continued cost increases for the project, as well as continued and intensified debate on carbon dioxide (CO_2) emissions and the probable need for future emissions reductions. These factors would result in an uncertain financial impact to customers and shareholders, which was unacceptable to the company.

The company remained steadfast in support of IGCC as a critical component of future fuel diversity in Florida and the nation; the technology is the most environmentally responsible way to utilize coal, an affordable, abundant and domestically produced fuel. Tampa Electric is recognized as the world leader in the production of electricity from IGCC. The company also believes that IGCC technology offers the best platform to capture CO_2 and, once sequestration of those emissions are fully demonstrated, more is known about the economics of doing so, and public policy issues regarding long-term sequestration are resolved, it will play a significant role in the nation's power generation.

President Chuck Black said, "We believe we will utilize IGCC in our future generation plans, but with the uncertainty of construction costs and carbon requirements, the timing may not be right to utilize it to address our next baseload construction, needed by 2013. We are not prepared to present either our customers or our shareholders with that risk."

Black expressed the company's disappointment at not bringing this innovative technology to Florida at this time, and the fact that customers would forfeit the benefits of $133.5 million in federal tax credits associated with the project.

"Even with the federal tax credits, with the current economic uncertainty, we are concerned that IGCC may not be the most cost-effective technology to meet our customers' growing needs," said Black. "We're going to take a step back and evaluate how best to meet our 2013 needs."

The company believes that, ultimately, technologies will be developed to achieve the required reductions in CO_2 emissions. Further, as the owner of the first and largest commercial IGCC generating facility, Tampa Electric anticipates that its Polk Unit 1 could be a central part of the research needed to advance the technology, in partnership with government agencies and/or others.

Over the next 10 years, peak demand for Tampa Electric is expected to continue to grow by 150 megawatts per year, taking into consideration strong average customer growth of 2.3% and average energy sales growth of 2.5%.

Following deferment of the IGCC plan, the company will further study how it will meet its needs for more than 600 megawatts of baseload generation in early 2013, evaluating other technologies and fuel options, including natural gas, as well as the impact of expanded energy-efficiency and conservation programs and renewable resources.

Tampa Electric expects to continue to make significant investments to reliably serve its growing customer base. The company's capital spending for other infrastructure needs is unchanged at an annual average of approximately $400 million through 2011. The company remains committed to its early debt retirement plans, assuming the success of the previously announced sale of its TECO Transport business.

Black expressed gratitude to Governor Charlie Crist, the state legislature, environmental organizations like National Resource Defense Council, Audubon of Florida and the Southern Alliance for Clean Energy, for supporting the IGCC advanced cost recovery legislation passed by the legislature earlier this year, and restated his believe that this vehicle will benefit the state in terms of fuel diversity and lower fuel costs to customers in the future.

Tampa Electric Company is the principal subsidiary of TECO Energy, Inc. (NYSE: TE), an integrated energy-related holding company with core businesses in the utility sector, complemented by a family of unregulated businesses. Tampa Electric Company is a regulated utility with both electric and gas divisions (Tampa Electric and Peoples Gas System). Other subsidiaries are engaged in waterborne transportation, coal and synthetic fuel production and independent power.

-30-

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[insert safe harbor language]

10/4

TED HYEN - CATAPULT
IT sale, GEN options, REASONS

MARK FINN - T. ROWE
IT sale, GEN options, REASONS, PLANT COSTS (HOW dilutive) ⇒ long-TERM, GAS prices

DAN EGGERS - CAPEX plans - other gen
(ugly call - he feels like a fool)

DAVE PARKER - a shock
FL climate is changing

MAURY MAY - surprise - but prudent

ROSS FOWLER - LEHMAN

PAUL COLE @ TALON - why, FUTURE gen
needs, balance sheet improvement
cash FLOW forecast

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

The Pierre
New York
A Taj Hotel

10/4

Ron Silvestri @ Neuberger - what happened

Doug Wilson @ Talek - what changed

Ben Sung @ Luminous
when will we know more about future plans

John Barlett @ Reaves - what changed
is this a bargining chip with the FPSC

Niki Edgecomb @ JPM - What changed,
Timing of new plans, integrated plans?
Rate case strategy
AEP - Pulled Time-line for IGCC Today
Market is over reacting to news

Chris Shelton @ Millenium - Gas plant
spending curves, renewables available?
status of TT, plans for TT cash
share buy back, Did crist pull support
for IGCC, Debt retirement plans

Ashar Kahn - status of TT, what changed
Rate case Timing, alternative generation & Timing
management credibility
Andrea Feinstein - what changed, politics (FPL)
alternative gen & Timing

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New York
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Teresa Ho Kim @ Jennison - Why now
politics, alternatives, cost of IGCC
CCGT Timing, magnitude of rate base growth
no need for equity
not selling - thinks we're cheap here
centerpoint - AMI

shalini @ UBS - what changed
why not let PSC shut it down
rate base growth + Timing
Did we earn points w/ FPSC by doing this
still sell TT - status
mkt coal markets + prices
Timing of 08 Guidance

Sebastian Ianellaro @ G. Weiss
what changed, was it the Gov.? FPSC
reaction, nat gas spending timing vs IGCC
IGCC dead forever or just now

Carrie St. Louis + Douglas - what changed

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Utilities Research
January 18, 2007

TECO Energy, Inc. (TE)

Adjusting 2007 EPS Estimate for Synfuel; Initiating 2008 Estimate

Price: (01/17/07)	**16.98**	**Rating:**	**Outperform**	**FY: Dec**	**2006E**	**2007E**	**2008E**
52WK H-L:	**18 - 14**			Q1	0.28A	0.27E	
Market Cap (mil):	**3,544**	**Suitability:**	**Average Risk**	Q2	0.25A	0.31E	
Shares Out (mil):	207.9			Q3	0.37A	0.42E	
Float (mil):	206.4			Q4	0.25E	0.25E	
Avg. Daily Vol (mil):	0.69			**Total**	**1.15E**	**1.25E**	**1.25E**
		Price Target:	**19**	Previous		1.30E	
Dividend:	0.76			FY P/E	14.8x	13.6x	13.6x
Yield:	4.48						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

We have adjusted our 2007 EPS estimate to account for hedging costs related to TE's synfuel business and have initiated a 2008 estimate that anticipates solid core growth. We maintain our Outperform rating on the stock and view it as one of our top ideas. Recovery of environmental investments, debt reduction and solid non-regulated growth should offset the wind-down of synfuel operations, yielding a compelling valuation.

Summary

- We have adjusted our 2007 EPS estimate $0.05 lower to $1.25 for hedging costs to ensure the viability of the synfuel operations throughout 2007. TE has hedged expected synfuel benefits of $100 million at a cost of $37 million. Note that our estimate includes projected synfuel benefits for 2007.
- We have introduced a 2008 EPS estimate of $1.25, unchanged from our updated 2007 EPS estimate.
- We expect the loss of synfuel-related earnings to impact 2008 EPS by $0.15-0.20, but to be offset by higher regulated utility results, particularly from the recovery of environmental capital expenditures, increased coal production, increased transportation earnings from the addition of new river barges, and lower interest expense.
- TECO is scheduled to release its 4Q06 results on 2/6/2007. We expect TECO to report 4Q06 EPS (including synfuel results) of $0.25, which includes an approximate $0.06 contribution from synfuel. Our 2006 EPS estimate of $1.15 assumes an approximate $0.17 contribution from synfuel. Excluding synfuel, TECO expects to report 2006 EPS of $0.90-1.00.

TECO Energy, Inc.
January 18, 2007

Details

For more detailed information, please contact your Baird representative to receive a copy of our basic company report on TECO Energy released today.

Investment Thesis

TECO has steadily rebuilt the company following its ill-fated expansion in the merchant power market. It has sold the majority of its merchant power business and some other minor businesses, and has begun strengthening its balance sheet. We believe TE's stock will find additional support as quarterly EPS comps improve and investors' concerns continue to make a healthy shift from liquidity, EPS predictability and maintainability of the dividend to near-term EPS performance. We expect average to above-average total returns near term and rate TE Outperform.

We expect EPS performance to improve reflecting:

- Further debt reduction over the next four years as TECO monetizes its substantial deferred tax asset position resulting from the merchant-related losses and recoups deferred regulatory assets, particularly hurricane-related and deferred fuel & purchased power costs.
- Continued utility EPS expansion reflecting Florida's robust population growth, a constructive regulatory environment that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG), as well as expected base rate increases upcoming for a series of environmental upgrades to its coal-fired plants.

Adjusting for the realization of tax assets resulting from the substantial merchant losses from 2003 and 2004 and remaining synfuel benefits, which we estimate add $2-3 to the core business value, our $19 price target is approximately 17x and 16x our 2006 and 2007 EPS estimates, respectively, or a slight premium to its peers in the Baird Diversified Services index when fully valued, supported by above-average EPS growth, well above-average dividend yield and lowered business risk reflecting TE's decision to eliminate its exposure to merchant power markets.

Risks & Caveats

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

Company Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. Its primary businesses are Tampa Electric, Peoples Gas, TECO Coal, and TECO Transport. Tampa Electric Company provides retail electric service to more than 612,000 customers

in West Central Florida. Peoples Gas System is engaged in the purchase, distribution and marketing of natural gas in Florida and serves over 300,000 customers.

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TECO Energy - Quarterly Earnings Model

	2005				2006				2007			
	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06E	1Q07E	2Q07E	3Q07E	4Q07E
Net Sales	$685	$719	$836	$770	$836	$863	$923	$792	$822	$846	$905	$868
Cost of Goods Sold	239	239	322	281	340	344	390	298	317	322	358	349
Gross Income	446	480	515	489	496	518	533	494	505	524	547	519
Operating Expense	366	387	409	412	405	412	402	404	414	421	414	439
Operating Income	80	93	105	77	92	106	131	90	91	103	133	80
Pretax Income	79	88	135	80	83	77	118	77	83	97	131	76
Net Income	$52	$57	$95	$50	$58	$52	$77	$53	$55.9	$65.2	$87.5	$53.2
EPS	$0.25	$0.27	$0.46	$0.24	$0.28	$0.25	$0.37	$0.25	$0.27	$0.31	$0.42	$0.25
Dividends	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19
Average Shares	206	209	209	210	209	209	209	209	209	209	209	210
Margin Analysis												
Gross Margin	65%	67%	62%	63%	59%	60%	58%	NA	61%	62%	60%	60%
Operating Expense	53%	54%	49%	53%	48%	48%	44%	NA	50%	50%	46%	51%
Operating Margin	12%	13%	13%	10%	11%	12%	14%	11%	11%	12%	15%	9%
Pretax Margin	12%	12%	16%	10%	10%	9%	13%	10%	10%	12%	14%	9%
Net Margin	8%	8%	11%	7%	7%	6%	8%	7%	7%	8%	10%	6%

TECO Energy - Annual Earnings Model

	2002	2003	2004	% chg	2005	% chg	2006E	% chg	2007E	% chg	2008E	% chg
Net Sales	$2,676	$2,718	$2,669	(2%)	$3,010	13%	$3,421	14%	$3,446	1%	$3,645	6%
Cost of Goods Sold	664	754	935	24%	1,081	16%	1,373	27%	1,345	(2%)	1,392	3%
Gross Income	2,012	1,964	1,734	(12%)	1,929	11%	2,048	6%	2,101	3%	2,253	7%
Operating Expense	1,623	1,646	1,472	(11%)	1,574	7%	1,629	4%	1,693	4%	1,725	2%
Operating Income	389	317	262	(17%)	355	35%	419	18%	408	(3%)	527	29%
Pretax Income	388	136	238	75%	382	60%	355	(7%)	387	9%	402	4%
Net Income	$350	$165	$151	(8%)	$255	69%	$241	(5%)	$262	9%	$262	(0%)
EPS	$2.26	$0.92	$0.76	(14%)	$1.22	56%	$1.16	(6%)	$1.25	8%	$1.25	(0%)
Dividends	$1.41	$0.93	$0.76	(18%)	$0.76	0%	$0.76	0%	$0.76	0%	$0.76	0%
Average Shares	153	180	193	7%	208	8%	209	0%	209	0%	210	0%
Margin Analysis												
Gross Margin	75.2%	72.3%	65.0%		64.1%		59.9%		61.0%		61.8%	
Operating Expense	60.7%	60.6%	55.1%		52.3%		47.6%		49.1%		47.3%	
Operating Margin	14.5%	11.7%	9.8%		11.8%		12.2%		11.8%		14.5%	
Pretax Margin	14.5%	5.0%	8.9%		12.7%		10.4%		11.2%		11.0%	
Net Margin	13.1%	6.1%	5.7%		8.5%		7.0%		7.6%		7.2%	

Balance Sheet Data

	2002	2003	2004	2005	3Q06
Cash & Equivalents	$413	$160	$154	$383	$599
Receivables	423	280	287	323	364
Inventory	210	171	121	154	162
Current Assets	1,323	870	738	1,272	1,452
Fixed Assets	5,464	5,679	4,658	4,567	4,679
Total Assets	8,638	10,462	9,476	7,170	7,339
Current Debt	488	69	129	222	639
Payables	377	314	268	355	299
Current Liabilities	1,109	2,247	2,222	926	1,423
Other Liabilities	943	2,143	2,087	943	967
L.T. Debt and Lease	3,324	3,744	3,880	3,709	3,319
Common Equity	2,612	1,676	1,284	1,592	1,690

Ratio Analysis

	2003	2004	2005	3Q06
Debt/Total Cap	62%	76%	71%	70%
Current Ratio	0.4	0.3	1.4	1.0
Days Sales Outst.	47	39	37	36
EBIT/Interest	1.6x	1.7x	2.3x	2.3x
Inventory Turn	92	57	46	42
Return on Equity	7.7%	10.2%	17.7%	14.6%
High P/E Ratio	18.6x	19.7x	15.8x	14.2x
Low P/E Ratio	10.3x	14.4x	12.2x	13.0x
Book Value	$8.92	$6.21	$7.64	$8.08
Price/Book	1.6x	2.5x	2.2x	1.9x
Cash Flow/Share	$3.04	$2.29	$2.58	$2.49
Price/Cash Flow	4.7x	6.7x	6.7x	6.3x

Please refer to "Appendix - Important Disclosures" and Analyst Certification.

TECO Energy, Inc.

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006E	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,421	$3,446	$3,645	6.6%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$401.8	$412.3	$440.3	3.3%
Wholesale Generation/Guatemal	44.8	50.5	(19.2)	13.7	36.4	55.0	55.7	59.4	17.7%
Transport	50.6	38.1	29.4	22.4	31.6	39.6	40.2	49.3	16.0%
Coal	47.6	61.8	100.8	95.3	193.7	129.9	136.5	97.0	(20.6%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	8.5	1.0	4.5	
Earnings Before Interest & Taxe	$576.4	$564.2	$493.9	$560.0	$671.1	$634.9	$645.8	$650.5	(1.0%)
Other Income	51.9	49.7	83.6	180.8	229.1	150.2	158.2	123.2	(18.7%)
Minority Interes	0.0	0.0	48.8	79.5	87.1	66.0	80.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$418.7	$407.6	$527.3	14.1%
Interest Expense	180.8	176.4	313.8	321.6	288.7	280.1	258.4	248.6	(4.9%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$354.8	$387.4	$401.9	1.7%
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$240.7	$261.9	$261.9	0.9%
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.15**	**$1.25**	**$1.25**	0.7%
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.8	209.4	209.8	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.76	0.0%
Payout Ratio (%	61	62	101	97	62	66	61	61	
Returns									
Return on Common Equity	17.5	15.3	7.7	10.2	17.7	14.7	15.2	14.3	
Internal Cash % of Total Capita	6	6	19	(3)	(0)	8	10	10	
Coverage Ratios									
Interest Coverage Ex. Non-Cash	3.1	3.0	1.5	1.7	2.3	2.3	2.5	2.6	
Internal Cash % Of Constructior	31	22	183	(53)	(1)	101	104	116	
Internal Cash % of Total Cap. Req	17	21	174	(50)	(1)	50	86	95	
% of Total Capital									
Short-term Debt	11.8	5.1	0.6	2.2	3.9	3.9	4.2	4.2	
Total Debt	61.7	58.5	67.4	75.7	71.2	69.6	65.0	63.0	
Preferred Stock	3.7	9.2	10.6	0.0	0.0	0.0	0.0	0.0	
Common Equity	36.4	36.9	27.3	24.2	28.8	30.4	35.0	37.0	
% Growth in Invested Capita	20.4	30.6	-13.2	-13.8	4.3	-0.3	-7.8	0.0	
Total Invested Capita	$5,414	$7,073	$6,141	$5,295	$5,523	$5,505	$5,078	$5,080	(2.7%)
Total Debt	3,243	3,812	3,813	4,009	3,931	3,831	3,301	3,201	
Total Preferred	200	649	649	0	0	0	0	0	
Total Common Equity	1,972	2,612	1,678	1,284	1,592	1,674	1,777	1,879	
Cash Flow									
Cash Flow From Operations	$493	$388	$632	$151	($75)	$625	$707	$709	
Dividends (Pref. & Common	184	216	165	145	158	159	159	159	
Internal Cash	308	172	466	6	(233)	466	548	550	
Construction Excluding AFC	966	1,065	591	273	295	456	480	450	
Other Investments	0	723	63	0	0	0	0	0	
Redemptions	570	1,228	850	225	494	100	530	100	
Total Capital Requirements	1,536	3,017	1,503	498	789	556	1,010	550	
Total Financing	1,368	2,767	792	88	608	0	0	0	

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Date Printed:	01/17/07			TECO Energy, Inc.			Dave Parker (813) 274-7620
Fiscal Year:	DEC			TE			Michael Gresens, CFA (414) 765-3849
(in millions)							
Balance Sheet	**2001**	**2002**	**2003**	**2004**	**2005**	**3Q05**
ASSETS						
Cash & Equivalents	$108	$411	$108	$97	$346	$562
Receivables	451	423	280	287	323	364
Inventory	171	210	171	121	154	162
Other	46	278	259	176	412	327
Total Current	776	1,322	818	680	1,235	1,415
Fixed Assets	4,838	5,464	5,679	4,658	4,567	4,679
Goodwill & Intangible Assets	383	1,199	344	271	305	296
Other Assets	766	651	3,570	3,810	1,026	912
Total Assets	$6,763	$8,636	$10,411	$9,419	$7,133	$7,302
LIAB. & EQUITY						
Current Debt	$1,428	$488	$69	$129	$222	$639
Payables	461	377	314	258	355	299
Other	34	244	1,864	1,836	349	484
Total Current	1,922	1,109	2,247	2,222	926	1,423
L/T Debt & Lease	1,815	3,324	3,745	3,883	3,709	3,319
Deferred Taxes	855	943	2,143	2,087	943	967
Other Liabilities	0	0	0	0	0	0
Preferred Stock	200	649	649	0	0	0
Common Equity	1,972	2,612	1,678	1,284	1,592	1,690
Total	$6,763	$8,638	$10,462	$9,477	$7,170	$7,398
Ratio Analysis:						
Current Ratio	0.4	1.2	0.4	0.3	1.4	1.0
Working Capital	173	289	(1,468)	(1,510)	185	70
Working Cap/Assets	3%	3%	(14%)	(16%)	3%	1%
Inventory Turns	105	105	92	57	46	42
Total Debt/Capital	60%	54%	62%	76%	71%	70%
LT Debt/Equity	92%	127%	223%	302%	233%	234%
EBIT/Interest Expense	3.2x	3.2x	1.6x	1.7x	2.3x	2.3x
Total Debt/EBIT	5.6x	6.8x	7.7x	7.2x	5.9x	6.2x

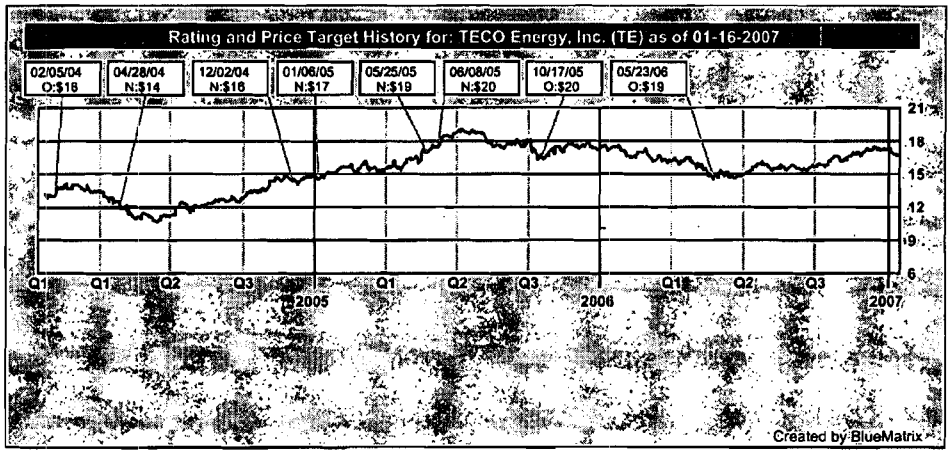
Cash Flow Statement	**2001**	**2002**	**2003**	**2004**	**2005**	**2006E**	**2007E**
Net Income	$304	$350	$165	$151	$255	$241	$262
Depreciation & Amort	308	303	382	290	282	283	290
Net changes in (CA) & CL	(12)	33	43	(1)	13	7	50
Deferred taxes/Non-Cash	(86)	(31)	(261)	(300)	(376)	94	106
Cash Flow from Operations	513	656	329	140	174	625	707
Dividend Payments	(184)	(216)	(165)	(145)	(158)	(159)	(159)
Net Capital Expenditures	(966)	(1,065)	(591)	(273)	(295)	(456)	(480)
Free Cash Flow	($637)	($625)	($427)	($279)	($279)	$10	$68
Operating Cash Flow Per Share	$3.79	$4.28	$1.83	$0.72	$0.84	$2.99	$3.38
Free Cash Flow Per Share	($4.70)	($4.08)	($2.38)	($1.45)	($1.34)	$0.05	$0.33

Du Pont Formula	**2001**	**2002**	**2003**	**2004**	**2005**	**2006E**	**2007E**
Net Margins (N/S)	11.5%	13.1%	6.1%	5.7%	8.5%	7.0%	7.6%
Assets Turnover (S/A)	0.4	0.3	0.3	0.3	0.4	0.5	0.5
Leverage (A/E)	3.6	3.4	4.5	6.7	5.8	4.4	4.1
Return on Equity	17.5%	15.3%	7.7%	10.2%	17.7%	14.7%	15.2%

Valuation Parameters		**2001**	**2002**	**2003**	**2004**	**2005**	**2006E**	**Recent**
Price (Common) - TE	High	31.80	28.72	17.00	15.49	19.30	17.73	17.23
	Low	24.94	10.49	9.47	11.30	14.87	14.40	
Forward P/E Ratio	High	14.7x	12.2x	17.9x	18.2x	16.7x	16.0x	16.1x
	Low	10.2x	5.9x	6.5x	12.7x	13.2x	11.8x	15.5x
	Close	10.8x	9.8x	17.8x	15.7x	14.0x	16.0x	15.6x
Book Value		$14.12	$14.85	$8.92	$6.21	$7.64	$8.00	$8.48
Price/Book Ratio	High	2.3x	1.9x	1.9x	2.5x	2.5x	2.2x	2.1x
	Low	1.8x	0.7x	1.1x	1.8x	1.9x	1.8x	1.7x
	Close	1.9x	1.0x	1.6x	2.5x	2.2x	2.2x	2.0x
EBITDA		$884	$868	$876	$850	$953	$918	$936
Enterprise Value	High	$7,439	$7,802	$6,711	$6,839	$7,566	$7,196	$6,876
	Low	6,511	5,007	5,356	6,032	6,644	6,500	6,179
EV / EBITDA	High	8.4x	9.0x	7.7x	8.0x	7.9x	7.8x	7.3x
	Low	7.4x	5.8x	6.1x	7.1x	7.0x	7.1x	6.6x
	Close	7.6x	6.7x	7.1x	8.0x	7.5x	7.7x	7.2x

TECO Energy, Inc.
January 18, 2007

Appendix - Important Disclosures and Analyst Certification



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Energy
January 18, 2007

BAIRD

TECO Energy, Inc.

Utilities -- Diversified Services

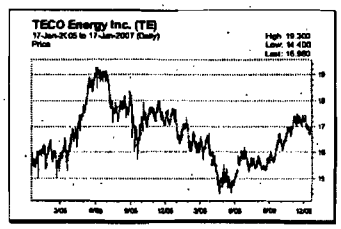
Stepping Back to Its Roots

TE - NYSE

Price (1/17/07):	**$16.98**
Rating:	**Outperform**
Suitability Rating:	**Average Risk**
52-Week High-Low:	$18 - 14
Mkt Cap (mil):	$3,528
Annual Dividend:	$0.76
Yield:	4.5%

	2005	206E	2007E
EPS	$1.15	$1.25	$1.25
P/E	14.7	13.5	13.5

FINANCIAL SUMMARY	
ROE (9/30/06):	14.6%
Book Value (9/30/06):	$8.08
Projected 3-Yr. Growth Rate:	5%
Insider Ownership:	0%
Institutional Ownership:	0%
Shares Outstanding (mil):	209.1
Average Daily Volume:	000,000
Long-Term Debt/Total Cap:	66%
Fiscal Year End:	December



Courtesy of FactSet Research Systems, Inc.

Investment Summary & Highlights

TECO Energy as a premier diversified utility investment reflecting consistent, above-average earnings growth from its regulated and diversified services operations seems like a very distant memory. The fresh memory is the almost disastrous results that followed investments in merchant power. With restructuring efforts complete and financial fundamentals steadily improving, TE has taken several giant steps back to a better time as it limits its core operations to those that helped make it a premier investment in the past. We believe TE's stock will find additional support as quarterly EPS comps improve and investors' concerns continue to make a healthy shift from liquidity, EPS predictability, and maintainability of the dividend to future EPS growth.

Well-Positioned Utility Operations with no nuclear exposure, attractive growth in its regulated service territory, and supportive regulation. Economic expansion in Florida results in consistent above-average regulated EPS growth. Accelerating regulated investments in environment equipment and longer-term base load capacity should provide additional EPS upside.

Attractive and Sustainable Dividend Yield. We believe improving EPS levels and cash flow support the current dividend level.

Regaining Credibility with Investors. Stepped-up communications with Wall Street, reduced business risk through the disposition of merchant power assets, debt reduction, the absence of synfuel volatility and improving financial performance should combine with steadily improving investors' confidence providing stock price support.

Please refer to Appendix - Important Disclosures and Analyst Certification on page 33.

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Business Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. It was incorporated in Florida in 1981 as part of its restructuring in which it became the parent corporation of Tampa Electric Company. TECO has five core businesses which consist of regulated electric and gas utility operations in Florida and other diversified operating companies engaged in coal mining and synthetic fuel production, waterborne transportation services, and unregulated electric generation with long-term contracts and regulated electricity distribution in Guatemala.

TECO Energy, through its largest subsidiary, **Tampa Electric**, provides retail electric service to over 645,000 customers in West Central Florida with a net system generating capability of more than 4,400 MW. **Peoples Gas System**, a division of Tampa Electric, provides natural gas distribution service to more than 321,000 customers in Florida's major metropolitan areas. Annual natural gas throughput in 2005 was 1.1 billion therms. The PGS system consists of 10,000 miles of mains and 6,000 miles of service lines.

Other significant operations include:

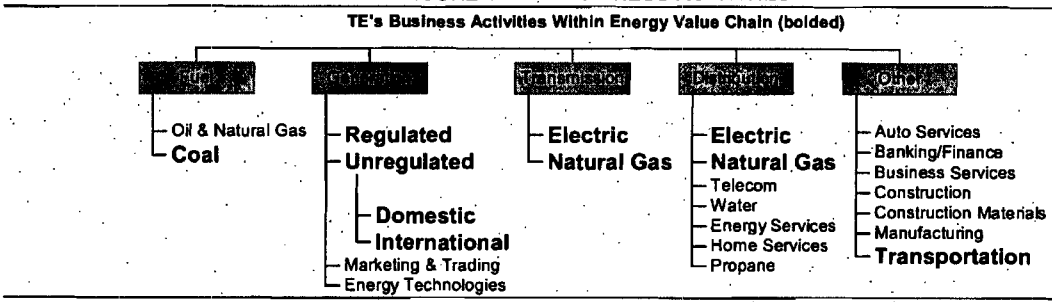
TECO Transport provides marine transportation services for many different dry-bulk commodities. Transport offers inland river transport, bulk transfer and inventory maintenance as well as ocean transportation. The company operates a fleet of 15 towboats and approximately 630 river barges on the Mississippi, Ohio and Illinois rivers. TECO also operates the largest transfer and storage facility on the Gulf Coast as well as eight ocean-going tug/barge units and three ocean-going ships with a combined cargo capacity of over 376,500 tons.

TECO Coal operates 11 surface and 29 underground mines and related coal processing facilities in eastern Kentucky, Tennessee and southwestern Virginia producing metallurgical-grade and high-quality steam coals. Sales in 2005 were 9.7 million tons, of which 6.4 million tons were used in synthetic fuel production. We expect synthetic fuels to provide little if any EPS contribution beyond 2007 as the underlying federal tax credits supporting production expire.

TECO Guatemala has investments in almost 200 MWs of coal- and oil-fired generation independent power projects, both under long-term contracts with a regulated distribution utility in Guatemala, and a 24% ownership interest in Guatemala's largest electric distribution utility.

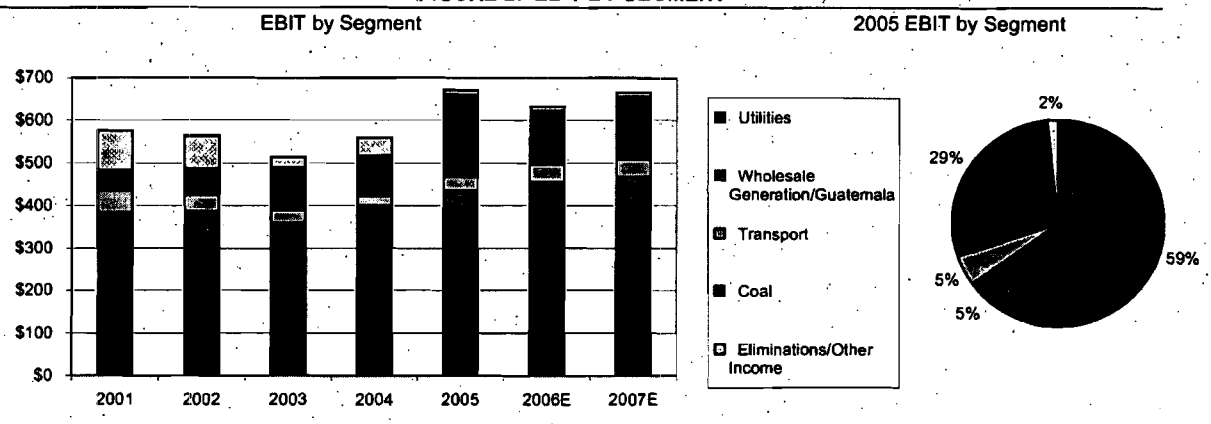
A more detailed description of each of TE's subsidiaries is included in the Regulated Operations and Nonregulated Operations sections of this research report.

FIGURE 1: TE'S BUSINESS ACTIVITIES



Source: Robert W. Baird & Co.

FIGURE 2: EBIT BY SEGMENT



Source: Robert W. Baird & Co. estimates

Outlook

It now seems like a distant memory—TECO Energy as a premier diversified utility investment reflecting consistent, above-average earnings growth from its regulated and diversified services operations. The memory still fresh with investors is the almost disastrous results that followed TECO's investment in domestic merchant power facilities outside of Florida.

The wheels of change began to turn in 2003 when TE announced it would limit its strategy to its Florida utility operations and other profitable diversified operations. Assets were sold, write-offs taken, the workforce and common dividend reduced. The road to recovery has been long and difficult, but TE has successfully executed the revised plan setting the stage for much improved financial performance in the future.

With restructuring efforts complete and the balance sheet steadily improving, we believe TE's stock will find additional support as quarterly EPS comps improve and investors' concerns continue to make a healthy shift from liquidity, EPS predictability and maintainability of the dividend to future EPS growth. Improved transparency and predictability of financial results with reduced EPS volatility should translate into an enhanced P/E multiple. We expect average to above-average total returns near term and rate TE Outperform.

We expect EPS performance to improve reflecting:

- Further debt reduction over the next several years as TECO monetizes its substantial deferred tax asset position resulting from the merchant-related losses and recoups deferred regulatory assets, particularly hurricane-related and deferred fuel & purchased power costs.
- Continued utility EPS expansion reflecting Florida's robust population growth, a constructive regulatory environment that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG), as well as expected base rate increases upcoming for a series of environmental upgrades to its coal-fired plants.
- Improved macro fundamentals for TE's coal and barge operations.

We expect 2007 and 2008 EPS of $1.25 (+8%) and $1.25 (unchanged), respectively, up from our $1.15 EPS expectation for 2006. Our earnings outlook reflects some of the following:

Key Growth Drivers

1. **Regulated Customer Growth.** We expect customer growth of 2.5-3.0% from the electric utility and 4% from the natural gas utility, both consistent with recent experience.
2. **Improved Regulated Utility Margins.** In the long term, we expect utility margins to improve reflecting above-average customer growth, a slowdown in the realized increase in the rate of employee costs and other production efficiency improvements. Partially offsetting these positives is increased O&M costs to harden the electric system to storms (roughly $13 million/year) and the continued drag on EPS reflecting the FPSC's partial disallowance of $0.04-0.05/share coal transportation costs (expected to be revisited for 2009 after the existing contract expires). We estimate Tampa Electric is currently earning at the low end of its allowed 10.75-12.75% ROE band, allowing room

for $0.05-0.10/share upside without any addition to rate base (currently $2.9 billion). In addition, we expect TE to infuse equity into the utility and increase its computed capital structure, which could also add incrementally to EPS.

3. **Major Rate Base Additions.** TE is taking on a number of environmental initiatives at its Big Bend Station, the most significant of which is the installation of Selective Catalytic Reduction Systems (SCRs), which in total are expected to cost nearly $300 million from 2007-2010. Recovery of these expenses has been pre-approved under an environmental cost recovery clause, which should add $0.06-0.08 to TE's annualized regulated EPS base. We expect the addition of two 180-MW peaking units in early 2007 will be absorbed in existing rates. Longer term, we expect the potential addition of a 630-MW IGCC plant by 2013, with a potential cost in excess of $2.0 billion, could provide an additional $0.20-0.30 to the EPS base.
4. **Debt Reduction.** Improved earnings results and the monetization of merchant-related tax assets provides financial backing for significant debt reduction. Debt retirement of $57 million 5.53% junior subordinated notes in 1/07 and $300 million 6.125% senior notes in 5/07, plus the desired retirement in 2008 of $100 million 6.25% floating rate notes, should yield a net $0.02-0.05/share annual EPS benefit.
5. **Increased Coal EPS Contribution in 2007.** With over 50% of 2007 coal sales under contract, we expect TE's average realized sales price per ton to remain relatively flat despite weaker spot coal prices. Increased coal production (0.5-1.0 million tons) and controlled operational expenses should result in improved profitability in 2007.
6. **Synfuel Earnings Swing.** After volatile oil prices threatened the synfuel program in 2006, TE has now locked in its projected economics for 2007 by hedging oil prices, which should result in higher synfuel profits. However, the underlying tax credits expire at year-end, reducing 2008 EPS by $0.15-0.20.

FIGURE 3: EBIT BY BUSINESS SEGMENT

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006E	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,421	$3,446	$3,645	6.6%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$401.8	$412.3	$440.3	3.3%
Wholesale Generation/Guatemala	44.8	50.5	(19.2)	13.7	36.4	55.0	55.7	59.4	17.7%
Transport	50.6	38.1	29.4	22.4	31.6	39.6	40.2	49.3	16.0%
Coal	47.6	61.8	100.8	95.3	193.7	129.9	136.5	97.0	(20.6%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	8.5	1.0	4.5	
Earnings Before Interest & Taxes	$576.4	$564.2	$493.9	$560.0	$671.1	$634.9	$645.8	$650.5	(1.0%)
Other Income	51.9	49.7	83.6	180.8	229.1	150.2	158.2	123.2	(18.7%)
Minority Interest	0.0	0.0	48.8	79.5	87.1	66.0	80.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$418.7	$407.6	$527.3	14.1%
Interest Expense	180.8	176.4	313.8	321.6	288.7	280.1	258.4	248.6	(4.9%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$354.8	$387.4	$401.9	1.7%
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$240.7	$261.9	$261.9	0.9%
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.15**	**$1.25**	**$1.25**	0.7%
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.8	209.4	209.8	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.80	1.7%
Payout Ratio (%)	61	62	101	97	62	66	61	64	

Source: Company Reports and Robert W. Baird Estimates

FIGURE 4: QUARTERLY EPS ESTIMATES

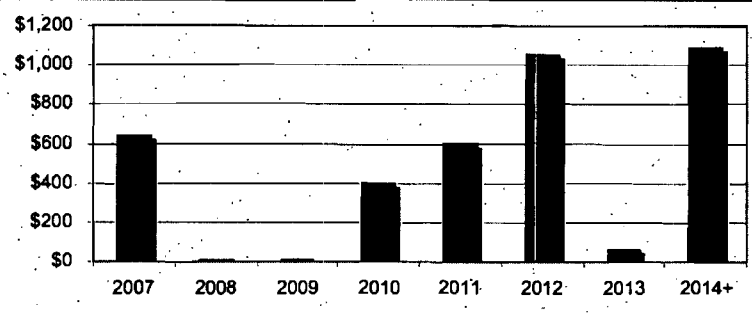
	Q1	Q2	Q3	Q4	12 Mo.
04	0.13	0.22	0.25	0.19	0.78
05	0.25	0.27	0.46	0.24	1.22
06E	0.28A	0.25A	0.37A	0.25	1.15
07E	0.27	0.31	0.42	0.25	1.25
08E					1.25

Source: Company Reports and Robert W. Baird Estimates

Balance Sheet

TE's balance sheet has steadily improved but remains weak with a debt-to-total-capital ratio of 70% as of 9/30/06. Figure 5 highlights TE's debt distribution. We expect TE to meet the debt requirements through funds from operations, including the monetization of significant tax assets, and through additional debt issuance. With excess cash expected to be on hand from improved earnings and cash flow, TECO targets to retire $500 million in debt from 2008-2010.

FIGURE 5: DEBT MATURITY DISTRIBUTION ($MIL)



Source: Company Documents and FactSet

TE's credit ratings are shown in Figure 6. The company anticipates returning to investment grade rating parameters in 2007.

FIGURE 6: CURRENT CREDIT RATINGS

Credit Ratings	Moody's	Standard & Poor's	Fitch
TECO Energy	Ba1	BB	BB+
Senior Unsecured	Ba2	B-1	BB+
Outlook	Stable	Stable	Stable

Source: Bloomberg

Guidance

In July 2006, TE reduced its 2006 EPS guidance from $1.25-1.35 to $0.90-1.00 to reflect its decision on 7/17 to idle its synthetic fuel production given that oil prices spiked to levels that could limit the benefits from the production of synthetic fuel to near the breakeven level. The guidance revision reflected a $0.40 reduction of expected synthetic fuel benefits and a $0.05 increase over operating expectations provided in January. In April 2006, TE announced that it targets 2008 EPS to be at or above $1.23, or above 2005 levels. In September 2006, TE restarted synfuel production, which we have included in our 2006 and 2007 EPS estimates.

Potential Effects of Synthetic Fuel Production on Earnings

Due to declining oil prices, TECO resumed synthetic fuel production in mid-September. We estimate that the average DOE first purchase price index will be approximately $60/Bbl (~$67/Bbl on a NYMEX basis), which would result in a 35-40% reduction in the value of the synthetic fuel tax credits for 2006. The following table illustrates estimates of the impacts on synthetic fuel earnings and the 2006 earnings range at oil prices different than the breakeven level for the 5.1 million tons of production projected to be produced for the full year of 2006.

FIGURE 7: POTENTIAL SYNFUEL/OIL PRICE EPS IMPACTS

Potential 2006 Synthetic Fuel Impact			
Average annual NYMEX oil price	Phase-out %	Synfuel EPS	2006 EPS Range
<$62	0%	$0.32	$1.22 - $1.32
$65	20%	$0.22	$1.12 - $1.22
$67	39%	$0.17	$1.07 - $1.17
$69	50%	$0.11	$1.01 - $1.11
$71	63%	$0.06	$0.96 - $1.06
$73	78%	$0.00	$0.90 - $1.00
>$76	100%	($0.10)	$0.80 - $0.90

Source: Company Documents

In 10/06 and 1/07 TE entered into hedge agreements to hedge its exposure to rising oil prices. The hedge instruments virtually eliminate the uncertainty over 2007 synthetic fuel earnings and cash from oil prices that could cause a phase out of the tax credits related to the production of synthetic fuel during 2007. The hedges protect about $100 million of the net cash benefits expected from the third party investors for the production of synthetic fuel over an average annual oil price range of $63-79/Bbl on a NYMEX basis, which is the expected phase out range for Section 45k tax credit for 2007. The total cost of the hedges was approximately $37 million.

Note that TECO does not directly receive the Section 45k tax credits from synfuel-related activity as it has sold essentially all its interest in these operations. However, it does provide the coal, operate the synfuel facilities and sell the output from the Section 45k-dependent facilities. The Section 45k tax credits are set to expire at the end of 2007, at which time TECO's synfuel-related activities will cease. However, unlike many other synfuel-affected companies whose benefits will cease, TECO will be able to divert its coal resources to market-oriented uses and not lose its entire earnings benefit from synfuel when the tax credits expire.

Capital Expenditures

TECO Energy estimates capital spending for ongoing operations to be $456 million for 2006 and $1,617 million during the 2007–2010 period.

FIGURE 8: CAPITAL EXPEDITURES ($MIL)

			Forecast		
(millions)	*Actual 2005*	*2006*	*2007*	*2008-2010*	*2006-2010 Total*
Tampa Electric					
Transmission	$ 7	$ 19	$ 13	$ 84	$ 116
Distribution	84	99	100	302	501
Generation	58	87	104	209	400
Generation expansion	—	74	17	37	128
Other	19	17	22	50	89
NO_x control projects	25	78	75	135	288
Other environmental	10	10	39	46	95
Tampa Electric total	203	384	370	863	1,617
Peoples Gas	43	51	50	128	229
TECO Coal	24	30	35	76	141
TECO Transport	18	11	25	69	105
TECO Guatemala	—	—	—	1	1
Other	7	(20)	—	—	(20
Total	$ 295	$ 456	$ 480	$ 1,137	$ 2,073

Source: Company Reports – March 2006

For 2006, Tampa Electric expects to spend over $380 million; $190 million to support system growth and generation reliability, approximately $12 million for distribution system reliability improvements and enhancements to customer-service systems, $20 million for coal-fired generation capacity factor and availability improvements, $74 million for the addition of two combustion turbines at the Polk Power Station to meet its peaking generation capacity needs, $78 million for the addition of Selective Catalytic Reduction Systems (SCRs) equipment at the Big Bend Station for NOx control, and $10 million for other environmental compliance programs. Tampa Electric's total capital expenditures over the 2007–2010 period are projected to be $1.2 billion, including $210 million for compliance with the Environmental Consent Decree for the SCR equipment and $85 million for other required environmental capital expenditures.

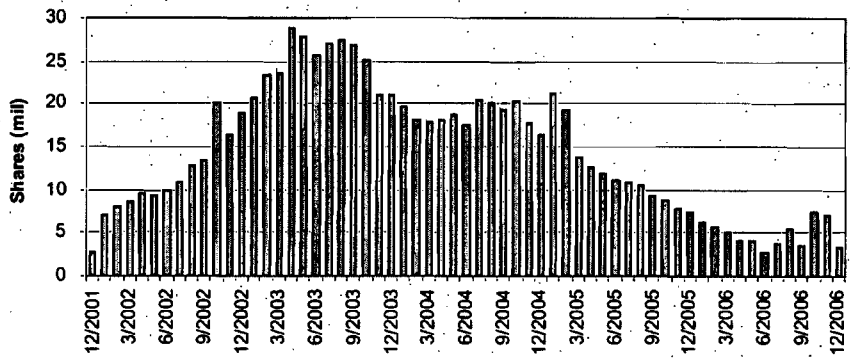
Tampa Electric is currently evaluating options to meet the need for new intermediate or base-load capacity after 2012 and for peaking purchases and/or capacity additions before that time. The choices considered for new generation range from an integrated gasification combined-cycle ("IGCC") facility to a combined-cycle natural gas plant. If IGCC is the chosen option, the capital cost is considerably higher and the lead time is longer. The construction of new base-load generation would increase TE's previously estimated 2006-2010 capital expenditures, primarily during the latter part of that period.

As part of the administration's clean coal initiatives and EPAct 2005, which authorized $1.65 billion in tax credits for clean coal projects, the DOE announced $1.0 billion in tax credits for nine separate clean coal and advanced gasification projects. Tampa Electric was among the recipients of tax credits for advanced integrated gasification combined-cycle (IGCC) coal-fired units, which would total $133.5 million. TECO is developing plans to build a second IGCC unit at its Polk Power Station, which it expects to size at 630-MW and be in operation by 2013. Since 1996, TECO has operated a 260-MW IGCC unit at the site, the largest such unit in the country. With TE winning DOE support for a new integrated gasification combined-cycle (IGCC) plant, we believe adding another IGCC plant has a better than average chance of moving forward.

Dividend Policy
In 5/03, TE reduced its annual dividend level from $1.42 to $0.76 per share so that the company could reduce debt and improve cash flows. The dividend payout slightly exceeded ongoing earnings in 2003. We expect the payout ratio to be 60% in 2007 and 2008. We believe TE's dividend is sustainable at current levels with a potential for dividend increases in the second half of 2008.

Short Interest
Historical short interest levels are shown in Figure 9. Short interest currently stands at approximately 3.4 million shares, which is well below the average number of shares short during the past five years of 14.3 million shares. Short interest spiked with the merchant power woes, but has been steadily tailing off as the earnings outlook has stabilized.

FIGURE 9: SHORT INTEREST (IN MILLIONS)



Source: FactSet

Valuation

Our price target of $19 implies a 15.2x P/E off our 2008 EPS estimates, which is the first full year without any direct synfuel benefits. We expect above-average EPS growth over the next 5-7 years from meaningful rate base additions at Tampa Electric, plus continued solid growth at the non-regulated subsidiaries. In addition, there remains nearly $2/share of value from the monetization of remaining merchant-related tax assets. Adjusting for this tax value, we estimate our price target represents a 13.5x P/E off of our 2008 EPS estimate. While a modest discount can be justified for the still above-average leverage carryover from the merchant power woes, we believe the stock presents a compelling value as it reduces leverage and as its business risk has declined.

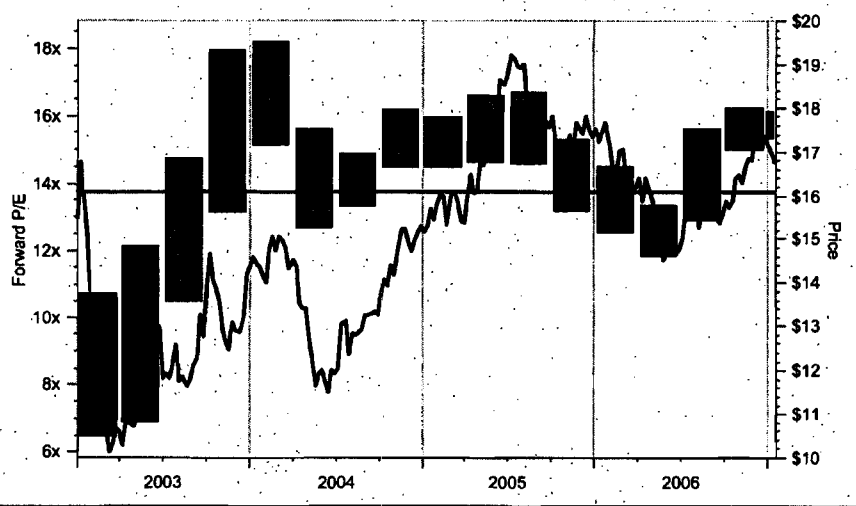
TE's stock price has declined 2.4% in the last twelve months, yielding a total return for shareholders with dividends of 2.0%. TE's return underperformed the S&P 500 (up 11.2%) and the NASDAQ (up 7.8%). Using a trailing EPS of $1.14 for the twelve-month period ending 9/30/06, TE currently maintains a trailing P/E of 14.8x.

FIGURE 10: MEDIAN VALUATION COMPS

	P/E Multiples 2007E	P/E Multiples 2008E	EV/ EBITDA	Price/ Book	LT EPS Growth %	Dividend Yield %
Electric/Gas Utilities	15.7x	15.0x	8.6x	1.6x	5.1	4.0
Coal Producers	12.3x	9.6x	8.5x	3.6x	19.8	0.7
Shipping (ex-Oil)	14.5x	13.9x	9.9x	2.1x	12.5	0.0
TECO Energy	13.5x	13.5x	8.0x	2.1x	3.0	4.5

Source: FactSet and First Call consensus estimates

FIGURE 11: HISTORICAL FORWARD YEAR P/E MULTIPLES



Source: FactSet and First Call

Recent Results

Excluding unusual items, TE reported 3Q06 EPS of $0.37 versus $0.46 last year and our consensus-matching $0.34 estimate. Synfuel operations, that were not included in our 3Q06 estimates, added $0.07 to 3Q06 EPS and contributed $0.12 last year.

Excluding the benefit of synfuel, lower 3Q06 EPS reflected more normal weather conditions, increased O&M to harden TE's utility system against future storms, lower utilization of TE's oceangoing transportation fleet, a normalized tax rate for Guatemala operations and lower coal margins as TE switched synfuel production to conventional.

On a GAAP basis, EPS declined from $0.45 last year to $0.38. Unusual items that we have excluded from our model include for 3Q05 a $2.9 million hurricane-related loss at TECO Transport, a $1.9 million gain on the sale of the McAdams Power Station (following significant valuation reserves taken in 2004) and a $0.2 million gain from discontinued operations, and for 3Q06 a $0.2 million hurricane-related loss and a $2.6 million gain on the sale of unused turbines from the former merchant operations.

Positives in 3Q06 included 2.8% electric and 3.2% natural gas customer growth; a 10% increase in the average sales price of coal, higher transportation rates and customer growth in Guatemala, all factors expected to provide improved EPS results in 2007 and beyond.

TE maintained its 2006 EPS guidance of $0.90-1.00, which excludes synfuel operations. At current oil prices, TE expects synfuel ops to add $0.17 to 2006 EPS.

FIGURE 12: 3Q06 FINANCIAL RESULTS

3Q06 Results (mil)	Actual	Year Ago	Change	Estimate	Variance
Revenue	$923	$836	10.3%	$933	-1.1%
Gross Income	533	515	3.5%	555	-4.0%
Gross Margin	57.7%	61.5%		59.5%	
Operating Expense	402	409	-1.7%	434	-7.2%
Operating Income	131	105	23.9%	122	7.4%
Operating Margin	14.2%	12.6%		13.0%	
Pretax Income	118	135	-13.0%	112	5.5%
Net Income	$77	$95	-19.0%	$70	9.9%
Diluted EPS	$0.37	$0.46	-18.9%	$0.34	10.2%
Diluted Shares	209	209	-0.2%	209	-0.2%

3Q06 nonrecurring and other items of note:
Excludes $0.2M hurricane recovery costs ($0.00/share)
Excludes $2.6M gain on sale of unused turbines ($0.01/share)
Includes $13.8M synfuel benefit ($0.07/share)

3Q05 nonrecurring and other items of note:
Excludes direct hurricane costs of $2.9M and gain on sale and valuation adjustment for Dell & McAdams merchant plants of $1.9M (net $1.0M after-tax or $0.01/share).

Source: Company Reports and Robert W. Baird & Co. estimates

FIGURE 13: YEAR-TO-YEAR EPS RECONCIALTION

EPS Reconciliation		
Prior Year EPS		$0.46
Tampa Electric	(0.03)	
Peoples Gas System	0.00	
TECO Coal	(0.06)	
TECO Transport	(0.00)	
TECO Wholesale Generation	0.01	
TECO Guatemala	(0.02)	
Parent/Other	0.02	
Additional Shares	0.00	
Current EPS		$0.37

Source: Company Reports and Robert W. Baird & Co. estimates

Segment Analysis

FIGURE 14: 3Q06 SEGMENT RESULTS

	3 Mos. Ended		%	9 Mos. Ended		%
Segment Revenue	9/30/2006	9/30/2005	Change	9/30/2006	9/30/2005	Change
Tampa Electric	$602.3	$524.6	15%	$1,592.3	$1,330.1	20%
Peoples Gas System	131.3	139.2	-6%	454.9	394.9	15%
TECO Coal	137.1	127.0	8%	421.9	322.6	31%
TECO Transport	75.1	64.8	16%	227.6	137.5	66%
TECO Wholesale Generation	0.0	0.1	-100%	0.0	0.5	-100%
TECO Guatemala	1.8	1.9	-5%	5.6	113.4	-95%
Total Net Revenue	947.6	857.6	10%	2,702.3	2,299.0	18%
Other/eliminations	(24.7)	(21.2)	17%	(80.4)	(58.9)	37%
Consolidated Revenue	$922.9	$836.4	10%	$2,621.9	$2,240.1	17%
Net Income						
Tampa Electric	$57.0	$62.7	-9%	$116.6	$123.5	-6%
Peoples Gas System	4.2	4.1	2%	22.6	22.9	-1%
TECO Coal	21.4	34.6	-38%	36.4	22.0	65%
TECO Transport	3.6	3.8	-5%	17.3	13.2	31%
TECO Wholesale Generation	0.0	(2.2)	-100%	0.0	0.7	-100%
TECO Guatemala	9.3	14.0	-34%	26.6	16.2	64%
Parent/Other	(18.2)	(21.5)	-15%	(55.1)	(62.6)	-12%
Total Net Income	$77.3	$95.5	-19%	$164.4	$135.9	21%

Source: Company Reports and Robert W. Baird & Co. estimates

Regulated Utilities

Tampa Electric

Tampa Electric's 3Q06 net income declined 9% to $57.0 million from $62.7 million. Key factors for the decline included a 2.6% YOY decline in retail electric sales reflecting more normal weather and additional spending on system reliability and performance improvements at TE's coal-fired generating units. 3Q06 cooling degree-days for the Tampa area were 1% below normal, but 8% below actual levels in 3Q05. These negatives were partially offset by 2.8% customer growth and higher wholesale sales to other utilities. Tampa Electric provides retail electric service to over 600,000 customers in West Central Florida.

Tampa Electric is currently installing environmental upgrades at its Big Bend Station. It will invest approximately $330 million to install selective catalytic reduction (SCR) systems at each of the four units at the station, with the SCR for Unit 4 expected to be completed by June 2007, with Units 3, 2 and 1 each likely being completed by May of 2008, 2009 and 2010, respectively. Tampa Electric is currently adding two 150-MW simple cycle natural gas turbines at its Polk Station for use in 2007. Its 10-year generation plan also calls for a 630-MW IGCC plant for 2013.

FIGURE 15: TAMPA ELECTRIC STATISTICS

Tampa Electric	3 Mos. Ended 9/30/2006	3 Mos. Ended 9/30/2005	% Change	9 Mos. Ended 9/30/2006	9 Mos. Ended 9/30/2005	% Change
Operating Revenue ($mil)						
Residential	295.9	270.7	9%	735.4	640.5	15%
Commercial	167.6	147.7	14%	452.8	388.0	17%
Industrial - Phosphate	16.1	16.3	-1%	45.0	49.4	-9%
Industrial - Other	29.5	25.7	15%	85.0	72.3	18%
Other Sales of Electricity	43.7	38.7	13%	120.7	104.5	16%
Deferred and Other Revenue	19.4	(79.0)		23.7	(72.0)	
Retail Revenue	572.3	420.2	36%	1,462.6	1,182.6	24%
Sales for resale	16.7	14.4	16%	55.1	38.9	41%
Other Operating Revenue	13.4	90.1	-85%	74.7	108.6	-31%
Total Operating Revenue	$602.4	$524.7	15%	$1,592.3	$1,330.1	20%
Electric Sales (MWh)						
Residential	2,733.3	2,813.5	-3%	6,715.5	6,552.1	2%
Commercial	1,787.9	1,811.0	-1%	4,783.5	4,689.1	2%
Industrial - Phosphate	247.0	284.6	-13%	684.6	896.7	-24%
Industrial - Other	352.4	352.8	0%	1,014.5	996.8	2%
Other Sales of Electricity	456.6	464.4	-2%	1,242.4	1,223.5	2%
Deferred and Other Revenue	-	-		-	-	
Retail Sales	5,577.1	5,726.2	-3%	14,440.4	14,358.2	1%
Sales for resale	206.0	232.7	-11%	676.3	610.2	11%
Other Operating Revenue	-	-		-	-	
Total Electric Sales	$5,783.1	$5,958.9	-3%	$15,116.8	$14,968.4	1%
Electric Retail Rev. cents/kWh						
Residential	10.83	9.62	13%	10.95	9.78	12%
Commercial	9.38	8.16	15%	9.46	8.27	14%
Industrial - Phosphate	6.52	5.73	14%	6.58	5.51	20%
Industrial - Other	8.38	7.28	15%	8.38	7.25	16%
Other Sales of Electricity	9.56	8.34	15%	9.72	8.54	14%
Deferred and Other Revenue						
Total Retail Rev. cents/kWh	10.26	7.34	40%	10.13	8.24	23%
Sales for resale	8.12	6.18	31%	8.14	6.38	28%
Other Operating Revenue						
Total Rev. cents/kWh	10.42	8.81	18%	10.53	8.89	19%
Avg. Customers (000)	654.8	637.1	2.8%	651.8	633.3	2.9%
Retail Output to Line (MWh)	5,908.6	6,058.1	-2%	15,447.3	15,265.5	1%

Source: Company Documents

Peoples Gas System

Peoples Gas 3Q06 net income was up slightly to $4.2 million from $4.1 million in the 3Q05. 3Q06 results benefited from average customer growth of 3.2%, increased sales to all customer classes mostly offset by higher O&M costs. Peoples Gas System is engaged in natural gas distribution to more than 300,000 customers in Florida's major metropolitan areas.

FIGURE 16: PEOPLES GAS SYSTEM - STATISTICS

Gas Stats	3 Mos. Ended 9/30/2006	3 Mos. Ended 9/30/2005	% Change	9 Mos. Ended 9/30/2006	9 Mos. Ended 9/30/2005	% Change
Gas Revenue ($mil)						
Residential	22.6	21.5	5%	113.2	98.1	15%
Commercial	33.0	33.5	-1%	128.0	124.6	3%
Industrial	3.5	3.2	10%	8.9	8.4	5%
Off System Sales	54.1	68.4	-21%	156.4	128.9	21%
Power Generation	4.4	4.4	0%	11.0	10.0	10%
Other	12.6	8.2	54%	33.4	24.9	34%
Total Gas Revenue	$130.1	$139.2	-7%	$450.8	$394.9	14%
Gas Throughput (mil. th)						
Residential	10.2	9.6	7%	54.7	53.4	2%
Commercial	82.5	79.2	4%	280.7	287.6	-2%
Industrial	47.6	45.4	5%	160.4	157.0	2%
Off System Sales	68.6	64.7	6%	194.9	152.1	28%
Power Generation	142.6	107.5	33%	323.3	227.6	42%
Other	-	-		-	-	
Total Gas Throughput	351.6	306.4	15%	1,013.9	877.7	16%
Gas Rev. $/th						
Residential	2.21	2.24	-2%	2.07	1.84	13%
Commercial	0.40	0.42	-5%	0.46	0.43	5%
Industrial	0.07	0.07	5%	0.06	0.05	3%
Off System Sales	0.79	1.06	-26%	0.80	0.85	-5%
Power Generation	0.03	0.04	-25%	0.03	0.04	-22%
Other						
Total Gas $/th	0.37	0.45	-19%	0.44	0.45	-1%
Avg. Customers (000)	328.8	318.5	3%	328.4	318.2	3%

Source: Company Documents

Non-Regulated Operations

TECO Transport

TECO Transport 3Q06 net income, excluding hurricane costs, declined 5% YOY to $3.6 million from $3.8 million in 3Q05 primarily reflecting higher river barge rates and equipment utilization that was more than offset by lower oceangoing vessel utilization, lower Tampa Electric coal shipments and higher fuel costs.

TECO Transport provides marine transportation services for many different dry-bulk commodities. TECO Transportation generates approximately half of its revenue from its ocean-going, U.S.-flagged cargo fleet, with the other half of revenue generated from its inland barge line and bulk terminal operations, the latter of which was damaged in Hurricane Katrina. Final hurricane-related repairs to TECO Bulk Terminal were completed in mid-April; the terminal is now at or above pre-hurricane levels. The business is expected to benefit from higher shipping rates, partially related to the lasting effects of Hurricane Katrina on industry supply and customer demand, and solid economic growth. We expect TECO will opportunistically add to its ocean-going and riverbound fleets to drive earnings growth.

TECO Coal

TECO Coal's 3Q06 net income, excluding synfuel results, declined 23% to $7.6 million from $9.9 million in the 3Q05. A 10% increase in the average selling price of coal on flat YOY sales of 2.3 million tons was more than offset by a 14% increase in operating costs. TECO Coal operates surface and underground mines, synthetic fuel facilities, and coal processing and loading facilities in Kentucky, Tennessee and Virginia.

Total 3Q06 sales were 2.3 million tons (0.6 million tons of synthetic fuel), compared to 2.3 million tons (1.6 million tons of synthetic fuel) in 3Q05. Synthetic fuel sales volumes declined due to idling of the production facilities from late July through mid-September due to estimated average annual oil prices above the break-even level. Total coal sales were not impacted due to the substitution of conventional coal in lieu of synthetic fuel while synthetic fuel production was idled. Production costs increased due to increased contract miner costs, higher diesel fuel costs, higher explosives costs and higher costs for steel-related products as well as additional exploration expenses incurred to optimize future mine plans, and the continued relocation of mining equipment from synfuel locations (high costs) to conventional locations that are expected to have lower future costs of production.

TECO Coal currently produces 9.5-10.0 million tons of coal annually and has a proven and probable reserve base of 258 million tons. With reserve additions and capacity expansions, we expect annual production to increase to 10.5-11.0 million tons by 2008. Given renewed demand for eastern coal for power generation and coal prices in the mid-$50s, we expect core coal earnings to continue to rise as new contracts for 2007 and 2008 production are priced.

Synfuel Operations
TE's 3Q06 net income reflects a net $13.8 million after-tax benefit from synfuel fuel operations assuming an estimated 39% reduction in synthetic fuel benefits based on estimated average annual oil prices of $67/Bbl at 9/30.

On 7/17/06, TECO announced that its affiliate, Pike Letcher Synfuel LLC, would idle its synfuel production facilities on July 31 due to continued high oil prices that threatened to phase out the entire synfuel tax credit and a lack of legislation that was hoped to resolve the uncertainty over attainment of synfuel tax credits. Many synfuel producers had halted production in May after the synfuel-targeted tax provision was excluded from the conference report for the tax bill. However, Pike Letcher restarted synfuel production on 9/18/06 after oil prices declined significantly and prospectively restored the Section 45k tax credit value.

TECO Guatemala
TECO Guatemala reported 3Q06 net income of $9.3 million, down 34% from $14 million last year primarily reflecting a more normal tax rate. 3Q05 benefited from the one-year benefit of the 5% tax rate on dividends under the Jobs Creation Act, while 2006 reflects a more normal tax rate. Positives in 3Q06 results reflect YOY customer growth and lower operating and interest expenses. TECO owns two power stations in Guatemala, one a coal-fired plant (San Jose) and the other a peaking facility (Alborada), both of which drive utility-like earnings due to longer-term contracts. TECO also owns a 24% stake in EEGSA, the largest distribution utility in Guatemala, which benefits from solid core growth plus the electrification of rural areas.

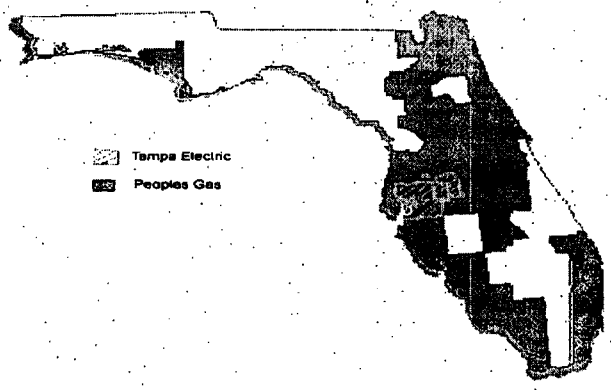
Parent & Other
3Q06 costs excluding unusual items declined 15% to $18.2 million from $23.4 million in 3Q05 primarily reflecting the refinancing of higher-cost debt as well as debt level pay-down.

Balance Sheet
TE's total debt-to-capital ratio declined from 71% 12/31/05 to 70% at 9/30/06.

Regulated Operations

Tampa Electric, TECO's largest subsidiary, provides retail electric service to more than 612,000 customers in West Central Florida with a net system generating capability of more than 4,400 MW. Peoples Gas System, a division of Tampa Electric Company, is engaged in natural gas distribution to more than 300,000 customers in Florida's major metropolitan areas.

FIGURE 17: REGULATED SERVICE TERRITORY



Source: Company Documents

A strong Florida economy continues to benefit TE with increased employment from the solid local economy aided by corporate relocations and expansions. Florida's population and employment growth, driven by increases in tourism, retirement communities and the service sectors, is expected to make the state one of the fastest-growing states in the nation. Tampa Electric expects weather-normalized average retail energy sales growth of more than 2.5% annually over the next five years, with combined energy sales growth in the residential and commercial sectors of more than 3% annually. It expects summer retail peak demand growth to average more than 135 megawatts per year for the next five years.

Dynamics of Growth/Business

Florida is one of the fastest growing regions in the country. In 2005, Tampa Electric added more than 26,000 (2.6%) new customers to its system and PGS added 11,000 (3.6%) new customers. Over the last five years, customer growth has averaged 2.8% for TE and 4.4% for PGS. TE anticipates continued above-average customer growth throughout the next decade.

Rate base growth is accelerating to lower emissions and meet expanded system demand. Environmental equipment upgrades at TE's Big Bend station from 2007-2010, which it expects to total about $300 million, should add $0.06-0.08 to TE's annualized regulated EPS base. We expect the addition of two 180-MW peaking facilities at the Polk station in early 2007 will occur without a direct rate increase. In the long term, we expect utility margins to improve reflecting above-average customer growth, a slowdown in the realized increase in the rate of employee costs and other production efficiency improvements. Tampa Electric's net rate base is currently $2.9 billion with an allowed ROE range of 10.75-12.75% with a midpoint of 11.75%. We expect earnings at the midpoint, or $170-180 million, is reasonable adding $0.10-0.15 or more by 2008. Partially offsetting these positives are increased

O&M costs to harden the electric system against storms (roughly $13 million/year) and the continued drag on EPS from the FPSC's partial disallowance of $8-10 million/year of coal transportation costs associated with barge deliveries utilizing TECO Transport. We expect this issue to be revisited in 2009 when the existing contract expires.

TECO TAMPA ELECTRIC

Tampa Electric Company was incorporated in Florida in 1899 and was reincorporated in 1949. The retail territory served comprises an area of about 2,000 square miles in West Central Florida, including Hillsborough County and parts of Polk, Pasco and Pinellas Counties, and has an estimated population of over one million. The principal communities served are Tampa, Winter Haven, Plant City and Dade City. Tampa Electric has roughly 2,400 employees.

Figure 18 shows Tampa Electric plant portfolio. The Polk Power Station includes a state-of-the-art, clean-coal technology project and boasts first-of-its-kind technology called "integrated coal gasification combined-cycle," or IGCC. In the process, coal is converted into a gas, which allows more pollutants to be removed, particularly SOx and NOx, and then burned in a more efficient process that allows exhaust heat to be reused to generate additional electricity. The Bayside Power Station was converted from coal to natural gas in 2003. Tampa Electric anticipates that no new base load generation will be required until after 2012.

Approximately 58% of Tampa Electric's generation of electricity for 2005 was coal-fired, with natural gas representing approximately 41% and oil representing approximately 1%. Tampa Electric used its generating units to meet approximately 84% of the system load requirements, with the remaining 16% coming from purchased power.

FIGURE 18: PLANT PORTFOLIO

Plant	Fuel	MW
Big Bend	Coal	1,737
Bayside 1 & 2	Natural gas	1,841
Polk Unit 1	Coal / gasification	260
Polk Unit 2	Natural gas / Oil	184
Polk Unit 3	Natural gas / Oil	184
Phillips	Diesel or #2 oil	36
Big Bend peaking units	Diesel or #2 oil	175
City of Tampa	Nautral gas or #2 oil	6
Total		4,423

Source: Company reports

FIGURE 19: TAMPA ELECTRIC PLANT OPERATING STATISTICS

2005

Operating Metric	Total	Coal	Gas	Oil
Nameplate Capacity (MW)	4,738	2,149	2,372	217
Operating Capacity - Winter (MW)	4,426	1,997	2,215	214
Operating Capacity - Summer (MW)	4,071	1,928	1,963	180
Net Generation (GWh)	17,362	9,707	7,575	80
Capacity Factor (Summer)	44.78%	55.49%	39.04%	4.25%
Plant Fuel Cost ($000)	778,168	240,654	530,364	7,150
Non-fuel Operating Expense ($000)	43,576	33,355	9,480	740
Plant Operating Expenses ($000)	821,744	274,009	539,844	7,890
Plant Maintenance Expense ($000)	64,004	56,661	6,495	848
Total Production Expense ($000)	885,748	330,670	546,340	8,738
Fuel Expense per MWh	$44.82	$24.79	$70.01	$89.67
Non-Fuel O&M per MWH	$6.20	$9.27	$2.11	$19.92
Total Production Exp per MWh	$51.02	$34.06	$72.12	$109.59
Total Operating Expenses per MWh	$47.33	$28.23	$71.26	$98.96
Maintenance Expenses per MWH	$3.69	$5.84	$0.86	$10.63
Non-Fuel O&M per KW	$24.31	$45.08	$7.21	$7.42

2004

Operating Metric	Total	Coal	Gas	Oil
Nameplate Capacity (MW)	4,738	2,149	2,372	217
Operating Capacity - Winter (MW)	4,426	1,997	2,215	214
Operating Capacity - Summer (MW)	4,090	1,947	1,963	180
Net Generation (GWh)	17,502	10,779	6,657	66
Capacity Factor (Summer)	45.14%	61.62%	34.31%	3.53%
Plant Fuel Cost ($000)	609,294	249,471	356,004	3,818
Non-fuel Operating Expense ($000)	38,550	29,297	8,488	765
Plant Operating Expenses ($000)	647,844	278,768	364,492	4,584
Plant Maintenance Expense ($000)	66,246	57,739	7,563	944
Total Production Expense ($000)	714,090	336,508	372,055	5,527
Fuel Expense per MWh	$34.81	$23.14	$53.48	$57.73
Non-Fuel O&M per MWH	$5.99	$8.07	$2.41	$25.83
Total Production Exp per MWh	$40.80	$31.22	$55.89	$83.56
Total Operating Expenses per MWh	$37.02	$25.86	$54.75	$69.29
Maintenance Expenses per MWH	$3.79	$5.36	$1.14	$14.27
Non-Fuel O&M per KW	$23.68	$43.58	$7.25	$7.98

Source: SNL

Tampa Electric's customer mix is positively skewed toward residential sales with limited exposure to large industrial users. In 2005, approximately 48% of Tampa Electric's total operating revenue was derived from residential sales, 30% from commercial sales; 9% from industrial sales and 13% from other sales, including bulk power sales for resale. Phosphate mining customers (phosphate is primarily used in the production of fertilizer) account for a majority of TE's industrial sales and approximately 4% of total electric utility revenues. Electricity sales to the lower-margin industrial customers in the phosphate industry decreased 6.5% in 2005 after a 3.7% decrease in 2004 reflecting the natural reserve depletion and migration of mining operations out of Tampa Electric's service area. The Mosaic Company, a large phosphate producer, is Tampa Electric's largest customer and represent less than 3% of Tampa Electric's 2005 revenue.

Fuel, purchased power, capacity, environmental and conservation costs are recovered through levelized monthly charges established pursuant to the FPSC's cost recovery clauses. These charges, which are reset annually in an FPSC proceeding, are based on estimated costs of fuel, environmental compliance, conservation programs and purchased power and estimated customer usage for a specific recovery period, with a true-up adjustment to reflect the variance of actual costs from the projected charges. The FPSC may disallow recovery of any costs that it considers imprudently incurred.

FIGURE 20: ELECTRIC OPERATIONS ANNUAL EARNINGS MODEL

	2002	2003	2004	% chg	2005	% chg	2006E	% chg	2007E	% chg	2008E	% chg
Revenue	$1,583.2	$1,586.1	$1,687.5	6%	$1,746.8	4%	$2,062.3	18%	$2,072.1	0%	$2,156.1	4%
Fuel	424.1	443.3	613.0	38%	546.8	(11%)	847.7	55%	824.7	(3%)	848.4	3%
Purchased Power	253.7	234.9	172.3	(27%)	269.7	57%	256.5	(5%)	264.4	3%	282.0	7%
Gross Margin	$905.4	$907.9	$902.2	(1%)	$930.3	3%	$958.1	3%	$983.0	3%	$1,025.7	4%
Other Expense, Net	406.6	376.1	395.6	5%	407.2	3%	435.0	7%	448.1	3%	457.0	2%
Depreciation	189.8	210.3	180.9	(14%)	187.1	3%	186.3	(0%)	190.5	2%	197.9	4%
EBIT	309.0	320.5	325.7	1%	336.0	3%	336.8	0%	344.4	2%	370.8	8%
Total Interest Charges	51.5	85.0	95.8	13%	98.3	3%	108.5	10%	111.0	2%	113.5	2%
Income Taxes	85.7	82.8	83.9	2%	90.6	8%	85.2	(6%)	88.7	4%	96.5	9%
Net Income	$171.8	$153.0	$146.0	(5%)	$147.1	1%	$143.2	(3%)	$144.7	1%	$160.8	11%
EPS	$1.12	$0.98	$0.76	(14%)	$0.71	(7%)	$0.69	(3%)	$0.69	1%	$0.77	11%
Margin Analysis												
Operating Expense		23.7%	23.4%		23.3%		21.1%		21.6%		21.2%	
Net Margin		9.7%	8.7%		8.4%		6.9%		7.0%		7.5%	

Source: Company Reports and Robert W. Baird & Co. estimates

In 1997, TECO acquired Lykes Energy in a $300 million stock-for-stock transaction. In this acquisition, TECO gained Peoples Gas System (PGS), the largest natural gas distributor in Florida. PGS is engaged in the purchase, distribution and sale of natural gas for residential, commercial, industrial and electric power generation customers in the State of Florida. PGS has retail operations in all of Florida's major metropolitan areas serving over 321,000 customers. Its service area has close to 9 million residents, or approximately 65% of Florida's population. PGS had 566 employees as of December 31, 2005.

Since its acquisition by TECO Energy in 1997, PGS has expanded its gas distribution system through system extensions into areas of Florida not previously served by natural gas, such as the lower southwest coast in the high-growth Ft. Myers and Naples areas and the northeast coast in the Jacksonville area. PGS' distribution system extends throughout the areas it serves in Florida and consists of approximately 16,000 miles of pipe, including approximately 10,000 miles of mains and 6,000 miles of service lines. Mains and service lines are maintained under rights-of-way, franchises or permits.

While residential sales represent only a small percentage of total therm volume, residential operations generally comprise 25% of total revenue. New residential construction connected to a natural gas line and conversions of existing residences to gas have steadily increased since the late 1980s. PGS has targeted residential customer growth through agreements with developers of new residential communities throughout Florida, which have significantly higher expected average annual usage per-household than the current average. Total customer growth has average 4.2% over the past three years. We anticipate a similar growth rate will continue over the foreseeable future.

Historically, the natural gas market in Florida has been underserved with the lowest market penetration in the southeastern U.S. In 2003, the most recent year that data is

available, natural gas had a market penetration rate of 9% compared to the next lowest state in the Southeast, North Carolina, with 29%.

In 2005, the total throughput for PGS was 1.1 billion therms. Of this total throughput, 13% was gas purchased and resold to retail customers by PGS, 70% was third-party supplied gas delivered for retail transportation only customers, and 17% was gas sold off-system. Industrial and power generation customers consumed approximately 60% of PGS' annual therm volume; commercial customers used approximately 34%, with the balance consumed by residential customers.

PGS recovers the costs it pays for gas supply and interstate transportation for system supply through the Purchased Gas Adjustment (PGA) clause. This charge is designed to recover the costs incurred by PGS for purchased gas, and for holding and using interstate pipeline capacity for the transportation of gas it sells to its customers. These charges are adjusted monthly based on a cap approved annually in an FPSC hearing. The cap is based on estimated costs of purchased gas and pipeline capacity, and estimated customer usage for a specific recovery period, with a true-up adjustment to reflect the variance of actual costs and usage from the projected charges for prior periods.

FIGURE 21: NATURAL GAS OPERATIONS ANNUAL EARNINGS MODEL

	2002	2003	2004	% chg	2005	% chg	2006E	% chg	2007E	% chg	2008E	% chg
Revenue	$318.1	$408.4	$417.2	2%	$549.5	32%	$580.1	6%	$578.2	(0%)	$592.8	3%
Purchased Gas	148.9	224.0	226.2	1%	350.2	55%	368.5	5%	359.2	(3%)	367.9	2%
Gross Margin	$169.2	$184.4	$191.0	4%	$199.3	4%	$211.6	6%	$218.9	3%	$224.9	3%
Other Expense, Net	85.1	92.3	96.0	4%	101.2	5%	110.5	9%	114.3	3%	117.4	3%
Depreciation	30.5	32.7	34.1	4%	35.0	3%	38.2	3%	36.7	2%	38.0	3%
EBIT	53.6	69.4	60.9	5%	63.1	4%	65.0	3%	67.9	4%	69.5	2%
Total Interest Charges	14.7	15.6	15.2	(3%)	15.1	(1%)	15.8	5%	16.0	1%	16.0	0%
Income Taxes	14.7	16.7	17.6	5%	18.4	5%	19.0	3%	20.0	5%	20.6	3%
Net Income	$24.2	$27.9	$28.1	1%	$29.6	5%	$30.2	2%	$31.9	6%	$32.9	3%
EPS	$0.16	$0.15	$0.15	(3%)	$0.14	(3%)	$0.14	1%	$0.15	6%	$0.16	3%
Margin Analysis												
Operating Expense		23%	23%		18%		19%		20%		20%	
Net Margin		7%	7%		5%		5%		6%		6%	

Source: Company Reports and Robert W. Baird & Co. estimates

TECO Energy, Inc.

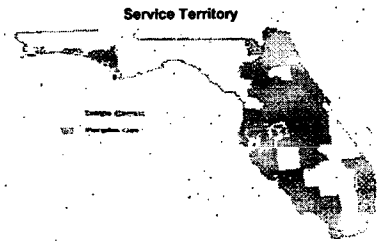
TECO Energy Utility Trends

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Average Rates:													
(cents/kWh)													
Residential	8.13	8.50	8.24	8.17	8.19	7.99	8.00	8.32	8.69	9.37	9.29	9.89	9.79
Commercial	6.73	6.91	6.71	6.67	6.67	6.48	6.47	6.81	7.21	7.88	7.85	8.44	8.28
Industrial	4.65	4.75	4.52	4.46	4.57	4.48	4.96	5.20	5.53	6.05	5.97	6.49	6.44
Wholesale	3.26	3.35	2.95	2.88	4.40	4.59	4.95	5.67	6.58	6.26	6.08	6.24	6.56
Customer Growth-Electric Utility													
Residential	NA	1.8%	2.0%	2.2%	2.4%	2.2%	2.4%	3.0%	2.9%	2.5%	2.4%	2.5%	2.6%
Commercial	NA	1.9%	1.7%	2.0%	2.7%	2.7%	2.6%	3.0%	2.3%	2.1%	2.1%	2.2%	2.3%
Industrial	NA	0.4%	(3.9%)	2.6%	24.8%	8.4%	8.5%	4.9%	9.7%	11.4%	26.9%	8.0%	2.9%
Usage per Customer													
(MWh/year/customer)													
Residential	14	13.9	14.6	14.8	14.2	15.1	14.6	15.0	15.0	15.5	15.6	15.2	15.3
Commercial	84	85.7	86.6	86.8	86.0	88.4	88.8	89.5	89.8	90.2	88.7	88.7	90.3
Industrial	4,392	4,458	4,811	4,573	3,920	3,694	3,004	3,080	2,736	2,755	2,144	1,967	1,853
Capacity Factors:													
Coal	NA	61.8%	66.4%	63.7%	62.5%	60.8%	57.1%	60.7%	57.2%	54.9%	56.0%	61.6%	55.5%
Gas	NA	12.1%	25.6%	20.0%	17.5%	34.0%	38.8%	27.3%	24.0%	14.4%	32.4%	34.3%	39.0%
Other	NA	4.3%	3.6%	5.2%	5.4%	7.0%	7.3%	8.7%	5.2%	4.1%	10.4%	3.5%	4.3%
Total	NA	50.8%	55.5%	53.8%	52.6%	52.6%	50.0%	50.9%	48.3%	46.8%	46.2%	45.1%	44.8%
Costs:													
Fuel	NA	2.29	2.21	2.17	2.15	2.13	2.18	2.34	2.52	2.35	3.06	3.48	4.48
Production O&M	NA	0.51	0.45	0.41	0.51	0.55	0.59	0.63	0.71	0.84	0.68	0.60	0.62
Total Production Costs	NA	2.79	2.66	2.58	2.66	2.68	2.77	2.97	3.24	3.18	3.73	4.08	5.10
Purchase Power	5.62	5.62	4.89	5.35	5.77	4.56	4.92	6.55	6.63	5.84	6.20	6.70	8.14
Transmission Costs	0.06	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.04
Distribution Costs	0.20	0.20	0.17	0.16	0.16	0.17	0.16	0.18	0.19	0.21	0.21	0.19	0.20
No. Utility Employees	3,215	2,828	2,836	2,798	2,771	2,833	2,850	2,885	2,823	NA	NA	NA	NA
Financial: ($/MM)													
Electric Utility Revenues	1,041	1,095	1,092	1,113	1,189	1,192	1,207	1,353	1,412	1,583	1,585	1,687	1,746
Gross Margin	639	672	664	681	748	740	768	838	856	905	907	901	930
% of Revenues	61%	61%	61%	61%	63%	62%	64%	62%	61%	57%	57%	53%	53%
EBITDA	266	262	277	293	364	369	380	405	409	386	423	421	427
Operating Income	154	147	163	173	216	217	226	237	229	197	213	240	240
% of Revenues	15%	13%	15%	16%	18%	18%	19%	17%	16%	12%	13%	14%	14%
Interest Expense	42	39	43	47	68	64	78	78	70	52	85	96	98
Net Income (ex unusual items)	107	110	134	142	147	143	138	160	169	172	99	146	147
% of Revenues	10%	10%	12%	13%	12%	12%	11%	12%	12%	11%	6%	9%	8%
% of Capital Structure													
Total Debt	39.0%	36.5%	34.6%	36.2%	40.9%	41.1%	41.1%	40.2%	41.5%	44.2%	50.6%	49.1%	49.1%
Preferred Stock	3.5%	3.3%	3.1%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Common Stock	57.5%	60.2%	62.3%	62.7%	59.1%	58.9%	58.9%	59.8%	58.5%	55.8%	49.4%	50.9%	50.9%
Cash Flow													
Cash From Operations	226	225	302	259	226	378	261	302	284	400	412	256	278
Capital Expenditures	(202)	(225)	(315)	(180)	(125)	(176)	(227)	(261)	(427)	(597)	(262)	(176)	(198)
Dividends	(106)	(119)	(119)	(137)	(145)	(135)	(131)	(130)	(148)	(174)	(124)	(138)	(145)
Free Cash	(82)	(119)	(132)	(58)	(44)	66	(96)	(89)	(290)	(372)	26	(57)	(65)
Return on Common Equity	11.8%	11.5%	12.7%	12.6%	12.7%	12.1%	11.5%	13.0%	12.5%	11.5%	6.7%	10.5%	10.5%
Pretax Interest Coverage x AFDC	3.6	3.8	4.1	4.0	3.2	3.2	2.8	3.1	3.4	4.3	2.5	2.5	2.5

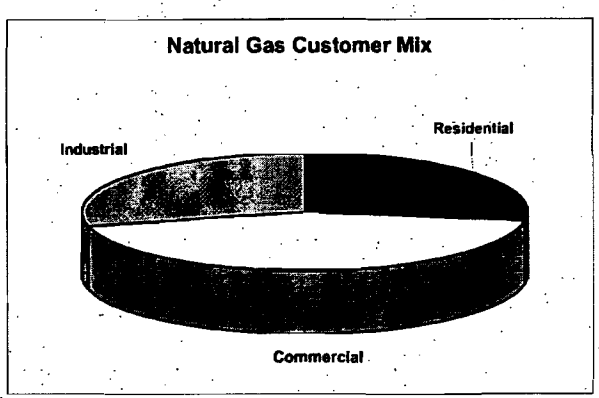
Source: SNL DataSource, Company Reports, and Robert W. Baird & Co. estimates

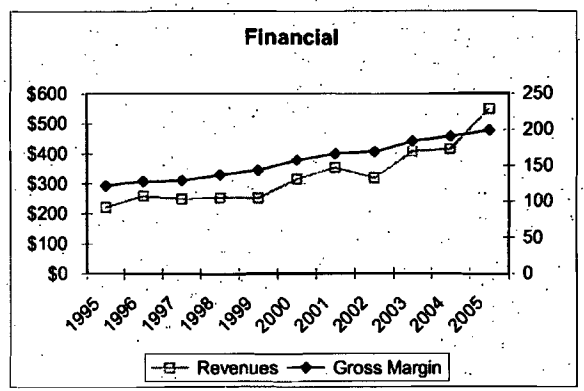
TECO Energy Natural Gas Utility Statistics

In 1997, TECO acquired Lykes Energy in a $300 million stock-for-stock transaction. In this acquisition, TECO gained Peoples Gas System (PGS), the largest natural gas distributor in Florida. PGS is engaged in the purchase, distribution and sale of natural gas for residential, commercial, industrial and electric power generation customers in the State of Florida. PGS has retail operations in all of Florida's major metropolitan areas serving over 280,000 customers. Their service area has close to 9 million residents or 65% of the Florida population.



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
(cents/th)											
Average Revenue:											
Residential	$9.97	$10.70	$11.51	$10.96	$11.34	$12.71	$15.00	$12.72	$16.45	$17.47	$19.64
Commercial	5.76	5.99	5.61	5.31	4.59	4.99	5.30	3.73	4.05	4.12	4.57
Industrial	3.08	4.16	0.80	0.69	1.16	1.38	1.45	3.25	0.47	0.46	0.52
Costs cents/th:											
Gas purchased for sale	NA	NA	$2.04	$1.85	$1.64	$2.17	$2.61	$2.34	$3.50	$3.45	$5.31
Gas Revenue Mix:											
Residential	21%	20%	23%	23%	24%	23%	25%	24%	26%	28%	25%
Commercial	63%	54%	56%	56%	50%	46%	46%	38%	35%	36%	32%
Industrial	12%	10%	9%	8%	12%	16%	14%	25%	3%	2%	2%
Transportation	10%	7%	12%	13%	15%	3%	3%	4%	28%	26%	35%
Other	(5%)	9%	0%	0%	0%	11%	11%	9%	8%	8%	6%
Customers	NA	NA	234,700	239,600	248,400	256,200	266,600	281,090	291,919	307,371	318,385
Customer Growth	NA	NA	NA	7.8%	(1.1%)	10.6%	2.1%	2.4%	6.7%	2.5%	7.5%
Financial: ($/MM)											
Revenues	$221	$259	$250	$253	$252	$315	$353	$318	$408	$417	$550
Gross Margin	122	129	130	137	144	158	167	169	184	191	199
% of Revenues	55%	50%	52%	54%	57%	50%	47%	53%	45%	46%	36%





Regulation

The retail utility operations of the company are regulated by the Florida Public Service Commission (FPSC). TE is also subject to regulation by the Federal Energy Regulatory Commission (FERC) for various wholesale power sales, power purchases and transmission services. As a result of regulation, the rate of return the electric utilities are permitted to earn is subject to the approval of governmental agencies.

Florida regulators are among the more progressive in the nation in our view. In fact, Florida is ranked among the top five states by Regulatory Research Associates for regulatory climate and regulatory risk.

State and federal regulators set base rates at a level that allows the utility to collect revenue equal to its cost of providing service, plus a reasonable rate of return on its invested capital, including equity. Some costs are recovered through adjustment clauses or riders to lessen the regulatory recovery lag that can exist during a protracted full rate hearing. Costs recovered through cost recovery clauses, by retail jurisdiction, are as follows:

- Florida Retail - fuel costs, purchased power costs, capacity costs, energy conservation expense and specified environmental costs, including SO2 emission allowance expense.

FIGURE 22: STATE REGULATORY COMMISSION RATINGS

State RRA Rating	# Commissioners Selection Term Years	Rate Base Auth. ROE	RRA Rating Rationale
Florida (FPSC) Above Average / 2 (Updated 10/05)	5 Gubernatorial Appointment 4	$4.2B TE 10.75% - 12.75% PGS 10.25% - 12.25%	Historically, Florida regulation has been constructive from an investor viewpoint. In two recent major electric base rate cases, the PSC adopted settlements that resolved contentious issues and extended incentive rate plans for the companies. The PSC has authorized the electric companies to recover restoration costs incurred as a result of major Hurricane's. Regarding electric industry restructuring, the PSC and Legislature have utilized a measured approach, no doubt influenced by the state's reasonable rates, well-below-average concentration of industrial customers, peninsular geography, and somewhat limited transmission interfaces with companies to the north. Florida remains one of only three states that does not permit merchant generating plants. While there has been only modest fully-litigated energy rate case activity over the last several years, the equity returns that were authorized by the PSC have been slightly above the industry averages nationwide. In addition, mechanisms are in place that allow the utilities to reflect changes in fuel and other volatile costs on a timely basis. In the natural gas industry, customer choice of gas suppliers is available to all non-residential customers.

Source: Regulatory Research Associates, company documents, Robert W. Baird & Co. estimates

Tampa Electric Rates

Tampa Electric currently has no base rate proceeding before the FPSC. Tampa Electric's allowed return on equity (ROE) range of 10.75-12.75%, with a midpoint of 11.75%, is in effect until changed by settlement agreement approved by the FPSC or other FPSC rate actions initiated by Tampa Electric, FPSC staff or other interested parties. Tampa Electric expects to continue earning within its allowed ROE range even though it has not sought a base rate increase since 1992. Unchanged base rates comes despite the addition of the generating assets at Polk Power Station, the repowering of the Bayside Power Station and the addition of infrastructure to support customer growth that has averaged 2.5% for the past 10 years.

In 10/04 and 5/05, the FPSC determined that it was appropriate for Tampa Electric to recover SCR operating costs through the ECRC (Environmental Cost Recovery Clause) as well as earn a return on its SCR investment installed on Big Bend Unit 4 and Big Bend Units 1-3, respectively, for NOx control in compliance with TE's environmental consent decree. The SCR for Big Bend Unit 4 is scheduled to enter service by 6/1/07 and cost recovery is expected to start in 2008. The SCRs for Big Bend Units 3, 2, and 1 are scheduled to enter service by 5/1/08, 2009 and 2010, respectively with cost recovery expected to start in 2009, 2010 and 2011, respectively.

Tampa Electric's previous contract for coal transportation and storage services with TECO Transport expired on 12/31/03. TECO Transport had been providing river and cross-gulf transportation services and storage services under that contract since 1999 and under a series of contracts for more than 40 years. Following a Request for Proposal (RFP) process, Tampa Electric executed a new five-year contract with TECO Transport, effective 1/1/04, for waterborne coal transportation and storage services at market rates supported by the results of the RFP and an independent expert in maritime transportation matters.

Following prudence hearings in 2004, the FPSC disallowed $8-10 million after-tax of these transportation costs. The order neither required Tampa Electric to rebid nor prohibited Tampa Electric from rebidding the contract, which expires 12/31/08. In 10/04, Tampa Electric filed a motion for clarification and reconsideration of the order. In 2005, the FPSC heard oral arguments on the motion and denied Tampa Electric's request for reconsideration and clarification. In 2005, Tampa Electric decided that it would not rebid the contract, at least in the near term, but that it would look for other means to offset the reduction in the fuel transportation recovery costs.

Storm Restoration Costs

Following Hurricane Andrew in 1992, Florida's investor-owned utilities (IOUs) were unable to obtain transmission and distribution insurance coverage for hurricanes, tornados or other damage due to destructive acts of nature. Tampa Electric and other IOUs were permitted to implement a self-insurance program effective 1/1/94 for such costs of restoration, and the FPSC authorized Tampa Electric to accrue $4 million annually to grow its unfunded storm damage reserve. Tampa Electric had not utilized its reserve before the 2004 hurricane season.

In 2004, Tampa Electric's service area was impacted by hurricanes Charley, Frances and Jeanne. The restoration costs were $74.5 million, which exceeded Tampa Electric's $44 million year-end unfunded storm damage reserve balance. These storms caused more than 600,000 customer outages and damaged the transmission and distribution systems and other facilities. Tampa Electric filed for and received approval from the FPSC to defer prudently incurred storm damage restoration costs to the reserve until alternative accounting treatment is sought.

In 6/05, the FPSC approved a stipulation entered into by Tampa Electric, the Office of Public Counsel (OPC) and the Florida Industrial Power Users Group (FIPUG) regarding the treatment of Tampa Electric's 2004 hurricane costs. Under the stipulation, Tampa Electric agreed to reclassify approximately $39 million of the hurricane restoration costs as plant in service (rate base). With this adjustment and the normal $4 million annual storm accrual, Tampa Electric's storm reserve, had a positive balance of about $11 million at the start of the 2005 hurricane season and a $13 million balance at 12/31/05.

On 6/1/05, the governor of Florida signed into law a bill that allows utilities to petition the FPSC to use securitized bonds to recover storm-related costs. TE has decided not to pursue the issuance of securitized bonds either to recover its 2004 storm-related costs or to replenish its storm reserve fund. However, TE may elect to utilize securitization to cover storm costs or replenish reserves. TE's base rates provide $4 million annually for storm reserve replenishment.

Peoples Gas Rates
Peoples Gas current has no base rate proceeding before the FPSC Peoples Gas's allowed ROE is a band of 10.25-12.25% with a capital structure of 57.43% equity.

Non-Utility Operations

With TE's modified strategic direction, US merchant power operations were divested over the past several years triggering write-offs and other financial penalties in order to eliminate the riskier line of business. TE's remaining non-regulated core operations include coal, transport and contracted energy assets in Guatemala. These operations have been steady positive contributors to TE's EPS and more transparent, and therefore we believe are much lower risk even though they operate under limited regulation.

TECO Coal's operations are located in eastern Kentucky and southwest Virginia and supply coal to electric utilities located primarily in the southeastern United States, and U.S and European steel producers. TE currently operates 29 underground mines which employ the room and pillar mining method and 11 surface mines. Products include high-quality, low-sulfur coal, synthetic fuel products and specialty stoker and metallurgical-grade coals. Three separate operating companies include: Gatliff Coal, Clintwood Elkhorn Mining and Premier Elkhorn Coal. TECO Coal and its subsidiaries had 940 employees as of year-end 2005.

TECO Coal currently has four mining complexes, all operating in Kentucky with a portion of Clintwood Elkhorn Mining Company operating in Virginia as well. TE uses two extraction methods: continuous underground mining and dozer and front-end loader surface mining. The complexes have been developed at locations in close proximity to the preparation plants and rail shipping facilities. Coal is transported from TECO Coal's mining complexes to customers by means of railroad cars, trucks, barge or vessels, with rail shipments representing approximately 91% of 2005 coal shipments.

In 2005, TECO Coal sold 9.69 million tons of coal, all to customers other than Tampa Electric. Of the total sold, 6.36 million tons were produced and sold as synthetic fuel. As of 12/31/05, TECO Coal had a combined estimated 258.2 million tons of proven and probable recoverable reserves.

Higher prices for competing fuels, increased demand for metallurgical coal worldwide, better balance in supply and demand, lower producer and consumer inventories and consolidation in the mining industry have contributed to improved coal prices. Increases in commodity prices have allowed producers to contract production for 2006 at average prices above 2005 average levels. Domestic coal prices are expected to remain at current levels well into 2007.

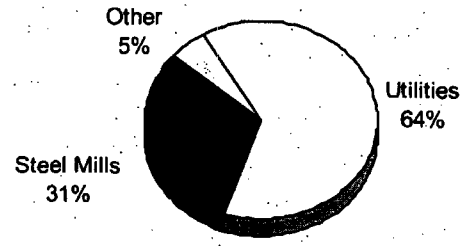
TECO Coal sells almost all of its annual production under either multi-year contracts or contracts that are finalized late in the previous year or early in the current year. In 2004, it did not realize the high reported spot prices for the majority of its production because of the timing of its contract renewals. Due to this contracting strategy, TE is less affected by the rapid price changes, both upward and downward, than those companies that sell a higher percentage in the spot markets. In 2005, TECO Coal was successful in signing several three-year contracts for steam coal at the then current market prices.

TE sold a majority of its ownership interest in its synthetic fuel production facilities, prior to 7/05. Sales of the fuel processed through these types of facilities are eligible for non-conventional fuels tax credits. TE recorded no synthetic fuel tax credits in earnings for 2005 or 2004 production associated with its remaining synthetic fuel ownership interest because of TECO Energy's actual 2004 and anticipated 2005 tax positions, which were driven by tax losses incurred upon the disposition of merchant power plants.

Qualifying synthetic fuel operations produce tax credits based on the barrel of oil equivalent of the synthetic fuel produced and sold by these plants. lowering an owner's effective tax rate. The tax credits associated with synthetic fuels in a particular year may be phased out if the annual average market prices for crude oil exceed certain threshold prices. We estimate that the 2006 threshold price as measured by the DOE domestic first purchase price is approximately $55 per barrel and the phase-out price is about $69 per barrel based on an estimated inflation adjustment for 2006. The production of synthetic fuel generates an operating loss and the sale of this alternative fuel qualifies for tax credits under Section 45k (previously Section 29) of the Internal Revenue Code.

In 2008, TE expects that no synthetic fuel will be produced, but it expects to produce conventional coal with an annual production goal of 10.5-11 million tons.

FIGURE 23: TECO COAL MARKETS



Source: Company reports

FIGURE 24: TECO COAL ANNUAL EARNINGS MODEL

	2002	2003	2004	% chg	2005	% chg	2006E	% chg	2007E	% chg	2008E	% chg
Net Revenue	$317.1	$296.3	$327.6		$505.1		$560.5		$566.4		$637.2	13%
Other Expense, Net	223.9	238.4	195.9	(18%)	274.6	40%	394.8	44%	392.9	(0%)	502.2	28%
Depreciation	31.4	34.2	36.3	6%	36.8	1%	35.8	(3%)	37.0	3%	38.0	3%
EBIT	61.8	23.8	95.4	301%	193.7	103%	129.9	(33%)	136.5	5%	97.0	(29%)
Total Interest Charges	8.2	11.0	11.2	1%	13.4	20%	10.8	(19%)	11.2	4%	11.5	3%
Income Taxes	(22.9)	(71.4)	29.8	(142%)	64.9	118%	33.4	(49%)	33.8	1%	30.8	(9%)
Net Income	$76.5	$84.1	$54.3	(35%)	$115.4	112%	$85.6	(26%)	$91.5	7%	$54.7	(40%)
EPS	$0.50	$0.47	$0.28	(40%)	$0.55	96%	$0.41	(26%)	$0.44	7%	$0.26	(40%)
Margin Analysis												
Operating Expense	71%	80%	60%		54%		70%		69%		79%	
Net Margin	24%	28%	17%		23%		15%		16%		9%	

Source: Company Reports and Robert W. Baird & Co. estimates

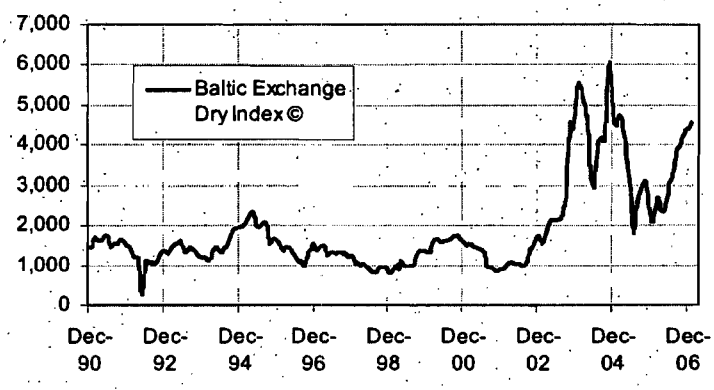
TECO Transport was founded more than 35 years ago to transport coal to Tampa Electric. Today, the company transports many different dry-bulk commodities with over 69% of its business in 2005 coming from third-party sales, with the remainder coming from Tampa Electric. Major third-party customer groups served include phosphate customers, steel industry customers, grain customers, coal and petroleum coke customers, as well as participation in the U.S. Government's cargo preference programs. The company has been profitable for more than 40 consecutive years. Its subsidiaries include TECO Barge Line, TECO Bulk Terminal and TECO Ocean Shipping. Transport is the only company able to offer the combination of inland river transport, bulk transfer, inventory maintenance and ocean transportation.

TECO Barge Line, a top-ten inland river barge company, operates a fleet of 15 towboats and approximately 630 river barges on the Mississippi, Ohio and Illinois rivers. TECO Transport received 50 new river barges starting in mid-2006 and 50 more are expected in 1Q07 to replace older barges that it retired in 2006, which has provided it a short-term competitive advantage as barge manufacturers have been at full capacity from orders following the destruction caused by Hurricane Katrina. TECO Bulk Terminal facility is the largest on the Gulf Coast and second largest in the U.S. with an annual capacity of 18 million tons. TECO Ocean Shipping operates a fleet of eight ocean-going tug/barge units and three ocean-going ships with a combined cargo capacity of over 376,500 tons. Primary customers include Tampa Electric, phosphate customers, steel industry customers, grain customers, coal and petroleum coke customers, and U.S. government cargo preference programs. TECO Transport has roughly 850 employees as of 12/31/2005.

Dynamics of Growth/Business

Transport's margins have been slowly improving over the past several years as the river barge industry is now experiencing a better balance in supply and demand due to improvements in the U.S. economy, increased international movements and the scrapping of a large number of obsolete river barges by operators throughout the country. Increased international transportation demand to meet the demand for shipments to China has improved oceangoing rates as well. Margins have also benefited from tax law changes that reduce taxes on income earned by U.S. flag vessels in international trade. We expect this positive trend to continue for at least the next few years. Upside to our EPS forecasts is possible if excess capacity at TE's bulk transfer terminal were to be utilized.

FIGURE 25: INTERNATIONAL DRY GOODS SHIPPING RATES



Source: Bloomberg

FIGURE 26: TECO TRANSPORT ANNUAL EARNINGS MODEL

	2002	2003	2004	% chg	2005	% chg	2006E	% chg	2007E	% chg	2008E	% chg
External Sales	143.9	162.2	173.4	7%	192.5	11%	206.0	7%	218.3	6%	247.4	13%
Sales to Affiliates	110.7	98.4	76.2	(23%)	85.7	12%	100.0	17%	103.0	3%	106.1	3%
Net Revenue	$254.6	$260.6	$249.6	(4%)	$278.2	11%	$306.0	10%	$321.3	5.0%	$353.5	10%
Other Expense, Net	194.3	208.4	205.3	(1%)	225.2	10%	243.3	8%	257.1	6%	279.2	9%
Depreciation	22.3	20.6	21.9	7%	21.4	(2%)	23.1	8%	24.0	4%	24.9	4%
EBIT	38.1	31.7	22.4	(29%)	31.6	41%	39.6	25%	40.2	1%	49.3	23%
Total Interest Charges	6.3	4.9	4.7	(3%)	5.1	8%	5.0	(2%)	5.0	0%	5.0	0%
Income Taxes	10.8	10.4	5.8	(44%)	7.4	28%	11.3	51%	11.6	3%	14.6	26%
Net Income	$21.0	$16.3	$11.9	(27%)	$19.1	61%	$23.4	22%	$23.6	1%	$29.7	26%
EPS	$0.14	$0.09	$0.06	(32%)	$0.09	49%	$0.11	22%	$0.11	1%	$0.14	26%
Margin Analysis												
Operating Expense	76.3%	80.0%	82.3%		80.9%		79.5%		80.0%		79.0%	
Net Margin	8.2%	6.3%	4.8%		6.9%		7.6%		7.3%		8.4%	

Source: Company Reports and Robert W. Baird & Co. estimates

TECO Guatemala includes TE's interests in independent power projects in Guatemala and a minority ownership interest in a distribution center. TECO's IPP plants include San Jose (120 MW coal-fired), the first coal-fueled plant in Central America, and the Alborada Power Station (78 MW oil-fired). Both units have long-term purchase power agreements denominated in US dollars. TECO Guatemala also owns a 24% interests in Empresa Eléctrica de Guatemala (EEGSA), a private distribution and generation company. EEGSA serves more than 776,000 customers and its service territory includes the capital of Guatemala, Guatemala City. The TECO Guatemala subsidiaries had 123 employees as of 12/31/2005.

Dynamics of Growth/Business
Operational and financial performance has been very consistent since TE acquired these assets almost a decade ago. Our forecasts assume a continuation of that trend.

Management

Sherrill W. Hudson, 63, Chairman of the Board and Chief Executive Officer, TECO Energy, Inc. and Tampa Electric Company, 7/04 to date. Hudson has been a member of TECO's board since 1/03 and served as Chair of the Audit Committee until being named Chairman and CEO. Hudson also sat on the Finance Committee, and was intimately involved in overseeing TECO Energy's operations and the implementation of new corporate strategies. Previously Managing Partner for South Florida, Deloitte & Touche, LLP (public accounting), Miami, Florida. Hudson retired from Deloitte & Touche, LLP in 8/02, after 37 years of service. He spent 19 years in Miami as Managing Partner for its South Florida offices, which included oversight responsibilities for Deloitte's Florida and Puerto Rico offices for much of that time. Hudson is a Certified Public Accountant in Florida. He received his undergraduate degree and graduated cum laude, valedictorian from Ashland University in Ashland, Ohio.

John B. Ramil, 50, President and Chief Operating Officer, TECO Energy, Inc., 7/04 to date. Previously Executive Vice President and Chief Operating Officer, TECO Energy, Inc., 9/03 to 7/04; Executive Vice President, TECO Energy, Inc., 12/02 to 9/03 and President, Tampa Electric Company, 4/98 to 9/03. Ramil joined Tampa Electric in 1976 as a cooperative education student while attending the University of South Florida, where he received his B.S. and M.S. degrees in Engineering. He has attended Advanced Studies Programs at the University of Georgia, the Wharton School of Business and Harvard School of Business.

Gordon L. Gillette, 46, Executive Vice President and Chief Financial Officer, TECO Energy, Inc., 7/04 to date. He also serves as President of TECO Guatemala, a TECO Energy subsidiary. Previously was Senior Vice President-Finance and Chief Financial Officer, TECO Energy, Inc., 4/01 to 7/04. Gillette joined Tampa Electric Co. in 1981 as an engineer. He received his undergraduate degree from the University of South Florida and his Master's in engineering management.

Charles R. Black, 54, President, Tampa Electric Company, 10/04 to date. Previously Senior Vice President-Generation, TECO Energy, Inc. and Tampa Electric Company, 9/03 to 10/04. Charles joined TECO in 1973 and during the next several decades held various engineering and management positions within the Production Department. Black was responsible for the engineering and construction of Tampa Electric's Polk Power Station, a 260 MW IGCC Unit as well as Tampa Electric's Generation Expansion Program and the repowering of the Gannon Station and its conversion to the Bayside Power Station. Black earned a bachelor's degree in chemical engineering in 1973 from the University of South Florida.

William N. Cantrell, 53, President, Peoples Gas System, 4/00 to date. Previously President, Tampa Electric Company, 9/03 to 10/04. Cantrell joined Tampa Electric in 1975. He received his undergraduate degree in electrical engineering from the Georgia Institute of Technology and his MBA from The University of Tampa.

Sal Litrico, 50, President, TECO Transport Corporation, 7/04 to date. Previously Vice President of TECO Ocean Shipping, Inc. Litrico joined TECO in 1/94. Previously, Litrico was employed by Maritrans, Inc. as Vice President of Operations & Maintenance. Before that, he sailed aboard merchant vessels for five years and has a current Master's license. He obtained a Bachelor of Science degree in Business at the New York State University Merchant Marine Academy (Fort Schuyler).

Sheila M. McDevitt, 59, Senior Vice President-General Counsel and Chief Legal Officer, TECO Energy, Inc., 4/01 to date. McDevitt joined Tampa Electric Co. as Governmental Affairs counsel in 1981, and was soon promoted to Corporate Counsel. In her current position, McDevitt is responsible for the legal affairs of TECO Energy and manages the Legal Department, the Corporate Compliance and Diversity Department and Corporate Communications. McDevitt received her Bachelor of Arts (1968) and Juris Doctorate (1978) degrees from Florida State University and was admitted to the Florida Bar in 1978. Prior to joining TECO Energy, she served as a trial attorney and branch office managing attorney for a Tampa law firm, an executive assistant to a Florida State Senator and worked for various other Florida and Georgia Legislative agencies and committees.

J. J. Shackleford, 59, President of TECO Coal Corporation. Shackleford began with TECO Energy as controller of Gatliff Coal in 12/83, and was named president of Gatliff Coal in 3/86 before being named president of TECO Coal in 12/92. Shackleford received a Bachelor of Science degree in Accounting from the University of Kentucky in 1969.

Board of Directors

Sherrill Hudson is the only insider on the board, and serves as Chairman of the Board. See Figure 27 for a listing of key executives and the board of directors. The directors are divided into three classes and serve three year terms.

FIGURE 27: KEY EXECUTIVES, DIRECTORS AND SHAREHOLDERS

Name	Title	Years on Board	Shares Owned
Executive Management			
Sherrill W. Hudson	Chairman & CEO	4	268,692
John B. Ramil	President & COO		160,064
Gordon L. Gillette	EVP & CEO		91,563
Charles R. Black	President, Tampa Electric		44,441
William N. Cantrell	President, Peoples Gas System		154,050
Sal Litrico	President, TECO Transport		42,721
Sheila M. McDevitt	SVP, General Counsel and Chief Legal Officer		68,547
J. J. Shackleford	President, TECO Coal		77,098
Directors			
DuBose Ausley	Attorney; Former Chairman, Ausley & McMullen, P.A.	15	40,727
Sara L. Baldwin	Private Investor	27	32,101
James L. Ferman, Jr.	President, Ferman Motor Car Company, Inc.	22	52,692
Luis Guinot, Jr.	Attorney; Former US Ambassador to Costa Rica	8	6,325
Sherrill W. Hudson	Chairman & CEO, TECO Energy	4	268,692
Loretta A. Penn	VP, Spherion Corporation	2	2,500
Tom L. Rankin	Former Chairman & CEO, Lykes Energy, Inc.	10	732,428
William D. Rockford	President, CFO and COO, Primary Energy Ventures LLC	7	13,613
William P. Sovey	Former Chairman and CEO, Newell Rubbermaid Inc.	11	18,082
J. Thomas Touchton	President, The Witt-Touchton Company LLC	20	52,789
Paul L. Whiting	President, Seabreeze Holdings, Inc.	3	56,965
5% Shareholders			
T. Rowe Price Associates, Inc.			11,459,498

Source: Company Reports and FactSet

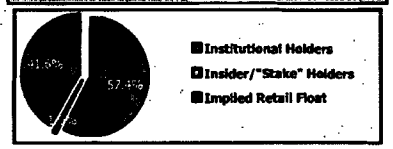
Ownership

TECO Energy Inc. (NYSE: TE)

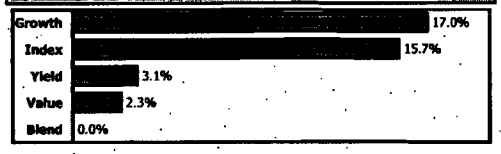
Ownership Statistics

Institutional Ownership	57.4%
Top 10 Inst Holders	28.8%
Mutual Fund Ownership	26.7%
Top 10 Mutual Fund Holders	15.2%
Insider Ownership	1%
Fully Dil Insider Ownership	1.7%

Ownership Breakdown



Style Analysis



Largest Buyers (All Holders)	Chg (Shares)	Shares Held	% Outstanding
Morgan Stanley & Co., Inc.	4,874,352	5,153,428	2.46%
Bear, Stearns & Co., Inc.	3,762,634	3,848,233	1.84%
Goldman Sachs & Co.	1,133,435	1,256,637	0.60%
Wachovia Securities LLC	794,011	873,730	0.42%
RiverSource Investments LLC	725,758	962,918	0.46%

Largest Sellers (All Holders)	Chg (Shares)	Shares Held	% Outstanding
Renaissance Technologies Corp.	-646,601	39,699	0.02%
Deutsche Bank Investment Mana	-638,529	238,871	0.11%
Barclays Global Investors Ltd. (U	-336,507	21,205	0.01%
Lehman Brothers, Inc.	-237,877	36,863	0.02%
T. Rowe Price Global Investment	-233,600	8,900	0.00%

Ownership Table for ALL Holders

Holder	Position	Pos Change	$Mkt Val	%O/S	%Port	Rpt Date	Turnover	Style
T. Rowe Price Associates, Inc. (Md)	11,459,498	515,200	191,602,800	5.5	0.1	09/30/2006	Low	Growth
Franklin Advisers, Inc.	9,880,000	485,000	165,193,600	4.7	0.2	09/30/2006	Low	Growth
Vanguard Group, Inc.	6,696,719	381,327	111,969,144	3.2	0.0	09/30/2006	Very Low	Index
Barclays Global Investors Na (Ca)	6,475,629	113,100	108,272,520	3.1	0.0	09/30/2006	Very Low	Index
State Street Global Advisors	6,264,628	394,725	104,744,584	3.0	0.0	09/30/2006	Very Low	Index
Templeton Global Advisors Ltd.	6,211,390	0	103,854,440	3.0	0.1	09/30/2006	Low	GARP
Morgan Stanley & Co., Inc.	5,153,428	4,874,352	86,165,320	2.5	0.1	09/30/2006	Medium	GARP
Bear, Stearns & Co., Inc.	3,848,233	3,762,634	64,342,456	1.8	0.3	09/30/2006	Medium	Growth
Northern Trust Global Investments	2,180,109	-38,173	36,451,424	1.0	0.0	09/30/2006	Very Low	Index
W. H. Reaves & Co., Inc.	2,170,730	423,825	36,294,604	1.0	1.5	09/30/2006	Low	Yield
Estabrook Capital Management Llc	2,051,346	96,999	34,298,504	1.0	1.4	12/31/2006	Low	GARP
The Royal Bank Of Scotland Plc	1,800,000	0	30,096,000	0.9	0.6	09/30/2006	Very Low	Yield
Mellon Capital Management	1,710,398	-25,681	28,597,854	0.8	0.0	09/30/2006	Very Low	Index
Aster Investment Management Co., Ir	1,655,200	550,300	27,674,944	0.8	0.8	09/30/2006	Medium	Growth
Duff & Phelps Investment Manageme	1,638,880	241,430	27,402,074	0.8	0.6	09/30/2006	Very Low	Yield
Lsv Asset Management	1,452,150	-129,700	24,279,948	0.7	0.1	09/30/2006	Very Low	Value
Brandywine Global Investment Manag	1,450,880	178,800	24,258,714	0.7	0.2	09/30/2006	Low	Value
Mfc Global Investment Management (	1,413,500	-65,000	23,633,720	0.7	0.2	09/30/2006	Low	GARP
Deprince, Race & Zollo, Inc.	1,336,600	1,336,600	22,347,952	0.6	0.5	09/30/2006	Medium	GARP
Goldman Sachs & Co.	1,256,637	1,133,435	21,010,970	0.6	0.0	09/30/2006	Medium	Growth
Lord Abbett & Co. Llc	1,200,000	0	20,064,000	0.6	0.0	09/30/2006	Low	Growth
Tiaa-Cref Asset Management Llc	1,092,014	3,624	18,258,474	0.5	0.0	09/30/2006	Low	Index
Bny Investment Advisors	1,070,571	216,433	17,899,948	0.5	0.1	09/30/2006	Very Low	GARP
Jacobs Levy Equity Management, Inc.	1,009,796	149,096	16,883,790	0.5	0.1	09/30/2006	High	GARP
Zimmer Lucas Partners Llc	1,003,981	-71,600	16,786,562	0.5	2.6	09/30/2006	High	Value

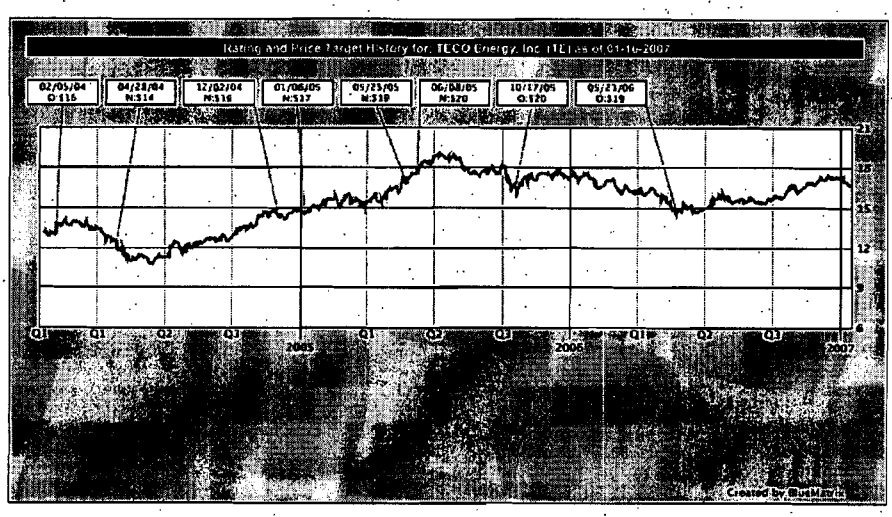
Source: LionShares Ownership Data. Copyright © FactSet Research Systems, Inc. All rights reserved

Risks

We rate TE Average Risk reflecting the stable earnings provide by its regulated electric and natural gas utility operations, constructive regulation and solid diversified operations.

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices.
- The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.
- Not all of TE's operations are regulated and as such, are not guaranteed any rate of return. TE's non-regulated businesses depend, to a certain degree, on general market conditions and general economic conditions which could result in losses at those operations.

Appendix – Important Disclosures and Analyst Certification



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Risk Ratings: L - Lower Risk - Higher-quality companies for investors seeking capital appreciation or income with an emphasis on safety. Company characteristics may include: stable earnings, conservative balance sheets, and an established history of revenue and earnings. **A - Average Risk** - Growth situations for investors seeking capital appreciation with an emphasis on safety. Company characteristics may include: moderate volatility, modest balance-sheet leverage, and stable patterns of revenue and earnings. **H - Higher Risk** - Higher-growth situations appropriate for investors seeking capital appreciation with the acceptance of risk. Company characteristics may include: higher balance-sheet leverage, dynamic business environments, and higher levels of earnings and price volatility. **S - Speculative Risk** - High-growth situations appropriate only for investors willing to accept a high degree of volatility and risk. Company characteristics may include: unpredictable earnings, small capitalization, aggressive growth strategies, rapidly changing market dynamics, high leverage, extreme price volatility and unknown competitive challenges.

Valuation, Ratings and Risks: The recommendation and price target contained within this report are based on a time horizon of 12 months but there is no guarantee the objective will be achieved within the specified time horizon. Price targets are

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TECO Energy - Quarterly Earnings Model

	2005				2006				2007			
	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06E	1Q07E	2Q07E	3Q07E	4Q07E
Net Sales	$685	$719	$836	$770	$836	$863	$923	$792	$822	$846	$905	$868
Cost of Goods Sold	239	239	322	281	340	344	390	298	317	322	358	349
Gross Income	446	480	515	489	496	518	533	494	505	524	547	519
Operating Expense	366	387	409	412	405	412	402	404	414	421	414	439
Operating Income	80	93	105	77	92	106	131	90	91	103	133	80
Pretax Income	79	88	135	80	83	77	118	77	83	97	131	76
Net Income	$52	$57	$95	$50	$58	$52	$77	$53	$55.9	$65.2	$87.5	$53.2
EPS	$0.25	$0.27	$0.46	$0.24	$0.28	$0.25	$0.37	$0.25	$0.27	$0.31	$0.42	$0.25
Dividends	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19
Average Shares	206	209	209	210	209	209	209	209	209	209	209	210
Margin Analysis												
Gross Margin	65%	67%	62%	63%	59%	60%	58%	NA	61%	62%	60%	60%
Operating Expense	53%	54%	49%	53%	48%	48%	44%	NA	50%	50%	46%	51%
Operating Margin	12%	13%	13%	10%	11%	12%	14%	11%	11%	12%	15%	9%
Pretax Margin	12%	12%	16%	10%	10%	9%	13%	10%	10%	12%	14%	9%
Net Margin	8%	8%	11%	7%	7%	6%	8%	7%	7%	8%	10%	6%

TECO Energy - Annual Earnings Model

	2002	2003	2004	% chg	2005	% chg	2006E	% chg	2007E	% chg	2008E	% chg
Net Sales	$2,676	$2,718	$2,669	(2%)	$3,010	13%	$3,421	14%	$3,446	1%	$3,645	6%
Cost of Goods Sold	664	754	935	24%	1,081	16%	1,373	27%	1,345	(2%)	1,392	3%
Gross Income	2,012	1,964	1,734	(12%)	1,929	11%	2,048	6%	2,101	3%	2,253	7%
Operating Expense	1,623	1,646	1,472	(11%)	1,574	7%	1,629	4%	1,693	4%	1,725	2%
Operating Income	389	317	262	(17%)	355	35%	419	18%	408	(3%)	527	29%
Pretax Income	388	136	238	75%	382	60%	355	(7%)	387	9%	402	4%
Net Income	$350	$165	$151	(8%)	$255	69%	$241	(5%)	$262	9%	$262	(0%)
EPS	$2.26	$0.92	$0.78	(14%)	$1.22	56%	$1.16	(5%)	$1.25	8%	$1.25	(0%)
Dividends	$1.41	$0.93	$0.76	(18%)	$0.76	0%	$0.76	0%	$0.76	0%	$0.76	0%
Average Shares	153	180	193	7%	208	8%	209	0%	209	0%	210	0%
Margin Analysis												
Gross Margin	75.2%	72.3%	65.0%		64.1%		59.9%		61.0%		61.8%	
Operating Expense	60.7%	60.6%	55.1%		52.3%		47.6%		49.1%		47.3%	
Operating Margin	14.5%	11.7%	9.8%		11.8%		12.2%		11.8%		14.5%	
Pretax Margin	14.5%	5.0%	8.9%		12.7%		10.4%		11.2%		11.0%	
Net Margin	13.1%	6.1%	5.7%		8.5%		7.0%		7.6%		7.2%	

Balance Sheet Data

	2002	2003	2004	2005	3Q06
Cash & Equivalents	$413	$160	$154	$383	$599
Receivables	423	280	287	323	364
Inventory	210	171	121	154	162
Current Assets	1,323	870	738	1,272	1,452
Fixed Assets	5,464	5,679	4,658	4,567	4,679
Total Assets	8,638	10,462	9,476	7,170	7,339
Current Debt	488	69	129	222	639
Payables	377	314	258	355	299
Current Liabilities	1,109	2,247	2,222	926	1,423
Other Liabilities	943	2,143	2,087	943	967
L.T. Debt and Lease	3,324	3,744	3,880	3,709	3,319
Common Equity	2,612	1,678	1,284	1,592	1,690

Ratio Analysis

	2003	2004	2005	3Q06
Debt/Total Cap	62%	76%	71%	70%
Current Ratio	0.4	0.3	1.4	1.0
Days Sales Outst.	47	39	37	36
EBIT/Interest	1.6x	1.7x	2.3x	2.3x
Inventory Turn	92	57	46	42
Return on Equity	7.7%	10.2%	17.7%	14.6%
High P/E Ratio	18.6x	19.7x	15.8x	14.2x
Low P/E Ratio	10.3x	14.4x	12.2x	13.0x
Book Value	$8.92	$6.21	$7.64	$8.08
Price/Book	1.6x	2.5x	2.2x	1.9x
Cash Flow/Share	$3.04	$2.29	$2.58	$2.49
Price/Cash Flow	4.7x	6.7x	6.7x	6.3x

Please refer to "Appendix - Important Disclosures" and Analyst Certification.

TECO Energy, Inc.

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006E	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,421	$3,446	$3,645	6.6%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$401.8	$412.3	$440.3	3.3%
Wholesale Generation/Guatemal	44.8	50.5	(19.2)	13.7	36.4	55.0	55.7	59.4	17.7%
Transport	50.6	38.1	29.4	22.4	31.6	39.6	40.2	49.3	16.0%
Coal	47.6	61.8	100.8	95.3	193.7	129.9	136.5	97.0	(20.6%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	8.5	1.0	4.5	
Earnings Before Interest & Taxe	$576.4	$564.2	$493.9	$560.0	$671.1	$634.9	$645.8	$650.5	(1.0%)
Other Income	51.9	49.7	83.6	180.8	229.1	150.2	158.2	123.2	(18.7%)
Minority Interes	0.0	0.0	48.8	79.5	87.1	66.0	80.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$418.7	$407.6	$527.3	14.1%
Interest Expense	180.8	176.4	313.8	321.6	288.7	280.1	258.4	248.6	(4.9%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$354.8	$387.4	$401.9	1.7%
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$240.7	$261.9	$261.9	0.9%
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.15**	**$1.25**	**$1.25**	0.7%
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.8	209.4	209.8	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.76	0.0%
Payout Ratio (%	61	62	101	97	62	66	61	61	
Returns									
Return on Common Equity	17.5	15.3	7.7	10.2	17.7	14.7	15.2	14.3	
Internal Cash % of Total Capita	6	6	19	(3)	(0)	8	10	10	
Coverage Ratios									
Interest Coverage Ex. Non-Casl	3.1	3.0	1.5	1.7	2.3	2.3	2.5	2.6	
Internal Cash % Of Constructior	31	22	183	(53)	(1)	101	104	116	
Internal Cash % of Total Cap. Req	17	21	174	(50)	(1)	50	86	95	
% of Total Capital									
Short-term Debt	11.8	5.1	0.6	2.2	3.9	3.9	4.2	4.2	
Total Debt	61.7	58.5	67.4	75.7	71.2	69.6	65.0	63.0	
Preferred Stock	3.7	9.2	10.6	0.0	0.0	0.0	0.0	0.0	
Common Equity	36.4	36.9	27.3	24.2	28.8	30.4	35.0	37.0	
% Growth in Invested Capita	20.4	30.6	-13.2	-13.8	4.3	-0.3	-7.8	0.0	
Total Invested Capita	$5,414	$7,073	$6,141	$5,295	$5,523	$5,505	$5,078	$5,080	(2.7%)
Total Debt	3,243	3,812	3,813	4,009	3,931	3,831	3,301	3,201	
Total Preferrec	200	649	649	0	0	0	0	0	
Total Common Equity	1,972	2,612	1,678	1,284	1,592	1,674	1,777	1,879	
Cash Flow									
Cash Flow From Operations	$493	$388	$632	$151	($75)	$625	$707	$709	
Dividends (Pref. & Common	184	216	165	145	158	159	159	159	
Internal Cash	308	172	466	6	(233)	466	548	550	
Construction Excluding AFC	966	1,065	591	273	295	456	480	450	
Other Investments	0	723	63	0	0	0	0	0	
Redemptions	570	1,228	850	225	494	100	530	100	
Total Capital Requirements	1,536	3,017	1,503	498	789	556	1,010	550	
Total Financing	1,368	2,767	792	88	608	0	0	0	

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Date Printed:	01/17/07				TECO Energy, Inc.			Dave Parker (813) 274-7620
Fiscal Year:	DEC				TE			Michael Gresens, CFA (414) 765-3849
(in millions)								
Balance Sheet	**2001**	**2002**	**2003**	**2004**	**2005**	**3Q06**		
ASSETS								
Cash & Equivalents	$108	$411	$108	$97	$346	$562		
Receivables	451	423	280	287	323	364		
Inventory	171	210	171	121	154	162		
Other	46	278	259	176	412	327		
Total Current	776	1,322	818	680	1,235	1,415		
Fixed Assets	4,838	5,464	5,679	4,658	4,567	4,679		
Goodwill & Intangible Assets	383	1,199	344	271	305	296		
Other Assets	766	651	3,570	3,810	1,026	912		
Total Assets	$6,763	$8,636	$10,411	$9,419	$7,133	$7,302		
LIAB. & EQUITY								
Current Debt	$1,428	$488	$69	$129	$222	$639		
Payables	461	377	314	258	355	299		
Other	34	244	1,864	1,836	349	484		
Total Current	1,922	1,109	2,247	2,222	926	1,423		
L/T Debt & Lease	1,815	3,324	3,745	3,883	3,709	3,319		
Deferred Taxes	855	943	2,143	2,087	943	967		
Other Liabilities	0	0	0	0	0	0		
Preferred Stock	200	649	649	0	0	0		
Common Equity	1,972	2,612	1,678	1,284	1,592	1,690		
Total	$6,763	$8,638	$10,462	$9,477	$7,170	$7,398		
Ratio Analysis:								
Current Ratio	0.4	1.2	0.4	0.3	1.4	1.0		
Working Capital	173	289	(1,468)	(1,510)	185	70		
Working Cap/Assets	3%	3%	(14%)	(16%)	3%	1%		
Inventory Turns	105	105	92	57	46	42		
Total Debt/Capital	60%	54%	62%	76%	71%	70%		
LT Debt/Equity	92%	127%	223%	302%	233%	234%		
EBIT/Interest Expense	3.2x	3.2x	1.6x	1.7x	2.3x	2.3x		
Total Debt/EBIT	5.6x	6.8x	7.7x	7.2x	5.9x	6.2x		

Cash Flow Statement	**2001**	**2002**	**2003**	**2004**	**2005**	**2006E**	**2007E**
Net Income	$304	$350	$165	$151	$255	$241	$262
Depreciation & Amort	308	303	382	290	282	283	290
Net changes in (CA) & CL	(12)	33	43	(1)	13	7	50
Deferred taxes/Non-Cash	(86)	(31)	(261)	(300)	(376)	94	106
Cash Flow from Operations	513	656	329	140	174	625	707
Dividend Payments	(184)	(216)	(165)	(145)	(158)	(159)	(159)
Net Capital Expenditures	(966)	(1,065)	(591)	(273)	(295)	(456)	(480)
Free Cash Flow	($637)	($625)	($427)	($279)	($279)	$10	$68
Operating Cash Flow Per Share	$3.79	$4.28	$1.83	$0.72	$0.84	$2.99	$3.38
Free Cash Flow Per Share	($4.70)	($4.08)	($2.38)	($1.45)	($1.34)	$0.05	$0.33

Du Pont Formula	**2001**	**2002**	**2003**	**2004**	**2005**	**2006E**	**2007E**
Net Margins (N/S)	11.5%	13.1%	6.1%	5.7%	8.5%	7.0%	7.6%
Assets Turnover (S/A)	0.4	0.3	0.3	0.3	0.4	0.5	0.5
Leverage (A/E)	3.6	3.4	4.5	6.7	5.8	4.4	4.1
Return on Equity	17.5%	15.3%	7.7%	10.2%	17.7%	14.7%	15.2%

Valuation Parameters		**2001**	**2002**	**2003**	**2004**	**2005**	**2006E**	**Recent**
Price (Common) - TE	High	31.80	28.72	17.00	15.49	19.30	17.73	17.23
	Low	24.94	10.49	9.47	11.30	14.87	14.40	
Forward P/E Ratio	High	14.7x	12.2x	17.9x	18.2x	16.7x	16.0x	16.1x
	Low	10.2x	5.9x	6.5x	12.7x	13.2x	11.8x	15.5x
	Close	10.8x	9.8x	17.8x	15.7x	14.0x	16.0x	15.6x
Book Value		$14.12	$14.85	$8.92	$6.21	$7.64	$8.00	$8.48
Price/Book Ratio	High	2.3x	1.9x	1.9x	2.5x	2.5x	2.2x	2.1x
	Low	1.8x	0.7x	1.1x	1.8x	1.9x	1.8x	1.7x
	Close	1.9x	1.0x	1.6x	2.5x	2.2x	2.2x	2.0x
EBITDA		$884	$868	$876	$850	$953	$918	$936
Enterprise Value	High	$7,439	$7,802	$6,711	$6,839	$7,566	$7,196	$6,876
	Low	6,511	5,007	5,356	6,032	6,644	6,500	6,179
EV / EBITDA	High	8.4x	9.0x	7.7x	8.0x	7.9x	7.8x	7.3x
	Low	7.4x	5.8x	6.1x	7.1x	7.0x	7.1x	6.6x
	Close	7.6x	6.7x	7.1x	8.0x	7.5x	7.7x	7.2x

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Utilities Research
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TECO Energy, Inc. (TE)

Asset Sale Provides Potential Upside; Maintain Outperform Rating

Price: (02/06/07)	**17.08**	**Rating:**	**Outperform**	**FY Dec**	**2006A**	**2007E**	**2008E**
52WK H-L:	**18 - 14**			Q1	0.28A	0.21E	
Market Cap (mil):	**3,565**	**Suitability:**	**Average Risk**	Q2	0.25A	0.25E	
Shares Out (mil):	207.9			Q3	0.37A	0.36E	
Float (mil):	206.4			Q4	0.25A	0.23E	
Avg. Daily Vol (mil):	0.72			**Total**	**1.14A**	**1.05E**	**1.20E**
		Price Target:	**19**	Previous	1.15E	1.25E	1.25E
Dividend:	0.76			FY P/E	15.0x	16.3x	14.2x
Yield:	4.45						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

Given robust M&A activity and strong sector fundamentals, TE announced it is exploring the potential sale of its transportation business. Potential positives include: EPS accretion, enhanced P/E valuation with reduced business risk, improved financial strength with reduced debt, and funding for accelerating utility investment opportunities. We maintain our Outperform rating believing TE remains on course to improve profitability of ongoing operations with potential upside if a favorable asset sale occurs.

Summary

- Excluding certain items, 4Q06 EPS was $0.25 versus $0.24 last year and our $0.25 estimate. The consensus estimate was $0.18, although it was not meaningful as it included a mix of estimates with and without synfuel. Excluding synfuel, adjusted EPS was $0.20.
- Lower electric utility results from mild weather, reduced customer usage and increased O&M expenses to harden TE's system against storms were offset by improved results at Transport from higher transportation rates and at Guatemala, plus strong utility customer growth and a 4% increase in coal prices. We expect the latter factors to provide improved EPS results in 2007 and beyond.
- TE announced it may sell its transportation business given a robust M&A market and utilize the proceeds to accelerate its previously-announced debt reduction program. We estimate the loss of transportation EPS most likely will be more than offset by reduced interest expense, with the reduced business risk potentially resulting in an improved P/E multiple.
- We have adjusted our 2007 EPS estimate to $1.05 to exclude synfuel operations. However, the change does not affect our target price, which reflects the end of synfuel ops by year end.
- TE provided initial 2007 EPS guidance of $0.97-1.07, which excludes synfuel operations. TE expects synfuel ops to add $0.33 to 2007 EPS, regardless of oil prices as it has fully hedged its expected position.
- We maintain our price target of $19, which implies a 16x multiple (adjusting for synfuel and NOLs) off our 2007 EPS estimate.

Details

Excluding certain items, 4Q06 EPS was $0.25 versus $0.24 last year and our $0.25 estimate. The consensus estimate was $0.18, although it was not meaningful as it included a mix of estimates with and without synfuel. Excluding synfuel, adjusted EPS was $0.20.

In 2006, EPS excluding certain items was $1.14 versus $1.22 in 2005. Excluding synfuel, adjusted EPS was $0.99 versus $0.83 in 2005.

4Q06 Results (mil)	Actual	Year Ago	Change	Estimate	Variance
Revenue	$826	$770	7.3%	$792	4.3%
Gross Income	511	489	4.5%	494	3.4%
Gross Margin	61.8%	63.5%		62.4%	
Operating Expense	436	412	5.9%	404	7.9%
Operating Income	75	77	-3.2%	$90	-17.0%
Operating Margin	9.0%	10.0%		11.3%	
Pretax Income	73	80	-8.3%	77	-5.2%
Net Income	$51	$50	2.1%	$53	-3.5%
Diluted EPS	$0.25	$0.24	2.3%	$0.25	-3.5%
Diluted Shares	209	210	-0.1%	209	0.0%
4Q06 nonrecurring and other items of note:					
Excludes $0.7M hurricane recovery costs					
Excludes $3.8M synfuel deferred tax asset charge					
Excludes $3.1M gain on turbine sales					
Excludes $1.6M loss on debt extinguishment					
4Q05 nonrecurring and other items of note:					
Excludes $9.7M direct hurricane costs					
Excludes $13.7M hurricane insurance recovery					
Excludes $1.7M loss on debt extinguishment					

EPS Reconciliation		
Prior Year EPS		$0.24
Tampa Electric	(0.02)	
Peoples Gas System	0.00	
TECO Coal	(0.01)	
TECO Transport	0.01	
TECO Wholesale	0.00	
TECO Guatemala	0.02	
Parent/Other	0.00	
Additional Shares	0.00	
Current EPS		$0.25

2007 Earnings Guidance

TE 2007 results from continuing operations are expected to be within a range of $0.97-1.07, excluding synthetic fuel. This figure compares to $0.99 EPS excluding synfuel in 2006. Primary drivers for expected improved EPS include:

- Tampa Electric -- customer growth of 2.5% and weather-normalized energy sales growth of 2.8%; higher AFUDC on the NOx control investment under construction at the Big Bend Power Station and earnings on the first NOx control project to be completed 5/07 partially offset by increased O&M expense at inflationary levels.
- Lower earnings at Peoples Gas as customer growth and therm sales growth are more than offset by the effects of higher depreciation rates and increased O&M at about

inflationary levels.

- Lower TECO Coal earnings excluding synfuel reflecting reduced production levels in 2007 to 9-9.5 million tons in 2007 (5.7mm tons of synfuel) reflecting soft market conditions compared to 9.8 million tons (5.3mm tons synfuel) in 2006. TE expects similar margins between periods.
- Improved earnings at TECO Transport reflecting higher oceangoing rates, higher utilization of tonnage tax qualified vessels, improved operating efficiencies at the terminal and increased tonnage through the terminal in Louisiana partially offset by increased shipyard days for oceangoing vessels.
- Costs at TECO Energy parent are expected to decline due to debt retirements

2008 Outlook

In 4/06, TE provided a 2008 target for EPS of at least $1.23, which was the reported 2005 EPS level. Given the prospect for a sale of TECO Transport and declining coal spot prices, TE withdrew its 2008 EPS estimate. Based on weaker coal markets, TE believes all other things being equal, EPS would be about $0.10 lower than originally anticipated.

Potential Asset Sale

TE announced it may sell its transportation business given a robust M&A market and utilize the proceeds to accelerate its previously-announced debt reduction program. We expect the loss of transportation EPS most likely will be more than offset by reduced interest expense while the reduced business risk could result in an improved P/E multiple.

While a good comp is not available given the unique mixture of TE's transportation businesses, we note that TE's transportation peers currently trade at a 13-14x P/E multiple of 2008 expected EPS. Since M&A activity is robust and TE's oceangoing business provides strong margins, we would expect a sale premium of at least 20% (if not closer to a 40% premium) over the 13x peer group comp implying a sales price of $450-550 million. Since TE has NOL carry-forwards from its merchant power asset write-offs, cash taxes paid would be minimal and the accelerated realization of these tax benefits would modestly enhance the value of TE's NOL carryforwards, which we have assumed have a $2.00-2.50/share value.

We estimate the potential EPS benefit of a debt reduction at $0.15-0.20, while the loss of Transport EPS would be approximately $0.15. Other potential positives include enhanced valuation as TE becomes more of a pure-play utility. Currently Baird's Electric Utility index trades at a median P/E of 15.9x 2008 First Call estimates, versus Baird's index of Diversified Utilities trades at 15.3x expected 2008 EPS. Excluding the benefit of TE's NOLs, we estimate TE currently trades 13x our 2008 EPS estimate. Also, cash from a potential asset sale could diminish or eliminate the need for additional debt/equity needed to fund TE's accelerating utility investment opportunities.

Segment Analysis

	3 Mos. Ended		%	12 Mos. Ended		%
Segment Revenue	12/31/2006	12/31/2005	Change	12/31/2006	12/31/2005	Change
Tampa Electric	$492.6	$416.7	18%	$2,084.9	$1,746.8	19%
Peoples Gas System	122.6	154.6	-21%	577.5	549.5	5%
TECO Coal	153.0	140.1	9%	574.9	462.7	24%
TECO Transport	80.9	75.5	7%	308.5	213.0	45%
TECO Wholesale Generation	0.0	(0.1)	NM	0.0	0.4	NM
TECO Guatemala	2.0	1.9	5%	7.6	115.3	-93%
Total Net Revenue	851.1	788.7	8%	3,553.4	3,087.7	15%
Other/eliminations	(24.9)	(18.7)	NM	(105.3)	(77.6)	NM
Consolidated Revenue	$826.2	$770.0	7%	$3,448.1	$3,010.1	15%
Net Income						
Tampa Electric	$19.4	$23.6	-18%	$136.0	$147.1	-8%
Peoples Gas System	$7.0	6.7	4%	29.6	29.6	0%
TECO Coal	$23.1	24.9	-7%	82.6	115.4	-28%
TECO Transport	$8.5	5.9	44%	25.8	19.1	35%
TECO Wholesale Generation	$0.0	0.0	NM	0.0	0.7	NM
TECO Guatemala	$11.0	7.0	57%	37.6	23.2	62%
Parent/Other	($17.6)	(17.8)	NM	(72.7)	(80.4)	NM
Total Net Income	$51.4	$50.3	2%	$238.9	$254.7	-6%

Regulated Utility

Tampa Electric

Tampa Electric's 4Q06 net income declined 18% to $19.4 million from $23.6 million primarily reflecting mild weather, decreased customer usage due to higher fuel costs and increased O&M costs. Total retail sales were up 1% but essentially flat to higher margin residential customers despite 2.5% customer growth. Mild weather also hampered the YOY comparisons. While total degree days were 1% above normal and 2% above 4Q05, 4Q06 weather patterns included relatively few sustained periods of extreme temperatures and therefore did not generate significant additional energy sales.

O&M increased $7.4 million after tax including $1.9 million for additional spending on T&D system reliability and customer service enhancements, $2.1 million for higher employee-related costs and $1.0 million for increased property insurance cost. Tampa Electric provides retail electric service to over 600,000 customers in West Central Florida.

Tampa Electric is currently installing environmental upgrades at its Big Bend Station. It will invest approximately $330 million to install selective catalytic reduction (SCR) systems at each of the four units at the station, with the SCR for Unit 4 being completed by June 2007, with Units 3, 2 and 1 each being completed by May of 2008, 2009 and 2010, respectively. Tampa Electric is currently adding two 150-MW simple cycle natural gas turbines at its Polk Station for use in 2007. Its 10-year generation plan also calls for a 630-MW IGCC plant for 2013.

In 2006, net income dropped 8% to $135.9 million, compared to $147.1 million in 2005 primarily reflecting increased O&M to harden TE's system against storms and improved system reliability and customer service enhancements. Retail sales were up only 0.6% over 2005 levels even though average annual customer growth was 2.8% (almost 18,000 new customers) reflecting mild weather and 1% lower average residential per customer energy usage. Total degree days in Tampa Electric's service area were 3% below normal but 1% above 2005. TE estimates that the pattern of mild weather reduced energy sales approximately 1% in 2006 compared to normal weather patterns. On a weather-normalized basis, retail energy sales to customers other than the phosphate industry, which is not weather sensitive, increased 1.5% and 1.8% in the 2006

fourth-quarter and full-year periods, respectively, compared to the 2005 period.

	3 Mos. Ended		%	12 Mos. Ended		%
Tampa Electric	**12/31/2006**	**12/31/2005**	**Change**	**12/31/2006**	**12/31/2005**	**Change**
Operating Revenue ($mil)						
Residential	221.4	197.6	12%	956.7	838.1	14%
Commercial	149.6	128.5	16%	602.4	516.4	17%
Industrial - Phosphate	16.5	13.9	18%	61.5	63.3	-3%
Industrial - Other	28.0	24.1	16%	113.0	96.3	17%
Other Sales of Electricity	41.5	35.8	16%	162.2	140.3	16%
Deferred and Other Revenue	10.3	(4.0)		34.1	(76.0)	
Retail Revenue	467.2	395.9	18%	1,929.8	1,578.5	22%
Sales for resale	16.0	11.6	38%	71.1	50.6	41%
Other Operating Revenue	9.4	9.2	2%	84.1	117.8	-29%
Total Operating Revenue	$492.6	$416.7	18%	$2,085.0	$1,746.8	19%
Electric Sales (MWh)						
Residential	2,005.4	2,006.4	0%	8,720.9	8,558.5	2%
Commercial	1,573.4	1,545.9	2%	6,356.8	6,235.0	2%
Industrial - Phosphate	251.5	252.2	0%	936.1	1,148.9	-19%
Industrial - Other	328.8	331.8	-1%	1,343.3	1,328.6	1%
Other Sales of Electricity	425.6	418.4	2%	1,668.0	1,641.9	2%
Deferred and Other Revenue	-	-		-	-	
Retail Sales	4,584.6	4,554.7	1%	19,025.1	18,912.8	1%
Sales for resale	185.8	163.4	14%	862.1	773.6	11%
Other Operating Revenue	-	-		-	-	
Total Electric Sales	$4,770.4	$4,718.1	1%	$19,887.2	$19,686.5	1.0%
Electric Retail Rev. cents/kWh						
Residential	11.04	9.85	12%	10.97	9.79	12%
Commercial	9.51	8.31	14%	9.48	8.28	14%
Industrial - Phosphate	6.55	5.51	19%	6.57	5.51	19%
Industrial - Other	8.51	7.25	17%	8.41	7.25	16%
Other Sales of Electricity	9.74	8.56	14%	9.72	8.55	14%
Deferred and Other Revenue						
Total Retail Rev. cents/kWh	10.19	8.69	17%	10.14	8.35	22%
Sales for resale	8.62	7.11	21%	8.24	6.53	26%
Other Operating Revenue						
Total Rev. cents/kWh	10.33	8.83	17%	10.48	8.87	18%
Avg. Customers (000)	659.5	643.2	2.5%	653.7	635.7	2.8%
Retail Output to Line (MWh)	4,577.8	4,596.8	-0.4%	20,025.1	19,862.4	0.8%

Peoples Gas System

Peoples Gas 4Q06 net income was up 4% to $7 million from $6.7 million in the 4Q05 reflecting customer growth of 3.8%, increased sales to residential and commercial customers, strong off-system sales and increased gas transported for power generation customers, partially offset by higher O&M primarily due to higher employee-related costs. Peoples Gas System is engaged in natural gas distribution to more than 300,000 customers in Florida's major metropolitan areas.

	3 Mos. Ended		%	12 Mos. Ended		%
Gas Stats	12/31/2006	12/31/2005	Change	12/31/2006	12/31/2005	Change
Gas Revenue ($mil)						
Residential	32.8	40.8	-20%	146.0	138.9	5%
Commercial	36.4	49.2	-26%	164.4	173.8	-5%
Industrial	2.6	2.4	7%	11.5	10.9	6%
Off System Sales	36.3	47.8	-24%	192.7	176.7	9%
Power Generation	3.0	3.7	-20%	14.0	13.7	2%
Other	10.0	10.6	-6%	43.4	35.5	22%
Total Gas Revenue	$121.1	$154.6	-22%	$571.9	$549.5	4%
Gas Throughput (mil. th)						
Residential	18.3	17.3	6%	73.0	70.7	3%
Commercial	95.0	92.7	2%	375.7	380.3	-1%
Industrial	48.7	51.0	-4%	209.1	208.0	1%
Off System Sales	52.6	34.5	53%	247.5	186.6	33%
Power Generation	72.0	64.1	12%	395.4	291.7	36%
Other	-	-		-	-	
Total Gas Throughput	286.8	259.6	10%	1,300.7	1,137.3	14%
Gas Rev. $/th						
Residential	1.79	2.36	-24%	2.00	1.96	2%
Commercial	0.38	0.53	-28%	0.44	0.46	-4%
Industrial	0.05	0.05	12%	0.05	0.05	5%
Off System Sales	0.69	1.38	-50%	0.78	0.95	-18%
Power Generation	0.04	0.06	-29%	0.04	0.05	-25%
Other						
Total Gas $/th	0.42	0.60	-29%	0.44	0.48	-9%
Avg. Customers (000)	331.0	318.8	3.8%	329.0	318.4	3.3%

Non-Regulated Operations

TECO Transport

TECO Transport 4Q06 net income improved 44% YOY to $8.5 million from $5.9 million primarily reflecting higher river barge rates and higher equipment utilization at both the river and oceangoing operations. In 4Q05, operations were disrupted significantly due to damage to the terminal in Louisiana from Hurricane Katrina. TECO Transport provides marine transportation services for many different dry-bulk commodities. TECO Transportation generates approximately half of its revenue from its ocean-going, U.S.-flagged cargo fleet, with the other half of revenue generated from its inland barge line and bulk terminal operations, the latter of which was damaged in Hurricane Katrina. Final hurricane-related repairs to TECO Bulk Terminal were completed in mid-April 2006 with the terminal now operating at or above pre-hurricane levels. The business is expected to benefit from higher shipping rates, partially related to the lasting effects of Hurricane Katrina on industry supply and customer demand, and solid economic growth. We expect TECO will opportunistically add to its ocean-going and riverbound fleets to drive earnings growth.

TECO Coal

TECO Coal's 4Q06 net income declined 7% to $23.1 million from $24.9 million in 4Q05. A 4% increase in the average selling price of coal on flat YOY sales of 2.6 million tons (1.7mm tons synfuel in 4Q06 and 1.5 million tons synfuel in 4Q05) was more than offset by a 7% increase in operating costs. Higher production costs reflect increased costs of new safety regulations, mining new areas following equipment relocations in the third quarter, and higher costs for explosives, conveyor belts and steel-related products than in 2005. TECO Coal operates surface and underground mines, synthetic fuel facilities, and coal processing and loading facilities in Kentucky, Tennessee and Virginia.

TECO Coal's 2006 net income declined 28% to $82.6 million from $115.4 million in 2005. A 13% increase in the average selling price of coal on essentially flat YOY sales of 9.8 million tons (5.3 million tons synfuel in 2006 and 6.4 million tons synfuel in 2005) was more than offset by a 12% increase in operating costs. Higher production costs reflect increased costs of new safety regulations, additional exploration expenses incurred in the third quarter to optimize future mine plans, and higher costs for explosives, diesel fuel, conveyor belts and steel-related products than in 2005. Total coal sales were not impacted as synthetic fuel sales contracts permitted the substitution of conventional coal for synthetic fuel while the synthetic fuel production was idled. TECO Coal operates surface and underground mines, synthetic fuel facilities, and coal processing and loading facilities in Kentucky, Tennessee and Virginia.

TECO Coal currently produces 9.5-10.0 million tons of coal annually and has a proven and probable reserve base of 258 million tons. With reserve additions and capacity expansions, annual production could increase to 10.5-11.0 million tons by 2008 if supported by favorable market conditions. Given mild weather that has caused many utilities coal piles to swell to capacity, production declines could cause flattish to slightly declined near-term profitability. In the long term, renewed demand for eastern coal for power generation is expected to stabilize TE's coal earnings at expanded margins realized in 2005 and 2006.

Synfuel Operations

TE's 4Q06 net income reflects a net $9.0 million after-tax benefit ($0.04/share) from synfuel operations assuming an estimated 35% reduction in synthetic fuel benefits based on estimated average annual oil prices of approximately $59.80/Bbl at 12/31 (DOE domestic first purchase price). In 2006, synfuel operations provided $0.15/share in EPS contribution versus a $0.40/share contribution in 2005. TE has hedged 100% of its exposure to a potential phase-out of benefits due to a spike in oil prices and as a result, synfuel operations are expected to add $0.33/share to 2007 EPS.

On 7/17/06, TECO announced that its affiliate, Pike Letcher Synfuel LLC, would idle its synfuel production facilities on July 31 due to continued high oil prices that threatened to phase out the entire synfuel tax credit and a lack of legislation that was hoped to resolve the uncertainty over attainment of synfuel tax credits. Many synfuel producers had halted production in May after the synfuel-targeted tax provision was excluded from the conference report for the tax bill. However, Pike Letcher restarted synfuel production on 9/18/06 after oil prices declined significantly and prospectively restored the Section 45k tax credit value.

Note that TECO does not directly receive the Section 45k tax credits from synfuel-related activity as it has sold essentially all its interest in these operations. However, it does provide the coal, operate the synfuel facilities and sell the output from these Section 45k-dependent facilities. The Section 45k tax credits are set to expire at the end of 2007, at which time TECO's synfuel-related activities will cease. However, unlike many other synfuel-affected companies whose benefits will cease, TECO will be able to divert its coal resources to market-oriented uses and not lose its entire earnings benefit from synfuel when the tax credits expire.

TECO Guatemala

TECO Guatemala reported 4Q06 net income of $11 million, up 57% from $7 million last year primarily reflecting 4.3% customer growth at EEGSA, 11% higher generation by the San José Power Station and lower interest expenses, partially offset by higher O&M and tax rates compared to 2005. 4Q05 benefited from the one-year benefit of the 5% tax rate on dividends under the Jobs Creation Act, while 2006 reflects a more normal tax rate. TECO owns two power stations in Guatemala, one a coal-fired plant (San Jose) and the other a peaking facility (Alborada), both of which drive utility-like earnings due to longer-term contracts. TECO also owns a 24% stake in EEGSA, the largest distribution

utility in Guatemala, which benefits from solid core growth plus the electrification of rural areas.

Parent & Other

4Q06 costs declined slightly to $17.7 million from $17.8 million in 4Q05, with the majority of corporate expenses being interest expense. Results exclude losses on the extinguishment of debt, which amounted to approximately $1.5 million in 4Q06 and $1.7 million in 4Q05 as TE continues its debt reduction program. In 4Q05, TECO retired the remaihing outstanding $100 million of 8.5% trust preferred securities.

Investment Thesis

TECO has steadily rebuilt the company following its ill-fated expansion in the merchant power market. It has sold the majority of its merchant power business and some other minor businesses, and has begun strengthening its balance sheet. We believe TE's stock will find additional support as quarterly EPS comps improve and investors' concerns continue to make a healthy shift from liquidity, EPS predictability and maintainability of the dividend to near-term EPS performance. We expect average to above-average total returns near term and rate TE Outperform.

We expect EPS performance to improve reflecting:

- Further debt reduction over the next four years as TECO monetizes its substantial deferred tax asset position resulting from the merchant-related losses and recoups deferred regulatory assets, particularly hurricane-related and deferred fuel & purchased power costs.
- Continued utility EPS expansion reflecting Florida's robust population growth, a constructive regulatory environment that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG), as well as expected base rate increases upcoming for a series of environmental upgrades to its coal-fired plants.

Adjusting for the realization of tax assets resulting from the substantial merchant losses from 2003 and 2004 and remaining synfuel benefits, which we estimate add $2-2.50 to the core business value, our $19 price target is approximately 16x and 14x our 2007 and 2008 EPS estimates, respectively, or a slight discount to its peers in the Baird Diversified Utility index when fully valued, supported by above-average EPS growth, well above-average dividend yield and lowered business risk reflecting TE's decision to eliminate its exposure to merchant power markets.

Upside would be expected if TE is able to capture an attractive multiple for its profitable transportation businesses. We estimate EPS upside of potentially $0.05 reflecting debt reduction of $0.15-0.20/share partially offset by the loss of Transport EPS of $0.15. Other potential positives include enhanced valuation as TE becomes more of a pure play utility. Currently Baird's electric utilities trade at P/E of 15.9x 2008 versus Baird's diversified utilities that trade at P/E 15.3x 2008 and TE that trades at 13x our 2008 EPS estimate adjusted for the benefit of NOLs. Also, cash from a potential asset sale could diminish or eliminate the need for additional debt/equity needed to fund TE's accelerating utility investment opportunities.

Risks & Caveats

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.

- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

Company Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. Its primary businesses are Tampa Electric, Peoples Gas, TECO Coal, and TECO Transport. Tampa Electric Company provides retail electric service to more than 612,000 customers in West Central Florida. Peoples Gas System is engaged in the purchase, distribution and marketing of natural gas in Florida and serves over 300,000 customers.

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TECO Energy - Quarterly Earnings Model

	2005				2006				2007			
	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07E	2Q07E	3Q07E	4Q07E
Net Sales	$685	$719	$836	$770	$836	$863	$923	$826	$815	$839	$899	$887
Cost of Goods Sold	239	239	322	281	340	344	390	315	317	322	358	330
Gross Income	446	480	515	489	496	518	533	511	499	517	541	558
Operating Expense	366	387	409	412	405	412	402	436	425	432	426	471
Operating Income	80	93	105	77	92	106	131	75	73	85	114	87
Pretax Income	79	88	135	80	83	77	118	73	65	79	112	84
Net Income	$52	$57	$95	$50	$58	$52	$77	$51	$43.9	$53.2	$74.8	$49.3
EPS	$0.25	$0.27	$0.46	$0.24	$0.28	$0.25	$0.37	$0.25	$0.21	$0.25	$0.36	$0.23
Dividends	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19
Average Shares	206	209	209	210	209	209	209	209	210	210	210	210
Margin Analysis												
Gross Margin	65%	67%	62%	63%	59%	60%	58%	NA	61%	62%	60%	63%
Operating Expense	53%	54%	49%	53%	48%	48%	44%	NA	52%	51%	47%	53%
Operating Margin	12%	13%	13%	10%	11%	12%	14%	9%	9%	10%	13%	10%
Pretax Margin	12%	12%	16%	10%	10%	9%	13%	9%	8%	9%	12%	9%
Net Margin	8%	8%	11%	7%	7%	6%	8%	6%	5%	6%	8%	6%

TECO Energy - Annual Earnings Model

	2002	2003	2004	% chg	2005	% chg	2006	% chg	2007E	% chg	2008E	% chg
Net Sales	$2,676	$2,718	$2,669	(2%)	$3,010	13%	$3,448	15%	$3,440	(0%)	$3,612	5%
Cost of Goods Sold	664	754	935	24%	1,081	16%	1,390	29%	1,326	(5%)	1,372	3%
Gross Income	2,012	1,964	1,734	(12%)	1,929	11%	2,058	7%	2,114	3%	2,240	6%
Operating Expense	1,623	1,646	1,472	(11%)	1,574	7%	1,655	5%	1,755	6%	1,731	(1%)
Operating Income	389	317	262	(17%)	355	35%	403	14%	359	(11%)	509	42%
Pretax Income	388	136	238	75%	382	60%	351	(8%)	340	(3%)	385	13%
Net Income	$350	$165	$151	(8%)	$255	69%	$239	(6%)	$221	(7%)	$251	14%
EPS	$2.28	$0.92	$0.78	(15%)	$1.22	56%	$1.14	(6%)	$1.05	(8%)	$1.19	13%
Dividends	$1.41	$0.93	$0.76	(18%)	$0.76	0%	$0.76	0%	$0.76	0%	$0.76	0%
Average Shares	153	180	193	7%	208	8%	209	0%	210	1%	210	0%
Margin Analysis												
Gross Margin	75.2%	72.3%	65.0%		64.1%		59.7%		61.4%		62.0%	
Operating Expense	60.7%	60.6%	55.1%		52.3%		48.0%		51.0%		47.9%	
Operating Margin	14.5%	11.7%	9.8%		11.8%		11.7%		10.4%		14.1%	
Pretax Margin	14.5%	5.0%	8.9%		12.7%		10.2%		9.9%		10.7%	
Net Margin	13.1%	6.1%	5.7%		8.5%		6.9%		6.4%		7.0%	

Balance Sheet Data

	2002	2003	2004	2005	4Q06
Cash & Equivalents	$413	$160	$154	$383	$479
Receivables	423	280	287	323	338
Inventory	210	171	121	154	160
Current Assets	1,323	870	738	1,272	1,286
Fixed Assets	5,464	5,679	4,658	4,567	4,767
Total Assets	8,638	10,462	9,476	7,170	7,302
Current Debt	488	69	129	222	687
Payables	377	314	258	355	327
Current Liabilities	1,109	2,247	2,222	926	1,350
Other Liabilities	943	2,143	2,087	943	1,070
L.T. Debt and Lease	3,324	3,744	3,880	3,709	3,213
Common Equity	2,612	1,678	1,284	1,592	1,729

Ratio Analysis

	2003	2004	2005	4Q06
Debt/Total Cap	62%	76%	71%	69%
Current Ratio	0.4	0.3	1.4	1.0
Days Sales Outst.	47	39	37	36
EBIT/Interest	1.6x	1.7x	2.3x	2.3x
Inventory Turn	92	57	46	42
Return on Equity	7.7%	10.2%	17.7%	14.4%
High P/E Ratio	18.6x	19.7x	15.8x	15.3x
Low P/E Ratio	10.3x	14.4x	12.2x	13.6x
Book Value	$8.92	$6.21	$7.64	$8.25
Price/Book	1.6x	2.5x	2.2x	2.1x
Cash Flow/Share	$3.04	$2.29	$2.58	$2.49
Price/Cash Flow	4.7x	6.7x	6.7x	6.9x

Please refer to "Appendix - Important Disclosures" and Analyst Certification.

TECO Energy, Inc.

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006E	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,448	$3,440	$3,612	6.3%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$387.8	$419.5	$447.8	3.9%
Wholesale Generation/Guatemal	44.8	50.5	(19.2)	13.7	36.4	61.3	61.7	65.7	21.8%
Transport	50.6	38.1	29.4	22.4	31.6	44.1	48.8	55.7	20.8%
Coal	47.6	61.8	100.8	95.3	193.7	125.0	66.6	58.3	(33.0%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	10.9	1.0	4.5	
Earnings Before Interest & Taxes	$576.4	$564.2	$493.9	$560.0	$671.1	$629.1	$597.5	$632.1	(2.0%)
Other Income	51.9	49.7	83.6	180.8	229.1	156.1	158.2	123.2	(18.7%)
Minority Interes	0.0	0.0	48.8	79.5	87.1	69.6	80.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$403.4	$359.3	$508.9	12.8%
Interest Expense	180.8	176.4	313.8	321.6	288.7	278.3	257.2	247.4	(5.0%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$350.8	$340.4	$384.7	0.2%
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$238.8	$221.2	$251.5	(0.4%)
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.14**	**$1.05**	**$1.20**	(0.7%)
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.7	209.8	210.2	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.76	0.0%
Payout Ratio (%	61	62	101	97	62	66	72	64	
Returns									
Return on Common Equity	17.5	15.3	7.7	10.2	17.7	14.4	12.6	13.7	
Internal Cash % of Total Capita	6	6	19	(3)	(0)	8	9	10	
Coverage Ratios									
Interest Coverage Ex. Non-Cash	3.1	3.0	1.5	1.7	2.3	2.3	2.3	2.5	
Internal Cash % Of Construction	31	22	183	(53)	(1)	103	94	112	
Internal Cash % of Total Cap. Req	17	21	174	(50)	(1)	43	78	92	
% of Total Capital									
Short-term Debt	11.8	5.1	0.6	2.2	3.9	0.9	0.9	0.9	
Total Debt	61.7	58.5	67.4	75.7	71.2	69.3	65.3	63.5	
Preferred Stock	3.7	9.2	10.6	0.0	0.0	0.0	0.0	0.0	
Common Equity	36.4	36.9	27.3	24.2	28.8	30.7	34.7	36.5	
% Growth in Invested Capita	20.4	30.6	-13.2	-13.8	4.3	1.9	-8.3	-0.2	
Total Invested Capita	$5,414	$7,073	$6,141	$5,295	$5,523	$5,629	$5,161	$5,152	(2.3%)
Total Debt	3,243	3,812	3,813	4,009	3,931	3,900	3,370	3,270	
Total Preferrec	200	649	649	0	0	0	0	0	
Total Common Equity	1,972	2,612	1,678	1,284	1,592	1,729	1,791	1,882	
Cash Flow									
Cash Flow From Operations	$493	$388	$632	$151	($75)	$625	$661	$710	
Dividends (Pref. & Common	184	216	165	145	158	159	159	160	
Internal Cash	308	172	466	6	(233)	466	501	550	
Construction Excluding AFC	966	1,065	591	273	295	456	480	450	
Other Investments	0	723	63	0	0	0	0	0	
Redemptions	570	1,228	850	225	494	100	530	100	
Total Capital Requirements	1,536	3,017	1,503	498	789	556	1,010	550	
Total Financing	1,368	2,767	792	88	608	0	0	0	

BAIRD 777 E. WISCONSIN AVENUE, MILWAUKEE, 53202

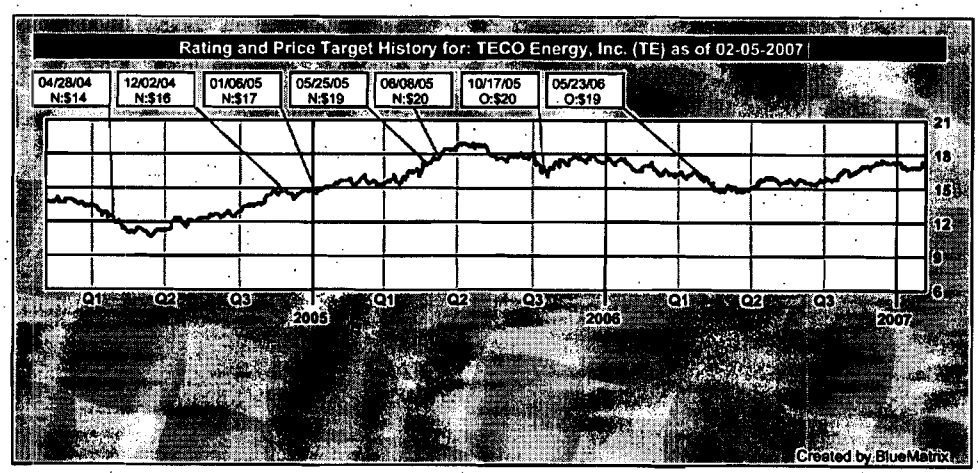
Date Printed:	02/06/07			TECO Energy, Inc.			Dave Parker (813) 274-7620
Fiscal Year:	DEC			TE			Michael Gresens, CFA (414) 765-3849
(in millions)							
Balance Sheet	**2001**	**2002**	**2003**	**2004**	**2005**	**4Q06**
ASSETS						
Cash & Equivalents	$108	$411	$108	$97	$346	$442
Receivables	451	423	280	287	323	338
Inventory	171	210	171	121	154	160
Other	46	278	259	176	412	309
Total Current	776	1,322	818	680	1,235	1,248
Fixed Assets	4,838	5,464	5,679	4,658	4,567	4,767
Goodwill & Intangible Assets	383	1,199	344	271	305	301
Other Assets	766	651	3,570	3,810	1,026	949
Total Assets	$6,763	$8,636	$10,411	$9,419	$7,133	$7,265
LIAB. & EQUITY						
Current Debt	$1,428	$488	$69	$129	$222	$687
Payables	461	377	314	258	355	327
Other	34	244	1,864	1,836	349	337
Total Current	1,922	1,109	2,247	2,222	926	1,350
L/T Debt & Lease	1,815	3,324	3,745	3,883	3,709	3,213
Deferred Taxes	855	943	2,143	2,087	943	1,070
Other Liabilities	0	0	0	0	0	0
Preferred Stock	200	649	649	0	0	0
Common Equity	1,972	2,612	1,678	1,284	1,592	1,729
Total	$6,763	$8,638	$10,462	$9,477	$7,170	$7,362
Ratio Analysis:						
Current Ratio	0.4	1.2	0.4	0.3	1.4	1.0
Working Capital	173	289	(1,468)	(1,510)	185	144
Working Cap/Assets	3%	3%	(14%)	(16%)	3%	2%
Inventory Turns	105	105	92	57	46	42
Total Debt/Capital	60%	54%	62%	76%	71%	69%
LT Debt/Equity	92%	127%	223%	302%	233%	226%
EBIT/Interest Expense	3.2x	3.2x	1.6x	1.7x	2.3x	2.3x
Total Debt/EBIT	5.6x	6.8x	7.7x	7.2x	5.9x	6.2x

Cash Flow Statement	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**
Net Income	$304	$350	$165	$151	$255	$239	$221
Depreciation & Amort	308	303	382	290	282	282	290
Net changes in (CA) & CL	(12)	33	43	(1)	13	(2)	50
Deferred taxes/Non-Cash	(86)	(31)	(261)	(300)	(376)	106	99
Cash Flow from Operations	513	656	329	140	174	625	661
Dividend Payments	(184)	(216)	(165)	(145)	(158)	(159)	(159)
Net Capital Expenditures	(966)	(1,065)	(591)	(273)	(295)	(456)	(480)
Free Cash Flow	($637)	($625)	($427)	($279)	($279)	$10	$21
Operating Cash Flow Per Share	$3.79	$4.28	$1.83	$0.72	$0.84	$2.99	$3.15
Free Cash Flow Per Share	($4.70)	($4.08)	($2.38)	($1.45)	($1.34)	$0.05	$0.10

Du Pont Formula	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**
Net Margins (N/S)	11.5%	13.1%	6.1%	5.7%	8.5%	6.9%	6.4%
Assets Turnover (S/A)	0.4	0.3	0.3	0.3	0.4	0.5	0.5
Leverage (A/E)	3.6	3.4	4.5	6.7	5.8	4.4	4.1
Return on Equity	17.5%	15.3%	7.7%	10.2%	17.7%	14.4%	12.6%

Valuation Parameters		**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**Recent**
Price (Common) - TE	High	31.80	28.72	17.00	15.49	19.30	17.73	17.23
	Low	24.94	10.49	9.47	11.30	14.87	14.40	
Forward P/E Ratio	High	14.7x	12.2x	17.9x	18.2x	16.7x	16.0x	16.1x
	Low	10.2x	5.9x	6.5x	12.7x	13.2x	11.8x	15.1x
	Close	10.8x	9.8x	17.8x	15.7x	14.0x	16.0x	15.4x
Book Value		$14.12	$14.85	$8.92	$6.21	$7.64	$8.25	$8.53
Price/Book Ratio	High	2.3x	1.9x	1.9x	2.5x	2.5x	2.1x	2.1x
	Low	1.8x	0.7x	1.1x	1.8x	1.9x	1.7x	2.0x
	Close	1.9x	1.0x	1.6x	2.5x	2.2x	2.1x	2.0x
EBITDA		$884	$868	$876	$850	$953	$911	$888
Enterprise Value	High	$7,439	$7,802	$6,711	$6,839	$7,566	$7,121	$6,902
	Low	6,511	5,007	5,356	6,032	6,644	6,426	6,734
EV / EBITDA	High	8.4x	9.0x	7.7x	8.0x	7.9x	7.8x	7.8x
	Low	7.4x	5.8x	6.1x	7.1x	7.0x	7.1x	7.6x
	Close	7.6x	6.7x	7.1x	8.0x	7.5x	7.7x	7.6x

Appendix - Important Disclosures and Analyst Certification



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Utilities Research
March 2, 2007

TECO Energy, Inc. (TE)

10-K Notes; Raising Price Target to $20; Maintain Outperform Rating

Price: (03/01/07)	**16.88**	**Rating:**	**Outperform**	**FY Dec**	**2006A**	**2007E**	**2008E**
52WK H-L:	**18 - 14**			Q1	0.28A	0.21E	
Market Cap (mil):	**3,522.86**	**Suitability:**	**Average Risk**	Q2	0.25A	0.25E	
Shares Out (mil):	207.9			Q3	0.37A	0.36E	
Float (mil):	206.8			Q4	0.25A	0.23E	
Avg. Daily Vol (mil):	0.82			**Total**	**1.14A**	**1.05E**	**1.20E**
		Price Target:	**20**	FY P/E	14.8x	16.1x	14.1x
Dividend:	0.76	Previous:	19				
Yield:	4.50						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

We have adjusted our 12-month price target on TE slightly higher to $20 to account for a higher-than-expected NOL and AMT credit carryforward position. We estimate that the existing set of tax credits could provide nearly $3/share of value to TECO, some of which is realized in our EPS growth expectations through 2008. TE is a top idea with the potential sale of its transportation a positive near-term catalyst.

Summary

- A quick review of TECO's 10-K has led us to update our target valuation. In particular, the assumed value of NOL's and AMT credit carryforwards.
- As of 12/31/2006, TE's deferred income tax balance includes $763 million in net operating loss carryforwards (NOLs) and $198 million in AMT credit carryforwards. We had previously assumed the year-end balance of NOLs was down to $550-600 million.
- We expect TE to fully realize the NOLs by 2010 assuming a TECO Transport sale, utilizing the AMT credits thereafter.
- Beyond monetizing an asset at what we believe should be a relatively attractive price, we believe a sale of TECO Transport could create further value by accelerating the monetization of these deferred tax assets. We estimate the sale could produce proceeds in excess of $450-550 million, with an assumed book basis below $200 million. TECO Transport has total assets of $330 million with debt of $110 million, implying a book equity position of less than $200 million.
- We estimate that deferred tax credits utilized beyond 2008 provide $2.50-3.00/share of value to the base business, with the value at the higher end of the range, if TE sells its transport business and accelerates the monetization of tax credits..
- We maintain our Outperform rating on TECO and consider it a top idea. Our $20 price target assumes roughly $2.50/share tax asset value plus a 14.5x P/E off our 2008 EPS estimate.

TECO Energy, Inc.
March 2, 2007

Details

No further details.

Investment Thesis

TECO has steadily rebuilt the company following its ill-fated expansion in the merchant power market. It has sold the majority of its merchant power business and some other minor businesses, and has begun strengthening its balance sheet. We believe TE's stock will find additional support as quarterly EPS comps improve and investors' concerns continue to make a healthy shift from liquidity, EPS predictability and maintainability of the dividend to near-term EPS performance. We expect average to above-average total returns near term and rate TE Outperform.

We expect EPS performance to improve reflecting:

- Further debt reduction over the next four years as TECO monetizes its substantial deferred tax asset position resulting from the merchant-related losses and recoups deferred regulatory assets, particularly hurricane-related and deferred fuel & purchased power costs.
- Continued utility EPS expansion reflecting Florida's robust population growth, a constructive regulatory environment that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG), as well as expected base rate increases upcoming for a series of environmental upgrades to its coal-fired plants.

Adjusting for the realization of tax assets resulting from the substantial merchant losses from 2003 and 2004 and synfuel-related tax benefits, which we estimate add $2.50-3.00 to the core business value, our $20 price target is approximately 15x our 2008 EPS estimate, a slight discount to its peers in the Baird Diversified Utility index when fully valued, supported by above-average EPS growth, well above-average dividend yield and lowered business risk reflecting TE's decision to eliminate its exposure to merchant power markets.

Upside would be expected if TE is able to capture an attractive multiple for its profitable transportation businesses. We estimate EPS upside of potentially $0.05 reflecting debt reduction of $0.15-0.20/share partially offset by the loss of Transport EPS of $0.15. Other potential positives include enhanced valuation as TE becomes more of a pure play utility. Currently Baird's electric utilities trade at P/E of 15.9x 2008 versus Baird's diversified utilities that trade at P/E 15.3x 2008 and TE that trades at 13x our 2008 EPS estimate adjusted for the benefit of NOLs. Also, cash from a potential asset sale could diminish or eliminate the need for additional debt/equity needed to fund TE's accelerating utility investment opportunities.

Risks & Caveats

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

Company Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. Its primary businesses are Tampa Electric, Peoples Gas, TECO Coal, and TECO Transport. Tampa Electric Company provides retail electric service to more than 612,000 customers in West Central Florida. Peoples Gas System is engaged in the purchase, distribution and marketing of natural gas in Florida and serves over 300,000 customers.

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TECO Energy - Quarterly Earnings Model

	2005				2006				2007			
	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07E	2Q07E	3Q07E	4Q07E
Net Sales	$685	$719	$836	$770	$836	$863	$923	$826	$815	$839	$899	$887
Cost of Goods Sold	239	239	322	281	340	344	390	315	317	322	358	330
Gross Income	446	480	515	489	496	518	533	511	499	517	541	558
Operating Expense	366	387	409	412	405	412	402	436	425	432	426	471
Operating Income	80	93	105	77	92	106	131	75	73	85	114	87
Pretax Income	79	88	135	80	83	77	118	73	65	79	112	84
Net Income	$52	$57	$95	$50	$58	$52	$77	$51	$43.9	$53.2	$74.8	$49.3
EPS	$0.26	$0.27	$0.46	$0.24	$0.28	$0.25	$0.37	$0.25	$0.21	$0.25	$0.36	$0.23
Dividends	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19
Average Shares	206	209	209	210	209	209	209	209	210	210	210	210
Margin Analysis												
Gross Margin	65%	67%	62%	63%	59%	60%	58%	NA	61%	62%	60%	63%
Operating Expense	53%	54%	49%	53%	48%	48%	44%	NA	52%	51%	47%	53%
Operating Margin	12%	13%	13%	10%	11%	12%	14%	9%	9%	10%	13%	10%
Pretax Margin	12%	12%	16%	10%	10%	9%	13%	9%	8%	9%	12%	9%
Net Margin	8%	8%	11%	7%	7%	6%	8%	6%	5%	6%	8%	6%

TECO Energy - Annual Earnings Model

	2002	2003	2004	% chg	2005	% chg	2006	% chg	2007E	% chg	2008E	% chg
Net Sales	$2,676	$2,718	$2,669	(2%)	$3,010	13%	$3,448	15%	$3,440	(0%)	$3,580	4%
Cost of Goods Sold	664	754	935	24%	1,081	16%	1,390	29%	1,326	(5%)	1,372	3%
Gross Income	2,012	1,964	1,734	(12%)	1,929	11%	2,058	7%	2,114	3%	2,207	4%
Operating Expense	1,623	1,646	1,472	(11%)	1,574	7%	1,655	5%	1,755	6%	1,698	(3%)
Operating Income	389	317	262	(17%)	355	35%	403	14%	359	(11%)	509	42%
Pretax Income	388	136	238	75%	382	60%	351	(8%)	340	(3%)	385	13%
Net Income	$350	$165	$151	(8%)	$255	69%	$239	(6%)	$221	(7%)	$252	14%
EPS	$2.28	$0.92	$0.78	(14%)	$1.22	56%	$1.14	(6%)	$1.05	(8%)	$1.20	14%
Dividends	$1.41	$0.93	$0.76	(18%)	$0.76	0%	$0.76	0%	$0.76	0%	$0.76	0%
Average Shares	153	180	193	7%	208	8%	209	0%	210	1%	210	0%
Margin Analysis												
Gross Margin	75.2%	72.3%	65.0%		64.1%		59.7%		61.4%		61.7%	
Operating Expense	60.7%	60.6%	55.1%		52.3%		48.0%		51.0%		47.4%	
Operating Margin	14.5%	11.7%	9.8%		11.8%		11.7%		10.4%		14.2%	
Pretax Margin	14.5%	5.0%	8.9%		12.7%		10.2%		9.9%		10.8%	
Net Margin	13.1%	6.1%	5.7%		8.5%		6.9%		6.4%		7.0%	

Balance Sheet Data

	2002	2003	2004	2005	4Q06
Cash & Equivalents	$413	$160	$154	$383	$479
Receivables	423	280	287	323	338
Inventory	210	171	121	154	160
Current Assets	1,323	870	738	1,272	1,286
Fixed Assets	5,464	5,679	4,658	4,567	4,767
Total Assets	8,638	10,462	9,476	7,170	7,302
Current Debt	488	69	129	222	687
Payables	377	314	258	355	327
Current Liabilities	1,109	2,247	2,222	926	1,350
Other Liabilities	943	2,143	2,087	943	1,070
L.T. Debt and Lease	3,324	3,744	3,880	3,709	3,213
Common Equity	2,612	1,678	1,284	1,592	1,729

Ratio Analysis

	2003	2004	2005	4Q06
Debt/Total Cap	62%	76%	71%	69%
Current Ratio	0.4	0.3	1.4	1.0
Days Sales Outst.	47	39	37	36
EBIT/Interest	1.6x	1.7x	2.3x	2.3x
Inventory Turn	92	57	46	42
Return on Equity	7.7%	10.2%	17.7%	14.4%
High P/E Ratio	18.6x	19.7x	15.8x	15.3x
Low P/E Ratio	10.3x	14.4x	12.2x	13.6x
Book Value	$8.92	$6.21	$7.64	$8.25
Price/Book	1.6x	2.5x	2.2x	2.1x
Cash Flow/Share	$3.04	$2.29	$2.58	$2.49
Price/Cash Flow	4.7x	6.7x	6.7x	6.9x

Please refer to "Appendix - Important Disclosures" and Analyst Certification.

TECO Energy, Inc.

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,448	$3,440	$3,580	5.9%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$387.8	$419.5	$447.8	3.9%
Wholesale Generation/Guatemal	44.8	50.5	(19.2)	13.7	36.4	61.3	61.7	65.7	21.8%
Transport	50.6	38.1	29.4	22.4	31.6	44.1	48.8	55.7	20.8%
Coal	47.6	61.8	100.8	95.3	193.7	125.0	66.6	58.4	(32.9%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	10.9	1.0	4.5	
Earnings Before Interest & Taxe	$576.4	$564.2	$493.9	$560.0	$671.1	$629.1	$597.5	$632.2	(2.0%)
Other Income	51.9	49.7	83.6	180.8	229.1	156.1	158.2	123.2	(18.7%)
Minority Interes	0.0	0.0	48.8	79.5	87.1	69.6	80.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$403.4	$359.3	$509.0	12.8%
Interest Expense	180.8	176.4	313.8	321.6	288.7	278.3	257.2	247.4	(5.0%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$350.8	$340.4	$384.8	0.2%
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$238.8	$221.2	$251.6	(0.4%)
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.14**	**$1.05**	**$1.20**	(0.7%)
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.7	209.8	210.2	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.76	0.0%
Payout Ratio (%	61	62	101	97	62	66	72	64	
Returns									
Return on Common Equity	17.5	15.3	7.7	10.2	17.7	14.4	12.6	13.7	
Internal Cash % of Total Capita	6	6	19	(3)	(0)	7	9	10	
Coverage Ratios									
Interest Coverage Ex. Non-Cash	3.1	3.0	1.5	1.7	2.3	2.3	2.3	2.5	
Internal Cash % Of Constructior	31	22	183	(53)	(1)	89	89	115	
Internal Cash % of Total Cap. Req	17	21	174	(50)	(1)	37	74	94	
% of Total Capital									
Short-term Debt	11.8	5.1	0.6	2.2	3.9	0.9	0.9	0.9	
Total Debt	61.7	58.5	67.4	75.7	71.2	69.3	65.3	63.5	
Preferred Stock	3.7	9.2	10.6	0.0	0.0	0.0	0.0	0.0	
Common Equity	36.4	36.9	27.3	24.2	28.8	30.7	34.7	36.5	
% Growth in Invested Capita	20.4	30.6	-13.2	-13.8	4.3	1.9	-8.3	-0.2	
Total Invested Capita	$5,414	$7,073	$6,141	$5,295	$5,523	$5,629	$5,161	$5,153	(2.3%)
Total Debt	3,243	3,812	3,813	4,009	3,931	3,900	3,370	3,270	
Total Preferred	200	649	649	0	0	0	0	0	
Total Common Equity	1,972	2,612	1,678	1,284	1,592	1,729	1,791	1,883	
Cash Flow									
Cash Flow From Operations	$493	$388	$632	$151	($75)	$471	$671	$710	
Dividends (Pref. & Common	184	216	165	145	158	159	159	160	
Internal Cash	308	172	466	6	(233)	312	511	550	
Construction Excluding AFC	966	1,065	591	273	295	456	520	450	
Other Investments	0	723	63	0	0	0	0	0	
Redemptions	570	1,228	850	225	494	366	530	100	
Total Capital Requirements	1,536	3,017	1,503	498	789	822	1,050	550	
Total Financing	1,368	2,767	792	88	608	340	0	0	

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Date Printed:	03/02/07	TECO Energy, Inc.					Dave Parker (813) 274-7620
Fiscal Year:	DEC	TE					Michael Gresens, CFA (414) 765-3849
(in millions)							
Balance Sheet	**2001**	**2002**	**2003**	**2004**	**2005**	**4Q06**
ASSETS						
Cash & Equivalents	$108	$411	$108	$97	$346	$442
Receivables	451	423	280	287	323	338
Inventory	171	210	171	121	154	160
Other	46	278	259	176	412	309
Total Current	776	1,322	818	680	1,235	1,248
Fixed Assets	4,838	5,464	5,679	4,658	4,567	4,767
Goodwill & Intangible Assets	383	1,199	344	271	305	301
Other Assets	766	651	3,570	3,810	1,026	949
Total Assets	$6,763	$8,636	$10,411	$9,419	$7,133	$7,265
LIAB. & EQUITY						
Current Debt	$1,428	$488	$69	$129	$222	$687
Payables	461	377	314	258	355	327
Other	34	244	1,864	1,836	349	337
Total Current	1,922	1,109	2,247	2,222	926	1,350
L/T Debt & Lease	1,815	3,324	3,745	3,883	3,709	3,213
Deferred Taxes	855	943	2,143	2,087	943	1,070
Other Liabilities	0	0	0	0	0	0
Preferred Stock	200	649	649	0	0	0
Common Equity	1,972	2,612	1,678	1,284	1,592	1,729
Total	$6,763	$8,638	$10,462	$9,477	$7,170	$7,362
Ratio Analysis:						
Current Ratio	0.4	1.2	0.4	0.3	1.4	1.0
Working Capital	173	289	(1,468)	(1,510)	185	144
Working Cap/Assets	3%	3%	(14%)	(16%)	3%	2%
Inventory Turns	105	105	92	57	46	42
Total Debt/Capital	60%	54%	62%	76%	71%	69%
LT Debt/Equity	92%	127%	223%	302%	233%	226%
EBIT/Interest Expense	3.2x	3.2x	1.6x	1.7x	2.3x	2.3x
Total Debt/EBIT	5.6x	6.8x	7.7x	7.2x	5.9x	6.2x

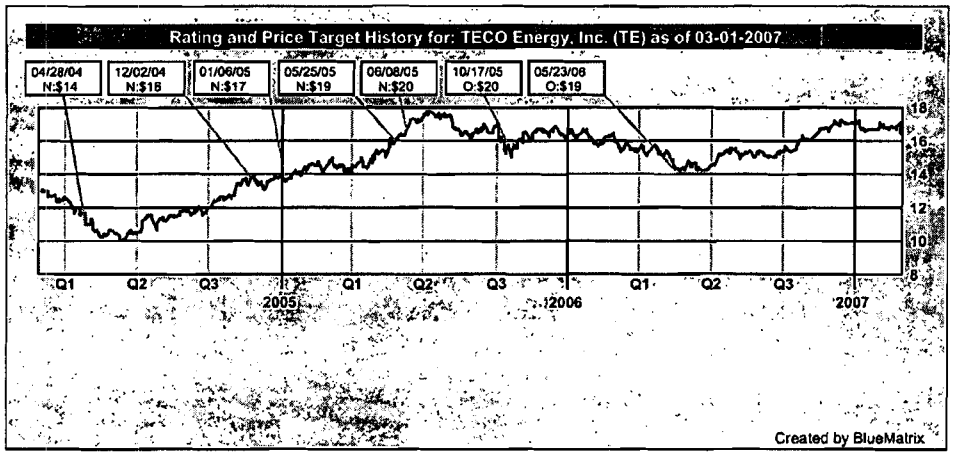
Cash Flow Statement	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**
Net Income	$304	$350	$165	$151	$255	$239	$221
Depreciation & Amort	308	303	382	290	282	282	290
Net changes in (CA) & CL	(12)	33	43	(1)	13	(92)	50
Deferred taxes/Non-Cash	(86)	(31)	(261)	(300)	(376)	138	109
Cash Flow from Operations	513	656	329	140	174	567	671
Dividend Payments	(184)	(216)	(165)	(145)	(158)	(159)	(159)
Net Capital Expenditures	(966)	(1,065)	(591)	(273)	(295)	(456)	(520)
Free Cash Flow	($637)	($625)	($427)	($279)	($279)	($48)	($9)
Operating Cash Flow Per Share	$3.79	$4.28	$1.83	$0.72	$0.84	$2.72	$3.20
Free Cash Flow Per Share	($4.70)	($4.08)	($2.38)	($1.45)	($1.34)	($0.23)	($0.04)

Du Pont Formula	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**
Net Margins (N/S)	11.5%	13.1%	6.1%	5.7%	8.5%	6.9%	6.4%
Assets Turnover (S/A)	0.4	0.3	0.3	0.3	0.4	0.5	0.5
Leverage (A/E)	3.6	3.4	4.5	6.7	5.8	4.4	4.1
Return on Equity	17.5%	15.3%	7.7%	10.2%	17.7%	14.4%	12.6%

Valuation Parameters		**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**Recent**
Price (Common) - TE	High	31.80	28.72	17.00	15.49	19.30	17.73	17.23
	Low	24.94	10.49	9.47	11.30	14.87	14.40	
Forward P/E Ratio	High	14.7x	12.2x	17.9x	18.2x	16.7x	16.0x	16.1x
	Low	10.2x	5.9x	6.5x	12.7x	13.2x	11.8x	15.1x
	Close	10.8x	9.8x	17.8x	15.7x	14.0x	16.0x	15.4x
Book Value		$14.12	$14.85	$8.92	$6.21	$7.64	$8.25	$8.53
Price/Book Ratio	High	2.3x	1.9x	1.9x	2.5x	2.5x	2.1x	2.1x
	Low	1.8x	0.7x	1.1x	1.8x	1.9x	1.7x	2.0x
	Close	1.9x	1.0x	1.6x	2.5x	2.2x	2.1x	2.0x
EBITDA		$884	$868	$876	$850	$953	$911	$888
Enterprise Value	High	$7,439	$7,802	$6,711	$6,839	$7,566	$7,121	$6,902
	Low	6,511	5,007	5,356	6,032	6,644	6,426	6,734
EV / EBITDA	High	8.4x	9.0x	7.7x	8.0x	7.9x	7.8x	7.8x
	Low	7.4x	5.8x	6.1x	7.1x	7.0x	7.1x	7.6x
	Close	7.6x	6.7x	7.1x	8.0x	7.5x	7.7x	7.6x

TECO Energy, Inc.
March 2, 2007

Appendix - Important Disclosures and Analyst Certification



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Investment Ratings: Outperform (O) - Expected to outperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months. **Neutral (N)** - Expected to perform in line with the broader U.S. equity market over the next 12 months. **Underperform (U)** - Expected to underperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months.

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Utilities Research
May 2, 2007

TECO Energy, Inc. (TE)

Solid 1Q07 EPS, Asset Sale Provides Potential Upside; Maintain Outperform Rating

				FY Dec	2006A	2007E	2008E
Price: (05/01/07)	**18.35**	**Rating:**	**Outperform**	Q1	0.28A	0.21A	
52WK H-L:	**18 - 14**			Q2	0.25A	0.26E	
Market Cap (mil):	**3,829.64**	**Suitability:**	**Average Risk**	Q3	0.37A	0.37E	
Shares Out (mil):	207.9			Q4	0.25A	0.21E	
Float (mil):	206.9			**Total**	**1.14A**	**1.05E**	**1.20E**
Avg. Daily Vol (mil):	1.00			FY P/E	16.1x	17.5x	15.3x
		Price Target:	**20**				
Dividend:	0.76						
Yield:	4.14						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

Given robust M&A activity and strong sector fundamentals, TE expects to sell its transportation business by 3Q07. Potential positives of the sale include: EPS accretion, enhanced P/E valuation with reduced business risk, improved financial strength with reduced debt, and funding for accelerating utility investment opportunities. We maintain our Outperform rating believing TE remains on course to improve profitability of ongoing operations with potential upside if a favorable asset sale occurs.

Summary

- TECO reported 1Q07 adjusted EPS of $0.21 versus $0.28 last year and our $0.21 estimate, in line with adjusted consensus estimate (excluding estimates that include synfuel earnings). 1Q07 results exclude synfuel-related earnings and transaction costs to effectuate the Transport sale.
- Tampa Electric's 1Q07 net income declined 3% to $21.8 million primarily reflecting mild weather and increased O&M costs to "storm harden" the system partially offset by 2.5% average customer growth and higher retail energy sales.
- Peoples Gas 1Q07 net income declined 12% to $11 million reflecting one of the warmest Januarys on record.
- TECO Transport 1Q07 net income declined 19% YOY to $6.4 million primarily reflecting higher labor-related costs and lower volumes for Tampa Electric due to equipment failures at Tampa Electric.
- TE expects to sell its transportation business by 3Q07, utilizing the proceeds to accelerate its previously announced debt reduction program. We estimate the loss of transportation EPS most likely will be more than offset by reduced interest expense, with the reduced business risk potentially resulting in an improved P/E multiple.
- We maintain our 2007 EPS estimate which excludes synfuel operations. TE affirmed 2007 EPS guidance of $0.97-1.07, which excludes synfuel operations.
- We maintain our price target of $20, which implies a 14.6x multiple (adjusting for synfuel and NOLs) off our 2008 EPS estimate.

Details

TECO reported 1Q07 adjusted EPS of $0.21 versus $0.28 last year and our $0.21 estimate, in line with our adjusted consensus estimate (excluding estimates that include synfuel earnings). 1Q07 results exclude synfuel-related earnings and transaction costs to effectuate the Transport sale.

1Q07 Results (mil)	Actual	Year Ago	Change	Estimate	Variance
Revenue	$821	$836	-1.8%	$815	0.8%
Gross Income	471	496	-5.1%	499	-5.6%
Gross Margin	57.3%	59.3%		61.2%	
Operating Expense	390	405	-3.7%	425	-8.3%
Operating Income	81	92	-11.5%	73	11.2%
Operating Margin	9.9%	11.0%		9.0%	
Pretax Income	62	83	-25.2%	65	-3.9%
Net Income	$44	$58	-24.1%	$44	0.0%
Diluted EPS	$0.21	$0.28	-24.1%	$0.21	0.7%
Diluted Shares	209	209	0.0%	210	-0.7%
1Q07 nonrecurring and other items of note:					
Excludes $1.8M transaction-related costs for TECO Transport sale ($0.01/share).					
Excludes $30.7M synfuel-related earnings ($0.15/share)					
1Q06 nonrecurring and other items of note:					
Excludes $2.7M hurricane recovery costs ($0.01/share)					

EPS Reconciliation		
Prior Year EPS		$0.28
Tampa Electric	(0.00)	
Peoples Gas System	(0.01)	
TECO Coal	(0.06)	
TECO Transport	(0.01)	
TECO Guatemala	0.01	
Parent/Other	0.00	
Additional Shares	0.00	
Current EPS		$0.21

2007 Earnings Guidance

TE 2007 EPS results from continuing operations are expected to be within a range of $0.97-1.07, excluding synthetic fuel. This figure compares to $0.99 EPS excluding synfuel in 2006. Primary drivers for expected improved EPS include:

- Tampa Electric -- customer growth of 2.5% and weather-normalized energy sales growth of 2.8%; higher AFUDC on the NOx control investment under construction at the Big Bend Power Station and earnings on the first NOx control project to be completed 5/07 partially offset by increased O&M expense at inflationary levels.
- Lower earnings at Peoples Gas as customer growth and therm sales growth are more than offset by the effects of higher depreciation rates and increased O&M at about inflationary levels.
- Lower TECO Coal earnings excluding synfuel reflecting reduced production levels in 2007 to 9-9.5 million tons in 2007 (5.7mm tons of synfuel) reflecting soft market

conditions compared to 9.8 million tons (5.3mm tons synfuel) in 2006. TE expects similar margins between periods.

- Improved earnings at TECO Transport reflecting higher oceangoing rates, higher utilization of tonnage tax qualified vessels, improved operating efficiencies at the terminal and increased tonnage through the terminal in Louisiana partially offset by increased shipyard days for oceangoing vessels.
- Costs at TECO Energy parent are expected to decline due to debt retirements

Potential Asset Sale

TE announced it may sell its transportation business given a robust M&A market and utilize the proceeds to accelerate its previously announced debt reduction program. We expect the loss of transportation EPS most likely will be more than offset by reduced interest expense while the reduced business risk could result in an improved P/E multiple.

While a good comp is not available given the unique mixture of TE's transportation businesses, we note that TE's transportation peers currently trade at a 13-14x P/E multiple of 2008 expected EPS. Since M&A activity is robust and TE's oceangoing business provides strong margins, we would expect a sale premium of at least 20% (if not closer to a 40% premium) over the 13x peer group comp implying a sales price of $450-550 million. Since TE has NOL carry-forwards from its merchant power asset write-offs, cash taxes paid would be minimal and the accelerated realization of these tax benefits would modestly enhance the value of TE's NOL carry-forwards, which we have assumed have a $2.00-2.50/share value.

We estimate the potential EPS benefit of a debt reduction at $0.15-0.20, while the loss of Transport EPS would be approximately $0.15. Other potential positives include enhanced valuation as TE becomes more of a pure-play utility. Currently Baird's Regulated Electric/Gas Utility index trades at a median P/E of 15.9x 2008 First Call estimates, versus Baird's index of Diversified Utilities trades at 16x expected 2008 EPS. Excluding the benefit of TE's NOLs, we estimate TE currently trades 13x our 2008 EPS estimate. Also, cash from a potential asset sale could diminish or eliminate the need for additional debt/equity needed to fund TE's accelerating utility investment opportunities.

Segment Analysis

	3 Mos. Ended		%
Segment Revenue	**3/31/2007**	**3/31/2006**	**Change**
Tampa Electric	$471.9	$456.9	3%
Peoples Gas System	169.2	186.2	-9%
TECO Coal	127.5	140.1	-9%
TECO Transport	75.3	75.3	0%
TECO Guatemala	1.9	2.1	-10%
Total Net Revenue	845.8	860.6	-2%
Other/eliminations	(24.5)	(24.2)	
Consolidated Revenue	$821.3	$836.4	-2%
Net Income			
Tampa Electric	$21.8	$22.5	-3%
Peoples Gas System	11.0	12.5	-12%
TECO Coal	11.7	24.7	-53%
TECO Transport	6.4	7.9	-19%
TECO Guatemala	10.3	8.6	20%
Parent/Other	(17.3)	(18.3)	
Total Net Income	$43.9	$57.9	-24%

Regulated Utility

Tampa Electric

Tampa Electric's 1Q07 net income declined 3% to $21.8 million from $22.5 million primarily reflecting mild weather and increased O&M costs as expected to storm harden the system partially offset by 2.5% average customer growth and higher retail energy sales. Tampa Electric provides retail electric service to over 600,000 customers in West Central Florida.

Total retail electric sales were up 4.4% driven by higher sales to commercial customers and lower-margin phosphate customers. Commercial sales growth was driven by new development which typically lags residential development. Sales to residential customers in the 1Q07 grew only 1%, despite strong customer growth as mild weather patterns limited customer energy usage. Total degree days returned to normal which was 17% above the 1Q06. While degree days indicated normal weather the 1Q07 included relatively few sustained periods of extreme temperatures and therefore did not generate significant energy sales.

Operations and maintenance expense increased $2.6 million after-tax (excluding FPSC approved cost recovery clauses) driven by planned power generating equipment outages, storm hardening expenditures and higher property insurance. Net income included $1.7 million of AFUDC related to the construction of peaking generation units and the installation of nitrogen oxide (NOx) pollution control equipment, compared to $0.2 million included in the 1Q06.

Tampa Electric is currently installing environmental upgrades at its Big Bend Station. It will invest approximately $330 million to install selective catalytic reduction (SCR) systems at each of the four units at the station, with the SCR for Unit 4 being completed by June, with Units 3, 2 and 1 each being completed by May of 2008, 2009 and 2010, respectively. Tampa Electric completed the addition of two 150-MW simple cycle natural gas turbines at its Polk Station. Its 10-year generation plan also calls for a 630-MW IGCC plant potentially operational in 2013.

	3 Mos. Ended		%
Tampa Electric	**3/31/2007**	**3/31/2006**	**Change**
Operating Revenue ($mil)			
Residential	216.3	204.6	5.7%
Commercial	146.6	133.4	9.9%
Industrial - Phosphate	18.8	13.4	40.5%
Industrial - Other	28.7	26.3	9.1%
Other Sales of Electricity	40.5	36.7	10.3%
Deferred and Other Revenue	(3.6)	(28.6)	
Retail Revenue	447.2	385.7	15.9%
Sales for resale	15.6	20.5	-24.0%
Other Operating Revenue	9.2	50.7	-81.9%
Total Operating Revenue	$471.9	$456.9	3.3%
Electric Sales (MWh)			
Residential	1,862.6	1,844.1	1.0%
Commercial	1,458.8	1,393.6	4.7%
Industrial - Phosphate	271.4	200.7	35.2%
Industrial - Other	319.7	312.7	2.2%
Other Sales of Electricity	392.0	370.1	5.9%
Retail Sales	4,304.5	4,121.2	4.4%
Sales for resale	198.1	261.2	-24.2%
Total Electric Sales	$4,502.6	$4,382.4	2.7%
Electric Retail Rev. cents/kWh			
Residential	11.61	11.10	4.6%
Commercial	10.05	9.57	5.0%
Industrial - Phosphate	6.92	6.66	3.9%
Industrial - Other	8.96	8.40	6.7%
Other Sales of Electricity	10.32	9.91	4.1%
Total Retail Rev. cents/kWh	10.39	9.36	11.0%
Sales for resale	7.86	7.84	0.2%
Total Rev. cents/kWh	10.48	10.43	0.5%
Avg. Customers (000)	664.7	648.8	2.5%
Retail Output to Line (MWh)	4,412.3	4,263.0	3.5%

Peoples Gas System

Peoples Gas 1Q07 net income declined 12% to $11 million from $12.5 million in the 1Q06 reflecting customer growth of 2.1%, lower sales to residential and commercial customers primarily due to one of the warmest Januarys on record, and lower gas transported for power generation customers due to mild weather and the use of other fuels. Non-fuel O&M expense increased and depreciation expense was higher as expected reflecting a new depreciation study approved by the FPSC in January. Peoples Gas System is engaged in natural gas distribution to more than 300,000 customers in Florida's major metropolitan areas.

	3 Mos. Ended		%
Gas Stats	**3/31/2007**	**3/31/2006**	**Change**
Gas Revenue ($mil)			
Residential	54.3	62.3	-12.7%
Commercial	50.2	56.1	-10.4%
Industrial	2.5	2.9	-12.7%
Off System Sales	46.8	49.3	-5.1%
Power Generation	2.8	2.8	-1.7%
Other	10.8	11.5	-5.6%
Total Gas Revenue	$167.5	$184.8	-9.4%
Gas Throughput (mil. th)			
Residential	29.2	31.2	-6.7%
Commercial	107.5	109.6	-1.9%
Industrial	51.4	57.8	-11.2%
Off System Sales	62.7	57.3	9.6%
Power Generation	65.5	66.6	-1.8%
Total Gas Throughput	316.2	322.5	-2.0%
Gas Rev. $/th			
Residential	1.86	1.99	-6.5%
Commercial	0.47	0.51	-8.7%
Industrial	0.05	0.05	-1.7%
Off System Sales	0.75	0.86	-13.4%
Power Generation	0.04	0.04	0.1%
Total Gas $/th	0.53	0.57	-7.6%
Avg. Customers (000)	335.1	328.1	2.1%

Non-Regulated Operations

TECO Transport

TECO Transport 1Q07 net income declined 19% YOY to $6.4 million from $7.9 million primarily reflecting higher labor and labor-related costs, lower volumes for Tampa Electric and higher repair expenses due to scheduled shipyard work partially offset by higher cross-Gulf phosphate and river towing movements. Results also benefited $0.8 million after-tax related to the sale of scrap river barges and equipment no longer used at TECO Barge Line. TECO Transport provides marine transportation services for many different dry-bulk commodities. TECO Transportation generates approximately half of its revenue from its ocean-going, U.S.-flagged cargo fleet, with the other half of revenue generated from its inland barge line and bulk terminal operations.

TECO Coal

TECO Coal's 1Q07 net income declined 53% to $11.7 million from $24.7 million in 1Q06 primarily reflecting lower sales volumes as planned reflecting soft market conditions and the exclusion of synfuel ops in 2007 numbers. Sales were 0.7 million tons in the 1Q07 compared to 1 million tons in the 1Q06 (1.3mm tons synfuel in 1Q07 and 1.5 million tons synfuel in 1Q06). Average net 1Q07 selling prices were comparable to 2006 excluding transportation allowances. The cash cost of production per ton was essentially unchanged from last year but declined 3% below the average cost of production experienced for the entire 2006 reflecting equipment relocations and other actions taken

in 2006 to stabilize production costs. TECO Coal operates surface and underground mines, synthetic fuel facilities, and coal processing and loading facilities in Kentucky, Tennessee and Virginia.

TECO Guatemala

TECO Guatemala reported 1Q07 net income improved 20% to $10.3 million from $8.6 million last year. The earnings improvement reflects lower O&M operating expense; increased generation and capacity payments, higher interest income on increased cash balances and lower wheeling revenues and higher fuel costs at EEGSA, the distribution utility. TECO owns two power stations in Guatemala, one a coal-fired plant (San Jose) and the other a peaking facility (Alborada), both of which drive utility-like earnings due to longer-term contracts. TECO also owns a 24% stake in EEGSA, the largest distribution utility in Guatemala, which benefits from solid core growth plus the electrification of rural areas.

Parent & Other

1Q07 costs declined slightly to $17.3 million from $18.8 million in the 1Q06, with the majority of corporate expenses being interest expense. Results exclude costs associated with the proposed sale of TECO Transport. As expected, on 5/1 TE retired $300 million of parent debt.

Investment Thesis

TECO has steadily rebuilt the company following its ill-fated expansion in the merchant power market. It has sold the majority of its merchant power business and some other minor businesses, and has begun strengthening its balance sheet. We believe TE's stock will find additional support as quarterly EPS comps improve and investors' concerns continue to make a healthy shift from liquidity, EPS predictability and maintainability of the dividend to near-term EPS performance. We expect average to above-average total returns near term and rate TE Outperform.

We expect EPS performance to improve reflecting:

- Further debt reduction over the next four years as TECO monetizes its substantial deferred tax asset position resulting from the merchant-related losses and recoups deferred regulatory assets, particularly hurricane-related and deferred fuel & purchased power costs.
- Continued utility EPS expansion reflecting Florida's robust population growth, a constructive regulatory environment that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG), as well as expected base rate increases upcoming for a series of environmental upgrades to its coal-fired plants.

Adjusting for the realization of tax assets resulting from the substantial merchant losses from 2003 and 2004 and synfuel-related tax benefits, which we estimate add $2.50-3.00 to the core business value, our $20 price target is approximately 15x our 2008 EPS estimate, a slight discount to its peers in the Baird Diversified Utility index when fully valued, supported by above-average EPS growth, well above-average dividend yield and lowered business risk reflecting TE's decision to eliminate its exposure to merchant power markets.

Upside would be expected if TE is able to capture an attractive multiple for its profitable transportation businesses. We estimate EPS upside of potentially $0.05 reflecting debt reduction of $0.15-0.20/share partially offset by the loss of Transport EPS of $0.15. Other potential positives include enhanced valuation as TE becomes more of a pure play utility. Currently Baird's electric utilities trade at P/E of 15.9x 2008 versus Baird's

diversified utilities that trade at P/E 15.3x 2008 and TE that trades at 13x our 2008 EPS estimate adjusted for the benefit of NOLs. Also, cash from a potential asset sale could diminish or eliminate the need for additional debt/equity needed to fund TE's accelerating utility investment opportunities.

Risks & Caveats

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

Company Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. Its primary businesses are Tampa Electric, Peoples Gas, TECO Coal, and TECO Transport. Tampa Electric Company provides retail electric service to more than 612,000 customers in West Central Florida. Peoples Gas System is engaged in the purchase, distribution and marketing of natural gas in Florida and serves over 300,000 customers.

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TECO Energy - Quarterly Earnings Model

	2005				2006				2007			
	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07E	3Q07E	4Q07E
Net Sales	$685	$719	$836	$770	$836	$863	$823	$826	$821	$841	$900	$870
Cost of Goods Sold	239	239	322	281	340	344	390	315	350	322	358	296
Gross Income	446	480	515	489	496	518	533	511	471	519	542	574
Operating Expense	366	387	409	412	405	412	402	436	390	402	400	477
Operating Income	80	93	105	77	92	106	131	75	81	117	142	98
Pretax Income	79	88	135	80	83	77	118	73	64	82	115	74
Net Income	$52	$57	$95	$50	$58	$52	$77	$51	$43.9	$55.0	$77.2	$43.7
EPS	$0.25	$0.27	$0.45	$0.24	$0.28	$0.25	$0.37	$0.24	$0.21	$0.26	$0.37	$0.21
Dividends	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19
Average Shares	206	209	209	210	209	209	209	209	209	210	210	210
Margin Analysis												
Gross Margin	65%	67%	62%	63%	59%	60%	58%	NA	57%	62%	60%	66%
Operating Expense	53%	54%	49%	53%	48%	48%	44%	NA	47%	48%	44%	55%
Operating Margin	12%	13%	13%	10%	11%	12%	14%	9%	10%	14%	16%	11%
Pretax Margin	12%	12%	16%	10%	10%	9%	13%	9%	8%	10%	13%	8%
Net Margin	8%	8%	11%	7%	7%	6%	8%	6%	5%	7%	9%	5%

TECO Energy - Annual Earnings Model

	2002	2003	2004	% chg	2005	% chg	2006	% chg	2007E	% chg	2008E	% chg
Net Sales	$2,676	$2,718	$2,669	(2%)	$3,010	13%	$3,448	15%	$3,433	(0%)	$3,580	4%
Cost of Goods Sold	664	754	935	24%	1,081	16%	1,390	29%	1,326	(5%)	1,372	3%
Gross Income	2,012	1,964	1,734	(12%)	1,929	11%	2,058	7%	2,106	2%	2,207	5%
Operating Expense	1,623	1,646	1,472	(11%)	1,574	7%	1,655	5%	1,669	1%	1,704	2%
Operating Income	389	317	262	(17%)	355	35%	403	14%	438	8%	503	15%
Pretax Income	388	136	238	75%	382	60%	351	(8%)	334	(5%)	382	14%
Net Income	$350	$165	$151	(8%)	$255	69%	$239	(6%)	$219	(8%)	$252	15%
EPS	$2.28	$0.92	$0.78	(15%)	$1.22	56%	$1.14	(6%)	$1.05	(8%)	$1.20	15%
Dividends	$1.41	$0.93	$0.76	(18%)	$0.76	0%	$0.76	0%	$0.76	0%	$0.76	0%
Average Shares	153	180	193	7%	208	8%	209	0%	210	0%	210	0%
Margin Analysis												
Gross Margin	75.2%	72.3%	65.0%		64.1%		59.7%		61.4%		61.7%	
Operating Expense	60.7%	60.6%	55.1%		52.3%		48.0%		48.6%		47.6%	
Operating Margin	14.5%	11.7%	9.8%		11.8%		11.7%		12.7%		14.1%	
Pretax Margin	14.5%	5.0%	8.9%		12.7%		10.2%		9.7%		10.7%	
Net Margin	13.1%	6.1%	5.7%		8.5%		6.9%		6.4%		7.0%	

Balance Sheet Data

	2003	2004	2005	2006	1Q07
Cash & Equivalents	$160	$154	$383	$479	$417
Receivables	280	287	323	338	310
Inventory	171	121	154	160	190
Current Assets	870	738	1,272	1,286	1,209
Fixed Assets	5,679	4,658	4,567	4,767	4,695
Total Assets	10,462	9,476	7,170	7,362	7,240
Current Debt	69	129	222	687	508
Payables	314	258	355	327	268
Current Liabilities	2,247	2,222	926	1,350	1,222
Other Liabilities	2,143	2,087	943	1,070	1,097
L.T. Debt and Lease	3,744	3,880	3,709	3,213	3,211
Common Equity	1,678	1,284	1,592	1,729	1,769

Ratio Analysis

	2004	2005	2006	1Q07
Debt/Total Cap	76%	71%	69%	68%
Current Ratio	0.3	1.4	1.0	1.0
Days Sales Outst.	39	37	35	36
EBIT/Interest	1.7x	2.3x	2.3x	2.2x
Inventory Turn	57	46	41	44
Return on Equity	10.2%	17.7%	14.4%	13.3%
High P/E Ratio	19.7x	15.8x	15.5x	16.2x
Low P/E Ratio	14.4x	12.2x	12.6x	15.5x
Book Value	$6.21	$7.64	$8.25	$8.44
Price/Book	2.5x	2.2x	2.1x	2.0x
Cash Flow/Share	$2.29	$2.58	$2.50	$2.44
Price/Cash Flow	6.7x	6.7x	6.9x	7.0x

Please refer to "Appendix - Important Disclosures" and Analyst Certification.

TECO Energy, Inc.

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,448	$3,433	$3,580	5.9%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$387.8	$413.5	$445.7	3.8%
Wholesale Generation/Guatemala	44.8	50.5	(19.2)	13.7	36.4	61.3	61.7	65.7	21.8%
Transport	50.6	38.1	29.4	22.4	31.6	44.1	47.2	55.9	20.9%
Coal	47.6	61.8	100.8	95.3	193.7	125.0	68.6	58.4	(32.9%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	10.9	1.0	4.5	
Earnings Before Interest & Taxes	$576.4	$564.2	$493.9	$560.0	$671.1	$629.1	$592.0	$630.2	(2.1%)
Other Income	51.9	49.7	83.6	180.8	229.1	156.1	154.5	126.9	(17.9%)
Minority Interest	0.0	0.0	48.8	79.5	87.1	69.6	0.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$403.4	$437.5	$503.3	12.3%
Interest Expense	180.8	176.4	313.8	321.6	288.7	278.3	257.9	248.1	(4.9%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$350.8	$334.1	$382.1	(0.0%)
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$238.8	$219.2	$251.9	(0.4%)
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.14**	**$1.05**	**$1.20**	(0.7%)
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.7	209.7	210.4	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.76	0.0%
Payout Ratio (%)	61	62	101	97	62	66	73	63	
Returns									
Return on Common Equity	17.5	15.3	7.7	10.2	17.7	14.4	12.5	13.7	
Internal Cash % of Total Capital	6	6	19	(3)	(0)	7	9	10	
Coverage Ratios									
Interest Coverage Ex. Non-Cash	3.1	3.0	1.5	1.7	2.3	2.3	2.3	2.5	
Internal Cash % Of Construction	31	22	183	(53)	(1)	89	88	115	
Internal Cash % of Total Cap. Req.	17	21	174	(50)	(1)	37	74	94	
% of Total Capital									
Short-term Debt	11.8	5.1	0.6	2.2	3.9	0.9	0.9	0.9	
Total Debt	61.7	58.5	67.4	75.7	71.2	69.3	65.3	63.5	
Preferred Stock	3.7	9.2	10.6	0.0	0.0	0.0	0.0	0.0	
Common Equity	36.4	36.9	27.3	24.2	28.8	30.7	34.7	36.5	
% Growth in Invested Capital	20.4	30.6	-13.2	-13.8	4.3	1.9	-8.4	-0.2	
Total Invested Capital	$5,414	$7,073	$6,141	$5,295	$5,523	$5,629	$5,159	$5,151	(2.3%)
Total Debt	3,243	3,812	3,813	4,009	3,931	3,900	3,370	3,270	
Total Preferred	200	649	649	0	0	0	0	0	
Total Common Equity	1,972	2,612	1,678	1,284	1,592	1,729	1,789	1,881	
Cash Flow									
Cash Flow From Operations	$493	$388	$632	$151	($75)	$471	$669	$710	
Dividends (Pref. & Common)	184	216	165	145	158	159	159	160	
Internal Cash	308	172	466	6	(233)	312	509	550	
Construction Excluding AFC	966	1,065	591	273	295	456	520	450	
Other Investments	0	723	63	0	0	0	0	0	
Redemptions	570	1,228	850	225	494	366	530	100	
Total Capital Requirements	1,536	3,017	1,503	498	789	822	1,050	550	
Total Financing	1,368	2,767	792	88	608	340	0	0	

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Date Printed:	05/01/07			TECO Energy, Inc.			Dave Parker (813) 274-7620
Fiscal Year:	DEC			TE			Michael Gresens, CFA (414) 765-3849
(in millions)							
Balance Sheet	**2002**	**2003**	**2004**	**2005**	**2006**	**1Q07**
ASSETS						
Cash & Equivalents	$411	$108	$97	$346	$442	$362
Receivables	423	280	287	323	338	310
Inventory	210	171	121	154	160	190
Other	278	259	176	412	309	292
Total Current	1,322	818	680	1,235	1,248	1,153
Fixed Assets	5,464	5,679	4,658	4,567	4,767	4,695
Goodwill & Intangible Assets	1,199	344	271	305	301	275
Other Assets	651	3,570	3,810	1,026	1,008	1,062
Total Assets	$8,636	$10,411	$9,419	$7,133	$7,325	$7,184
LIAB. & EQUITY						
Current Debt	$488	$69	$129	$222	$687	$508
Payables	377	314	258	355	327	268
Other	244	1,864	1,836	349	337	446
Total Current	1,109	2,247	2,222	926	1,350	1,222
L/T Debt & Lease	3,324	3,745	3,883	3,709	3,213	3,211
Deferred Taxes	943	2,143	2,087	943	1,070	1,097
Other Liabilities	0	0	0	0	0	0
Preferred Stock	649	649	0	0	0	0
Common Equity	2,612	1,678	1,284	1,592	1,729	1,769
Total	$8,638	$10,462	$9,477	$7,170	$7,362	$7,299
Ratio Analysis:						
Current Ratio	1.2	0.4	0.3	1.4	1.0	1.0
Working Capital	289	(1,468)	(1,510)	185	144	78
Working Cap/Assets	3%	(14%)	(16%)	3%	2%	1%
Inventory Turns	105	92	57	46	41	44
Total Debt/Capital	54%	62%	76%	71%	69%	68%
LT Debt/Equity	127%	223%	302%	233%	186%	210%
EBIT/Interest Expense	3.2x	1.6x	1.7x	2.3x	2.3x	2.2x
Total Debt/EBIT	6.8x	7.7x	7.2x	5.9x	6.2x	6.1x

Cash Flow Statement	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**2008E**
Net Income	$350	$165	$151	$255	$239	$219	$252
Depreciation & Amort	303	382	290	282	282	294	303
Net changes in (CA) & CL	33	43	(1)	13	(92)	50	35
Deferred taxes/Non-Cash	(31)	(261)	(300)	(376)	138	105	120
Cash Flow from Operations	656	329	140	174	567	669	710
Dividend Payments	(216)	(165)	(145)	(158)	(159)	(159)	(160)
Net Capital Expenditures	(1,065)	(591)	(273)	(295)	(456)	(520)	(450)
Free Cash Flow	($625)	($427)	($279)	($279)	($48)	($11)	$100
Operating Cash Flow Per Share	$4.28	$1.83	$0.72	$0.84	$2.72	$3.19	$3.37
Free Cash Flow Per Share	($4.08)	($2.38)	($1.45)	($1.34)	($0.23)	($0.05)	$0.48

Du Pont Formula	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**2008E**
Net Margins (N/S)	13.1%	6.1%	5.7%	8.5%	6.9%	6.4%	7.0%
Assets Turnover (S/A)	0.3	0.3	0.3	0.4	0.5	0.5	0.5
Leverage (A/E)	3.4	4.5	6.7	5.8	4.4	4.1	3.8
Return on Equity	15.3%	7.7%	10.2%	17.7%	14.4%	12.5%	13.7%

Valuation Parameters		**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**Recent**
Price (Common) - TE	High	28.72	17.00	15.49	19.30	17.73	17.49	17.23
	Low	10.49	9.47	11.30	14.87	14.40	16.69	
Forward P/E Ratio	High	12.2x	17.9x	18.2x	16.7x	16.0x	17.4x	17.4x
	Low	5.9x	6.5x	12.7x	13.2x	11.8x	15.1x	16.0x
	Close	9.8x	17.8x	15.7x	14.0x	16.0x	16.6x	16.6x
Book Value		$14.85	$8.92	$6.21	$7.64	$8.25	$8.52	$8.96
Price/Book Ratio	High	1.9x	1.9x	2.5x	2.5x	2.1x	2.1x	2.0x
	Low	0.7x	1.1x	1.8x	1.9x	1.7x	2.0x	1.9x
	Close	1.0x	1.6x	2.5x	2.2x	2.1x	2.0x	1.9x
EBITDA		$868	$876	$850	$953	$911	$887	$933
Enterprise Value	High	$7,802	$6,711	$6,839	$7,566	$7,121	$6,900	$6,813
	Low	5,007	5,356	6,032	6,644	6,426	6,732	6,644
EV / EBITDA	High	9.0x	7.7x	8.0x	7.9x	7.8x	7.8x	7.3x
	Low	5.8x	6.1x	7.1x	7.0x	7.1x	7.6x	7.1x
	Close	6.7x	7.1x	8.0x	7.5x	7.7x	7.7x	7.2x

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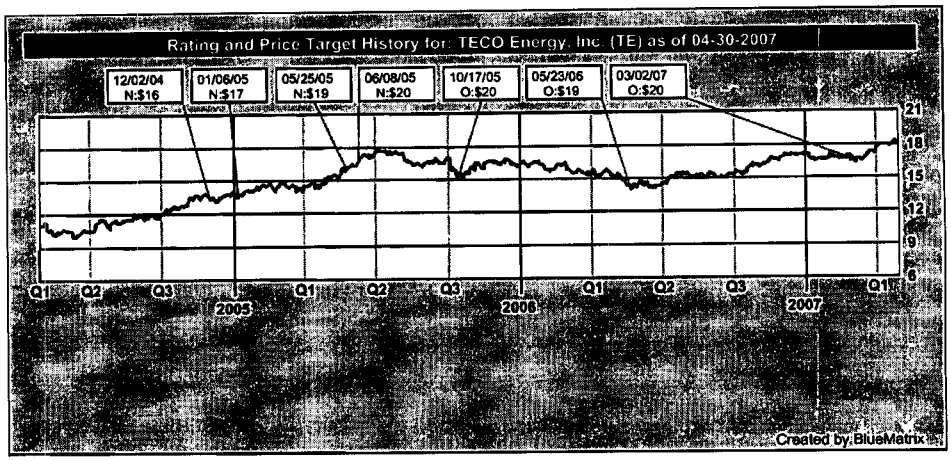
TECO Energy, Inc.
May 2, 2007

Appendix - Important Disclosures and Analyst Certification



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Utilities Research
August 3, 2007

TECO Energy, Inc. (TE)

Solid 2Q07 EPS Despite Mild Weather; Maintain Rating

Price: (08/02/07)	**16.60**	**Rating:**	**Outperform**	**FY Dec**	**2006A**	**2007E**	**2008E**
52WK H-L:	**19 - 15**			Q1	0.28A	0.21A	
Market Cap (mil):	**3,486.00**	**Suitability:**	**Average Risk**	Q2	0.25A	0.25A	
Shares Out (mil):	208.9			Q3	0.37A	0.37E	
Float (mil):	206.6			Q4	0.25A	0.20E	
Avg. Daily Vol (mil):	1.37			**Total**	**1.14A**	**1.03E**	**1.20E**
		Price Target:	**20**	Previous		1.05E	
Dividend:	0.78			FY P/E	14.6x	16.1x	13.8x
Yield:	4.70						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

Given robust M&A activity and strong sector fundamentals, TE expects to sell its transportation business in 3Q07. Potential positives of the sale include: EPS accretion, enhanced P/E valuation with reduced business risk, improved financial strength with reduced debt, and funding for accelerating utility investment opportunities. We maintain our Outperform rating believing TE remains on course to improve profitability of ongoing operations with potential upside if a favorable asset sale occurs.

Summary

- TECO reported 2Q07 adjusted EPS of $0.25 versus $0.25 last year and our $0.26 estimate. The consensus estimate was $0.24.
- TE reiterated its 2007 EPS guidance of $0.97-1.07, but believes it will earn in the lower half of that range given mild weather YTD, slowed customer growth reflecting a slowdown in Florida housing activity and diminished coal commodity prices.
- We have fine-tuned our 2007 EPS estimate to $1.03 from $1.05 to reflect utility margin lost due to mild weather. We maintain our price target of $20, which implies a 14.6x multiple (adjusting for synfuel and NOLs) off our 2008 EPS estimate.
- Tampa Electric's 2Q07 net income declined 6% to $34.7 million from $37.1 million primarily reflecting mild weather and increased employee-related costs partially offset by 2.2% average customer growth and increased sales to other utilities.
- TECO Guatemala's 2Q07 net income jumped 47% to $12.8 million reflecting higher wheeling revenues, customer growth and higher energy sales and effective cost control efforts.
- TECO Coal's 2Q07 net income (excluding 2Q07 synfuel operations) declined 27% to $9.8 million from $13.4 million in 2Q06 primarily reflecting lower sales volumes as planned reflecting soft market conditions and a 3% lower average sales price reflecting a sales mix more heavily weighted toward lower-margin steam coal.
- TE is negotiating with a short list of potential buyers for its transportation business. Turmoil in the debt markets may slow the closing of a sale; however, we still expect a sale announcement in 3Q07.

Details

TECO reported 2Q07 adjusted EPS of $0.25 versus $0.25 last year and our $0.26 estimate and consensus estimate of $0.24. GAAP 2Q07 EPS was $0.35 compared to $0.30 in 2Q06.

2Q07 Results (mil)	Actual	Year Ago	Change	Estimate	Variance
Revenue	$867	$863	0.5%	$841	3.0%
Gross Income	522	518	0.8%	519	0.6%
Gross Margin	60.3%	60.1%		61.7%	
Operating Expense	427	412	3.6%	402	6.2%
Operating Income	95	106	-10.3%	117	-18.5%
Operating Margin	11.0%	12.3%		13.9%	
Pretax Income	75	77	-2.2%	82	-8.9%
Net Income	$53	$52	1.5%	$55	-3.5%
Diluted EPS	$0.25	$0.25	0.9%	$0.26	-3.5%
Diluted Shares	210	209	0.7%	210	0.0%
2Q07 nonrecurring and other items of note:					
Excludes $8.3M transaction costs ($0.04/share)					
Excludes $11.0M earnings from synfuel ($0.05/share)					
Adds back $3.6M in TECO Transport depreciation excluded for GAAP ($0.02/share).					
Excludes $14.3M earnings from discontinued operations.					
2Q06 nonrecurring and other items of note:					
Excludes $0.8M hurricane recovery costs					
Excludes $1.5M hurricane insurance recovery					
Excludes $8.1M gain on Dell & McAdams valuation adjustment and gain on sale					

EPS Reconciliation		
Prior Year EPS		$0.25
Tampa Electric	(0.01)	
Peoples Gas System	(0.00)	
TECO Coal	(0.02)	
TECO Transport	0.00	
TECO Guatemala	0.02	
Parent/Other	0.01	
Additional Shares	(0.00)	
Current EPS		$0.25

2007 Earnings Guidance

TE reiterated its 2007 EPS guidance of $0.97-1.07 versus $0.99 in 2006 (excluding synfuel), but believes it will earn in the lower half of that range given lowered YTD utility results due to mild weather, lower customer usage, and slowed customer growth reflecting a slowdown in Florida housing activity and diminished coal operations results with lower coal commodity prices and high coal inventory levels. TECO expects the primary drivers for expected improved EPS to include the following:

- Tampa Electric – customer growth of 2.5% and weather-normalized energy sales growth; higher AFUDC on the NOx control investment under construction at the Big Bend Power Station and earnings from the first NOx control project completed in 5/2007 partially offset by increased O&M expense at inflationary levels.
- Lower earnings at Peoples Gas as customer growth and therm sales growth are more

than offset by the effects of higher depreciation rates and increased O&M at about inflationary levels.

- Lower TECO Coal earnings excluding synfuel reflecting reduced production levels in 2007 to be at the lower end of its previously announced expectations of 9.0-9.5 million tons in 2007 (5.7 million tons of synfuel) reflecting soft market conditions compared to 9.8 million tons (5.3 million tons synfuel) in 2006. TE expects similar margins between periods.
- Improved earnings at TECO Transport reflecting higher oceangoing rates, higher utilization of tonnage tax qualified vessels, improved operating efficiencies at the terminal and increased tonnage through the terminal in Louisiana partially offset by increased shipyard days for oceangoing vessels.
- TECO Guatemala previously forecasted earnings for 2007 would be flat with 2006 levels; however, 2007 earnings are now expected to be above 2006 levels given the strong year-to-date performance.
- Costs at parent company level are expected to decline due to debt retirements

Potential Asset Sale

TE announced it may sell its transportation business given a robust M&A market and utilize the proceeds to accelerate its previously announced debt reduction program. We expect the loss of transportation EPS most likely will be more than offset by reduced interest expense while the reduced business risk could result in an improved P/E multiple.

While a good comparison is not available given the unique mixture of TE's transportation businesses, we note that TE's transportation peers currently trade at a 2008 P/Es of approximately 13-14x. Since M&A activity is robust and TE's oceangoing business provides strong margins, we would expect a sale premium of at least 20% (if not closer to a 40% premium) over the 13x peer group comp implying a sales price of $450-550 million. Since TE has NOL carry-forwards from its merchant power asset write-offs, cash taxes paid would be minimal and the accelerated realization of these tax benefits would modestly enhance the value of TE's NOL carry-forwards, which we have assumed have a $2.00-2.50/share value.

We estimate the potential EPS benefit of a debt reduction at $0.15-0.20, while the loss of Transport EPS would be approximately $0.15. Other potential positives include enhanced valuation as TE becomes more of a pure-play utility. Currently Baird's Regulated Electric/Gas Utility index trades at a median P/E of 14x 2008 First Call estimates, versus Baird's index of Diversified Utilities trades at 14.7x expected 2008 EPS. Excluding the benefit of TE's NOLs, we estimate TE currently trades 12.5x our 2008 EPS estimate. Also, cash from a potential asset sale could diminish or eliminate the need for additional debt/equity needed to fund TE's accelerating utility investment opportunities.

Segment Analysis

	3 Mos. Ended		%	6 Mos. Ended		%
Segment Revenue	6/30/2007	6/30/2006	Change	6/30/2007	6/30/2006	Change
Tampa Electric	$544.7	$533.1	2%	$1,016.6	$990.0	3%
Peoples Gas System	143.2	137.4	4%	312.4	323.6	-3%
TECO Coal	127.1	144.7	-12%	254.6	284.8	-11%
TECO Transport	77.9	77.2	1%	153.2	152.5	0%
TECO Guatemala	2.1	1.7	24%	4.0	3.8	5%
Total Net Revenue	895.0	894.1	0%	1,740.8	1,754.7	-1%
Other/eliminations	(28.5)	(31.5)	-10%	(53.0)	(55.7)	-5%
Consolidated Revenue	$866.5	$862.6	0%	$1,687.8	$1,699.0	-1%
Net Income						
Tampa Electric	$34.7	$37.1	-6%	$56.5	$59.6	-5%
Peoples Gas System	5.4	5.9	-8%	16.4	18.4	-11%
TECO Coal	9.8	13.4	-27%	21.5	38.1	-44%
TECO Transport	6.0	5.8	3%	12.4	13.7	-9%
TECO Guatemala	12.8	8.7	47%	23.1	17.3	34%
Parent/Other	(15.6)	(18.6)	-16%	(32.9)	(36.9)	-11%
Total Net Income	$53.1	$52.3	2%	$97.0	$110.2	-12%

Regulated Utility

Tampa Electric

Tampa Electric's 2Q07 net income declined 6% YOY to $34.7 million from $37.1 million last year primarily reflecting mild weather and increased O&M reflecting higher employee-related costs partially offset by 2.2% average customer growth and increased sales to other utilities. Tampa Electric provides retail electric service to over 600,000 customers in West Central Florida.

Tampa Electric's retail energy sales decreased 1.4% YOY due to mild weather, which was 4% below normal and 2% below 2Q06, and changes in residential customers' consumption patterns. O&M, excludive of costs recovered through FPSC-approved cost recovery clauses, increased $0.8 million YOY primarily reflecting higher employee-related costs partially offset by lower planned power plant outage requirements compared to 2Q06. AFUDC for equity cost capitalized for construction costs related to the installation of NOx pollution control equipment, added $1.1 million to 2Q07, up from $0.4 in 2Q06. Interest expense increased $1.6 million YOY due to higher levels of long-term debt outstanding.

Tampa Electric is currently installing environmental upgrades at its Big Bend Station. It will invest approximately $330 million to install selective catalytic reduction (SCR) systems at each of the four units at the station, with the SCR for Unit 4 completed in 6/2007, with Units 3, 2 and 1 each being completed by May of 2008, 2009 and 2010, respectively. Tampa Electric completed the addition of two 150-MW simple cycle natural gas turbines at its Polk Station. Its 10-year generation plan also calls for a 630-MW IGCC plant potentially operational in 2013.

In 7/2007, TE filed a petition with the Florida PSC for a Determination of Need to build a proposed $2.0 billion, 632-MW IGCC plant (Integrated Coal Gasification Combined Cycle), which if approved would be operational by 2013. TE expects the plant to cost $2.0 billion -- $1.6 billion for the plant and $0.4 billion for supporting costs -- or $3.2 million/MW. In 6/2007, Florida passed legislation that would allow utilities to recover funding costs on CWIP balances during construction of IGCC plants, which came in addition to prior legislation allowing the same for potential nuclear plants. We believe approval of such a plant could shift economics from natural gas producers towards the utility as recovery of capital costs will be a bigger factor than recovery of volatile fuel

costs. We estimate that potential total annual EPS contribution of the proposed IGCC could be $0.40-0.50/share.

The Florida regulatory environment has become increasingly uncertain with Governor Crist seemingly seeking to mirror California Governor Schwarzenegger's political standing, most recently with the FPSC rejecting FPL's application for a supercritical coal-fired plant after policymakers urged it to submit such a filing. We believe the IGCC plant has a higher probability to receive regulatory approval due to the potential for the technology to sequester CO2 emissions, Governor Crist's announced support for IGCC technology and recently passed legislation that provides enhanced regulatory recovery of IGCC related capital expenditures.

	3 Mos. Ended		%	6 Mos. Ended		%
Tampa Electric	**6/30/2007**	**6/30/2006**	**Change**	**6/30/2007**	**6/30/2006**	**Change**
Operating Revenue ($mil)						
Residential	238.4	234.9	2%	454.7	439.5	3%
Commercial	160.3	151.7	6%	306.9	285.1	8%
Industrial - Phosphate	17.4	15.6	12%	36.2	28.9	25%
Industrial - Other	30.1	29.2	3%	58.8	55.4	6%
Other Sales of Electricity	43.4	40.4	8%	83.9	77.1	9%
Deferred and Other Revenue	(10.9)	32.9		(14.5)	4.3	
Retail Revenue	478.7	504.6	-5%	925.9	890.3	4%
Sales for resale	17.6	17.8	-1%	33.1	38.3	-14%
Other Operating Revenue	26.7	10.6	151%	35.8	61.3	-42%
Total Operating Revenue	$522.9	$533.1	-2%	$994.8	$990.0	0%
Electric Sales (MWh)						
Residential	2,068.3	2,138.1	-3%	3,930.9	3,982.2	-1%
Commercial	1,598.2	1,602.0	0%	3,057.0	2,995.6	2%
Industrial - Phosphate	249.1	236.9	5%	520.5	437.6	19%
Industrial - Other	334.9	349.4	-4%	654.6	662.1	-1%
Other Sales of Electricity	425.2	415.7	2%	817.2	785.8	4%
Deferred and Other Revenue	-	-		-	-	
Retail Sales	4,675.6	4,742.1	-1%	8,980.2	8,863.3	1%
Sales for resale	223.1	209.2	7%	421.2	470.3	-10%
Other Operating Revenue	-	-		-	-	
Total Electric Sales	$4,898.8	$4,951.3	-1%	$9,401.3	$9,333.7	1%
Electric Retail Rev. cents/kWh						
Residential	11.53	10.98	5%	11.57	11.04	5%
Commercial	10.03	9.47	6%	10.04	9.52	5%
Industrial - Phosphate	6.98	6.58	6%	6.95	6.61	5%
Industrial - Other	8.99	8.35	8%	8.98	8.37	7%
Other Sales of Electricity	10.22	9.71	5%	10.27	9.81	5%
Deferred and Other Revenue						
Total Retail Rev. cents/kWh	10.24	10.64	-4%	10.31	10.05	3%
Sales for resale	7.88	8.53	-8%	7.87	8.15	-3%
Other Operating Revenue						
Total Rev. cents/kWh	10.67	10.77	-1%	10.58	10.61	0%
Avg. Customers (000)	666.0	651.8	2%	665.4	650.3	2%
Retail Output to Line (MWh)	5,168.6	5,275.7	-2%	9,580.9	9,538.7	0%

Peoples Gas System

Peoples Gas 2Q07 net income declined 8% to $5.4 million from $5.9 million in 2Q06 primarily reflecting lower off-system sales and volumes transported for industrial customers partially offset by customer growth of 2.1%, higher sales to retail customers and higher gas transportation volumes for power generation customers. 2Q07 volumes for industrial customers dropped 12% reflecting weaker sales to asphalt and concrete

producers due to the slowdown in the Florida housing market. Depreciation expense was higher as expected reflecting a new depreciation study approved by the FPSC in 1/2007. Peoples Gas System is engaged in natural gas distribution to more than 300,000 customers in Florida's major metropolitan areas.

	3 Mos. Ended		%	6 Mos. Ended		%
Gas Stats	6/30/2007	6/30/2006	Change	6/30/2007	6/30/2006	Change
Gas Revenue ($mil)						
Residential	31.0	28.4	9%	85.4	90.6	-6%
Commercial	41.4	38.9	7%	91.7	95.0	-3%
Industrial	2.4	2.5	-4%	4.9	5.4	-9%
Off System Sales	53.6	53.0	1%	100.4	102.3	-2%
Power Generation	3.5	3.8	-7%	6.3	6.6	-5%
Other	9.4	9.3	1%	20.3	20.8	-3%
Total Gas Revenue	$141.5	$135.9	4%	$309.0	$320.7	-4%
Gas Throughput (mil. th)						
Residential	14.4	13.2	9%	43.6	44.5	-2%
Commercial	92.1	88.6	4%	199.6	198.2	1%
Industrial	48.4	54.9	-12%	99.8	112.8	-11%
Off System Sales	65.9	69.0	-4%	128.6	126.2	2%
Power Generation	117.1	114.1	3%	182.6	180.7	1%
Other	-	-		-	-	
Total Gas Throughput	338.0	339.8	-1%	654.3	662.4	-1%
Gas Rev. $/th						
Residential	2.15	2.14	0%	1.96	2.04	-4%
Commercial	0.45	0.44	2%	0.46	0.48	-4%
Industrial	0.05	0.05	9%	0.05	0.05	3%
Off System Sales	0.81	0.77	6%	0.78	0.81	-4%
Power Generation	0.03	0.03	-9%	0.03	0.04	-6%
Other						
Total Gas $/th	0.42	0.40	5%	0.47	0.48	-2%
Avg. Customers (000)	335.2	328.3	2%	335.1	328.2	2%

Non-Regulated Operations

TECO Transport

TECO Transport 2Q07 adjusted net income improved 3% YOY to $6.0 million from $5.8 million primarily reflecting continued strength in river barge utilization and increased third-party volumes at TECO Bulk Terminal, partially offset by lower Tampa Electric and phosphate product movements. Results were also negatively impacted by increased employee-related costs and the timing and duration of planned ship maintenance. Since TECO Transport assets are classified as assets for sale, TE stopped recording depreciation on 4/1/2007 providing a benefit to GAAP 2Q07 earnings YOY of $3.6 million, which we added back to our model. TECO Transport provides marine transportation services for many different dry-bulk commodities. TECO Transportation generates approximately half of its revenue from its ocean-going, U.S.-flagged cargo fleet, with the other half of revenue generated from its inland barge line and bulk terminal operations.

TECO Coal

TECO Coal's 2Q07 net income (excluding synfuel operations) declined 27% YOY to $9.8 million from $13.4 million in 2Q06 primarily reflecting lower sales volumes as planned reflecting soft market conditions and a 3% lower average sales price reflecting a sales mix more heavily weighted toward lower margin steam coal. Non-synfuel sales were 0.7 million tons in 2Q07 compared to 0.9 million tons in 2Q06 (1.5 million tons synfuel sales

in both periods). The cash cost of production per ton was essentially unchanged from last year but declined 3% below the average cost of production experienced for the entire 2006 reflecting equipment relocations and other actions taken in 2006 to stabilize production costs. TECO Coal operates surface and underground mines, synthetic fuel facilities, and coal processing and loading facilities in Kentucky, Tennessee and Virginia.

TECO Guatemala

TECO Guatemala 2Q07 net income increased 47% YOY to $12.8 million from $8.7 million last year. The earnings improvement reflects higher wheeling revenues, customer growth and higher energy sales, and effective cost control efforts that have lowered operating expenses at EEGSA and its affiliated companies. TECO owns two power stations in Guatemala, one a coal-fired plant (San Jose) and the other a peaking facility (Alborada), both of which drive utility-like earnings due to longer-term contracts. TECO also owns a 24% stake in EEGSA, the largest distribution utility in Guatemala, which benefits from solid core growth plus the electrification of rural areas.

Contract energy sales from the San José Power Station increased 7% YOY and spot energy sales improved 11% YOY. The Alborada Power Station benefited from lower property insurance expense and higher capacity payments as scheduled under its contract. Interest expense decreased in both periods due to lower interest rates and lower project-debt balances and interest income increased on higher cash balances. Results also include a $1.9 million after-tax benefit related to an adjustment to previously estimated year-end equity balances.

Discontinued Operations

2Q07 net income from discontinued operations was $14.3 million reflecting a favorable tax decision related to the 2005 disposition of the Union and Gila River merchant power plants.

Parent & Other

2Q07 costs excluding unusual items declined to $15.6 million from $18.8 million in 2Q06 primarily reflecting the debt reduction. Results exclude costs associated with the proposed sale of TECO Transport. As expected, TE retired $300 million of parent debt on 5/1/2007.

Investment Thesis

TECO has steadily rebuilt the company following its ill-fated expansion in the merchant power market. It has sold the majority of its merchant power business and some other minor businesses, and has made good progress in strengthening its balance sheet. We believe TE's stock will find additional support as quarterly EPS comps improve and investors' concerns continue to make a healthy shift from liquidity, EPS predictability and maintainability of the dividend to consistent EPS performance with EPS growth from new utility investments. We expect average to above-average total returns near term and rate TE Outperform.

We expect EPS performance to improve reflecting:

- Further debt reduction over the next four years as TECO monetizes its substantial deferred tax asset position resulting from the merchant-related losses.
- Continued utility EPS expansion reflecting Florida's robust population growth, a relatively constructive regulatory environment that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG), as well as expected base rate increases

upcoming for a series of environmental upgrades to its coal-fired plants and potential construction of a $2.0 billion IGCC plant.

Adjusting for the realization of tax assets resulting from the substantial merchant losses from 2003 and 2004 and synfuel-related tax benefits, which we estimate add $2-3/share to the core business value, our $20 price target is approximately 15x our 2008 EPS estimate, a slight discount to its peers in the Baird Diversified Utility index when fully valued, supported by above-average EPS growth, well above-average dividend yield and lowered business risk reflecting TE's decision to eliminate its exposure to merchant power markets.

Upside would be expected if TE is able to capture an attractive multiple for its profitable transportation businesses. We estimate EPS upside of potentially $0.05 reflecting debt reduction of $0.15-0.20/share partially offset by the loss of Transport EPS of $0.15. Other potential positives include enhanced valuation as TE becomes more of a pure play utility. Currently, Baird's Electric Utilities group trades at a median 2008 P/E of 14x versus Baird's Diversified Utilities group that trades at 2008 P/E 14.7x. We estimate TE currently trades at approximately 12.5x our 2008 EPS estimate adjusted for the benefit of NOLs, which we expect will be realized over the next 3-5 years. Also, cash from a potential asset sale could diminish or eliminate the need for additional debt/equity needed to fund TE's accelerating utility investment opportunities.

Risks & Caveats

We maintain a suitability rating of Average Risk on TE due to the additional risk associated with TE's non-regulated business, which are more susceptible to earnings fluctuations from varying market conditions. Risks include, but are not limited to, the following:

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

Company Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. Its primary businesses are Tampa Electric, Peoples Gas, TECO Coal, and TECO Transport. Tampa Electric Company provides retail electric service to more than 660,000 customers in West Central Florida. Peoples Gas System is engaged in the purchase, distribution and marketing of natural gas in Florida and serves over 335,000 customers. TECO has announced that it expects to sell TECO Transport during 2007.

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TECO Energy - Quarterly Earnings Model

	2005				2006				2007			
	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07E	4Q07E
Net Sales	$685	$719	$836	$770	$836	$863	$923	$826	$821	$867	$901	$803
Cost of Goods Sold	239	239	322	281	340	344	390	315	350	369	366	315
Gross Income	446	480	515	489	496	518	533	511	471	497	535	488
Operating Expense	366	387	409	412	405	412	402	436	390	402	392	387
Operating Income	80	93	105	77	92	106	131	75	81	95	143	101
Pretax Income	79	88	135	80	83	77	118	73	64	74	114	63
Net Income	$52	$57	$95	$50	$58	$52	$77	$51	$43.9	$53.1	$76.7	$42.3
EPS	$0.26	$0.27	$0.46	$0.24	$0.28	$0.25	$0.37	$0.25	$0.21	$0.25	$0.37	$0.20
Dividends	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19
Average Shares	206	209	209	210	209	209	209	209	209	210	210	210
Margin Analysis												
Gross Margin	65%	67%	62%	63%	59%	60%	58%	NA	57%	57%	59%	61%
Operating Expense	53%	54%	49%	53%	48%	48%	44%	NA	47%	46%	44%	48%
Operating Margin	12%	13%	13%	10%	11%	12%	14%	9%	10%	11%	16%	13%
Pretax Margin	12%	12%	16%	10%	10%	9%	13%	9%	8%	9%	13%	8%
Net Margin	8%	8%	11%	7%	7%	6%	8%	6%	5%	6%	9%	5%

TECO Energy - Annual Earnings Model

	2002	2003	2004	% chg	2005	% chg	2006	% chg	2007E	% chg	2008E	% chg
Net Sales	$2,676	$2,718	$2,669	(2%)	$3,010	13%	$3,448	15%	$3,392	(2%)	$3,553	5%
Cost of Goods Sold	664	754	935	24%	1,081	16%	1,390	29%	1,400	1%	1,458	4%
Gross Income	2,012	1,964	1,734	(12%)	1,929	11%	2,058	7%	1,991	(3%)	2,094	5%
Operating Expense	1,623	1,646	1,472	(11%)	1,574	7%	1,655	5%	1,570	(5%)	1,600	2%
Operating Income	389	317	262	(17%)	355	35%	403	14%	421	4%	494	17%
Pretax Income	388	136	238	75%	382	60%	351	(8%)	316	(10%)	370	17%
Net Income	$350	$165	$151	(8%)	$255	69%	$239	(6%)	$216	(10%)	$252	17%
EPS	$2.29	$0.92	$0.78	(14%)	$1.22	56%	$1.14	(6%)	$1.03	(10%)	$1.20	16%
Dividends	$1.41	$0.93	$0.76	(18%)	$0.76	0%	$0.76	0%	$0.76	0%	$0.76	0%
Average Shares	153	180	193	7%	208	8%	209	0%	210	0%	210	0%
Margin Analysis												
Gross Margin	75.2%	72.3%	65.0%		64.1%		59.7%		58.7%		59.0%	
Operating Expense	60.7%	60.6%	55.1%		52.3%		48.0%		46.3%		45.0%	
Operating Margin	14.5%	11.7%	9.8%		11.8%		11.7%		12.4%		13.9%	
Pretax Margin	14.5%	5.0%	8.9%		12.7%		10.2%		9.3%		10.4%	
Net Margin	13.1%	6.1%	5.7%		8.5%		6.9%		6.4%		7.1%	

Balance Sheet Data

	2003	2004	2005	2006	2Q07
Cash & Equivalents	$160	$154	$383	$479	$276
Receivables	280	287	323	338	297
Inventory	171	121	154	160	213
Current Assets	870	738	1,272	1,286	1,085
Fixed Assets	5,679	4,658	4,567	4,767	4,756
Total Assets	10,462	9,476	7,170	7,362	7,259
Current Debt	69	129	222	687	158
Payables	314	258	355	327	260
Current Liabilities	2,247	2,222	926	1,350	878
Other Liabilities	2,143	2,087	943	1,070	1,104
L.T. Debt and Lease	3,744	3,880	3,709	3,213	3,460
Common Equity	1,678	1,284	1,592	1,729	1,817

Ratio Analysis

	2004	2005	2006	2Q07
Debt/Total Cap	76%	71%	69%	67%
Current Ratio	0.3	1.4	1.0	1.2
Days Sales Outst.	39	37	35	35
EBIT/Interest	1.7x	2.3x	2.3x	2.2x
Inventory Turn	6.4x	7.9x	8.9x	7.9x
Return on Equity	10.2%	17.7%	14.4%	13.0%
High P/E Ratio	19.7x	15.8x	15.5x	17.3x
Low P/E Ratio	14.4x	12.2x	12.6x	16.1x
Book Value	$6.21	$7.64	$8.25	$8.66
Price/Book	2.5x	2.2x	2.1x	2.1x
Cash Flow/Share	$2.29	$2.58	$2.50	$2.09
Price/Cash Flow	6.7x	6.7x	6.9x	8.7x

Please refer to "Appendix - Important Disclosures" and Analyst Certification.

TECO Energy, Inc.

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,448	$3,392	$3,553	5.7%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$387.8	$388.2	$431.6	2.6%
Wholesale Generation/Guatemala	44.8	50.5	(19.2)	13.7	36.4	61.3	70.0	72.2	25.6%
Transport	50.6	38.1	29.4	22.4	31.6	44.1	38.0	41.1	9.1%
Coal	47.6	61.8	100.8	95.3	193.7	125.0	69.2	66.5	(30.0%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	10.9	10.0	9.5	
Earnings Before Interest & Taxes	$576.4	$564.2	$493.9	$560.0	$671.1	$629.1	$575.4	$620.9	(2.6%)
Other Income	51.9	49.7	83.6	180.8	229.1	156.1	154.5	126.9	(17.9%)
Minority Interest	0.0	0.0	48.8	79.5	87.1	69.6	0.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$403.4	$420.9	$494.0	11.6%
Interest Expense	180.8	176.4	313.8	321.6	288.7	278.3	259.7	251.3	(4.5%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$350.8	$315.7	$369.6	(1.1%)
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$238.8	$216.0	$252.2	(0.3%)
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.14**	**$1.03**	**$1.20**	(0.7%)
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.7	209.7	210.4	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.76	0.0%
Payout Ratio (%)	61	62	101	97	62	66	74	63	
Returns									
Return on Common Equity	17.5	15.3	7.7	10.2	17.7	14.4	12.3	13.8	
Internal Cash % of Total Capital	6	6	19	(3)	(0)	7	9	10	
Coverage Ratios									
Interest Coverage Ex. Non-Cash	3.1	3.0	1.5	1.7	2.3	2.3	2.2	2.5	
Internal Cash % Of Construction	31	22	183	(53)	(1)	89	84	113	
Internal Cash % of Total Cap. Req.	17	21	174	(50)	(1)	37	71	92	
% of Total Capital									
Short-term Debt	11.8	5.1	0.6	2.2	3.9	0.9	0.9	0.9	
Total Debt	61.7	58.5	67.4	75.7	71.2	69.3	65.4	63.5	
Preferred Stock	3.7	9.2	10.6	0.0	0.0	0.0	0.0	0.0	
Common Equity	36.4	36.9	27.3	24.2	28.8	30.7	34.6	36.5	
% Growth in Invested Capital	20.4	30.6	-13.2	-13.8	4.3	1.9	-8.4	-0.2	
Total Invested Capital	$5,414	$7,073	$6,141	$5,295	$5,523	$5,629	$5,156	$5,148	(2.3%)
Total Debt	3,243	3,812	3,813	4,009	3,931	3,900	3,370	3,270	
Total Preferred	200	649	649	0	0	0	0	0	
Total Common Equity	1,972	2,612	1,678	1,284	1,592	1,729	1,786	1,878	
Cash Flow									
Cash Flow From Operations	$493	$388	$632	$151	($75)	$471	$648	$710	
Dividends (Pref. & Common)	184	216	165	145	158	159	159	160	
Internal Cash	308	172	466	6	(233)	312	489	550	
Construction Excluding AFC	966	1,065	591	273	295	456	520	450	
Other Investments	0	723	63	0	0	0	0	0	
Redemptions	570	1,228	850	225	494	366	530	100	
Total Capital Requirements	1,536	3,017	1,503	498	789	822	1,050	550	
Total Financing	1,368	2,767	792	88	608	340	0	0	

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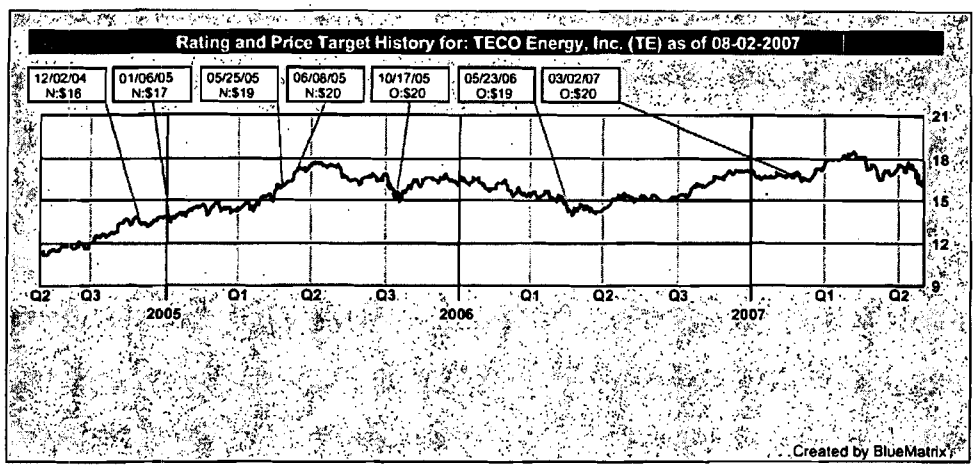
Date Printed:	08/02/07				TECO Energy, Inc.		Dave Parker (813) 274-7620
Fiscal Year:	DEC				TE		Michael Gresens, CFA (414) 765-3849
(in millions)							
Balance Sheet	**2002**	**2003**	**2004**	**2005**	**2006**	**2Q07**
ASSETS						
Cash & Equivalents	$411	$108	$97	$346	$442	$220
Receivables	423	280	287	323	338	297
Inventory	210	171	121	154	160	213
Other	278	259	176	412	309	299
Total Current	1,322	818	680	1,235	1,248	1,029
Fixed Assets	5,464	5,679	4,658	4,567	4,767	4,756
Goodwill & Intangible Assets	1,199	344	271	305	301	294
Other Assets	651	3,570	3,810	1,026	1,008	1,124
Total Assets	$8,636	$10,411	$9,419	$7,133	$7,325	$7,203
LIAB. & EQUITY						
Current Debt	$488	$69	$129	$222	$687	$158
Payables	377	314	258	355	327	260
Other	244	1,864	1,836	349	337	460
Total Current	1,109	2,247	2,222	926	1,350	878
L/T Debt & Lease	3,324	3,745	3,883	3,709	3,213	3,460
Deferred Taxes	943	2,143	2,087	943	1,070	1,104
Other Liabilities	0	0	0	0	0	0
Preferred Stock	649	649	0	0	0	0
Common Equity	2,612	1,678	1,284	1,592	1,729	1,817
Total	$8,638	$10,462	$9,477	$7,170	$7,362	$7,259
Ratio Analysis:						
Current Ratio	1.2	0.4	0.3	1.4	1.0	1.2
Working Capital	289	(1,468)	(1,510)	185	144	89
Working Cap/Assets	3%	(14%)	(16%)	3%	2%	1%
Inventory Turns	3	4	6	8	9	8
Total Debt/Capital	54%	62%	76%	71%	69%	67%
LT Debt/Equity	127%	223%	302%	233%	186%	199%
EBIT/Interest Expense	3.2x	1.6x	1.7x	2.3x	2.3x	2.2x
Total Debt/EBIT	6.8x	7.7x	7.2x	5.9x	6.2x	6.0x

Cash Flow Statement	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**2008E**
Net Income	$350	$165	$151	$255	$239	$216	$252
Depreciation & Amort	303	382	290	282	282	293	307
Net changes in (CA) & CL	33	43	(1)	13	(92)	50	43
Deferred taxes/Non-Cash	(31)	(261)	(300)	(376)	138	90	107
Cash Flow from Operations	656	329	140	174	567	648	710
Dividend Payments	(216)	(165)	(145)	(158)	(159)	(159)	(160)
Net Capital Expenditures	(1,065)	(591)	(273)	(295)	(456)	(520)	(450)
Free Cash Flow	($625)	($427)	($279)	($279)	($48)	($31)	$100
Operating Cash Flow Per Share	$4.28	$1.83	$0.72	$0.84	$2.72	$3.09	$3.37
Free Cash Flow Per Share	($4.08)	($2.38)	($1.45)	($1.34)	($0.23)	($0.15)	$0.48

Du Pont Formula	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**2008E**
Net Margins (N/S)	13.1%	6.1%	5.7%	8.5%	6.9%	6.4%	7.1%
Assets Turnover (S/A)	0.3	0.3	0.3	0.4	0.5	0.5	0.5
Leverage (A/E)	3.4	4.5	6.7	5.8	4.4	4.1	3.9
Return on Equity	15.3%	7.7%	10.2%	17.7%	14.4%	12.3%	13.8%

Valuation Parameters		**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**Recent**
Price (Common) - TE	High	28.72	17.00	15.49	19.30	17.73	17.49	17.23
	Low	10.49	9.47	11.30	14.87	14.40	16.69	
Forward P/E Ratio	High	12.2x	17.9x	18.2x	16.7x	16.0x	17.1x	17.1x
	Low	5.9x	6.5x	12.7x	13.2x	11.8x	15.1x	16.0x
	Close	9.8x	17.8x	15.7x	14.0x	16.0x	16.8x	16.8x
Book Value		$14.85	$8.92	$6.21	$7.64	$8.25	$8.51	$8.95
Price/Book Ratio	High	1.9x	1.9x	2.5x	2.5x	2.1x	2.1x	2.0x
	Low	0.7x	1.1x	1.8x	1.9x	1.7x	2.0x	1.9x
	Close	1.0x	1.6x	2.5x	2.2x	2.1x	2.0x	1.9x
EBITDA		$868	$876	$850	$953	$911	$868	$928
Enterprise Value	High	$7,802	$6,711	$6,839	$7,566	$7,121	$6,900	$6,813
	Low	5,007	5,356	6,032	6,644	6,426	6,732	6,644
EV / EBITDA	High	9.0x	7.7x	8.0x	7.9x	7.8x	7.9x	7.3x
	Low	5.8x	6.1x	7.1x	7.0x	7.1x	7.8x	7.2x
	Close	6.7x	7.1x	8.0x	7.5x	7.7x	7.8x	7.2x

Appendix - Important Disclosures and Analyst Certification



1 Baird maintains a trading market in the securities of TECO Energy, Inc.

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TECO Energy, Inc.
August 3, 2007

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Utilities Research
July 23, 2007

TECO Energy, Inc. (TE)

Makes Need Filing on IGCC Plant; Maintain Outperform Rating

Price: (07/20/07)	17.19	Rating:	Outperform	FY Dec	2006A	2007E	2008E
52WK H-L:	19 - 15			Q1	0.28A	0.21A	
Market Cap (mil):	3,587.55	Suitability:	Average Risk	Q2	0.25A	0.26E	
Shares Out (mil):	207.9			Q3	0.37A	0.37E	
Float (mil):	206.6			Q4	0.25A	0.21E	
Avg. Daily Vol (mil):	1.23			Total	1.14A	1.05E	1.20E
		Price Target:	20	FY P/E	15.1x	16.4x	14.3x
Dividend:	0.76						
Yield:	4.42						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

TE announced that it has filed a petition with the FPSC to demonstrate the need to build an IGCC plant. We believe the proposed $2.0 billion, 632-MW plant will have a better chance to receive approval than FPL's recently rejected supercritical coal-fired plant, given the potential for CO2 sequestation. We maintain our Outperform rating as we expect near double-digit earnings growth for several years with upside if the plant is approved.

Summary

- TE announced that it has filed a petition with the Florida PSC for a Determination of Need to build a proposed $2.0 billion, 632-MW IGCC plant (Integrated Coal Gasification Combined Cycle), which if approved would be operational by 2013.
- The regulatory environment has become increasingly uncertain under Governor Crist with Crist seemingly seeking to mirror California Governor Schwarzenegger's political standing, most recently with the FPSC rejecting FPL's application for a supercritical coal-fired plant after policymakers urged it to submit such a filing.
- We believe the IGCC plant has a higher probability to receive regulatory approval due to the potential for the technology to sequester CO2 emissions. Although TE's proposal does not include such technology, we believe the prospect of such future addition will make this plant more palatable.
- The cost of the plant at $2.0 billion -- $1.6 billion for the plant and $0.4 billion for supporting costs -- or $3.2 million/MW (versus $2.8 million for FPL's proposed plant), will also be a question. However, relative to the cost of increased reliance on natural gas, it may be the price of the public's CO2 zeal, even if the cost does not include CO2 capture.
- For investors, approval of such a plant could shift economics from natural gas producers towards the utility as recovery of capital costs will be a bigger factor than recovery of volatile fuel costs. We estimate that potential total annual EPS contribution of the proposed IGCC could be $0.40-0.50/share.

TECO Energy, Inc.
July 23, 2007

Details

No further details.

Investment Thesis

TECO has steadily rebuilt the company following its ill-fated expansion in the merchant power market. It has sold the majority of its merchant power business and some other minor businesses, and has begun strengthening its balance sheet. We believe TE's stock will find additional support as quarterly EPS comps improve and investors' concerns continue to make a healthy shift from liquidity, EPS predictability and maintainability of the dividend to near-term EPS performance. We expect average to above-average total returns near term and rate TE Outperform.

We expect EPS performance to improve reflecting:

- Further debt reduction over the next four years as TECO monetizes its substantial deferred tax asset position resulting from the merchant-related losses.
- Continued utility EPS expansion reflecting Florida's robust population growth, a relatively constructive regulatory environment that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG), as well as expected base rate increases upcoming for a series of environmental upgrades to its coal-fired plants and potential construction of a $2.0 billion IGCC plant.

Adjusting for the realization of tax assets resulting from the substantial merchant losses from 2003 and 2004 and synfuel-related tax benefits, which we estimate add $2-3/share to the core business value, our $20 price target is approximately 15x our 2008 EPS estimate, a slight discount to its peers in the Baird Diversified Utility index when fully valued, supported by above-average EPS growth, well above-average dividend yield and lowered business risk reflecting TE's decision to eliminate its exposure to merchant power markets.

Upside would be expected if TE is able to capture an attractive multiple for its profitable transportation businesses. We estimate EPS upside of potentially $0.05 reflecting debt reduction of $0.15-0.20/share partially offset by the loss of Transport EPS of $0.15. Other potential positives include enhanced valuation as TE becomes more of a pure play utility. Currently, Baird's electric utilities trade at P/E of 15.0x 2008 versus Baird's diversified utilities that trade at P/E 15.6x 2008 and TE that trades at 13.5x our 2008 EPS estimate adjusted for the benefit of NOLs. Also, cash from a potential asset sale could diminish or eliminate the need for additional debt/equity needed to fund TE's accelerating utility investment opportunities.

Risks & Caveats

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

Company Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. Its primary businesses are Tampa Electric, Peoples Gas, TECO Coal, and TECO Transport. Tampa Electric Company provides retail electric service to more than 660,000 customers in West Central Florida. Peoples Gas System is engaged in the purchase, distribution and marketing of natural gas in Florida and serves over 335,000 customers. TECO has announced that it expects to sell TECO Transport during 2007.

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TECO Energy - Quarterly Earnings Model

	2005				2006				2007			
	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07E	3Q07E	4Q07E
Net Sales	$685	$719	$836	$770	$836	$863	$923	$826	$821	$841	$900	$870
Cost of Goods Sold	239	239	322	281	340	344	390	315	350	322	358	296
Gross Income	446	480	515	489	496	518	533	511	471	519	542	574
Operating Expense	366	387	409	412	405	412	402	436	390	402	400	477
Operating Income	80	93	105	77	92	106	131	75	81	117	142	98
Pretax Income	79	88	135	80	83	77	118	73	64	82	115	74
Net Income	$52	$57	$95	$50	$58	$52	$77	$51	$43.9	$55.0	$77.2	$43.7
EPS	$0.25	$0.27	$0.46	$0.24	$0.28	$0.25	$0.37	$0.25	$0.21	$0.26	$0.37	$0.21
Dividends	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19
Average Shares	206	209	209	210	209	209	209	209	209	210	210	210
Margin Analysis												
Gross Margin	65%	67%	62%	63%	59%	60%	58%	NA	57%	62%	60%	66%
Operating Expense	53%	54%	49%	53%	48%	48%	44%	NA	47%	48%	44%	55%
Operating Margin	12%	13%	13%	10%	11%	12%	14%	9%	10%	14%	16%	11%
Pretax Margin	12%	12%	16%	10%	10%	9%	13%	9%	8%	10%	13%	8%
Net Margin	8%	8%	11%	7%	7%	6%	8%	6%	5%	7%	9%	5%

TECO Energy - Annual Earnings Model

	2002	2003	2004	% chg	2005	% chg	2006	% chg	2007E	% chg	2008E	% chg
Net Sales	$2,676	$2,718	$2,669	(2%)	$3,010	13%	$3,448	15%	$3,433	(0%)	$3,580	4%
Cost of Goods Sold	664	754	935	24%	1,081	16%	1,390	29%	1,326	(5%)	1,372	3%
Gross Income	2,012	1,964	1,734	(12%)	1,929	11%	2,058	7%	2,106	2%	2,207	5%
Operating Expense	1,623	1,646	1,472	(11%)	1,574	7%	1,655	5%	1,669	1%	1,704	2%
Operating Income	389	317	262	(17%)	355	35%	403	14%	438	8%	503	15%
Pretax Income	388	136	238	75%	382	60%	351	(8%)	334	(5%)	382	14%
Net Income	$350	$165	$151	(8%)	$255	69%	$238	(6%)	$219	(8%)	$252	15%
EPS	$2.26	$0.92	$0.78	(14%)	$1.22	56%	$1.14	(6%)	$1.05	(8%)	$1.20	15%
Dividends	$1.41	$0.93	$0.76	(18%)	$0.76	0%	$0.76	0%	$0.76	0%	$0.76	0%
Average Shares	153	180	193	7%	208	8%	209	0%	210	0%	210	0%
Margin Analysis												
Gross Margin	75.2%	72.3%	65.0%		64.1%		59.7%		61.4%		61.7%	
Operating Expense	60.7%	60.6%	55.1%		52.3%		48.0%		48.6%		47.6%	
Operating Margin	14.5%	11.7%	9.8%		11.8%		11.7%		12.7%		14.1%	
Pretax Margin	14.5%	5.0%	8.9%		12.7%		10.2%		9.7%		10.7%	
Net Margin	13.1%	6.1%	5.7%		8.5%		6.9%		6.4%		7.0%	

Balance Sheet Data

	2003	2004	2005	2006	1Q07
Cash & Equivalents	$160	$154	$383	$479	$417
Receivables	280	287	323	338	310
Inventory	171	121	154	160	190
Current Assets	870	738	1,272	1,286	1,209
Fixed Assets	5,679	4,658	4,567	4,767	4,695
Total Assets	10,462	9,476	7,170	7,362	7,240
Current Debt	69	129	222	687	508
Payables	314	258	355	327	268
Current Liabilities	2,247	2,222	926	1,350	1,222
Other Liabilities	2,143	2,087	943	1,070	1,097
L.T. Debt and Lease	3,744	3,880	3,709	3,213	3,211
Common Equity	1,678	1,284	1,592	1,729	1,769

Ratio Analysis

	2004	2005	2006	1Q07
Debt/Total Cap	76%	71%	69%	68%
Current Ratio	0.3	1.4	1.0	1.0
Days Sales Outst.	39	37	35	36
EBIT/Interest	1.7x	2.3x	2.3x	2.2x
Inventory Turn	6.4x	7.9x	8.9x	8.3x
Return on Equity	10.2%	17.7%	14.4%	13.3%
High P/E Ratio	19.7x	15.8x	15.5x	16.2x
Low P/E Ratio	14.4x	12.2x	12.6x	15.1x
Book Value	$6.21	$7.64	$8.25	$8.44
Price/Book	2.5x	2.2x	2.1x	2.0x
Cash Flow/Share	$2.29	$2.58	$2.50	$2.44
Price/Cash Flow	6.7x	6.7x	6.9x	7.1x

Please refer to "Appendix - Important Disclosures" and Analyst Certification.

Revised 7/22/2007

TECO Energy, Inc.

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,448	$3,433	$3,580	5.9%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$387.8	$413.5	$445.7	3.8%
Wholesale Generation/Guatemala	44.8	50.5	(19.2)	13.7	36.4	61.3	61.7	65.7	21.8%
Transport	50.6	38.1	29.4	22.4	31.6	44.1	47.2	55.9	20.9%
Coal	47.6	61.8	100.8	95.3	193.7	125.0	68.6	58.4	(32.9%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	10.9	1.0	4.5	
Earnings Before Interest & Taxes	$576.4	$564.2	$493.9	$560.0	$671.1	$629.1	$592.0	$630.2	(2.1%)
Other Income	51.9	49.7	83.6	180.8	229.1	156.1	154.5	126.9	(17.9%)
Minority Interest	0.0	0.0	48.8	79.5	87.1	69.6	0.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$403.4	$437.5	$503.3	12.3%
Interest Expense	180.8	176.4	313.8	321.6	288.7	278.3	257.9	248.1	(4.9%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$350.8	$334.1	$382.1	(0.0%)
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$238.8	$219.2	$251.9	(0.4%)
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.14**	**$1.05**	**$1.20**	(0.7%)
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.7	209.7	210.4	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.76	0.0%
Payout Ratio (%)	61	62	101	97	62	66	73	63	
Returns									
Return on Common Equity	17.5	15.3	7.7	10.2	17.7	14.4	12.5	13.7	
Internal Cash % of Total Capital	6	6	19	(3)	(0)	7	9	10	
Coverage Ratios									
Interest Coverage Ex. Non-Cash	3.1	3.0	1.5	1.7	2.3	2.3	2.3	2.5	
Internal Cash % Of Construction	31	22	183	(53)	(1)	89	88	115	
Internal Cash % of Total Cap. Req.	17	21	174	(50)	(1)	37	74	94	
% of Total Capital									
Short-term Debt	11.8	5.1	0.6	2.2	3.9	0.9	0.9	0.9	
Total Debt	61.7	58.5	67.4	75.7	71.2	69.3	65.3	63.5	
Preferred Stock	3.7	9.2	10.6	0.0	0.0	0.0	0.0	0.0	
Common Equity	36.4	36.9	27.3	24.2	28.8	30.7	34.7	36.5	
% Growth in Invested Capital	20.4	30.6	-13.2	-13.8	4.3	1.9	-8.4	-0.2	
Total Invested Capital	$5,414	$7,073	$6,141	$5,295	$5,523	$5,629	$5,159	$5,151	(2.3%)
Total Debt	3,243	3,812	3,813	4,009	3,931	3,900	3,370	3,270	
Total Preferred	200	649	649	0	0	0	0	0	
Total Common Equity	1,972	2,612	1,678	1,284	1,592	1,729	1,789	1,881	
Cash Flow									
Cash Flow From Operations	$493	$388	$632	$151	($75)	$471	$669	$710	
Dividends (Pref. & Common)	184	216	165	145	158	159	159	160	
Internal Cash	308	172	466	6	(233)	312	509	550	
Construction Excluding AFC	966	1,065	591	273	295	456	520	450	
Other Investments	0	723	63	0	0	0	0	0	
Redemptions	570	1,228	850	225	494	366	530	100	
Total Capital Requirements	1,536	3,017	1,503	498	789	822	1,050	550	
Total Financing	1,368	2,767	792	88	608	340	0	0	

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Date Printed:	07/22/07				TECO Energy, Inc.			Dave Parker (813) 274-7620
Fiscal Year:	DEC				TE			Michael Gresens, CFA (414) 765-3849
(in millions)								
Balance Sheet	**2002**	**2003**	**2004**	**2005**	**2006**	**1Q07**		
ASSETS								
Cash & Equivalents	$411	$108	$97	$346	$442	$362		
Receivables	423	280	287	323	338	310		
Inventory	210	171	121	154	160	190		
Other	278	259	176	412	309	292		
Total Current	1,322	818	680	1,235	1,248	1,153		
Fixed Assets	5,464	5,679	4,658	4,567	4,767	4,695		
Goodwill & Intangible Assets	1,199	344	271	305	301	275		
Other Assets	651	3,570	3,810	1,026	1,008	1,062		
Total Assets	$8,636	$10,411	$9,419	$7,133	$7,325	$7,184		
LIAB. & EQUITY								
Current Debt	$488	$69	$129	$222	$687	$508		
Payables	377	314	258	355	327	268		
Other	244	1,864	1,836	349	337	446		
Total Current	1,109	2,247	2,222	926	1,350	1,222		
L/T Debt & Lease	3,324	3,745	3,883	3,709	3,213	3,211		
Deferred Taxes	943	2,143	2,087	943	1,070	1,097		
Other Liabilities	0	0	0	0	0	0		
Preferred Stock	649	649	0	0	0	0		
Common Equity	2,612	1,678	1,284	1,592	1,729	1,769		
Total	$8,638	$10,462	$9,477	$7,170	$7,362	$7,299		
Ratio Analysis:								
Current Ratio	1.2	0.4	0.3	1.4	1.0	1.0		
Working Capital	289	(1,468)	(1,510)	185	144	78		
Working Cap/Assets	3%	(14%)	(16%)	3%	2%	1%		
Inventory Turns	3	4	6	8	9	8		
Total Debt/Capital	54%	62%	76%	71%	69%	68%		
LT Debt/Equity	127%	223%	302%	233%	186%	210%		
EBIT/Interest Expense	3.2x	1.6x	1.7x	2.3x	2.3x	2.2x		
Total Debt/EBIT	6.8x	7.7x	7.2x	5.9x	6.2x	6.1x		

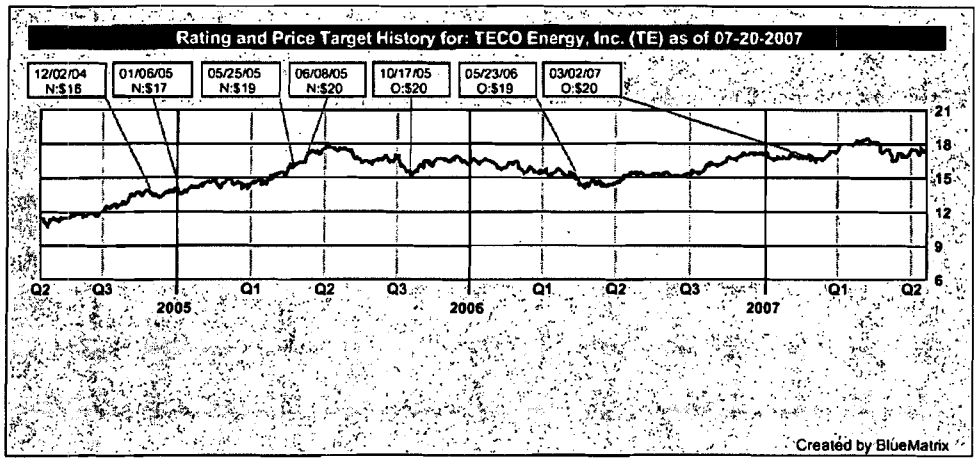
Cash Flow Statement	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**2008E**
Net Income	$350	$165	$151	$255	$239	$219	$252
Depreciation & Amort	303	382	290	282	282	294	303
Net changes in (CA) & CL	33	43	(1)	13	(92)	50	35
Deferred taxes/Non-Cash	(31)	(261)	(300)	(376)	138	105	120
Cash Flow from Operations	656	329	140	174	567	669	710
Dividend Payments	(216)	(165)	(145)	(158)	(159)	(159)	(160)
Net Capital Expenditures	(1,065)	(591)	(273)	(295)	(456)	(520)	(450)
Free Cash Flow	($625)	($427)	($279)	($279)	($48)	($11)	$100
Operating Cash Flow Per Share	$4.28	$1.83	$0.72	$0.84	$2.72	$3.19	$3.37
Free Cash Flow Per Share	($4.08)	($2.38)	($1.45)	($1.34)	($0.23)	($0.05)	$0.48

Du Pont Formula	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**2008E**
Net Margins (N/S)	13.1%	6.1%	5.7%	8.5%	6.9%	6.4%	7.0%
Assets Turnover (S/A)	0.3	0.3	0.3	0.4	0.5	0.5	0.5
Leverage (A/E)	3.4	4.5	6.7	5.8	4.4	4.1	3.8
Return on Equity	15.3%	7.7%	10.2%	17.7%	14.4%	12.5%	13.7%

Valuation Parameters		**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**Recent**
Price (Common) - TE	High	28.72	17.00	15.49	19.30	17.73	17.49	17.23
	Low	10.49	9.47	11.30	14.87	14.40	16.69	
Forward P/E Ratio	High	12.2x	17.9x	18.2x	16.7x	16.0x	17.1x	17.1x
	Low	5.9x	6.5x	12.7x	13.2x	11.8x	15.1x	16.0x
	Close	9.8x	17.8x	15.7x	14.0x	16.0x	16.8x	16.8x
Book Value		$14.85	$8.92	$6.21	$7.64	$8.25	$8.52	$8.96
Price/Book Ratio	High	1.9x	1.9x	2.5x	2.5x	2.1x	2.1x	2.0x
	Low	0.7x	1.1x	1.8x	1.9x	1.7x	2.0x	1.9x
	Close	1.0x	1.6x	2.5x	2.2x	2.1x	2.0x	1.9x
EBITDA		$868	$876	$850	$953	$911	$887	$933
Enterprise Value	High	$7,802	$6,711	$6,839	$7,566	$7,121	$6,900	$6,813
	Low	5,007	5,356	6,032	6,644	6,426	6,732	6,644
EV / EBITDA	High	9.0x	7.7x	8.0x	7.9x	7.8x	7.8x	7.3x
	Low	5.8x	6.1x	7.1x	7.0x	7.1x	7.6x	7.1x
	Close	6.7x	7.1x	8.0x	7.5x	7.7x	7.7x	7.2x

TECO Energy, Inc.
July 23, 2007

Appendix - Important Disclosures and Analyst Certification



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Utilities Research
November 5, 2007

TECO Energy, Inc. (TE)

3Q07 Results and Outlook on Track; Maintain Rating

Price: (11/02/07)	**17.10**	**Rating:**	**Outperform**	**FY Dec**	**2006A**	**2007E**	**2008E**
52WK H-L:	**19 - 15**			Q1	0.28A	0.21A	
Market Cap (mil):	**3,587.58**	**Suitability:**	**Average Risk**	Q2	0.25A	0.25A	
Shares Out (mil):	208.9			Q3	0.37A	0.38A	
Float (mil):	207.6			Q4	0.25A	0.19E	
Avg. Daily Vol (mil):	1.75			**Total**	**1.14A**	**1.03E**	**1.15E**
		Price Target:	**18**	FY P/E	15.0x	16.6x	14.9x
Dividend:	0.78						
Yield:	4.56						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

3Q07 results were generally in line with our expectations with the outlook on track. We expect the transportation sale should allow TE to reduce parent-level debt and improve credit ratings, thereby better positioning its balance sheet in front of significant utility capital needs. We expect double-digit earnings growth over the next five years from these significant utility spending needs and interest expense reductions from the monetization of NOLs.

Summary

- TECO reported 3Q07 adjusted EPS of $0.38 versus $0.37 last year and our $0.37 estimate. The consensus estimate was $0.35.
- TE reiterated its 2007 EPS guidance of $0.97-1.07 with it expecting to earn in the lower half of the range given mild weather YTD, slowed customer growth reflecting a slowdown in Florida housing activity and diminished coal commodity prices.
- We have maintained our 2007 and 2008 EPS estimates of $1.03 and $1.15, respectively. Recall that we had lowered our 2008 EPS estimate by $0.05 due to assumed dilution from the TECO Transport sale.
- We maintain our 12-month price target of $18, which is 14.5x our 2008 EPS estimate adjusted for approximately $1-2/share additional value associated with remaining NOLs yet to be monetized following the Transport sale.
- Regulated utility earnings increased 12% YOY to $68.6 million due primarily to warmer weather and the cumulative year-to-date benefits of a depreciation study and property tax rate reduction in Florida. Customer growth has slowed to approximately 1.5% from 2.5-3.5% historically due to economic weakness, while the customer mix continues to move towards lower energy-use residences, such as condos.
- TECO Coal's 3Q07 net income declined slightly to $9.2 million as weaker pricing was partially offset by slightly lower cash costs of production related to various operating issues.
- We expect TE will raise $370-380 million from the sale of TECO Transport by year-end, which should accelerate debt reduction and potentially improve credit ratings in advance of significant utility capital needs.

Details

TECO reported 3Q07 adjusted EPS of $0.38 versus $0.37 last year and our $0.37 estimate and consensus estimate of $0.35. GAAP 3Q07 EPS was $0.44 compared to $0.38 in 3Q06.

TE					
3Q07 Results (mil)	**Actual**	**Year Ago**	**Change**	**Estimate**	**Variance**
Revenue	$990	$923	7.3%	$901	9.9%
Gross Income	555	533	4.2%	535	3.7%
Gross Margin	56.1%	57.7%		59.4%	
Operating Expense	414	402	3.0%	392	5.7%
Operating Income	141	131	7.9%	143	-1.7%
Operating Margin	14.2%	14.2%		15.9%	
Pretax Income	119	118	0.9%	114	3.8%
Net Income	$79	$77	2.3%	$77	3.2%
Diluted EPS	$0.38	$0.37	1.8%	$0.37	3.2%
Diluted Shares	210	209	0.5%	210	0.0%
3Q07 nonrecurring and other items of note:					
Excludes $3.0M transaction costs ($0.01/share)					
Excludes $13.1M earnings from synfuel ($0.06/share)					
Adds back $3.6M in TECO Transport depreciation excluded for GAAP ($0.02/share).					
3Q06 nonrecurring and other items of note:					
Excludes $0.2M hurricane recovery costs ($0.00/share)					
Excludes $2.6M gain on sale of unused turbines ($0.01/share)					
Includes $13.8M synfuel benefit ($0.06/share)					

EPS Reconciliation		
Prior Year EPS		$0.37
Tampa Electric	0.04	
Peoples Gas System	(0.00)	
TECO Coal	(0.07)	
TECO Transport	0.02	
TECO Wholesale Generation	0.00	
TECO Guatemala	0.00	
Parent/Other	0.02	
Additional Shares	(0.00)	
Current EPS		$0.38

2007 Earnings Guidance

TE reiterated its 2007 EPS guidance of $0.97-1.07 versus $0.99 in 2006 (excluding synfuel). TECO expects the primary drivers for expected improved EPS to include the following:

- Tampa Electric – continued customer growth (previously 2.5% growth) and weather-normalized energy sales growth; higher AFUDC on the NOx control investment under construction at the Big Bend Power Station and earnings from the first NOx control project completed in 6/2007 partially offset by increased O&M expense at inflationary levels.
- Lower earnings at Peoples Gas as customer growth and therm sales growth are more than offset by the effects of higher depreciation rates and increased O&M at about

inflationary levels.

- Lower TECO Coal earnings excluding synfuel reflecting reduced production levels in 2007 to be at the lower end of its previously announced expectations of 9.0-9.5 million tons in 2007 reflecting soft market conditions compared to 9.8 million tons in 2006.
- TECO Transport's full-year results are included in earnings pending the sale of the business.
- TECO Guatemala 2007 earnings are expected to be above 2006 levels given the strong year-to-date performance.
- Costs at parent company level are expected to decline due to debt retirements

Segment Analysis

	3 Mos. Ended		%	9 Mos. Ended		%
Segment Revenue	9/30/2007	9/30/2006	Change	9/30/2007	9/30/2006	Change
Tampa Electric	$646.9	$602.3	7%	$1,663.5	$1,592.3	4%
Peoples Gas System	145.5	131.3	11%	457.9	454.9	1%
TECO Coal	142.1	137.1	4%	396.7	421.9	-6%
TECO Transport	77.9	75.1	4%	231.1	227.6	2%
TECO Guatemala	1.9	1.8	6%	5.9	5.6	5%
Total Net Revenue	1,014.3	947.6	7%	2,755.1	2,702.3	2%
Other/eliminations	(24.3)	(24.7)	-2%	(77.3)	(80.4)	-4%
Consolidated Revenue	$990.0	$922.9	7%	$2,677.8	$2,621.9	2%
Net Income						
Tampa Electric	$64.8	$57.0	14%	$121.3	$116.6	4%
Peoples Gas System	3.8	4.2	-10%	20.2	22.6	-11%
TECO Coal	7.4	21.4	-65%	28.9	59.5	-51%
TECO Transport	7.4	3.6	106%	19.8	17.3	14%
TECO Guatemala	10.2	9.3	10%	33.3	26.6	25%
Parent/Other	(14.5)	(18.2)	-20%	(47.4)	(55.1)	-14%
Total Net Income	$79.1	$77.3	2%	$176.1	$187.5	-6%

Regulated Utility

Tampa Electric

Tampa Electric's 3Q07 net income increased 14% YOY (+$7.8 million) to $64.8 million from $57.0 million last year, primarily reflecting the cumulative benefits of a depreciation study, warmer weather, 1.8% customer growth and increased sales to other utilities. Tampa Electric provides retail electric service to over 660,000 customers in West Central Florida.

Tampa Electric's retail energy sales increased 4.8% YOY due to 1.8% customer growth and a 7% increase in cooling degree days (5% above normal), offset partially by a decline in average customer usage. Customer growth has slowed to 1.8% from 2.5-3.0% due primarily to a weaker housing market. In addition, the mix of customers continues to shift towards residences with lower average usage, such as the condo market. In addition, customer conservation continues to occur likely in response to higher energy prices and calls for efficiency.

Electric utility gross margins increased 5.6% YOY to $287.5 million due to the increase in energy sales. Depreciation and amortization expenses declined to $39.5 million from $46.6 million last year primarily related to the results of a depreciation study completed during 3Q07 that reduced depreciation rates, offset partially by higher plant balances. TE recorded the year-to-date cumulative benefit of the lower depreciation rates entirely during 3Q07. In addition, property tax law changes in Florida caused an approximate $2.7 million ($1.7 million after-tax) decrease in property taxes as TE recorded the year-to-date benefit during 3Q07. We estimate the cumulative nature of these two items caused earnings to be $0.02/share higher than normal. Base O&M expenses (excluding clause-recovered expenses) rose $4.4 million ($2.7 million after-tax) due primarily to increased employee-related costs. AFUDC-equity costs capitalized for construction costs related to the installation of NOx pollution control equipment was $1.1 million ($0.7 million after-tax), unchanged from the prior year. Interest expense increased $1.3 million YOY ($0.9 million after-tax) due to higher levels of long-term debt outstanding as the utility continues to have significant capital expenditure needs.

	3 Mos. Ended		%	9 Mos. Ended		%
Tampa Electric	9/30/2007	9/30/2006	Change	9/30/2007	9/30/2006	Change
Operating Revenue ($mil)						
Residential	327.0	295.9	11%	781.7	735.4	6%
Commercial	184.8	167.6	10%	491.6	452.8	9%
Industrial - Phosphate	18.3	16.1	13%	54.4	45.0	21%
Industrial - Other	30.7	29.5	4%	89.4	85.0	5%
Other Sales of Electricity	47.9	43.7	10%	131.8	120.7	9%
Deferred and Other Revenue	(30.1)	19.4		(44.6)	23.7	
Retail Revenue	578.5	572.3	1%	1,504.4	1,462.6	3%
Sales for resale	18.7	16.7	12%	51.9	55.1	-6%
Other Operating Revenue	49.6	13.4	271%	85.4	74.7	14%
Total Operating Revenue	$646.8	$602.4	7%	$1,641.6	$1,592.3	3%
Electric Sales (MWh)						
Residential	2,892.3	2,733.3	6%	6,823.2	6,715.5	2%
Commercial	1,869.5	1,787.9	5%	4,926.5	4,783.5	3%
Industrial - Phosphate	262.0	247.0	6%	782.5	684.6	14%
Industrial - Other	343.1	352.4	-3%	997.7	1,014.5	-2%
Other Sales of Electricity	478.5	456.6	5%	1,295.7	1,242.4	4%
Deferred and Other Revenue	-	-		-	-	
Retail Sales	5,845.4	5,577.1	5%	14,825.6	14,440.4	3%
Sales for resale	249.4	206.0	21%	670.6	676.3	-1%
Other Operating Revenue	-	-		-	-	
Total Electric Sales	$6,094.8	$5,783.1	5%	$15,496.2	$15,116.8	3%
Electric Retail Rev. cents/kWh						
Residential	11.31	10.83	4%	11.46	10.95	5%
Commercial	9.88	9.38	5%	9.98	9.46	5%
Industrial - Phosphate	6.97	6.52	7%	6.95	6.58	6%
Industrial - Other	8.94	8.38	7%	8.96	8.38	7%
Other Sales of Electricity	10.00	9.56	5%	10.17	9.72	5%
Deferred and Other Revenue						
Total Retail Rev. cents/kWh	9.90	10.26	-4%	10.15	10.13	0%
Sales for resale	7.51	8.12	-8%	7.73	8.14	-5%
Other Operating Revenue						
Total Rev. cents/kWh	10.61	10.42	2%	10.59	10.53	1%
Avg. Customers (000)	666.6	654.8	2%	665.8	651.8	2%
Retail Output to Line (MWh)	6,113.8	5,908.6	3%	15,694.7	15,447.3	2%

Capital Expenditure Needs

Tampa Electric is currently installing environmental upgrades at its Big Bend Station. It will invest approximately $330 million to install selective catalytic reduction (SCR) systems at each of the four units at the station. The SCR for Unit 4 was completed in 6/2007, while Units 3, 2 and 1 are targeted for completion by May of 2008, 2009 and 2010, respectively.

In 7/2007, TE filed a petition with the Florida PSC for a Determination of Need to build a proposed $2.0 billion, 630-MW IGCC plant (Integrated Coal Gasification Combined Cycle), which TE determined was needed to meet baseload capacity needs by 2013. Florida had passed legislation in 6/2007 that would allow utilities to recover funding costs on CWIP balances during construction of IGCC plants, which came in addition to prior legislation allowing the same for potential nuclear plants. The proposed plant also was awarded a $133 million federal tax incentive if the project was completed. Despite the need and tax support, TE withdrew its request in 10/2007 as the cost of the plant and CO2 concerns overburdened the potential benefits. In particular, Governor Crist's executive order calling for reductions in CO2 emissions to 2000 levels by 2017 made carbon sequestration an essential feature of the plant. However, the technology in scale is unproven and TE would have limited options to store the CO2, itself an unproven

option even assuming TE would have access to underground storage.

TE is still evaluating its options as to how to meet its 2013 baseload needs. The most likely option would be construction of a combined-cycle natural gas-fired facility, which TE estimates would cost $500-600 million for an approximate 600-MW facility. To meet the 2013 need, engineering for the project would need to begin by 2008 with peak spending occurring in 2010. We estimate the total EPS contribution could be approximately $0.15/share.

In addition to its baseload needs, TE also requires additional peaking capacity, which it believes could better suit its system needs than continuing with purchased power contracts. In particular, enhanced reliability rules is requiring more generating plants in Florida to have "Black Start" capabilities, or the ability to start generation without requiring an external power source. As such, TE plans to install five combustion turbines with 300 MWs of capacity at its existing generation stations by 2010. TE expects the additions will cost $237 million, with the bulk of the spending ($108 million) occurring in 2008. TE had completed the addition of two 150-MW simple cycle natural gas turbines at its Polk Station in 2006.

Peoples Gas System

Peoples Gas 3Q07 net income declined 10% YOY to $3.8 million from $4.2 million in 3Q06 primarily reflecting lower retail customer usage, partially offset by modest customer growth and higher sales to low-margin power generation customers. Customer growth moderated to 1.4% from above historical 3%-plus averages (with the first sequential decline in total customers the history of our model), again reflecting the slowdown in the housing market, with average customer usage patterns continuing to decline. In addition, sales to industrial customers, particularly in the housing-sensitive asphalt and concrete industries, declined 11% YOY due to weaker economic activity. Depreciation expense was higher as expected reflecting a new depreciation study approved by the FPSC in 1/2007. Like the electric utility, the gas utility benefited somewhat from the reduction in property taxes. Peoples Gas System is engaged in natural gas distribution to more than 300,000 customers in Florida's major metropolitan areas.

	3 Mos. Ended		%	9 Mos. Ended		%
Gas Stats	9/30/2007	9/30/2006	Change	9/30/2007	9/30/2006	Change
Gas Revenue ($mil)						
Residential	23.2	22.6	3%	108.6	113.2	-4%
Commercial	31.4	33.0	-5%	123.1	128.0	-4%
Industrial	2.4	3.5	-31%	7.3	8.9	-17%
Off System Sales	73.8	54.1	36%	174.2	156.4	11%
Power Generation	4.9	4.4	12%	11.2	11.0	2%
Other	8.4	12.6	-33%	28.7	33.4	-14%
Total Gas Revenue	$144.0	$130.1	11%	$453.0	$450.8	0%
Gas Throughput (mil. th)						
Residential	10.0	10.2	-2%	53.6	54.7	-2%
Commercial	79.8	82.5	-3%	279.4	280.7	0%
Industrial	42.2	47.6	-11%	142.0	160.4	-11%
Off System Sales	97.7	68.6	42%	226.4	194.9	16%
Power Generation	172.4	142.6	21%	355.0	323.3	10%
Other	-	-		-	-	
Total Gas Throughput	402.1	351.6	14%	1,056.3	1,013.9	4%
Gas Rev. $/th						
Residential	2.33	2.21	5%	2.03	2.07	-2%
Commercial	0.39	0.40	-2%	0.44	0.46	-3%
Industrial	0.06	0.07	-22%	0.05	0.06	-7%
Off System Sales	0.75	0.79	-4%	0.77	0.80	-4%
Power Generation	0.03	0.03	-8%	0.03	0.03	-7%
Other						
Total Gas $/th	0.36	0.37	-3%	0.43	0.44	-4%
Avg. Customers (000)	333.5	328.8	1%	334.6	328.4	2%

Non-Regulated Operations

TECO reported 3Q07 adjusted EPS of $0.38 versus $0.37 last year and our $0.37 estimate and consensus estimate of $0.35. GAAP 3Q07 EPS was $0.44 compared to $0.38 in 3Q06.

TECO Transport

TECO Transport 3Q07 adjusted net income (adding back depreciation and excluding 2006 post-hurricane charges) more than doubled to $7.4 million from $3.6 million in 3Q06. Improved results reflect significantly higher ocean-going rates and third-party volumes at TECO Bulk Terminal. However, river barge volumes were impacted by low water levels that limited barge loads, as well as reduced average river rates compared to record levels following the 2006 hurricane disruptions.

TE announced the proposed sale of TECO Transport to an investor group in 10/2007 for $405 million in cash. TE expects net proceeds of $370-380 million after taxes and transaction costs, which are expected to total $25-30 million, which includes $21.2 million incurred year-to-date. TE expects to record a $225-275 million gain on the transaction as the segment has minimal book value, but will avoid paying cash taxes due to the utilization of net operating loss carryforwards incurred from 2003-2005 from massive merchant-related losses.

While the final price was slightly below our expectation, we believe the benefits of the sale are multiple. First, it will allow TE to further reduce corporate-level debt, which could lead to improved credit ratings and more capital available to fund Tampa Electric's significant capital spending needs. Second, it eliminates the related-party issue that has impacted Tampa Electric's earnings since 2004 following the disallowance of some of the transportation costs paid by the utility to Transport for its coal transportation needs. That existing five-year transportation contracts expires 10/2008.

TECO Transport provides marine transportation services for many different dry-bulk commodities. TECO Transportation generates approximately half of its revenue from its ocean-going, U.S.-flagged cargo fleet, with the other half of revenue generated from its inland barge line and bulk terminal operations.

TECO Coal
TECO Coal's 3Q07 net income (excluding synfuel operations) declined 3% YOY to $7.4 million from $7.6 million in 3Q06 primarily reflecting lower average sales prices offset partially by lower production costs. [Earnings on synfuel-related activities declined slightly from $13.8 million in 3Q06 to $13.1 million in 3Q07.] Average selling prices (excluding transportation allowances) declined 2.3% YOY as the mix of lower-price steam coal versus metallurgical coal increased. Management stated that it is witnessing improved pricing for met coal, particularly for overseas demand. Coal production volumes increased slightly to 2.4 million tons from 2.3 million tons in 3Q06, with the portion of synthetic fuel at 1.7 million tons versus 0.5 million tons last year. The cash cost of production declined slightly despite closing a high-cost underground mine and facing difficult mining conditions at two mines, with 3Q06 including the costs of relocating mining equipment. TECO Coal operates surface and underground mines, synthetic fuel facilities, and coal processing and loading facilities in Kentucky, Tennessee and Virginia.

TECO Guatemala
TECO Guatemala 3Q07 net income increased 10% YOY to $10.2 million from $9.3 million last year. The earnings improvement reflects higher wheeling revenues, customer growth and higher energy sales and effective cost control efforts that have lowered operating expenses at EEGSA and its affiliated companies. TECO owns two power stations in Guatemala, one a coal-fired plant (San Jose) and the other a peaking facility (Alborada), both of which drive utility-like earnings due to longer-term contracts. TECO also owns a 24% stake in EEGSA, the largest distribution utility in Guatemala, which benefits from solid core growth plus the electrification of rural areas.

Contract energy sales from the San José Power Station increased slightly YOY with higher prices. The Alborada Power Station benefited from higher capacity payments as scheduled under its contract. Interest expense decreased in both periods due to lower interest rates and lower project-debt balances and interest income increased on higher cash balances.

Parent & Other
3Q07 costs excluding unusual items declined to $14.5 million from $18.2 million in 3Q06 primarily reflecting debt reduction. 3Q07 results exclude costs associated with the proposed sale of TECO Transport, while 3Q06 results exclude the sale of unused turbines.

Investment Thesis

We maintain an Outperform rating on the shares of TECO Energy (TE) with a 12-month price target of $18. Key investment considerations include the following:

- **Well-Positioned Utility Operations.** TE benefits from strong 2-3% customer growth and supportive regulation that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG). TE expects to spend $400 million in annual base capital expenditures on average over the next five years, nearly two times depreciation levels, with potential generation additions being additive.
- **Improved Financial Health.** Following significant losses in 2003 and 2004 from TECO's merchant operations, TECO's balance sheet has improved reflecting improved operating performance, the disposition of the merchant operations and significant debt reduction. We expect these positive trends to continue as TE monetizes its merchant-related NOL's and continues its solid operating performance.
- **TECO Transport Sale.** TECO announced the sale of its Transport business, which should raise net proceeds of $370-380 million by the end of 2007. The sale allows TECO to accelerate its NOL monetization and corporate-level debt repayment, thus allowing investment back into the regulated utility to fund regulated utility investment opportunities.
- **Attractive and Sustainable Dividend Yield.** We expect a resumption of dividend growth in 2008 given improving cash flow and EPS growth.
- **Regaining Credibility with Investors.** We believe improved financial performance combined with TE's commitment to increase its communications with Wall Street is improving investor sentiment regarding the stock.
- **Valuation.** Adjusting for $1-2/share of incremental value associated with TECO's NOL balance, our 12-month price target of $18 is approximately 14.5x our 2008 EPS estimate.

Risks & Caveats

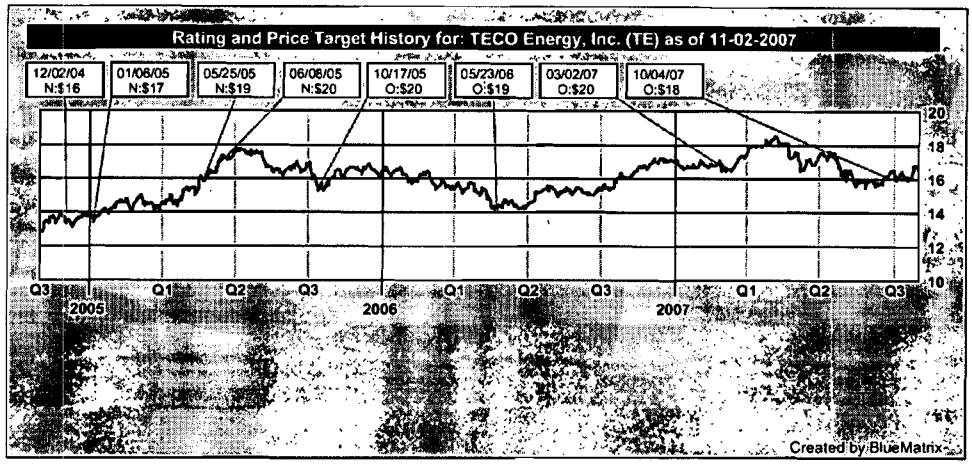
We maintain a suitability rating of Average Risk on TE due to the additional risk associated with TE's non-regulated business, which are more susceptible to earnings fluctuations from varying market conditions. Risks include, but are not limited to, the following:

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

Company Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. Its primary businesses are Tampa Electric, Peoples Gas, TECO Coal and TECO Guatemala. Tampa Electric Company provides retail electric service to more than 660,000 customers in West Central Florida. Peoples Gas System provides retail natural gas service to over 335,000 customers in Florida. TECO Coal operates coal mines and handling facilities in Kentucky and Tennessee, and through 2007, has interests in several synfuel production facilities. TECO Guatemala is engaged in the distribution and generation of electricity in Guatemala.

Appendix - Important Disclosures and Analyst Certification



1 Baird maintains a trading market in the securities of TE.

10 Baird and/or its affiliates have been compensated by TECO Energy, Inc. for non-investment banking-securities related services in the past 12 months.

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Investment Ratings: Outperform (O) - Expected to outperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months. **Neutral (N)** - Expected to perform in line with the broader U.S. equity market over the next 12 months. **Underperform (U)** - Expected to underperform on a total return, risk-adjusted basis the broader U.S. equity market over the next 12 months.

Risk Ratings: L - Lower Risk - Higher-quality companies for investors seeking capital appreciation or income with an emphasis on safety. Company characteristics may include: stable earnings, conservative balance sheets, and an established history of revenue and earnings. A - **Average Risk** - Growth situations for investors seeking capital appreciation with an emphasis on safety. Company characteristics may include: moderate volatility, modest balance-sheet leverage, and stable patterns of revenue and earnings. **H - Higher Risk** - Higher-growth situations appropriate for investors seeking capital appreciation with the acceptance of risk. Company characteristics may include: higher balance-sheet leverage, dynamic business environments, and higher levels of earnings and price volatility. **S - Speculative Risk** - High-growth situations appropriate only for investors willing to accept a high degree of volatility and risk. Company characteristics may include: unpredictable earnings, small capitalization, aggressive growth strategies, rapidly changing market dynamics, high leverage, extreme price volatility and unknown competitive challenges.

Valuation, Ratings and Risks: The recommendation and price target contained within this report are based on a time horizon of 12 months but there is no guarantee the objective will be achieved within the specified time horizon. Price targets are determined by a subjective review of fundamental and/or quantitative factors of the issuer, its industry, and the security type. A variety of methods may be used to determine the value of a security including, but not limited to, discounted cash flow, earnings multiples, peer group comparisons, and sum of the parts. Overall market risk, interest rate risk, and general economic risks impact all securities. Specific information regarding the price target and recommendation is provided in the text of our most recent research report.

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Analyst Certification

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TECO Energy, Inc.
November 5, 2007

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Utilities Research
October 29, 2007

TECO Energy, Inc. (TE)

Agrees to Transport Sale; Maintain Outperform Rating

Price: (10/26/07)	**16.74**	**Rating:**	**Outperform**	**FY Dec**	**2006A**	**2007E**	**2008E**
52WK H-L:	**19 - 15**			Q1	0.28A	0.21A	
Market Cap (mil):	**3,515.40**	**Suitability:**	**Average Risk**	Q2	0.25A	0.25A	
Shares Out (mil):	208.9			Q3	0.37A	0.37E	
Float (mil):	207.5			Q4	0.25A	0.20E	
Avg. Daily Vol (mil):	1.75			**Total**	**1.14A**	**1.03E**	**1.15E**
		Price Target:	**18**	Previous			1.20E
Dividend:	0.78			FY P/E	14.7x	16.3x	14.6x
Yield:	4.66						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

TECO announced the sale of its Transport business for $405 million, below our sale price expectation of $450-550 million. We have lowered our 2008 EPS estimate for expected near-term dilution as a result. We maintain our Outperform rating expecting the asset sale will lower risk by improving TE's credit profile, reducing diversified operations and strengthening TE's balance sheet in front of a significant utility cap ex program.

Summary

- TECO announced that it will sell its Transport business to a private-equity investment group for $405 million in cash. We had expected a sales price in the $450-550 million range. We believe the credit crunch and weaker inland shipping rates (versus soaring oceangoing rates) were the key factors for the shortfall.
- Given significant remaining NOL's from past merchant losses, tax leakage on the transaction will be minimal (Transport had a negative book value). TECO expects net proceeds after taxes and transaction costs of $370-380 million.
- We have lowered our 2008 EPS estimate from $1.20 to $1.15 to account for the earnings dilution from the transaction. Our 2007 EPS estimate is unchanged at $1.03, which excludes synfuel-related earnings and adds back GAAP-excluded Transport depreciation.
- The proceeds should allow TECO to reduce debt and potentially improve credit ratings in the face of significant expected capital expenditures at the utility.
- Despite the rejection (technically the withdrawal) of the IGCC option for new generation, there remains significant capital spending needs at the electric utility, including the still unresolved issue of developing new generation to meet expected baseload needs.
- We maintain our Outperform rating and 12-month price target of $18, which is 16x our 2008 EPS estimate. Adjusting for $1-2/share of incremental value associated with TECO's remaining NOL balance, our price target is approximately 14.5x our 2008 EPS estimate.

Details

No further details.

Investment Thesis

We maintain an Outperform rating on the shares of TECO Energy (TE) with a 12-month price target of $18. Key investment considerations include the following:

- **Well-Positioned Utility Operations.** TE benefits from strong 2-3% customer growth and supportive regulation that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG). TE expects to spend $400 million in annual base capital expenditures on average over the next five years, nearly two times depreciation levels, with potential generation additions being additive.
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- **TECO Transport Sale.** TECO announced the sale of its Transport business, which should raise net proceeds of $370-380 million by the end of 2007. The sale allows TECO to accelerate its NOL monetization and corporate-level debt repayment, thus allowing investment back into the regulated utility to fund regulated utility investment opportunities.
- **Attractive and Sustainable Dividend Yield.** We expect a resumption of dividend growth in 2008 given improving cash flow and EPS growth.
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- **Valuation.** Adjusting for $1-2/share of incremental value associated with TECO's NOL balance, our 12-month price target of $18 is approximately 14.5x our 2008 EPS estimate.

Risks & Caveats

We maintain a suitability rating of Average Risk on TE due to the additional risk associated with TE's non-regulated business, which are more susceptible to earnings fluctuations from varying market conditions. Risks include, but are not limited to, the following:

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TECO Energy - Quarterly Earnings Model

	2005				2006				2007			
	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06	1Q07	2Q07	3Q07E	4Q07E
Net Sales	$685	$719	$836	$770	$836	$863	$923	$826	$821	$867	$901	$803
Cost of Goods Sold	239	239	322	281	340	344	390	315	350	369	366	315
Gross Income	446	480	515	489	496	518	533	511	471	497	535	488
Operating Expense	366	387	409	412	405	412	402	436	390	402	392	387
Operating Income	80	93	105	77	92	106	131	75	81	95	143	101
Pretax Income	79	88	135	80	83	77	118	73	64	74	114	63
Net Income	$52	$57	$95	$50	$58	$52	$77	$51	$43.9	$53.1	$76.7	$42.3
EPS	$0.20	$0.27	$0.46	$0.24	$0.28	$0.25	$0.37	$0.25	$0.21	$0.25	$0.37	$0.20
Dividends	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19	$0.19
Average Shares	206	209	209	210	209	209	209	209	209	210	210	210
Margin Analysis												
Gross Margin	65%	67%	62%	63%	59%	60%	58%	NA	57%	57%	59%	61%
Operating Expense	53%	54%	49%	53%	48%	48%	44%	NA	47%	46%	44%	48%
Operating Margin	12%	13%	13%	10%	11%	12%	14%	9%	10%	11%	16%	13%
Pretax Margin	12%	12%	16%	10%	10%	9%	13%	9%	8%	9%	13%	8%
Net Margin	8%	8%	11%	7%	7%	6%	8%	6%	5%	6%	9%	5%

TECO Energy - Annual Earnings Model

	2002	2003	2004	% chg	2005	% chg	2006	% chg	2007E	% chg	2008E	% chg
Net Sales	$2,676	$2,718	$2,669	(2%)	$3,010	13%	$3,448	15%	$3,392	(2%)	$3,336	(2%)
Cost of Goods Sold	664	754	935	24%	1,081	16%	1,390	29%	1,400	1%	1,564	12%
Gross Income	2,012	1,964	1,734	(12%)	1,929	11%	2,058	7%	1,991	(3%)	1,772	(11%)
Operating Expense	1,623	1,646	1,472	(11%)	1,574	7%	1,655	5%	1,570	(5%)	1,319	(16%)
Operating Income	389	317	262	(17%)	355	35%	403	14%	421	4%	453	8%
Pretax Income	388	136	238	75%	382	60%	351	(8%)	316	(10%)	357	13%
Net Income	$350	$165	$151	(8%)	$255	69%	$239	(6%)	$216	(10%)	$241	12%
EPS	$2.26	$0.92	$0.78	(14%)	$1.22	56%	$1.14	(6%)	$1.03	(10%)	$1.15	12%
Dividends	$1.41	$0.93	$0.76	(18%)	$0.76	0%	$0.76	0%	$0.76	0%	$0.76	0%
Average Shares	153	180	193	7%	208	8%	209	0%	210	0%	210	0%
Margin Analysis												
Gross Margin	75.2%	72.3%	65.0%		64.1%		59.7%		58.7%		53.1%	
Operating Expense	60.7%	60.6%	55.1%		52.3%		48.0%		46.3%		39.5%	
Operating Margin	14.5%	11.7%	9.8%		11.8%		11.7%		12.4%		13.6%	
Pretax Margin	14.5%	5.0%	8.9%		12.7%		10.2%		9.3%		10.7%	
Net Margin	13.1%	6.1%	5.7%		8.5%		6.9%		6.4%		7.2%	

Balance Sheet Data

	2003	2004	2005	2006	2Q07
Cash & Equivalents	$160	$154	$383	$479	$276
Receivables	280	287	323	338	297
Inventory	171	121	154	160	213
Current Assets	870	738	1,272	1,286	1,085
Fixed Assets	5,679	4,658	4,567	4,767	4,756
Total Assets	10,462	9,476	7,170	7,362	7,259
Current Debt	69	129	222	687	158
Payables	314	258	355	327	260
Current Liabilities	2,247	2,222	926	1,350	878
Other Liabilities	2,143	2,087	943	1,070	1,104
L.T. Debt and Lease	3,744	3,880	3,709	3,213	3,460
Common Equity	1,678	1,284	1,592	1,729	1,817

Ratio Analysis

	2004	2005	2006	2Q07
Debt/Total Cap	76%	71%	69%	67%
Current Ratio	0.3	1.4	1.0	1.2
Days Sales Outst.	39	37	35	35
EBIT/Interest	1.7x	2.3x	2.3x	2.2x
Inventory Turn	6.4x	7.9x	8.9x	7.9x
Return on Equity	10.2%	17.7%	14.4%	13.0%
High P/E Ratio	19.7x	15.8x	15.5x	17.3x
Low P/E Ratio	14.4x	12.2x	12.6x	16.1x
Book Value	$6.21	$7.64	$8.25	$8.66
Price/Book	2.5x	2.2x	2.1x	2.1x
Cash Flow/Share	$2.29	$2.58	$2.50	$2.09
Price/Cash Flow	6.7x	6.7x	6.9x	8.7x

Please refer to "Appendix - Important Disclosures" and Analyst Certification.

TECO Energy, Inc.

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,448	$3,392	$3,336	3.5%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$387.8	$388.2	$431.6	2.6%
Wholesale Generation/Guatemala	44.8	50.5	(19.2)	13.7	36.4	61.3	70.0	72.2	25.6%
Transport	50.6	38.1	29.4	22.4	31.6	44.1	38.0	0.0	(100.0%)
Coal	47.6	61.8	100.8	95.3	193.7	125.0	69.2	66.5	(30.0%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	10.9	10.0	9.5	
Earnings Before Interest & Taxes	$576.4	$564.2	$493.9	$560.0	$671.1	$629.1	$575.4	$579.8	(4.8%)
Other Income	51.9	49.7	83.6	180.8	229.1	156.1	154.5	126.9	(17.9%)
Minority Interest	0.0	0.0	48.8	79.5	87.1	69.6	0.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$403.4	$420.9	$452.9	8.5%
Interest Expense	180.8	176.4	313.8	321.6	288.7	278.3	259.7	222.9	(8.3%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$350.8	$315.7	$356.9	(2.3%)
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$238.8	$216.0	$241.2	(1.8%)
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.14**	**$1.03**	**$1.15**	(2.1%)
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.7	209.7	210.4	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.76	0.0%
Payout Ratio (%)	61	62	101	97	62	66	74	66	
Returns									
Return on Common Equity	17.5	15.3	7.7	10.2	17.7	14.4	12.3	13.2	
Internal Cash % of Total Capital	6	6	19	(3)	(0)	7	9	9	
Coverage Ratios									
Interest Coverage Ex. Non-Cash	3.1	3.0	1.5	1.7	2.3	2.3	2.2	2.6	
Internal Cash % Of Construction	31	22	183	(53)	(1)	89	84	104	
Internal Cash % of Total Cap. Req.	17	21	174	(50)	(1)	37	71	85	
% of Total Capital									
Short-term Debt	11.8	5.1	0.6	2.2	3.9	0.9	0.9	0.9	
Total Debt	61.7	58.5	67.4	75.7	71.2	69.3	65.4	63.7	
Preferred Stock	3.7	9.2	10.6	0.0	0.0	0.0	0.0	0.0	
Common Equity	36.4	36.9	27.3	24.2	28.8	30.7	34.6	36.3	
% Growth in Invested Capital	20.4	30.6	-13.2	-13.8	4.3	1.9	-8.4	-0.4	
Total Invested Capital	$5,414	$7,073	$6,141	$5,295	$5,523	$5,629	$5,156	$5,137	(2.4%)
Total Debt	3,243	3,812	3,813	4,009	3,931	3,900	3,370	3,270	
Total Preferred	200	649	649	0	0	0	0	0	
Total Common Equity	1,972	2,612	1,678	1,284	1,592	1,729	1,786	1,867	
Cash Flow									
Cash Flow From Operations	$493	$388	$632	$151	($75)	$471	$648	$710	
Dividends (Pref. & Common)	184	216	165	145	158	159	159	160	
Internal Cash	308	172	466	6	(233)	312	489	550	
Construction Excluding AFC	966	1,065	591	273	295	456	520	450	
Other Investments	0	723	63	0	0	0	0	0	
Redemptions	570	1,228	850	225	494	366	530	100	
Total Capital Requirements	1,536	3,017	1,503	498	789	822	1,050	550	
Total Financing	1,368	2,767	792	88	608	340	0	0	

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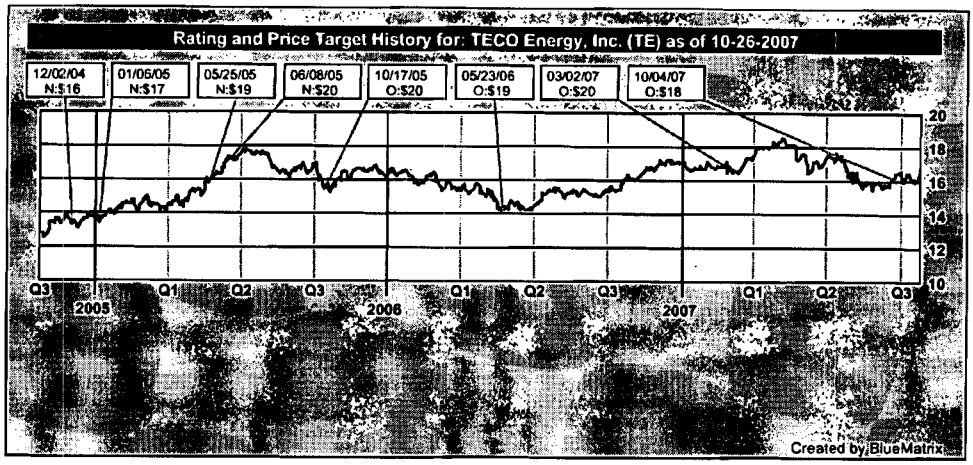
Date Printed:	10/29/07				TECO Energy, Inc.			Dave Parker (813) 274-7620			
Fiscal Year:	DEC				TE			Michael Gresens, CFA (414) 765-3849			
(in millions)											
Balance Sheet	**2002**	**2003**	**2004**	**2005**	**2006**	**2Q07**	**Cash Flow Statement**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**2008E**
ASSETS							**Net Income**	$350	$165	$151	$255	$239	$216	$241
Cash & Equivalents	$411	$108	$97	$346	$442	$220	Depreciation & Amort	303	382	290	282	282	293	283
Receivables	423	280	287	323	338	297	Net changes in (CA) & CL	33	43	(1)	13	(92)	50	80
Inventory	210	171	121	154	160	213	Deferred taxes/Non-Cash	(31)	(261)	(300)	(376)	138	90	106
Other	278	259	176	412	309	299	**Cash Flow from Operations**	656	329	140	174	567	648	710
Total Current	1,322	818	680	1,235	1,248	1,029	Dividend Payments	(216)	(165)	(145)	(158)	(159)	(159)	(160)
Fixed Assets	5,464	5,679	4,658	4,567	4,767	4,756	Net Capital Expenditures	(1,065)	(591)	(273)	(295)	(456)	(520)	(450)
Goodwill & Intangible Assets	1,199	344	271	305	301	294	**Free Cash Flow**	($625)	($427)	($279)	($279)	($48)	($31)	$100
Other Assets	651	3,570	3,810	1,026	1,008	1,124								
Total Assets	$8,636	$10,411	$9,419	$7,133	$7,325	$7,203	Operating Cash Flow Per Share	$4.28	$1.83	$0.72	$0.84	$2.72	$3.09	$3.37
							Free Cash Flow Per Share	($4.08)	($2.38)	($1.45)	($1.34)	($0.23)	($0.15)	$0.48
LIAB. & EQUITY														
Current Debt	$488	$69	$129	$222	$687	$158	**Du Pont Formula**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**2008E**
Payables	377	314	258	355	327	260	Net Margins (N/S)	13.1%	6.1%	5.7%	8.5%	6.9%	6.4%	7.2%
Other	244	1,864	1,836	349	337	460	Assets Turnover (S/A)	0.3	0.3	0.3	0.4	0.5	0.5	0.5
Total Current	1,109	2,247	2,222	926	1,350	878	Leverage (A/E)	3.4	4.5	6.7	5.8	4.4	4.1	3.9
							Return on Equity	15.3%	7.7%	10.2%	17.7%	14.4%	12.3%	13.2%
L/T Debt & Lease	3,324	3,745	3,883	3,709	3,213	3,460								
Deferred Taxes	943	2,143	2,087	943	1,070	1,104	**Valuation Parameters**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007E**	**Recent**
Other Liabilities	0	0	0	0	0	0	Price (Common) - TE High	28.72	17.00	15.49	19.30	17.73	17.49	17.23
							Low	10.49	9.47	11.30	14.87	14.40	16.69	
Preferred Stock	649	649	0	0	0	0								
Common Equity	2,612	1,678	1,284	1,592	1,729	1,817	**Forward P/E Ratio** High	12.2x	17.9x	18.2x	16.7x	16.0x	17.1x	17.1x
Total	$8,638	$10,462	$9,477	$7,170	$7,362	$7,259	Low	5.9x	6.5x	12.7x	13.2x	11.8x	15.1x	16.0x
							Close	9.8x	17.8x	15.7x	14.0x	16.0x	16.8x	16.8x
Ratio Analysis:														
Current Ratio	1.2	0.4	0.3	1.4	1.0	1.2	**Book Value**	$14.85	$8.92	$6.21	$7.64	$8.25	$8.51	$8.89
Working Capital	289	(1,468)	(1,510)	185	144	89	**Price/Book Ratio** High	1.9x	1.9x	2.5x	2.5x	2.1x	2.1x	2.0x
Working Cap/Assets	3%	(14%)	(16%)	3%	2%	1%	Low	0.7x	1.1x	1.8x	1.9x	1.7x	2.0x	1.9x
Inventory Turns	3	4	6	8	9	8	Close	1.0x	1.6x	2.5x	2.2x	2.1x	2.0x	1.9x
Total Debt/Capital	54%	62%	76%	71%	69%	67%	**EBITDA**	$868	$876	$850	$953	$911	$868	$863
LT Debt/Equity	127%	223%	302%	233%	186%	199%	**Enterprise Value** High	$7,802	$6,711	$6,839	$7,566	$7,121	$6,900	$6,813
EBIT/Interest Expense	3.2x	1.6x	1.7x	2.3x	2.3x	2.2x	Low	5,007	5,356	6,032	6,644	6,426	6,732	6,644
Total Debt/EBIT	6.8x	7.7x	7.2x	5.9x	6.2x	6.0x	**EV / EBITDA** High	9.0x	7.7x	8.0x	7.9x	7.8x	7.9x	7.9x
							Low	5.8x	6.1x	7.1x	7.0x	7.1x	7.8x	7.7x
							Close	6.7x	7.1x	8.0x	7.5x	7.7x	7.8x	7.8x

TECO Energy, Inc.
October 29, 2007

Appendix - Important Disclosures and Analyst Certification



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TECO Energy, Inc.
October 29, 2007

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Utilities Research
October 4, 2007

TECO Energy, Inc. (TE)

IGCC Plant Shelved; Lowering Price Target to $18, Maintain Outperform Rating

				FY Dec	2006A	2007E	2008E
Price: (10/04/07)	**15.80**	**Rating:**	**Outperform**	Q1	0.28A	0.21A	
52WK H-L:	**19 - 15**			Q2	0.25A	0.25A	
Market Cap (mil):	**3,318.00**	**Suitability:**	**Average Risk**	Q3	0.37A	0.37E	
Shares Out (mil):	208.9			Q4	0.25A	0.20E	
Float (mil):	207.5			**Total**	**1.14A**	**1.03E**	**1.20E**
Avg. Daily Vol (mil):	1.75			FY P/E	13.9x	15.3x	13.2x
		Price Target:	**18**				
Dividend:	0.78	Previous:	20				
Yield:	4.94						

Please refer to Appendix - Important Disclosures and Analyst Certification.

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Action

We had believed approval of an IGCC plant would provide a catalyst for the stock. However, TECO has shelved its plans in front of next week's hearing citing technology and economic risks, leaving construction of another natural gas plant to meet expanding customer needs as its most likely alternative, implying lower potential EPS growth for shareholders. We have lowered our price target to $18, but maintain our Outperform rating.

Summary

- Last week, we listed TECO as one of our top ideas citing two factors: First, we had expected oral approval of an IGCC plant within the next couple weeks, which followed 6/2007 passage of legislation that provided enhanced recovery of IGCC investments. Second, we expected a sale of the Transport business would be announced in the near future.
- This morning, TECO announced that it has shelved its plans to develop 600-MW of IGCC generation to meet baseload needs. We believe the din in the CO2 debate and uncertainty over carbon policy and eventually recoverability of such costs led TECO to the decision.
- The alternative for TECO becomes more natural gas generation and, therefore, a continuation of fuel-price volatility for its customers. While conservation and renewables will play some part in meeting potential energy needs, continued 2-3% customer growth requires generation expansion.
- Whereas we believed IGCC could provide a $0.40-0.50/share earnings benefit by 2013, we believe the alternative would be an incremental $0.10-0.15/share, reducing long-term EPS growth expectations.
- Management still expects to complete the sale of its Transport business, but the volatile credit markets have slowed final sale negotiations. We believe a sale announcement could provide a positive catalyst for the stock.
- We have lowered our 12-month price target to $18, or 15x our 2008 EPS estimate reflecting a reduction of longer-term EPS growth expectations. However, we maintain our Outperform rating as the 4.8% dividend yields provides a solid base for the stock.

Details

No further details.

Investment Thesis

We maintain an Outperform rating on the shares of TECO Energy (TE) with a 12-month price target of $18. Key investment considerations include the following:

- **Well-Positioned Utility Operations.** TE benefits from strong 2-3% customer growth and supportive regulation that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG). TE expects to spend $400 million in annual base capital expenditures on average over the next five years, nearly two times depreciation levels, with potential generation additions being additive.
- **Improved Financial Health.** Following significant losses in 2003 and 2004 from TECO's merchant operations, TECO's balance sheet has improved reflecting improved operating performance, the disposition of the merchant operations and significant debt reduction. We expect these positive trends to continue as TE monetizes its merchant-related NOL's and continues its solid operating performance.
- **Potential TECO Transport Sale.** We estimate a sale of the Transport business could raise over $500 million, which would allow TECO to accelerate its NOL monetization and corporate-level debt repayment, thus allowing investment back into the regulated utility to fund several major investment opportunities.
- **Attractive and Sustainable Dividend Yield.** We expect a resumption of dividend growth in 2008 given improving cash flow and EPS growth.
- **Regaining Credibility with Investors.** We believe improved financial performance combined with TE's commitment to increase its communications with Wall Street is improving investor sentiment regarding the stock.
- **Valuation.** Adjusting for $2-3/share of incremental value associated with TECO's NOL balance, our 12-month price target of $18 is 13x our 2008 EPS estimate.

Risks & Caveats

We maintain a suitability rating of Average Risk on TE due to the additional risk associated with TE's non-regulated business, which are more susceptible to earnings fluctuations from varying market conditions. Risks include, but are not limited to, the following:

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

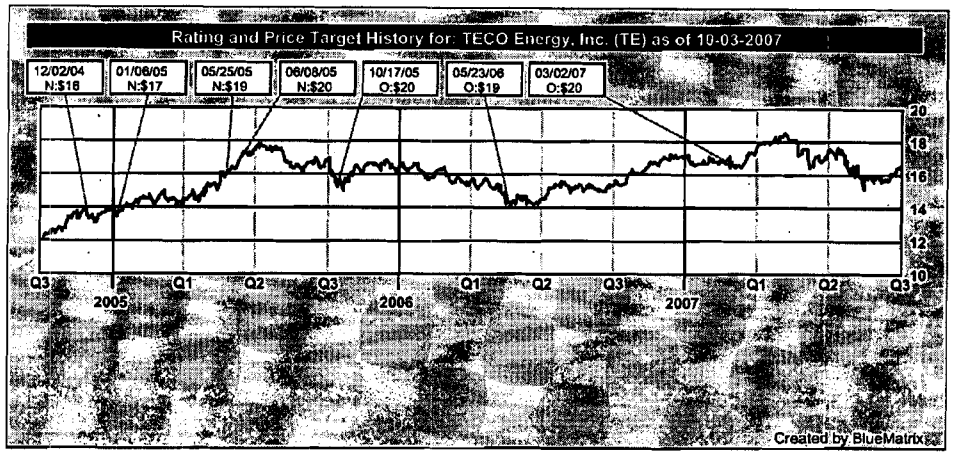
Company Description

TECO Energy is a diversified energy company headquartered in Tampa, Florida. Its primary businesses are Tampa Electric, Peoples Gas, TECO Coal, TECO Guatemala

and TECO Transport. Tampa Electric Company provides retail electric service to more than 660,000 customers in West Central Florida. Peoples Gas System provides retail natural gas service to over 335,000 customers in Florida. TECO Coal operates coal mines and handling facilities in Kentucky and Tennessee, and through 2007, has interests in several synfuel production facilities. TECO Guatemala is engaged in the distribution and generation of electricity in Guatemala. The company expects to sell TECO Transport during 2007.

TECO Energy, Inc.
October 4, 2007

Appendix - Important Disclosures and Analyst Certification



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Utilities Research
November 29, 2007

TECO Energy, Inc. (TE)

Fact Sheet

Please refer to Appendix - Important Disclosures and Analyst Certification.

Price: (11/28/07)	**17.38**	**Rating:**	**Outperform**	**FY Dec**	**2006A**	**2007E**	**2008E**
52WK H-L:	**19 - 15**	**Suitability:**	**Average Risk**	Q1	0.28A	0.21A	
Market Cap (mil):	**3,646**	**Price Target:**	**18**	Q2	0.25A	0.25A	
Shares Out (mil):	208.9	3 yr. Rev. Gr Rate Est:	5%	Q3	0.37A	0.38A	
Float (mil):	195.6	3 yr. EPS Gr Rate Est:	10%	Q4	0.25A	0.19E	
Avg. Daily Vol (mil):	1.69	Debt/Cap:	65%	**Total**	**1.14A**	**1.03E**	**1.15E**
Dividend:	0.78	ROE:	12.8%	FY P/E	15.2x	16.9x	15.1x
Yield:	4.49						

Headquartered	**IPO/Founded**
Tampa, FL	1965/1899
Management	
CEO:	Sherrill Hudson
COO:	John Ramil
CFO:	Gordon Gillette
IR:	Mark Kane

FY: Dec	**2006A**	**2007E**	**2008E**
Revenue (Mil)	3,448.0	3,508.0	3,453.0
% Growth	15%	2%	(2%)
Operating Margin	11.7%	11.3%	13.2%

Company Description

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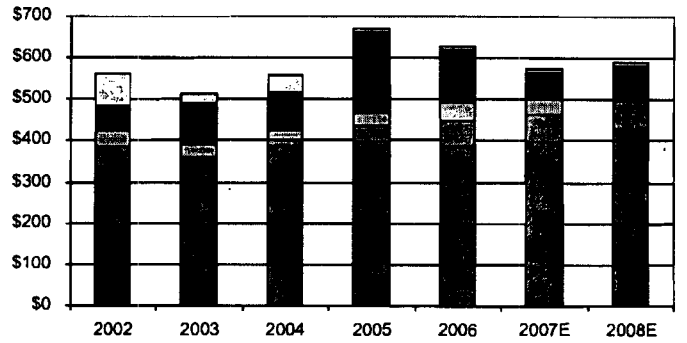
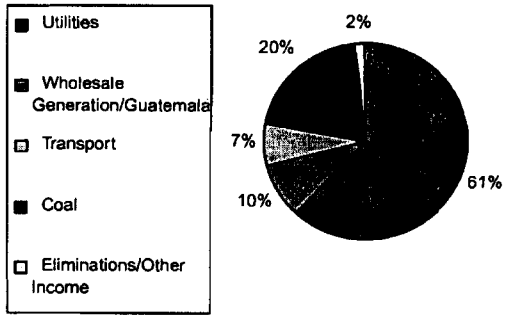
Revenue Profile

EBIT by Segment



2006 EBIT by Segment



Quick Summary

We maintain an Outperform rating on the shares of TECO Energy (TE) with a 12-month price target of $18.

- We expect material rate base and earnings growth from the regulated utility over the next 5-7 years from a combination of environmental upgrades and the generation expansion.
- We expect cash taxes to be minimal over the next 3-5 years as TECO monetizes its significant net operating loss (NOL) carryforward balances and remaining synfuel-related tax credits. As a result, we expect declining interest expense and accelerated EPS growth in the interim.
- TECO announced the sale of its Transport business, which should raise net proceeds of $370-380 million by the end of 2007.
- Adjusting for $1-2/share of incremental value associated with TECO's NOL balance, our 12-month price target of $18 is approximately 14.5x our 2008 EPS estimate.

Investment Thesis

We maintain an Outperform rating on the shares of TECO Energy (TE) with a 12-month price target of $18. Key investment

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considerations include the following:

- **Well-Positioned Utility Operations.** TE benefits from strong 2-3% customer growth and supportive regulation that includes a healthy ROE band (10.75-12.75% for TE; 10.25-12.25% for PG). TE expects to spend $400 million in annual base capital expenditures on average over the next five years, nearly two times depreciation levels, with potential generation additions being additive.
- **Improved Financial Health.** Following significant losses in 2003 and 2004 from TECO's merchant operations, TECO's balance sheet has improved reflecting improved operating performance, the disposition of the merchant operations and significant debt reduction. We expect these positive trends to continue as TE monetizes its merchant-related NOLs and continues its solid operating performance.
- **TECO Transport Sale.** TECO announced the sale of its Transport business, which should raise net proceeds of $370-380 million by the end of 2007. The sale allows TECO to accelerate its NOL monetization and corporate-level debt repayment, thus allowing investment back into the regulated utility to fund regulated utility investment opportunities.
- **Attractive and Sustainable Dividend Yield.** We expect a resumption of dividend growth in 2008 given improving cash flow and EPS growth.
- **Regaining Credibility with Investors.** We believe improved financial performance combined with TE's commitment to increase its communications with Wall Street is improving investor sentiment regarding the stock.
- **Valuation.** Adjusting for $1-2/share of incremental value associated with TECO's NOL balance, our 12-month price target of $18 is approximately 14.5x our 2008 EPS estimate.

Risks & Caveats

We maintain a suitability rating of Average Risk on TE due to the additional risk associated with TE's non-regulated business, which are more susceptible to earnings fluctuations from varying market conditions. Risks include, but are not limited to, the following:

- Profitability of TE's unregulated segments can fluctuate with swings in the economy and commodity prices. The company's business is sensitive to fluctuations in the weather. A particularly warm winter or cool summer could adversely affect TE's financial results.
- The company has no control of the wholesale prices of natural gas, oil or coal. A spike in the price of these fuels could impact TE's financial results.
- TE's utility operations are subject to federal, state and local legislative requirements. Changes in regulations or in the regulatory environment in general could impact TE's earnings.

TECO Energy, Inc.
November 29, 2007

Supplemental Information

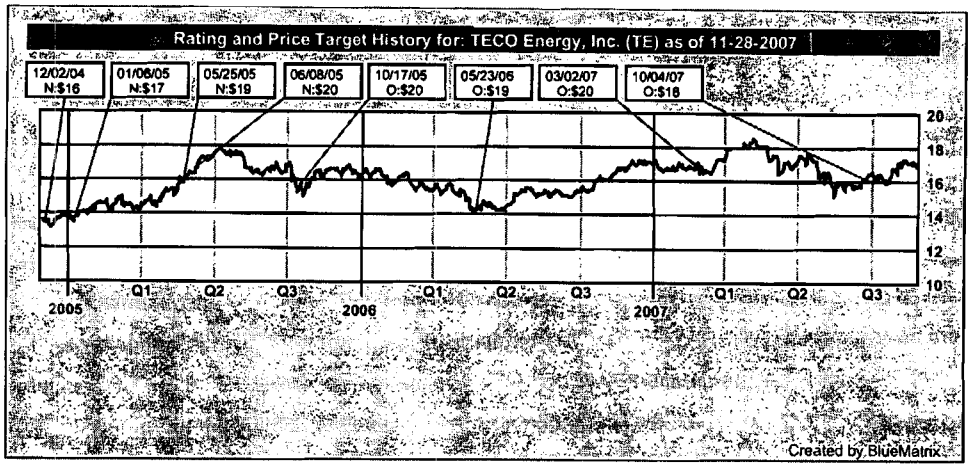
EBIT by Business Segment

($ in Millions Except As Noted)

	2001	2002	2003	2004	2005	2006	2007E	2008E	3 Yr Growth
Net Revenue	$2,649	$2,676	$2,718	$2,669	$3,010	$3,448	$3,508	$3,453	4.7%
EBIT by Segment									
Utilities	$339.2	$336.2	$359.9	$386.6	$399.1	$387.8	$396.7	$429.2	2.5%
Wholesale Generation/Guatemala	44.8	50.5	(19.2)	13.7	36.4	61.3	67.8	69.6	24.1%
Transport	50.6	38.1	29.4	22.4	31.6	44.1	38.0	0.0	NM
Coal	47.6	61.8	100.8	95.3	193.7	125.0	65.0	81.6	(25.0%)
Eliminations/Other Income	94.2	77.6	23.0	42.0	10.3	10.9	7.5	9.5	
Earnings Before Interest & Taxes	$576.4	$564.2	$493.9	$560.0	$671.1	$629.1	$575.0	$589.9	(4.2%)
Other Income	51.9	49.7	83.6	180.8	229.1	156.1	179.5	134.2	(16.3%)
Minority Interest	0.0	0.0	48.8	79.5	87.1	69.6	0.0	0.0	
Operating Income	$524.5	$514.5	$361.5	$299.7	$354.9	$403.4	$395.5	$455.7	8.7%
Interest Expense	180.8	176.4	313.8	321.6	288.7	278.3	260.4	224.9	(8.0%)
Pretax Income	$395.6	$387.8	$180.1	$238.3	$382.4	$350.8	$314.6	$365.0	(1.5%)
Net Income	$303.7	$349.8	$164.8	$151.2	$254.7	$238.8	$216.7	$242.5	(1.6%)
Earnings Per Share	**$2.24**	**$2.28**	**$0.92**	**$0.78**	**$1.22**	**$1.14**	**$1.03**	**$1.15**	(2.1%)
Diluted Shares	135.4	153.3	179.9	192.6	208.2	208.7	209.8	211.2	
Annualized Dividend Per Share	$1.37	$1.41	$0.93	$0.76	$0.76	$0.76	$0.76	$0.76	0.0%
Payout Ratio (%)	61	62	101	97	62	66	74	66	

TECO Energy, Inc.
November 29, 2007

Appendix - Important Disclosures and Analyst Certification



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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

February 7, 2007

TECO Energy

(TE-NYSE)

Stock Rating: Market Perform
Industry Rating: Market Perform

Electric Utilities and Independent Power

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Considering Sale of TECO Transport to Help Fund Capital Program

Event

TE reported adjusted 2006 EPS (excluding synfuels) of $0.97, up 17% over the prior year's results largely owing to a strong performance at TECO Coal and considerably lower Parent expenses.

Impact

Management is considering the sale of TECO Transport; any potential proceeds would be applied toward debt reduction (management remains committed to reducing debt by $500 million 2008-2010) and investment in its core electric utility business, including the possible construction of an IGCC facility by 2013.

Forecasts

We maintain our 2007 and 2008 EPS estimates, which reflect current weakness in the coal market (high inventory, low prices). Our 2007 estimate excludes any earnings from synfuels; we note TE has hedged its synfuels earnings for 2007 (about $0.33 per share).

Valuation

We expect TE shares to trade within a relatively narrow range pending a decision on its plans for TECO Transport; we believe its decision could be influenced by the utility's significant capital spending plans over the next several years.

Recommendation

We reiterate our **MARKET PERFORM** rating on TE shares.

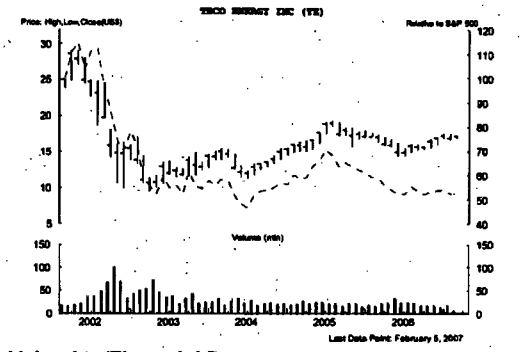
Securities Info

Price (6-Feb)	$16.98	Target Price	$18
52-Wk High/Low	$18/$14	Dividend	$0.76
Mkt Cap (mm)	$3,552	Yield	4.5%
Shs O/S (mm, BASIC)	209.2	Float O/S (mm)	206.4
Options O/S (mm)	6.4	ADVol (25-day, 000s)	810

Selected Bond Iss	Ind Prc	Rat'g Mdys/S&P	YTW	Spread
Teco Energy 5.125% '0	100	Ba2 / BB	7.67%	262bp
Teco Energy 7% '12	105	Ba2 / BB	5.87%	108bp

Bond data from Bloomberg.

Price Performance



Valuation/Financial Data

(FY-Dec.)	2005A	2006A	2007E	2008E
EPS Pro Forma	$0.83	$0.97	$1.00	$1.15
P/E			17.0x	14.8x
First Call Cons.				
EPS GAAP	$1.33	$1.19	na	na
FCF	$1.02	$1.31	$1.65	$0.56
P/FCF			10.3x	30.3x
EBITDA ($mm)	$642	$767	$791	$851
EV/EBITDA			9.9x	9.2x
Rev. ($mm)	$3,010	$3,133	$3,220	$3,378
EV/Rev			2.4x	2.3x
FCF after Div. ($mm)	$54	$116	$188	-$42

Quarterly EPS	1Q	2Q	3Q	4Q
2006A	$0.14	$0.25	$0.31	$0.18
2007E	na	na	na	na

Balance Sheet Data (09/29/06)			
Net Debt ($mm)	$4,254	TotalDebt/EBITDA	5.5x
Total Debt ($mm)	$4,339	EBITDA/IntExp	2.7x
Net Debt/Cap.	76.7%	Price/Book	2.1x

Please refer to pages 5 to 7 for Disclosure Statements, including the Analyst's Certification.

Details & Analysis

We reiterate our **MARKET PERFORM** rating on TE shares. We believe a number of uncertainties are likely to cloud TE's outlook over the next several months, including its ongoing evaluation of the potential sale of TECO Transport as well as the weakness in the coal markets.

Lower Coal Production Expected. Regarding this latter point, the company rescinded its 2008 EPS target of $1.23 indicating that its prior production/pricing assumptions (10.5-11 million tons originally projected, now more likely in the 10 million range due to lower prices and high inventory) resulted in an overly optimistic earnings outlook by about $0.10 per share. At this time, we maintain our $1.15 EPS estimate, which is based on more conservative metrics. Our estimate includes earnings from TECO Transport.

Asset Sale Proceeds Geared Toward Debt Reduction. As for the potential sale of TECO Transport, it remains to be seen if TE can secure a transaction that would allow it to offset the absence of TECO Transport's earnings ($0.11 per share in 2006) as it looks to raise cash to fund its $500 million debt reduction commitment (2008-2010, in addition to the $357 million debt reduction it has earmarked for 2007) as well as its increasing capital spending program at Tampa Electric (customer growth, reliability upgrades and longer term, the possible construction of an IGCC facility). Use of proceeds coupled with free cash flow applied toward debt reduction could bring debt below 60% of total capitalization. TE has $550-$600 million of NOLs available to offset gains on the sale of TECO Transport.

2007 Earnings Drivers

We maintain our 2007 $1.00 EPS estimate based on the following key drivers:

- **Tampa Electric.** Modestly higher net income driven by customer growth of 2.5% (2.8% sales growth), AFUDC on the investment in the NO_x control projects that are under construction at the Big Bend Power Station and Environmental Cost Recovery Clause-related earnings on the first NO_x control project (May 2007), somewhat offset by higher O&M expenses (in line with inflation).
- **Peoples Gas.** Slightly lower net income with customer and sales growth more than offset by the higher O&M and depreciation expense (new rate approved January 2007).
- **TECO Coal.** Lower earnings (excluding synfuels) due to reduced production (3.3-3.8 million tons, excluding 5.7 million tons of synfuel, compared with 4.5 million tons, excluding 5.3 million tons of synfuel in 2006). Current coal market pricing has been weakened by high inventories (mild weather in 2006 and early 2007). Excluding synfuel, the average fully-loaded cash and pretax margins per ton unchanged from 2006 margins of about $10 and $6 per ton, respectively.
- **TECO Transport.** Higher net income reflecting rising oceangoing rates, utilization of tonnage tax qualified vessels, improved operating efficiencies and increased tonnage through the terminal in Louisiana.

- **TECO Guatemala.** Unchanged from 2006 level as lower interest expense is offset by lower transmission wheeling revenues.
- **Parent.** Lower interest expense reflecting the retirement of $100 million of preferred securities in December 2006 and $57 million of junior subordinated notes in January 2007. TE is on track to repay another $300 million of debt that matures in May 2007.

2006 Review

	4Q06	4Q05	2006	2005
Tampa Electric	$19.4	$23.6	$135.9	$147.1
Peoples Gas System	$7.0	$6.7	$29.7	$29.6
TECO Coal	$10.3	$9.2	$46.7	$33.0
TECO Transport	$7.8	$9.9	$22.8	$20.2
TECO Guatemala	$11.0	$7.0	$37.6	$40.4
Parent and Other	-$16.1	-$19.5	-$74.2	-$80.4
Adjusted Earnings	**$39.4**	**$36.9**	**$198.5**	**$189.9**
Synthetic Fuels	$9.0	$15.7	$32.1	$82.4
Net Income from Continuing Operations	$48.4	$52.6	$230.6	$272.3

Source: TECO Energy and BMO Capital Markets estimates.

Results by Sector

Tampa Electric's 2006 results -- $135.9 million versus $147.1 million -- reflect a 0.6% increase in retail sales and an 11.4% gain in off-system sales more than offset by higher O&M expense (additional spending on T&D system reliability and customer service enhancements). Customer growth of 2.8% was partially offset by mild weather (weather-normalized sales increased 1.8%) and 1% lower average residential energy usage (reflecting price elasticity as power prices increased to reflect higher fuel expenses as well as the increase in multi-family as opposed to single family units).

Peoples Gas System reported 2006 net income of $29.7 million compared to $29.6 million in 2005, reflecting a $2.2 million increase in O&M expenses (employee-related costs) and mild winter weather partially offset by 3.3% average customer growth, higher energy sales to residential customers, strong off-system sales and increased gas transported for power generation customers.

TECO Transport recorded 2006 net income of $22.8 million, a 13% increase over 2005 due to higher river barge rates and equipment utilization, improved oceangoing equipment utilization, lower repair costs (TECO Ocean Shipping), and higher Tampa Electric movements partially offset by higher fuel costs and lower tonnage for third-party customers.

TECO Coal earned $46.7 million in 2006 (ex. synthetic fuels) compared with $33 million in 2005, reflecting a 13% increase in prices partially offset by higher production costs (up 12%) as well as higher non-synfuel production in 2006 (4.5 million tons versus 3.3 million in 2005). Synfuel earnings totaled $32.1 million in 2006 and $82.4 million in 2005.

TECO Guatemala reported 2006 net income of $37.6 million compared to $40.4 million in 2005, driven by 4.3% customer growth at EEGSA (distribution utility), 3% higher generation at the San José Power Station, higher capacity payments at the Alborada Power Station, lower

insurance and interest expense, and relatively flat O&M expenses more than offset by a higher tax rate.

Parent/other costs totaled $74.2 million compared to $80.4 million in 2005, largely driven by pre-tax parent interest expense following debt redemption and refinancing actions initiated in mid-2005.

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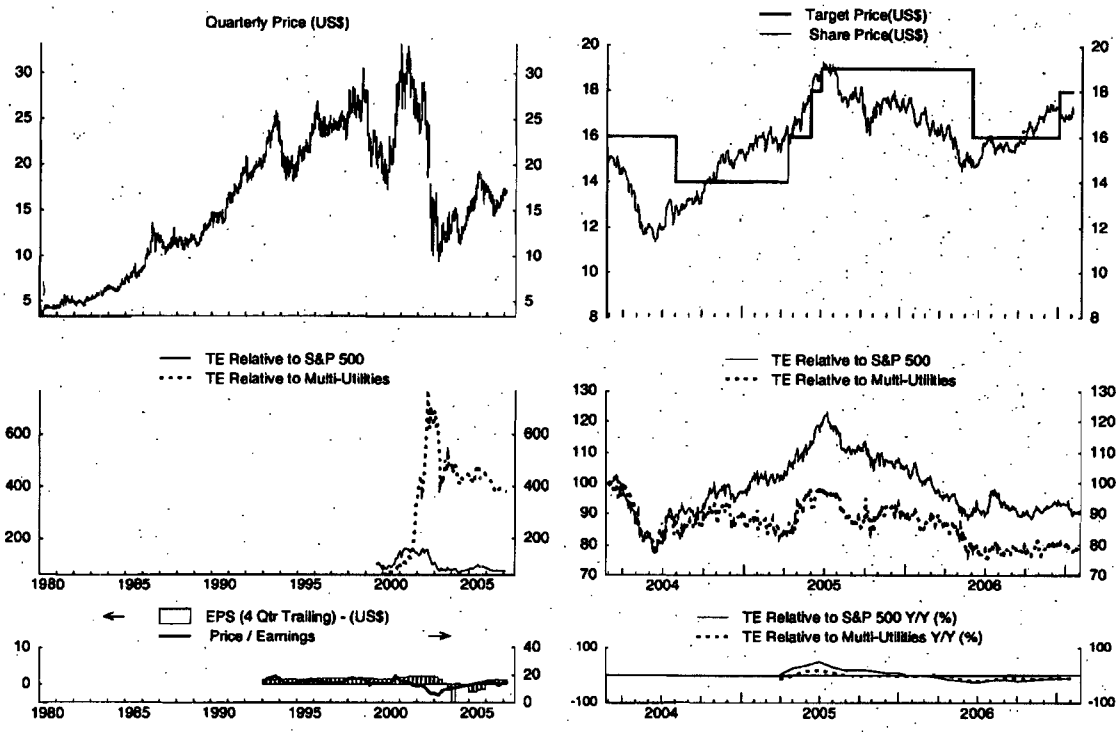
TECO ENERGY INC (TE)



TE - Rating as of 10-Feb-04 = Mkt

Last Daily Data Point: February 2, 2007

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BMO Capital Markets | U.S.

August 2, 2007

TECO Energy

(TE-NYSE)

Stock Rating: Market Perform
Industry Rating: Market Perform

Electric Utilities and Independent Power

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Sale of TECO Transport Impacted by Turmoil in the Debt Markets

Event

TE is continuing to negotiate with a short list of bidders for the sale of its TECO Transport subsidiary. However, it now appears that a sale is not likely to close in 3Q07 owing to the turmoil in the debt markets (and the related impact on private equity investors), although management still expects to sign a definitive contract during 3Q07.

Impact

Any potential proceeds from the sale of TECO Transport would be applied toward accelerating the reduction of $500 million of debt (by 2008 instead of 2010) and investment in its core electric utility business, including the proposed construction of an IGCC facility by 2013.

Forecasts

We maintain our 2007 and 2008 EPS estimates, which reflect some slowing in the Florida economy as well as current weakness in the coal markets (high inventory, low prices). Our 2007 estimate excludes any earnings from synfuel production.

Valuation

We expect TE shares to trade within a relatively narrow range pending the announcement of the sale of TECO Transport.

Recommendation

We reiterate our **MARKET PERFORM** rating on TE shares.

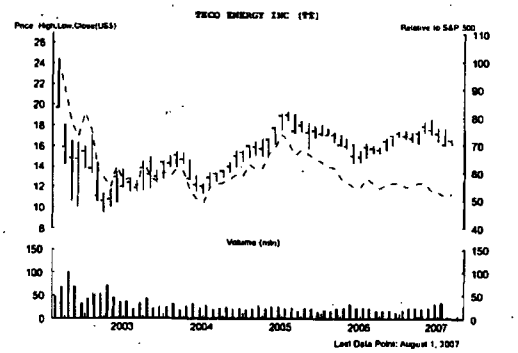
Securities Info

Price (2-Aug)	$16.60	Target Price	$18
52-Wk High/Low	$19/$15	Dividend	$0.78
Mkt Cap (mm)	$3,480	Yield	4.7%
Shs O/S (mm, BASIC)	209.6	Float O/S (mm)	206.6
Options O/S (mm)	6.4	ADVol (25-day, 000s)	1,604

Selected Bond Iss	Ind Prc	Rat'g Mdys/S&P	YTW	Spread
Teco Energy 5.125% '0	na	WR / NR		na
Teco Energy 7% '12	100	Ba1 /*+ / BB	7.08%	246bp

Bond data from Bloomberg.

Price Performance



Valuation/Financial Data

(FY-Dec.)	2005A	2006A	2007E	2008E
EPS Pro Forma	$0.83	$1.00	$1.00	$1.15
P/E			16.6x	14.4x
First Call Cons.			*$1.04*	*$1.13*
EPS GAAP	$1.33	$1.19	na	na
FCF	$1.02	$1.31	$1.65	$0.56
P/FCF			10.1x	29.6x
EBITDA ($mm)	$642	$767	$791	$851
EV/EBITDA			9.8x	9.1x
Rev. ($mm)	$3,010	$3,133	$3,220	$3,378
EV/Rev			2.4x	2.3x
FCF after Div. ($mm)	$54	$116	$188	-$42

Quarterly EPS	1Q	2Q	3Q	4Q
2006A	$0.22	$0.26	$0.31	$0.18
2007E	$0.20A	$0.25A	na	na

Balance Sheet Data (03/30/07)			
Net Debt ($mm)	$4,254	TotalDebt/EBITDA	5.5x
Total Debt ($mm)	$4,339	EBITDA/IntExp	2.7x
Net Debt/Cap.	78.1%	Price/Book	2.0x

Please refer to pages 6 to 8 for Disclosure Statements, including the Analyst's Certification.

Details & Analysis

TE is continuing to negotiate with a short list of bidders for the sale of its TECO Transport subsidiary. We were disappointed that a final agreement to sell its TECO Transport division appears to be delayed by the turmoil in the debt markets, but remain hopeful that a contract can be executed over the coming months. We believe the sale of this non-core subsidiary would allow TE to further narrow its focus on its remaining energy-related businesses. In particular, we look for utility subsidiary Tampa Electric to continue to grow through investment in infrastructure. Despite some slowing in the Florida economy, TE continues to see the need for new baseload generation by 2013 and has filed with the Florida Public Service Commission (FPSC) to build an IGCC facility to meet this need.

Proceeds from the sale of TECO Transport would be used to accelerate the retirement of $500 million of debt to 2007-2008 (from 2008-2010), as well as to help fund the company's significant capital budget ($4.1 billion 2007-2011, including a portion of the $2 billion IGCC facility expected to be in service in 2013). In addition, earlier this year, the company reduced debt by $357 million, with proceeds from other asset sales. We reiterate our **MARKET PERFORM** rating on TE shares.

Maintaining EPS estimates. We are making no change to our 2007 EPS estimate of $1.00 and 2008 of $1.15. The drivers remain largely unchanged from those outlined in our note dated February 6, 2007, although coal volumes are now expected to be at the low end of the targeted 9.0-9.5 million range (high inventories) and TECO Guatemala earnings are expected to be above 2006 levels (previously expected to be flat) driven by customer growth, wheeling revenues and lower operating expenses. Our estimates include earnings of about $0.13 per share from TECO Transport.

Our 2007 estimate is within the company's $0.97-$1.07 target; management indicated that unfavorable weather in the first half of the year has made it increasingly unlikely that the high end of guidance can be achieved.

Key Drivers for 2007 EPS:

- Tampa Electric – 2% customer growth (previously estimated at 2.5%), higher AFUDC, and environmental recovery revenues related to its first NOx control project that entered service in May.
- Peoples Gas -- sales growth offset by higher O&M and depreciation expense.
- TECO Coal -- total sales volumes below 2006 due to soft market conditions (about 9 million tons compared with 9.8 million tons in 2006) and average per-ton margins similar to 2006 levels.
- TECO Transport -- higher rates and improved operating efficiencies. Our estimate includes depreciation, which is now excluded from reported net income since TECO Transport was reclassified as held for sale. TECO Transport will continue to be included in continuing operations until sold.

- TECO Guatemala -- 2007 earnings are now expected to be above 2006 levels given the strong year-to-date performance.
- Costs at the TECO Energy parent level are expected to decline due to debt retirement partially offset by lower investment income due to lower cash balances.

Longer term, in addition to interest expense savings related to the aforementioned debt reduction, TE expects to grow its bottom line (and offset the loss of TECO Transport earnings) through incremental infrastructure investment at Tampa Electric (reliability upgrades and new generation, including the possible construction of an IGCC facility).

Seeking to Build an IGCC Facility

On July 20, 2007, Tampa Electric filed a petition with the FPSC to demonstrate the company's need to build the proposed 632 Mw Polk Unit 6, an Integrated Coal Gasification Combined Cycle (IGCC) facility. The new unit would be located on the site of its existing Polk Power Station in Polk County, Florida. The FPSC is expected to hold a hearing in October 2007 and issue a decision thereafter.

If approved, Polk 6 would be expected to begin commercial operation by 2013. The company currently estimates the cost for Polk 6 to be approximately $2 billion (revised from its prior estimate of $1.5 billion), or about $3,165/kw, which includes an estimated $1.6 billion for engineering, procurement and construction, with approximately $400 million in additional related costs, including transmission infrastructure, environmental permitting, and project management. Tampa Electric was awarded $133.5 million in IRS clean coal tax credits in November 2006 for Polk 6.

Polk 6 will be designed with the capability to use biomass as a fuel (successfully tested at Polk 1) as well as pet coke. Tampa Electric was the first utility in the U.S. to commercialize IGCC technology in partnership with the Department of Energy's clean coal technology program by developing Polk 1 in 1996.

Second-Quarter Review

TECO Energy reported adjusted (excluding synfuels) 2Q07 earnings of $53.1 million ($0.25 per share) compared to $53 million ($0.26) in 2Q07.

	2Q07	2Q06
Tampa Electric	$34.7	$37.1
Peoples Gas System	$5.4	$5.9
TECO Coal	$9.8	$14.1
TECO Transport	$6.0	$5.8
TECO Guatemala	$12.8	$8.7
Parent and Other	-$15.6	-$18.6
Adjusted EPS	**$53.1**	**$53.0**
Synthetic Fuels	$11.0	-$0.7
Net Income from Continuing Operations	$64.1	$52.3
Shares Outstanding	208.9	207.7
Adjusted EPS	**$0.25**	**$0.26**

Source: TECO Energy

Results by Sector

Tampa Electric's 2Q07 results totaled $34.7 million compared with $37.1 million for 2Q06. Factors (after-tax) driving 2Q07 performance include the following:

- $1.1 million of AFUDC (installation of NOx pollution control equipment) compared to $400,000 in 2Q06.
- $1.1 million increase in interest expense (higher levels of long-term debt outstanding).
- O&M expense increased $800,000 (higher employee-related costs partially offset by lower planned outage requirements).
- Retail energy sales decreased 1.4% due to mild weather and changes in residential customers' consumption patterns (price elasticity). Total heating/cooling degree-days for the Tampa area in 2Q07 were 4% below normal (2% below 2Q06).
- $400,000 benefit for the wholesale component of the sale of SO2 emissions credits sold in 2Q07 compared to a $1.4 million benefit in 2Q06. In 2Q07, Tampa Electric sold approximately $17 million of excess SO2 emissions credits; only the wholesale component benefits earnings, the remainder is passed through to retail customers.

Peoples Gas System's net income -- $5.4 million for 2Q07 compared to $5.9 million – reflects lower off-system sales and volumes transported for industrial customers (due to the slowdown in the Florida construction market), which more than offset average customer growth of 2.1%, higher sales to retail customers and higher gas transportation volumes for power generation customers. Results also reflect higher non-fuel O&M and depreciation expense.

TECO Coal earned 2Q07 adjusted net income of $9.8 million compared to $14.1 million in 2Q06. Sales in 2Q07 totaled 2.2 million tons, including 1.5 million tons of synthetic fuel, compared to 2.4 million tons, including 1.5 million tons of synthetic fuel, in 2Q06. Year-over-year comparisons reflect a 3% lower average net selling price per ton across all products (more heavily weighted to lower priced steam coal); and planned reductions in production due to weaker market conditions and continued high inventories at customers' facilities.

Results exclude a $11.0 million benefit related to synthetic fuel production in 2007 and the $700,000 net cost from synthetic fuel in 2006.

TECO Transport reported adjusted 2Q07 net income of $6 million compared with $5.8 million a year earlier. Adjusted earnings in 2007 include $3.6 million of after-tax depreciation that was excluded from reported net income due to the reclassification of its assets to "held for sale."

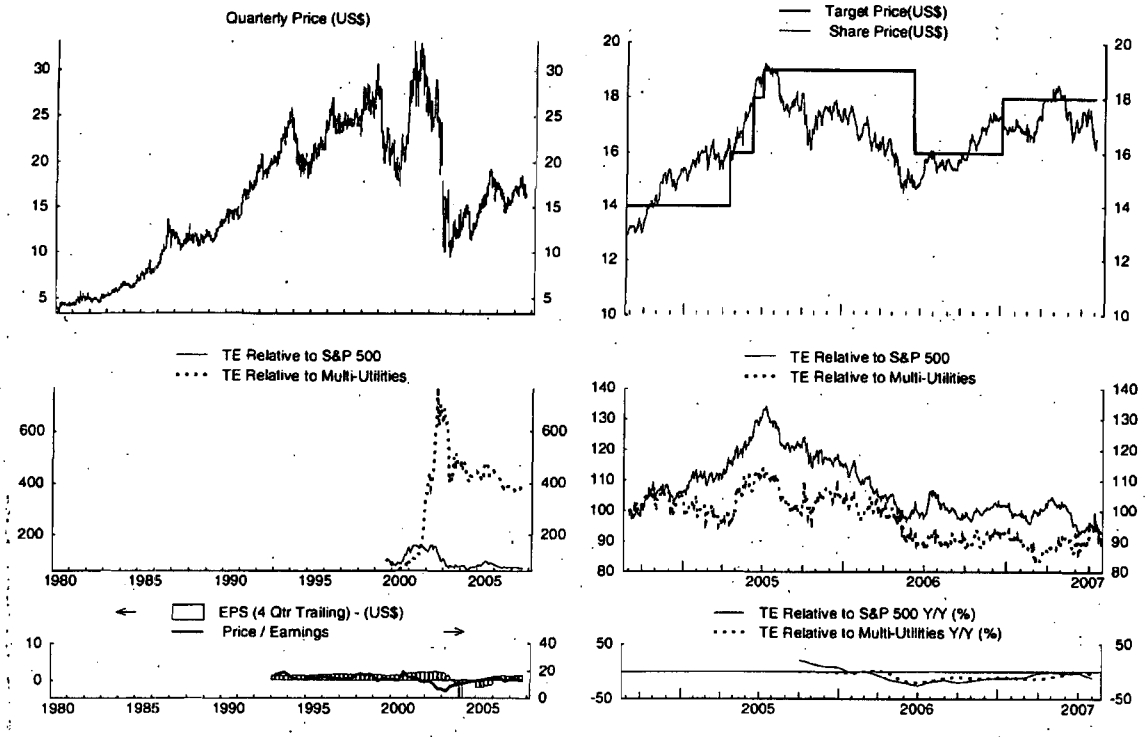
Results in 2Q07 reflect continued strength in river barge utilization and increased third-party volumes at TECO Bulk Terminal, partially offset by lower Tampa Electric and phosphate product movements. Results also reflect higher employee-related costs and the negative impact of the timing and duration of a planned shipyard period for a tonnage tax qualified vessel.

TECO Guatemala reported 2Q07 net income of $12.8 million compared to $8.7 million in 2Q06. Results reflect higher wheeling revenues, customer growth and higher energy sales, cost control and lower operating expenses at EEGSA and affiliated companies. The San José Power

Station had 7% higher contract energy sales and spot energy sales increased 11%. The Alborada Power Station benefited from lower property insurance expense and higher capacity payments as scheduled under its contract. Interest expense decreased due to lower interest rates and lower project-debt balances and interest income increased on higher cash balances.

Parent/other adjusted costs totaled $15.6 million, an improvement from $18.6 million in 2Q06 reflecting parent debt retirement.

TECO ENERGY INC (TE)



TE - Rating as of 10-Feb-04 = Mkt

Last Daily Data Point: August 1, 2007

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Methodology and Risks to Our Price Target

Methodology: Our valuation is based on a combination of our DCF analysis and current industry P/E multiples.

Risks: A material decline in power prices and / or a change in the regulatory environment could affect our price target.

Breakdown of Rating Distribution and Banking Clients

(As of June 29, 2007)	Buy	Hold	Sell	Unrated
% of total BMO Capital Markets Corp. coverage within rating category	30.6%	61.1%	7.4%	0.9%
% of stocks within rating category for which the Firm provided banking services over the past 12 months	18.4%	7.8%	4.0%	0.0%

BMO Capital Markets Corp. Rating System
OP = Outperform: We believe the stock's total return, including dividends, will exceed the S&P 500's return by more than 15%.
Mkt = Market Perform: We believe the stock's total return will generally match that of the S&P 500.
Und = Underperform: We believe the stock's total return will fall short of the S&P 500's return by more than 15%.
NR = Not rated.
(R) = Restricted: Dissemination of research is currently restricted.

In addition, apart from our stock ratings, we apply the Speculative investment (S) postscript to those companies that have de minimis revenue and whose enterprise value appears to be contingent upon unprovable assumptions (e.g., the future approval of a drug or the successful completion of an oil well).

SECTOR RATINGS
OUTPERFORM - We believe the sector will outperform the S&P 500 Index.
MARKET PERFORM – We believe the sector's return will generally match that of the S&P 500.
UNDERPERFORM - We believe the sector will underperform the S&P 500 Index.

Prior BMO Capital Markets Corp. Rating System (prior to June 19, 2006)
Our rating system prior to June 19, 2006, compared a stock's expected performance with that of an index of comparable companies over a 9-15 month horizon. Our sector ratings were based on the expected performance of the sector compared with that of a broader market index over the same time period. Additionally, before June 19, 2006, we did not use the (S)-Speculative postscript.

PRIOR STOCK RATINGS
OUTPERFORM - We believe the stock's total return, including dividends, will exceed the group average by over 15%.
NEUTRAL - We believe the stock's total return will generally match the group average.
UNDERPERFORM - We believe the stock's total return will fall short of the group average by more than 15%.

PRIOR SECTOR RATINGS
POSITIVE - We believe the sector will outperform the S&P 500 Index.
NEGATIVE - We believe the sector will underperform the S&P 500 Index.

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Monday, October 29, 2007

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December 4, 2007
BMO Capital Markets
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TECO Energy (Market Perform)

(TE-NYSE)

Agreement to Sell TECO Transport

Flash: TECO Energy announced that it has agreed to sell TECO Transport to an investment group led by an affiliate of Greenstreet Equity Partners L.P., a Miami-based private equity firm, for $405 million in cash. Net proceeds are expected to be about $370-$380 million and are to be used to accelerate the retirement of $500 million of debt to 2007-2008 (from 2008-2010).

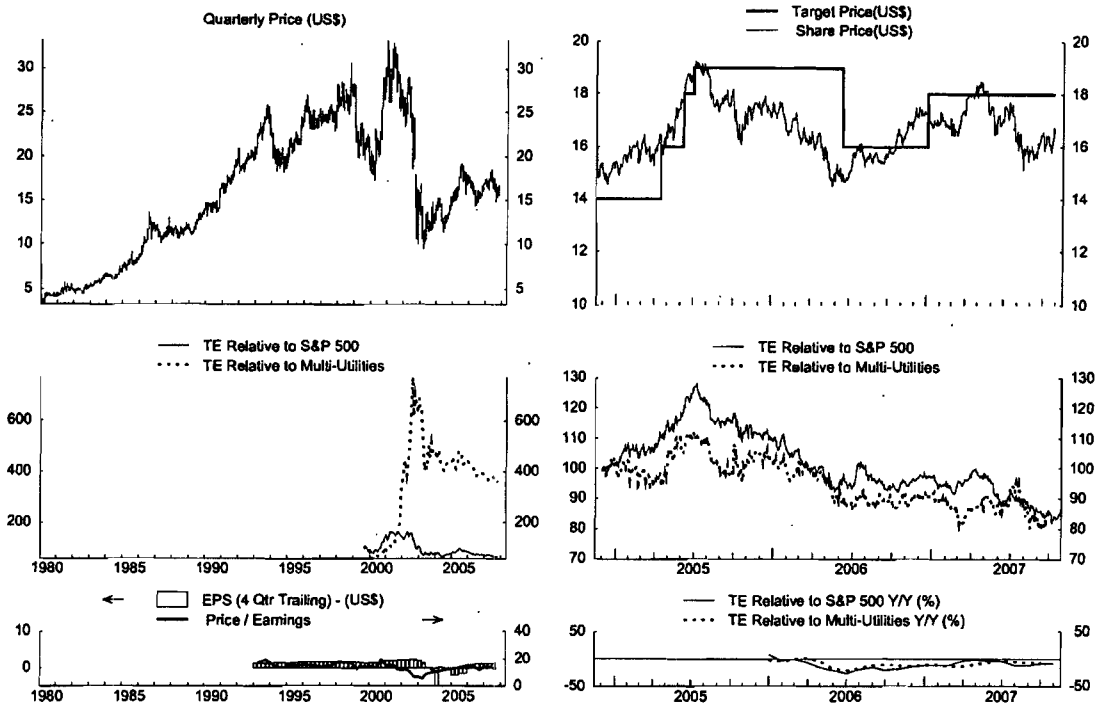
Our View:

* We regard the sale of TECO Transport as a positive for TE, allowing the company to improve its balance sheet while sharpening its focus on its remaining core businesses, particularly infrastructure investment at its primary subsidiary, Tampa Electric.
* The sale is expected to close by year-end 2007.
* The transaction valuation was in line with our expectations, and we are making no change to our earnings estimates.
* We reiterate our MARKET PERFORM rating on TE shares.

Company:	TECO Energy (TE)
Price/Rating/Target:	$16.74/Market Perform/$18.00
Sector Name:	Electric Utilities and Independent Power
Analyst:	Michael S. Worms 212-885-4031
Email:	michael.worms@bmo.com
Associate:	Barbara Coletti 203-746-9312
Email:	barbara.coletti@bmo.com

Please refer to pages 2 to 5 for Disclosure Statements, including the Analyst's Certification.

TECO ENERGY INC (TE)



TE - Rating as of 10-Feb-04 = Mkt

Last Daily Data Point: October 26, 2007

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Methodology and Risks to Our Price Target

Methodology: Our valuation is based on a combination of our DCF analysis and current industry P/E multiples.

Risks: A material decline in power prices and / or a change in the regulatory environment could affect our price target.

Breakdown of Rating Distribution and Banking Clients

(As of September 28, 2007)	Buy	Hold	Sell	Unrated
% of total BMO Capital Markets Corp. coverage within rating category	34.1%	61.8%	4.1%	0.0%
% of stocks within rating category for which the Firm provided banking services over the past 12 months	13.7%	7.1%	0.0%	0.0%

BMO Capital Markets Corp. Rating System
OP = Outperform: We believe the stock's total return, including dividends, will exceed the S&P 500's return by more than 15%.
Mkt = Market Perform: We believe the stock's total return will generally match that of the S&P 500.

Und = Underperform: We believe the stock's total return will fall short of the S&P 500's return by more than 15%.
NR = Not rated.
(R) = Restricted: Dissemination of research is currently restricted.

In addition, apart from our stock ratings, we apply the Speculative investment (S) postscript to those companies that have de minimis revenue and whose enterprise value appears to be contingent upon unprovable assumptions (e.g., the future approval of a drug or the successful completion of an oil well).

SECTOR RATINGS
OUTPERFORM - We believe the sector will outperform the S&P 500 Index.
MARKET PERFORM – We believe the sector's return will generally match that of the S&P 500.
UNDERPERFORM - We believe the sector will underperform the S&P 500 Index.

Prior BMO Capital Markets Corp. Rating System (prior to June 19, 2006)
Our rating system prior to June 19, 2006, compared a stock's expected performance with that of an index of comparable companies over a 9-15 month horizon. Our sector ratings were based on the expected performance of the sector compared with that of a broader market index over the same time period. Additionally, before June 19, 2006, we did not use the (S)-Speculative postscript.

PRIOR STOCK RATINGS
OUTPERFORM - We believe the stock's total return, including dividends, will exceed the group average by over 15%.
NEUTRAL - We believe the stock's total return will generally match the group average.
UNDERPERFORM - We believe the stock's total return will fall short of the group average by more than 15%.

PRIOR SECTOR RATINGS
POSITIVE - We believe the sector will outperform the S&P 500 Index.
NEGATIVE - We believe the sector will underperform the S&P 500 Index.

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

CREDIT SUISSE

29 October 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

TECO Energy (TE)

BUSINESS DISPOSAL

Rating	OUTPERFORM*
Price (26 Oct 07)	16.74 (US$)
Target price (12M)	18.50 (US$)
52 week high - low	18.50 - 15.13
Market cap. (US$ m)	3,499.3
Enterprise value (US$ m)	10,355.6

** Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*

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Transport Sale Announced

TECO announced the sale of its Transport business for $405MM in cash ($370–380MM net proceeds after tax) to Greenstreet Equity Partners, **consistent with our estimate. Management expects the deal to close before year end.** The sale equates to 15.3X 2006 EPS AND 6.2X 2006 EBITDA.

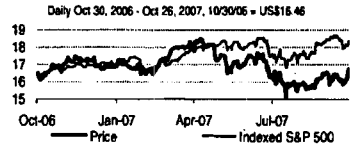
While the market was expecting a higher number, we believe the sale is a positive affirmation of TECO's existing strategy. Over the short term we expect TECO to use the cash to pay down debt; longer term we expect TECO to use the cash to help fund strong regulated utility growth.

We remain attracted to the TECO story and are glad to see management eliminate what has turned into an overhang on the stock, with the transport sale slower to complete given challenging credit markets.

Tampa Electric will need new generation with load growth at 150MW / year combined with a 300MW supply contract rolling off. We continue to assume TECO will build a 600MW CCGT plant with a mid 2011 in service date to help fulfill load obligations and see an announcement by management as the next catalyst for TECO.

We look forward to an update on management's plans to meet utility growth at EEI in addition to color on the coal business with international met coal prices soaring (40% of volumes). TECO reports Q3 November 2 before the market opens. **Maintain Outperform.**

Share price performance



On 10/26/07 the S&P 500 index closed at 1,535.28.

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.21	0.25	0.37	0.17
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.00	0.97
Prev. EPS (US$)			
P/E (x)	17.4	16.7	17.3
P/E rel. (%)	104.2	108.4	125.0
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	851.7	813.8
OCFPS (US$)	2.72	3.49	2.71
P/OCF (x)	6.3	4.8	6.2
EV/EBITDA (current)	8.3	7.6	8.2
Net debt (12/06A, US$ m)	3,458.4	2,989.2	3,125.7
ROIC	—	—	—

Number of shares (m)	209	IC (current, US$ m)	—
BV/share (current, US$)	8.88	EV/IC (x)	—
Net debt (current, US$ m)	3,357.1	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	61.8%	Dividend yield	4.5%

Source: Company data, Credit Suisse estimates.

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Companies Mentioned *(Price as of 26 Oct 07)*
TECO Energy (TE, $16.74, OUTPERFORM, TP $18.50, UNDERWEIGHT)

Disclosure Appendix

Important Global Disclosures

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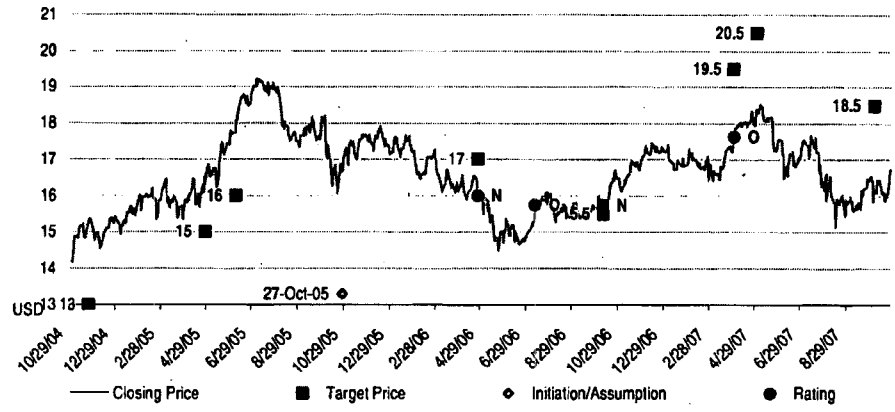
See the Companies Mentioned section for full company names.

3-Year Price, Target Price and Rating Change History Chart for TE



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

TE Date	Closing Price Price (US$)	Target Price Price (US$)	Rating	Initiation/ Assumption
11/24/04	15.33	13		
4/28/05	16.31	15		
6/8/05	18.06	16		
10/27/05				X
4/26/06	15.99	17	NEUTRAL	
7/11/06	15.74		OUTPERFORM	
10/10/06	15.74	15.5	NEUTRAL	
4/2/07	17.63	19.5	OUTPERFORM	
5/2/07	18.38	20.5		
10/5/07	16.13	18.5		

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Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.
Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.
**An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.*
***The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.*

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Price Target: (12 months) for (TE)
Method: We reach our $18.50 target price on Teco Energy using EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiples, P/E (price/earnings) multiples, and a traditional discounted cash flow analysis. On our discounted cash flow, we use a 7.0% discount rate (modestly above the broader Utility average of 6.9%) and 7.0x terminal EBITDA multiple, supported by our sum-of-the parts analysis, using 8.0x Utility EBITDA, 7.0x Coal EBITDA, and 7.0x Guatemala EBITDA and 15.5x Utility EPS, 14.0x Coal EPS, and 14.0x Guatemala EPS.
Risks: Risks to our $18.50 target price on Teco Energy include: (1) uncertainty surrounding synfuel contribution (2) coal price assumptions - every $5 move in spot steam coal prices impacts out year earnings potential by ~6% (3) legislative approval of cash recovery on newbuild generation (4) regulatory changes in Florida

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29 October 2007
Americas/United States
Equity Research

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

07 February 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

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TECO Energy (TE)

COMPANY UPDATE

Rating	NEUTRAL*
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Target price (12M)	15.50 (US$)
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Lowering '08 on Coal

TE's Q406 recurring earnings ex. synfuel were $0.18 vs. our $0.16. Stronger than expected results came from Transport, Guatemala and lower Holdco interest expense, with regulated electric and gas results inline. Coal results ex. synfuel came in a little weaker than expected on higher production costs.

Management initiated '07 guidance ex. synfuels at $0.97-1.07 (we're at $1.02) with growth driven by Tampa Electric, Transport, and lower parent interest expense partially offset by lower Peoples Gas results and lower coal. In addition, **TE has hedged ~$0.33 from synfuels at a cost of $37MM.**

Consistent with adjustments we made in the fall, TE lowered coal guidance by $0.10 and withdrew its prior $1.23 or better target (implying $1.13). TE does not plan to give '08 guidance until this time next year.

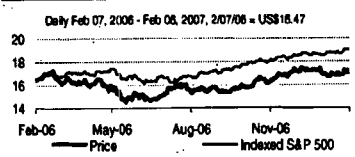
Most of the coal reduction stems from lower production (9-9.5MM tons in '07 vs. 10.5-11.0MM target prior) **in response to high utility inventory levels.** TE's margins and costs are largely consistent with '06, suggesting good price support in '07. TE has contracted 86% of '07 coal (14% remainder to go to European met coal markets) and has contracted ~45% of '08. **TE plans to hedge the rest of '08 in H2'07**, accounting for remainder of the $0.10 decline.

TE is looking into the sale of Transport given asset demand with a deal possibly in the next 6 months. Proceeds will be used to pay down Holdco debt and support higher capex at Tampa Electric. **TE will be able to use its $550–600 MM NOL balance to absorb any taxes from a gain on sale.**

TE is raising its capex budget at Tampa Electric (details to come in '06 10-K) to fund storm hardening projects, transmission reliability, and a proposed 600 MW 2-unit IGCC plant to be online in '13. **Tampa has not filed a rate case since 1992, so the higher budget many require a case in coming years.**

Our updated '07-'09 EPS estimates are $1.02, $1.09, and $1.23.

Share price performance



On 02/06/07 the S&P 500 index closed at 1,448.00

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.22	0.26	0.35	0.20
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.02	1.09
Prev. EPS (US$)			1.10
P/E (x)	17.6	16.6	15.6
P/E rel. (%)	112.1	116.2	117.3
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	884.0	863.8
OCFPS (US$)	2.72	3.04	2.84
P/OCF (x)	6.3	5.6	6.0
EV/EBITDA (current)	8.4	7.8	7.9
Net debt (12/06A, US$ m)	3,458.4	3,327.3	3,273.0
ROIC	—	—	—

Number of shares (m)	209	IC (current, US$ m)	—
BV/share (current, US$)	8.28	EV/IC (x)	—
Net debt (current, US$ m)	3,458.4	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	61.4%	Dividend yield	4.5%

Source: Company data, Credit Suisse estimates

IMPORTANT DISCLOSURES, ANALYST CERTIFICATIONS AND INFORMATION ON TRADE ALERTS AND ANALYST MODEL PORTFOLIOS ARE IN THE DISCLOSURE APPENDIX. U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Customers of Credit Suisse in the United States can receive independent, third party research on the company or companies covered in this report, at no cost to them, where such research is available. Customers can access this independent research at www.credit-suisse.com/ir or call 1 877 291 2683 or email equity.research@credit-suisse.com to request a copy of this research.

Exhibit 1: TE Income Statement

($ millions, except per share data)	2004A	2005A	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E
Net Revenues	2,669.1	3,010.1	3,448.1								
Fuel, Purc. Power & Gas	(1,193.4)	(1,351.3)	(1,684.0)								
Gross Margin	1,475.7	1,658.8	1,764.1	439.7	450.5	476.2	444.2	1,810.6	1,890.2	1,995.8	2,102.2
O&M & Other	(736.0)	(826.9)	(862.7)	(213.7)	(219.1)	(216.5)	(251.2)	(900.5)	(891.9)	(959.5)	(1,032.4)
DD&A	(282.3)	(282.2)	(282.2)	(72.3)	(72.7)	(72.9)	(74.1)	(292.1)	(296.3)	(300.1)	(304.1)
Taxes other than Income Taxes	(185.0)	(194.7)	(217.5)	(56.0)	(56.5)	(58.9)	(34.0)	(205.4)	(210.7)	(216.2)	(221.8)
Operating Income	272.4	355.1	401.7	97.7	102.2	127.8	84.9	412.6	491.4	520.1	543.9
Other Income (inc. equity earnings)	162.3	231.7	153.8	42.6	45.4	47.0	44.4	179.3	76.1	77.4	78.6
Net Interest Expense	(321.6)	(291.4)	(278.3)	(59.2)	(59.1)	(58.7)	(59.2)	(236.3)	(216.7)	(202.1)	(192.5)
	8.2%	*8.1%*	*8.0%*	*6.8%*	*6.9%*	*6.9%*	*7.1%*	*7.1%*	*6.6%*	*6.4%*	*6.4%*
Pre-tax Income	113.1	295.3	277.2	81.1	88.4	116.1	70.0	355.7	350.9	395.4	430.0
Income Tax	(41.4)	(127.7)	(113.3)	(36.4)	(36.3)	(44.1)	(30.5)	(147.2)	(124.2)	(139.9)	(152.2)
Tax Rate	*36.6%*	*43.3%*	*40.9%*	*44.8%*	*41.0%*	*38.0%*	*43.6%*	*41.4%*	*35.4%*	*35.4%*	*35.4%*
Minority Interests	79.5	87.1	69.6	18.9	18.9	18.9	18.9	75.6	0.0	0.0	0.0
Recurring Net Income	151.2	254.7	233.5	63.6	71.1	90.9	58.4	284.0	226.7	255.4	277.7
GAAP Net Income	(541.0)	254.7	233.5	63.6	71.1	90.9	58.4	284.0	226.7	255.4	277.7
Recurring EPS	0.78	1.23	1.12	0.30	0.34	0.44	0.28	1.36	1.09	1.23	1.34
Diluted Shares Outstanding	192.6	207.9	208.8	209.3	209.0	208.8	208.6	208.9	207.8	207.3	206.7
Recurring EPS ex. Synfuels		0.79	0.96	0.22	0.26	0.35	0.20	1.02	1.09	1.23	1.34
Growth			*22%*	*-4%*	*1%*	*15%*	*11%*	*6%*	*7%*	*13%*	*9%*
Price			16.13	16.00	16.29	16.16	16.45	16.22	17.11	17.79	18.51
Dividend per Common Share	0.76	0.76	0.76	0.19	0.19	0.19	0.19	0.76	0.76	0.76	0.76
EBITDA	717.0	868.9	837.7	212.6	220.2	247.8	203.4	884.0	863.8	897.5	926.6
CFPS	2.25	2.58	2.47	0.65	0.69	0.78	0.64	2.76	2.52	2.68	2.81
Synfuel Earnings	0.51	0.43	0.15	0.08	0.08	0.08	0.08	0.34			
Earnings ex Synfuels	0.27	0.79	0.96	0.22	0.26	0.35	0.20	1.02			

Source: Company data, Credit Suisse estimates.

Exhibit 2: TE Cash Flow Statement

BALANCE SHEET	2004A	2005A	2006A	2007	2007E	2008E	2009E	2007E	2008E	2009E	2010E
Cash & Cash Equivalents	96.7	345.7	441.6	401.6	361.6	321.6	281.6	281.6	341.6	341.6	341.6
Restricted Cash	57.1	37.6	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3
Accounts Receivable	286.6	323.3	338.3	334.8	336.2	374.8	348.0	349.0	378.0	399.2	420.4
Inventory	120.8	153.9	159.6	154.6	165.5	167.3	164.6	164.6	189.0	199.6	210.2
Other	176.2	411.7	308.9	308.9	308.9	308.9	308.9	308.9	308.9	308.9	308.9
Total Current Assets	737.6	1,272.1	1,285.7	1,237.2	1,209.5	1,209.9	1,141.4	1,141.4	1,254.9	1,286.5	1,318.5
Net PP&E	4,857.9	4,566.9	4,766.9	4,796.1	4,824.9	4,853.4	4,880.8	4,880.8	4,952.3	5,031.1	5,117.3
Other Investments	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Investments in unconsol. affiliates	263.0	297.1	292.9	292.9	292.9	292.9	292.9	292.9	292.9	292.9	292.9
Goodwill	59.4	59.3	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4
Deferred income taxes	1,379.1	735.7	630.2	595.4	561.0	519.2	490.1	490.1	373.0	240.9	97.3
Regulatory assets	200.9	101.1	231.3	231.3	231.3	231.3	231.3	231.3	231.3	231.3	231.3
Deferred charges & Other	111.5	117.0	87.3	87.3	87.3	87.3	87.3	87.3	87.3	87.3	87.3
Intangible assets	2,059.1	12.9	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Other assets	4,081.0	1,331.1	1,309.2	1,274.4	1,240.0	1,198.2	1,169.1	1,169.1	1,052.0	919.9	776.3
Total Assets	9,476.5	7,170.1	7,361.8	7,307.7	7,274.3	7,261.5	7,191.3	7,191.3	7,259.1	7,237.6	7,212.0
Recourse	5.5	5.9	638.1	638.1	638.1	638.1	638.1	638.1	638.1	638.1	638.1
Non-recourse	8.1	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
ST debt	13.6	7.2	639.4	639.4	639.4	639.4	639.4	639.4	639.4	639.4	639.4
Notes Payable	115.0	215.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0
Accounts payable	257.8	354.7	326.5	272.0	296.1	308.2	336.8	336.8	340.2	359.2	378.4
Current derivative liability	11.5	0.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3
Customer deposits	105.8	115.2	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5
Accrued interest	50.6	50.0	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5
Taxes accrued	36.3	34.9	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3
Assets held for sale & Other	1,631.8	148.6	60.9	60.9	60.9	60.9	60.9	60.9	60.9	60.9	60.9
Total Current Liabilities	2,222.4	925.9	1,350.4	1,295.9	1,320.0	1,332.1	1,360.7	1,360.7	1,364.1	1,383.1	1,402.3
Deferred Income Taxes	504.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment tax credit	20.0	17.3	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Regulatory Liabilities	539.0	543.1	555.3	555.3	555.3	555.3	555.3	555.3	555.3	555.3	555.3
Deferred credits & Other	1,024.2	383.9	499.8	499.8	499.8	499.8	499.8	499.8	499.8	499.8	499.8
Total Other Liabilities	2,087.3	944.3	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8
Recourse	3,866.6	3,519.8	3,202.2	3,182.5	3,097.3	3,025.0	2,911.1	2,911.1	2,916.8	2,768.3	2,632.9
Non-recourse	13.4	11.7	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Pref. Securities/Junior subord.	0.0	177.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	3,880.0	3,709.2	3,212.6	3,192.9	3,107.7	3,035.4	2,921.5	2,921.5	2,927.2	2,798.7	2,643.3
Preferred Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	2.9	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock	199.7	0.0	209.5	205.6	202.0	198.3	194.5	194.5	184.5	174.5	164.5
Additional Paid-in Capital	1,489.4	1,601.0	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3
Retained earnings	(357.6)	0.0	83.7	107.8	138.9	190.2	209.0	209.0	277.7	375.6	496.3
AOCI	(43.8)	0.0	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)
Unearned compensation	(3.8)	(9.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholders' Equity	1,283.9	1,591.7	1,729.0	1,749.1	1,776.7	1,824.2	1,839.3	1,839.3	1,898.0	1,985.9	2,096.6
Total Liab. & Equity	9,476.5	7,170.1	7,361.8	7,307.7	7,274.3	7,261.5	7,191.3	7,191.3	7,259.1	7,237.6	7,212.0

Source: Company data, Credit Suisse estimates

Exhibit 3: TE Balance Sheet

CASH FLOW STATEMENT	2004A	2005A	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	TIDE
Net Income	(552.0)	274.5	246.3	63.6	71.1	90.9	58.4	284.0	226.7	255.4	277.7
D&A	289.6	282.2	282.2	72.3	72.7	72.9	74.1	292.1	296.3	300.1	304.1
Deferred Income Taxes	(355.3)	110.8	112.3	34.8	34.5	41.8	29.1	140.1	117.1	132.0	143.6
Minority loss	(79.5)	(87.2)	(69.6)	(18.9)	(18.9)	(18.9)	(18.9)	(75.6)	0.0	0.0	0.0
Changes to Working Capital	66.6	22.1	(27.2)	(46.0)	11.9	(28.4)	57.1	(5.4)	(50.0)	(12.7)	(12.8)
Other	770.2	(428.5)	23.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Cash Flow	**139.6**	**173.9**	**567.4**	**105.8**	**171.3**	**158.3**	**199.8**	**635.2**	**590.1**	**674.9**	**712.7**
Capex	(273.2)	(295.3)	(455.7)	(127.6)	(127.6)	(127.6)	(127.6)	(510.3)	(367.9)	(378.9)	(390.3)
AFDUC	1.0	0.0	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchases of Business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Business/Assets	349.5	278.3	100.4	26.1	26.1	26.1	26.1	104.4	0.0	0.0	0.0
Investments	0.0	2.8	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	13.1	51.7	(7.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**90.4**	**37.5**	**(352.2)**	**(101.5)**	**(101.5)**	**(101.5)**	**(101.5)**	**(405.9)**	**(367.9)**	**(378.9)**	**(390.3)**
Issuance of Common Stock	10.2	196.4	12.5	(3.8)	(3.8)	(3.8)	(3.8)	(15.0)	(10.0)	(10.0)	(10.0)
Purchase of Treasury Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from LT Debt	0.0	311.9	327.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of LT Debt	(225.0)	(494.0)	(199.3)	(19.7)	(85.2)	(72.3)	(113.9)	(291.1)	5.7	(128.5)	(155.4)
Net Increase in ST Debt	77.5	100.0	(167.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Issuance of Redeemable Pref.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity Contract Adj. Payments	(17.4)	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(145.2)	(157.8)	(158.7)	(39.8)	(39.7)	(39.7)	(39.6)	(158.8)	(157.9)	(157.5)	(157.1)
Minority Interest	76.1	83.1	65.7	18.9	18.9	18.9	18.9	75.6	0.0	0.0	0.0
Other	(17.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	**(241.5)**	**37.6**	**(119.3)**	**(44.3)**	**(109.8)**	**(96.9)**	**(138.4)**	**(389.3)**	**(162.3)**	**(296.0)**	**(322.5)**
Change in Cash	**(11.5)**	**248.9**	**95.9**	**(40.0)**	**(40.0)**	**(40.0)**	**(40.0)**	**(160.0)**	**60.0**	**0.0**	**0.0**
Beginning Cash	108.2	96.7	345.7	441.6	401.6	361.6	321.6	441.6	281.6	341.6	341.6
Ending Cash	**96.7**	**345.7**	**441.6**	**401.6**	**361.6**	**321.6**	**281.6**	**281.6**	**341.6**	**341.6**	**341.6**

Source: Company data, Credit Suisse estimates

Companies Mentioned *(Price as of 06 Feb 07)*
TECO Energy (TE, $16.98, NEUTRAL, TP $15.50, UNDERWEIGHT)

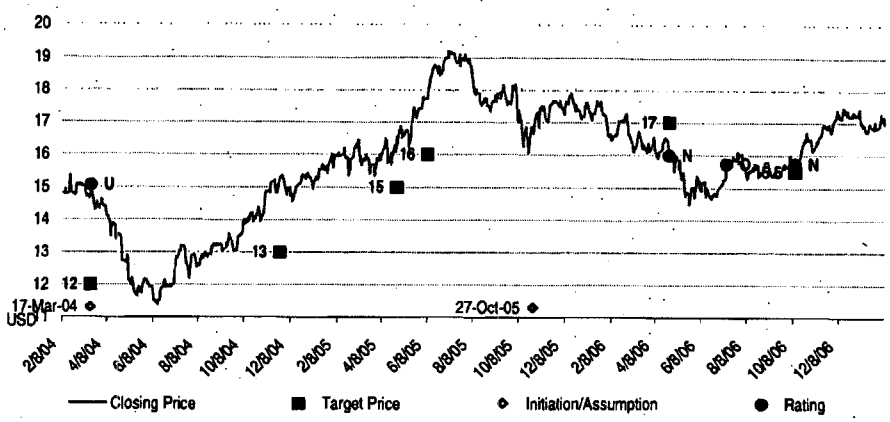
Disclosure Appendix

Important Global Disclosures

I, Dan Eggers, CFA, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

See the Companies Mentioned section for full company names.

3-Year Price, Target Price and Rating Change History Chart for TE



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

TE Date	Closing Price Price (US$)	Target Price Price (US$)	Rating	Initiation/ Assumption
3/17/04	15.06	12	UNDERPERFORM	X
11/24/04	15.33	13		
4/28/05	16.31	15		
6/8/05	18.06	16		
10/27/05				X
4/26/06	15.99	17	NEUTRAL	
7/11/06	15.74		OUTPERFORM	
10/10/06	15.74	15.5	NEUTRAL	

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Outperform: The stock's total return is expected to exceed the industry average* by at least 10-15% (or more, depending on perceived risk) over the next 12 months.

Neutral: The stock's total return is expected to be in line with the industry average* (range of ±10%) over the next 12 months.

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**The industry average refers to the average total return of the analyst's industry coverage universe (except with respect to Asia/Pacific, Latin America and Emerging Markets, where stock ratings are*

relative to the relevant country index, and Credit Suisse Small and Mid-Cap Advisor stocks, where stock ratings are relative to the regional Credit Suisse Small and Mid-Cap Advisor investment universe.

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****The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.*

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Restricted	3%	

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Price Target: (12 months) for (TE)

Method: We reach our $15.50 target price on Teco Energy using EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiples, P/E (price/earnings) multiples, and a traditional discounted cash flow analysis. On our discounted cash flow, we use a 7.1% discount rate (modestly above the broader Utility average) and 7.0x terminal EBITDA multiple, supported by our sum-of-the parts analysis, using 8.0x Utility EBITDA, 6.5x Coal EBITDA, 7.0x Transport EBITDA, and 7.0x Guatemala EBITDA and 16.0x Utility EPS, 12.5x Transport EPS, 12.0x Coal EPS, and 13.0x Guatemala EPS.

Risks: Risks to our $15.50 target price on Teco Energy include: (1) uncertainty surrounding synfuel contribution and whether the Budget Reconciliation will include a change in the oil price reference year used to phase-out benefits to 2005 rather than the current model of same year prices 2006 (2) coal price assumptions - every $5 move in spot steam coal prices impacts out year earnings potential by ~6% (3) regulatory actions in Florida.

Important Regional Disclosures

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

02 April 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

CREDIT SUISSE

TECO Energy (TE)

Rating	(from Neutral) **OUTPERFORM***
Price (30 Mar 07)	17.21 (US$)
Target price (12M)	(from 15.50) 19.50 (US$)
52 week high - low	17.45 - 14.50
Market cap. (US$ m)	3,603.5
Enterprise value (US$ m)	7,048.0

** Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*

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UPGRADE RATING

An Overlooked Utility Growth Story

We are raising our rating on TECO to Outperform with a $19.50 target price. Our enthusiasm comes with attractive longer-term regulated utility earnings growth — we estimate TE's compound earnings of 9% for '07–'13.

Earnings growth is coming from Tampa Electric where we assume construction of the IGCC plant — in service in 2013 at our assumed cost of $1.4 BN (a big benefit to our estimate of Tampa's rate base at $2.7 BN).

Why are we now including help from the IGCC program?

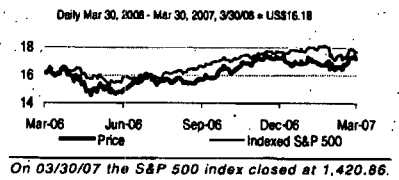
- Florida recognizes the need for new baseload generation and fuel diversification; **we expect TE to receive legislative support for CWIP on the IGCC** just as PGN received for development of new nuclear.
- **TECO is using effectively the same technology as at their existing** (and operating) **IGCC**, reducing technology risk while building desired capacity.
- **A number of other Utilities are already receiving valuation credit for proposed spending projects**; we see no reason to exclude TECO.
- **Tampa will need new capacity, even if not IGCC.** Replacing IGCC with a gas plant would still support EPS growth over 8%.

We are lowering our '07–'09 estimates to incorporate the planned sale of Transport, which under our sale price assumption (12x P/E) is modestly dilutive (although we see room to be positively surprised). **With Transport's sale, TECO does not expect to need to issue new equity for the IGCC build.** Our new '07–'09 EPS estimates are $1.00, $0.95, and $$1.10, respectively.

We remain concerned about the coal business but have lowered and flat-lined our cash margin assumptions at just below $8 / ton; **with an eventual improvement in coal markets, we would look for TE to sell this business.**

Our $19.50 target is a combination of multiples, DCF, and DDM models including the $3.87 / share for the present value of the NOLs. We would not overlook the strong and stable 4.4% dividend yield.

Share price performance



On 03/30/07 the S&P 500 index closed at 1,420.86.

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.22	0.25	0.35	0.17
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.00	0.95
Prev. EPS (US$)		1.02	1.09
P/E (x)	17.8	17.3	18.2
P/E rel. (%)	113.6	117.3	120.1
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	873.2	819.4
OCFPS (US$)	2.72	3.84	2.77
P/OCF (x)	6.3	4.5	6.2
EV/EBITDA (current)	8.4	7.6	8.3
Net debt (12/06A, US$ m)	3,458.4	2,992.4	3,184.5
ROIC	—	—	—

Number of shares (m)	209	IC (current, US$ m)	—
BV/share (current, US$)	8.28	EV/IC (x)	—
Net debt (current, US$ m)	3,458.4	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	61.4%	Dividend yield	4.4%

Source: Company data, Credit Suisse estimates.

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New IGCC Construction

TECO has already brought up the need to build a new IGCC plant (on the Q406 conference call) but we believe management did a good job of explaining the technology / plant design at their analyst update last week.

Extension of Teco's current IGCC technology lowers risk
While we have generally been skeptical about Utilities / power companies aggressively promoting construction of new IGCC plants, we believe TE is in an advantaged position as the company has successfully operated its existing IGCC facility in Florida since 1996 and the newbuild will use effectively the same technology, reducing risk.

More expensive than coal but tax credits help offset consumer rate impact
Tampa Electric has not yet put an estimate on the cost of a newbuild IGCC unit with the company undertaking some engineering work to determine costs. We estimate a 630MW plant will cost about $1.4BN to build, based on disclosures from other companies building traditional pulverized coal plants for a cost of $1,800–2,000 / kW and assuming a premium of 17%. We assume 2010 and 2011 will be the biggest capital spending years, with the asset in service by 2013.

Tampa Electric has already secured $133MM of tax credits from the IRS and DOE (awarded in late 2006) to help offset the final impact to customers. The tax credits will amortize over a period of time after the IGCC unit goes into service, effectively lowering the annual revenue requirement to end consumers. In an RFP process the tax advantage should bolster the plant's commercial attractiveness.

Cash recovery is critical
Legislative approval for cash construction work in progress (CWIP) will be critical given the substantial capex required. Tampa Electric is seeking political support for improved cost recovery certainty with draft legislation already approved by two committees; the current legislative session ends the first week of May. We view recent legislative support for recovery of PGN's nuclear development costs as a good indication of political support for fuel diversification (i.e. not gas) and new baseload generation construction in Florida.

Sale of Transport

In our updated earnings estimates / valuation assumptions, we are layering in the sale of Transport as TECO looks to reduce its non-regulated business exposure and take advantage of a healthy market. We assume that TECO sells Transport for roughly 12x 2008 earnings, which is a blend of valuations between barge and dry bulk carriers (Exhibit 1) and effectively works out to $390 MM of pre-tax proceeds. And, with the large NOL balance, we assume that TE will make no tax payments on the gain from book value close to $165 MM.

Considering how hot private equity markets are today and the highgrading of TECO's barge fleet over the past couple years, we would not be surprised to see Transport sell for a better price. Not only would a higher sale price bring in more cash today, but would also help to improve the present value of TE's large NOL balance.

Since we are assuming the sale of Transport at a multiple below TECO's current valuation, we in turn see some earnings dilution over the near-term (Exhibit 2). We believe the sale of Transport for a good price is the right decision for TECO, especially since the proceeds are expected to be enough to avoid issuing equity to fund the IGCC construction program.

Exhibit 1: Water Transportation Comps

	4/1/2007 Price	Consensus EPS 2007	Consensus EPS 2008	Consensus P/E 2007	Consensus P/E 2008
Dry Bulk Carriers					
DRYS	22.53	3.49	3.52	6.4	6.4
EGLE	19.39	1.35	1.51	14.4	12.8
EXM	17.23	2.36	2.45	7.3	7.0
GSTL	31.78	2.84	2.84	11.2	11.2
Average				9.8	9.4
Barge Operators					
KEX	34.98	2.05	2.30	17.0	15.2
ACLI	31.45	1.90	2.24	16.5	14.0
Average				16.8	14.6
Teco Transport at Market Multiples				13.3	12.0

Source: Company data, Credit Suisse estimates

Exhibit 2: TE Transport Sale Accretion / Dilution Analysis

	2007	2008
Transport Net Income	29	33
PE Multiple	13.3	12.0
Proceeds	383	394
AT Cash Sale Proceeds	**383**	**394**
AT Interest Reduction	17	18
Shares Repurchased	0	0
Net Income Accretion / (Dilution)	**(11)**	**(15)**
EPS Accretion / (Dilution)	**(0.05)**	**(0.07)**

Source: Company data, Credit Suisse estimates

Earnings Expectations

We are not going to talk our way through every assumption in our earnings model (you can see the primary assumptions in Exhibit 3), but we think there are a few issues worth highlighting.

- We assume Tampa Electric builds its proposed IGCC plant at a cost of $1.4 BN and is allowed cash recovery of CWIP. Legislation currently in Florida provides for such a mechanism with essentially the same language as already approved for PGN's proposed new nuclear project.
- We do not assume that TECO will build any new gas peaking power plants (they need about 150 MW per year) until 2011 when the IGCC is largely built and the big capital obligations are met. In the interim we assume RFP bidders are successful in providing the new peaking capacity.
- We assume Tampa Electric files a small rate case for effective implementation in 2009 to help support TECO earning a fair return.
- We assume sale of the Transport business at the end of Q307 for $380 MM and that gains over the $165 MM book-value are offset by the NOL balance.
- We assume that the Coal business experiences cash margin compression to about $7.50 / ton in 2007 and then stabilizes between $7.50-8.00 per ton into perpetuity. Anticipated pricing pressure will be partly offset by relatively improving output mix favoring met coal over steam coal as well as some operating cost reductions with in-service of some new mines. Economic pressure on conventional coal producers should ultimately lead to better economics, but we'll hold off on making that prediction.
- We do not assume that TECO will need to go to the market to raise equity to fund the IGCC program.

In Exhibit 9–Exhibit 11 we provide our forecast for consolidated financials.

Exhibit 3: Teco Key Model Assumptions

Financial Summary	2006	2007	2008	2009	2010	2011	2012	2013	2014
EPS	$1.12	$1.33	$0.95	$1.10	$1.23	$1.38	$1.56	$1.69	$1.77
Growth	*-8.7%*	*19.1%*	*-29.0%*	*16.2%*	*11.5%*	*12.5%*	*13.1%*	*8.5%*	*4.6%*
EPS ex. Synfuels	$0.96	$1.00	$0.95	$1.10	$1.23	$1.38	$1.56	$1.69	$1.77
Growth	*21.9%*	*3.4%*	*-5.1%*	*16.2%*	*11.5%*	*12.5%*	*13.1%*	*8.5%*	*4.6%*
EBITDA	838	873	819	890	961	1,046	1,133	1,190	1,262
Growth	*-3.6%*	*4.2%*	*-6.2%*	*8.6%*	*8.0%*	*8.9%*	*8.3%*	*5.1%*	*6.0%*
% Contribution to Net Income									
Tampa Electric	58%	53%	79%	80%	83%	85%	85%	85%	84%
People Gas	13%	9%	12%	13%	12%	11%	10%	9%	9%
Non-Regulated Segments	57%	54%	28%	24%	22%	19%	17%	15%	15%
Parent/Other	-28%	-16%	-19%	-17%	-16%	-14%	-12%	-9%	-8%
Tampa Electric EPS	$0.65	$0.71	$0.75	$0.88	$1.02	$1.17	$1.33	$1.43	$1.49
Growth	*-8.0%*	*9.1%*	*5.9%*	*16.8%*	*15.8%*	*15.0%*	*13.8%*	*7.5%*	*4.3%*
Total Sales	1.0%	2.7%	2.8%	2.8%	2.8%	2.9%	2.9%	2.9%	2.9%
Rate Change ($s in MM) -- Big Bend	0.0	5.9	9.5	9.5	9.5	0.0	0.0	0.0	0.0
Rate Change ($s in MM) -- Rate Case				15.0	0.0	0.0	0.0	0.0	0.0
Total Gross Margin / MWh	$48.11	$48.53	$49.19	$50.40	$51.05	$51.25	$51.46	$51.53	$60.85
Growth	1.8%	0.9%	1.4%	2.5%	1.3%	0.4%	0.4%	0.1%	18.1%
Earned ROE (10.75-12.75%)	9.92%	10.08%	9.98%	10.79%	11.18%	11.03%	11.05%	11.05%	11.23%
O&M Expense / MWh	$5.14	$5.44	$5.23	$5.23	$5.23	$5.23	$5.23	$5.23	$5.23
Growth	14.8%	6.0%	-4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Peoples Gas EPS	$0.14	$0.11	$0.12	$0.14	$0.14	$0.15	$0.15	$0.15	$0.15
Growth	*-0.4%*	*-20.1%*	*2.9%*	*20.5%*	*1.6%*	*1.7%*	*2.1%*	*0.9%*	*1.3%*
Total Sales	14.4%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Rate Change ($s in MM) -- Rate Case	0.0	0.0	0.0	10.0	2.5	2.5	2.5	2.5	2.5
Total Gross Margin / Therm	163.10	164.73	165.55	166.38	174.08	176.60	179.07	180.59	182.05
Growth	-6.9%	1.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.0%	0.0%
Earned ROE (11.25-12.25%)	9.6%	7.6%	7.8%	9.3%	9.3%	9.4%	9.5%	9.5%	9.6%
O&M Expense / Therm	96.68	99.09	101.07	102.59	104.13	105.69	107.28	108.89	110.52
Growth	8.6%	2.5%	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Teco Coal EPS	$0.33	$0.45	$0.08	$0.09	$0.09	$0.09	$0.09	$0.09	$0.09
Volume	9.8	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Growth Y/Y	1.0%	-7.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Met Coal	33%	33%	40%	40%	40%	40%	40%	40%	40%
% Steam Coal Hedged	35%	25%	18%	10%	10%	10%	10%	10%	10%
Spot Steam Coal Price	$64.41	$55.00	$50.00	$48.00	$48.00	$48.00	$48.00	$48.00	$48.00
Spot Met Coal Price	$68.00	$61.00	$61.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00
Hedged Coal Price	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00
Realized Price	$58.70	$53.63	$52.78	$52.02	$52.02	$52.02	$52.02	$52.02	$52.02

Source: Company data, Credit Suisse estimates

Valuation

We are raising our target price for TECO to $19.50 per share and see opportunity for upside coming with improving Coal markets, a more constructive sales price for Transport, and greater market confidence in out-year earnings streams.

Don't forget the Tax Credits

The challenge with TECO valuation relates to the substantial NOL balance, which increased by about $200 MM from our year-end 2006 forecast with final resolution of closure / sale of the McAdams merchant power plant. Taking the NOL balance plus $197 MM of AMT carry-forwards (will be used at the end of the NOL stream, allowing TE to only pay at AMT levels), the cumulative balance of all tax credits is $960 MM. Using our forecast for income tax obligations including sale of the Transport business, we estimate present value of the NOL balance is $810 MM or $3.87 per share. In Exhibit 4 we show our forecast for the NOL balance by year.

Exhibit 4: Schedule for NOL Use

	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
Deferred Tax Balance	960.0	756.0	630.4	484.6	322.1	139.3	30.5	0.0
Credits Used	204.0	125.5	145.8	162.6	182.8	108.8	30.5	0.0
Change in Accounting								
Net Balance	756.0	630.4	484.6	322.1	139.3	30.5	0.0	0.0
Present Value ($s in MM)	810.1							
Present Value per Share	3.87							

Source: Company data, Credit Suisse estimates

Appreciating the per share value of the tax credits, the simple approach of just applying a group multiple to TECO's earnings does not demonstrate the actual economic value of the share price and likely illustrates why we see opportunity in the stock. Illustratively, looking at a straight implied P/E multiple for TECO on 2007 earnings would suggest a full valuation of just over 17.4x ($17.38 / $1.00 per share of EPS). Stepping out the present value of the NOL balance would produce a rather compelling valuation of 13.5x ($17.38-3.88 / $1.00 per share of EPS). We admittedly like valuation opportunities as presented by TECO.

A look at the valuation pieces

With the NOL benefit front and center, we can now focus on fair valuation for TECO which we think supports $19.50 per share and could reasonably move higher as the market factors in the above group 9% compound EPS growth rate. Taking the valuation upside along with an above group 4.4% dividend yield, we think TECO offers an attractive investment proposition that should have legs to it.

In Exhibit 5 – Exhibit 6 we look at the implied sum-of-the-parts valuation for TE on conventional multiples. As we look forward and Tampa begins to benefit from the CWIP earnings contribution from the IGCC project, we see a solid case for upside in TECO shares not just to our target price but even higher.

In Exhibit 7 we look at the implied valuation for TECO based on a dividend discount model, which could be understating longer-term growth given the ongoing capex requirements at Tampa Electric to keep up with 150 MW of demand growth annually. In Exhibit 8 we look at the valuation (and assumption sensitivities) for TECO based on a DCF valuation. When we aggregate these methodologies, we see opportunity in TE shares.

Exhibit 5: Sum-of-the-Parts Valuation: P/E Multiples

		2007	2008	2009	2010	2011	2012	2013	2014
Net Income									
Tampa Electric		148.7	157.5	183.9	212.9	244.9	278.6	299.6	312.4
People Gas		23.7	24.4	29.4	29.9	30.4	31.1	31.3	31.8
TECO Transport		20.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TECO Coal		23.3	17.3	18.1	18.1	18.1	18.1	18.1	18.1
TECO Guatemala		36.4	37.3	37.3	37.2	37.1	36.9	36.7	36.5
Corporate / Other		(44.2)	(38.4)	(38.5)	(41.4)	(41.8)	(38.4)	(31.7)	(28.2)
Total Net Income		208.8	198.2	230.2	256.7	288.7	326.3	354.2	370.6
P/E Multiples	**Discount Rate**								
Tampa Electric	6.9%	16.0x	15.6x	15.2x	14.8x	14.5x	14.1x	13.8x	13.4x
People Gas	6.9%	16.0x	15.6x	15.2x	14.8x	14.5x	14.1x	13.8x	13.4x
TECO Transport	8.5%	12.5x	12.0x	11.5x	11.1x	10.6x	10.2x	9.8x	9.4x
TECO Coal	8.5%	14.0x	13.4x	12.9x	12.4x	11.9x	11.4x	11.0x	10.5x
TECO Guatemala	7.5%	13.0x	12.6x	12.2x	11.8x	11.5x	11.1x	10.8x	10.5x
Corporate / Other	7.5%	15.0x	14.5x	14.1x	13.7x	13.3x	12.8x	12.5x	12.1x
Equity Value									
Tampa Electric		2,379.9	2,457.4	2,798.1	3,158.7	3,542.4	3,930.3	4,121.9	4,191.1
People Gas		379.5	380.9	447.6	443.5	440.0	438.2	431.1	426.1
TECO Transport		259.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TECO Coal		326.3	232.6	234.1	224.8	215.8	207.2	199.0	191.0
TECO Guatemala		473.2	470.4	455.4	440.5	425.7	411.0	396.5	382.1
Other		(662.6)	(558.0)	(543.2)	(566.5)	(553.9)	(492.9)	(394.4)	(340.9)
Total		3,156	2,983	3,392	3,701	4,070	4,494	4,754	4,849
PV of Deferred Taxes		810.1	651.6	565.6	451.3	310.4	137.1	30.5	0.0
Per Share Impact		$3.67	$3.11	$2.70	$2.16	$1.48	$0.65	$0.15	$0.00
Price (inc. Synfuels)		$18.94	$17.36	$18.90	$19.83	$20.92	$22.12	$22.85	$23.16

Source: Company data, Credit Suisse estimates

Exhibit 6: Sum-of-the-Parts Valuation: EBITDA Multiples

		2007	2008	2009	2010	2011	2012	2013	2014
EBITDA									
Tampa Electric		538.6	565.5	620.5	684.8	763.0	842.4	894.0	959.7
People Gas		96.8	98.7	111.4	117.0	122.7	128.7	133.3	137.9
TECO Transport		51.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TECO Coal (ex. Synfuel)		70.6	70.7	72.0	72.0	72.0	72.0	72.0	72.0
TECO Guatemala		63.3	64.5	65.7	66.9	68.2	69.5	70.8	72.2
Corp / Other		(52.0)	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Total EBITDA		**768.8**	**819.4**	**889.5**	**960.6**	**1,045.9**	**1,132.6**	**1,190.1**	**1,261.7**
EV/EBITDA Multiples	**Discount Rate**								
Tampa Electric	6.9%	8.0x	8.0x	8.0x	8.0x	8.0x	8.0x	8.0x	8.0x
People Gas	6.9%	8.0x	8.0x	8.0x	8.0x	8.0x	8.0x	8.0x	8.0x
TECO Transport	8.5%	6.5x	6.5x	6.5x	6.5x	6.5x	6.5x	6.5x	6.5x
TECO Coal	8.5%	6.5x	6.5x	6.5x	6.5x	6.5x	6.5x	6.5x	6.5x
TECO Guatemala	7.5%	6.0x	6.0x	6.0x	6.0x	6.0x	6.0x	6.0x	6.0x
Other	7.5%	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x
Enterprise Value									
Tampa Electric		4,308.6	4,524.4	4,964.1	5,478.1	6,103.9	6,739.4	7,152.4	7,677.3
People Gas		774.5	789.9	890.9	935.7	982.0	1,029.5	1,066.1	1,102.9
TECO Transport		334.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TECO Coal		459.2	459.4	467.7	467.7	467.7	467.7	467.7	467.7
TECO Guatemala		379.6	386.8	394.2	401.6	409.3	417.0	425.0	433.1
Other		(396.5)	152.5	152.5	152.5	152.5	152.5	152.5	152.5
Total		**5,859.9**	**6,313.0**	**6,869.3**	**7,435.8**	**8,115.4**	**8,806.2**	**9,263.7**	**9,833.5**
Net Debt		2,992.4	3,184.5	3,425.8	3,805.0	4,189.2	4,373.2	4,427.8	4,483.9
PV Equity Capitalization		**2,867.5**	**3,179.4**	**3,557.4**	**3,813.9**	**4,194.6**	**4,818.0**	**5,346.2**	**6,017.1**
PV Def Taxes		810.1	651.6	565.6	451.3	310.4	137.1	30.5	-
Per Share Impact		3.87	3.11	2.70	2.16	1.48	0.65	0.15	-
Price (inc. Synfuels)		**$17.56**	**$18.30**	**$19.69**	**$20.37**	**$21.52**	**$23.66**	**$25.68**	**$28.74**

Source: Company data, Credit Suisse estimates

Exhibit 7: Dividend Discount Model

Years to Discount	0	1	2	3	4	5	6	7	8	9	10
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EPS	0.96	1.00	0.95	1.10	1.23	1.38	1.56	1.69	1.77	1.82	1.88
Growth		*3.4%*	*-5.1%*	*16.2%*	*11.5%*	*12.5%*	*13.1%*	*8.5%*	*4.6%*	*3.0%*	*3.0%*
Dividends	0.76	0.76	0.78	0.81	0.83	0.86	0.92	1.02	1.12	1.09	1.13
Growth		*0.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*8.0%*	*10.0%*	*10.0%*	*-2.1%*	*3.0%*
Payout	79%	76%	83%	73%	68%	62%	59%	60%	63%	60%	60%

	Terminal Growth Rate		
	1.5%	2.0%	2.5%
NPV FCF	7.12	7.12	7.12
NPV Terminal FCF	10.57	11.68	13.05
Fair Value	17.69	18.80	20.16

Source: Company data, Credit Suisse estimates

Exhibit 8: DCF Valuation Sensitivity: Terminal Multiple

Terminal EBITDA Multiple	Discount Rate 6.70%	6.80%	6.90%	7.00%	7.10%	7.20%	7.30%
7.25x	17.50	17.23	16.96	16.70	16.44	16.19	15.93
7.50x	18.32	18.04	17.77	17.50	17.24	16.97	16.71
7.75x	19.14	18.86	18.59	18.32	18.06	17.76	17.49
8.00x	19.96	19.68	19.39	19.10	18.83	18.54	18.27
8.25x	20.79	20.49	20.20	19.90	19.62	19.33	19.05
8.50x	21.61	21.31	21.00	20.71	20.41	20.12	19.83
8.75x	22.43	22.12	21.81	21.51	21.20	20.90	20.60

Source: Company data, Credit Suisse estimates

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Exhibit 9: TE Income Statement

TECO Energy (NYSE: TE)	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
Net Revenues	3,448.1												
Fuel, Purc. Power & Gas	(1,684.0)												
Gross Margin	**1,764.1**	**443.0**	**453.6**	**480.4**	**363.4**	**1,740.4**	**1,528.3**	**1,597.1**	**1,656.1**	**1,707.8**	**1,761.6**	**1,812.9**	**2,096.3**
O&M & Other	(862.7)	(213.7)	(219.1)	(216.5)	(166.8)	(816.1)	(546.6)	(554.7)	(571.7)	(589.6)	(608.3)	(627.9)	(648.4)
DD&A	(282.2)	(72.2)	(72.6)	(72.7)	(68.4)	(285.9)	(276.2)	(280.8)	(285.4)	(291.6)	(297.0)	(302.4)	(342.9)
Taxes other than Income Taxes	(217.5)	(56.0)	(56.5)	(59.1)	(58.7)	(230.3)	(232.1)	(235.6)	(237.1)	(236.9)	(236.6)	(235.6)	(265.0)
Operating Income	**401.7**	**101.1**	**105.4**	**132.1**	**69.5**	**408.0**	**473.5**	**526.0**	**561.8**	**589.7**	**619.7**	**647.0**	**840.0**
Other Income (inc. equity earnings)	153.8	44.3	43.5	45.1	46.3	179.2	69.8	82.8	113.4	164.6	215.9	240.7	78.8
Net Interest Expense	(278.3)	(69.2)	(64.6)	(57.3)	(57.2)	(248.3)	(213.0)	(225.0)	(247.4)	(273.2)	(291.7)	(295.3)	(301.0)
Interest Rate	*8.0%*	*8.0%*	*7.5%*	*6.7%*	*6.8%*	*7.5%*	*7.0%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Pre-tax Income	**277.2**	**76.2**	**84.3**	**119.9**	**58.6**	**338.9**	**330.3**	**383.7**	**427.8**	**481.1**	**543.9**	**592.4**	**617.8**
Income Tax	(113.3)	(30.5)	(33.7)	(48.0)	(23.4)	(135.6)	(132.1)	(153.5)	(171.1)	(192.4)	(217.6)	(236.9)	(247.1)
Tax Rate	*40.9%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*
Minority Interests	69.6	18.9	18.9	18.9	18.9	75.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recurring Net Income	**233.5**	**64.6**	**69.5**	**90.8**	**54.0**	**279.0**	**198.2**	**230.2**	**256.7**	**288.7**	**326.3**	**355.4**	**370.7**
GAAP Net Income	233.5	64.6	69.5	90.8	193.8	279.0	198.2	230.2	256.7	288.7	326.3	355.4	370.7
Recurring EPS	**1.12**	**0.31**	**0.33**	**0.43**	**0.26**	**1.33**	**0.95**	**1.10**	**1.23**	**1.38**	**1.56**	**1.70**	**1.77**
Diluted Shares Outstanding	208.8	209.4	209.4	209.4	209.4	209.4	209.4	209.4	209.4	209.4	209.4	209.4	209.4
Recurring EPS ex. Synfuels	**0.96**	**0.22**	**0.25**	**0.35**	**0.17**	**1.00**	**0.95**	**1.10**	**1.23**	**1.38**	**1.56**	**1.70**	**1.77**
Growth	*22%*	*-2%*	*-2%*	*15%*	*-1%*	*3%*	*-5%*	*16%*	*11%*	*12%*	*13%*	*9%*	*4%*
Price	16.13	17.21	17.38	17.56	17.73	17.47	18.62	19.55	20.53	21.55	22.63	23.76	24.95
Dividend per Common Share	0.76	0.19	0.19	0.19	0.19	0.76	0.78	0.81	0.83	0.86	0.92	1.02	1.12
Payout Ratio	79%					76%	83%	73%	68%	62%	59%	60%	63%
Growth						0%	3%	3%	3%	3%	8%	10%	10%
EBITDA	837.7	217.6	221.5	249.9	184.2	873.2	819.4	889.5	960.6	1,045.9	1,132.6	1,190.1	1,261.7
CFPS	2.47	0.65	0.68	0.78	0.58	2.70	2.27	2.44	2.59	2.77	2.98	3.14	3.41

Source: Company data, Credit Suisse estimates

Exhibit 10: TE Balance Sheet

BALANCE SHEET	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
Cash & Cash Equivalents	441.6	241.6	241.6	241.6	241.6	241.6	41.6	41.6	41.6	41.6	41.6	41.6	41.6
Restricted Cash	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3
Accounts Receivable	338.3	345.8	353.3	360.8	368.3	368.3	388.3	408.3	428.3	448.3	468.3	488.3	508.3
Inventory	159.6	159.6	159.6	159.6	159.6	159.6	159.6	159.6	159.6	159.6	159.6	159.6	159.6
Other	308.9	308.9	308.9	308.9	308.9	308.9	308.9	308.9	308.9	308.9	308.9	308.9	308.9
Total Current Assets	1,285.7	1,093.2	1,100.7	1,106.2	1,115.7	1,115.7	935.7	955.7	975.7	995.7	1,015.7	1,035.7	1,055.7
Net PP&E	4,766.9	4,799.3	4,831.4	4,863.3	4,734.6	4,734.6	5,066.4	5,494.9	6,099.4	6,756.1	7,161.7	7,368.2	7,540.8
Other Investments	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Investments in unconsol. affiliates	292.9	292.9	292.9	292.9	292.9	292.9	292.9	292.9	292.9	292.9	292.9	292.9	292.9
Goodwill	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4
Deferred income taxes	630.2	601.2	569.2	523.7	426.2	426.2	300.6	154.8	(7.7)	(190.5)	(329.8)	(329.8)	(329.8)
Regulatory assets	231.3	231.3	231.3	231.3	231.3	231.3	231.3	231.3	231.3	231.3	231.3	231.3	231.3
Deferred charges & Other	87.3	87.3	87.3	87.3	87.3	87.3	87.3	87.3	87.3	87.3	87.3	87.3	87.3
Intangible assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Other assets	1,309.2	1,280.2	1,248.2	1,202.7	1,105.2	1,105.2	979.6	833.8	671.3	488.5	349.2	349.2	349.2
Total Assets	7,361.8	7,172.7	7,180.3	7,174.2	6,955.4	6,955.4	6,981.7	7,284.4	7,746.4	8,240.2	8,526.6	8,753.1	8,945.7
Recourse	638.1	638.1	638.1	638.1	638.1	638.1	638.1	638.1	638.1	638.1	638.1	638.1	638.1
Non-recourse	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
ST debt	639.4	639.4	639.4	639.4	639.4	639.4	639.4	639.4	639.4	639.4	639.4	639.4	639.4
Notes Payable	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0	48.0
Accounts payable	326.5	326.5	326.5	326.5	326.5	326.5	326.5	326.5	326.5	326.5	326.5	326.5	326.5
Current derivative liability	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3
Customer deposits	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5	129.5
Accrued interest	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5	50.5
Taxes accrued	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3	25.3
Assets held for sale & Other	60.9	60.9	60.9	60.9	60.9	60.9	60.9	60.9	60.9	60.9	60.9	60.9	60.9
Total Current Liabilities	1,350.4	1,350.4	1,350.4	1,350.4	1,350.4	1,350.4	1,350.4	1,350.4	1,350.4	1,350.4	1,350.4	1,350.4	1,350.4
Deferred Income Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment tax credit	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7	14.7
Regulatory Liabilities	556.3	556.3	556.3	556.3	556.3	556.3	556.3	556.3	556.3	556.3	556.3	556.3	556.3
Deferred credits & Other	499.8	499.8	499.8	499.8	499.8	499.8	499.8	499.8	499.8	499.8	499.8	499.8	499.8
Total Other Liabilities	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8	1,069.8
Recourse	3,202.2	2,988.3	2,966.2	2,909.0	2,536.2	2,536.2	2,528.3	2,769.6	3,148.8	3,533.0	3,686.5	3,770.4	3,826.4
Non-recourse	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4
Pref. Securities/Junior subord.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	3,212.6	2,998.7	2,976.6	2,919.4	2,546.6	2,546.6	2,538.7	2,780.0	3,159.2	3,543.4	3,696.9	3,780.8	3,836.8
Preferred Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock	209.5	209.5	209.5	209.5	209.5	209.5	209.5	209.5	209.5	209.5	209.5	209.5	209.5
Additional Paid-in Capital	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3	1,466.3
Retained earnings	83.7	108.5	138.2	189.3	343.3	343.3	377.5	438.9	521.7	631.3	764.2	906.8	1,043.4
AOCI	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)	(30.5)
Unearned compensation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholders' Equity	1,729.0	1,753.8	1,783.5	1,834.6	1,988.6	1,988.6	2,022.8	2,084.2	2,167.0	2,276.6	2,409.5	2,552.1	2,688.7
Total Liab. & Equity	7,361.8	7,172.7	7,180.3	7,174.2	6,955.4	6,955.4	6,981.7	7,284.4	7,746.4	8,240.2	8,526.6	8,753.1	8,945.7

Source: Company data, Credit Suisse estimates

Exhibit 11: TE Cash Flow Statement

CASH FLOW STATEMENT	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E
Net Income	246.3	64.6	69.5	90.8	193.8	418.7	198.2	230.2	256.7	288.7	326.3	355.4	370.7
D&A	282.2	72.2	72.6	72.7	68.4	285.9	276.2	280.8	285.4	291.6	297.0	302.4	342.9
Deferred Income Taxes	112.3	29.0	32.0	45.6	97.5	204.0	125.5	145.8	182.6	182.8	139.3	0.0	0.0
Minority loss	(69.6)	(18.9)	(18.9)	(18.9)	(18.9)	(75.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes to Working Capital	(27.2)	(7.5)	(7.5)	(7.5)	(7.5)	(30.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Other	23.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Cash Flow	**567.4**	**139.4**	**147.7**	**182.7**	**333.3**	**803.1**	**579.9**	**636.8**	**684.7**	**743.1**	**742.6**	**637.9**	**693.6**
Capex	(455.7)	(130.8)	(130.8)	(130.8)	(130.8)	(523.0)	(608.0)	(709.3)	(889.9)	(948.3)	(702.7)	(509.0)	(515.5)
AFDUC	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchases of Business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Business/Assets	100.4	26.1	26.1	26.1	191.1	269.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investments	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(7.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**(352.2)**	**(104.7)**	**(104.7)**	**(104.7)**	**60.4**	**(253.6)**	**(608.0)**	**(709.3)**	**(889.9)**	**(948.3)**	**(702.7)**	**(509.0)**	**(515.5)**
Issuance of Common Stock	12.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of Treasury Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from LT Debt	327.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of LT Debt	(199.3)	(213.9)	(22.2)	(57.2)	(372.7)	(666.0)	(8.0)	241.3	379.1	384.3	153.5	83.9	56.0
Net Increase in ST Debt	(167.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Issuance of Redeemable Pref.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity Contract Adj. Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(158.7)	(39.8)	(39.8)	(39.8)	(39.8)	(159.1)	(163.9)	(168.8)	(173.9)	(179.1)	(193.4)	(212.8)	(234.1)
Minority Interest	65.7	18.9	18.9	18.9	18.9	75.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	**(119.3)**	**(234.8)**	**(43.0)**	**(78.1)**	**(393.6)**	**(749.5)**	**(171.9)**	**72.5**	**205.3**	**205.2**	**(39.9)**	**(128.9)**	**(178.1)**
Change in Cash	**95.9**	**(200.0)**	**0.0**	**0.0**	**0.0**	**(200.0)**	**(200.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Beginning Cash	345.7	441.6	241.6	241.6	241.6	441.6	241.6	41.6	41.6	41.6	41.6	41.6	41.6
Ending Cash	**441.6**	**241.6**	**241.6**	**241.6**	**241.6**	**241.6**	**41.6**	**41.6**	**41.6**	**41.6**	**41.6**	**41.6**	**41.6**

Source: Company data, Credit Suisse estimates

Companies Mentioned *(Price as of 31 Mar 07)*
American Commercial Lines Inc. (ACLI, $31.45, NOT RATED)
DryShips, Inc (DRYS, $22.53, NOT RATED)
Eagle Bulk Shipping (EGLE, $19.39, NOT RATED)
Excel Maritime Carriers Ltd. (EXM, $17.23, NOT RATED)
Genco Shipping & Trading Ltd. (GSTL, $31.78, NOT RATED)
Kirby Corp (KEX, $34.98, NOT RATED)
Progress Energy (PGN, $50.44, NEUTRAL, TP $50.00, UNDERWEIGHT)
TECO Energy (TE, $17.21, OUTPERFORM, TP $19.50, UNDERWEIGHT)

Disclosure Appendix

Important Global Disclosures

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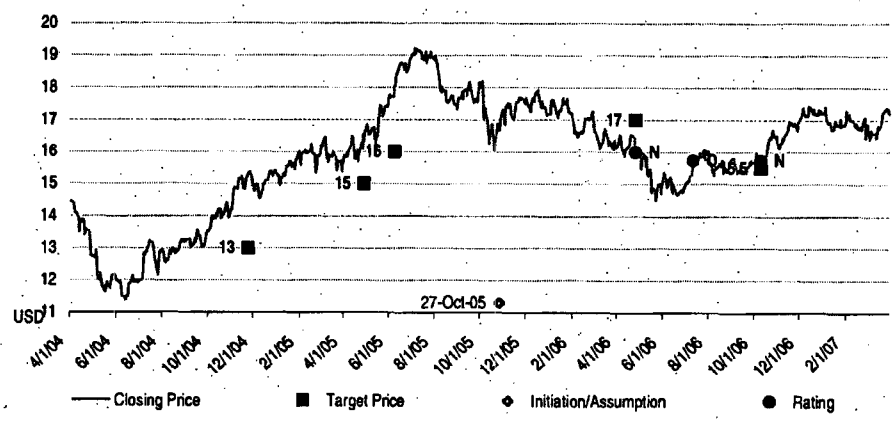
3-Year Price, Target Price and Rating Change History Chart for TE



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

TE Date	Closing Price Price (US$)	Target Price Price (US$)	Rating	Initiation/ Assumption
11/24/04	15.33	13		
4/28/05	16.31	15		
6/8/05	18.06	16		
10/27/05				X
4/26/06	15.99	17	NEUTRAL	
7/11/06	15.74		OUTPERFORM	
10/10/06	15.74	15.5	NEUTRAL	

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Price Target: (12 months) for (TE)

Method: We reach our $19.50 target price on Teco Energy using EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiples, P/E (price/earnings) multiples, and a traditional discounted cash flow analysis. On our discounted cash flow, we use a 7.0% discount rate (modestly above the broader Utility average of 6.9%) and 7.75x terminal EBITDA multiple, supported by our sum-of-the parts analysis, using 8.0x Utility EBITDA, 6.5x Coal EBITDA, 6.5x Transport EBITDA, and

6.0x Guatemala EBITDA and 16.0x Utility EPS, 12.5x Transport EPS, 14.0x Coal EPS, and 13.0x Guatemala EPS.

Risks: Risks to our $19.50 target price on Teco Energy include: (1) uncertainty surrounding synfuel contribution (2) coal price assumptions - every $5 move in spot steam coal prices impacts out year earnings potential by ~6% (3) legislative approval of cash recovery on newbuild generation (4) regulatory changes in Florida

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

02 May 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

CREDIT SUISSE

TECO Energy (TE)

INCREASE TARGET PRICE

Rating	OUTPERFORM*
Price (01 May 07)	18.35(US$)
Target price (12M)	(from 19.50) 20.50 (US$)
52 week high - low	18.37 - 14.50
Market cap. (US$ m)	3,846.1
Enterprise value (US$ m)	7,237.6

** Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*

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Good Progress in Florida

TECO's Q107 earnings excluding synfuels were $0.21 per share, in-line with our $0.22 estimate and in-line with the street estimates excluding synfuels. Reported earnings of $0.35 were impacted by a $0.01 loss related to costs associated with the Transport sale and a $0.15 lift from synfuels earnings that were bolstered by favorable crude oil hedges.

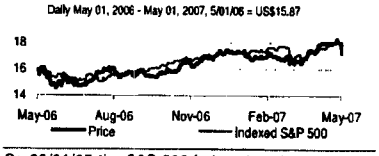
Utility results lagged our forecasts due to unfavorable weather patterns – specifically mild January weather – and somewhat greater O&M cost pressure (although likely some quarterly allocation issues). **Non-regulated businesses – particularly the Guatemala utility – did better** than we had forecast with additional help coming from lower interest expense.

TECO reiterated 2007 earnings guidance excluding synfuels of $0.97-1.07. Our 2007 estimate is unchanged; 2008 increases a penny to $0.96.

The Florida House and Senate have both approved legislation that will allow Tampa Electric to earn a cash return on construction of its proposed gasified coal plant (we estimate $1.4 BN)– an opportunity we highlighted with our upgrade of TE on April 1. The House and Senate still need to finalize common wording (support has been strong on both sides) and should reasonably be approved by the Governor in a month or so. TECO expects to resolve construction plans and permits by the end of 2008. **We like this investment opportunity and think it is under-appreciated in TECO shares.**

We are raising our target price for TECO to $20.50 from $19.50 to reflect improving visibility to the IGCC construction project that will in turn support 9% compound EPS growth through 2014 as Tampa doubles its rate base over the same time period. **TE's 4.2% dividend yield further enhances the story.**

Share price performance



On 05/01/07 the S&P 500 index closed at 1,486.30.

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.21	0.25	0.35	0.18
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.00	0.96
Prev. EPS (US$)		1.00	0.95
P/E (x)	17.8	17.3	17.9
P/E rel. (%)	113.6	120.4	138.5
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	855.6	819.2
OCFPS (US$)	2.72	3.82	2.77
P/OCF (x)	6.3	4.5	6.2
EV/EBITDA (current)	8.7	8.0	8.5
Net debt (12/06A, US$ m)	3,458.4	2,959.7	3,150.0
ROIC	--	--	--

Number of shares (m)	210	IC (current, US$ m)	--
BV/share (current, US$)	8.51	EV/IC (x)	--
Net debt (current, US$ m)	3,391.4	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	61.2%	Dividend yield	4.4%

Source: Company data, Credit Suisse estimates.

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CREDIT SUISSE

02 May 2007

Raising our Target

We are raising our target on TE to $20.50 from $19.50 to reflect more credit for the IGCC plant construction. Our updated target is built from a combination of sum-of-the-parts and DCF valuation methodologies.

We have updated our component valuation for TECO to look at valuation sensitivities under varying multiple assumptions. We should point out that our Tampa Electric valuation assumptions are based on the 2010 earnings stream to at least partially factor in the benefit of the IGCC plant construction – a layer of value that should not be overlooked with the TE investment proposition.

Exhibit 1: Sum-of-the-Parts Valuation

		LOW CASE		BASE CASE		HIGH CASE	
Tampa Electric							
2010 EPS (discounted)	1.01	15.0	4,382	15.5	4,482	16.0	4,582
2010 EBITDA (discounted)	675.8	7.0	4,466	7.5	4,785	8.0	5,104
			4,424		**4,634**		**4,843**
Peoples Gas							
2008 EPS	0.12	16.0	617	16.5	629	17.0	641
2008 EBITDA	94.1	8.0	753	8.5	800	9.0	847
			685		**715**		**744**
Coal							
2008 EPS	0.09	11.5	541	12.0	551	12.5	560
2008 EBITDA	77.0	6.0	462	6.5	500	7.0	539
			501		**525**		**549**
Guatemala							
2008 EPS	0.18	14.0	772	14.5	791	15.0	810
2008 EBITDA	66.1	7.0	463	7.5	496	8.0	529
			617		**644**		**670**
Corporate							
2008 EPS	(0.17)	15.5	322	16.0	304	16.5	286
2008 EBITDA	24.4	7.0	171	7.5	183	8.0	195
			247		**243**		**240**
Enterprise Value			**6,475**		**6,761**		**7,047**
Net Debt			3,150.0		3,150.0		3,150.0
PV of NOLs			746.7		746.7		746.7
Equity Value			**4,071**		**4,357**		**4,643**
Per Share Value			**19.41**		**20.78**		**22.14**

Source: Company data, Credit Suisse estimates

To help provide more flavor for the earnings and valuation leverage as Tampa Electric's rate base grows, we also provide a look at the sum-of-the-parts on straight P/E and EBITDA multiples

Exhibit 2: Sum-of-the-Parts: P/E by Year

	2008	2009	2010	2011	2012	2013	2014
Net Income							
Tampa Electric	156.1	182.4	211.2	242.8	276.3	297.1	309.6
People Gas	24.4	29.2	29.5	29.9	30.4	30.5	30.8
TECO Transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TECO Coal	19.0	19.7	19.7	19.7	19.7	19.7	19.7
TECO Guatemala	38.6	38.5	38.4	38.3	38.1	37.9	37.7
Corporate / Other	(36.7)	(36.9)	(39.2)	(38.9)	(34.8)	(27.3)	(23.2)
Total Net Income	**201.4**	**232.9**	**259.6**	**291.8**	**329.8**	**357.9**	**374.6**
P/E Multiples							
Tampa Electric	16.0x	15.6x	15.2x	14.8x	14.4x	14.0x	13.7x
People Gas	16.0x	15.6x	15.2x	14.8x	14.4x	14.0x	13.7x
TECO Transport	12.5x	12.0x	11.5x	11.0x	10.6x	10.2x	9.7x
TECO Coal	14.0x	13.4x	12.9x	12.4x	11.9x	11.4x	10.9x
TECO Guatemala	14.0x	13.6x	13.1x	12.7x	12.3x	11.9x	11.6x
Corporate / Other	15.0x	14.5x	14.1x	13.6x	13.2x	12.8x	12.4x
Equity Value							
Tampa Electric	2,498.0	2,842.7	3,206.6	3,592.6	3,982.5	4,171.1	4,235.0
People Gas	390.3	455.2	448.1	441.7	437.5	428.5	421.5
TECO Transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TECO Coal	265.6	264.9	254.1	243.8	233.8	224.3	215.2
TECO Guatemala	540.2	522.3	504.6	487.1	469.7	452.6	435.6
Other	(550.3)	(536.5)	(551.3)	(529.6)	(458.8)	(349.3)	(286.9)
Total	**3,144**	**3,549**	**3,862**	**4,236**	**4,665**	**4,927**	**5,020**
PV of Deferred Taxes	746.7	665.6	556.9	421.9	254.9	155.9	136.2
Per Share Impact	$3.56	$3.17	$2.66	$2.01	$1.22	$0.74	$0.65
Price (Inc. Synfuels)	**$18.55**	**$20.10**	**$21.07**	**$22.21**	**$23.46**	**$24.24**	**$24.59**

Source: Company data, Credit Suisse estimates

Exhibit 3: Sum-of-the-Parts: EBITDA by Year

	2008	2009	2010	2011	2012	2013	2014
EBITDA							
Tampa Electric	557.6	612.1	675.8	753.3	832.0	883.0	948.1
People Gas	94.1	106.6	112.0	117.5	123.2	127.6	132.0
TECO Transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TECO Coal (ex. Synfuel)	77.0	78.1	78.1	78.1	78.1	78.1	78.1
TECO Guatemala	66.1	67.4	68.6	69.9	71.3	72.6	74.0
Corp / Other	24.4	24.4	24.4	24.4	24.4	24.4	24.4
Total EBITDA	**819.2**	**888.5**	**958.9**	**1,043.3**	**1,129.0**	**1,185.7**	**1,256.6**
EV/EBITDA Multiples							
Tampa Electric	8.25x	8.25x	8.25x	8.25x	8.25x	8.25x	8.25x
People Gas	8.25x	8.25x	8.25x	8.25x	8.25x	8.25x	8.25x
TECO Transport	6.5x	6.5x	6.5x	6.5x	6.5x	6.5x	6.5x
TECO Coal	7.0x	7.0x	7.0x	7.0x	7.0x	7.0x	7.0x
TECO Guatemala	7.0x	7.0x	7.0x	7.0x	7.0x	7.0x	7.0x
Other	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x
Enterprise Value							
Tampa Electric	4,599.9	5,049.6	5,575.1	6,214.5	6,863.8	7,284.7	7,822.0
People Gas	776.6	879.1	923.7	969.5	1,016.7	1,052.8	1,089.0
TECO Transport	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TECO Coal	538.8	546.9	546.9	546.9	546.9	546.9	546.9
TECO Guatemala	462.8	471.5	480.4	489.5	498.8	508.2	517.9
Other	186.1	186.1	186.0	186.1	186.0	186.1	186.1
Total	**6,564.2**	**7,133.2**	**7,712.1**	**8,406.5**	**9,112.3**	**9,578.6**	**10,161.8**
Net Debt	3,150.0	3,370.4	3,727.9	4,089.9	4,252.0	4,286.7	4,320.9
PV Equity Capitalization	**3,414.2**	**3,658.6**	**3,767.6**	**3,971.1**	**4,350.8**	**4,609.5**	**4,951.4**
PV Def Taxes	746.7	665.6	556.9	421.9	254.9	155.9	136.2
Per Share Impact	3.56	3.17	2.66	2.01	1.22	0.74	0.65
Price (inc. Synfuels)	**$19.84**	**$20.62**	**$20.62**	**$20.95**	**$21.96**	**$22.72**	**$24.26**

Source: Company data, Credit Suisse estimates

Exhibit 4: DCF Valuation Sensitivity: Terminal Multiple

Terminal EBITDA Multiple \ Discount Rate	6.60%	6.70%	6.80%	6.90%	7.00%	7.10%	7.20%
7.25x	18.77	18.50	18.22	17.95	17.68	17.41	17.15
7.50x	19.62	19.33	19.05	18.77	18.49	18.22	17.95
7.75x	20.46	20.16	19.87	19.59	19.30	19.02	18.74
8.00x	21.30	21.00	20.70	20.41	20.11	19.82	19.54
8.25x	22.14	21.83	21.53	21.22	20.92	20.63	20.33
8.50x	22.98	22.67	22.35	22.04	21.73	21.43	21.13
8.75x	23.82	23.50	23.18	22.86	22.55	22.23	21.92

Source: Company data, Credit Suisse estimates

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02 May 2007

Exhibit 5: Financial Summary and Key Drivers

Financial Summary	2006	2007	2008	2009	2010	2011	2012	2013	2014
EPS	$1.12	$1.32	$0.96	$1.11	$1.24	$1.39	$1.57	$1.71	$1.79
Growth	*-8.7%*	*18.0%*	*-27.2%*	*15.6%*	*11.5%*	*12.4%*	*13.0%*	*8.5%*	*4.7%*
EPS ex. Synfuels	$0.96	$1.00	$0.96	$1.11	$1.24	$1.39	$1.57	$1.71	$1.79
Growth	*21.9%*	*3.3%*	*-3.6%*	*15.6%*	*11.5%*	*12.4%*	*13.0%*	*8.5%*	*4.7%*
EBITDA	838	856	819	889	959	1,043	1,129	1,186	1,257
Growth	*-3.6%*	*2.1%*	*-4.3%*	*8.5%*	*7.9%*	*8.8%*	*8.2%*	*5.0%*	*6.0%*
% Contribution to Net Income									
Tampa Electric	58%	53%	78%	78%	81%	83%	84%	83%	83%
People Gas	13%	9%	12%	13%	11%	10%	9%	9%	8%
Non-Regulated Segments	57%	59%	29%	25%	22%	20%	18%	16%	15%
Parent/Other	-28%	-21%	-18%	-16%	-15%	-13%	-11%	-8%	-6%
TECO Energy EPS	$1.65	$2.71	$2.74	$3.57	$4.01	$4.60	$5.32	$5.82	$6.40
Growth	*-8.0%*	*8.3%*	*5.6%*	*16.8%*	*15.8%*	*15.0%*	*13.8%*	*7.5%*	*4.2%*
Total Sales	1.0%	2.7%	2.7%	2.8%	2.8%	2.8%	2.9%	2.9%	2.9%
Rate Change ($s in MM) -- Big Bend	0.0	5.9	9.5	9.5	9.5	0.0	0.0	0.0	0.0
Rate Change ($s in MM) -- Rate Case				15.0	0.0	0.0	0.0	0.0	0.0
Total Gross Margin / MWh	$48.11	$48.88	$49.54	$50.76	$51.40	$51.61	$51.82	$51.89	$61.18
Growth	1.8%	1.6%	1.4%	2.5%	1.3%	0.4%	0.4%	0.1%	17.9%
Earned ROE (10.75-12.75%)	9.92%	10.00%	9.88%	10.68%	11.06%	10.92%	10.93%	10.93%	11.09%
O&M Expense / MWh	$5.14	$5.44	$5.23	$5.23	$5.23	$5.23	$5.23	$5.23	$5.23
Growth	14.8%	6.0%	-4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
People Gas EPS	$0.93	$1.01	$1.04	$1.07	$1.14	$1.21	$1.27	$1.33	$1.43
Growth	*-0.4%*	*-19.7%*	*2.1%*	*19.7%*	*1.1%*	*1.2%*	*1.7%*	*0.5%*	*1.0%*
Total Sales	14.4%	2.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Rate Change ($s in MM) -- Rate Case	0.0	0.0	0.0	10.0	2.5	2.5	2.5	2.5	2.5
Total Gross Margin / Therm	163.10	163.28	164.10	164.92	172.71	175.25	177.74	179.28	180.76
Growth	-6.9%	1.0%	0.5%	0.5%	0.5%	0.5%	0.5%	0.0%	0.0%
Earned ROE (11.25-12.25%)	9.6%	7.6%	7.6%	9.0%	8.9%	8.9%	8.9%	8.8%	8.8%
O&M Expense / Therm	96.68	100.01	102.01	103.54	105.09	106.67	108.27	109.89	111.54
Growth	8.6%	2.5%	2.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
TECO Coal EPS	$0.23	$0.49	$0.09	$0.09	$0.09	$0.09	$0.09	$0.09	$0.09
Volume	9.8	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Growth Y/Y	1.0%	-4.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% Met Coal	33%	33%	40%	40%	40%	40%	40%	40%	40%
% Steam Coal Hedged	35%	25%	18%	10%	10%	10%	10%	10%	10%
Spot Steam Coal Price	$64.41	$55.00	$50.00	$48.00	$48.00	$48.00	$48.00	$48.00	$48.00
Spot Met Coal Price	$68.00	$61.00	$61.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00
Hedged Coal Price	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00	$35.00

Source: Company data, Credit Suisse estimates

Exhibit 6: Consolidated Income Statement

TECO Energy (NYSE: TE)	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Net Revenues	3,448.1	821.3									
Fuel, Purc. Power & Gas	(1,684.0)	(408.0)									
Gross Margin	**1,764.1**	**413.3**	**457.4**	**484.1**	**367.6**	**1,722.5**	**1,519.0**	**1,587.3**	**1,645.9**	**1,697.2**	**1,750.5**
O&M & Other	(862.7)	(201.7)	(219.1)	(216.6)	(170.4)	(807.7)	(537.6)	(546.0)	(563.3)	(581.5)	(600.4)
DD&A	(282.2)	(71.6)	(71.6)	(71.8)	(67.5)	(282.5)	(272.9)	(277.7)	(282.5)	(288.9)	(294.5)
Taxes other than Income Taxes	(217.5)	(58.8)	(56.5)	(59.1)	(58.7)	(233.1)	(233.4)	(236.8)	(238.2)	(238.0)	(237.6)
Operating Income	**401.7**	**81.2**	**110.2**	**136.7**	**71.0**	**399.1**	**475.2**	**526.8**	**561.8**	**588.9**	**618.0**
Other Income (inc. equity earnings)	153.8	69.8	12.8	45.1	46.3	174.0	71.1	84.0	114.5	165.5	216.5
Net Interest Expense	(278.3)	(67.1)	(63.0)	(60.2)	(56.7)	(246.9)	(210.7)	(222.7)	(243.6)	(267.9)	(284.9)
Interest Rate	*8.0%*	*8.0%*	*7.5%*	*7.1%*	*6.8%*	*7.6%*	*7.0%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Pre-tax Income	**277.2**	**83.9**	**60.0**	**121.6**	**60.7**	**326.2**	**335.7**	**388.1**	**432.7**	**486.4**	**549.6**
Income Tax	(113.3)	(32.9)	(24.0)	(48.6)	(24.3)	(129.8)	(134.3)	(155.3)	(173.1)	(194.6)	(219.8)
Tax Rate	*40.9%*	*39.2%*	*40.0%*	*40.0%*	*40.0%*	*39.8%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*	*40.0%*
Minority Interests	69.6	23.5	18.9	18.9	18.9	80.2	0.0	0.0	0.0	0.0	0.0
Recurring Net Income	**233.5**	**74.5**	**54.9**	**91.9**	**55.3**	**276.5**	**201.4**	**232.9**	**259.6**	**291.8**	**329.8**
GAAP Net Income	233.5	72.8	54.9	91.9	195.1	276.5	201.4	232.9	259.6	291.8	329.8
Recurring EPS	**1.12**	**0.36**	**0.26**	**0.44**	**0.26**	**1.32**	**0.96**	**1.11**	**1.24**	**1.39**	**1.57**
Diluted Shares Outstanding	208.8	209.5	209.6	209.6	209.6	209.5	209.7	209.7	209.7	209.7	209.7
Recurring EPS ex. Synfuels	**0.96**	**0.21**	**0.25**	**0.35**	**0.18**	**1.00**	**0.96**	**1.11**	**1.24**	**1.39**	**1.57**
Growth	*22%*	*-9%*	*-1%*	*17%*	*2%*	*3%*	*-4%*	*16%*	*11%*	*12%*	*13%*
Price	16.13	16.91	18.00	18.18	18.36	17.86	19.28	20.24	21.26	22.32	23.43
						18.4	20.1	18.2	17.2	16.0	14.9
Dividend per Common Share	0.76	0.19	0.19	0.19	0.19	0.76	0.78	0.81	0.83	0.86	0.92
Payout Ratio	79%					76%	82%	73%	67%	61%	59%
Growth						0%	3%	3%	3%	3%	8%
EBITDA	837.7	222.6	194.6	253.6	184.8	855.6	819.2	888.5	958.9	1,043.3	1,129.0
CFPS	2.47	0.70	0.60	0.78	0.59	2.67	2.26	2.43	2.59	2.77	2.98
Synfuel Earnings	0.15	0.15	0.01	0.08	0.08	0.32					
Earnings ex Synfuels	0.96	0.21	0.25	0.35	0.18	1.00	0.96	1.11	1.24	1.39	1.57

Source: Company data, Credit Suisse estimates

Exhibit 7: **Consolidated Cash Flow Statement**

CASH FLOW STATEMENT	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Net Income	246.3	72.8	54.9	91.9	195.1	414.6	201.4	232.9	259.6	291.8	329.8
D&A	282.2	71.6	71.6	71.8	67.5	282.5	272.9	277.7	282.5	288.9	294.5
Deferred Income Taxes	112.3	29.3	22.8	46.2	98.3	196.6	127.5	147.5	164.4	184.8	109.9
Minority loss	(69.6)	(23.5)	(18.9)	(18.9)	(18.9)	(80.2)	0.0	0.0	0.0	0.0	0.0
Changes to Working Capital	(27.2)	4.1	(7.5)	(7.5)	(7.5)	(18.4)	(20.0)	0.0	0.0	0.0	0.0
Other	23.4	4.6	0.0	0.0	0.0	4.6	0.0	0.0	0.0	0.0	0.0
Operating Cash Flow	**567.4**	**158.9**	**122.9**	**183.5**	**334.4**	**799.7**	**581.8**	**658.1**	**706.6**	**765.6**	**734.2**
Capex	(455.7)	(134.5)	(130.8)	(130.8)	(130.8)	(526.8)	(608.0)	(709.4)	(889.9)	(948.2)	(702.5)
AFDUC	3.3	1.7	0.0	0.0	0.0	1.7	0.0	0.0	0.0	0.0	0.0
Purchases of Business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Business/Assets	100.4	7.9	(4.6)	26.1	191.1	220.5	0.0	0.0	0.0	0.0	0.0
Investments	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(7.5)	(29.8)	0.0	0.0	0.0	(29.8)	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**(352.2)**	**(154.7)**	**(135.4)**	**(104.7)**	**60.4**	**(334.4)**	**(608.0)**	**(709.4)**	**(889.9)**	**(948.2)**	**(702.5)**
Issuance of Common Stock	12.5	3.6	0.0	0.0	0.0	3.6	0.0	0.0	0.0	0.0	0.0
Purchase of Treasury Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from LT Debt	327.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of LT Debt	(199.3)	(72.8)	33.3	(57.9)	(373.9)	(471.2)	(9.6)	220.4	357.5	362.0	162.1
Net Increase in ST Debt	(167.0)	3.0	0.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0
Issuance of Redeemable Pref.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity Contract Adj. Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(158.7)	(39.8)	(39.8)	(39.8)	(39.8)	(159.3)	(164.2)	(169.1)	(174.1)	(179.4)	(193.7)
Minority Interest	65.7	21.8	18.9	18.9	18.9	78.5	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	**(119.3)**	**(84.2)**	**12.4**	**(78.8)**	**(394.8)**	**(545.4)**	**(173.8)**	**51.3**	**183.3**	**182.6**	**(31.6)**
Change in Cash	**95.9**	**(80.0)**	**0.0**	**0.0**	**0.0**	**(80.0)**	**(200.0)**	**0.0**	**0.0**	**0.0**	**0.0**
Beginning Cash	345.7	441.6	361.6	361.6	361.6	441.6	361.6	161.6	161.6	161.6	161.6
Ending Cash	**441.6**	**361.6**	**361.6**	**361.6**	**361.6**	**361.6**	**161.6**	**161.6**	**161.6**	**161.6**	**161.6**

Source: Company data, Credit Suisse estimates

Exhibit 8: Consolidated Balance Sheet

BALANCE SHEET	2006A	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cash & Cash Equivalents	441.6	361.6	361.6	361.6	351.6	361.6	161.6	161.6	161.6	161.6	161.6
Restricted Cash	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3	37.3
Accounts Receivable	338.3	310.2	317.7	325.2	332.7	332.7	352.7	352.7	352.7	352.7	352.7
Inventory	159.6	189.7	189.7	189.7	189.7	189.7	189.7	189.7	189.7	189.7	189.7
Other	308.9	309.8	309.8	309.8	309.8	309.8	309.8	309.8	309.8	309.8	309.8
Total Current Assets	**1,285.7**	**1,208.6**	**1,216.1**	**1,223.6**	**1,231.1**	**1,231.1**	**1,051.1**	**1,051.1**	**1,051.1**	**1,051.1**	**1,051.1**
Net PP&E	**4,766.9**	**4,694.5**	**4,758.2**	**4,791.0**	**4,663.2**	**4,663.2**	**4,998.4**	**5,430.9**	**6,037.4**	**6,696.8**	**7,104.8**
Other Investments	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Investments in unconsol. affiliates	292.9	266.8	266.8	266.8	266.8	266.8	266.8	266.8	266.8	266.8	266.8
Goodwill	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4
Deferred income taxes	630.2	580.2	557.4	511.2	412.9	412.9	285.3	137.9	(26.6)	(211.4)	(321.3)
Regulatory assets	231.3	240.8	240.8	240.8	240.8	240.8	240.8	240.8	240.8	240.8	240.8
Deferred charges & Other	67.3	84.3	84.3	84.3	84.3	84.3	84.3	84.3	84.3	84.3	84.3
Intangible assets	0.1	156.3	156.3	156.3	156.3	156.3	156.3	156.3	156.3	156.3	156.3
Total Other assets	**1,309.2**	**1,395.8**	**1,373.0**	**1,326.8**	**1,228.5**	**1,228.5**	**1,100.9**	**953.5**	**789.0**	**604.2**	**494.3**
Total Assets	**7,361.8**	**7,298.9**	**7,347.3**	**7,341.4**	**7,122.8**	**7,122.8**	**7,150.4**	**7,434.6**	**7,877.6**	**8,352.9**	**8,650.2**
Recourse	638.1	456.1	456.1	456.1	456.1	456.1	456.1	456.1	456.1	456.1	456.1
Non-recourse	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
ST debt	639.4	457.4	457.4	457.4	457.4	457.4	457.4	457.4	457.4	457.4	457.4
Notes Payable	48.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0
Accounts payable	326.5	267.6	267.6	267.6	267.6	267.6	267.6	267.6	267.6	267.6	267.6
Current derivative liability	70.3	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Customer deposits	129.5	132.8	132.8	132.8	132.8	132.8	132.8	132.8	132.8	132.8	132.8
Accrued Interest	50.5	85.6	85.6	85.6	85.6	85.6	85.6	85.6	85.6	85.6	85.6
Taxes accrued	25.3	42.5	42.5	42.5	42.5	42.5	42.5	42.5	42.5	42.5	42.5
Assets held for sale & Other	60.9	183.4	183.4	183.4	183.4	183.4	183.4	183.4	183.4	183.4	183.4
Total Current Liabilities	**1,350.4**	**1,221.9**	**1,221.9**	**1,221.9**	**1,221.9**	**1,221.9**	**1,221.9**	**1,221.9**	**1,221.9**	**1,221.9**	**1,221.9**
Deferred Income Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment tax credit	14.7	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Regulatory Liabilities	555.3	573.3	573.3	573.3	573.3	573.3	573.3	573.3	573.3	573.3	573.3
Deferred credits & Other	499.8	509.2	509.2	509.2	509.2	509.2	509.2	509.2	509.2	509.2	509.2
Total Other Liabilities	**1,069.8**	**1,096.5**	**1,096.5**	**1,096.5**	**1,096.5**	**1,096.5**	**1,096.5**	**1,096.5**	**1,096.5**	**1,096.5**	**1,096.5**
Recourse	3,202.2	3,202.3	3,235.6	3,177.7	2,803.9	2,803.9	2,794.2	3,014.6	3,372.1	3,734.1	3,896.2
Non-recourse	10.4	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Pref. Securities/Junior subord.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	**3,212.6**	**3,211.3**	**3,244.6**	**3,186.7**	**2,812.9**	**2,812.9**	**2,803.2**	**3,023.6**	**3,381.1**	**3,743.1**	**3,905.2**
Preferred Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock	209.6	209.6	209.6	209.6	209.6	209.6	209.6	209.6	209.6	209.6	209.6
Additional Paid-in Capital	1,466.3	1,470.9	1,470.9	1,470.9	1,470.9	1,470.9	1,470.9	1,470.9	1,470.9	1,470.9	1,470.9
Retained earnings	83.7	116.9	132.0	164.0	339.2	339.2	376.5	440.3	525.8	638.2	774.3
AOCI	(30.5)	(28.2)	(28.2)	(28.2)	(28.2)	(28.2)	(28.2)	(28.2)	(28.2)	(28.2)	(28.2)
Unearned compensation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholders' Equity	**1,729.0**	**1,769.2**	**1,784.3**	**1,836.3**	**1,991.5**	**1,991.5**	**2,028.8**	**2,092.6**	**2,178.1**	**2,290.5**	**2,426.6**
Total Liab. & Equity	**7,361.8**	**7,298.9**	**7,347.3**	**7,341.4**	**7,122.8**	**7,122.8**	**7,150.4**	**7,434.6**	**7,877.6**	**8,352.0**	**8,650.2**

Source: Company data, Credit Suisse estimates

Companies Mentioned *(Price as of 01 May 07)*
TECO Energy (TE, $18.35, OUTPERFORM, TP $20.50, UNDERWEIGHT)

Disclosure Appendix

Important Global Disclosures

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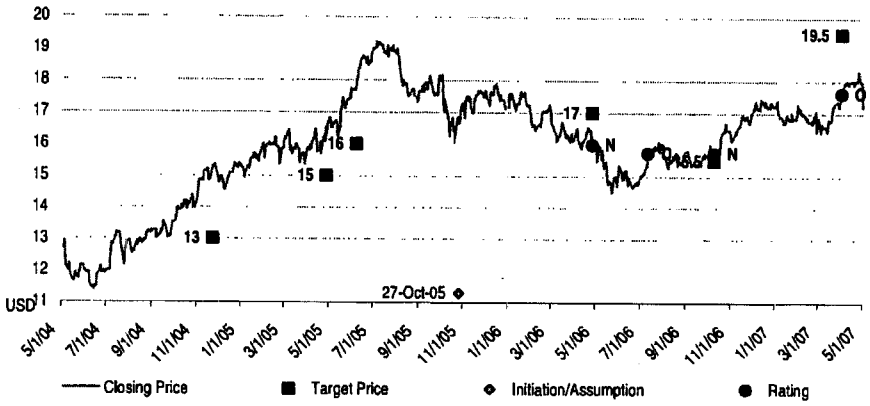
3-Year Price, Target Price and Rating Change History Chart for TE



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

TE Date	Closing Price Price (US$)	Target Price Price (US$)	Rating	Initiation/ Assumption
11/24/04	15.33	13		
4/28/05	16.31	15		
6/8/05	18.06	16		
10/27/05				X
4/26/06	15.99	17	NEUTRAL	
7/11/06	15.74		OUTPERFORM	
10/10/06	15.74	15.5	NEUTRAL	
4/2/07	17.63	19.5	OUTPERFORM	

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Price Target: (12 months) for (TE)

Method: We reach our $20.50 target price on Teco Energy using EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiples, P/E (price/earnings) multiples, and a traditional discounted cash flow analysis. On our discounted cash flow, we use a 7.0% discount rate (modestly above the broader Utility average of 6.9%) and 7.75x terminal EBITDA multiple, supported by our sum-of-the parts analysis, using 8.0x Utility EBITDA, 6.5x Coal EBITDA, 6.5x Transport EBITDA, and 6.0x Guatemala EBITDA and 16.0x Utility EPS, 12.5x Transport EPS, 14.0x Coal EPS, and 13.0x Guatemala EPS.

Risks: Risks to our $20.50 target price on Teco Energy include: (1) uncertainty surrounding synfuel contribution (2) coal price assumptions - every $5 move in spot steam coal prices impacts out year

earnings potential by ~6% (3) legislative approval of cash recovery on newbuild generation (4) regulatory changes in Florida

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02 May 2007
Americas/United States
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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

CREDIT SUISSE

03 August 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

TECO Energy (TE)

EARNINGS

Rating	**OUTPERFORM***
Price (02 Aug 07)	16.60 (US$)
Target price (12M)	20.50 (US$)
52 week high - low	18.50 - 15.28
Market cap. (US$ m)	3,470
Enterprise value (US$ m)	10,302

** Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*

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A Rate Base Growth Story

TE's Q207 recurring earnings were $0.28 versus our $0.25 and consensus at $0.24. Layering back in $0.03 of deprecation expense at Transport would have brought Q207 results in-line with expectations.

TECO's results benefited from strong contribution from the Guatemala business (T&D growth and higher generation), **helping to offset mild weather at the utilities and less favorable Q207 volume mix / production at Coal.**

TECO's planned sale of the Transport business (river barges and ocean vessels) **is moving along,** but has been slower to complete given the challenging credit markets. Management expects to announce a deal in Q307 and close by year-end. Our estimates assume a $380 MM sales price (about 12x P/E) so while a failure to sell would change fund raising needs (likely equity), **we don't see it as value negative.**

TECO has also updated the capex plan for its IGCC to $2.0 BN from $1.5+ BN, but still sees the project as the best fit from a cost / environmental / fuel diversity perspective. Since TE anticipates forward rate recovery on CWIP during construction, the higher cost will be partly absorbed through cash earnings in process. In our numbers we assume some equity issuance in 2009 / 2010 to keep the balance sheet in check, although TE might be able to avoid. **We forecast TE more than doubling its rate base from 2006-2013.**

Coal experienced negative production mix trends in Q207 but should see some of this reverse in 2H07. TE also expects volumes to come in at the low end of the 9.0-9.5 MM ton range but is doing a good job holding down costs.

TE expects 2007 earnings away from the high end of its $0.97-1.07 range. Our 07-09 estimates are $1.00, $0.94, and $1.08. **Reiterate Outperform.**

Share price performance

On 08/02/07 the S&P 500 index closed at 1,472.20.

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.21	0.25	0.37	0.17
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.00	0.94
Prev. EPS (US$)			0.96
P/E (x)	17.2	16.6	17.6
P/E rel. (%)	103.4	108.0	124.7
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	851.7	810.1
OCFPS (US$)'	2.72	3.49	2.72
P/OCF (x)	6.3	4.8	6.1
EV/EBITDA (current)	8.3	7.6	8.3
Net debt (12/06A, US$ m)	3,458.4	2,999.3	3,242.9
ROIC	—	—	—

Number of shares (m)	209	IC (current, US$ m)	—
BV/share (current, US$)	8.88	EV/IC (x)	—
Net debt (current, US$ m)	3,362.1	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	61.8%	Dividend yield	4.6%

Source: Company data, Credit Suisse estimates.

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Exhibit 1: TE Income Statement

TECO Energy (NYSE: TE)	2006A	1Q07A	2Q07A	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Net Revenues	3,448.1	821.3	866.5								
Fuel, Purc. Power & Gas	(1,684.0)	(408.0)	(437.7)								
Gross Margin	**1,764.1**	**413.3**	**428.8**	**478.7**	**367.8**	**1,688.5**	**1,494.8**	**1,563.1**	**1,621.5**	**1,672.6**	**1,725.7**
O&M & Other	(862.7)	(201.7)	(205.8)	(223.7)	(169.3)	(800.5)	(522.5)	(530.6)	(547.4)	(565.1)	(583.6)
DD&A	(282.2)	(71.6)	(72.8)	(73.6)	(69.4)	(287.3)	(276.5)	(280.8)	(284.4)	(289.6)	(294.0)
Taxes other than Income Taxes	(217.5)	(58.8)	(55.0)	(61.5)	(58.7)	(234.0)	(239.1)	(243.0)	(244.7)	(244.7)	(244.6)
Operating Income	**401.7**	**81.2**	**95.2**	**119.9**	**70.4**	**366.7**	**456.6**	**508.7**	**544.9**	**573.2**	**603.6**
Other Income (inc. equity earnings)	153.8	69.8	42.4	42.9	42.5	197.7	77.0	96.9	150.5	223.8	289.1
Net Interest Expense	(278.3)	(67.1)	(65.7)	(60.3)	(57.2)	(250.3)	(215.6)	(235.8)	(259.8)	(279.0)	(296.9)
Interest Rate	*8.0%*	*8.0%*	*7.7%*	*7.1%*	*6.8%*	*7.6%*	*7.0%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Pre-tax Income	**277.2**	**83.9**	**71.9**	**102.6**	**55.8**	**314.1**	**318.0**	**369.8**	**435.6**	**518.0**	**595.7**
Income Tax	(113.3)	(32.9)	(28.1)	(41.0)	(22.3)	(124.4)	(120.9)	(140.5)	(165.5)	(196.8)	(226.4)
Tax Rate	*40.9%*	*39.2%*	*39.1%*	*40.0%*	*40.0%*	*39.6%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*
Minority Interests	69.6	23.5	20.3	17.3	16.2	77.3	0.0	0.0	0.0	0.0	0.0
Recurring Net Income	**233.5**	**74.5**	**64.1**	**78.9**	**49.6**	**267.1**	**197.2**	**229.3**	**270.1**	**321.2**	**369.4**
GAAP Net Income	233.5	72.8	64.1	78.9	189.4	267.1	197.2	229.3	270.1	321.2	369.4
Recurring EPS	**1.12**	**0.36**	**0.31**	**0.38**	**0.24**	**1.27**	**0.94**	**1.08**	**1.22**	**1.42**	**1.63**
Diluted Shares Outstanding	208.8	209.5	208.9	209.0	209.0	209.6	209.3	213.0	221.6	226.4	226.4
Recurring EPS ex. Synfuels	**0.96**	**0.21**	**0.25**	**0.37**	**0.17**	**1.00**	**0.94**	**1.08**	**1.22**	**1.42**	**1.63**
Growth	*22%*	*-9%*	*0%*	*21%*	*-4%*	*4%*	*-6%*	*14%*	*13%*	*16%*	*15%*
Price	16.13	16.91	17.67	17.85	18.03	17.61	18.93	19.87	20.87	21.91	23.01
						18.0	20.1	18.5	17.1	15.4	14.1
Dividend per Common Share	0.76	0.19	0.19	0.19	0.19	0.76	0.78	0.81	0.83	0.86	0.92
Payout Ratio	79%					76%	83%	75%	68%	60%	57%
Growth						0%	3%	3%	3%	3%	8%

Source: Company data, Credit Suisse estimates

Exhibit 2: TE Cash Flow Statement

CASH FLOW STATEMENT	2006A	1Q07A	2Q07A	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Net Income	246.3	72.8	73.7	78.9	189.4	414.7	197.2	229.3	270.1	321.2	369.4
D&A	282.2	71.6	66.8	73.6	69.4	281.3	276.5	280.8	284.4	289.6	294.0
Deferred Income Taxes	112.3	29.3	8.3	39.0	96.4	173.0	114.5	133.1	156.8	186.5	107.2
Minority loss	(69.6)	(23.5)	(20.3)	(17.3)	(16.2)	(77.3)	0.0	0.0	0.0	0.0	0.0
Changes to Working Capital	(27.2)	4.1	(41.0)	(7.5)	(7.5)	(51.9)	(20.0)	0.0	0.0	0.0	0.0
Other	23.4	4.6	(12.7)	0.0	0.0	(8.1)	0.0	0.0	0.0	0.0	0.0
Operating Cash Flow	**567.4**	**158.9**	**74.8**	**166.6**	**331.5**	**731.8**	**568.2**	**643.1**	**711.3**	**797.2**	**770.6**
Capex	(455.7)	(134.5)	(137.6)	(132.5)	(132.5)	(537.1)	(648.0)	(889.4)	(1,044.4)	(1,031.5)	(679.6)
AFDUC	3.3	1.7	1.1	0.0	0.0	2.8	0.0	0.0	0.0	0.0	0.0
Purchases of Business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Business/Assets	100.4	7.9	37.6	23.9	187.3	256.8	0.0	0.0	0.0	0.0	0.0
Investments	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(7.5)	(29.8)	(2.4)	0.0	0.0	(32.2)	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**(352.2)**	**(154.7)**	**(101.3)**	**(108.6)**	**54.8**	**(309.7)**	**(648.0)**	**(889.4)**	**(1,044.4)**	**(1,031.5)**	**(679.6)**
Issuance of Common Stock	12.5	3.6	4.8	0.0	0.0	8.4	0.0	150.0	200.0	0.0	0.0
Purchase of Treasury Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from LT Debt	327.5	0.0	321.0	0.0	0.0	321.0	0.0	0.0	0.0	0.0	0.0
Repayment of LT Debt	(199.3)	(72.8)	(375.0)	(35.6)	(362.8)	(846.2)	43.6	268.0	317.1	427.9	118.1
Net Increase in ST Debt	(167.0)	3.0	(51.0)	0.0	0.0	(48.0)	0.0	0.0	0.0	0.0	0.0
Issuance of Redeemable Pref.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity Contract Adj. Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(158.7)	(39.8)	(41.0)	(39.7)	(39.7)	(160.2)	(163.8)	(171.8)	(184.0)	(193.7)	(209.2)
Minority Interest	65.7	21.8	26.0	17.3	16.2	81.3	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	**(119.3)**	**(84.2)**	**(115.2)**	**(58.0)**	**(386.3)**	**(643.8)**	**(120.2)**	**246.2**	**333.1**	**234.2**	**(91.0)**
Change in Cash	**95.9**	**(80.0)**	**(141.7)**	**0.0**	**0.0**	**(221.7)**	**(200.0)**	**0.0**	**0.0**	**0.0**	**0.0**
Beginning Cash	345.7	441.6	361.6	219.9	219.9	441.6	219.9	19.9	19.9	19.9	19.9
Ending Cash	**441.6**	**361.6**	**219.9**	**219.9**	**219.9**	**219.9**	**19.9**	**19.9**	**19.9**	**19.9**	**19.9**

Source: Company data, Credit Suisse estimates

Exhibit 3: TE Balance Sheet

BALANCE SHEET	2006A	2Q07A	3Q07A	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Cash & Cash Equivalents	441.6	361.6	219.9	219.9	219.9	219.9	19.9	19.9	19.9	19.9	19.9
Restricted Cash	37.3	37.3	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4
Accounts Receivable	338.3	310.2	297.2	304.7	312.2	312.2	332.2	332.2	332.2	332.2	332.2
Inventory	159.6	189.7	212.5	212.5	212.5	212.5	212.5	212.5	212.5	212.5	212.5
Other	308.9	309.8	317.5	317.5	317.5	317.5	317.5	317.5	317.5	317.5	317.5
Total Current Assets	1,285.7	1,208.6	1,084.5	1,092.0	1,099.5	1,099.5	919.5	919.5	919.5	919.5	919.5
Net PP&E	4,766.9	4,694.5	4,755.8	4,790.8	4,666.6	4,666.6	5,038.1	5,646.7	6,406.7	7,148.5	7,534.1
Other Investments	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Investments in unconsol. affiliates	292.9	266.8	286.3	286.3	286.3	286.3	286.3	286.3	286.3	286.3	286.3
Goodwill	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4
Deferred income taxes	630.2	580.2	574.0	535.0	438.6	438.6	324.1	191.0	34.2	(152.3)	(259.5)
Regulatory assets	231.3	240.8	237.4	237.4	237.4	237.4	237.4	237.4	237.4	237.4	237.4
Deferred charges & Other	87.3	84.3	89.1	89.1	89.1	89.1	89.1	89.1	89.1	89.1	89.1
Intangible assets	0.1	156.3	164.2	164.2	164.2	164.2	164.2	164.2	164.2	164.2	164.2
Total Other assets	1,309.2	1,395.8	1,418.4	1,379.4	1,283.0	1,283.0	1,168.5	1,035.4	878.6	692.1	584.9
Total Assets	7,361.8	7,298.9	7,258.7	7,262.2	7,049.1	7,049.1	7,126.1	7,601.6	8,204.7	8,760.1	9,038.5
Recourse	638.1	456.1	156.1	156.1	156.1	156.1	156.1	156.1	156.1	156.1	156.1
Non-recourse	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
ST debt	639.4	457.4	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5
Notes Payable	48.0	51.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	326.5	267.6	259.9	259.9	259.9	259.9	259.9	259.9	259.9	259.9	259.9
Current derivative liability	70.3	1.6	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Customer deposits	129.5	132.6	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4
Accrued interest	50.5	85.6	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.1
Taxes accrued	25.3	42.5	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Assets held for sale & Other	60.9	183.4	206.6	206.6	206.6	206.6	206.6	206.6	206.6	206.6	206.6
Total Current Liabilities	1,350.4	1,221.9	877.7	877.7	877.7	877.7	877.7	877.7	877.7	877.7	877.7
Deferred Income Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment tax credit	14.7	14.0	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Regulatory Liabilities	555.3	573.3	578.4	578.4	578.4	578.4	578.4	578.4	578.4	578.4	578.4
Deferred credits & Other	499.8	509.2	512.6	512.6	512.6	512.6	512.6	512.6	512.6	512.6	512.6
Total Other Liabilities	1,069.8	1,096.5	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4
Recourse	3,202.2	3,202.3	3,451.0	3,415.4	3,052.6	3,052.6	3,096.2	3,364.2	3,681.3	4,109.2	4,227.4
Non-recourse	10.4	9.0	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Pref. Securities/Junior subord.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	3,212.6	3,211.3	3,460.1	3,424.5	3,061.7	3,061.7	3,105.3	3,373.3	3,690.4	4,118.3	4,236.5
Preferred Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock	209.5	209.6	210.6	210.6	210.6	210.6	210.6	360.6	360.6	360.6	360.6
Additional Paid-in Capital	1,466.3	1,470.9	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4
Retained earnings	83.7	116.9	149.6	186.7	338.4	338.4	371.8	429.3	515.3	642.8	803.0
AOCI	(30.5)	(28.2)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)
Unearned compensation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholders' Equity	1,729.0	1,769.2	1,816.5	1,855.6	2,005.3	2,005.3	2,038.7	2,246.2	2,532.2	2,659.7	2,819.9
Total Liab. & Equity	7,361.8	7,298.9	7,258.7	7,262.2	7,049.1	7,049.1	7,126.1	7,601.6	8,204.7	8,760.1	9,038.5

Source: Company data, Credit Suisse estimates

Companies Mentioned *(Price as of 02 Aug 07)*
TECO Energy (TE, $16.60, OUTPERFORM, TP $20.50, UNDERWEIGHT)

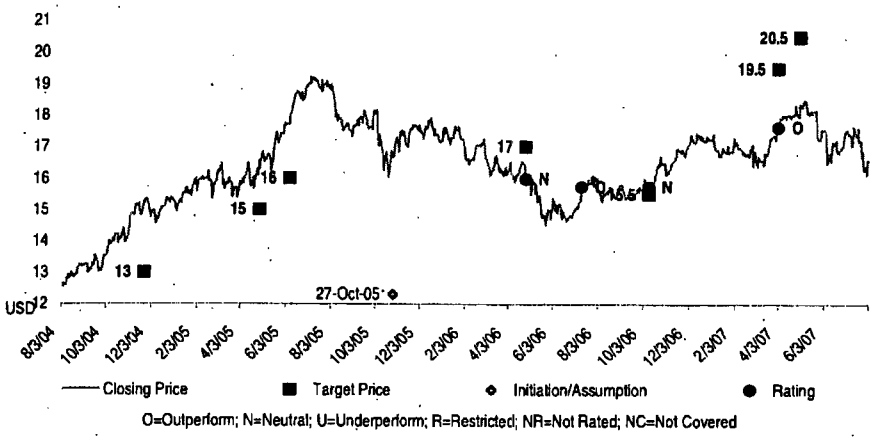
Disclosure Appendix

Important Global Disclosures

I, Dan Eggers, CFA, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

See the Companies Mentioned section for full company names.

3-Year Price, Target Price and Rating Change History Chart for TE



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

TE Date	Closing Price Price (US$)	Target Price Price (US$)	Rating	Initiation/ Assumption
11/24/04	15.33	13		
4/28/05	16.31	15		
6/8/05	18.06	16		
10/27/05				X
4/26/06	15.99	17	NEUTRAL	
7/11/06	15.74		OUTPERFORM	
10/10/06	15.74	15.5	NEUTRAL	
4/2/07	17.63	19.5	OUTPERFORM	
5/2/07	18.38	20.5		

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**The industry average refers to the average total return of the analyst's industry coverage universe (except with respect to Asia/Pacific, Latin America and Emerging Markets, where stock ratings are relative to the relevant country index, and Credit Suisse Small and Mid-Cap Advisor stocks, where stock ratings are relative to the regional Credit Suisse Small and Mid-Cap Advisor investment universe.*

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****The broad market benchmark is based on the expected return of the local market index (e.g., the S&P 500 in the U.S.) over the next 12 months.*

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Restricted	3%	

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Price Target: (12 months) for (TE)

Method: We reach our $20.50 target price on Teco Energy using EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiples, P/E (price/earnings) multiples, and a traditional discounted cash flow analysis. On our discounted cash flow, we use a 7.0% discount rate (modestly above the broader Utility average of 6.9%) and 7.75x terminal EBITDA multiple, supported by our sum-of-the parts analysis, using 8.0x Utility EBITDA, 6.5x Coal EBITDA, 6.5x Transport EBITDA, and

6.0x Guatemala EBITDA and 16.0x Utility EPS, 12.5x Transport EPS, 14.0x Coal EPS, and 13.0x Guatemala EPS.

Risks: Risks to our $20.50 target price on Teco Energy include: (1) uncertainty surrounding synfuel contribution (2) coal price assumptions - every $5 move in spot steam coal prices impacts out year earnings potential by ~6% (3) legislative approval of cash recovery on newbuild generation (4) regulatory changes in Florida

See the Companies Mentioned section for full company names.

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03 August 2007
Americas/United States
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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

05 November 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

CREDIT SUISSE

TECO Energy (TE)

EARNINGS

Rating	OUTPERFORM*
Price (02 Nov 07)	17.10 (US$)
Target price (12M)	18.50 (US$)
52 week high - low	18.50 - 15.13
Market cap. (US$ m)	3,578
Enterprise value (US$ m)	6,652

** Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*

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Q307 Earnings Flash: Steady-Going

TECO's Q307 recurring earnings were $0.38 (ex. synfuels) **versus our $0.37 and the Street's $0.35.**

Tampa Electric's earnings were $0.31 versus our $0.30, as warm weather drove 4.8% Y/Y sales volume gains. A lower depreciation rate further helped results, offset partly by a higher tax rate.

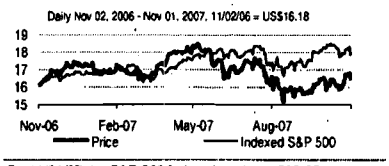
Coal earnings were modestly hampered by a deterioration in mix as lower quality synfuels coal made up 70% of volumes versus 22% a year-ago. With the end of synfuels this year and more favorable outlook for met coal pricing, we would look for TE's volume mix to turn more favorable. As we discussed before, **international met coal prices are strong, providing a positive backdrop for TECO which targets ~4 MM tons / yr of met coal. Our back of the envelope math works out to $0.05 of EPS for every $5 / ton move in met coal prices from the $61 / ton we are using in 2007.**

Guatemala earnings continue to run ahead of our forecast and Peoples Gas was in-line during a seasonally slow quarter.

On top of a constructive coal outlook, we will look for TE to focus on reinvestment opportunities at Tampa Electric to fill the needed generation gap created with the recent decision not to build the Polk 6 IGCC plant; we now assume construction of a CCGT plant.

TECO reiterated 2007 earnings guidance of $0.97-1.07, implying Q407 earnings at $0.13-0.23. Our 07-09 estimates are $1.00, $1.00, and $1.12. **Reiterate Outperform**

Share price performance



On 11/01/07 the S&P 500 index closed at 1,509.65.

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.21	0.25	0.38	0.16
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.00	1.00
Prev. EPS (US$)			0.97
P/E (x)	17.7	17.2	17.2
P/E rel. (%)	106.5	110.7	127.6
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	859.1	814.4
OCFPS (US$)	2.72	3.53	2.68
P/OCF (x)	6.3	4.8	6.4
EV/EBITDA (current)	8.4	7.8	8.3
Net debt (12/06A, US$ m)	3,458.4	3,074.2	3,215.3
ROIC	—	—	—

Number of shares (m)	209	IC (current, US$ m)	—
BV/share (current, US$)	9.58	EV/IC (x)	—
Net debt (current, US$ m)	3,074.2	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	58.9%	Dividend yield	4.4%

Source: Company data, Credit Suisse estimates.

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Exhibit 1: TE Income Statement

TECO Energy (NYSE: TE)	2006A	1Q07A	2Q07A	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Gross Margin	**1,764.1**	**413.3**	**428.8**	**480.0**	**367.8**	**1,689.9**	**1,490.5**	**1,534.7**	**1,585.2**	**1,674.7**	**1,764.2**
O&M & Other	(862.7)	(201.7)	(205.8)	(220.0)	(151.4)	(778.9)	(521.7)	(527.5)	(542.6)	(558.3)	(574.1)
DD&A	(282.2)	(71.6)	(72.8)	(65.8)	(61.1)	(271.3)	(260.5)	(265.2)	(269.3)	(281.9)	(293.5)
Taxes other than Income Taxes	(217.5)	(58.8)	(55.0)	(53.6)	(58.7)	(226.1)	(238.9)	(238.8)	(239.4)	(245.6)	(250.9)
Operating Income	**401.7**	**81.2**	**95.2**	**140.6**	**96.6**	**413.6**	**469.4**	**503.1**	**533.9**	**588.8**	**645.7**
Other Income (inc. equity earnings)	153.8	69.8	42.4	41.8	20.2	174.2	84.5	97.7	119.8	130.1	84.3
Net Interest Expense	(278.3)	(67.1)	(65.7)	(63.9)	(57.8)	(254.5)	(217.0)	(223.8)	(235.7)	(243.5)	(244.7)
Interest Rate	*8.0%*	*8.0%*	*7.7%*	*7.5%*	*6.8%*	*7.7%*	*7.0%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Pre-tax Income	**277.2**	**83.9**	**71.9**	**118.5**	**59.0**	**333.3**	**337.0**	**377.0**	**418.0**	**475.4**	**485.4**
Income Tax	(113.3)	(32.9)	(28.1)	(47.1)	(23.6)	(131.7)	(128.0)	(143.3)	(158.8)	(180.6)	(184.4)
Tax Rate	*40.9%*	*39.2%*	*39.1%*	*39.7%*	*40.0%*	*39.5%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*
Minority Interests	69.6	23.5	20.3	20.8	0.0	64.6	0.0	0.0	0.0	0.0	0.0
Recurring Net Income	**233.5**	**74.5**	**64.1**	**92.2**	**35.4**	**266.2**	**208.9**	**233.7**	**259.1**	**294.7**	**300.9**
GAAP Net Income	233.5	72.8	64.1	92.2	175.2	266.2	208.9	233.7	259.1	294.7	300.9
Recurring EPS	**1.12**	**0.36**	**0.31**	**0.44**	**0.17**	**1.27**	**1.00**	**1.12**	**1.24**	**1.41**	**1.44**
Diluted Shares Outstanding	208.8	209.5	208.9	209.2	209.2	209.7	209.5	209.5	209.5	209.5	209.5
	8.4				37.4	7.8	8.3				
Recurring EPS ex. Synfuels	**0.96**	**0.21**	**0.25**	**0.38**	**0.16**	**1.00**	**1.00**	**1.12**	**1.24**	**1.41**	**1.44**
Growth	*22%*	*-9%*	*0%*	*24%*	*-11%*	*3%*	*0%*	*12%*	*11%*	*14%*	*2%*
Price	16.13	16.91	17.67	16.50	16.67	16.94	17.50	18.37	19.29	20.26	21.27
						16.7	17.6	16.5	15.6	14.4	14.8
Dividend per Common Share	0.76	0.19	0.19	0.19	0.19	0.76	0.78	0.81	0.84	0.87	0.91
Payout Ratio	79%					76%	79%	72%	68%	62%	63%
Growth						0%	3%	3%	4%	4%	4%

Source: Company data, Credit Suisse estimates

Exhibit 2: TE Balance Sheet

BALANCE SHEET	2006A	1Q07A	2Q07A	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Cash & Cash Equivalents	441.6	361.6	219.9	136.1	136.1	136.1	(63.9)	(63.9)	(63.9)	(63.9)	(63.9)
Restricted Cash	37.3	37.3	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4
Accounts Receivable	338.3	310.2	297.2	356.0	363.5	363.5	383.5	383.5	383.5	383.5	383.5
Inventory	159.6	189.7	212.5	179.1	179.1	179.1	179.1	179.1	179.1	179.1	179.1
Other	308.9	309.8	317.5	293.9	293.9	293.9	293.9	293.9	293.9	293.9	293.9
Total Current Assets	1,285.7	1,208.6	1,084.5	1,002.5	1,010.0	1,010.0	830.0	830.0	830.0	830.0	830.0
Net PP&E	4,766.9	4,694.5	4,755.8	4,815.4	4,716.8	4,716.8	4,995.3	5,323.8	5,683.1	5,983.6	6,147.2
Other Investments	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Investments in unconsol. affiliates	292.9	266.8	286.3	266.0	266.0	266.0	266.0	266.0	266.0	266.0	266.0
Goodwill	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4
Deferred income taxes	630.2	580.2	574.0	526.8	429.1	429.1	307.8	172.1	21.6	(149.5)	(324.2)
Regulatory assets	231.3	240.8	237.4	233.6	233.6	233.6	242.4	263.0	304.3	354.5	357.5
Deferred charges & Other	87.3	84.3	89.1	85.4	85.4	85.4	85.4	85.4	85.4	85.4	85.4
Intangible assets	0.1	156.3	164.2	168.1	168.1	168.1	168.1	168.1	168.1	168.1	168.1
Total Other assets	1,309.2	1,395.8	1,418.4	1,347.3	1,249.6	1,249.6	1,137.1	1,022.0	912.9	791.9	620.2
Total Assets	7,361.8	7,298.9	7,258.7	7,165.2	6,976.4	6,976.4	6,962.4	7,175.8	7,425.9	7,605.6	7,597.4
Recourse	638.1	456.1	156.1	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Non-recourse	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
ST debt	639.4	457.4	157.5	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
Notes Payable	48.0	51.0	0.0	73.0	73.0	73.0	73.0	73.0	73.0	73.0	73.0
Accounts payable	326.5	267.6	259.9	259.7	259.7	259.7	259.7	259.7	259.7	259.7	259.7
Current derivative liability	70.3	1.6	14.2	30.5	30.5	30.5	30.5	30.5	30.5	30.5	30.5
Customer deposits	129.5	132.8	134.4	136.8	136.8	136.8	136.8	136.8	136.8	136.8	136.8
Accrued interest	50.5	85.6	49.1	82.5	82.5	82.5	82.5	82.5	82.5	82.5	82.5
Taxes accrued	25.3	42.5	56.0	60.7	60.7	60.7	60.7	60.7	60.7	60.7	60.7
Assets held for sale & Other	60.9	183.4	206.6	91.6	91.6	91.6	91.6	91.6	91.6	91.6	91.6
Total Current Liabilities	1,350.4	1,221.9	877.7	741.9	741.9	741.9	741.9	741.9	741.9	741.9	741.9
Deferred Income Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment tax credit	14.7	14.0	13.4	12.7	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Regulatory Liabilities	555.3	573.3	578.4	580.8	580.8	580.8	580.8	580.8	580.8	580.8	580.8
Deferred credits & Other	499.8	509.2	512.6	506.0	506.0	506.0	506.0	506.0	506.0	506.0	506.0
Total Other Liabilities	1,069.8	1,096.5	1,104.4	1,099.5	1,099.5	1,099.5	1,099.5	1,099.5	1,099.5	1,099.5	1,099.5
Recourse	3,202.2	3,202.3	3,451.0	3,445.4	3,121.2	3,121.2	3,062.3	3,210.9	3,377.6	3,445.2	3,326.2
Non-recourse	10.4	9.0	9.1	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Pref. Securities/Junior subord.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	3,212.6	3,211.3	3,460.1	3,454.4	3,130.2	3,130.2	3,071.3	3,219.9	3,386.6	3,454.2	3,335.2
Preferred Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock	209.5	209.6	210.6	210.6	210.6	210.6	210.6	210.6	210.6	210.6	210.6
Additional Paid-in Capital	1,466.3	1,470.9	1,480.4	1,484.1	1,484.1	1,484.1	1,484.1	1,484.1	1,484.1	1,484.1	1,484.1
Retained earnings	83.7	116.9	149.6	201.4	336.8	336.8	381.7	446.5	529.9	641.9	752.8
AOCI	(30.5)	(28.2)	(24.1)	(26.7)	(26.7)	(26.7)	(26.7)	(26.7)	(26.7)	(26.7)	(26.7)
Unearned compensation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholders' Equity	1,729.0	1,769.2	1,816.5	1,869.4	2,004.8	2,004.8	2,049.7	2,114.5	2,197.9	2,309.9	2,420.8
Total Liab. & Equity	7,361.8	7,298.9	7,258.7	7,165.2	6,976.4	6,976.4	6,962.4	7,175.8	7,425.9	7,605.6	7,597.4

Source: Company data, Credit Suisse estimates

Exhibit 3: TE Cash Flow Statement

CASH FLOW STATEMENT	2006A	1Q07A	2Q07A	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Net Income	246.3	72.8	73.7	92.8	175.2	414.5	208.9	233.7	259.1	294.7	300.9
D&A	282.2	71.6	66.8	59.8	61.1	259.3	260.5	265.2	269.3	281.9	293.5
Deferred Income Taxes	112.3	29.3	8.3	53.0	97.7	188.3	121.3	135.7	150.5	171.1	174.7
Minority loss	(69.6)	(23.5)	(20.3)	(20.8)	0.0	(64.6)	0.0	0.0	0.0	0.0	0.0
Changes to Working Capital	(27.2)	4.1	(41.0)	(34.3)	(7.5)	(78.7)	(20.0)	0.0	0.0	0.0	0.0
Other	23.4	4.6	(12.7)	30.0	0.0	21.9	(8.8)	(20.6)	(41.3)	(50.2)	(3.0)
Operating Cash Flow	**567.4**	**158.9**	**74.8**	**180.5**	**326.4**	**740.6**	**561.9**	**614.0**	**637.6**	**697.6**	**766.2**
Capex	(455.7)	(134.5)	(137.6)	(87.5)	(127.5)	(487.1)	(539.0)	(593.7)	(628.5)	(582.5)	(457.1)
AFDUC	3.3	1.7	1.1	0.7	0.0	3.5	0.0	0.0	0.0	0.0	0.0
Purchases of Business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Business/Assets	100.4	7.9	37.6	15.3	165.0	225.8	0.0	0.0	0.0	0.0	0.0
Investments	7.3	0.0	0.0	12.8	0.0	12.8	0.0	0.0	0.0	0.0	0.0
Other	(7.5)	(29.8)	(2.4)	18.4	0.0	(13.8)	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**(352.2)**	**(154.7)**	**(101.3)**	**(40.3)**	**37.5**	**(258.8)**	**(539.0)**	**(593.7)**	**(628.5)**	**(582.5)**	**(457.1)**
Issuance of Common Stock	12.5	3.6	4.8	1.4	0.0	9.8	0.0	0.0	0.0	0.0	0.0
Purchase of Treasury Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from LT Debt	327.5	0.0	321.0	123.1	0.0	444.1	0.0	0.0	0.0	0.0	0.0
Repayment of LT Debt	(199.3)	(72.8)	(375.0)	(392.5)	(324.2)	(1,164.5)	(58.9)	148.6	166.6	67.7	(119.1)
Net Increase in ST Debt	(167.0)	3.0	(51.0)	73.0	0.0	25.0	0.0	0.0	0.0	0.0	0.0
Issuance of Redeemable Pref.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity Contract Adj. Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(158.7)	(39.8)	(41.0)	(41.1)	(39.8)	(161.7)	(164.0)	(168.9)	(175.7)	(182.7)	(190.0)
Minority Interest	65.7	21.8	26.0	12.1	0.0	59.9	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	**(119.3)**	**(84.2)**	**(115.2)**	**(224.0)**	**(363.9)**	**(787.3)**	**(222.9)**	**(20.3)**	**(9.1)**	**(115.1)**	**(309.1)**
Change in Cash	**95.9**	**(80.0)**	**(141.7)**	**(83.8)**	**0.0**	**(305.5)**	**(200.0)**	**0.0**	**0.0**	**0.0**	**0.0**
Beginning Cash	345.7	441.6	361.6	219.9	136.1	441.6	136.1	(63.9)	(63.9)	(63.9)	(63.9)
Ending Cash	**441.6**	**361.6**	**219.9**	**136.1**	**136.1**	**136.1**	**(63.9)**	**(63.9)**	**(63.9)**	**(63.9)**	**(63.9)**

Source: Company data, Credit Suisse estimates

Companies Mentioned *(Price as of 02 Nov 07)*
TECO Energy (TE, $17.10, OUTPERFORM, TP $18.50, UNDERWEIGHT)

Disclosure Appendix

Important Global Disclosures

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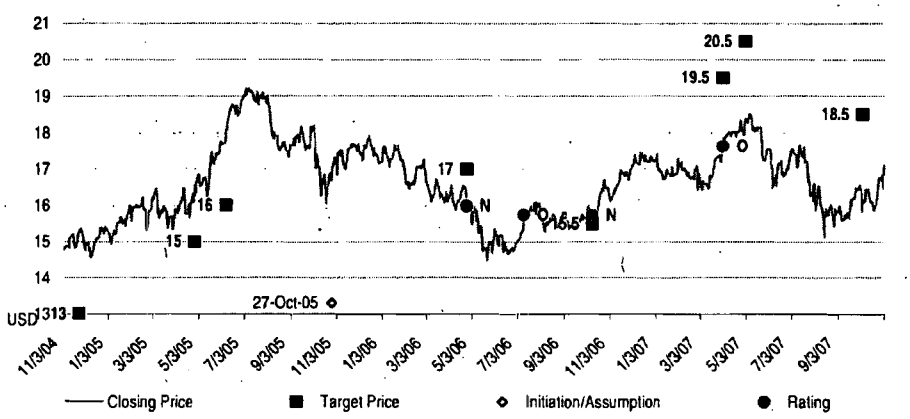
See the Companies Mentioned section for full company names.

3-Year Price, Target Price and Rating Change History Chart for TE



O=Outperform; N=Neutral; U=Underperform; R=Restricted; NR=Not Rated; NC=Not Covered

TE Date	Closing Price Price (US$)	Target Price Price (US$)	Rating	Initiation/ Assumption
11/24/04	15.33	13		
4/28/05	16.31	15		
6/8/05	18.06	16		
10/27/05				X
4/26/06	15.99	17	NEUTRAL	
7/11/06	15.74		OUTPERFORM	
10/10/06	15.74	15.5	NEUTRAL	
4/2/07	17.63	19.5	OUTPERFORM	
5/2/07	18.38	20.5		
10/5/07	16.13	18.5		

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Restricted	2%	

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Price Target: (12 months) for (TE)
Method: We reach our $18.50 target price on Teco Energy using EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiples, P/E (price/earnings) multiples, and a traditional discounted cash flow analysis. On our discounted cash flow, we use a 7.0% discount rate (modestly above the broader Utility average of 6.9%) and 7.0x terminal EBITDA multiple, supported by our sum-of-the parts analysis, using 8.0x Utility EBITDA, 7.0x Coal EBITDA, and 7.0x Guatemala EBITDA and 15.5x Utility EPS, 14.0x Coal EPS, and 14.0x Guatemala EPS.
Risks: Risks to our $18.50 target price on Teco Energy include: (1) uncertainty surrounding synfuel contribution (2) coal price assumptions - every $5 move in spot steam coal prices impacts out year earnings potential by ~6% (3) legislative approval of cash recovery on newbuild generation (4) regulatory changes in Florida

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05 November 2007
Americas/United States
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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

05 October 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

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TECO Energy (TE)

DECREASE TARGET PRICE

Rating	**OUTPERFORM***
Price (03 Oct 07)	15.84 (US$)
Target price (12M)	(from 20.50) 18.50 (US$)
52 week high - low	18.50 -
Market cap. (US$ m)	4,078
Enterprise value (US$ m)	13,469

** Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*

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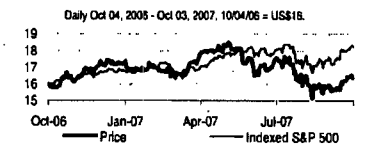
Upon Further Review

We have taken some time (and deep breaths) after TE's announcement that it is halting its planned Polk 6 IGCC plant that was the backbone of a good rate base growth story. And, while our disappointment remains, we still like the TE investment opportunity (although admittedly not as much as before this negative announcement). **We are maintaining our Outperform rating and are lowering our target to $18.50 from $20.50.**

Why we remain attracted to the story:

- **Tampa Electric still needs new generation to keep up with load growth (~150 MW / year) and to fill the gap of a 300 MW supply contract rolling off.** So, on top of the $400 MM of maintenance capital plus environmental spend (automatically into rates), our numbers now assume TECO builds a 600 MW CCGT plant with a mid-2011 in-service date for $510 MM – this will serve as a placeholder until management provides a formal plan. While no longer doubling, we do estimate 40% rate base growth to 2012.
- **International met coal prices are soaring, potentially providing a nice lift to earnings** (and maybe an opportunity for exit) since met accounts for ~40% of volumes (~3.6 MM tons). We still assume flat earnings at Coal, although Q4 / Q1 re-contracting will be worth watching closely.
- **TE's 4.8% dividend yield is safe**, providing stock support and current income while also packaged in a company with a better growth profile / story to tell than other high yielding utilities.
- **Valuation still works** with broad support on multiples (12.7x 08 P/E adjusted for NOLs), DCF, and dividend discount models. Also, we believe the NOL balance (PV of $3.50/share from year-end 2008), is underappreciated. Our new 07-09 estimates are $1.00, $0.97, and $1.09.

Share price performance



On 10/03/07 the S&P 500 index closed at 1,542.84.

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.21	0.25	0.37	0.17
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.00	0.97
Prev. EPS (US$)		1.00	0.94
P/E (x)	16.4	15.8	16.4
P/E rel. (%)	98.6	102.6	121.3
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	851.7	813.8
OCFPS (US$)	2.72	3.49	2.71
P/OCF (x)	6.3	4.5	5.9
EV/EBITDA (current)	6.1	5.3	5.3
Net debt (12/06A, US$ m)	9,733	10,319	10,955
ROIC	—	—	—

Number of shares (m)	210.54	IC (current, US$ m)	—
BV/share (current, US$)	8.88	EV/IC (x)	—
Net debt (current, US$ m)	3,357.1	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	61.8%	Dividend yield	4.8%

Source: Company data, Credit Suisse estimates.

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05 October 2007

Some-of-the-Parts Analysis

Exhibit 1: Enterprise Value-to-EBITDA SOTP Analysis

		2008	2009	2010	2011	2012
EBITDA						
Tampa Electric		555.7	591.8	641.4	711.8	725.7
People Gas		96.2	108.8	114.3	120.0	125.9
TECO Coal (ex. Synfuel)		74.8	76.0	76.0	76.0	76.0
TECO Guatemala		71.1	72.6	74.3	75.9	77.6
Corp / Other		16.0	16.0	16.0	16.0	16.0
Total EBITDA		**813.8**	**865.2**	**922.0**	**999.7**	**1,021.1**
EV/EBITDA Multiples	**Discount Rate**					
Tampa Electric	6.7%	8.0x	8.0x	8.0x	8.0x	8.0x
People Gas	6.7%	8.0x	8.0x	8.0x	8.0x	8.0x
TECO Coal	8.5%	7.0x	7.0x	7.0x	7.0x	7.0x
TECO Guatemala	7.5%	7.0x	7.0x	7.0x	7.0x	7.0x
Other	7.5%	7.4x	7.4x	7.4x	7.4x	7.4x
Enterprise Value						
Tampa Electric		4,445.5	4,734.8	5,131.5	5,694.4	5,805.3
People Gas		769.7	870.0	914.3	959.9	1,006.9
TECO Coal		523.7	531.9	531.9	531.9	531.9
TECO Guatemala		497.4	508.5	519.9	531.5	543.3
Other		118.2	118.2	118.2	118.2	118.2
Total		**6,354.4**	**6,763.4**	**7,215.8**	**7,835.8**	**8,005.5**
Net Debt		3,125.7	3,269.7	3,431.7	3,494.5	3,370.4
PV Equity Capitalization		**3,228.7**	**3,266.9**	**3,309.7**	**3,552.7**	**3,548.4**
PV Def Taxes		736.2	665.1	573.1	458.0	312.0
Per Share Impact		3.52	3.18	2.74	2.19	1.49
Price (inc. Synfuels)		**$18.94**	**$18.79**	**$18.55**	**$19.16**	**$18.45**

Source: Company data, Credit Suisse estimates

Exhibit 2: Price-to-Earnings SOTP Analysis

		2008	2009	2010	2011	2012
Net Income						
Tampa Electric		153.8	169.3	192.5	223.1	222.3
People Gas		25.4	30.5	31.0	31.9	33.1
TECO Coal		15.4	16.2	16.2	16.2	16.2
TECO Guatemala		42.6	42.7	42.8	42.8	42.7
Corporate / Other		(34.9)	(31.2)	(29.2)	(24.8)	(19.4)
Total Net Income		**202.3**	**227.4**	**253.2**	**289.1**	**295.0**
P/E Multiples	**Discount Rate**					
Tampa Electric	6.7%	15.5x	14.5x	13.6x	12.8x	12.0x
People Gas	6.7%	15.5x	14.5x	13.6x	12.8x	12.0x
TECO Coal	8.5%	14.0x	12.9x	11.9x	11.0x	10.1x
TECO Guatemala	7.5%	14.0x	13.0x	12.1x	11.3x	10.5x
Corporate / Other	7.5%	15.0x	14.0x	13.0x	12.1x	11.2x
Equity Value						
Tampa Electric		2,383.3	2,458.7	2,620.4	2,846.8	2,658.5
People Gas		393.7	442.6	422.4	406.5	396.4
TECO Coal		215.7	208.6	192.2	177.2	163.3
TECO Guatemala		596.8	556.2	518.0	481.9	447.8
Other		(523.1)	(435.1)	(379.5)	(299.1)	(217.6)
Total		**3,066**	**3,231**	**3,373**	**3,613**	**3,448**
PV of Deferred Taxes		736.2	665.1	573.1	458.0	312.0
Per Share Impact		$3.52	$3.18	$2.74	$2.19	$1.49
Price (Inc. Synfuels)		**$18.17**	**$18.62**	**$18.86**	**$19.45**	**$17.97**

Source: Company data, Credit Suisse estimates

Discounted Cash Flow Valuation

Exhibit 3: DCF Sensitivity Analysis

Terminal EBITDA Multiple	Discount Rate 6.70%	6.80%	6.90%	7.00%	7.10%	7.20%	7.30%
7.00x	17.66	17.41	17.16	16.91	16.67	16.43	16.19
7.25x	18.38	18.13	17.87	17.62	17.37	17.13	16.88
7.50x	19.11	18.85	18.59	18.33	18.07	17.82	17.57
7.75x	19.84	19.57	19.30	19.03	18.77	18.51	18.26
8.00x	20.56	20.29	20.01	19.74	19.47	19.21	18.94
8.25x	21.29	21.01	20.73	20.45	20.17	19.90	19.63
8.50x	22.02	21.73	21.44	21.16	20.87	20.59	20.32

Source: Company data, Credit Suisse estimates

Dividend Discount Valuation

Exhibit 4: Dividend Discount Model

Years to Discount	0	0	0	1	2	3	4	5	6	7	8
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EPS	0.96	1.00	0.97	1.09	1.21	1.38	1.41	1.50	1.57	1.63	1.68
Growth		*3.7%*	*-3.4%*	*12.4%*	*11.3%*	*14.2%*	*2.0%*	*6.4%*	*4.4%*	*3.7%*	*3.5%*
Dividends	0.76	0.76	0.78	0.81	0.84	0.87	0.91	0.94	0.98	1.02	1.06
Growth		*0.0%*	*3.0%*	*3.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*
Payout	79%	76%	81%	74%	69%	63%	64%	63%	63%	63%	63%

	Terminal Growth Rate		
	1.5%	2.0%	2.5%
NPV FCF	7.39	7.39	7.39
NPV Terminal FCF	10.33	11.44	12.80
Fair Value	17.72	18.83	20.20

Source: Company data, Credit Suisse estimates

See consolidated financials statements and capex assumptions in the exhibits on the following pages.

Exhibit 5: TE Consolidated Income State, 2006A-2012E

TECO Energy (NYSE: TE)	2006A	1Q07A	2Q07A	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Net Revenues	3,448.1	821.3	866.5								
Fuel, Purc. Power & Gas	(1,684.0)	(408.0)	(437.7)								
Gross Margin	**1,764.1**	**413.3**	**428.8**	**478.7**	**367.8**	**1,688.6**	**1,486.3**	**1,530.5**	**1,581.0**	**1,670.5**	**1,760.1**
O&M & Other	(862.7)	(201.7)	(205.8)	(223.7)	(169.3)	(800.5)	(520.0)	(525.9)	(541.2)	(557.1)	(573.0)
DD&A	(282.2)	(71.6)	(72.8)	(73.5)	(69.3)	(287.2)	(276.4)	(280.7)	(284.4)	(296.6)	(307.7)
Taxes other than Income Taxes	(217.5)	(58.8)	(55.0)	(61.5)	(58.7)	(234.0)	(237.7)	(237.6)	(238.2)	(244.4)	(249.7)
Operating Income	**401.7**	**81.2**	**95.2**	**120.0**	**70.5**	**366.9**	**452.2**	**486.3**	**517.3**	**572.5**	**629.6**
Other Income (inc. equity earnings)	153.8	69.8	42.4	42.9	42.5	197.7	85.1	98.3	120.4	130.7	83.8
Net Interest Expense	(278.3)	(67.1)	(65.7)	(60.3)	(57.1)	(250.2)	(211.0)	(217.7)	(229.3)	(236.8)	(237.6)
Interest Rate	*8.0%*	*8.0%*	*7.7%*	*7.1%*	*6.8%*	*7.6%*	*7.0%*	*6.8%*	*6.8%*	*6.8%*	*6.8%*
Pre-tax Income	**277.2**	**83.9**	**71.9**	**102.6**	**55.9**	**314.3**	**326.3**	**366.8**	**408.4**	**466.3**	**475.8**
Income Tax	(113.3)	(32.9)	(28.1)	(41.0)	(22.4)	(124.4)	(124.0)	(139.4)	(155.2)	(177.2)	(180.8)
Tax Rate	*40.9%*	*39.2%*	*39.1%*	*40.0%*	*40.0%*	*39.6%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*	*38.0%*
Minority Interests	69.6	23.5	20.3	17.3	16.2	77.3	0.0	0.0	0.0	0.0	0.0
Recurring Net Income	**233.5**	**74.5**	**64.1**	**78.9**	**49.7**	**267.2**	**202.3**	**227.4**	**253.2**	**289.1**	**295.0**
GAAP Net Income	233.5	72.8	64.1	78.9	189.5	267.2	202.3	227.4	253.2	289.1	295.0
Recurring EPS	**1.12**	**0.36**	**0.31**	**0.38**	**0.24**	**1.27**	**0.97**	**1.09**	**1.21**	**1.38**	**1.41**
Diluted Shares Outstanding	208.8	209.5	208.9	209.0	209.0	209.6	209.3	209.3	209.3	209.3	209.3
Recurring EPS ex. Synfuels	**0.96**	**0.21**	**0.25**	**0.37**	**0.17**	**1.00**	**0.97**	**1.09**	**1.21**	**1.38**	**1.41**
Growth	*22%*	*-9%*	*0%*	*21%*	*-4%*	*4%*	*-3%*	*12%*	*11%*	*14%*	*2%*
Price	16.13	16.91	17.67	16.50	16.67	16.94	17.50	18.37	19.29	20.26	21.27
						16.7	18.1	16.9	15.9	14.7	15.1
Dividend per Common Share	0.76	0.19	0.19	0.19	0.19	0.76	0.78	0.81	0.84	0.87	0.91
Payout Ratio	79%					76%	81%	74%	69%	63%	64%
Growth						0%	3%	3%	4%	4%	4%

Source: Company data, Credit Suisse estimates

Exhibit 6: TE Balance Sheet, 2006A-2012E

BALANCE SHEET	2006A	1Q07A	2Q07A	3Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Cash & Cash Equivalents	441.6	361.6	219.9	219.9	219.9	219.9	19.9	19.9	19.9	19.9	19.9
Restricted Cash	37.3	37.3	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4
Accounts Receivable	338.3	310.2	297.2	304.7	312.2	312.2	332.2	332.2	332.2	332.2	332.2
Inventory	159.6	189.7	212.5	212.5	212.5	212.5	212.5	212.5	212.5	212.5	212.5
Other	308.9	309.8	317.5	317.5	317.5	317.5	317.5	317.5	317.5	317.5	317.5
Total Current Assets	1,285.7	1,208.6	1,084.5	1,092.0	1,099.5	1,099.5	919.5	919.5	919.5	919.5	919.5
Net PP&E	4,768.9	4,694.5	4,755.8	4,785.8	4,656.7	4,656.7	4,919.3	5,232.3	5,576.5	5,882.5	6,011.9
Other Investments	-8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Investments in unconsol. affiliates	292.9	266.8	286.3	286.3	286.3	286.3	286.3	286.3	286.3	286.3	286.3
Goodwill	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4	59.4
Deferred income taxes	630.2	580.2	574.0	535.0	438.5	438.5	321.0	189.0	42.0	(125.9)	(297.2)
Regulatory assets	231.3	240.8	237.4	237.4	237.4	237.4	247.3	269.0	311.4	362.7	365.7
Deferred charges & Other	87.3	84.3	89.1	89.1	89.1	89.1	89.1	89.1	89.1	89.1	89.1
Intangible assets	0.1	156.3	164.2	164.2	164.2	164.2	164.2	164.2	164.2	164.2	164.2
Total Other assets	1,309.2	1,395.8	1,418.4	1,379.4	1,282.9	1,282.9	1,175.3	1,085.0	960.4	843.8	675.6
Total Assets	7,361.8	7,298.9	7,258.7	7,257.3	7,039.1	7,039.1	7,014.1	7,216.8	7,456.4	7,625.9	7,607.0
Recourse	638.1	456.1	156.1	156.1	156.1	156.1	156.1	156.1	156.1	156.1	156.1
Non-recourse	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
ST debt	639.4	457.4	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5	157.5
Notes Payable	48.0	51.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	326.5	267.6	259.9	259.9	259.9	259.9	258.9	259.9	259.9	259.9	259.9
Current derivative liability	70.3	1.6	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2	14.2
Customer deposits	129.5	132.8	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4	134.4
Accrued Interest	50.5	85.6	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.1	49.1
Taxes accrued	25.3	42.5	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Assets held for sale & Other	60.9	183.4	206.6	206.6	206.6	206.6	206.6	206.6	206.6	206.6	206.6
Total Current Liabilities	1,350.4	1,221.9	877.7	877.7	877.7	877.7	877.7	877.7	877.7	877.7	877.7
Deferred Income Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment tax credit	14.7	14.0	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4	13.4
Regulatory Liabilities	555.3	573.3	578.4	578.4	578.4	578.4	578.4	578.4	578.4	578.4	578.4
Deferred credits & Other	499.8	509.2	512.6	512.6	512.6	512.6	512.6	512.6	512.6	512.6	512.6
Total Other Liabilities	1,069.8	1,096.5	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4	1,104.4
Recourse	3,202.2	3,202.3	3,451.0	3,410.4	3,042.5	3,042.5	2,979.0	3,123.0	3,285.0	3,347.8	3,223.7
Non-recourse	10.4	9.0	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Pref. Securities/Junior subord.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-Term Debt	3,212.6	3,211.3	3,460.1	3,419.5	3,051.6	3,051.6	2,988.1	3,132.1	3,294.1	3,356.9	3,232.8
Preferred Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Stock	209.5	209.6	210.6	210.6	210.6	210.6	210.6	210.6	210.6	210.6	210.6
Additional Paid-in Capital	1,466.3	1,470.9	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4	1,480.4
Retained earnings	83.7	116.9	149.6	188.8	338.5	338.5	377.0	435.7	513.4	620.0	725.1
AOCI	(30.5)	(28.2)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)	(24.1)
Unearned compensation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Shareholders' Equity	1,729.0	1,769.2	1,816.5	1,855.7	2,005.4	2,005.4	2,043.9	2,102.6	2,180.3	2,286.9	2,392.0
Total Liab. & Equity	7,361.8	7,298.9	7,258.7	7,257.3	7,039.1	7,039.1	7,014.1	7,216.8	7,456.4	7,625.9	7,607.0

Source: Company data, Credit Suisse estimates

Exhibit 7: TE Statement of Cash Flows, 2006A-2012E

CASH FLOW STATEMENT	2006A	1Q07A	2007A	2Q07E	4Q07E	2007E	2008E	2009E	2010E	2011E	2012E
Net Income	246.3	72.8	73.7	78.9	189.5	414.9	202.3	227.4	253.2	289.1	295.0
D&A	282.2	71.6	66.8	73.5	69.3	281.2	276.4	280.7	284.4	296.6	307.7
Deferred Income Taxes	112.3	29.3	8.3	39.0	96.5	173.1	117.5	132.0	147.0	167.9	171.3
Minority loss	(69.6)	(23.5)	(20.3)	(17.3)	(16.2)	(77.3)	0.0	0.0	0.0	0.0	0.0
Changes to Working Capital	(27.2)	4.1	(41.0)	(7.5)	(7.5)	(51.9)	(20.0)	0.0	0.0	0.0	0.0
Other	23.4	4.6	(12.7)	0.0	0.0	(8.1)	(9.9)	(21.7)	(42.4)	(51.3)	(3.0)
Operating Cash Flow	**567.4**	**158.9**	**74.8**	**166.6**	**331.6**	**731.9**	**566.3**	**618.4**	**642.1**	**702.2**	**771.0**
Capex	(455.7)	(134.5)	(137.6)	(127.5)	(127.5)	(527.1)	(539.0)	(593.7)	(628.5)	(582.5)	(457.1)
AFDUC	3.3	1.7	1.1	0.0	0.0	2.8	0.0	0.0	0.0	0.0	0.0
Purchases of Business	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Business/Assets	100.4	7.9	37.6	23.9	187.3	256.8	0.0	0.0	0.0	0.0	0.0
Investments	7.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(7.5)	(29.8)	(2.4)	0.0	0.0	(32.2)	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	**(352.2)**	**(154.7)**	**(101.3)**	**(103.6)**	**59.8**	**(299.7)**	**(539.0)**	**(593.7)**	**(628.5)**	**(582.5)**	**(457.1)**
Issuance of Common Stock	12.5	3.6	4.8	0.0	0.0	8.4	0.0	0.0	0.0	0.0	0.0
Purchase of Treasury Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from LT Debt	327.5	0.0	321.0	0.0	0.0	321.0	0.0	0.0	0.0	0.0	0.0
Repayment of LT Debt	(199.3)	(72.8)	(375.0)	(40.6)	(367.9)	(856.3)	(63.5)	144.0	161.9	62.8	(124.1)
Net Increase in ST Debt	(167.0)	3.0	(51.0)	0.0	0.0	(48.0)	0.0	0.0	0.0	0.0	0.0
Issuance of Redeemable Pref.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity Contract Adj. Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(158.7)	(39.8)	(41.0)	(39.7)	(39.7)	(160.2)	(163.8)	(168.7)	(175.5)	(182.5)	(189.8)
Minority Interest	65.7	21.8	26.0	17.3	16.2	81.3	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	**(119.3)**	**(84.2)**	**(115.2)**	**(63.0)**	**(391.4)**	**(653.8)**	**(227.3)**	**(24.7)**	**(13.6)**	**(119.7)**	**(313.9)**
Change in Cash	**95.9**	**(80.0)**	**(141.7)**	**0.0**	**0.0**	**(221.7)**	**(200.0)**	**0.0**	**0.0**	**0.0**	**0.0**
Beginning Cash	345.7	441.6	361.6	219.9	219.9	441.6	219.9	19.9	19.9	19.9	19.9
Ending Cash	**441.6**	**361.6**	**219.9**	**219.9**	**219.9**	**219.9**	**19.9**	**19.9**	**19.9**	**19.9**	**19.9**

Source: Company data, Credit Suisse estimates

Exhibit 8: TE Segment Capex

Capex Assumptions

Transmission	21.0	21	59	56	58	59	60
Distribution	95.0	118	125	124	106	108	111
Generation -- Maintenance	96.0	109	62	86	86	86	86
Generation -- CCGT (assumed)	57.0		51	153	204	102	
Generation -- Growth		-	-	-	-	53	53
Other	20.0	25	31	25	25	25	25
Environmental	74.0	121	98	42	42	42	15
Tampa Electric	363.0	394	426	485	520	474	349
People Gas	54.0	50	50	50	50	50	50
Teco Transport	40.0	45	40	33	33	33	33
Teco Coal	17.0	25	23	26	26	26	26
Other Unreg & Other	(20.0)	3	-	-	-	-	-
Non-Regulated Segments:	38.7	73	63	58	58	58	58
Consolidated Capex	**455.7**	**517**	**539**	**594**	**629**	**583**	**457**

Source: Credit Suisse estimates

Companies Mentioned *(Price as of 04 Oct 07)*
TECO Energy (TE, $15.84, OUTPERFORM, TP $18.50, UNDERWEIGHT)

Disclosure Appendix

Important Global Disclosures

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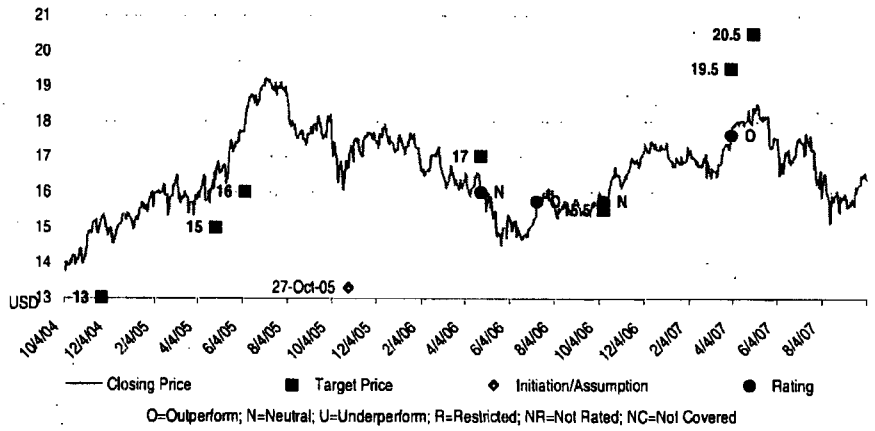
3-Year Price, Target Price and Rating Change History Chart for TE



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6/8/05	18.06	16		
10/27/05				X
4/26/06	15.99	17	NEUTRAL	
7/11/06	15.74		OUTPERFORM	
10/10/06	15.74	15.5	NEUTRAL	
4/2/07	17.63	19.5	OUTPERFORM	
5/2/07	18.38	20.5		

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Price Target: (12 months) for (TE)
Method: We reach our $18.50 target price on Teco Energy using EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiples, P/E (price/earnings) multiples, and a traditional discounted cash flow analysis. On our discounted cash flow, we use a 7.0% discount rate (modestly above the broader Utility average of 6.9%) and 7.0x terminal EBITDA multiple, supported by our sum-of-the parts analysis, using 8.0x Utility EBITDA, 7.0x Coal EBITDA, and 7.0x Guatemala EBITDA and 15.5x Utility EPS, 14.0x Coal EPS, and 14.0x Guatemala EPS.
Risks: Risks to our $18.50 target price on Teco Energy include: (1) uncertainty surrounding synfuel contribution (2) coal price assumptions - every $5 move in spot steam coal prices impacts out year earnings potential by ~6% (3) legislative approval of cash recovery on newbuild generation (4) regulatory changes in Florida

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

04 October 2007
Americas/United States
Equity Research
Electric Utilities (Regulated Utilities) / UNDERWEIGHT

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TECO Energy (TE)

COMPANY UPDATE

Bummer - Bumping IGCC Plans

TECO announced this morning plans to suspend (we read cancel) construction of its proposed Polk 6 IGCC power plant, citing concerns and uncertainty around evolving CO2 policy in Florida after recent initiatives proposed by Governor Crist.

While TE remains confident that it can capture CO2 from an IGCC plant, the cost of sequestration is still unknown and would inevitably be added to the already projected $2 BN plant cost. With the risk of even more expense, TECO has decided the financial risk was not offset by the opportunity.

We are disappointed in the announcement in light of past support and enthusiasm from the company, the state legislature, and most importantly the Governor. We would look for weakness in TECO shares in response to today's decision.

We are still reviewing our earnings estimates to understand the impact from scrapping the IGCC project. Tampa Electric still has a growth story – albeit slower than what we had been expecting- with annual capex spend of $400 MM plus need for new peaking capacity additions that the company was planning to outsource given expected capital obligations associated with the IGCC. TECO could have other generation investment opportunities in Florida to fill the capacity gap now created in the absence of Polk 6, helping to fill some of the capex downdraft.

Rating	**OUTPERFORM***
Price (03 Oct 07)	16.37 (US$)
Target price (12M)	20.50 (US$)
52 week high - low	18.50 - 15.13
Market cap. (US$ m)	3,446
Enterprise value (US$ m)	6,446

** Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.*

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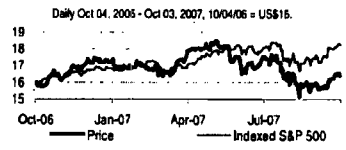
Share price performance



On 10/03/07 the S&P 500 index closed at 1,539.59.

Quarterly EPS	Q1	Q2	Q3	Q4
2006A	0.23	0.25	0.30	0.18
2007E	0.21	0.25	0.37	0.17
2008E				

Financial and valuation metrics

Year	12/06A	12/07E	12/08E
EPS (CS adj., US$)	0.96	1.00	0.94
Prev. EPS (US$)			
P/E (x)	17.0	16.4	17.4
P/E rel. (%)	101.9	106.1	125.4
Revenue (US$ m)	3,448.1	—	—
EBITDA (US$ m)	837.7	851.7	810.1
OCFPS (US$)	2.72	3.49	2.72
P/OCF (x)	6.3	4.7	6.0
EV/EBITDA (current)	8.2	7.6	8.3
Net debt (12/06A, US$ m)	3,458.4	2,999.3	3,242.9
ROIC	7.6%	8.1%	7.8%

Number of shares (m)	210	IC (current, US$ m)	—
BV/share (current, US$)	8.88	EV/IC (x)	1.0
Net debt (current, US$ m)	3,362.1	Dividend (current, US$)	0.76
Net debt/Total cap. (current)	61.8%	Dividend yield	4.6%

Source: Company data, Credit Suisse estimates.

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Companies Mentioned *(Price as of 03 Oct 07)*
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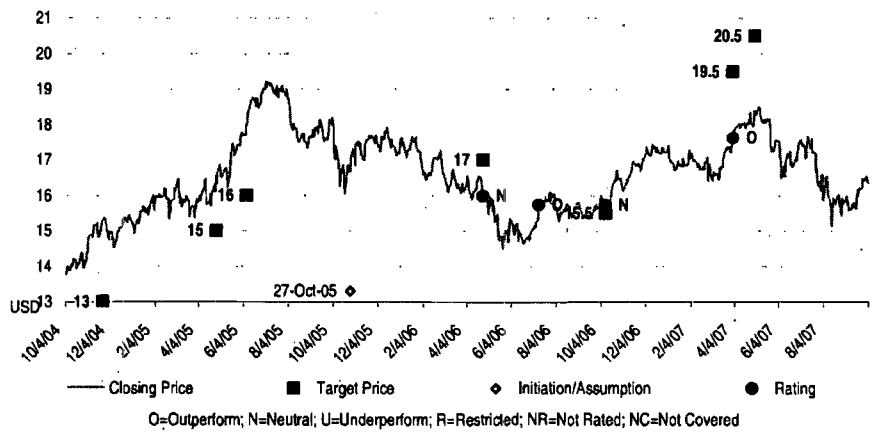

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04 October 2007
Americas/United States
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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

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See page 9 for Analyst Certification and Important Disclosures

Target Price Change ☑
Estimate Change ☑

TECO Energy, Inc. (TE)

HOLD (2)
High Risk (H)

TE: Lower Coal Business Forecast Drives Our EPS and Target Revisions

Mkt Cap: $3,485 mil.

February 15, 2007

United States

ELECTRIC UTILITIES

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SUMMARY

- We are decreasing our 12-month price target to $16.50 based on our lower FY '08 EPS estimate of $1.05, along with a sum-of-the-parts and DCF approach.
- Our FY '08 estimate is lower due to our expectation of margin contraction and lower volumes at TECO coal, offset by better cash flows from synfuel production driving further deleveraging. Management withdrew its '08 EPS aspiration of $1.23 due to soft coal markets and introduced '07 guidance of $0.97-$1.07 excluding synfuel.
- The cash flow story remains strong, however, and helps support valuation. Synfuel cash flows of $100mm have been "locked in" for '07 and further deleveraging is anticipated if a TECO Transport sale is consumated.
- On 02/06/07, TECO reported Q4'06 results of $0.18 and 2006 results of $0.97 excluding synfuel, at the midpoint of guidance range.

FUNDAMENTALS	
P/E (12/07E)	16.8x
P/E (12/08E)	16.1x
TEV/EBITDA (12/07E)	7.8x
TEV/EBITDA (12/08E)	7.4x
Book Value/Share (12/07E)	$8.60
Price/Book Value	2.0x
Revenue (12/07E)	$3,409.7 mil.
Proj. Long-Term EPS Growth	14%
ROE (12/07E)	11.9%
Long-Term Debt to Capital(a)	65.1%

TE is in the S&P 500® Index.

(a) Data as of most recent quarter

SHARE DATA	
Price (2/15/07)	$16.84
52-Week Range	$17.45-$14.50
Shares Outstanding(a)	207.0 mil.
Div(E) (Cur/Prev)	$0.76/$0.76

RECOMMENDATION	
Rating (Cur/Prev)	2H/2H
Target Price (Cur/Prev)	$16.50/$17.50
Expected Share Price Return	(2.0%)
Expected Dividend Yield	4.5%
Expected Total Return	2.5%

EARNINGS PER SHARE

FY ends		1Q	2Q	3Q	4Q	Full Year
12/06A	Actual	$0.23A	$0.25A	$0.31A	$0.18A	$0.97A
12/07E	Current	$0.24E	$0.25E	$0.30E	$0.21E	$1.00E
	Previous	$0.27E	$0.29E	$0.37E	$0.27E	$1.20E
12/08E	Current	$0.25E	$0.27E	$0.31E	$0.21E	$1.05E
	Previous	NA	NA	NA	NA	$1.20E
12/09E	Current	NA	NA	NA	NA	$1.10E
	Previous	NA	NA	NA	NA	NA

First Call Consensus EPS: 12/07E $1.00; 12/08E $1.09; 12/09E $1.15

OPINION

Despite expected weakness from coal, TE's fundamental profile is relatively unchanged: We have reduced 2007 earnings by $0.20 as we now exclude synfuel

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manufacturing earnings from our estimates. We are lowering our '08 EPS by $0.15, mainly to reflect lower margins and production at TECO coal. The cash flow story for TECO remains stable allowing the company to delever and thus help grow earnings modestly through 2009. The potential sale of TECO Transport, which is +/-10% of total expected EPS, would generate more cash for either deleveraging or investment in growth initiatives at the core utility. We expect Tampa Electric to earn at the low end of its authorized ROE band over the next several years as they spend O&M on reliability improvements, with longer term growth opportunities stemming from the need for new generation.

CITIGROUP INVESTMENT RESEARCH EARNINGS SEGMENT FORECAST AND VALUATION
Figure 1. Valuation Matrix

	OFFICIAL FORECAST				
	2005A	2006A	2007E	2008E	2009E
Consolidated Net Income	254.7	201.6	209.3	218.9	230.2
Average Shares Outstanding	205.8	207.8	208.4	209.0	209.5
Consolidated Earnings Per Share	$1.24	$0.97	$1.00	$1.05	$1.10
Regulated Utility	$0.86	$0.79	$0.83	$0.86	$0.88
TECO Transport	$0.09	$0.10	$0.11	$0.11	$0.11
TECO Coal	$0.56	$0.23	$0.16	$0.15	$0.16
Other Unregulated Companies	$0.19	$0.18	$0.18	$0.18	$0.18
TWG / Other / Eliminations	($0.47)	($0.33)	($0.27)	($0.25)	($0.24)

Valuation	
	$16.50
DCF	$17.75
Sum-of-Parts	$16.25
P/E off '08 EPS	$15.75

Source: Citigroup Investment Research Estimates

We believe cash flow story remains relatively intact: We continue to believe that TECO will be able to pay down the majority of its high interest '07 maturities ($300mm 6 1/8 % debt and $57 million of 5.93% debt). TE has hedged its synfuel production enabling the company to "lock in" $100 million in net cash flows and $70 million in net income (we exclude syn-fuel from ongoing EPS). The company expects to reduce parent level interest expense by $20 million ($0.06) in 2007, which is achievable in our view. Asset sales could be used to further reduce parent indebtedness, up to the targeted amount of $500 million between 2008 and 2010. TE has announced the sale of TECO Transport, although neither the amount nor timing of the sale has been specified. Our projections continue to include this transportation business.

Management introduces 2007 Guidance of $0.97-$1.07 excluding synfuel. Management expects improved results at Tampa Electric, lower results at Peoples Gas, lower results at TECO coal excluding synfuel, improved results at Transport, and flat results at Guatemala. Parent drag is expected to be reduced by $20 million due to lower pretax interest expense from prior and anticipated debt redemptions. Our projections for 2007 generally reflect this guidance. Guidance for CFFO is $660 million, including $80 million of net fuel recoveries, and with further cash flow support from the $100 million in proceeds from synthetic fuel production, resulting in end of year cash balance of $280 million. This end of year cash balance includes at least $357 million in debt redemptions from $300 million in 6.125% notes due in May of '07, and $57 million of 5.93% Junior Subordinated Notes already redeemed.

We have lowered our price to $16.50, from $17.50, based on a consistent methodology derived from an average of DCF, P/E and sum of the parts valuations (see Valuation Section).

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TAMPA ELECTRIC OVERVIEW AND GROWTH PROSPECTS

Our assumptions for Tampa Electric in 2007 are generally consistent with management guidance and include strong customer growth of 2.5%, and slower expense growth than in 2006. Tampa Electric has typically recorded ~2% average customer growth and weather normalized energy sales growth of about 3%. Our projections conservatively reflect 2% retail sales growth in '07-'09. If we adjusted our forecast to reflect the 2.8% expectation in guidance for FY '07 our EPS estimates would be $0.03 higher across the board.

Tampa Electric will continue to benefit from earnings from environmental cost recovery on its four SCRs under construction (2007-2011). The first of these units will be placed into operations in May '07. Our projections reflect roughly $80 million / year in incremental expenditures and assume a ROE of 11.75%, at the midpoint of the allowed range of 10.75%-12.75%, although ROEs appear to track at the low end of the range, given a large step up in O&M in FY '06 that we assume does not recede as Tampa is focused on spending to improving T&D reliability.

Longer term, we see potential upside from the company's IGCC initiative. TE has identified generation needs in Florida post 2012 and is evaluating whether to "build or buy." Under current Florida law, TE must issue an RFP to ask for supply of this generation need. Bids will be due in April or May of this year and TE will have 2-3 months to evaluate them. The company's proposal will likely be to build a 600MW IGCC plant with an in-service date of 2013. Results of the bidding process will likely be announced in July. Ideally, the company would like to get the same treatment for the IGCC that is currently offered to nuclear plants under Florida law and regulatory rules so that it may be eligible to obtain cash return on capital during construction.

We estimate that a 600MW IGCC build could cost $1.2-$1.5 billion and could contribute over $70 to net income assuming an ROE of 11.75% ($0.30/share accretion at the current share count). However, without asset sales, an equity issuance seems likely in our view to fund a portion of construction. The sale of TECO Transport, could help defray financing costs, depending on sale price, as Transport currently contributes roughly 10% of EPS.

LOWER SPOT COAL PRICES AND ESCALATING PRICES WARRANT CAUTION AT TECO COAL:

Spot Central Appalachian coal prices (2/3 of Teco Coal production) have weakened in 2006 and YTD, with prices declining from ~$61 in Q1'06 to ~$40 currently. Likewise,'08 coal forward prices have sold off from ~$56 to ~$44.

John Hill, CIR's Metals & Mining analyst, estimates that multi-year contracts are currently being set on the order of $42–$46/ton for Central App thermal coal. Realized 2007 pricing is likely to be considerably stronger than this, since most Coal companies signed contracts for 2007 volume at much higher rates during 2005 and early-2006. Our forecast takes this into account and we believe that realizable coal prices may start declining as legacy hedges roll-off. However, TECO coal production is fully contracted in '07, ~80% contracted in '07, and ~40% contracted in '08. Therefore, only a sustained decline in spot prices will adversely impact the company.

Figure 2. Average Prices for Coal LTM

Region	Btu/lb	SO2 lb	Transport	Average Prices 2Q/06	3Q/06	4Q/06	1Q/07	Current	2008 Fwd
Central Appalachia	12,000	1.67	Barge	52.77	48.52	45.42	39.79	39.25	44.00
Northern Appalachia	13,000	<3.0	Rail	42.00	38.98	41.90	43.57	44.00	45.00
Illinois Basin	11,800	5	Rail	36.46	33.77	33.54	30.21	30.50	30.50
Powder River Basin	8,800	0.8	Rail	13.12	10.98	10.02	9.01	9.65	9.45
Natural Gas				6.50	6.09	6.65	7.06	8.01	
Crude Oil				66.23	73.93	58.68	56.31	58.00	

Source: John Hill, Citigroup Investment Research

Multiple pressures are hitting TECO Coal's ability to achieve prior management guidance. Lower realized prices—as articulated above--higher costs and reduces production are all a factors. We assume '07 margins of ~$11/ton, and on reduced output of 9.3 million tons relative to 9.8 million tons produced in '06.

For 2008, we are projecting cash margins of ~$10.5/ton on volumes of 10 million tons. For the purposes of projecting earnings at TECO Coal, we assume a large percentage of costs are fixed which lowers fixed costs per unit of output in 2008 and 2009 as tonnage increases. Our pricing assumption of $55/ton for '08 and '09 is roughly $2/ton less than realized pricing in '06 and $3/ton less than the company's guidance for '07. A $1 change in assumed realized coal margin is worth $0.03-$0.04 / share to FY '08 EPS.

Figure 3. Blended Realized Price Assumptions for TECO Coal

TECO COAL PRICING ASSUMPTIONS	2007E	2008E	2009E
Production (MM tons)			
Metallurgical	3.1	3.1	3.1
Steam *	6.2	6.9	7.4
Total	9.3	10.0	10.5
Revenue / Ton	$57.00	$55.18	$55.18
Cash Cost Assumption / Ton	$46.00	$44.68	$44.68
Cash Margin	$11.00	$10.50	$10.50
Other	$6.00	$6.00	$6.00
Pretax Margin	$5.00	$4.50	$4.50
EPS from Coal	$0.16	$0.15	$0.16

Source: Citigroup Investment Research Estimates and Company Reports

SYNFUEL PRODUCTION LOCKED IN

TECO has locked in $100 million of cash flow and $70 million of net income (or $0.33 of EPS) from production of synfuel in 2007.

For 2007, the company expects to produce 5.7 million tons with an expected phase out range of $63-$79. Teco has hedged approximately $195 million of investor proceeds against the risk of high oil prices for a total cost of $37 million, $8 million of which was paid in 2006. The hedge payoff is designed to exactly offset the investor revenue within the expected payoff range, resulting in cash proceeds of $100 million, net of the $37 million cost.

For 2006, the company expects an average annual oil price at $66/Bbl on a NYMEX basis, resulting in a phase out of 35% based on a range of $62-$76/Bbl. Full year production was at 5.3 million tons vs. 6.3 million tons in 2005 as production was idled one and a half months in 2006. Net earnings from synfuel were $32 million for '06 and $9 million for the quarter. The actual phase-out range will be based on oil prices as represented by the annual average of Producer First Purchase Prices reported by the DOE, which may cause positive or negative adjustments to estimated 2006 results.

The production of synfuel, which is usually produced at an operating loss, is subsidized and made profitable by a per ton tax credit on sold volumes. The tax code includes a provision for the phase-out of the credit based on oil prices. On a NYMEX equivalent basis the credit

begins to be phased-out when prices trade systematically above ~$60-$62/bbl and is completely phased out at ~$79/bbl. Since synfuel is produced at a loss, at approximately the mid-point of this range the production of synfuel becomes uneconomic.

CONSOLIDATED CASH FLOW AND CAPITALIZATION FORECAST IS CONSTRUCTIVE

Our cash flow forecast takes into account the impact of the synfuel tax credit and the impact of higher capital spending at Tampa Electric in '07/'08. Spending at the utility includes an acceleration of ~$75mm of environmental spending in '07 and the cost of generation additions to meet capacity demands. Our numbers assume no construction spending related to the proposed new IGCC plant, which could suck up some of the cash balance that begins to build in 2009. We don't assume a sale of TECO Transport. If we assumed a return on cash on '09 balances, our EPS forecast could be a few pennies higher.

Figure 4. Consolidated Statement of Cash Flows for TECO
$ in million except per share data

SUMMARY CONSOLIDATED CAPITALIZATION	2005A	2006A	2007E	2008E	2009E
Notes Payable	215.0	-	50.0	85.0	85.0
Long-Term Debt	3,538.7	3,702.8	3,344.0	3,199.8	3,199.8
Preferred Company Securities	177.7	77.7	77.7	77.7	77.7
Common Equity	1,590.7	1,729.0	1,834.8	1,879.7	1,935.4
Total Capitalization	5,522.1	5,509.5	5,306.5	5,242.2	5,297.9
Cash Balance	345.7	441.6	225.7	194.9	304.9
Capitalization Ratios (%)					
Short-Term Debt	3.9%	0.0%	0.9%	1.6%	1.6%
Long-Term Debt	64.1%	67.2%	63.0%	61.0%	60.4%
Preferred	3.2%	1.4%	1.5%	1.5%	1.5%
Common Equity	28.8%	31.4%	34.6%	35.9%	36.5%
Total Capitalization	100.0%	100.0%	100.0%	100.0%	100.0%
Funds from Operations					
Interest Coverage	0.60x	2.03x	2.40x	2.59x	2.75x
Average Total Debt	4.8%	15.2%	17.6%	17.8%	19.1%
Funds from Operations (incl. Synfuel cash)					
Interest Coverage	1.39x	2.54x	2.63x	2.72x	2.88x
Average Total Debt	10.8%	19.0%	19.3%	18.7%	20.0%

CONCDLIDATED CASH FLOW	2005A	2006A	2007E	2008E	2009E
Cash Flows from Operating Activities					
Regulated	335.7	452.0	466.0	433.3	451.3
TECO Coal	(31.8)	21.1	60.1	60.8	64.6
TECO Transport	41.6	45.1	44.2	44.4	45.9
TWG Merchant	(45.8)	-	-	-	-
TECO Guatemala	40.8	26.1	38.5	39.0	39.4
Cash Tax NOLs Savings	110.7	112.3	69.7	94.6	100.4
Parent / Other	(277.4)	(89.2)	(55.2)	(76.2)	(73.8)
Total Cash Flows from Operating Activities	173.9	567.4	623.4	595.9	627.9
Cash Flows from Investing Activities					
Proceeds from Assets Sales	189.9	(1.3)	-	-	-
Synfuel Proceeds	142.9	73.0	60.0	30.0	30.0
Capital Expenditures / Investment	(295.3)	(455.7)	(487.0)	(398.7)	(398.7)
Total Cash Flows from Investing Activities	37.5	(384.0)	(427.0)	(368.7)	(368.7)
Cash Flows from Financing Activities					
Dividends	(157.7)	(158.7)	(158.3)	(158.8)	(159.2)
Issuance of Common Stock	196.4	11.8	14.8	10.0	10.0
Total Debt, net	17.8	(6.1)	(308.8)	(109.2)	-
Convertible Preferred Activity, net	(100.1)	(100.0)	-	-	-
Synfuel Financing Activities	88.2	68.3	-	-	-
Other	(7.1)	97.3	40.0	-	-
Total Cash Flows from Financing Activities	37.5	(87.5)	(412.3)	(258.0)	(149.2)
Cash Balance BOP	96.7	345.6	441.5	225.6	194.8
Change in Cash	248.9	95.9	(215.9)	(30.8)	110.0
Cash Balance EOP	345.6	441.5	225.6	194.8	304.8

Source: Citigroup Investment Research Estimates

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Q4 '06 & YE EARNINGS REVIEW

On 02/06/2007, TECO reported Q4'06 earnings of $0.18 and 2006 earnings of $0.97 excluding synthetic fuel. Results for 2006 were towards the high end of guidance of $0.90-$1.00 per share.

Tampa Electric: Reported net income of $19.4 million, down from $23.6 million year on year. Results reflected 2.5% customer growth, increased retail energy sales, offset by a $7.4 million after-tax increase in O&M and mild weather.

Peoples Gas: Reported flat results of $7.0 million for the quarter, in line with the prior year, reflecting customer growth of 3.8% and strong off-system sales, partially offset by higher O&M.

TECO Coal: Excluding results from synfuel, sales were $10.3 million for the period, up from $9.3 million in Q4'05. Results reflect a 4% higher average net selling price ton across all products, offset by a 7% increase in the cash cost of production. Higher production costs reflect costs associated with new safety regulations, the costs associated with equipment relocations, costs for explosives, conveyor belts and steel.

TECO Transport: Barge operations were strong and reported non-GAAP net income of $8.5 million versus $5.9 million the prior year, benefiting from the favorable secular trend in this business segment. Results exclude hurricane costs and insurance recoveries. TECO announced the sale of this business, but a closing date or estimated proceeds have yet to be specified.

TECO Guatemala: Higher year on year to $11 million for the quarter from $7 million in the prior period, reflecting robust customer growth, higher generation, and lower interest expense.

Outlook for 2007: Guidance for 2007 is $0.97-$1.07, excluding synfuel. Management expects improved results at Tampa Electric, lower results at Peoples Gas, lower results at TECO coal excluding synfuel, improved results at TECO transport, and flat results at TECO Guatemala. Parent is expected to be reduced by $20 million due to lower pretax interest expense.

2006 results of $0.97 were above mid-point of guidance of $0.90-$1.00 per share. Despite a slow start, synfuel production reached expected targets based on $66/bbl on a NYMEX basis, with 5.3 million tons of production generating roughly $65 million in cash flow. Buoyed by strong cash flows, TE made the planned $50 million equity contribution to Tampa Electric, a $30 million contribution to its pension plan, and redeemed $100 million of 8.5% Trust Preferred Securities in November of '06. TECO subsequently retired $57 million of junior subordinated notes in January '07.

VALUATION

We employ a hybrid valuation methodology using roughly the average of our P/E, sum-of-the-parts, and DCF analysis to arrive at our target price of $16.50.

Using a P/E methodology, we value the stock at $15.75. We base this new target price on 15x (up from 14.25x) '08 EPS of $1.05/share (down from $1.20), discounted back one year. We look to '08 as representative for TECO's longer-term earnings power, as the effects of both '07 debt retirement at the parent and the roll-off of earnings from synfuel tax credits are encapsulated. We have increased our target multiple to 15x from 14.25x, as we believe the company should trade at narrower discount to the Defensive Group trading at 15.6x, ranging from 14x to 17x., now that synfuel revenues have been hedged. Overall, we believe our target multiple reflects the value of TECO's high quality Florida utility (80% of total EPS), strong distributable cash generation, stable regulatory environment, offset by an-over

levered, but improving balance sheet and higher risk exposure to international investments and a commodity sensitive coal business.

Sum-of-parts methodology. Alternatively, we arrive at a ~$16.25 valuation by aggregating the values of TECO's coal business, the remaining "core" utility business, our assumption of a lack of recognition of a portion of synfuel credits, and our estimate of the present value of TECO's NOL balance. We apply a 15x'08 P/E multiple on the utility business ($0.90), excluding earnings from TECO Coal. We then add ~$2.50/share for our estimate of the discounted cash flow associated with fully depleting TECO Coal's 258mm tons of coal reserves assuming a long-term coal price of ~$40/ton and the realization of cash tax savings from TECO's NOL balance.

Discounted cash flow analysis yields slightly higher valuation: We arrive at a ~$17.75 valuation using a DCF, which takes into account the strong near-term cash generation from synfuel monetization, offset by our assumption of a lack of recognition of a portion of synfuel credits, and the longer-term cash flow generation from use of NOLs to offset cash taxes payable supports our view. We employ a beta of 0.9, a terminal growth rate of 3.0%, and an 8.2% discount rate, which is slightly higher than our estimated WACC for TECO, but consistent with our valuation methodology for utilities.

Figure 5. TECO Consolidated DCF

FIRM DISCOUNTED CASH FLOW	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	Terminal
EBIT	534.8	543.1	564.1	606.1	625.1	636.7	652.8	667.3	681.2	701.7	
Cash Taxes	(12.7)	(7.6)	(10.5)	(11.3)	9.5	(118.8)	(224.6)	(229.8)	(234.4)	(241.5)	
D&A	282.2	290.8	307.8	316.8	326.3	336.1	346.2	356.5	367.2	378.3	
Synfuel Cash Flows	101.8	-	-	-	-	-	-	-	-	-	
Changes in Working Capital	(54.9)	-	-	-	-	-	-	-	-	-	
Operating Cash Flows	851.0	826.0	861.2	911.6	960.9	856.0	774.3	794.2	814.0	838.4	
Book Tax Rate	43.8%	35.8%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%	34.4%	
Cash Tax Rate	2.4%	1.4%	1.9%	1.9%	(1.5%)	18.6%	34.4%	34.4%	34.4%	34.4%	
Capex	(455.7)	(487.0)	(398.7)	(410.6)	(422.9)	(403.3)	(396.1)	(382.2)	(385.6)	(378.3)	
Free Cash Flow to Firm	395.3	338.0	462.5	501.0	537.9	452.7	376.2	412.0	428.4	460.2	8,849.8
Period	-	-	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0
Discount Rate	1.00	1.08	1.17	1.27	1.37	1.48	1.60	1.74	1.88	2.03	
Discounted Cash Flows to Firm		338.0	427.5	427.9	424.7	330.3	253.7	250.5	248.8	245.0	4,354.1
Growth Rate Assumption		3.0%									
Discount Rate Assumption		8.2%									
Discounted Cash Flow Valuation											
Enterprise Value NPV		6,980.4									
Less Debt		(3,394.0)									
Less Preferred		(77.7)									
Plus Cash		225.7									
Residual Equity Value		3,714.4									
Shares Outstanding at YE '07		208.4									
DCF Value per Share		$17.83									

Source: Citigroup Investment Research

RISKS

We rate TECO High Risk: TECO has material leverage on its balance sheet and future operational issues could cause liquidity and financial pressures, which could result in stock volatility. Moreover, TECO's diversified businesses are financially levered to commodity price outlook. We have considered these near term issues that could provide volatility to the stock. Any of these risks could impede the stock from attaining our target price.

TECO is heavily levered. Failure to meet cash flow targets could affect financial condition and financial flexibility. The level of TECO's indebtedness and restrictive covenants could limit the company's ability to obtain additional financing or refinance existing debt. While we forecast that TECO will generate significant cash flow, which will enable it to service its long-term debt maturities, if cash flow targets are not met due to shortfalls in operating cash flows and/or failure to maintain capital spending at forecasted level, the company could face liquidity constraints. While we believe the current common dividend is stable, failure to meet cash flow targets could force management to cut the dividend.

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Coal prices and volumes could affect long-term earnings power. TECO Coal's earnings are dependant on realized commodity pricing, as well as, volumes sold. We forecast in the near term that TECO Coal's volumes will benefit from currently high Appalachia coal prices. Our '08 estimate, assumes TECO Coal can realize current pricing levels. We estimate that versus our current forecast in '08E a $1/ton change in realized pricing is worth +/- $0.03/share. A deviation in price from our forecasted assumption could cause a negative or a positive impact on earnings contribution and is therefore a risk to our target price.

If the impact on the company from any of these factors proves to be less than we anticipate, the stock could materially outperform our target price. Conversely, if the impact on the company from any of these factors proves to be greater than we anticipate, the stock could under-perform our target price.

INVESTMENT THESIS

We rate the shares of TECO Energy, Inc. Hold/ High Risk (2H). We expect modest earnings growth and strong cash flow generation through our forecast period, which should leave TECO in a position to retire a majority of the high interest debt due in 2007 and improve its heavily levered balance sheet. We have a positive view on the new management team and believe the company is positioned to meet its cash flow targets. While we feel earnings pressure from synthetic fuel operations rolling off in 2008 should be partially offset by a return to traditional coal sales and interest savings from debt reductions, our 2008 EPS estimate which we feel better reflects long-term earnings power appears reflected in the stock at current prices. TECO s strong cash flow profile should keep the $0.76 per share annualized dividend safe, but stagnant until at least the 2007 maturities are resolved. We feel the strong current yield is a factor in the stock at current levels as the company pursues long-term financial improvement.

COMPANY DESCRIPTION

TECO Energy, Inc. (TE) is a holding company whose core business, Tampa Electric Company, is a regulated electric and gas utility (Tampa Electric and Peoples Gas System), which owns more than 4,000 megawatts (MW) of generation capacity and serves more than 600,000 retail electric customers and 300,000 retail gas customers in west-central Florida. In addition to the regulated operations, TECO has interests in waterborne transportation (TECO Transport), coal and synthetic fuel production (TECO Coal) and independent power (TECO Wholesale Generation).

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APPENDIX A-1

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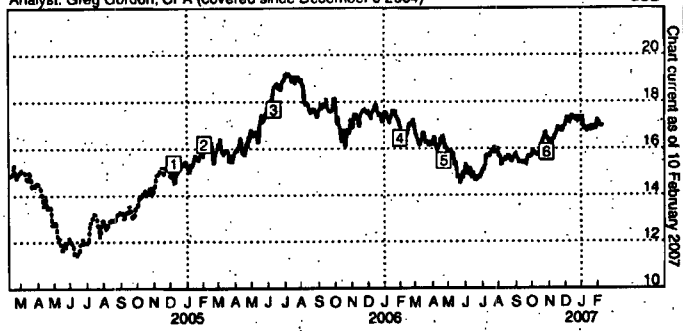
TECO Energy, Inc. (TE)

Ratings and Target Price History - Fundamental Research

Analyst: Greg Gordon, CFA (covered since December 9 2004)



Covered
Not covered

#	Date	Rating	Target Price	Closing Price
1:	8 Dec 04	*2H	*14.25	14.82
2:	3 Feb 05	2H	*15.00	15.82
3:	13 Jun 05	2H	*17.75	18.56
4:	1 Feb 06	2H	*16.75	16.98
5:	24 Apr 06	2H	*16.50	16.45
6:	27 Oct 06	2H	*17.50	16.49

*Indicates change.

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Data current as of 31 December 2006	Buy	Hold	Sell
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% of companies in each rating category that are investment banking clients	45%	41%	34%
Electric Utilities -- North America (30)	23%	70%	7%
% of companies in each rating category that are investment banking clients	86%	90%	100%

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ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

TECO Energy

Analyst: Timothy M. Winter, CFA
314-955-5783
Associate: Jonathan Reeder

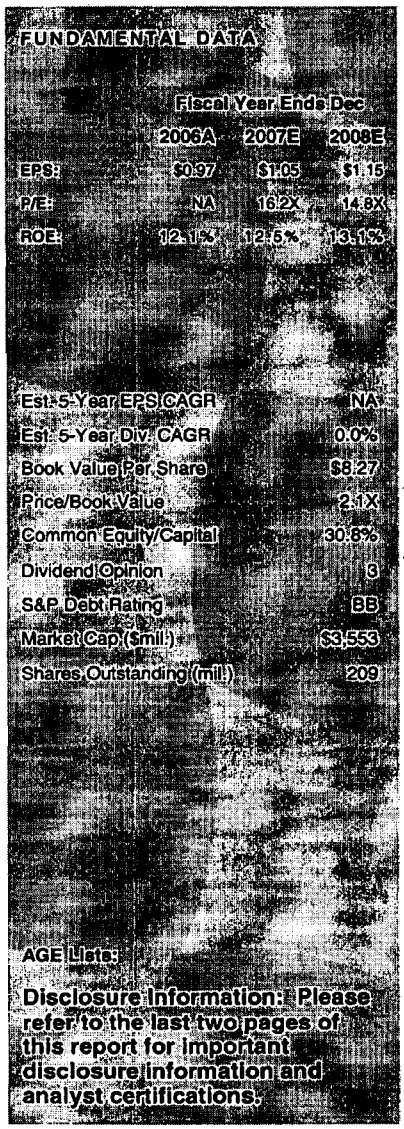
Multi-Utilities

Equity Research Recent Development Report

HOLD/AGGRESSIVE

Symbol:	TE	Dividend:	$0.76
Exchange:	NYSE	Yield:	4.5%
Recent Price:	$17.00	Price Objective:	NA

UTILITIES



Slimming Down to a Regulated Utility; May Sell the Transport Business

- **On February 6, TE reported 2006 ongoing EPS of $0.97, modestly below ours and the consensus estimates of $1.00 and $0.99, respectively, versus $0.83 in 2005.**
- **TE expects to generate $100 million of cash and EPS of $0.33 from 2007 synfuel production based on hedges it has in place.**
- **TE's common equity ratio as of December 31, 2006 was a weak, but improving, 30.8%. Management is committed over the next 3-5 years to improving the common equity ratio by eliminating high interest debt and expects to be around 60% debt-to-total capitalization by the end of 2010.**
- **TE announced it was considering selling its Transport business and would use the proceeds to retire parent debt. We estimate the sale could garner pre-tax proceeds of roughly $350-$375 million.**
- **Management initiated a 2007 guidance range of $0.97-to-$1.07 and retracted its 2008 EPS target of $1.23.**
- **We have lowered our 2007 estimate to $1.05 from $1.10 and have established a 2008 estimate of $1.15.**

Lower Utility Contribution More Than Offset By Non-Regulated Operations

On February 6, 2007, TE reported full year 2006 ongoing EPS of $0.97 (excludes $0.16 of synfuel related earnings and other non-recurring items), modestly below ours and the consensus estimates of $1.00 and $0.99, respectively, versus $0.83 (excludes $0.40 of synfuel related earnings and other non-recurring items) in 2005. Results were within management's revised 2006 ongoing EPS guidance range of $0.90-to-$1.00.

Results from continuing operations, excluding synfuel, by segment are listed below:

	Full Year	
	2006	**2005**
Tampa Electric	$0.65	$0.71
Peoples Gas	0.14	0.14
Total Regulated	***0.80***	***0.86***
TECO Coal	0.22	0.16
TECO Transport	0.12	0.09
TECO Guatemala	0.18	0.20
TWG Merchant	-	(0.08)
Parent/Other	(0.36)	(0.39)
Total Unregulated	***0.16***	***(0.02)***
Total *	**$0.97**	**$0.83**

* Numbers may not foot due to rounding
Sources: Company reports and A.G. Edwards

The increase in earnings was primarily attributable to strong coal prices and volumes on conventional coal production, improved results at the Transport subsidiary, lower interest expense at the parent due to management's debt redemption and refinancing actions initiated in mid-2005, and solid customer growth at Tampa Electric.

TECO Coal sold 4.5 million tons of conventional coal during the year versus 3.3 million tons last year as conventional coal was substituted for synthetic coal production while synfuel plants were idled for roughly two months during the year. In addition, the average net selling price per ton was 13% higher in 2006 partially offset by a 12% increase in the cash cost of production.

TECO Transport's net income increased due to higher river barge rates, equipment utilization, and lower repair costs moderated somewhat by higher fuel costs.

The lower interest expense was attributable to the retirement of $380 million of high interest 10.5% notes in June 2005 and $100 million of 8.5% trust preferred securities in December 2005 partially offset by the issuance of $200 million of 6.75% fixed rate notes in May 2005 and $100 million of short-term floating rate notes sold in June 2005.

Lastly, energy sales at Tampa Electric increased 0.6% as solid 2.8% customer growth was able to trump a 1.2% decrease due to mild weather and a 1% decrease in average residential customer usage. We note that People's Gas experienced strong customer growth of 3.8% during the year however the benefit was largely negated by mild weather and higher operation and maintenance expenses.

Partially offsetting these factors were increased operation and maintenance expenses at Tampa Electric and resumption of a normal tax rate at the Guatemalan operations. Tampa Electric's results were hurt roughly $0.12 from non-fuel operations and maintenance expenses incurred as a result of a combination of system reliability and customer service enhancements, coal-fired unit performance improvements, higher employee related costs, and increased property insurance cost. TECO Guatemala's 2006 results are net of the normal 35% tax rate whereas 2005 results reflected the one-year benefit of the 5% tax rate on dividends under the Jobs Creation Act.

Synfuel Operations

TE estimates the initial phase-out level for 2006 to be $62/Bbl on a NYMEX basis, and the total phase-out range to be between $62 and $76 per barrel. Due to a period of sustained high oil prices during the second and third quarters of 2006, the company idled its synfuel production from late July through mid-September. However, an easement in oil prices beginning in September enabled synfuel producers to restart production as more certainty was gained regarding the availability of the tax credits.

After all the dust settled, TE believes that roughly 35% of benefits were phased out during 2006 as the annual average price was roughly $66/bbl on a NYMEX basis. We note that the actual phase-out range and reference price will not be known until April as the Department of Energy does not release its annual average of Producer First Purchase Prices of oil until then. At that level, TE's 5.3 million tons of synfuel production earned $0.16, which we have excluded from ongoing earnings, and yielded $65 million of net cash.

The company expects the 2007 phase-out range to be between $63 and $79/bbl on a NYMEX basis. Based on hedges placed in October 2006 and January 2007, TE expects to generate $100 million of cash from 5.7 million tons of 2007 synfuel production as well as net income and EPS of $70 million and $0.33, respectively. These expectations are not sensitive to fluctuations in oil prices and are net of the $37 million cost of placing the hedges. While synfuel earnings are excluded from our 2007 estimate and management's guidance range, the net cash proceeds from operations will enable management to further improve the company's consolidated balance sheet. 2007 is the final year that the synthetic coal tax credit is available.

Balance Sheet Remains Weak but Cash Flow Ear-Marked for Significant Debt Reduction

TE's common equity ratio as of December 31, 2006 was a weak, but improving, 30.8% and its corporate credit rating was BB by Standard and Poor's.

In May 2005, the company issued $200 million of 6.75% fixed rate notes to refinance $200 million of outstanding 8.5% trust preferred securities at a later date. With the proceeds and cash on hand, TECO retired $380 million of high interest 10.5% notes in June 2005 while also selling $100 million of short-term floating rate notes due in 2010. The company completed the retirement of the $200 million of 8.5% trust preferred securities in two equal installments in December of 2005 and 2006. $357 million of parent debt is scheduled for retirement in 2007, including the $57 million of junior subordinated notes that were completed in January and $300 million of 6.125% notes maturing in May 2007. Management also plans to retire $500 million of additional parent debt over the 2008-2010 time period, including the $100 million of short-term floating notes.

We note that rating agencies have started to take notice of TE's restructuring efforts as Moody's placed TECO's Ba1 corporate family and Ba2 senior unsecured debt ratings under review for a possible upgrade on February 6. Management is committed over the next 3-5 years to improving the common equity ratio by eliminating high interest debt and expects to be around 60% debt-to-total capitalization by the end of 2010.

At the end of 2006, the company had roughly $440 million of cash on hand. The company projects $660 million in net operating cash flow in 2007, capital expenditures of $430 million, and common dividends of $160 million. Management does not anticipate the need to access the capital markets in the foreseeable future.

Potential Sale of the Transport Business

On its February 6 conference call, TECO announced it was considering selling its Transport business and would use the proceeds to retire parent debt. The segment contributed $25.8 million to 2006 consolidated net income. We estimate earnings grow approximately 10% in 2007 to $28.4 million due to higher rates on both river barge and ocean-going operations, which we believe is near peak earnings power for the business given the current favorable fundamentals of the industry. Below we have compiled a group of the Transport business' publicly traded peers. Utilizing the consensus 2008 estimate and price-to-earnings multiple, we estimate the sale could garner pre-tax proceeds of roughly $350-$375 million. TE has a low tax basis in the business but noted that they could use a portion of the roughly $550-$600 of net operating losses from the old merchant business to offset any gains.

TECO Transports' Water Transportation Industry Publicly Traded Peers

Company	Symbol	Mkt Cap (Billions)	2/9/07 Close	EPS 2007E	EPS 2008E	P/E Multiple 2007E	P/E Multiple 2008E
Kirby Corporation	KEX	$1.9	$35.37	$2.05	$2.30	17.3	15.4
Seacor Holdings	CKH	2.5	102.81	8.46	8.53	12.2	12.1
American Commercial Lines	ACLI	2.2	70.16	3.70	4.59	19.0	15.3
Alexander & Baldwin	ALEX	2.1	48.72	3.00	3.42	16.2	14.2
Overseas Shipholding Group	OSG	2.5	63.12	6.41	6.59	9.8	9.6
International Shipholding Corp.	ISH	0.1	16.04	1.00	N/E	16.0	-
General Maritime Corp.	GMR	1.2	36.61	2.71	2.74	13.5	13.4
OMI Corporation	OMM	1.4	21.75	2.21	2.25	9.8	9.7
Hornbeck Offshore Services	HOS	0.8	27.76	2.55	3.06	10.9	9.1
					Median	**13.5**	**12.7**

Sources: Google Finance, Baseline
EPS estimates are consensus

We view the potential sale favorably as it would monetize the assets at an optimal time in the industry, enable management to continue its focus on the regulated utility businesses, and allow the pay off of additional parent debt. We note that a 5-year contract in 2003 between TECO Transport and Tampa Electric was the subject of a 2005 Florida Public Service Commission investigation into the fairness and competitiveness of the deal. The FPSC found that the process was not competitive and disallowed Tampa Electric the recovery of roughly $15 million of the annual cost of the contract from its ratepayers. The FPSC also required that Tampa Electric's 2008 competitive bid process for coal transportation service be approved by the commission thus potentially jeopardizing Transport's ability to win the contract and/or reduce its margins. Approximately 50% Transport's revenues in 2006 were derived from sales to affiliates.

2007 EPS Guidance Range Established; 0-to-10% EPS Growth Expected

TECO Energy initiated 2007 EPS guidance of $0.97-to-$1.07, which translates into flat to up to 10% EPS growth off of the company's 2006 base. We have lowered our 2007 estimate to $1.05 from $1.10. Both our estimate and management's guidance range exclude the $0.33 of expected synfuel earnings. Due to the uncertainty regarding the timing of the potential sale of the Transport business, our estimate assumes a full year's contribution from the business segment.

2007 earnings expectations include improved results at Tampa Electric driven by strong customer growth, a return to normal weather, and investment recovery through the environmental cost recovery clause, continued strong pricing at TECO Transport, and approximately $20 million in lower pre-tax interest expense due to debt retirement and refinancing efforts partially offset by lower results at People Gas and weak market conditions at TECO Coal. TE retired the remaining $100 million of 8.5% TRuPs in December 2006 and plans to retire an additional $357 million of debt in 2007, including the $57 million of junior subordinated notes accomplished in January 2007 and $300 million of 6.125% notes maturing in May 2007.

TECO Energy: 2008 and Beyond

The TECO Energy that emerges in 2008 will be a much easier story to understand given the absence of the merchant business, the end of synthetic coal operations, and the potential sale of the Transport business. We expect earnings predictability to improve immensely as 70-80% of consolidated EPS will be derived from the regulated business.

Management retracted its April 11, 2006 statement that results from continuing operations in 2008 are expected to be at or above 2005 EPS from continuing operations of $1.23. Weaker coal markets than what were originally expected was cited as the main reason for withdrawing the target however the price at which the company is

able to potentially sell the Transport business as well as the timing of the transaction's close will also impact 2008 results. We do not expect TE will issue a new 2008 guidance range until the end of 2007.

We have established a 2008 EPS estimate of $1.15, which includes TECO Transport. If a sale is announced, our estimate will need to be adjusted accordingly to the sale price, timing of closure, and use of proceeds. 2008 EPS are expected to benefit from further parent debt reduction which will be funded with cash generated by proceeds from utilizing NOLs created from past merchant business losses as well as potential proceeds from the sale of the Transport business. Management expects to pay down $500 million of additional debt over the 2008-2010 period in order to bring the consolidated debt level below 60% by 2010.

Our estimates by business segment are as follows:

	Full Year			
	2005A	**2006A**	**2007E**	**2008E**
Tampa Electric	$0.71	$0.65	$0.76	$0.79
Peoples Gas	0.14	0.14	0.14	0.15
Total Regulated	***0.86***	***0.80***	***0.90***	***0.94***
TECO Coal				
Conventional	0.16	0.22	0.16	0.19
Synfuel	0.40	0.16	0.33	-
TECO Transport	0.09	0.12	0.14	0.14
TECO Guatemala	0.20	0.18	0.18	0.18
TWG Merchant	(0.08)	-	-	-
Parent/Other	(0.39)	(0.36)	(0.33)	(0.30)
Total Unregulated	***0.37***	***0.33***	***0.49***	***0.21***
Excluding Synfuel	(0.40)	(0.16)	(0.33)	-
Ongoing Earnings	**$0.83**	**$0.97**	**$1.05**	**$1.15**

Source: Company reports and A.G. Edwards

Regulated Businesses

Attractive Service Area Provides Steady Performance - We expect strong year over year earnings growth from Tampa Electric following a depressed 2006 due to strong customer growth, normal weather, investment recovery through the environmental cost recovery clause, and slower non-fuel O&M expense growth. The utility expects to put its first of four selective catalytic reduction (SCR) projects into service in May. The roughly 15% increase in 2006 non-fuel O&M expenses was for enhanced customer service, distribution system reliability improvement, and improve coal-fired generating unit availability and capacity factors however 2007 expenses are forecasted to increase at an inflationary rate. The utility will continue to harden its grid against future storms as well as to support its above average customer growth through transmission and distribution system improvements. We expect Peoples Gas to continue to benefit from 3%-4% annual customer growth however a recently approved new depreciation rates and normal system expansion is expected to cause a $3.5 million pre-tax depreciation expense increase. We expect a combined utility contribution of $0.90 in 2007 vs. the $0.80 earned in 2006.

Electric Investment on the Horizon - We note that Tampa Electric needs to add roughly 100-megawatts of generation capacity annually to serve the growing customer base, invest in its transmission and distribution system as discussed above, and meet growing environmental obligations. The utility's 2006 capital budget was $185 million more than 2005 and is expected to total $1.6 billion over the 2006-2010 time frame, primarily due to emissions control projects at coal plants, system reliability improvements, and the purchase of two combustion turbines from TE's uncompleted McAdams merchant plant. Tampa Electric is considering building a 600-megawatt Integrated Gasification Combined Cycle plant for commercial operation in 2013. If the utility goes forward with the project, significant capital expenditures would begin in 2009 or 2010. We expect the company to provide an updated 2007 capital budget in its 10-K filing. In all, the parent anticipates infusing roughly $180 million of equity into the utility through 2008, including the $50 million addition made in 2006 and an expected $80 million in 2007, in order to maintain the utility's capital structure during this period of significant environmental control investments. The company believes it can support additional capacity under its existing

rate structure given strong customer growth. Management predicts the utilities will earn a roughly 11% ROE and expects that to increase over subsequent years as the environmental investments are recovered through environmental clauses. Tampa Electric's last rate review allowed for an 11.75% mid-point authorized return on equity.

Unregulated Business – Post-Merchant Flasco

Merchant Business Exit Completed In 2006 - On January 30, 2006, the company finalized the transfer of the combustion turbines from the uncompleted McAdams Plant, TECO's final merchant project, to Tampa Electric thus completing TE's exit from the merchant power sector. During 2005, TE completed the long-awaited transfer of the Union and Gila River plants, the sale of the Commonwealth Chesapeake Station, and announced an agreement to sell the uncompleted Dell plant. The exit from the merchant business should allow management to focus its attention on running the core business segments to produce a more reliable and predictable earnings stream, especially in 2008 and beyond when the syfuel tax credits expire.

Coal Outlook Take a Turn for the Worse - TECO has 86% of its expected 2007 production contracted and priced at per-ton cash and earnings margins that are anticipated to be consistent with 2006 levels. However, conventional coal production is forecasted to drop dramatically to roughly 3.3 million tons in 2007 from 4.5 million tons as higher 2006 production levels reflect the idling of TE's synfuel plants for a portion of the year. TE has the capability to produce roughly 0.5-to-1.0 million additional tons than forecasted however current weak market conditions are not favorable for selling coal into the spot markets. Spot market prices are significantly below mid-2006 levels as mild 2006 weather caused a build up in inventories. Less than 50% of TE's 2008 production is hedged. Management noted that current contract sales have been reported at prices above the spot market however 2008 contracting is expected to be slow during the first half of 2007. TECO has expanded its coal production capabilities through additional reserves and plants and has the capacity to produce 10.5-to-11.0 million tons annually after 2007. Management is hopeful that the recent favorable cold weather and discipline by other central Appalachian producers who have curtailed production levels will help reduce inventories and cause a rebound in prices.

Synfuel Earnings Cliff - The coal business faces a material earnings cliff as the section 29/45k credits expire at year-end 2007. Roughly 2/3rds, or 5.7 million tons, of the projected 9.0-to-9.5 million tons of expected coal production in 2007 is expected to be synfuel. Synfuel realizes a roughly $30 per ton pre-tax benefit whereas conventional coal's 2006 pretax margin was $11 per ton. A full year of synfuel had generated roughly $0.40 per share annually for the company. TE intends to minimize the consolidated negative impact of the lost benefits via additional coal mining reserves, lower interest expense, and improved operations from other core businesses. Due to the expiration of the credit at the end of 2007, we treat this portion of the earnings stream as non-recurring and thus have removed the expected $0.33 contribution, net of hedging costs, from our estimates.

Tight Market Conditions Bode Well for Transport - We expect TECO Transport to benefit from efficiency improvements, increases in barge traffic, and strong import/export activity through New Orleans. Barge rates have increased significantly given the improved domestic and global economy. In addition, ocean-going operations have improved due to the global economy, the development of new markets, and a beneficial change in tax law. We anticipate earnings and cash flow from TECO Transport to remain highly correlated with the economic conditions over the near future. We estimate earnings grow approximately 10% in 2007 to roughly $28.4 million, or $0.14 per share, due to higher rates on both river barge and ocean-going operations, which we believe is near peak earnings power for the business given the current favorable fundamentals of the industry. Due to the uncertainty regarding the timing of the potential sale of the Transport business, our 2007 and 2008 consolidated estimates assume a full year's contribution from the business segment.

Guatemalan Operations to Remain Solid – Favorable tax changes enabled the Guatemalan operations to realize a 5% effective tax rate in 2005 however the rate returned to the 35% normal level in 2006, as expected. The loss of the benefit decreased net income from the subsidiary by $7-8 million and modestly reduced the 20% ROE earned at the business. Nevertheless, the business fundamentals remain in tact and operational results in 2007 are expected to be inline with 2006.

Valuation:
At the recent share prices, TE shares trade at roughly 14.8X our 2008 estimate of $1.15, which is below the traditional power company median of 15.6X. While we are encouraged by TE's exit from the merchant business, we believe shares should trade at a modest discount to the group given a weak balance sheet, a below-investment grade debt rating, and a high dividend payout ratio. We continue to believe that the appointment of 62-year old Sherrill Hudson could indicate the company is for sale. We believe that speculation of an upcoming sale at a potentially premium price coupled with the high 4.5% current dividend yield, should support the current multiple. As such, our rating is Hold/Aggressive.

Risks to Valuation:
Risks to shares of TE include a weak balance sheet, below investment grade rating, and dividend security over the long-run.

Company Description:
TECO Energy is a diversified, energy-related holding company headquartered in Tampa, Florida. Its principal businesses are Tampa Electric, Peoples Gas, TECO Transport, TECO Coal, and TECO Guatemala. TECO's regulated electric and gas subsidiaries operate in one of the fastest growing regions of the country and serve roughly 650,000 and 330,000 customers, respectively. TECO's unregulated businesses are involved in waterborne transportation, coal and synthetic fuel production, and electric generation and distribution in Guatemala.

EDWARDS.

SUMMARY OF EPS CHANGES

Fiscal Year Ends Dec							
EPS	2006A	2007E	Prior	2008E	Prior	2009E	Prior
Qtr1	$0.24						
Qtr2	$0.25						
Qtr3	$0.30						
Qtr4	$0.18						
Year	$0.97	$1.05	$1.10	$1.15			
P/E		16.2X		14.8X			

SELECTED FINANCIAL STATISTICS
(DOLLARS IN MILLIONS EXCEPT PER SHARE)

Fiscal Year Ends Dec	2002	2003	2004	2005	2006	CAGR (%)	2007E	2008E	2009E
Revenues	$2665	$2740	$2669	$3010	$3448		$3625	$3800	
Net Income	298	176	151	172	202		220	245	
Cash Earnings	656	311	140	174	567		660	575	
Shares Outstanding	153	180	193	206	208		210	212	
Earnings Per Share	2.12	0.98	0.78	0.83	0.97		1.05	1.15	
Dividends Per Share	1.41	0.93	0.76	0.76	0.76		0.76	0.76	
Price Range (High)	30	17	15	19	18				
Price Range (Low)	10	10	11	15	14				
P/E Range (High)	14	17	19	23	19				
P/E Range (Low)	5	10	14	18	14				
Return on Equity (%)	14.1	9.4	10.2	10.7	12.1		12.5	13.1	

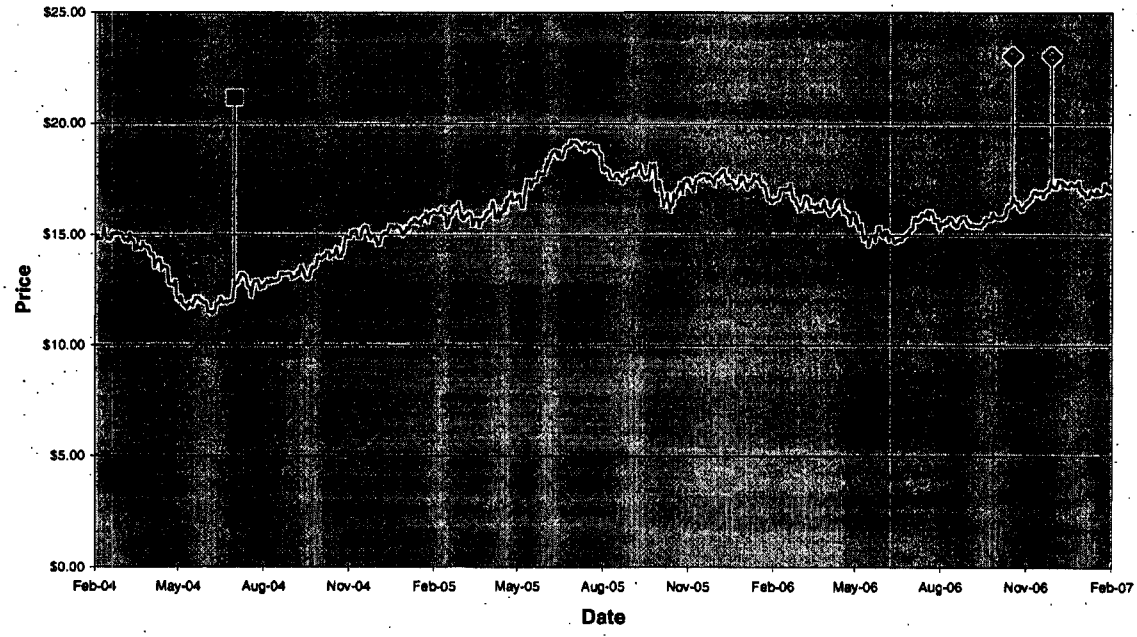
CAGR – Compound Annual Growth Rate
Cash Earnings - Net Income plus goodwill amortization
Dividend Opinions: 1 - Secure with growth; 2 - Secure with little or no growth; 3 - Secure intermediate term, might not be secure long term; 4 - Not secure

SELECTED BALANCE SHEET DATA
(DOLLARS IN MILLIONS)

December 31, 2006			
Cash and Investments	$479	Accounts Payable	$327
Accounts Receivable, Net	$338	Short-term Debt/Current Maturities	$686
Other Current Assets	$469	Other Current Liabilities	$338
Total Current Assets	$1,286	Total Current Liabilities	$1,351
Property, Plant, and Equipment, Net	$4,767	Long-term Debt	$3,202
Long-term Investments	$301	Deferred Income Taxes	$511
Intangible Assets, Net	$59	Other Liabilities	$569
Other Assets	$949	Shareholders' Equity	$1,729
Total Assets	**$7,362**	**Total Liabilities and Shareholders' Equity**	**$7,362**

EDWARDS.

IMPORTANT DISCLOSURES



Pricing sources: Factset and IDSI

- Daily Closing Prices
- Price Objective Changes
- Rating/Suitability Changes
- Analyst Coverage Changes

PRICE OBJECTIVE (PO) CHANGES *

Date	Closing Price	PO	Date	Closing Price	PO	Date	Closing Price	PO

* NA: Positive rating removed; no price objective supplied.

RATING/SUITABILITY CHANGES

Date	Closing Price	Rating/Suitability	Date	Closing Price	Rating/Suitability
		Sell/Aggressive	07/08/2004	12.85	Hold/Aggressive

ANALYST COVERAGE CHANGES

Analyst	From	To	Analyst	From	To
Timothy M. Winter	03/26/2001	10/25/2006	Timothy M. Winter	12/06/2006	
Neil Kalton/Tim Winter	10/25/2006	12/06/2006			

A.G. EDWARDS

IMPORTANT DISCLOSURES

Rating	Master List Companies	Current Rating Distribution	Past 12 months Investment Banking Clients	Past 12 months % of Investment Banking Clients *
Buy	251	33%	43	17%
Hold/Neutral	480	63%	38	8%
Sell	28	4%	1	4%

* Percentage of Investment Banking Clients on Master List by rating.

OUR 3-TIER RATING SYSTEM (12-18 month time horizon)

Buy: A total return is anticipated in excess of the market's long-term historic rate (approximately 10%). Total return expectations should be higher for stocks which possess greater risk.

Hold: Hold the shares, with neither a materially positive total return nor a materially negative total return is anticipated.

Sell: Stock should be sold, as a materially negative total return is anticipated.

RISK SUITABILITY (Relates to fundamental risk, including earnings predictability, balance sheet strength and price volatility)

Conservative: Fundamental risk approximates or is less than the market.
Aggressive: Fundamental risk is higher than the market.
Speculative: Fundamental risk is significantly higher than the market.

The suitability ratings assigned by A.G. Edwards industry analysts to individual securities should be reviewed by investors and their financial consultants to determine whether a particular security is suitable for their portfolio, with full consideration given to existing portfolio holdings.

COMPANY SPECIFIC DISCLOSURES:
Not applicable.

Analyst Certification: The views expressed in this research report accurately reflect the personal views of the research analyst primarily responsible for the content of this report about the subject company and its securities. The research analyst further certifies that he/she receives no compensation that is directly or indirectly related to the specific recommendations or views contained within this report.

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2202KU

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

FBR RESEARCH

Energy & Natural Resources: Electric Power & Infrastructure

Important disclosures can be found on pages 3 - 4 of this report.

Teco Energy, Inc. (TE-$16.98*)

Market Perform

Price Target: $17.00
Company Update

February 7, 2007

Fadi Shadid • 703.469.1068 • fshadid@fbr.com

STOCK DATA	
52 Week Range	$17.50-$14.40
3-Month ADTV	715,079
Dividend Yield	4.48%
Market Cap (mil)	$3,552.2
Shrs Outstanding (mil)	209.2
5-Year CAGR	(1%)
Float %	99%

EARNINGS DATA			
Oper. EPS			
Calendar			
1Q	0.26	0.31	0.29
Prior 1Q	-	0.20	-
2Q	0.25	0.29	0.29
Prior 2Q	-	0.16	-
3Q	0.38	0.47	0.41
Prior 3Q	-	0.36	0.43
4Q	0.23	0.27	0.21
Prior 4Q	0.15	0.21	0.28
FY	1.13	1.35	1.20
Prior FY	1.05	0.95	1.29
P/E	15.0x	12.6x	14.2x

FINANCIAL DATA	
	-1Q
Long-term Debt	$3,900.0
Cash & ST Inv. Assets	441.0
Debt/Capital	69.0%

Raising '07 Outlook, but High Debt and Capex May Part Company

Summary and Recommendation

TECO reported better 4Q results than we expected on higher synfuel and other earnings. We raise our 2007 EPS estimate to $1.35 from $0.95 to include full synfuel benefits (which the company hedged when oil prices fell below $55 in early January.) We slightly lower our 2008 EPS to $1.20 from $1.29 on new guidance. More importantly, management is now considering the sale of TECO Transport. Reasons for the potential divestiture include rising reliability and growth capex requirements at Tampa Electric, debt reduction, and uncertainty on 2008 coal prices and earnings. Management is to target a non-dilutive impact from the potential sale. We maintain our Market Perform rating and raise our price target from $16 to $17, which represents about 14.0x our 2008 estimate and a 4.5% dividend yield.

Key Points

- **Improved, but tight, cash flow outlook.** While management has nicely locked in about $100 million of synfuel-related earnings for 2007, the high debt and rising capex continue to be problematic. For 2008--and assuming favorable coal earnings, excluding any debt repayments, and after payment of the dividend--we estimate free cash flow at a negative $55 million. Without a divestiture, we estimate net debt to total capitalization will remain near 63% in 2008, while the sale of TECO transport could bring it to below 60%. Higher than originally forecast capex for 2007 to 2012 is driven by distribution and transmission upgrades, as well as generation expansion at the company's principal business, Tampa Electric.
- **Maintaining a rebounding coal outlook.** While 2007 coal results (excluding synfuel) are likely to be lower than 2006, on 5% lower volumes, we maintain our 2008 production outlook, at over 10 MT, as we expect Central Appalachia (CAPP) coal prices to rebound by the second half of 2007. We expect coal markets to improve due to industrywide voluntary and involuntary production cuts, rising weather-driven demand, and higher natural gas prices. Given the largely fixed cost structure, unit cash costs will remain stubbornly high, near $46/ton, due to lower volumes in 2007--but they are expected to drop in 2008 to about $44/ton, in line with the CAPP peer average. Our 2008 estimates project coal price realizations of $60/ton, which incorporate our forecast of $56 for unpriced steam volumes and $80 for metallurgical grades.

Risks

Commodity price risks. The future course of domestic and international supply, demand, and prices of energy commodities may substantially differ from the forecasts outlined in this report. Domestic and international variables that may affect our forecasts include weather, general economic conditions, geopolitical developments, military conflicts, and regulatory and political developments, as well as capital investment, technology, and geophysical factors affecting the production of energy commodities. These variables are likely to interact with one another and create outcomes that may cause future prices to differ substantially from our forecasts.

In addition, company-specific risks include:

Dividend reduction. TECO's valuation and stock price are highly dependent on the company's dividend-paying policy. The company's earnings over the next several years may not be sufficient to maintain the current dividend and may warrant suspension, which would cause the stock price to decline significantly.

Diminishing synfuel tax credits. For many years, TECO has derived substantial cash flow from tax laws allowing tax credits in the production of synfuel from coal. For 2005, proceeds from synfuel tax credits amounted to almost $200 million. These tax credits diminish in the face of higher oil prices. Given the current level of oil prices, it is unlikely that the company will realize any synfuel-related cash flows in 2008 or 2007. This could compromise the company's ability to maintain its current dividend rate.

Coal segment risks. These include: a) geological and reserve degradation risks in mining coal that reduce production and revenue; b) permitting and environmental risk, which could curtail production growth and revenue; and c) rising production costs of mining and tight mining labor markets in the Central Appalachia region.

Shipping segment risks. Lower domestic and international maritime shipping rates could adversely affect revenues and earnings.

Company Profile

TECO Energy is a holding company for regulated utilities and unregulated energy-related businesses. Its largest segment is Tampa Electric, which has about 625,000 customers in west central Florida and a generating capability of 4,421MW. Peoples Gas System (PGS), a division of Tampa Electric, is a natural gas local distribution company in Florida with more than 314,000 customers. TECO Coal owns and operates coal mines, coal processing and loading facilities, and synthetic fuel production facilities in Central Appalachia. TECO Transport provides waterborne transportation, storage, and transfer services of coal and other dry-bulk commodities. TECO Energy's other unregulated companies with continuing operations include TWG Non-Merchant, which primarily has investments in unconsolidated subsidiaries that participate in independent power projects and electric distribution in Guatemala. TWG Merchant has owned interests in independent power projects in Virginia, Arkansas, Mississippi, and Arizona. However, TECO has exited these businesses and sold a substantial part of its interest as part of the company's return to a focus on the core utility, coal, and maritime businesses.

*Closing price of last business day immediately prior to the date of this publication.

IMPORTANT INFORMATION CONCERNING FRIEDMAN, BILLINGS, RAMSEY & CO., INC.

Company Specific Disclosures

For up-to-date company disclosures including price charts, please click on the following link or paste url in a web browser: www.fbrcorp.com/disclosures.asp .

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FBRC instituted the following three-tiered rating system on October 11, 2002 for securities it covers:

- Outperform — FBRC expects that the subject company will outperform similar companies within its industry over the next 12 to 18 months. We recommend that investors buy the securities at the current valuation.
- Market Perform — FBRC expects that the subject company will perform in line with similar companies within its industry. We recommend that investors maintain their current positions and add on weakness as the valuation or fundamentals become more favorable.
- Underperform — FBRC expects that the subject company will underperform similar companies within its industry. We recommend that investors reduce their positions until the valuation or fundamentals become more compelling.

A description of the five-tiered rating system used prior to October 11, 2002, can be found at http://www.fbrcorp.com/disclosurespre10702.asp.

Rating	FBRC Research Distribution [1]	FBRC Banking Services in the past 12 months [1]
BUY [Outperform]	45.49%	15.73%
HOLD [Market Perform]	48.89%	6.27%
SELL [Underperform]	5.62%	0.00%

(1) As of midnight on the business day immediately prior to the date of this publication.

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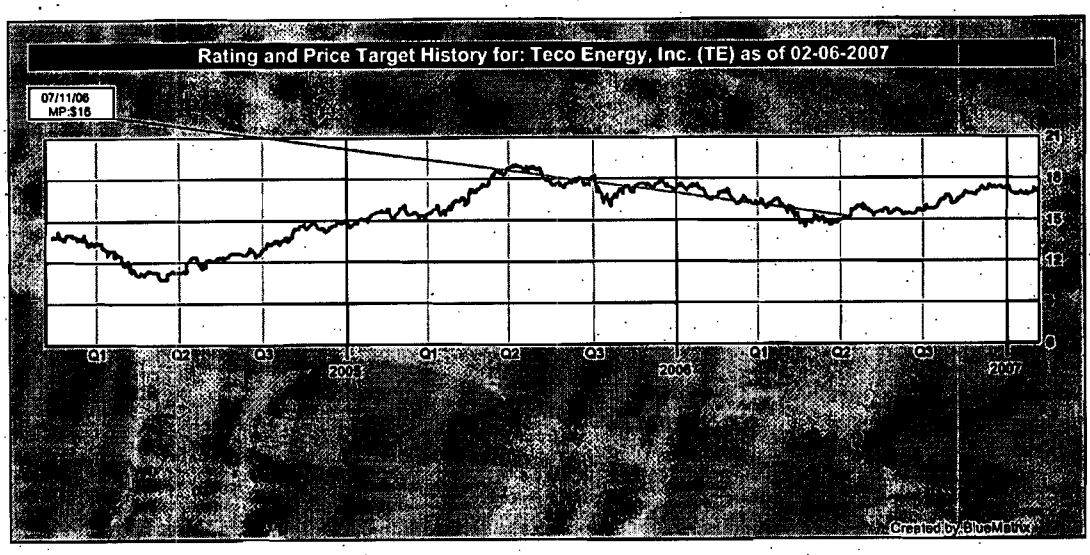
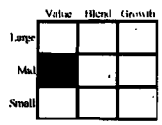

Rating and Price Target History for: Teco Energy, Inc. (TE) as of 02-06-2007
07/11/06
MP:$16
Q1
Q2
Q3
2004
Q1
Q2
Q3
2005
Q1
Q2
Q3
2007
Created by BlueMatrix

INVESTMENT RESEARCH

David B. Burks
Vice President
May 18, 2007

Rating: 3 – Neutral
Utilities



TECO Energy

(TE - NYSE)

Company reports solid first quarter earnings.
We maintain our Neutral rating.

		December Fiscal Year	2006	2007E	2008E
Recent Price	$18.07	Diluted Earnings Per Share	$0.97	$1.05	$1.15
52-Week High Price	$18.58	P/E Multiple	18.6x	17.2x	15.7x
52-Week Low Price	$14.40	Payout Ratio	78%	74%	68%
Indicated Dividend	$0.78				
Dividend Yield	4.3%	Dividend cycle	Feb., May, Aug., Nov.		
Market Value (millions)	$3,758	Nuclear Generation			No

Company Description: TECO Energy, Inc. is an integrated energy-related holding company with regulated utility businesses, complemented by a family of unregulated businesses. Its principal subsidiary, Tampa Electric Company, is a regulated utility with both electric and gas divisions (Tampa Electric and Peoples Gas System). Other subsidiaries are engaged in waterborne transportation, coal and synthetic fuel production and electric generation and distribution in Guatemala.

- **TECO Energy reported first quarter earnings from continuing operations of $0.21 per share versus $0.25 per share in the first quarter of 2006.** This was in line with consensus expectations. Reported first quarter earnings of $0.35 per share included a $30.7 million, or $0.15 per share, benefit from the production of synthetic fuel and the sale of ownership interests in the synthetic fuel production facilities. We believe it is prudent to exclude synthetic fuel results as this benefit is scheduled to expire at the end of this year.

- **Most of the company's segment results were lower than last year's figures.** Tampa Electric revenues were driven by solid customer growth and higher retail sales. However, earnings were negatively impacted by unfavorable weather. This was particularly the case at Peoples Gas, which had to contend with one of the mildest Januarys over the past century. As expected, TECO Coal contributed less to earnings in the first quarter. This reflected lower production levels due to soft market conditions.

- **We are maintaining our Neutral rating on the stock.** In our view, the company's long-term prospects are continuing to improve. TECO has exited the merchant energy business and hopes to complete the sale of its transportation business, TECO Transport, in the third quarter. The proceeds from the sales are expected to be used to reduce debt.

Note Important Disclosures on Pages 3 and 4.
Note Analyst Certification on Page 3.

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First Quarter Highlights

First Quarter Earnings
TECO Energy posted first quarter operating earnings of $0.21 per share versus $0.25 per share in the first quarter of 2006. The $0.21 per share figure was in line with expectations. Reported results of $0.35 per share include a $0.15 per share benefit from the production of synthetic fuel and the sale of ownership interests in the synthetic fuel production facilities. We believe it is proper to exclude all synthetic results from TECO as its benefit is scheduled to expire at the end of this year.

Earnings contributions from both Tampa Electric and Peoples Gas declined in the quarter despite solid customer growth. Tampa Electric and Peoples Gas added 2.5% and 2.1% more customers on a year-over-year basis, respectively. However, both units were negatively impacted by unusually mild winter weather in January. In fact, Florida experienced one of its warmest Januarys in the past century. Despite the weather, we are encouraged by the ongoing customer growth at both Tampa Electric and Peoples Gas. TECO Coal also saw its earnings contribution decline in the quarter. It added $0.05 per share to earnings compared to $0.07 per share in the same period last year. However, this was not unexpected as the company had planned on lower sales volumes due to softer market conditions. TECO Transport earnings contribution was flat at $0.03 per share. TECO is currently seeking a buyer for this business.

Management Maintains 2007 Earnings Guidance
TECO reaffirmed its previous ongoing earnings guidance range for 2007 of between $0.97 and $1.07 per share. This guidance excludes the benefit from the production of synthetic fuel, but includes TECO Transport for the full year. More specifically, it expects Tampa Electric to experience customer and weather-normalized energy sales growth. While Peoples Gas also expects higher customer growth and sales, these factors are expected to be offset by higher operation and maintenance expense and higher depreciation expense. TECO Coal expects lower total sales volumes due to soft market conditions and per-ton average margins similar to 2006 levels. TECO hopes to complete the sale of TECO Transport in the third quarter of 2007.

Outlook
We continue to believe that TECO's outlook is continuing to improve. We believe that the company's decision in 2004 to begin exiting the merchant energy business was a good strategic move. That has allowed TECO to essentially rebuild the company and strengthen its balance sheet through debt reduction. It also has allowed the company to generate much more consistent financial results. We believe TECO will be able to grow its earnings modestly going forward by continued favorable customer growth and lower interest expense. We note that on May 2nd the company announced a dividend increase. While just a 2.6% increase, it is symbolic of TECO's steady financial progress, in our view.

Rating
We rate the stock Neutral as we believe the stock is fairly valued. From a larger perspective, we continue to be encouraged by the company's ongoing focus on its core utility businesses. With the potential for modest earnings growth and an attractive 4.3% dividend yield, we would hold the stock for long-term oriented accounts.

Additional information is available upon request.

Analyst Certification

I, David Burks, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

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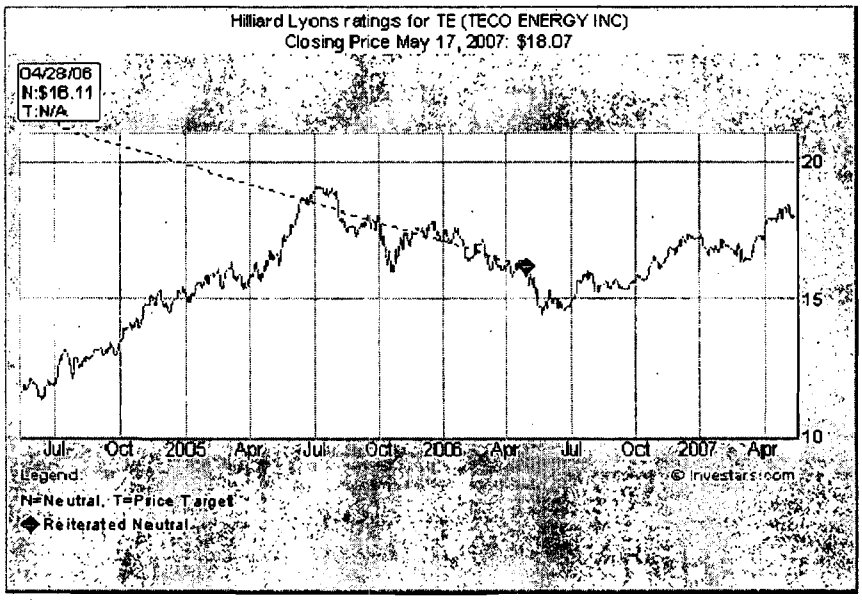
Investment Ratings
Buy – We believe the stock has significant total return potential in the coming 12 months.
Long-term Buy – We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time than our Buy rated issues.
Neutral – We believe the stock is an average holding in its sector, currently fully valued, and may be used as a source of funds if better opportunities arise.
Underperform – We believe the stock is vulnerable to a price setback in the next 12 months.

Suitability Ratings
1 – A large cap, core holding with a solid history.
2 – A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks.
3 – An above average risk/reward ratio could be due to its small size, lack of product diversity, sporadic earnings or high leverage.
4 – Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product.



	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
Rating	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	16	14%	31%	69%
Long-term Buy	28	24%	4%	96%
Neutral	68	58%	4%	96%
Underperform	5	4%	0%	100%

As of 4 May 2007

North America Equity Research
02 February 2007

JPMorgan

TECO Energy Inc

Lock in Profits Ahead of Possible Changes to 2008 Outlook; More Compelling Entry Point Likely

We believe a reduction to TECO Energy's 2008 earnings guidance is possible when the company reports 4Q06 earnings next Tuesday and recommend investors take profits at current levels. Weakness in the shares after earnings may provide investors a more compelling entry point.

- **Risks to 2008 continue to materialize and EPS guidance could be reduced.** We view continued cost pressures and depressed pricing at TECO Coal, modestly lower sales growth at both TECO utilities and lower debt paydown (and thus less interest expense savings) due to partial loss of synfuel-related cash flow as material changes to the assumptions underlying TECO's 2008 guidance introduced in April 2006 and expect management to further temper investor expectations, if not actually cut 2008E EPS, when the company reports 4Q06 earnings on Tuesday.

- **Opportunity for better entry point possible after earnings release.** We believe TECO's 2008 guidance could be reduced by roughly 10% ($0.10 - $0.15 per share) and expect the shares to trade down on any official change to guidance. Should TECO shares react as we expect, we believe investors will have a better entry point to build positions after the earnings release. Our 2008E EPS remains unchanged at $1.10, well below the company's current guidance of at least $1.23.

Neutral

$17.28
01 February 2007

Electric Utilities

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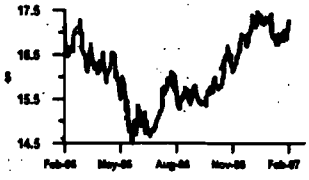
Price Performance



	YTD	-1M	-3M	-12M
Absolute	0.3%	0.3%	6.0%	1.8%

Source: RIMES, Reuters.

TECO Energy Inc (TE;TE US)

	2005A	2006E	2007E (Old)	2007E (New)	2008E (Old)
EPS ($)					
Q1 (Mar)	0.25	0.26A			
Q2 (Jun)	0.28	0.29A			
Q3 (Sep)	0.46	0.31A			
Q4 (Dec)	0.24	0.15			
FY	1.22	1.00	1.00	1.10	1.10
P/E FY	14.2	17.3	17.3	15.7	15.7

Source: Company data, Reuters, JPMorgan estimates. Note: Official estimates rounded to the nearest $0.05 per share.

Company Data	
Price ($)	17.28
Date Of Price	01 Feb 07
52-week Range ($)	17.65 - 14.40
Mkt Cap ($ mn)	3,606.34
Fiscal Year End	Dec
Shares O/S (mn)	209

J.P. Morgan Securities Inc.

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- **Coal remains wildcard.** We view TECO's strategy of waiting for higher coal prices to materialize before locking in significant additional contracts for 2008 to be risky given the current challenging coal industry fundamentals, particularly for Central Appalachia producers. Spot prices for steam coal, which represents two-thirds of TECO's conventional coal production, have declined over 30% YOY to about $40 per ton. While contract prices for Central Appalachia coal remain well above spot prices, they have also declined from year ago highs, and in combination with rising production costs will continue to pressure TECO's coal margins, in our view.

- **Adjusting 2007 earnings to reflect partial synfuel benefit.** We are increasing our 2007E EPS to $1.10 from $1.00 to reflect roughly $100MM in synfuel earnings and cash flow the company recently locked in through oil hedges. The cost of these hedges (~$40MM) will reduce the company's net synfuel benefits relative to profitability for full-capacity production and perhaps alter the timing of TECO's debt paydown but also will eliminate synfuel production uncertainty associated with rising oil prices, which we view favorably.

- **Discount multiple reflects lack of earnings visibility.** TECO Energy shares trade at a NOL-adjusted P/E multiple of 14.1x our 2008E EPS, a discount to the utility group average of 14.6x. We believe the discount valuation is warranted given the lack of earnings visibility at TECO Coal. We reiterate our Neutral rating on TECO Energy.

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Investment Risks

Among the negative risks to our Neutral rating on TECO are uncertainty around coal production costs and the potential for deteriorating conditions at the regulated utilities. We expect coal production costs to grow faster than realized pricing, which will likely compress margins in the coal segment, making it difficult to reach current 2008 earnings guidance. Lower than expected customer growth or higher than forecasted operating expenses at Tampa Electric and Peoples Gas would pressure results at the regulated utilities and likely contribute to earnings deceleration.

Positive risks to our Neutral rating include stronger than forecasted customer and load growth at Tampa Electric and higher than expected commodity prices at the unregulated businesses. Upside to our customer and load growth estimates could contribute to enhanced profitability at Tampa Electric. Similarly, increased commodity prices may benefit TECO Coal operations, as higher averaged realized pricing may be achieved, and at TECO Transport, where distribution services may become more valuable as the prices of dry-bulk goods rise.

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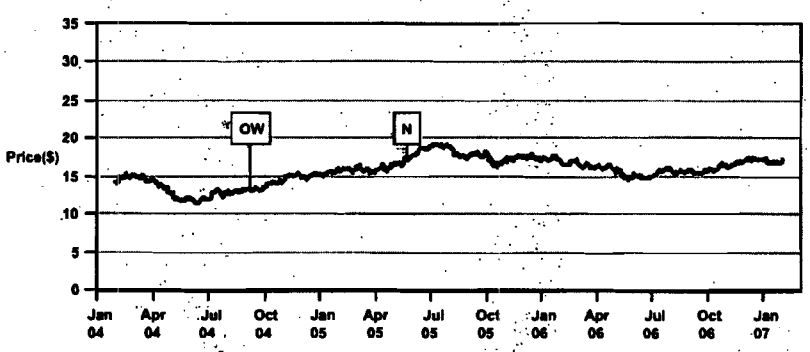
TECO Energy Inc (TE) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
07-Sep-04	OW	13.25	-
23-May-05	N	17.12	-

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
Initiated coverage Sep 07, 2004. This chart shows JPMorgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. As of Aug. 30, 2002, the firm discontinued price targets in all markets where they were used. They were reinstated at JPMSI as of May 19th, 2003, for Focus List (FL) and selected Latin stocks. For non-JPMSI covered stocks, price targets are required for regional FL stocks and may be set for other stocks at analysts' discretion.
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	Overweight (buy)	Neutral (hold)	Underweight (sell)
JPM Global Equity Research Coverage	42%	41%	17%
IB clients*	45%	47%	36%
JPMSI Equity Research Coverage	37%	48%	15%
IB clients*	63%	57%	47%

*Percentage of investment banking clients in each rating category.
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Revised January 30, 2007.

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North America Equity Research
02 February 2007

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North America Equity Research
01 May 2007

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TECO Energy Inc

1Q07 Earnings In Line with Expectations; 2007 Guidance Unchanged - ALERT

Neutral

$18.35
01 May 2007

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- **1Q07 results in line.** After the market closed, Neutral-rated TECO Energy (TE) reported 1Q07 EPS from continuing operations of $0.21, in line with our $0.20 estimate. Earnings from synfuel operations and the associated oil hedges generated an additional $0.15 per share of earnings. Management reiterated 2007 EPS guidance of $0.97 - $1.07, excluding synfuel benefits. Our 2007 EPS estimate of $1.05 remains unchanged.

- **Mild weather offset solid customer growth.** Earnings at Tampa Electric and Peoples Gas declined YOY, despite solid customer growth of 2.5% and 2.1%, respectively, primarily due to mild weather during 1Q07. Utility operating expenses, which increased YOY, were in line with expectations. Notably, Tampa Electric appears to be on track to spend the incremental $15MM in annual storm hardening expenses to comply with FPSC reliability mandates. We anticipate Tampa Electric will file a rate case no later than 1H08 to recover these costs and incorporate recent capital spending in rate base. However, we believe timing of the filing could be moved up to as early as late 2007 if retail sales growth falls significantly below the company's target level.

- **Proposed Transport sale could close by late 3Q07.** Management indicated the company has received strong interest for the Transport business from both strategic and financial buyers and that, should negotiations continue to progress, the sale could be completed by the end of 3Q07 – modestly later than our 2Q07 expectations. We estimate that TECO Transport could be sold for $350MM - $500MM.

- **Near-term catalysts lacking at core operations.** We remain concerned that TECO lacks significant near-term earnings catalysts – particularly at its core utility operations. Interest expense savings should continue to boost EPS as Transport sale proceeds are used to accelerate the retirement of parent debt in late 2007 and 2008. However, we do not view the EPS contribution from debt reduction as high-quality earnings – but acknowledge it may trigger a credit rating upgrade and increase the company's overall financial flexibility. We believe a rate case filing at Tampa

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Electric is a more significant earnings catalyst. Additionally, we await the introduction of 2008 guidance in late 2007 or early 2008. Should guidance assume higher than expected rate relief at Tampa Electric or signal improved pricing at TECO Coal, we would expect TECO Energy shares to rally.

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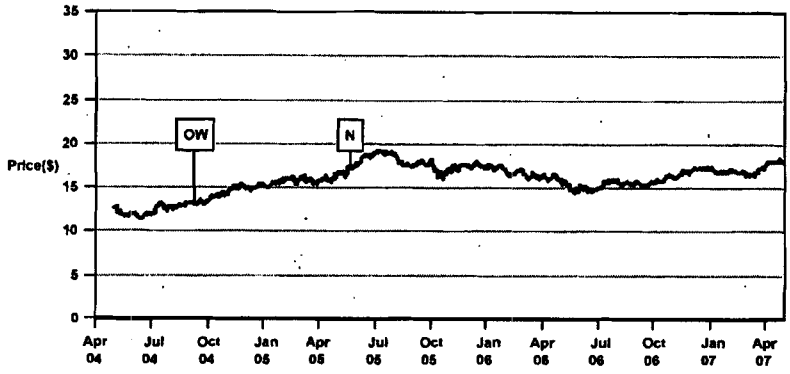
TECO Energy Inc (TE) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
07-Sep-04	OW	13.25	-
23-May-05	N	17.46	-

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
Initiated coverage Sep 07, 2004. This chart shows JPMorgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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	Overweight (buy)	Neutral (hold)	Underweight (sell)
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North America Equity Research
01 May 2007

JPMorgan

North America Equity Research
02 May 2007

JPMorgan

TECO Energy Inc

Modest Dividend Increase Earlier Than Expected; Signals Confidence In L/T Cash Flow Stability - ALERT

Neutral

$18.35
01 May 2007

- **Dividend increase likely accelerated by Transport sale proceeds.** This morning, Neutral-rated TECO Energy (TE) announced a 2.6% increase to its dividend, raising the annual payout to $0.78 from $0.76 per share. We view today's announcement favorably given the dividend boost came prior to our expectations of a late 2008 or 2009 increase. We believe the proceeds from the proposed 3Q07 sale of TECO Transport will enhance the company's financial flexibility (i.e., lower parent debt, higher equity contributions to utilities) and accelerated the timing of the dividend increase.

- **Small increase, but still signals confidence in outlook.** While the size of the dividend increase is lower than the 4% we had modeled, we believe the resumption of dividend growth reflects management's confidence in the longer-term earnings and cash flow generation of the company. We remain concerned about the 2008 and 2009 pricing outlook at TECO Coal but believe a late 2007 or early 2008 rate case filing at Tampa Electric has the potential to boost earnings at TECO's core utility.

- **Shares not likely to outperform on dividend news.** On the heels of last night's in-line 1Q07 earnings report and today's announcement of what some investors may view as a lower than anticipated dividend increase, we expect TECO shares to essentially trade in line with the utility group today. As we have previously discussed, we believe TECO continues to lack the significant near-term earnings catalysts that could drive share outperformance.

Electric Utilities

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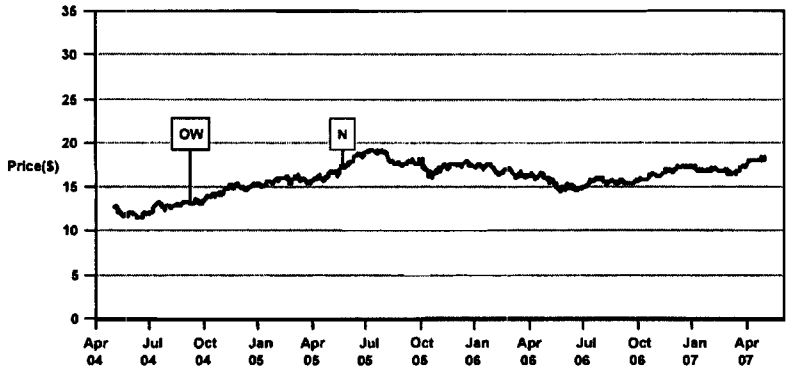

Date	Rating	Share Price ($)	Price Target ($)
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23-May-05	N	17.12	-

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
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	Overweight (buy)	Neutral (hold)	Underweight (sell)
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North America Equity Research
02 May 2007

JPMorgan

North America Equity Research
02 August 2007

JPMorgan

TECO Energy Inc

Guides to Lower End of 2007 EPS Range on Weak Volumes at Utilities - ALERT

Neutral

$16.55
01 August 2007

- **Guiding earnings to low end of range; shares may underperform.** This morning, Neutral-rated TECO Energy (TE) reported 2Q07 EPS from continuing operations of $0.26 (adjusted for several one-time items), above our $0.20 but essentially in line with the $0.24 consensus estimate. Despite a relatively in line 2Q07, TECO management is guiding to the lower end of its 2007 EPS guidance range of $0.97 - $1.07 primarily on below plan 1H07 performance at its utility operations. We expect TECO shares to underperform the broader utility group today on this less favorable near-term outlook.
- **Utilities continue to face challenges.** We remain somewhat concerned that usage patterns at the utilities, particularly among electric customers, could continue to deteriorate – resulting in a revision to the long-term retail sales growth expectation. Year-to-date, retail electric volumes have declined 1.4% YOY and total volumes (including wholesale) have fallen 1.1% YOY, well below the 2.8% increase embedded in guidance. In our view, weather is the most important factor in a 2H07 recovery given that housing trends (lower sales, a weighting toward multi-unit additions) are not likely to change near term. If TECO does not experience sustained heat this summer, we believe utility earnings could be on track to disappoint. Notably, we also believe the company could file for rate relief at Tampa Electric sooner than expected should utility performance remain weak.
- **Higher cost estimate in IGCC update.** In a July 20 petition filing to the FPSC, Tampa Electric is seeking approval to build a 632 MW IGCC unit at Polk at a revised cost estimate of approximately $3,170/kW, well above the previous expectation of $2,370/kW. We note the revised cost figure is closer to the $3,500/kW AEP disclosed in a recent filing for its proposed West Virginia IGCC project. The viability of IGCC projects near term remains uncertain, in our view, as evidenced by Vectren's announcement yesterday to not pursue its proposed IGCC project.
- TECO Energy will host a call for investors today at 1:00 p.m. EDT. The dial in number is 877-427-4548 and the conference ID is 6859806.

Electric Utilities

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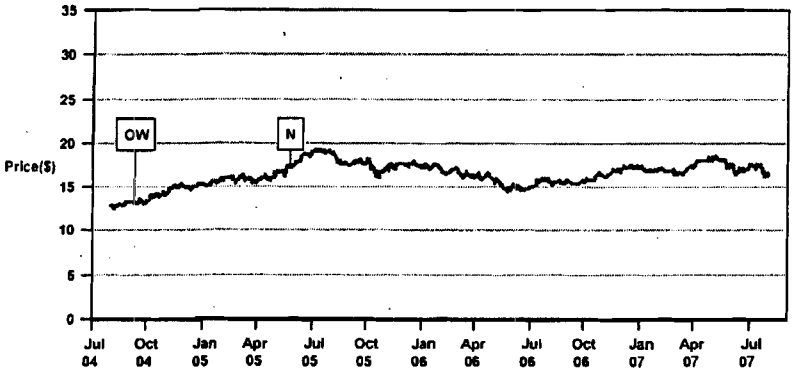

Date	Rating	Share Price ($)	Price Target ($)
07-Sep-04	OW	13.25	-
23-May-05	N	17.12	-

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
Initiated coverage Sep 07, 2004. This chart shows JPMorgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
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JPMSI Equity Research Coverage	40%	47%	13%
IB clients*	69%	62%	48%

*Percentage of investment banking clients in each rating category.
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Revised June 25, 2007.

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

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North America Equity Research
02 August 2007

JPMorgan

North America Equity Research
02 November 2007

JPMorgan

TECO Energy Inc

3Q07 Results In Line; No Change to 2007 Guidance - ALERT

Neutral

$16.48
01 November 2007

Electric Utilities

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THINK BIG, BUY SMALL

- **Weather-driven volume growth offsets a portion of lagging usage.** This morning, Neutral-rated TECO Energy (TE) reported adjusted 3Q07 EPS of $0.38, excluding a $0.06 benefit from synfuel production. Results were essentially in line with our and the consensus estimate of $0.35 per share. The quarter benefited from strong weather-driven volume growth at Tampa Electric, solid performance at its Guatemala segment, lower depreciation expense and parent loss, and decent cost control at TECO Coal, where management believes they are beginning to see the first signs of improvement in the coal markets. Offsetting these positive contributors were the continuation of less favorable retail usage patterns at the utilities and a slightly lower average net selling price at TECO Coal attributed to a less favorable coal mix. Given 3Q07 results suggest no change to TECO's near-term outlook, we expect a relatively neutral reaction from TECO shares in today's trading.

- **2007 guidance remains unchanged.** TECO management continues to expect 2007 earnings to fall toward the middle to low end of the 2007 EPS guidance range of $0.97 - $1.07. Among the negative factors impacting earnings are 1H07 mild weather, reduced usage among utility customers and lower coal sales volumes due to market weakness. The 2007 guidance reflects a full-year contribution from TECO Transport, which is expected to be divested by year end.

- **EEI webcast on November 6.** In lieu of a conference call today, TECO Energy plans to discuss third quarter results and the near-term outlook during its presentation at the EEI conference, scheduled for Tuesday, November 6 at 11:15 a.m. ET.

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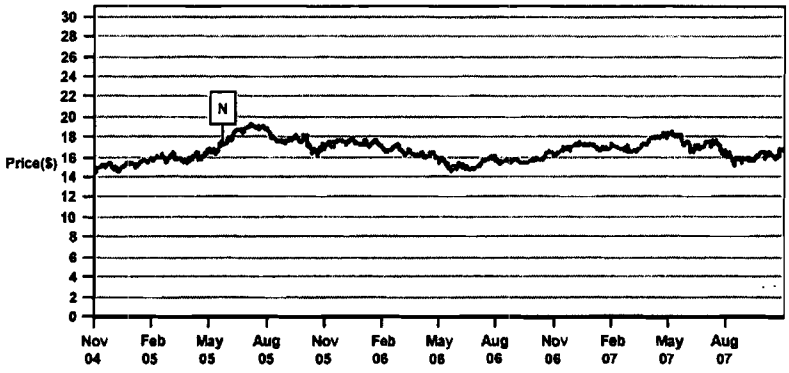

Date	Rating	Share Price ($)	Price Target ($)
23-May-05	N	17.12	-

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
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IB clients*	70%	63%	49%

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Revised September 28, 2007.

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North America Equity Research
02 November 2007

JPMorgan

North America Equity Research
29 October 2007

JPMorgan

TECO Energy Inc

Transport Sale Price Within Expectations; Proceeds to Accelerate Debt Retirement - ALERT

Neutral

$16.74
26 October 2007

- **Sale process successful despite challenges in credit markets.** This morning, Neutral-rated TECO Energy (TE) announced an agreement to sell TECO Transport to Greenstreet Equity Partners for $405MM in cash, essentially in line with our $350MM - $500MM sale price estimate. The transaction is scheduled to close by year-end 2007 and is expected to generate net proceeds of $370MM - $380MM, which will be used to accelerate debt retirement. We would expect TECO shares to react favorably to the announcement as many investors were concerned that turmoil in the credit markets could further delay or derail the sale of Transport.

- **Debt retirement should benefit credit rating.** Proceeds from the sale of Transport should allow TECO Energy to accelerate the retirement of $500MM of parent level debt to 2007 and 2008, from the original time frame of 2008 through 2010. We believe this debt reduction is likely to trigger a credit rating upgrade to investment grade, which would provide TECO significantly more financial flexibility in funding reliability and generation investments over the next five years.

Electric Utilities

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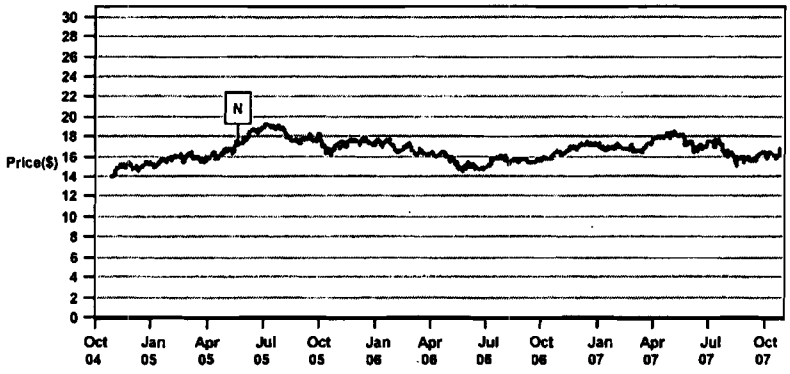
TECO Energy Inc (TE) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
23-May-05	N	17.12	-

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
This chart shows JPMorgan's continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
JPMorgan ratings: OW = Overweight, N = Neutral, UW = Underweight.

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JPMorgan Equity Research Ratings Distribution, as of September 28, 2007

	Overweight (buy)	Neutral (hold)	Underweight (sell)
JPM Global Equity Research Coverage	46%	40%	14%
IB clients*	51%	50%	38%
JPMSI Equity Research Coverage	42%	46%	12%
IB clients*	70%	63%	49%

*Percentage of investment banking clients in each rating category.
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Revised September 28, 2007.

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North America Equity Research
29 October 2007

JPMorgan

TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

UBS

Global Equity Research

Americas

Electric Utilities

UBS Investment Research

TECO Energy Inc.

12-month rating	Neutral *Unchanged*
12m price target	US$17.50 *Unchanged*
Price	US$16.74

RIC: TE.N BBG: TE US

29 October 2007

Trading data	
52-wk range	US$18.50-15.13
Market cap.	US$3.50bn
Shares o/s	209m (COM)
Free float	99%
Avg. daily volume ('000)	885
Avg. daily value (US$m)	14.2

Balance sheet data 12/07E	
Shareholders' equity	US$1.79bn
P/BV (UBS)	1.9x
Net Cash (debt)	(US$3.47bn)

Forecast returns	
Forecast price appreciation	+4.5%
Forecast dividend yield	4.7%
Forecast stock return	+9.2%
Market return assumption	8.8%
Forecast excess return	+0.4%

Sale of TECO Transport Announced

■ **Sale Proceeds of $405 Mn Roughly In-line With Our Expectations**

TECO announced this morning the long awaited sale of its TECO Transport unit to an investment group led by Greenstreet Equity Partners, LP for $405 Mn in cash. Management expects net proceeds will amount to between $370 – 380 Mn. With projected EBITDA of $70 Mn for 2008, the sale implies a 5.8x EV/EBITDA multiple.

■ **Glad to See the Sale Completed, But Dilutive to 2008 Earnings**

After backing out of its planned Polk IGCC generation facility earlier this month, the completion of the sale of TECO Transport gets management back on track to lower leverage. Assuming the sale is closed by year end and proceeds are used to pay down debt, we expect the sale of TECO Transport to be dilutive to 2008 EPS by $0.05, 5% of our 2008 EPS estimate.

■ **No Change in Our EPS Estimates**

We are maintaining our 2008 EPS estimates at $1.00, which already reflected the sale of TECO Transport.

■ **Valuation: Maintaining $17.50 Price Target and Neutral Rating**

We derive our price target using an EV/EBITDA based sum-of-the-parts analysis. Our price target implies a 17.5x PE multiple on our 2008E EPS.

EPS (UBS, US$)

	12/07E UBS	12/07E Cons.	12/06 Actual
Q1	0.21	0.21	0.27
Q2	0.25	0.25	0.25
Q3E	0.33	0.35	0.38
Q4E	0.21	0.20	0.22
12/07E	1.00	*1.01*	
12/08E	1.00	*1.10*	

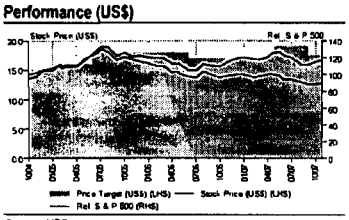
Highlights (US$m)	12/05	12/06	12/07E	12/08E	12/09E
Revenues	3,010	3,448	3,596	3,692	-
EBIT (UBS)	357	398	361	381	-
Net income (UBS)	255	234	209	208	-
EPS (UBS, US$)	1.22	1.12	1.00	1.00	-
Net DPS (UBS, US$)	0.76	0.76	0.78	0.79	-

Profitability & Valuation	5-yr hist av.	12/06	12/07E	12/08E	12/09E
EBIT margin %	12.5	11.5	10.0	10.3	-
ROIC (EBIT) %	-	10.1	9.0	9.4	-
EV/EBITDA (core) x	10.1	9.7	10.2	9.6	-
PE (UBS) x	13.8	14.3	16.7	16.8	-
Net dividend yield %	5.5	4.7	4.6	4.7	-

Source: Company accounts, Thomson Financial, UBS estimates. (UBS) valuations are stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement

Valuations: based on an average share price that year. (E): based on a share price of US$16.74 on 26 Oct 2007 19:38 EDT

Performance (US$)



Source: UBS

www.ubs.com/investmentresearch

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

■ **TECO Energy Inc.**

TECO Energy, headquartered in Tampa, Florida, supplies electricity and natural gas in west-central Florida as part of its regulated businesses; transports, stores, and transfers coal; operates underground and surface coal mines; and produces synthetic fuels.

■ **Statement of Risk**

The key risks include high debt to capital ratio; higher O&M costs at Tampa Electric to meet reliability requirements, adverse weather conditions; changes in general economic conditions; regulatory environment; commodity prices; environmental matters; and interest rates.

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UBS 12-Month Rating	Rating Category	Coverage[1]	IB Services[2]
Buy	Buy	55%	40%
Neutral	Hold/Neutral	36%	35%
Sell	Sell	9%	22%
UBS Short-Term Rating	**Rating Category**	**Coverage[3]**	**IB Services[4]**
Buy	Buy	0%	29%
Sell	Sell	0%	0%

1:Percentage of companies under coverage globally within the 12-month rating category.
2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
3:Percentage of companies under coverage globally within the Short-Term rating category.
4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 September 2007.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	**Definition**
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.
Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).
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US Closed-End Fund ratings and definitions are: Buy: Higher stability of principal and higher stability of dividends; Neutral: Potential loss of principal, stability of dividend; Reduce: High potential for loss of principal and dividend risk.
UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Reduce: Negative on factors such as structure, management, performance record, discount.
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Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
TECO Energy Inc.[2, 4, 6, 7, 16, 22]	TE.N	Neutral	N/A	US$16.74	26 Oct 2007

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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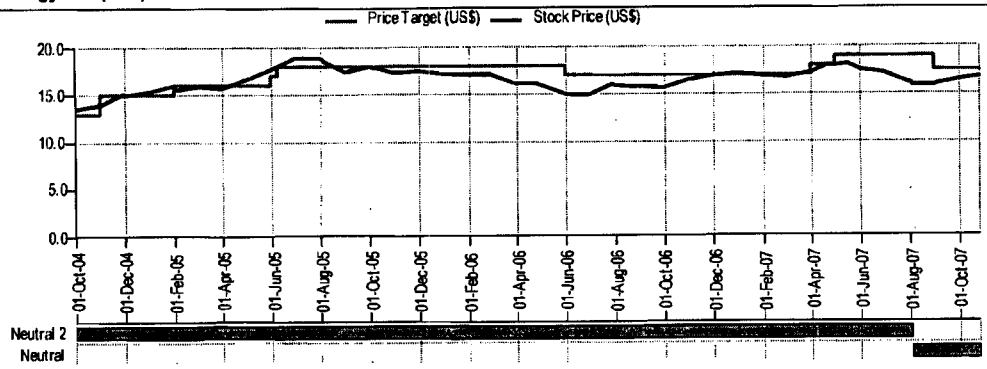
TECO Energy Inc. (US$)



Source: UBS; as of 26 Oct 2007

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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North America Equity Research
04 October 2007

JPMorgan

TECO Energy Inc

Sell Off Unwarranted; Cancellation of Proposed IGCC Reduces Regulatory Risk - ALERT

Neutral

$16.37
03 October 2007

Electric Utilities

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- **Pullback provides buying opportunity.** TECO Energy (TE) shares are selling off on this morning's announcement that Tampa Electric has cancelled plans to build an integrated gasification combined-cycle (IGCC) plant to meet its baseload requirements in 2013. We believe the sell off is unwarranted given any significant EPS contribution from the IGCC was not likely to be seen before 2012 - 2013 and the escalating project costs (~ $2.0B - $3.0B) had already substantially increased the likelihood that Florida regulators would not approve the plant, in our view. We recommend investors use this pullback to buy TECO shares.

- **Significant discount valuation gap not likely to be sustained.** By our estimates, TECO shares trade at more than a 15% discount to the utility group P/E multiple average, when adjusting for the value of TECO's NOLs. While we believe a discount valuation is warranted primarily given current challenges at TECO Coal, we view the current valuation gap as not likely to be sustained given the utility's above-industry average sales volume growth rate and the likelihood that a general rate case will be filed at Tampa Electric in the next 6 months to recover recent reliability spend. Additionally, on today's pullback, TECO shares are currently yielding almost 5%, which is significantly above the utility group average dividend yield of 3.6%. Applying what we view to be a more reasonable 4.5% - 4.6% yield would suggest TECO shares could trade above $17 per share.

- **Combined-cycle generation option could support less risky rate base and earnings growth.** While it is still early in the process of evaluating alternative generation options, we believe Tampa Electric could pursue a combined-cycle gas plant to meet its baseload requirements in place of the IGCC. We view the gas option favorably as we would expect regulators to prefer a lower-cost gas plant that also addresses state environmental mandates. Assuming continued cost inflation, we estimate a 630-MW combined-cycle plant could add $750MM - $1.0B to Tampa Electric's rate base in 2013, which could boost earnings significantly.

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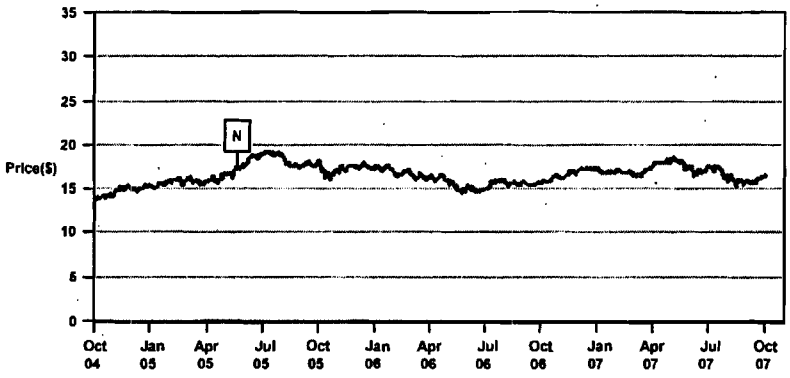
TECO Energy Inc (TE) Price Chart



Date	Rating	Share Price ($)	Price Target ($)
23-May-05	N	17.12	-

Source: Reuters and JPMorgan; price data adjusted for stock splits and dividends.
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North America Equity Research
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February 9, 2007
ENERGY: Utilities
Company Update / Estimates Change

KeyBanc
Capital Markets

TECO Energy, Inc.:

TE: Lowering 2007E on Coal Market Outlook

KeyBanc Capital Markets,
A Division of McDonald Investments Inc.

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Rating	HOLD (3)
Price	$16.98
12-Mo. Price Target	NA
Dividend	$0.76
Yield	4.5%
52-Wk. Range	$14-$18
Trading Volume	920,000
Market Cap. (mm)	$3,513.2
Shares Out. (mm)	208.90
Book Value	$7.07
Fiscal Year End	31 December
2007E	$1.05
2006A	$0.97
2005A	$1.24
2007 P/E	16.2x
2006 P/E	17.5x
First Call 2007E	$1.07
First Call 2006A	$0.99
Next Quarter	March
Estimate	$0.21
Vs	$0.23
First Call Estimate	$0.23

KEY INVESTMENT POINTS

TE reported 4Q06 adjusted (excluding one-time items and synfuel) earnings of $0.18 vs. $0.16 per share, roughly in line with our estimate and First Call consensus. For 2006, adjusted results were $0.97 vs. $0.83 per share.

Results for both the quarter and year were generally in line with our assumptions, with mild weather at the utility providing the bulk of the variance between actual results and our estimates. However, the earnings outlook for 2007 and 2008 was slightly below our expectations, and management cited some softening of coal prices as the primary driver.

TECO Coal expects to produce 9.0 million-9.5 million tons of coal in 2007, which is lower than the 9.8 million tons produced in 2006. However, 86% of this production is hedged with expected margins in the $11/ton range (similar to 2006 margin). With less than 50% of expected production hedged in 2008 and spot prices and demand weaker than expected, earnings impact is anticipated to be $0.10 lower than previous assumptions.

Management initiated 2007 adjusted guidance of $0.97-$1.07 per share and withdrew the previous 2008 earnings target of $1.23 per share, largely due to uncertainty in the coal markets. We note that synfuel earnings (which we exclude) are now fully hedged and should add $0.34 of earnings and $100 million of cash flow in 2007.

In addition, the Company announced a strategic review of TECO Transport (including a possible sale of the business). Proceeds would be used to fund parent-level debt retirement ($500 million from 2008 to 2010) and for investment in the regulated utility operations, primarily Tampa Electric.

We reiterate our HOLD (3) rating on the shares and are lowering our 2007E to $1.05 from $1.10 to reflect softer coal pricing and demand, as a portion of TE's production is not hedged and subject to market price fluctuations.

VALUATION

Based on our revised 2007E of $1.05, shares of TE trade in line with the average group P/E multiple of 16.2x. We view this valuation as reasonable given attractive customer growth characteristics and a constructive regulatory environment in Florida, offset by a higher risk profile associated with the unregulated business portfolio.

RISKS

The primary risk for TE is volatility associated with the unregulated business portfolio. In addition, a sector-wide reversion to a traditional valuation multiple would imply a 20-25% discount to the broad market.

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4Q06 REVIEW

TE reported 4Q06 adjusted earnings of $0.18 vs. $0.16 per share and 2006 adjusted earnings of $0.97 vs. $0.83. A breakdown by segment is provided below:

Segment	4Q06	4Q05	2006	2005	Major Drivers
Tampa Electric	$0.09	$0.11	$0.65	$0.71	O&M Increase, Mild Weather
Peoples Gas	$0.03	$0.03	$0.14	$0.14	Customer Growth, O&M Increase
TECO Coal	$0.05	$0.04	$0.22	$0.16	Higher Selling Prices, Production Costs
TECO Transport	$0.04	$0.03	$0.12	$0.09	Increased Barge Rates
TECO Guatemala	$0.05	$0.03	$0.18	$0.19	O&M/Tax Increases, Customer Growth
Parent/Other	($0.09)	($0.09)	($0.36)	($0.47)	Debt Reduction/Refinancing
Total	**$0.18**	**$0.16**	**$0.97**	**$0.83**	

Source: Company Reports, McDonald Investments Inc.

EPS (Net) Summary

	2005A	%CHG	2006A	%CHG	2007E	%CHG
1Q	$0.25	108.3%	$0.23	-8.0%	$0.21	-8.7%
2Q	$0.28	27.3%	$0.25	-10.7%	--	--
3Q	$0.46	76.9%	$0.31	-32.6%	--	--
4Q	$0.24	60.0%	$0.18	-25.0%	--	--
YEAR	$1.24	-44.9%	$0.97	-21.8%	$1.05	8.2%

Source: McDonald Investments Inc. estimates

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TECO Energy, Inc. - TE

For the three-year history represented in this chart, this stock has been rated a HOLD (3).

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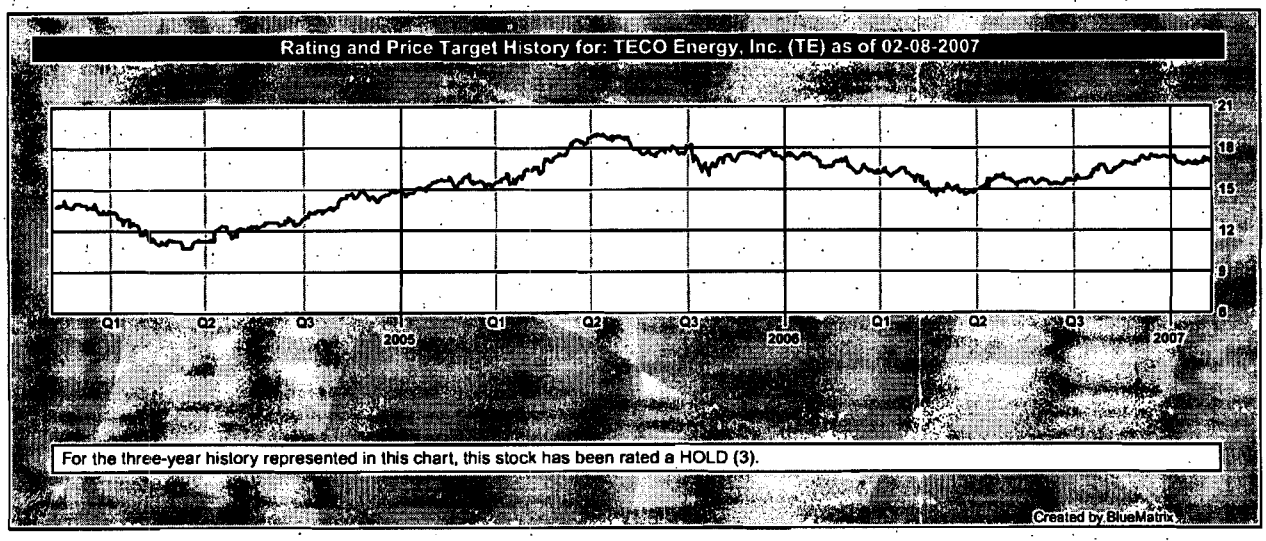

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Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY [AB/BUY]	122	40.13	122	100.00
HOLD [HOLD]	173	56.91	172	99.42
SELL [UND/SELL]	9	2.96	8	88.89

ENERGY

Rating	Count	Percent	IB Serv./Past 12 Mos. Count	IB Serv./Past 12 Mos. Percent
BUY [AB/BUY]	11	18.03	11	100.00
HOLD [HOLD]	50	81.97	50	100.00
SELL [UND/SELL]	0	0.00	0	0.00

Rating System

AGGRESSIVE BUY (1) - The security is expected to outperform the market over the short term; investors should consider adding the security to their portfolios, subject to their overall diversification requirements.

BUY (2) - The security is expected to outperform the market over the long term; investors should consider adding the security to their holdings opportunistically, subject to their overall diversification requirements.

HOLD (3) - The security is expected to perform in line with general market indices; no buy or sell action is recommended at this time.

UNDERWEIGHT (4) - The security is expected to underperform the market; investors should reduce their holdings opportunistically.

SELL (5) - Absolute downside risk is evident for the security; investors should liquidate their holdings.

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LEHMAN BROTHERS

EQUITY RESEARCH

February 07, 2007

United States of America
Energy & Power
Power & Utilities

TECO Energy (TE - US$ 17.18) 2-Equal weight

Change of Price Target

Q4 EPS In Line - '08 Guidance Withdrawn

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Investment Conclusion

- We reiterate our 2-EW rating and are updating our earnings forecast to $1.07/$1.13E for '07/'08 respectively from $1.05/$1.23E. We are also lowering our price target to $16 based upon the breakout valuation provided below. Our prior target $18 had been based upon the prior breakout valuation also provided below.

Summary

- TE reported Q4 EPS of $0.18 vs. $0.16, excluding synfuel in both periods. For the year earnings were $0.97 vs. $0.83 on a comparable basis. Details follow below.
- Based on reduced forecasts for margins in the coal business 2007 guidance was provided in a range between $0.97 and $1.07, while prior 2008 guidance of $1.23 was withdrawn, and no new guidance provided. Synfuel earnings are fully hedged in 2007.
- Management also indicated that they are reviewing their strategic options with the Transport business and would not rule out a sale. TE's NOL position at year end was ~$550-$600M and some of this total could be used to offset any gain on the sale. Cash proceeds would be used to fund debt retirements and the potential IGCC plant at Tampa Electric.

Stock Rating		Target Price	
New:	2-Equal weight	New:	US$ 16.00
Old:	2-Equal weight	Old:	US$ 18.00

Sector View: 3-Negative

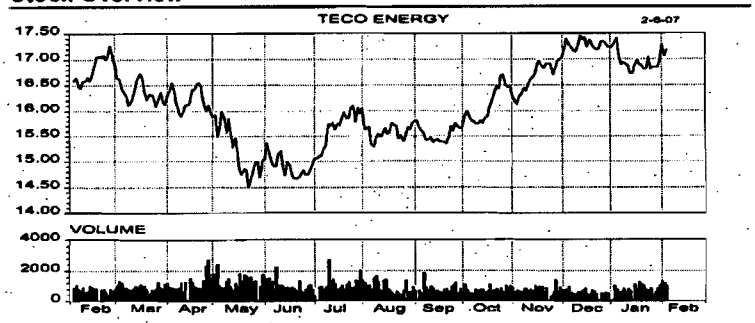
EPS (US$) (FY Dec)

	2005	2006			2007			% Change	
	Actual	Old	New	St. Est.	Old	New	St. Est.	2006	2007
1Q	0.25A	0.25A	0.25A	0.26A	N/A	N/A	0.25E	0%	N/A
2Q	0.28A	0.24A	0.24A	0.25A	N/A	N/A	0.26E	-14%	N/A
3Q	0.46A	0.30A	0.30A	0.31A	N/A	N/A	0.38E	-35%	N/A
4Q	0.24A	N/A	0.18A	0.18E	N/A	N/A	0.24E	-25%	N/A
Year	1.23A	0.95E	0.97A	0.99E	1.05E	1.07E	1.09E	-21%	10%
P/E			17.7			16			

Market Data	
Market Cap (Mil.)	3545
Shares Outstanding (Mil.)	207.90
Float (%)	99
Dividend Yield	4.50
52 Week Range	17.50 - 14.40

Financial Summary	
Revenue FY06 (Mil.)	3448.1
Five-Year EPS CAGR	5.5
Return on Equity	14.79
Current BVPS	8.25
Debt To Capital (%)	71.23

Stock Overview



Q4 2006 Earnings

TECO Energy reported Q4 2006 earnings of $0.18 vs. $0.16 last year (on a directly comparable basis), consensus of $0.18 and our estimate of $0.14. Synfuel earnings were $0.04 in the current quarter and $0.08 last year, while charges and gains were $0.01 in both periods. On a comparable basis including synfuel earnings were $0.22 this year vs. $0.24 last year. Quarterly earnings reconciliation is presented below:

	Q4 06	Q4 05
Earnings per Share	$0.23	$0.25

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Exclude Disc. Ops	$0.00	$0.00
EPS Continuing Ops	$0.23	$0.25
Exclude Charges/Gains	($0.01)	($0.01)
EPS excluding synfuel	$0.22	$0.24
Exclude Synfuel	($0.04)	($0.08)
Results Excluding Synfuel	**$0.18**	**$0.16**

Source: Company Conference Call/Slide Presentation

On an annual basis the results were:

	2006	**2005**
Earnings per Share	$1.19	$1.33
Exclude Disc. Ops	($0.01)	($0.33)
EPS Continuing Ops	$1.18	$1.02
Exclude Charges/Gains	($0.05)	$0.21
EPS excluding synfuel	$1.13	$1.23
Exclude Synfuel	($0.16)	($0.40)
Results Excluding Synfuel	**$0.97**	**$0.83**

Source: Company Conference Call/Slide Presentation

The table below is a roll-forward of annual earnings by main business unit (not including the corporate parent):

	Tampa Electric	Peoples Gas	TECO Coal	TECO Transport	TECO Guatemala
2005 EPS	**$0.71**	**$0.14**	**$0.56**	**$0.10**	**$0.20**
Revenues	$1.64	$0.14	$0.34	$0.06	$0.00
Operating Expenses	($1.70)	($0.12)	($0.67)	($0.04)	$0.03
Depreciation	$0.00	($0.01)	$0.00	$0.00	$0.00
Interest	($0.04)	$0.00	$0.01	$0.00	$0.00
Taxes	$0.05	$0.00	$0.14	($0.01)	($0.05)
Share Count	($0.01)	$0.00	$0.00	$0.00	$0.00
Ex-Synfuel	$0.00	$0.00	($0.16)	$0.00	$0.00
2006 EPS	**$0.65**	**$0.14**	**$0.22**	**$0.11**	**$0.18**

Source: Company Earnings Release

Tampa Electric net revenues fell ($0.04) and taxes were lower +$0.02. Customer growth was offset by mild weather and lower usage. Usage remains a concern to management due to price elasticity, weather, and residential building trends. These trends are showing an increase in the construction of and permits for condominiums and multi-family units which tend to have lower square footage and are typically more energy efficient than single family homes. Higher commodity costs have also contributed to higher end use prices which have also had a negative effect on usage levels.

Peoples Gas showed even net revenues on cost as customer growth was 3.8% offset by higher non-fuel O&M costs which were driven by higher employee related costs. Sales to commercial customers also declined.

TECO Coal results reflected 13% higher pricing almost entirely offset by 12% higher costs. These costs were due to inflationary pressures and higher input prices for mining as well as higher one time costs related to exploration expenses incurred in Q3 '06 per the optimization of future operations as well as the relocation of mining equipment and personnel from high cost locations to mining locations that should in the future stabilize the cost of production. Production in 2006 was 9.8 million tons compared to 9.7 million tons the prior year. Further details concerning the go-forward guidance of the coal business are provided below.

TECO Transport showed slightly better results both from higher barge rates and higher equipment utilization on the river as well as higher utilization rates for ocean going shipping.

TECO Guatemala results were driven by strong customer growth of +4.3% year over year which were partially offset by higher tax rates in 2006 vs. 2005.

2007 and 2008 Guidance

Management guided to $0.97 to $1.07 per share in 2007, excluding synfuel. We are comfortable with the higher end of this range as is shown by our estimate of $1.07. Management withdrew their earlier estimate of $1.23 per share for 2008 and did not issue further guidance. The expectation is guidance will be released later in this year as the coal contracting picture for 2008 solidifies. Our own estimate for 2008 is $1.13 per share.

2007

Management expects improved results in 2007 from Tampa Electric driven by weather normalized retail sales growth of 2.8%. Non-fuel O&M will keep pace with inflation, while earnings will be boosted from the first SCR project on line in May of '07. CapEx is expected to rise from 2006 levels to adequately fund Florida's grid hardening mandate. 2007 sales forecasts will continue to be under some pressure as a result of price elasticity and the condominium building trend mentioned above.

Management expects People's Gas to be slightly lower in 2007 on customer growth of +2.5% which should be tracked by therm sales. O&M spending will increase with inflation and D&A will rise due to a regulator approved D&A study and normal system expansion which will lead to a higher asset base.

The real story for 2007 and 2008 is a lackluster outlook for the TECO Coal business. 2007 production is now expected to be between 9.0 and 9.5 million tons down from a previous expectation of 10.5 million tons. Margins should stay somewhat the same as previously forecast in the $11/ton range due to 2007 output being 86% contracted at this time. The weak coal pricing environment for Central App. Steam coal is the reason for the reduction in sales volumes. Spot prices are significantly below mid-2006 levels due to a weather induced build up of inventories at power plants. Contracting is expected to be slow in the first half of 2007 for 2008 delivery.

TECO transport continues to see strong markets and remains an attractive but small business unit, and TECO Guatemala is expected to be flat year over year 2006 to 2007.

2008

TECO Coal remains the dragging story for 2008. Only ~45% of 2008 production is contracted and the first half of 2007 (contracting usually in March) is expected to be weak. To offset this weak contracting, management anticipates that they will grow met coal as a percentage of total production to 40% of the total by 2008 (from ~33% now). In April 2006, management released a 2008 target EPS of $1.23, which was withdrawn on the call. At that time margins were anticipated to be $12/ton on production of 10.5 to 11.0 million tons. Management is now facing weaker coal markets and expect $0.10 lower earnings from TECO Coal in 2008 than what was previously embedded in their $1.23 target.

Our own estimates for TECO coal in '08 are for flat at best margins from 2007 based upon pricing for met coal of ~$68/ton and for Central App steam coal of ~$49/ton, on overall production of 9.5 million tons. It is important to note that management indicated, should coal markets recover production could be ramped up relatively quickly back toward their original target forecast of 10.5 – 11.0 million tons.

Potential TECO Transport Sale

Management indicated that in order to fund Tampa Electric's potential IGCC plant (to be on-line ~2013 and consist of two Polk sized 600MW units) as well as the projected $500M in debt retirement planned for 2008 – 2010, that strategic options including a sale of TECO Transport are being explored. In our view, we are very early on in this process and will have to see affirmative steps from here. However, we have long advocated that the Transport, Guatemala, and Coal competitive based businesses do not necessarily belong under the same umbrella as the regulated business. TECO Transport is showing positive growth prospects at this point in time and despite it's low tax basis, the company has $550-$600 million in NOLs to apply against any sale preventing tax leakage.

Planned Investor Communications

Due to a scheduling conflict with the company's board meeting, the company will not be attending the AGA Financial Forum in May of this year as it had done last year. However, the company will be hosting an Analyst Day in New York on March 28th. In our view, it is possible that a clearer picture of the coal business in '08 will be available at this time as the results of the spring contracting period may be known. If this is the case, then 2008 guidance may be spoken to. However, management was not specific in indicating when that would occur.

Valuation

Given overall mix of very disparate businesses it is appropriate to value TECO based upon the following a break up valuation Synfuel gains have been removed from this analysis. The NOLs stream is discounted to present value at 10% in the valuation analysis below. We have updated our valuation to be reflective of lower expectations around coal in 2008, as well as incorporated customer usage pressures into our regulated business forecasts. Our current price target of $16/share is reflective of the break-up EV/EBITDA valuation provided below. In addition to updates to our EBITDA forecasts for all business units we have upped our valuation multiple for TECO Transport from 5.0x to 5.5x to reflect a 10% sale premium valuation. Further, we have updated our NPV of NOLs to reflect management's guidance of ~$575M usable through the 2010/11 timeframe:

SUBSIDIARY	08 EBITDA	Multiple	EV
TAMPA ELEC	519.6	7.7	4,001
PEOPLES GAS	96.0	7.7	739
TECO TRANS	73.4	5.5	404
GUATAMALA	61.9	6.5	405
TECO COAL	144.4	5.0	722
PARENT	$ (16)	7.7	(123)
			6,147
	TOTAL DEBT		3,900
	CASH		478.9
	PV of NOLs		497.4
	EQUITY		3,224
	Shares		207.9
	PRICE		**$ 16**

Source: Lehman Brothers Estimates

Tampa Electric, Peoples Gas, and the Parent use a '08E EV/EBITDA Utility group multiple of 7.7x. TECO Guatemala uses this multiple times a 15% discount due to the risk related to foreign operations. TECO Transport uses a multiple of 5.5x, as explained above. TECO Coal will have a production mix in 2008 of 60% steam coal and 40% metallurgical coal. The coal companies with productions close to this mix are Alpha Natural Resources (ANR) and Masse Energy (MEE); these companies trade at 3.7x and 6.2x '08E EBITDA respectively. To value TECO Coal we have taken the average of these two multiples at 5.0x '08E EBITDA. We have not included coal company comparables such as Peabody Energy (BTU), which trades at 5.0x '08E EBITDA, because we feel that they trade on an operational excellence premium to the market. We have also not included ARCH Coal (ACI), because of its tilt in asset mix toward Powder River Basin low emission coal, which is significantly different than TECO Coal's eastern coal asset mix.

Our prior price target of $18 was premised upon the following similar break-up analysis:

SUBSIDIARY	08 EBITDA	MULT	EV
TAMPA ELEC	$566	7.8	$4,417
PEOPLES GAS	$109	7.8	$852
TECO TRANS	$62	5.0	$312
GUATAMALA	$60	6.6	$400
TECO COAL	$261	3.8	$980
PARENT	($20)	7.8	($156)
			$6,804
	TOTAL DEBT		$3,958
	CASH		$562
	SYNFUEL/NOLS		$287
	EQUITY		$3,695
	Shares		208.9
	PRICE		**$18**

Source: Lehman Brothers Estimates

Tampa Electric, Peoples Gas, and the Parent use a '08E EV/EBITDA Utility group multiple of 7.8x. TECO Guatemala uses this multiple times a 15% discount due to the risk related to foreign operations. TECO Transport uses a multiple of 5.0x. TECO Coal has a production mix of 2/3 steam coal and 1/3 metallurgical coal. The coal companies with productions close to this mix are Alpha Natural Resources (ANR) and Masse Energy (MEE); these companies trade at 4.0x and 4.1x '08E EBITDA respectively. To value TECO Coal we have taken the average of these two multiples at 4.1x '08E EBITDA. We have not included coal company comparables such as Peabody Energy (BTU), which trades at 5.0x '08E EBITDA, because we feel that they trade on an operational excellence premium to the market. We have also not included ARCH Coal (ACI), which trades at 4.0x '07E EBITDA because of its tilt in asset mix toward Powder River Basin low emission coal, which is significantly different than TECO Coal's eastern coal asset mix.

Analyst Certification:

We, Daniel Ford, CFA and Gregg Orrill, hereby certify (1) that the views expressed in this research Company Note accurately reflect our personal views about any or all of the subject securities or issuers referred to in this Company Note and (2) no part of our compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Company Note.

Other Team Members:

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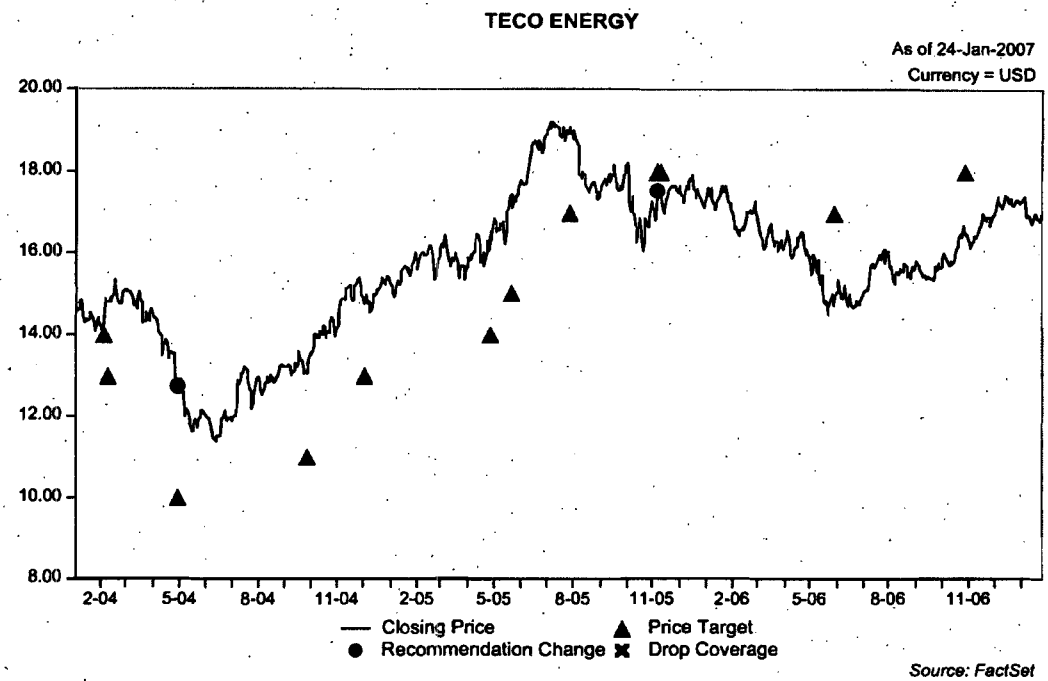
Important Disclosures:

TECO Energy (TE) **US$ 17.18 (05-Feb-2007)** **2-Equal weight / 3-Negative**

Rating and Price Target Chart:



Source: FactSet

Currency=US$

Date	Closing Price	Rating	Price Target
27-Oct-06	16.49		18.00
30-May-06	14.70		17.00
09-Nov-05	17.50		18.00
07-Nov-05	17.52		18.00
07-Nov-05	17.52	2 -Equal weight	
28-Jul-05	18.92		17.00
23-May-05	17.12		15.00

Date	Closing Price	Rating	Price Target
28-Apr-05	16.31		14.00
02-Dec-04	14.77		13.00
28-Sep-04	13.25		11.00
29-Apr-04	12.74		10.00
29-Apr-04	12.74	3 -Underweight	
10-Feb-04	14.78		13.00
05-Feb-04	14.35		14.00

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Lehman Brothers Inc and/or an affiliate trade regularly in the shares of TECO Energy.

Valuation Methodology: Our current $16 price target is premised upon the breakout valuation provided below:

SUBSIDIARY	08 EBITDA	MULT	EV	
TAMPA ELEC	$519.6	7.7	$4,001	
PEOPLES GAS	$96	7.7	$739	
TECO TRANS	$73.4	5.5	$404	
GUATAMALA	$61.9	6.5	$405	
TECO COAL	$144.4	5.0	$722	
PARENT		($16)	7.7	($123)
			$6,147	
	TOTAL DEBT		$3,900	
	CASH		$478.9	
	NOLS		$497.4	

EQUITY	$3,224
Shares	207.9
PRICE	$16

Risks Which May Impede the Achievement of the Price Target: Risks include sensitivity to power prices, ratings downgrades, increased cost of capital and write-offs.

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Company Name	Ticker	Price (05-Feb-2007)	Stock / Sector Rating
TECO Energy	TE	US$ 17.18	2-Equal weight / 3-Negative

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Entergy Corp (ETR)
FirstEnergy Corp (FE)
Great Plains Energy (GXP)
ITC Holdings (ITC)
NiSource, Inc (NI)
NRG Energy (NRG)
Ormat Technologies (ORA)
PG&E Corp (PCG)
PNM Resources (PNM)
PPL Corporation (PPL)
Public Service Enterprise Gp (PEG)
Reliant Energy Inc. (RRI)
Sierra Pacific Resources (SRP)
TECO Energy (TE)
Westar Energy (WR)
Xcel Energy (XEL)
Alliant Energy (LNT)
American Electric Power (AEP)
CMS Energy (CMS)
Constellation Energy (CEG)
DPL Inc (DPL)
Duke Energy (DUK)
Edison International (EIX)
Exelon Corp (EXC)
FPL Group (FPL)
Hawaiian Electric Inds (HE)
Mirant Corp. (MIR)
Northeast Utilities (NU)
OGE Energy (OGE)
Pepco Holdings (POM)
Pinnacle West Capital (PNW)
Portland General Electric Co. (POR)
Progress Energy (PGN)
Puget Energy (PSD)
Sempra Energy (SRE)
Southern Co (SO)
TXU Corp (TXU)
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LEHMAN BROTHERS

EQUITY RESEARCH

May 02, 2007

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TECO Energy (TE - US$ 18.35) 2-Equal weight

Change of Price Target

Same Old Story; Transport Sale Likely

Investment Conclusion

- TE reported in line results for Q1 of $0.21 vs. our $0.20 expectation. We are reiterating our 2-EW rating and our EPS est of $1.07/$1.13 for '07/'08E respectively. We are raising our price target (methodology and prior target explained below) to $18 as a result of multiple expansion and a revaluation of the Transport business due to its likely sale (details below).

Summary

- Teco reported a Q1 '07 result in line with expectations of $0.21. Results were driven by customer growth at Tampa Electric offset by higher non-clause O&M. Peoples Gas saw lower results due to one of the mildest January's in the last 100 years in FL, and as expected higher O&M and D&A expenses. Coal volumes remain in line with planned lower tonnage levels, and margins remain in-line with '06 levels. Transport saw strong pricing which was offset by lower Tampa Electric tonnage (due to a breakdown at Big Bend) and higher shipyard costs. The parent company benefited from lower interest expense.
- The company announced accounting changes related to Transport (detailed below) and that review of the current bids would be completed shortly. The current est for closing in Q3 '07.

Stock Rating		Target Price	
New:	2-Equal weight	New:	US$ 18.00
Old:	2-Equal weight	Old:	US$ 16.00

Sector View: 3-Negative

EPS (US$) (FY Dec)

	2006	2007			2008			% Change	
	Actual	Old	New	St. Est.	Old	New	St. Est.	2007	2008
1Q	0.25A	0.20E	0.21A	0.24E	N/A	N/A	0.27E	-16%	N/A
2Q	0.24A	N/A	N/A	0.26E	N/A	N/A	0.28E	N/A	N/A
3Q	0.30A	N/A	N/A	0.37E	N/A	N/A	0.36E	N/A	N/A
4Q	0.18A	N/A	N/A	0.22E	N/A	N/A	0.21E	N/A	N/A
Year	0.97A	1.07E	1.07E	1.07E	1.13E	1.13E	1.15E	10%	6%
P/E			N/A			16.2			

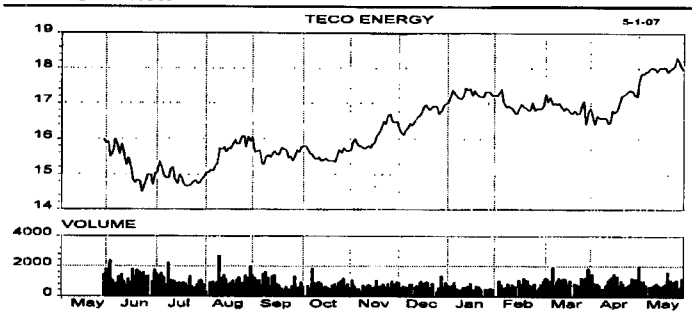
Market Data

Market Cap (Mil.)	3815
Shares Outstanding (Mil.)	207.90
Float (%)	99
Dividend Yield	4.14
Convertible	No
52 Week Range	18.38 - 14.40

Financial Summary

Revenue FY07 (Mil.)	3578.0
Five-Year EPS CAGR	0.0
Return on Equity	14.72
Current BVPS	8.25
Debt To Capital (%)	67.77

Stock Overview



Q1 2007 Earnings Results

TECO Energy reported a headline EPS number of $0.35 for Q1 '07 vs. $0.27 last year. Excluding synfuel earnings and charges/gains the clean ongoing operating EPS was $0.21 for Q1 '07 vs. $0.23 last year, as shown in the table below:

	Q4 06	Q4 05
Earnings per Share	$0.35	$0.27
Exclude Disc. Ops	$0.00	$0.00

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EPS Continuing Ops	$0.35	$0.27
Exclude Charges/Gains	$0.01	$0.01
EPS excluding synfuel	$0.36	$0.28
Exclude Synfuel	($0.15)	($0.05)
Results Excluding Synfuel	**$0.21**	**$0.23**

Source: Company Conference Call/Slide Presentation

The table below is a roll-forward of annual earnings by main business unit (not including the corporate parent):

	Tampa Electric	Peoples Gas	TECO Coal	TECO Transport	TECO Guatemala
Q1 '06 EPS	**$0.11**	**$0.06**	**$0.07**	**$0.03**	**$0.01**
Revenues	$0.07	($0.08)	($0.06)	$0.00	$0.00
Operating Expenses	($0.08)	$0.08	$0.09	$0.00	$0.00
Depreciation	$0.00	$0.00	$0.00	$0.00	$0.00
Interest	$0.00	$0.00	$0.00	$0.00	$0.00
Taxes	$0.00	$0.00	($0.05)	$0.00	$0.00
Share Count	$0.00	$0.00	$0.00	$0.00	$0.00
Q1 '07 EPS	**$0.10**	**$0.05**	**$0.05**	**$0.03**	**$0.01**

Source: Company Earnings Release

Tampa Electric revenues were higher driven by customer growth and higher overall retail sales. This impact was somewhat offset as the business mix of these sales was mostly to commercial and lower margin phosphate industry customers. This increase was offset by expected higher O&M, driven by T&D storm hardening and planned generating unit outages in Q1. Storm hardening in Q1 is seasonally normal as pole inspections and tree trimming are done prior to the storm season.

Peoples Gas revenues were hurt by one of the mildest Florida January's on record in the last century, HDD where 23% below normal and 13% below the year ago quarter. O&M, as expected, was higher, resulting from higher maintenance costs and higher depreciation vs. '06 resulting form the approved FL PSC depreciation study.

Management believes TECO Coal has seen a stabilization of costs although revenues were hurt by lower tonnage in 2007 as expected.

Management reiterated guidance in a range of $0.97 - $1.07 for 2007, and did not issue guidance for 2008, as a result of the pending TECO Transport sale. They also did not clarify or commit to a timeline around the next rate case filing for Tampa Electric.

TECO Transport Sale

Management announced that going forward, the assets related to TECO Transport will be moved to "Assets Held for Sale" for Balance Sheet purposes and no longer be depreciated. However, the results from this business will still be reported in the income statement through ongoing operations. Management's reasoning for this odd accounting is that under FAS 144, since TECO Transport has significant continuing involvement with Tampa Electric related to the waterborne transport of solid fuel, the results can continue under ongoing operations on the income statement. The most important conclusion from this change in convention is that a sale is now viewed as more likely than not by management.

On the conference call, management indicated that they have gotten strong interest for the Transport assets from both strategic and financial buyers. It is expected that the review of initial bids will be completed shortly and the number of bidders will be narrowed down to those with competitive offers. After this narrowing of bidders, binding offers will be sought from those who remain, and, based on a successful process, management would expect to close on this transaction in Q3 '07.

We estimate that TECO Transport will earn $0.12 in '07 and $0.14 in '08 with a '08E EBITDA of $73.4 million. Bulk shipping comparable companies covered by Lehman Brothers are Tidewater Inc. (TDW), SEACOR Holdings, Inc. (CKH), and Trico Marine Services Inc. (TRMA). These are valued at 5.7x, 5.4x, and 5.5x '08E EBITDA respectively. Using a 10% takeout premium to the average '08E EV/EBITDA multiple of 5.5x yields a value for TECO Transport of $444 million. Given TECO Energy's NOL position, this sale could be accomplished without tax leakage.

Management has indicated that they would use the proceeds from the sale to repay $500 million of parent level debt and free up cash to inject equity into Tampa Electric. The cost of the retired debt is roughly 7.67%, so interest savings would be about $25 million post-tax or approximately $0.12 per share. This would make the transaction neutral to EPS in '07 and ~$0.02 dilutive in '08. It would however yield the advantage of not having to issue equity to access capital at Tampa Electric, and would be positive in the long term provided they could earn historical Florida level returns on the new equity post the next rate case.

Valuation

We are reiterating our 2-EW rating and our EPS estimates of $1.07/$1.13 for '07/'08E respectively. We are raising our price target to $18 premised upon the break up valuation detailed below:

SUBSIDIARY	08 EBITDA	Multiple	EV	
TAMPA ELEC	519.6	8.1	4,209	Utility
PEOPLES GAS	96.0	8.1	777	Utility
TECO TRANS	73.4	6.1	444	Transport Avg of Tidewater/Seacor/Trico @ 10% premium
GUATAMALA	61.9	6.9	426	Utility @ 85%
TECO COAL	144.4	5.2	751	Avg of Alpha/Massey
PARENT	$ (16)	8.1	(130)	Utility
			6,478	
	TOTAL DEBT		3,720	
	CASH		398.9	
	NOLs		497.4	
	EQUITY		3,654	
	Shares		208.6	
	PRICE		**$ 18**	

Source: Lehman Brothers Estimates

Tampa Electric, Peoples Gas, and the Parent use a '08E EV/EBITDA Utility group multiple of 8.1x. TECO Guatemala uses this multiple times a 15% discount due to the risk related to foreign operations. TECO Transport uses a multiple of 6.1x, as explained above. TECO Coal will have a production mix in 2008 of 60% steam coal and 40% metallurgical coal. The coal companies with productions close to this mix are Alpha Natural Resources (ANR) and Masse Energy (MEE); these companies trade at 4.2x and 6.2x '08E EBITDA respectively. To value TECO Coal we have taken the average of these two multiples at 5.2x '08E EBITDA. We have not included coal company comparables such as Peabody Energy (BTU), which trades at 5.0x '08E EBITDA, because we feel that they trade on an operational excellence premium to the market. We have also not included ARCH Coal (ACI), because of its tilt in asset mix toward Powder River Basin low emission coal, which is significantly different than TECO Coal's eastern coal asset mix.

Our prior price target was premised upon the break up valuation detailed below:

SUBSIDIARY	08 EBITDA	Multiple	EV
TAMPA ELEC	519.6	7.7	4,001
PEOPLES GAS	96.0	7.7	739
TECO TRANS	73.4	5.5	404
GUATAMALA	61.9	6.5	405
TECO COAL	144.4	5.0	722
PARENT	$ (16)	7.7	(123)
			6,147
	TOTAL DEBT		3,900
	CASH		478.9
	PV of NOLs		497.4
	EQUITY		3,224
	Shares		207.9
	PRICE		**$ 16**

Source: Lehman Brothers Estimates

Tampa Electric, Peoples Gas, and the Parent used the then '08E EV/EBITDA Utility group multiple of 7.7x. TECO Guatemala used this multiple times a 15% discount due to the risk related to foreign operations. TECO Transport uses a comparable multiple of 5.5x. TECO Coal will have a production mix in 2008 of 60% steam coal and 40% metallurgical coal. The coal companies with productions close to this mix are Alpha Natural Resources (ANR) and Masse Energy (MEE); these companies then traded at 3.7x and 6.2x '08E EBITDA respectively. To value TECO Coal, we took the average of these two multiples at 5.0x '08E EBITDA.

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Company Description:

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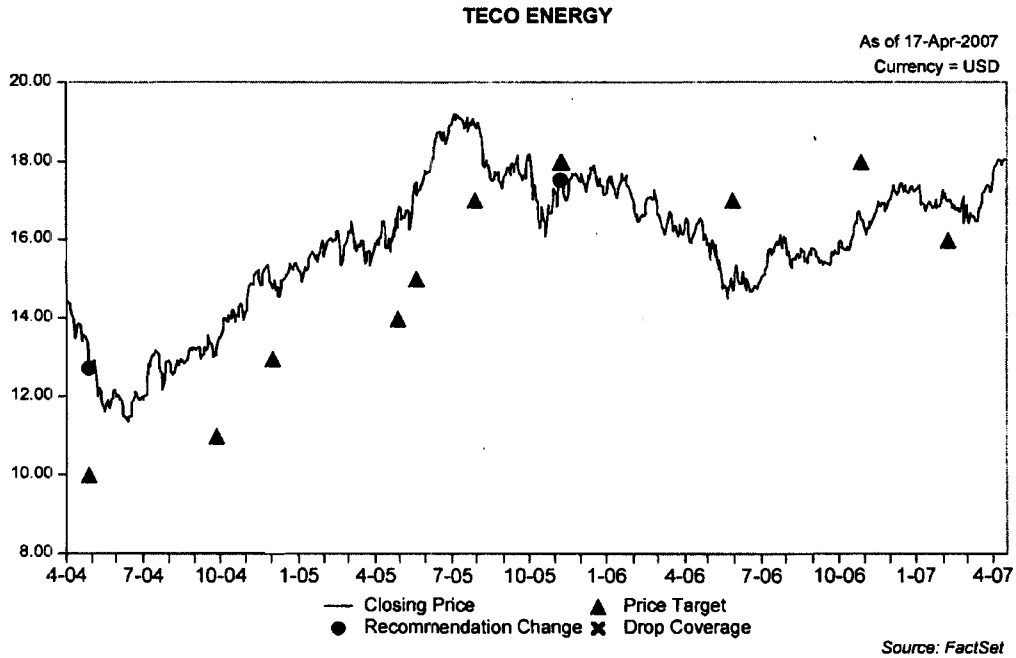
TECO Energy (TE) **US$ 18.35 (01-May-2007)** **2-Equal weight / 3-Negative**

Rating and Price Target Chart:



Source: FactSet

Currency=US$

Date	Closing Price	Rating	Price Target
07-Feb-07	17.01		16.00
27-Oct-06	16.49		18.00
30-May-06	14.70		17.00
09-Nov-05	17.50		18.00
07-Nov-05	17.52		18.00
07-Nov-05	17.52	2 -Equal weight	
28-Jul-05	18.92		17.00

Date	Closing Price	Rating	Price Target
23-May-05	17.12		15.00
28-Apr-05	16.31		14.00
02-Dec-04	14.77		13.00
28-Sep-04	13.25		11.00
29-Apr-04	12.74		10.00
29-Apr-04	12.74	3 -Underweight	

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Valuation Methodology: Our current $18 price target is premised upon the breakout valuation provided below:

SUBSIDIARY	08 EBITDA	MULT	EV	
TAMPA ELEC	$519.6	8.1	$4,209	
PEOPLES GAS	$96	8.1	$777	
TECO TRANS	$73.4	6.1	$444	
GUATAMALA	$61.9	6.9	$426	
TECO COAL	$144.4	5.2	$751	
PARENT	($16)	8.1	($130)	
			$6,478	
TOTAL DEBT			$3,720	
CASH			$399	
NOLS			$497	

EQUITY	$3,654
Shares	208.6
PRICE	$18

Our current $16 price target is premised upon the breakout valuation provided below:

SUBSIDIARY	08 EBITDA	MULT	EV	
TAMPA ELEC	$519.6	7.7	$4,001	
PEOPLES GAS	$96	7.7	$739	
TECO TRANS	$73.4	5.5	$404	
GUATAMALA	$61.9	6.5	$405	
TECO COAL	$144.4	5.0	$722	
PARENT	($16)	7.7	($123)	
			$6,147	
TOTAL DEBT			$3,900	
CASH			$478.9	
NOLS			$497.4	
EQUITY			$3,224	
Shares			207.9	
PRICE			$16	

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Company Name	Ticker	Price (01-May-2007)	Stock / Sector Rating
TECO Energy	TE	US$ 18.35	2-Equal weight / 3-Negative

Related Stocks	Ticker	Price (27-Apr-2007)	Stock / Sector Rating
Alpha Natural Resources	ANR	US$ 17.37	1-Overweight / 1-Positive
Massey Energy	MEE	US$ 26.93	2-Equal weight / 1-Positive
SEACOR Holdings, Inc.	CKH	US$ 95.28	2-Equal weight / 1-Positive
Tidewater Inc	TDW	US$ 63.21	2-Equal weight / 1-Positive
Trico Marine Services Inc.	TRMA	US$ 38.71	2-Equal weight / 1-Positive

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Constellation Energy (CEG)
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DTE Energy (DTE)
Duquesne Light Holdings (DQE)
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FirstEnergy Corp (FE)
Great Plains Energy (GXP)
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August 03, 2007

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TECO Energy (TE - US$ 16.55) 2-Equal weight

Change of Price Target

$0.25 for Q2'07, Guidance "lowered"

Investment Conclusion

- We are reiterating our 2-EW rating and lowering our EPS estimates from $1.07/$1.13 to $1.02/$1.12 for '07/'08 respectively, and are publishing an '09E EPS of $1.17. We are lowering our price target to $16 based upon the break out valuation provided below.

Summary

- TE reported ongoing eps of $0.25 in the quarter vs. $0.24 last year and consensus estimates of $0.24. Our estimate was $0.26.
- Results at Tampa Electric were driven by customer growth which was offset by usage attrition and weather and higher non-recoverable O&M expenses. Peoples Gas was driven by milder weather, higher O&M and D&A expenses and lower industrial usage as slowing housing construction impacted usage from building materials firms.
- Coal was driven by lower volumes and tighter margins as a result of product mix, which is expected to stabilize by year-end. Transport was driven by strong utilization but lower Tampa Electric Coal and overall Phosphate tonnage. Guatemala was driven by higher sales levels and lower operating and interest expenses.
- Parent earnings improve on lower interest costs.

Stock Rating		Target Price	
New:	2-Equal weight	New:	US$ 16.00
Old:	2-Equal weight	Old:	US$ 18.00

Sector View: 3-Negative

EPS (US$) (FY Dec)

	2006	2007			2008			% Change	
	Actual	Old	New	St. Est.	Old	New	St. Est.	2007	2008
1Q	0.25A	0.21A	0.21A	0.21A	N/A	N/A	0.25E	-16%	N/A
2Q	0.24A	0.26E	0.25A	0.24E	N/A	N/A	0.27E	4%	N/A
3Q	0.30A	N/A	N/A	0.36E	N/A	N/A	0.39E	N/A	N/A
4Q	0.18A	N/A	N/A	0.20E	N/A	N/A	0.23E	N/A	N/A
Year	0.97A	1.07E	1.02E	1.04E	1.13E	1.12E	1.13E	5%	10%
P/E			16.2			14.8			

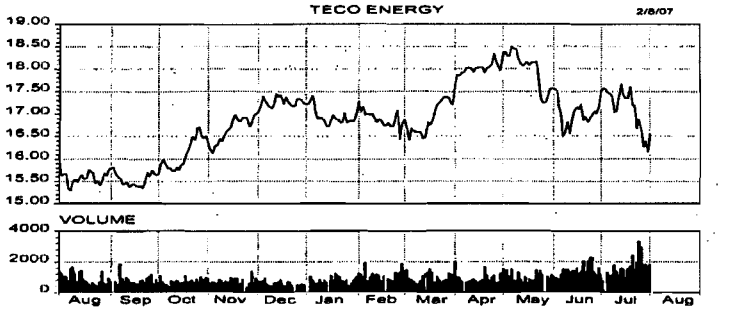
Market Data

Market Cap (Mil.)	3441
Shares Outstanding (Mil.)	207.90
Float (%)	99
Dividend Yield	4.71
Convertible	No
52 Week Range	18.58 - 15.26

Financial Summary

Revenue FY07 (Mil.)	3578.0
Five-Year EPS CAGR	0.0
Return on Equity	14.72
Current BVPS	8.25
Debt To Capital (%)	67.77

Stock Overview



Q2 2007 Earnings

TECO Energy reported a headline EPS number of $0.35 for Q2 '07 vs. $0.30 last year. Excluding synfuel earnings and charges/gains the clean ongoing operating EPS was $0.25 for Q1 '07 vs. $0.25 last year, as shown in the table below:

	Q2 07	Q2 06
Earnings per Share	$0.35	$0.30

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Investors should consider this report as only a single factor in making their investment decision.

PLEASE SEE ANALYST(S) CERTIFICATION(S) ON PAGE 3 AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 5

Exclude Disc. Ops	($0.07)	($0.01)
EPS Continuing Ops	$0.28	$0.29
Exclude Charges/Gains	$0.02	($0.05)
EPS excluding synfuel	$0.30	$0.25
Exclude Synfuel	($0.05)	$0.00
Results Excluding Synfuel	**$0.25**	**$0.24**

Source: Company Conference Call/Slide Presentation

The table below is a roll-forward of annual earnings by main business unit (not including the corporate parent):

	Tampa Electric	Peoples Gas	TECO Coal	TECO Transport	TECO Guatemala
Q2 '06 EPS	**$0.18**	**$0.03**	**$0.06**	**$0.03**	**$0.01**
Revenues	$0.06	$0.03	($0.06)	($0.01)	$0.01
Operating Expenses	($0.07)	($0.03)	$0.04	$0.02	$0.00
Depreciation	($0.00)	$0.00	$0.00	$0.03	$0.00
Interest	($0.01)	$0.00	$0.00	$0.00	$0.00
Taxes	$0.01	$0.00	$0.01	($0.02)	$0.00
Q2 '07 EPS	**$0.17**	**$0.03**	**$0.05**	**$0.05**	**$0.02**

Source: Company Earnings Release

"Lower" Guidance

Management indicated on the conference call that given both volume and margin pressures in the coal business as well as usage attrition and slowing housing construction in Florida, as well as mild weather this past winter, all very mildly offset by stronger results at TECO Guatemala would limit the probability of earning in the high end of their $0.97 - $1.07 guidance range, which in our view would imply a estimated new guidance range of $0.97 - $1.02, although management maintained the original range, even given their statement.

While we acknowledge that Polk Unit 6, the planned IGCC unit at the Polk Power Station could provide upside to the story (current estimated construction costs of $2.0B) we would note that $200 Million in other spending was taken off the table in today's conference call by management to fund this project. While we would also note that IGCC is much more likely to get approval vs. a pulverized coal facility we are concerned about potential cost creep and timeline extensions given the size of the projects. This $200M was taken off the table as result of DSM programs/renewables/purchased power that management expects will offset the need for new peaking generation in 2009-2012.

We see continued pressures both on volumes and margins within Central Appalachian coal and have flattened our volume and margin forecasts through 2009. We have not included any value for the potential Polk Unit 6 power station in our valuation as the plant has not yet been officially approved. Management also indicated that the sale of TECO Transport could be delayed, at least in the short term, as a result of the current credit/merger environment. Without rate relief that would come from filing a rate case, which would in turn put earnings at risk in the regulatory process, we see only slight earnings growth at People's Gas and Tampa Electric. Management indicated that they are currently reviewing when a rate case might be filed, but provided no distinct timeline for a filing.

Valuation

We are reiterating our 2-EW rating and are lowering EPS estimates to $1.02/$1.12 for '07/'08E respectively and are publishing a '09E of $1.17. We are lowering our price target to $16 premised upon the break up valuation detailed below:

SUBSIDIARY	09 EBITDA	Multiple	EV
TAMPA ELEC	532.6	7.2	3,835
PEOPLES GAS	93.3	7.2	672
TECO TRANS	82.5	6.7	555
GUATAMALA	61.9	6.1	379
TECO COAL	140.7	5.2	732
PARENT	$ (18)	7.2	(130)
			6,042
	TOTAL DEBT		3,607
	CASH		257.3
	PV of NOLs		545.5
	EQUITY		3,237
	Shares		208.9
	PRICE		**$ 16**

Source: Lehman Brothers Estimates

Tampa Electric, Peoples Gas, and the Parent use a '09E EV/EBITDA Utility group multiple of 7.2x. TECO Guatemala uses this multiple times a 15% discount due to the risk related to foreign operations. TECO Transport uses a multiple of 6.7x, based upon an average of the multiples for the following 3 transportation companies times a 20% premium for the potential sale: Tidewater (TDW) 6.5x, SEACOR Holdings, Inc. (CKH) 5.75x, and Trico Marine Services Inc. (TRMA) 4.5x. TECO Coal will have a production mix in 2009 of 60% steam coal and 40% metallurgical coal. The coal companies with productions close to this mix are Alpha Natural Resources (ANR) and Masse Energy (MEE); these companies trade at 4.5x and 5.9x '09E EBITDA respectively. To value TECO Coal we have taken the average of these two multiples at 5.2x '09E EBITDA.

Our prior price target was premised upon the break up valuation detailed below:

SUBSIDIARY	08 EBITDA	Multiple	EV
TAMPA ELEC	519.6	8.1	4,209
PEOPLES GAS	96.0	8.1	777
TECO TRANS	73.4	6.1	448
GUATAMALA	61.9	6.9	427
TECO COAL	144.4	5.2	751
PARENT	$ (16)	8.1	(130)
			6,482
	TOTAL DEBT		3,720
	CASH		398.9
	PV of NOLs		497.4
	EQUITY		3,658
	Shares		208.6
	PRICE		**$ 18**

Source: Lehman Brothers Estimates

Tampa Electric, Peoples Gas, and the Parent used the then '08E EV/EBITDA Utility group multiple of 8.1x. TECO Guatemala used this multiple times a 15% discount due to the risk related to foreign operations. TECO Transport used a comparable multiple of 6.1x, premised upon the comparables noted above. TECO Coal used a multiple of 5.2x, premised upon the comparables noted above.

Analyst Certification:

I, Daniel Ford, CFA, hereby certify (1) that the views expressed in this research Company Note accurately reflect my personal views about any or all of the subject securities or issuers referred to in this Company Note and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Company Note.

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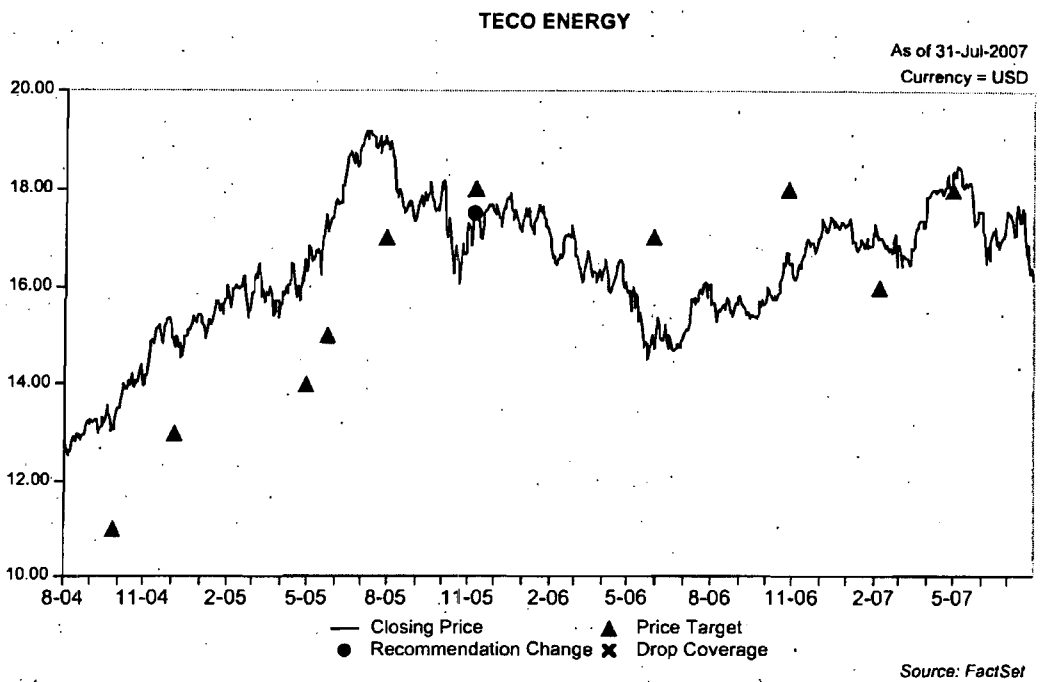
Important Disclosures:

TECO Energy (TE) **US$ 16.55 (01-Aug-2007)** **2-Equal weight / 3-Negative**

Rating and Price Target Chart:



Source: FactSet

Currency=US$

Date	Closing Price	Rating	Price Target
02-May-07	18.38		18.00
07-Feb-07	17.01		16.00
27-Oct-06	16.49		18.00
30-May-06	14.70		17.00
09-Nov-05	17.50		18.00
07-Nov-05	17.52		18.00

Date	Closing Price	Rating	Price Target
07-Nov-05	17.52	2 -Equal weight	
28-Jul-05	18.92		17.00
23-May-05	17.12		15.00
28-Apr-05	16.31		14.00
02-Dec-04	14.77		13.00
28-Sep-04	13.25		11.00

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Valuation Methodology: Our current $16 price target is premised upon the breakout valuation provided below:

SUBSIDIARY	09 EBITDA	Multiple	EV
TAMPA ELEC	532.6	7.2	3,835
PEOPLES GAS	93.3	7.2	672
TECO TRANS	82.5	6.7	555
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TOTAL DEBT			3,607
CASH			257.3
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EQUITY			3,237
Shares			208.9

PRICE $16

Risks Which May Impede the Achievement of the Price Target: Risks include sensitivity to power prices, ratings downgrades, increased cost of capital and write-offs.

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Company Name	Ticker	Price (01-Aug-2007)	Stock / Sector Rating
TECO Energy	TE	US$ 16.55	2-Equal weight / 3-Negative

Related Stocks	Ticker	Price (01-Aug-2007)	Stock / Sector Rating
Arch Coal	ACI	US$ 29.92	1-Overweight / 1-Positive
Massey Energy	MEE	US$ 20.95	2-Equal weight / 1-Positive
SEACOR Holdings, Inc.	CKH	US$ 88.78	2-Equal weight / 1-Positive
Tidewater Inc	TDW	US$ 66.38	2-Equal weight / 1-Positive
Trico Marine Services Inc.	TRMA	US$ 35.89	2-Equal weight / 1-Positive

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Our coverage analysts use a relative rating system in which they rate stocks as 1-Overweight, 2-Equal weight or 3-Underweight (see definitions below) relative to other companies covered by the analyst or a team of analysts that are deemed to be in the same industry sector (the "sector coverage universe"). Below is the list of companies that constitute the sector coverage universe:

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Aquila, Inc (ILA)
Consolidated Edison (ED)
DTE Energy (DTE)
Duquesne Light Holdings (DQE)
Hawaiian Electric Inds (HE)
NiSource, Inc (NI)
OGE Energy (OGE)
Pinnacle West Capital (PNW)
Progress Energy (PGN)
Sierra Pacific Resources (SRP)
TECO Energy (TE)
Wisconsin Energy (WEC)
American Electric Power (AEP)
CMS Energy (CMS)
DPL Inc (DPL)
Duke Energy (DUK)
Great Plains Energy (GXP)
ITC Holdings (ITC)
Northeast Utilities (NU)
PG&E Corp (PCG)
Portland General Electric Co. (POR)
Puget Energy (PSD)
Southern Co (SO)
Westar Energy (WR)
Xcel Energy (XEL)

In addition to the stock rating, we provide sector views which rate the outlook for the sector coverage universe as 1-Positive, 2-Neutral or 3-Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating
1-Overweight - The stock is expected to outperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.
2-Equal weight - The stock is expected to perform in line with the unweighted expected total return of the sector coverage universe over a 12- month investment horizon.
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Sector View
1-Positive - sector coverage universe fundamentals/valuations are improving.
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3-Negative - sector coverage universe fundamentals/valuations are deteriorating.

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EQUITY RESEARCH

October 29, 2007

United States of America
Power and Utilities
Regulated Utilities

TECO Energy (TE - US$ 16.74) 2-Equal weight

Merger/Acquisition/Divestiture

TE Sells Transport for $405M

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LBI, New York

Investment Conclusion

- Today TECO announced the sale of the TECO Transport subsidiary to Greenstreet Equity Partners, L.P. and Jeffrey Safchik for a purchase price of $405M subject to a working capital adjustment. The company estimates that net proceeds will be in a range between $370-$380M.

Summary

- We are reiterating our EPS est of $1.02/$1.12/$1.17E for '07/08/09E. This assumes a $0.09 boost to earnings in '08/'09 as a result of debt retirement with the proceeds which fully offsets loss of Transport's estimated eps contrib. of $0.09.
- We are reiterating our price target of $16 premised upon the methodology provided in detail below.
- There was approximately $110M in debt on the Q2 '06 balance sheet 10Q, which has been subsequently retired at maturity prior to the transaction. We have adjusted the debt numbers in our valuation metrics for this amount. We have included $375M in cash and adjusted the PV of NOLs as described below.
- TE management stated that there are various conditions that must be satisfied prior to closing, and closing is anticipated before year-end.
- TE will release earnings this Friday and have a conference call during EEI on Tuesday 11/6.

Stock Rating		Target Price	
New:	2-Equal weight	New:	US$ 16.00
Old:	2-Equal weight	Old:	US$ 16.00

Sector View: 2-Neutral

EPS (US$) (FY Dec)

	2006		2007			2008		% Change	
	Actual	Old	New	St. Est.	Old	New	St. Est.	2007	2008
1Q	0.25A	0.21A	0.21A	0.21A	N/A	N/A	0.24E	-16%	N/A
2Q	0.24A	0.25A	0.25A	0.25A	N/A	N/A	0.27E	4%	N/A
3Q	0.30A	N/A	0.34E	0.35E	N/A	N/A	0.35E	13%	N/A
4Q	0.18A	N/A	N/A	0.20E	N/A	N/A	0.23E	N/A	N/A
Year	0.97A	1.02E	1.02E	1.02E	1.12E	1.12E	1.11E	5%	10%
P/E			16.4			14.9			

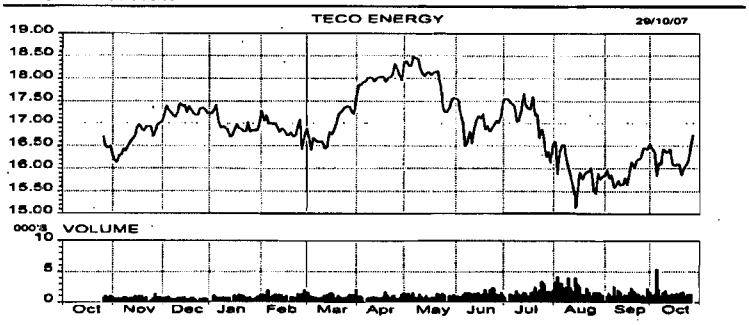
Market Data

Market Cap (Mil.)	3480
Shares Outstanding (Mil.)	207.90
Float (%)	99
Dividend Yield	4.66
Convertible	No
52 Week Range	18.58 - 14.84

Financial Summary

Revenue FY07 (Mil.)	3578.0
Five-Year EPS CAGR	0.0
Return on Equity	14.72
Current BVPS	8.25
Debt To Capital (%)	67.77

Stock Overview



Valuation

We have updated our valuation methodology to reflect the following given the announcement concerning the sale of TECO Transport.

(1) We have added $375M to cash from the 2Q '07 balance sheet given the estimate of proceeds expected by management.
(2) We have removed $110M in debt given the at maturity retirement of that amount at TECO Transport in September.
(3) We have adjusted PV of NOLs down approximately 25% given management's prior statement that NOLs would be used until approximately 2011 with no sale of TECO transport (4 years) and would be used until approximately 2010 given a sale (3 years).

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We are reiterating our 2-EW rating and are maintaining our EPS estimates to $1.02/$1.12/$1.17E for '07/'08/09E respectively. We have assumed that the proceeds from the transaction have been used to retire debt, boosting EPS by $0.09 which fully offsets the dilution as a result of the loss of our estimate Transport's earnings contribution. We are maintaining our price target of $16 premised upon the break up valuation detailed below, to which we have made the adjustments outlined above:

SUBSIDIARY	09 EBITDA	Multiple	EV
TAMPA ELEC	532.6	7.3	3,888
PEOPLES GAS	93.3	7.3	681
GUATAMALA	61.9	6.6	407
TECO COAL	140.7	6.3	879
PARENT	$ (18)	7.3	(131)
			5,723
	TOTAL DEBT		3,497
	CASH		632.3
	PV of NOLs		388.4
	EQUITY		3,247
	Shares		208.9
	PRICE		**$ 16**

Source: Lehman Brothers Estimates

Tampa Electric, Peoples Gas, and the Parent use a '09E EV/EBITDA Utility group multiple of 7.3x. TECO Guatemala uses this multiple times a 10% discount due to the risk related to foreign operations. TECO Coal will likely have a production mix in 2009 of 60% steam coal and 40% metallurgical coal. The coal companies with productions close to this mix are Alpha Natural Resources (ANR) and Masse Energy (MEE); Lehman Brothers' price targets for these companies, covered by Peter Ward, imply multiples at 5.5x and 7.0x '09E EBITDA respectively. To value TECO Coal we have taken the average of these two multiples at 6.25x '09E EBITDA.

Analyst Certification:

I, Daniel Ford, CFA, hereby certify (1) that the views expressed in this research Company Note accurately reflect my personal views about any or all of the subject securities or issuers referred to in this Company Note and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this Company Note.

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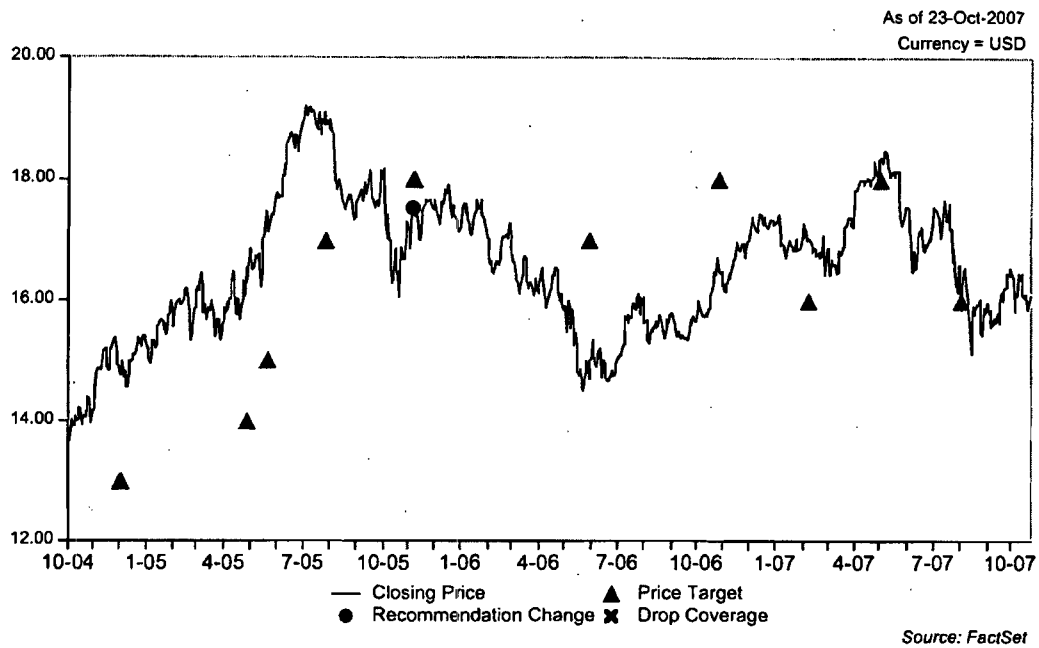
Important Disclosures:

TECO Energy (TE) **US$ 16.74 (26-Oct-2007)** **2-Equal weight / 2-Neutral**

Rating and Price Target Chart:



Source: FactSet

Currency=US$

Date	Closing Price	Rating	Price Target
03-Aug-07	15.87		16.00
02-May-07	18.38		18.00
07-Feb-07	17.01		16.00
27-Oct-06	16.49		18.00
30-May-06	14.70		17.00
09-Nov-05	17.50		18.00

Date	Closing Price	Rating	Price Target
07-Nov-05	17.52		18.00
07-Nov-05	17.52	2 -Equal weight	
28-Jul-05	18.92		17.00
23-May-05	17.12		15.00
28-Apr-05	16.31		14.00
02-Dec-04	14.77		13.00

FOR EXPLANATIONS OF RATINGS REFER TO THE STOCK RATING KEYS LOCATED ON THE PAGE FOLLOWING THE LAST PRICE CHART.

Lehman Brothers Inc and/or an affiliate trade regularly in the shares of TECO Energy.

Valuation Methodology: Our current $16 price target is premised upon the breakout valuation provided below:

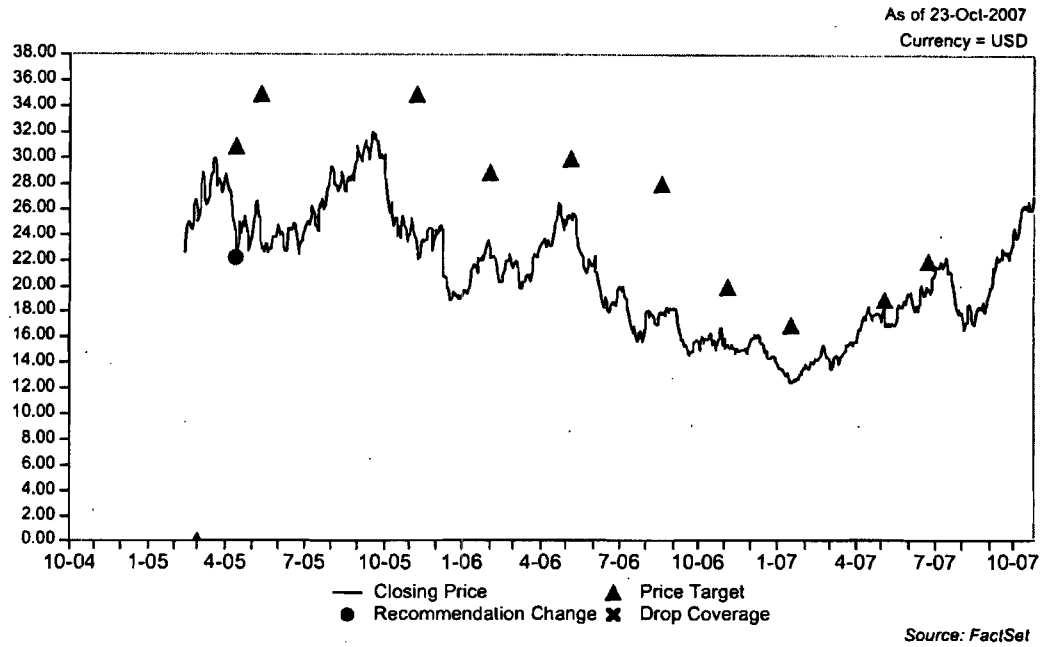
SUBSIDIARY	09 EBITDA	Multiple	EV
TAMPA ELEC	532.6	7.3	3,888
PEOPLES GAS	93.3	7.3	681
GUATAMALA	61.9	6.6	407
TECO COAL	140.7	6.3	879
PARENT	(18)	7.3	(131)
			5,723
TOTAL DEBT			3,497
CASH			632.3
PV of NOLs			388.4
EQUITY			3,247
Shares			208.9
PRICE			$16

Risks Which May Impede the Achievement of the Price Target: Risks include sensitivity to power prices, ratings downgrades, increased cost of capital and write-offs.

Important Disclosures Continued:

Alpha Natural Resources (ANR) **US$ 28.40 (26-Oct-2007)** **1-Overweight / 1-Positive**

Rating and Price Target Chart:



Source: FactSet

Currency=US$

Date	Closing Price	Rating	Price Target
25-Jun-07	19.74		22.00
04-May-07	17.02		19.00
17-Jan-07	12.45		17.00
03-Nov-06	15.43		20.00
18-Aug-06	17.94		28.00
05-May-06	25.40		30.00

Date	Closing Price	Rating	Price Target
01-Feb-06	22.85		29.00
09-Nov-05	23.45		35.00
12-May-05	23.50		35.00
14-Apr-05	22.27		31.00
14-Apr-05	22.27	1 -Overweight	
01-Mar-05	24.99		0.00

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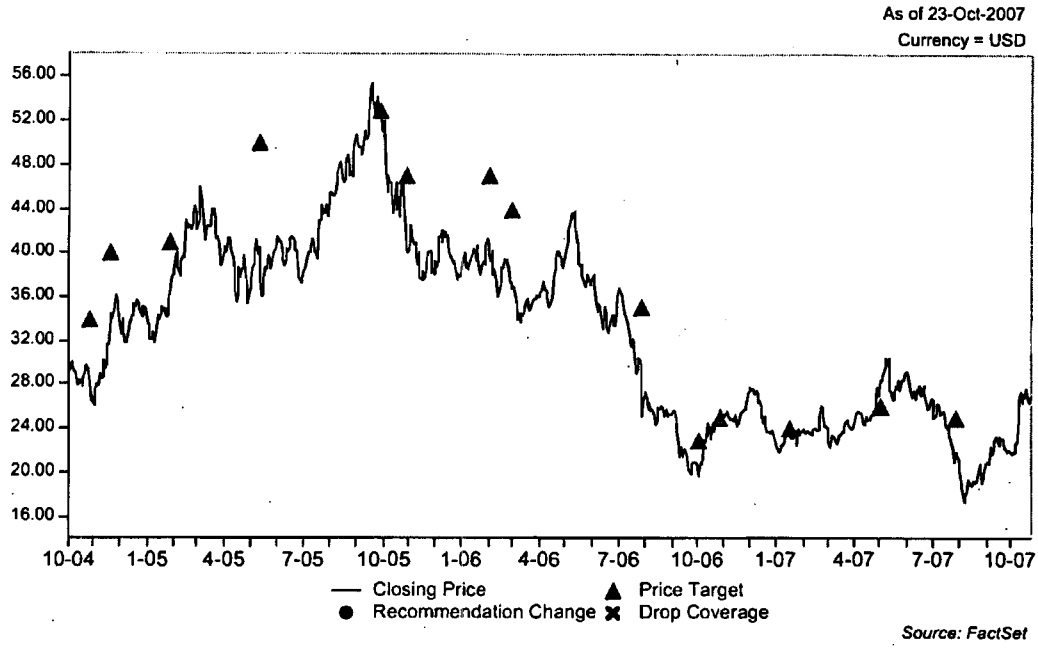
Risks Which May Impede the Achievement of the Price Target: Adverse weather, a weak economy, a material decline in steel demand, and/or operational problems are risks to our target price. Long-term, environmental regulations represent a risk to the industry.

Important Disclosures Continued:

Massey Energy (MEE) **US$ 32.28 (26-Oct-2007)** **2-Equal weight / 1-Positive**

Rating and Price Target Chart:

MASSEY ENERGY CO.



Source: FactSet

Currency=US$

Date	Closing Price	Rating	Price Target
30-Jul-07	21.78		25.00
02-May-07	28.36		26.00
17-Jan-07	23.47		24.00
27-Oct-06	25.73		25.00
04-Oct-06	20.06		23.00
28-Jul-06	25.05		35.00
01-Mar-06	36.82		44.00
02-Feb-06	39.96		47.00

Date	Closing Price	Rating	Price Target
31-Oct-05	40.07		47.00
28-Sep-05	52.89		53.00
11-May-05	40.47		50.00
28-Jan-05	36.82		41.00
22-Nov-04	34.37		40.00
27-Oct-04	28.17		34.00

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Risks Which May Impede the Achievement of the Price Target: Adverse weather, a weak economy, and/or operational problems are risks to our target. Long-term, environmental regulations represent a risk to the industry.

Important Disclosures Continued:
The analysts responsible for preparing this report have received compensation based upon various factors including the firm's total revenues, a portion of which is generated by investment banking activities

Company Name	Ticker	Price (26-Oct-2007)	Stock / Sector Rating
TECO Energy	TE	US$ 16.74	2-Equal weight / 2-Neutral

Related Stocks	Ticker	Price (26-Oct-2007)	Stock / Sector Rating
Alpha Natural Resources	ANR	US$ 28.40	1-Overweight / 1-Positive
Massey Energy	MEE	US$ 32.28	2-Equal weight / 1-Positive

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Alliant Energy (LNT)
Aquila, Inc (ILA)
Consolidated Edison (ED)
DTE Energy (DTE)
Great Plains Energy (GXP)
ITC Holdings (ITC)
Northeast Utilities (NU)
PG&E Corp (PCG)
Portland General Electric Co. (POR)
Puget Energy (PSD)
Southern Co (SO)
Westar Energy (WR)
Xcel Energy (XEL)
American Electric Power (AEP)
CMS Energy (CMS)
DPL Inc (DPL)
Duke Energy (DUK)
Hawaiian Electric Inds (HE)
NiSource, Inc (NI)
OGE Energy (OGE)
Pinnacle West Capital (PNW)
Progress Energy (PGN)
Sierra Pacific Resources (SRP)
TECO Energy (TE)
Wisconsin Energy (WEC)

In addition to the stock rating, we provide sector views which rate the outlook for the sector coverage universe as 1-Positive, 2-Neutral or 3-Negative (see definitions below). A rating system using terms such as buy, hold and sell is not the equivalent of our rating system. Investors should carefully read the entire research report including the definitions of all ratings and not infer its contents from ratings alone.

Stock Rating
1-Overweight - The stock is expected to outperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.
2-Equal weight - The stock is expected to perform in line with the unweighted expected total return of the sector coverage universe over a 12- month investment horizon.
3-Underweight - The stock is expected to underperform the unweighted expected total return of the sector coverage universe over a 12-month investment horizon.
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Sector View
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TECO Energy Inc

Earnings Review **NEUTRAL**

Solid Q4 but softer coal outlook

Equity | United States | Electric Utilities
07 February 2007

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Solid end to the year on Guatemala earnings

Operating EPS of $0.18 excluding $0.05 of synfuels earnings came in ahead of our $0.12 estimate. Consensus was $0.18, but we believe some estimates included synfuel earnings. As expected, mild weather and higher operating costs led to lower utility results, while a partial phase-out of the synfuels tax benefit reduced earnings from TECO Coal. Earnings from Guatemala rose more than anticipated, and parent drag was lower than expected as well.

Weaker coal outlook for 2008; Transport could be sold

TECO withdrew its 2008 outlook of $1.23 due to softer conditions in the coal market, which could compress margins and reduce production volumes. Once the company contracts its 2008 coal output, TE will re-issue guidance, likely in early 2008. Additionally, the company announced that it is considering a sale of its transport business to fund future utility growth, including a proposed IGCC baseload power plant.

Reducing 2008E; stock fairly valued

Based on the company's expectation that it will reduce coal output until prices rebound, we are reducing our 2008E by $0.10 to $1.15. About half of this reduction stems from lower assumed coal production, with the rest coming from lower expected debt repayment as a result of synfuel cash flow hedges. We are also initiating a 2009E of $1.20, assuming utility growth and modest unregulated earnings growth. Based on a sum-of-the-parts analysis, we believe the theoretical fair value for TE is in the high-$16 range, and we are maintaining our Neutral rating.

Estimates (Dec)

(US$)	2005A	2006A	2007E	2008E	2009E
EPS	1.22	0.97	1.00	1.15	1.20
GAAP EPS	1.32	1.19	1.33	1.15	1.20
EPS Change (YoY)	53.9%	-20.8%	2.7%	15.1%	4.8%
Consensus EPS (First Call: 02-feb-2007)			1.09	1.17	1.26
Dividend Rate	0.76	0.76	0.76	0.76	0.76

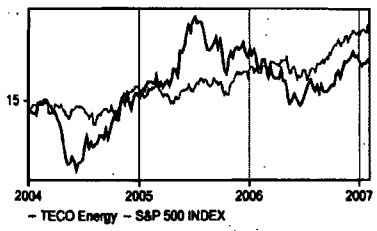
Valuation (Dec)

	2005A	2006A	2007E	2008E	2009E
P/E	13.9x	17.5x	17.1x	14.8x	14.1x
GAAP P/E	12.9x	14.3x	12.8x	14.8x	14.1x
Dividend Yield	4.5%	4.5%	4.5%	4.5%	4.5%
EV / EBITDA*	12.6x	11.1x	11.1x	10.7x	10.3x
Free Cash Flow Yield*	-3.3%	3.2%	5.6%	5.1%	3.3%

* For full definitions of *iQmethod℠* measures, see page 6.

Stock Data

Price	US$16.98
Investment Opinion	B-2-7
Volatility Risk	MEDIUM
52-Week Range	US$14.40-17.50
Mrkt Val / Shares Out (mn)	US$3,527 / 207.7
ML Symbol / Exchange	TE / NYS
Bloomberg / Reuters	TE US / TE.N
ROE (2007E)	11.6%
Total Dbt to Cap (Dec-2006A)	69.3%
Est. 5-Yr EPS / DPS Growth	3.0% / 0%



Quarterly Earnings Estimates

	2006	2007
Q1	0.28A	NA
Q2	0.20A	NA
Q3	0.31A	NA
Q4	0.18A	NA

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iQprofile℠ TECO Energy Inc

iQmethod℠ – Bus Performance*

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Return on Capital Employed	3.0%	4.2%	4.1%	4.3%	4.5%
Return on Equity	17.7%	12.1%	11.6%	12.6%	12.6%
Operating Margin	12.0%	12.9%	12.4%	12.7%	13.0%
Free Cash Flow	(116)	111	199	179	116

iQmethod℠ – Quality of Earnings*

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Cash Realization Ratio	0.7x	2.8x	3.2x	2.4x	2.0x
Asset Replacement Ratio	1.0x	1.6x	1.6x	1.3x	1.3x
Tax Rate	45.8%	38.0%	38.5%	38.5%	38.5%
Net Debt-to-Equity Ratio	225.4%	200.0%	177.4%	165.7%	157.8%
Interest Cover	1.2x	1.6x	1.7x	2.0x	2.1x

Income Statement Data (Dec)

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Sales	3,010	3,448	3,506	3,614	3,757
% Change	14.0%	14.6%	1.7%	3.1%	4.0%
Gross Profit	1,929	2,058	2,080	2,132	2,223
% Change	33.4%	6.7%	1.1%	2.5%	4.3%
EBITDA	642	727	731	758	789
% Change	20.3%	13.2%	0.5%	3.7%	4.1%
Net Interest & Other Income	(50)	(120)	(98)	(70)	(77)
Net Income (Adjusted)	**255**	**202**	**208**	**240**	**253**
% Change	**66.4%**	**-20.9%**	**3.1%**	**15.5%**	**5.4%**

Free Cash Flow Data (Dec)

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Net Income from Cont Operations (GAAP)	255	202	208	240	253
Depreciation & Amortization	282	282	295	298	301
Change in Working Capital	20	(55)	0	0	0
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(378)	138	171	31	(59)
Capital Expenditure	(295)	(456)	(475)	(390)	(379)
Free Cash Flow	**-116**	**111**	**199**	**179**	**116**
% Change	**12.4%**	**NM**	**78.4%**	**-10.1%**	**-35.3%**

Balance Sheet Data (Dec)

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Cash & Equivalents	344	442	142	210	185
Trade Receivables	323	338	338	338	338
Other Current Assets	603	506	506	506	506
Property, Plant & Equipment	4,567	4,767	4,940	5,026	5,104
Other Non-Current Assets	1,331	1,309	1,309	1,309	1,309
Total Assets	**7,169**	**7,362**	**7,236**	**7,389**	**7,442**
Short-Term Debt	215	48	48	48	48
Other Current Liabilities	704	663	663	663	663
Long-Term Debt	3,716	3,852	3,397	3,397	3,397
Other Non-Current Liabilities	943	1,070	1,258	1,324	1,257
Total Liabilities	**5,578**	**5,633**	**5,366**	**5,432**	**5,365**
Total Equity	**1,592**	**1,729**	**1,862**	**1,953**	**2,066**
Total Equity & Liabilities	**7,170**	**7,362**	**7,228**	**7,385**	**7,430**

* For full definitions of *iQmethod*℠ measures, see page 6.

Company Description

TECO Energy's principal subsidiary, Tampa Electric Company, provides retail electric service to over 612,000 customers in West Central Florida. TECO also distributes natural gas in Florida through its Peoples Gas unit (300,000 customers). Other operations include coal mining, commodities shipping, and a Guatemalan power generation and distribution business.

Stock Data

Average Daily Volume	740,970
Brokers Covered (FirstCall)	8

Earnings Review
Fourth Quarter 2006
Reported $0.23 vs. $0.25
Operating $0.18 vs. $0.17
Year Ended December 2006
Reported $1.19 vs. $1.32
Operating $0.97 vs. $1.22

Solid Q4 but softer coal outlook

TECO reported Q4 EPS of $0.18 (excluding $0.05 of synfuels earnings), ahead of our $0.12 estimate. Consensus was $0.18, but we believe many estimates included the benefit of synfuels, implying that the quarter came in ahead of both our estimate as well as consensus. Half of the upside compared to our estimate came from higher earnings from the Guatemala operation with the rest from lower parent costs. Utility earnings fell on mild weather and higher O&M. The synfuel tax credit phase-out reduced earnings at TECO Coal.

Softer market conditions could reduce 2008 coal EPS by $0.10; Transport may be sold to fund utility growth

Softer coal outlook; TECO Transport may be sold

Slack utility coal demand and the downward trend of coal prices prompted the company to withdraw its 2008 guidance. TE will likely produce a lower volume of coal (at a lower margin) than previously planned, leading to $0.10/sh lower expected coal earnings in 2008. This corresponds to recent actions by other Central Appalachian coal producers to reduce production volumes until demand rebounds. TE will re-issue earnings guidance once it completes most of its hedging for 2008, likely in early 2008. Separately, the company reviewed its utility growth initiatives, which include a proposed 600 MW IGCC coal plant to be put into service in 2013, the remainder of the environmental spending program, and system hardening. Capital spending related to these initiatives will be higher than previous plans. The company is considering a potential sale of TECO Transport as a source of funding for this ratebase expansion.

Reducing 2008E on lower coal production and reduced synfuel cash flow

Reducing 2008E on coal and lower synfuel cash

We are reducing our 2008 estimate by $0.10, to $1.15. Our ongoing assumption for coal margins has been about $9/ton pretax, below the company's $12/ton projection. However, we are reducing our production volume assumption to 9.25M tons from 11M tons previously, which implies $0.05/sh lower coal earnings in 2008. The remaining $0.05/sh of our estimate reduction stems from lower parent debt reduction expectations, driven by lower assumed cash flow. Based on the company's outlook for 2007, we are maintaining our 2007 operating EPS estimate of $1.00/sh, which excludes $0.33/sh of synfuels benefits that the company has locked in. We continue to assume modest growth at the utility and unregulated operations. Finally, we are introducing a 2009E of $1.20, based on utility growth and flat earnings from the unregulated operations. We will continue to incorporate TECO Transport into our estimates until the company announces a sale of the business. Assuming a reasonable price, we view a sale of Transport as a relatively low-cost way to shift earnings into higher-multiple businesses.

Table 1: TE SOTP valuation

	2008E	Multiple	Value
Utility	1.00	15.5x	15.50
Coal	0.25	12x	3.00
Transportation	0.13	13x	1.69
Guatemala	0.17	12x	2.04
Net Parent Debt*			(7.67)
NOL NPV			$ 2.15
			$ 16.71

Source: TE and Merrill Lynch estimates.
* Includes $100M assumed synfuel cash flow in 2007

Stock remains fairly valued; maintain Neutral

On a sum of the parts basis, we believe that the theoretical fair value for TE is in the high-$16 range. This is above our previous theoretical fair value estimate because of higher utility multiples and greater certainty on synfuels cash flow. We use a 15.5x multiple on the utility earnings, which is in line with the average regulated utility multiple. For the unregulated operations, our estimate for coal earnings in 2008 is $0.25, which assumes unchanged coal prices and modest cost increases, along with 9.25M tons of coal production. We assume modest earnings growth at the Transport and Guatemala operations. Finally, we assume that the $100M of synfuel cash flow generated in 2007 is used to offset parent debt, leaving parent drag at about $7.70 per share. The NPV of the NOL cash tax benefits stemming from the merchant generation portfolio also adds about $2.15/sh of value for TE.

Table 2: TE Income Statement

	2005A	2006A	2007E	2008E	2009E
Operating Revenues	3,037	3,448	3,506	3,614	3,757
Energy & Fuel Costs	(922)	(1,390)	(1,426)	(1,482)	(1,534)
Other O&M Costs	(994)	(1,114)	(1,129)	(1,148)	(1,201)
Other Expenses (other taxes)	(149)	(218)	(220)	(227)	(233)
EBITDA	972	727	731	758	789
Depreciation & Amortization	(311)	(282)	(295)	(298)	(301)
Operating Profit	661	445	436	460	488
Other Income	26	159	159	164	157
EBIT	687	603	596	624	645
Interest Expense	(303)	(278)	(258)	(234)	(234)
Pre-Tax Income	384	325	338	390	411
Income Taxes	(134)	(124)	(130)	(150)	(158)
Earnings Before Special Items	249	202	208	240	253
Special Items, Net	4	52	52	38	38
Reported GAAP Income	253	254	260	278	291
Average Shares	208	208	209	209	211
Operating EPS	1.22	0.95	1.00	1.15	1.20
GAAP Reported EPS	1.22	0.95	1.33	1.15	1.20
CFPS	3.63	3.39	3.08	2.70	2.35
DPS (Year-End)	0.76	0.76	0.76	0.76	0.76

Source: Merrill Lynch estimates and TE

Table 3: TE Cash Flows

	2005A	2006A	2007E	2008E	2009E
Net Income	253	254	260	278	291
Depreciation & Amortization	311	282	295	298	301
Deferred Taxes					
Other Operating Cash	176	86	119	(7)	(97)
Gross Operating Cash	741	622	674	569	495
Common Stock Dividends	(155)	(159)	(159)	(159)	(160)
Working Capital	(55)	(55)	0	0	0
Operating Cash After Divs.	531	408	515	409	335
Capital Expenditure	(292)	(456)	(475)	(390)	(379)
Other Investment Cash	105	103	100	38	0
Investing Cash Flow	(187)	(353)	(375)	(352)	(379)
Change in Net Debt	(180)	(39)	(455)	0	0
Stock Issuance (Buyback)	(100)	13	15	10	20
Other Financing Cash Flow	0	68	0	0	0
Financing Cash Flow	(280)	42	(440)	10	20
Other Cash Flow					
Net Change in Cash	64	97	(300)	67	(24)

Source: Merrill Lynch estimates and TE

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Table 4: TE Balance Sheet

	2005A	2006A	2007E	2008E	2009E
Cash & Equivalents	290	442	142	210	185
Accounts Receivable	125	338	338	338	338
Other Current Assets	430	506	506	506	506
Current Assets	**845**	**1,286**	**986**	**1,054**	**1,029**
Net PP&E	5,066	4,767	4,940	5,026	5,104
Goodwill	76	59	59	59	59
Investments	360	293	293	293	293
Other L-T Assets	3,299	957	957	957	957
Total Assets	**9,646**	**7,362**	**7,236**	**7,389**	**7,442**
S-T Debt	38	48	48	48	48
Accounts Payable	314	327	327	327	327
Other Current Liabilities	1,864	337	345	341	349
Current Liabilities	**2,216**	**711**	**711**	**711**	**711**
L-T Debt	3,486	3,852	3,397	3,397	3,397
Reserves	618	0	0	0	0
Other L-T Liabilities	1,688	1,070	1,258	1,324	1,257
Minority Interest	0	0	0	0	0
Preferred Equity	100	0	0	0	0
Shareholders' Equity	1,537	1,729	1,862	1,953	2,066
Total Liabilities & Equity	**9,646**	**7,362**	**7,236**	**7,389**	**7,442**

Source: Merrill Lynch estimates and TE

Analyst Certification

I, Jonathan Arnold, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

iQmethod℠ **Measures Definitions**

Business Performance	**Numerator**	**Denominator**
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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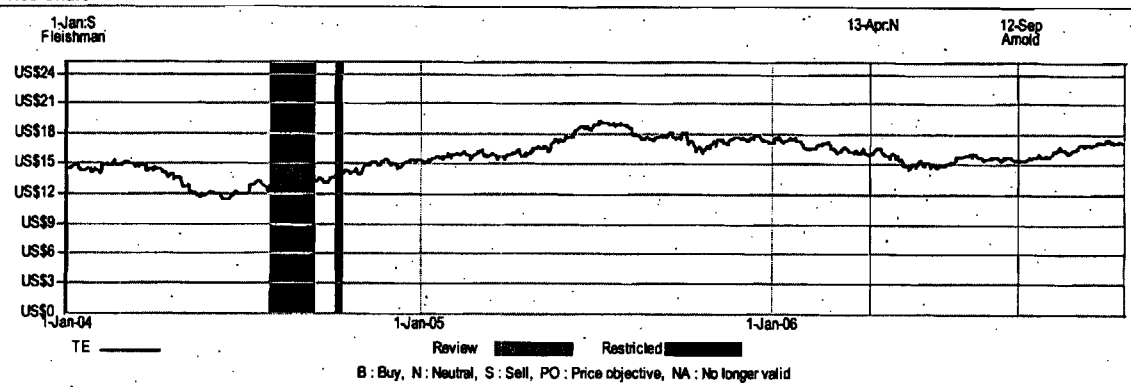

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Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	47	37.60%	Buy	24	51.06%
Neutral	67	53.60%	Neutral	31	46.27%
Sell	11	8.80%	Sell	4	36.36%

Investment Rating Distribution: Global Group (as of 31 Dec 2006)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1306	42.74%	Buy	406	31.09%
Neutral	1509	49.38%	Neutral	446	29.56%
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Fixed Income Snapshots

PM Edition

David Silverstein, Research Analyst, MLPF&S

TECO Energy / TE
1Q07 earnings

* TE reported 1Q07 EPS of $0.35/share vs. consensus of $0.22/share. Earnings included a $0.15/share benefit from the production of synthetic fuel (synfuel) and the sale of the ownership interest in the synfuel production facilities. TE expects full year 2007 benefits from synfuel to be $65mn of net income and $100mn of cash.

* We estimate Net Parent Debt through Preferreds / Parent Operating Cash Flow decreased to 3.1x at the end of 1Q07 from 3.2x at the end of 4Q06.

* TE parent liquidity remains strong at the end of 1Q07 at $531.6mn, including $341.1mn of cash. This is a slight decrease from YE2006 of $592.8mn as TE retired $57mn junior sub. notes in January. TE retired the $300mn 6.125% notes on May 1, 2007.

* TE notes in its slides that the sale process of TECO Transport is well underway and the Offering Memorandum was distributed in April. The closing of the sale could occur as early as 3Q07.

* We have an OW-30% recommendation on TE bonds.

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David Rosenberg, Economist, MLPF&S
US Economics: April Light Vehicle Sales Slightly Stronger Than Expected

* The annualized selling rate for light vehicle sales in April came in at 16.3 million units (just above consensus expectations for a 16.2mn unit rate – we were looking for 16.0mn), the second month in a row that sales have been stagnant (after posting 16.7 and 16.6 million unit rates in Jan and Feb). The selling rate for North American-made light vehicles came in at 12.5mn units (from 12.3mn in March) – well above consensus expectations for a 12.2mn print. Light truck sales came in at 7.5mn units (surprising given high gasoline pump prices), while cars posted a 5.0mn unit selling rate. On the imports side, trucks posted a 1.4mn unit rate, while the sales rate for cars came in at 2.3mn units. In sum, the overall better than expected light vehicle sales number adds some upside risk to our current April headline retail sales forecast of 0.3% month/month.

Felipe Illanes, Latam Macro & FI Strategist, MLPF&S
Tulio Vera, GEM Macro & FI Strategist, MLPF&S
EM Economics/Strategy: Colombia - Higher Than Expected April CPI

* DANE just informed that CPI inflation reached 0.90% MoM in April, significantly above the consensus 0.58% expectation. While the rate is lower than the +/- 1.20% posted in February and March, it still pushes 12m headline inflation to 6.26% or some 175bps above the ceiling of the target band.

* Our own preliminary estimate of one of Banco de la Republica's (Banrep) preferred core measures (not officially due out for some time), shows a 0.54% gain. This is the second sequential decline following 0.60% and 0.73% readings in March and February, respectively.

* Banrep yesterday repeated its action from the last couple of meetings, hiking 25bps the benchmark rate and maintaining its express commitment to FX intervention. The fact that most probably it did this with a good sense of today's CPI report suggests that the Bank may want to strike a balance between keeping expectations anchored while watching core inflation gradually reacting to the cumulative tightening to date.

* While inflation probably peaked for the year in April, the return to the target band will probably take longer than expected. This means that Banrep may not be able to go on hold now and instead will likely need to hike one or two more times (25-50bps total) until expected good headline results start to anchor expectations on their own in H2. Note that while this happens, however, medium run inflation trends are improving suggesting support for longer term yields.

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Overweight-100%	Up to 100% Overweight of investor's guidelines	Compelling spread tightening potential
Overweight-70%	Up to 70% Overweight of investor's guidelines	Carry, plus some spread tightening expected
Overweight-30%	Up to 30% Overweight of investor's guidelines	Good carry, but little spread tightening expected
Underweight-30%	Down to 30% Underweight of investor's guidelines	Unattractive carry, but spreads unlikely to widen
Underweight-70%	Down to 70% Underweight of investor's guidelines	Expected spread underperformance
Underweight-100%	Down to 100% Underweight of investor's guidelines	Material spread widening expected

Time horizon – our recommendations have a 3 month trade horizon.

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TECO Energy Inc

Milder weather dampens Q1

Earnings Review **NEUTRAL**

Q1 down on mild weather, lower coal production

Operating EPS of $0.21 excluding $0.15 of synfuels earnings came in ahead of our $0.19 estimate but was below last year's $0.23 result. Mild weather reduced electricity and gas demand, and lower coal production pressured non-synfuel coal proceeds. Transport earnings were flat, but earnings rose at Guatemala due to lower costs and higher generation output. While synfuel earnings in Q1 comprised nearly half of the expected contribution for all of 2007, most of this is related to mark-to-market gains and does not change the annual earnings target.

Transport sale moving ahead

Comments by the company suggest that a sale of TECO Transport is moving forward. A formal offering memorandum was distributed in April, and a sale could be completed by Q3. Meanwhile, TE has amended its credit facilities to remove the segment as a security. We believe that a sale price could approach $500M, including $110M of debt. A sale would enable accelerated debt reduction and would reduce the overall risk profile, though at our estimated sale price a deal would only have a modest impact on our valuation.

Maintaining estimates; stock fairly valued

With the first quarter coming in modestly above our estimate, we are maintaining our 2007E of $1.00. Our 2008E and 2009E remain $1.15 and $1.20, driven by core utility growth and debt reduction. We have updated our valuation of TECO to reflect rising utility multiples and a larger NOL stemming from updated disclosure by TE. This new valuation puts fair value in the high $18 range, up from $16.50 previously. We are maintaining our Neutral rating.

Estimates (Dec)

(US$)	2005A	2006A	2007E	2008E	2009E
EPS	1.22	0.97	1.00	1.15	1.20
GAAP EPS	1.32	1.19	1.33	1.15	1.20
EPS Change (YoY)	53.9%	-20.8%	3.0%	15.0%	4.4%
Consensus EPS (First Call: 15-may-2007)			1.07	1.14	1.11
Dividend Rate	0.76	0.76	0.78	0.79	0.81

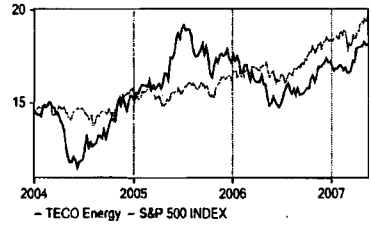
Valuation (Dec)

	2005A	2006A	2007E	2008E	2009E
P/E	14.8x	18.7x	18.2x	15.8x	15.1x
GAAP P/E	13.8x	15.3x	13.7x	15.8x	15.1x
Dividend Yield	4.2%	4.2%	4.3%	4.4%	4.4%
EV / EBITDA*	13.0x	11.5x	11.5x	11.1x	10.6x
Free Cash Flow Yield*	-3.1%	3.0%	5.2%	6.8%	7.5%

* For full definitions of *iQmethod*℠ measures, see page 6.

Stock Data

Price	US$18.15
Investment Opinion	B-2-7
Volatility Risk	MEDIUM
52-Week Range	US$14.40-18.58
Mrkt Val / Shares Out (mn)	US$3,770 / 207.7
ML Symbol / Exchange	TE / NYS
Bloomberg / Reuters	TE US / TE.N
ROE (2007E)	11.6%
Total Dbt to Cap (Mar-2007A)	69.2%
Est. 5-Yr EPS / DPS Growth	3.0% / 2.0%



Quarterly Earnings Estimates

	2006	2007
Q1	0.28A	0.21A
Q2	0.20A	NA
Q3	0.31A	NA
Q4	0.18A	NA

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Refer to Important disclosures on page 7 to 8. Analyst Certification on page 6.
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iQprofile℠ TECO Energy Inc

iQmethod℠ – Bus Performance*

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Return on Capital Employed	3.0%	4.2%	4.1%	4.2%	4.4%
Return on Equity	17.7%	12.1%	11.6%	12.6%	12.6%
Operating Margin	12.0%	12.9%	11.3%	11.5%	12.0%
Free Cash Flow	(116)	111	195	255	282

iQmethod℠ – Quality of Earnings*

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Cash Realization Ratio	0.7x	2.8x	3.2x	2.7x	2.6x
Asset Replacement Ratio	1.0x	1.6x	1.6x	1.3x	1.3x
Tax Rate	45.8%	38.0%	38.5%	38.5%	38.5%
Net Debt-to-Equity Ratio	225.4%	200.0%	178.0%	163.1%	148.5%
Interest Cover	1.2x	1.6x	1.7x	1.9x	2.1x

Income Statement Data (Dec)

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Sales	3,010	3,448	3,841	3,950	4,074
% Change	14.0%	14.6%	11.4%	2.8%	3.2%
Gross Profit	1,929	2,058	2,119	2,176	2,253
% Change	33.4%	6.7%	3.0%	2.7%	3.5%
EBITDA	642	727	724	751	787
% Change	20.3%	13.2%	-0.4%	3.7%	4.8%
Net Interest & Other Income	(50)	(120)	(96)	(64)	(77)
Net Income (Adjusted)	**255**	**202**	**208**	**240**	**252**
% Change	**66.4%**	**-20.9%**	**3.4%**	**15.3%**	**5.0%**

Free Cash Flow Data (Dec)

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Net Income from Cont Operations (GAAP)	255	202	208	240	252
Depreciation & Amortization	282	282	289	297	300
Change in Working Capital	20	(55)	0	0	0
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(378)	138	172	108	109
Capital Expenditure	(295)	(456)	(475)	(390)	(379)
Free Cash Flow	**-116**	**111**	**195**	**255**	**282**
% Change	**12.4%**	**NM**	**74.7%**	**31.2%**	**10.5%**

Balance Sheet Data (Dec)

(US$ Millions)	2005A	2006A	2007E	2008E	2009E
Cash & Equivalents	344	442	135	273	405
Trade Receivables	323	338	338	338	338
Other Current Assets	603	506	506	506	506
Property, Plant & Equipment	4,567	4,767	4,946	5,032	5,111
Other Non-Current Assets	1,331	1,309	1,309	1,309	1,309
Total Assets	**7,169**	**7,362**	**7,234**	**7,458**	**7,670**
Short-Term Debt	215	48	48	48	48
Other Current Liabilities	704	663	663	663	663
Long-Term Debt	3,716	3,852	3,397	3,397	3,397
Other Non-Current Liabilities	943	1,070	1,266	1,406	1,515
Total Liabilities	**5,578**	**5,633**	**5,374**	**5,514**	**5,623**
Total Equity	**1,592**	**1,729**	**1,860**	**1,944**	**2,047**
Total Equity & Liabilities	**7,170**	**7,362**	**7,233**	**7,458**	**7,670**

* For full definitions of *iQmethod*℠ measures, see page 6.

Company Description

TECO Energy's principal subsidiary, Tampa Electric Company, provides retail electric service to over 612,000 customers in West Central Florida. TECO also distributes natural gas in Florida through its Peoples Gas unit (300,000 customers). Other operations include coal mining, commodities shipping, and a Guatemalan power generation and distribution business.

Stock Data

Average Daily Volume	948,445
Brokers Covered (FirstCall)	12

Earnings Review
First Quarter 2007
Reported $0.35 vs. $0.27
Operating $0.21 vs. $0.23
Year Ended March 2007
Reported $1.26 vs. $1.42
Operating $0.90 vs. $1.24

Solid Q1; watching Transport sale

TECO reported Q1 EPS of $0.21 excluding $0.15 of synfuels earnings, ahead of our $0.19 estimate. This was modestly below $0.23 last year, excluding $0.05 of synfuel earnings. Mild weather negatively affected the utility operations, and conventional coal earnings fell on lower production volumes. These negatives were partially offset by improved generation performance and lower costs at Guatemala. Synfuel earnings came in well ahead of our $0.07 estimate, as changes in oil prices led to significant mark-to-market gains in the quarter. This should not affect the overall $0.33/sh expected synfuel contribution for 2007, as gains from the hedges (signaling higher oil prices) would be offset by lower synfuel production income as the tax credit phases out.

Table 1: TECO segment core operating EPS

	Q1 07	Q1 06
Tampa Electric	$ 0.10	$ 0.11
Peoples Gas	0.05	0.06
Coal	0.06	0.07
Transport	0.04	0.04
Guatemala	0.05	0.04
Parent	(0.09)	(0.09)
Total Core Operating EPS	**$ 0.21**	**$ 0.23**
Synfuel	0.15	0.05
Total Operating EPS	**$ 0.36**	**$ 0.28**

Source: TE and ML estimates. Excludes one-time items

TECO Transport sale appears more likely

Comments by TECO management during the quarterly conference call suggested that the transportation assets have commanded strong interest. An offering memorandum has also been circulated. A more recent signal is the removal of the transport business as security from TECO's credit facilities. We estimate that the segment generates about $60M of EBITDA annually, which would put a total segment value at about $500M using an 8x multiple. The business also holds $110M of dock and wharf bonds, implying equity value of $390M. A sale of the business would enable accelerated debt reduction, though this would not materially affect our valuation at that sale price. Our estimated equity value of the segment is currently $355M (see Table 2).

Transition to an emerging growth story

While TECO Coal has been a significant reason for the company's return to a stable operating profile, the utility operations should be the major driver over the next several years. Apart from enjoying a strong core growth rate, the electric utility is adding rate base through environmental retrofits, a new peaking unit, and is now planning an IGCC power plant. The IGCC unit would cost at least $1.5B. Importantly, we believe that TE can fund this internally through operating cash flow and NOL tax benefits. The IGCC unit could also be eligible for cash AFDC treatment, and we expect the company to also request future rate relief. We also note that TECO is the only domestic utility currently operating an IGCC unit.

Table 2: TECO valuation

	2008E	Multiple	Value
Utility	1.00	17.0	17.00
Coal	0.25	12.0	3.00
Transportation	0.13	13.0	1.69
Guatemala	0.17	12.0	2.04
Net Parent Debt*			(8.76)
NOL NPV			3.83
			18.80

Source: TE and ML estimates

Stock remains fairy valued; maintain Neutral

On a sum of the parts basis, we believe that fair value for TE is in the-high $18 range. This is above our previous $16.50 fair value estimate mainly due to rising core utility valuations and a higher NOL value. Multiples on other operating segments remain unchanged. Since our last comment, utility multiples on regulated utilities have risen nearly 10%, to 16.7x 2008E earnings. We now use a 17x multiple on 2008E EPS. This is slightly above the overall average, but Tampa Electric is a well-run utility with strong growth potential in a constructive environment. Our new estimate of the NOL value reflects updated disclosure by TECO, indicating that as of the end of 2006 the company had a $763M NOL position stemming from the company's exit from the merchant generation business. TECO also has a $197M AMT carry forward related to synfuels that will be recognized once the NOL runs out in 2011. After subtracting an assumed $30M recognized in Q1, we DCF this nominal $930M of cash flows and come to a discounted value of $3.80/sh. These tax benefits could also offset taxable gains from a Transport sale.

With Q1 core earnings coming in modestly above our expectations, we are maintaining our 2007E of $1.00/sh (excluding $0.33/sh of expected synfuel earnings). Our 2008E and 2009E remain $1.15/sh and $1.20/sh, with earnings growth driven mainly through the utility and the 2007 debt reduction program. Earnings from the coal segment should remain flat as margins have stabilized, though production growth may be slowing under current market conditions.

Table 3: TE Income Statement

	2005A	2006A	2007E	2008E	2009E
Operating Revenues	3,010	3,448	3,841	3,950	4,074
Energy & Fuel Costs	(1,081)	(1,390)	(1,722)	(1,773)	(1,821)
Other O&M Costs	(1,092)	(1,114)	(1,175)	(1,199)	(1,233)
Other Expenses (other taxes)	(195)	(218)	(220)	(227)	(233)
EBITDA	642	727	724	751	787
Depreciation & Amortization	(282)	(282)	(289)	(297)	(300)
Operating Profit	360	445	435	454	487
Other Income	238	159	158	171	157
EBIT	598	603	593	625	644
Interest Expense	(289)	(278)	(254)	(234)	(234)
Pre-Tax Income	310	325	339	391	410
Income Taxes	(142)	(124)	(130)	(150)	(158)
Earnings Before Special Items	255	202	208	240	252
Special Items, Net	4	52	52	38	38
Reported GAAP Income	259	254	260	278	290
Average Shares	208	208	209	209	211
Operating EPS	1.22	0.97	1.00	1.15	1.20
GAAP Reported EPS	1.32	1.19	1.33	1.15	1.20
CFPS	0.75	3.00	3.20	3.10	3.15
DPS (Year-End)	0.76	0.76	0.76	0.79	0.81

Source: Merrill Lynch estimates and TE

Table 4: TE Cash Flows

	2005A	2006A	2007E	2008E	2009E
Net Income	259	254	260	278	290
Depreciation & Amortization	282	282	289	297	300
Other Operating Cash	(381)	86	120	70	71
Gross Operating Cash	159	622	670	645	661
Common Stock Dividends	(158)	(159)	(162)	(165)	(170)
Working Capital	20	(55)	0	0	0
Operating Cash After Divs.	21	408	508	480	492
Capital Expenditure	(295)	(456)	(475)	(390)	(379)
Other Investment Cash	278	103	100	38	0
Investing Cash Flow	(17)	(353)	(375)	(352)	(379)
Change in Net Debt	(82)	(39)	(455)	0	0
Stock Issuance (Buyback)	194	13	15	10	20
Other Financing Cash Flow	138	68	0	0	0
Financing Cash Flow	250	42	(440)	10	20
Other Cash Flow					
Net Change in Cash	254	97	(307)	138	133

Source: Merrill Lynch estimates and TE

Table 5: TE Balance Sheet

	2005A	2006A	2007E	2008E	2009E
Cash & Equivalents	344	442	135	273	405
Accounts Receivable	323	338	338	338	338
Other Current Assets	603	506	506	506	506
Current Assets	1,271	1,286	979	1,117	1,249
Net PP&E	4,567	4,767	4,946	5,032	5,111
Goodwill	59	59	59	59	59
Investments	297	293	293	293	293
Other L-T Assets	975	957	957	957	957
Total Assets	7,169	7,362	7,234	7,458	7,670
S-T Debt	215	48	48	48	48
Accounts Payable	355	327	327	327	327
Other Current Liabilities	349	337	337	337	337
Current Liabilities	919	711	711	711	711
L-T Debt	3,716	3,852	3,397	3,397	3,397
Reserves	0	0	0	0	0
Other L-T Liabilities	943	1,070	1,266	1,406	1,515
Minority Interest	0	0	0	0	0
Preferred Equity	0	0	0	0	0
Shareholders' Equity	1,592	1,729	1,860	1,944	2,047
Total Liabilities & Equity	7,170	7,362	7,233	7,458	7,670

Source: Merrill Lynch estimates and TE

Merrill Lynch

TECO Energy Inc

17 May 2007

Analyst Certification

I, Jonathan Arnold, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

iQmethod℠ **Measures Definitions**

Business Performance	**Numerator**	**Denominator**
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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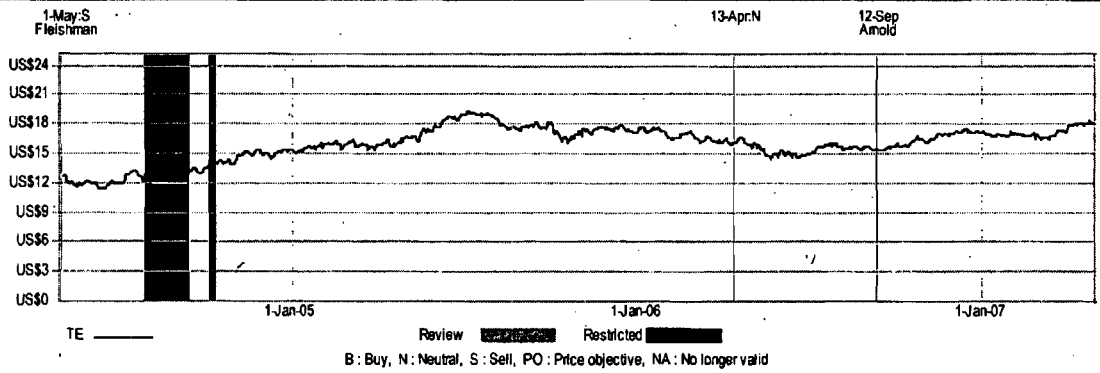
TE Price Chart



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Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	62	37.35%	Buy	19	37.25%
Neutral	89	53.61%	Neutral	39	51.32%
Sell	15	9.04%	Sell	2	14.29%

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Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1562	45.16%	Buy	415	30.09%
Neutral	1615	46.69%	Neutral	446	30.65%
Sell	282	8.15%	Sell	49	19.76%

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Electric Utilities

Earnings Review

Utility earnings wrap-up

Highlights from Friday's utility earnings deluge

LNT: Beat our estimate and consensus with better weather hedging and share repurchases offsetting lower gas margins and higher compensation expense.

ED: Operating EPS of $1.13 beat our estimate of $1.08. Given better results at Con Ed of NY and competitive businesses, we are increasing 2007E to $3.35.

DUK: Duke beat our estimates and consensus and expects to come in well above their $1.15 incentive target for the year. Strong results were largely a function of record weather, absent which underlying utility EBIT may have been off modestly. Raising ML 2007E $0.02 to $1.22 but 2008E/2009E unchanged.

EIX: Strong Q3 beat our above-consensus estimate with utility growth, energy margins and emerging wind contribution tempered by FAS 133 hedge losses (which will reverse). Favorable new hedges added for '09 and '10 while 230 MW of the wind pipeline moved into construction since Q2.

HE: Q3 in line with ML. Increasing utility costs and lower net interest margin at bank pressured earnings. Utility still faces headwinds on high expenses.

NI: Q3 in line with ML below-consensus estimate. Despite progress on all key initiatives, earnings are seen flat to down through 2010. Lowering estimates for 2007, 2008 and 2009. Shares likely dependent on yield for support (now 4.9%).

POM: Reported Q3 of $0.68 vs. $0.58 last year, below our $0.73E. Earnings up on rate case outcomes, better merchant output and pricing, offset by higher costs and tax items. Reducing 2007E by $0.05, to $1.60 on higher costs. Raising our 2009E by $0.05 to $2.15 reflecting recent MAPP transmission project approval.

PNM: Q3 above ML estimate but below consensus. EPS down on continued poor plant performance and lower First Choice earnings. Trimming estimates as generation production issues expected to continue.

SCG: Q3 below ML on adjustment to synfuel royalties. Increasing 08/09E on strong customer growth, assuming current electric case settlement approved.

TE: TECO reported Q3 EPS of $0.38 vs. $0.31 last year (excluding synfuels), ahead of our $0.34 estimate. Strong results were driven by growth at the utility and transport segment. Maintaining estimates; fair value seen around $18/sh.

Q3 earnings reviews included for the following companies:

Alliant Energy (LNT)
Consolidated Edison (ED)
Duke Energy (DUK)
Edison International (EIX)
Hawaiian Electric (HE)
NiSource (NI)
PNM Resources (PNM)
Pepco Holdings (POM)
SCANA (SCG)
TECO Energy (TE)

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Refer to important disclosures on page 13 to 14. Analyst Certification on page 12. Price Objective Basis/Risk on page 12. 10668599

Table 1: Q3 2007 Earnings Review and Full Year Estimate Changes

		Q3 2007			Q3 2006	2007E		2008E		2009E	
	Report	Actual	ML Est.	First Call	Actual	Old	New	Old	New	Old	New
DUK	11/2	0.48	0.41	0.39	0.48	1.20	1.22	1.25		1.35	
ED	11/2	1.13	1.08	1.08	0.94	3.15	3.35	3.25		3.40	
EIX	11/2	1.41	1.38	1.31	1.32	3.60		3.75		3.75	
HE	11/2	0.34	0.33	0.36	0.40	1.10		1.50		1.65	
LNT	11/2	1.01	0.96	0.91	0.75	2.50	2.55	2.65		2.80	
NI	11/2	0.08	0.08	0.11	0.10	1.40	1.35	1.40	1.25	1.35	1.30
PNM	11/1	0.41	0.38	0.46	0.63	1.35	1.30	1.75	1.70	1.80	
POM	11/2	0.68	0.73	0.72	0.58	1.65	1.60	2.00		2.10	2.15
SCG	11/2	0.79	0.83	0.78	0.76	2.75		2.85	2.90	2.95	3.05
TE	11/2	0.38	0.34	0.35	0.31	1.00		1.15		1.20	

Source: Merrill Lynch estimates, First Call, and company reports

Alliant Energy (LNT)

Improved weather hedges lead strong Q3

Q3 Operating: $1.01 vs. $0.75
Q3 GAAP: $1.08 vs. $0.67
12M Operating $2.39 vs. $2.10
12M GAAP $3.71 vs. $0.50

LNT reported Q3 operating earnings of $1.01/sh versus our estimate of $0.96 and consensus of $0.91. Year ago results were $0.75. We exclude from operating earnings $0.04 related to a federal income tax settlement during the quarter. Utility results increased this quarter (+$0.19) due to higher electric margins from improved weather hedges and share repurchases over the past year. This was partially offset by lower gas margins and higher incentive compensation. Results from unregulated operations increased (+0.09) due to the absence of last year's loss from New Zealand operations, which have since been sold. Parent level results decreased $0.02.

Table 2: LNT Q3 Earnings Summary

	Q3-07	Q3-06
Utility operations	0.92	0.73
Non-regulated operations	0.08	(0.01)
Parent company	0.01	0.03
Operating EPS	1.01	0.75

Source: LNT

Maintaining Neutral; upside potential with regulatory success

We are bumping our 2007E $0.05 to $2.55 to reflect strong Q3 results and year-to-date sales growth. LNT narrowed its 2007 guidance to $2.52-$2.62, the top half of its previous range. We are maintaining our 2008 and 2009 estimates of $2.65 and 2.80. Alliant is trading at 15.1x our 2008E, in line with the regulated average of 15x. We see fundamental value given LNT's aggressive rate base investment plans; however, the uncertainty surrounding the approval of the coal plants in Iowa and Wisconsin, especially given recent coal opposition elsewhere, should keep LNT from trading at a significant premium to the group. Looking further out, we believe there may be potential upside as rate base projects gain regulatory approval.

Merrill Lynch
05 November 2007

Electric Utilities

Consolidated Edison (ED)

Raising '07E, but uncertainty remains

Q3 Operating: $1.13 vs. $0.94
Q3 GAAP: $1.15 vs. $0.92
12M Operating $3.44 vs. $2.86
12M GAAP $3.50 vs. $2.72

3Q beat driven by higher sales growth at Con Ed of NY than anticipated
ED reported operating EPS of $1.13, which exclude the impact of MTM losses (approximately +$0.05) and a one-time benefit related to the resolution of a deferred tax amortization petition (approximately -$0.06/sh). ED beat our estimate of $1.08 mostly due to stronger sales growth at Con Ed of NY than anticipated. After adjusting for the impact of milder summer weather and billing days, sales growth was up 3.5% versus Q3-06, higher than ED's long-term forecast of 1.2% per year.

Raising 2007E to $3.35 from $3.15; leaving 2008-2009 estimates unchanged pending the final decision in the Con Ed of NY electric rate case

Raising 2007 estimates given better than expected results to date
We're raising our 2007E to $3.35 from $3.15 to reflect year to date performance, including better than expected sales growth and competitive energy business results. Keep in mind that our estimate translates to approximately $3.41 as compared to new company guidance of $3.25-$3.40 since ED's projection includes the one-time benefit ($0.06/sh) related to the resolution of the deferred tax amortization petition, which we exclude. Given the pending decision in the Con Ed of NY electric rate case later this year, we are leaving our 2008 and 2009 estimates unchanged.

Table 3: Con Ed – Q3 Earnings Review

	Q3 07	Q3 06	12m 9/07	Yr. 2006
Con Ed of New York	0.98	0.80	3.07	2.74
Orange & Rockland	0.05	0.07	0.20	0.18
Total Regulated	**1.03**	**0.86**	**3.27**	**2.92**
Non-Regulated	0.10	0.10	0.25	0.24
Parent	(0.00)	(0.02)	(0.08)	(0.13)
Operating EPS	1.13	0.94	3.44	3.04
Mark-to-Market	(0.05)	(0.02)	(0.01)	(0.09)
Other Items	0.06	0.00	0.06	0.00
Reported EPS	1.15	0.92	3.50	2.94
Diluted Shares	*272.0*	*250.0*	*263.9*	*250.3*

Source: Merrill Lynch and company reports

High single digit total return potential tempered by rate case uncertainty

Remain Neutral on uncertainty surrounding pending rate case
ED trades at a 4% discount to the regulated peer average multiple of 15.1x based on 2008 estimates and has an attractive dividend yield of 5.0%. An implied total return of 9% is not sufficient to change our Neutral rating given the uncertainty inherent in the pending Con Ed of NY electric rate case.

Duke Energy (DUK)

Strong Q3 boosted by record summer heat

Q3 Operating: $0.48 vs. $0.48
Q3 GAAP: $0.48 vs. $0.60
12M Operating $1.46 vs. $1.81
12M GAAP $1.30 vs. $1.87

Operating earnings came in at $0.48, which was well ahead of our $0.41E and consensus of $0.39/share. Versus Q3 of 2006 as originally shown, operating earnings were unchanged. However, versus comparable basis results from last year ($0.29/sh excluding the Spectra businesses) earnings improved by $0.19/sh (+66%). Weather was a significant factor, with record-breaking summer heat in both the Carolinas and Duke's Midwest territories. Overall weather added about $100M to Franchised Electric & Gas EBIT and another $10M in the Commercial Power segment (+$0.06 overall). With weather last summer more or less normal, we understand these figures represent the variance versus Q3 2006 as well as versus normal. Partially offsetting the weather benefit were accruals for incentive compensation of $51M (-$0.03) reflecting management's expectation that they will meaningfully exceed their $1.15/sh incentive target for this year.

Table 4: Duke Energy — Q3 and Annual EBIT

	Q3 2007	Q3 2006	9M 2007	12m 9/07	Yr. 2006
Franchised Electric & Gas	760	678	1,786	2,209	1,811
Natural Gas Transmission	--	--	--	NM	1,401
Field Services	--	--	--	NM	555
Commercial Power	121	57	147	117	21
International Energy	92	68	283	367	317
Crescent	10	54	29	45	286
Other EBIT	(49)	(132)	(143)	(215)	(330)
Operating Segment EBIT	**934**	**725**	**2,102**	**NM**	**4,061**
Adjustments	5	227	(51)	NM	(132)
Reported Segment EBIT	**939**	**952**	**2,051**	**NM**	**3,929**

Source: DUK and Merrill Lynch.

Underlying utility EBIT weaker than it might look

Adjusting for weather and other noise, underlying utility results were actually down ~2%; factors likely included weak industrial sales (notably textiles)

Segment results were up strongly across the board, apart from Crescent (real estate) where Duke now only owns 50% of the joint venture as opposed to 100% in the Q3 2006 comparable. Franchised Electric & Gas (utility) results were up $82M, with $100M of weather benefit and $36M of incentive accruals occurring within the segment. NC Clean Air amortization increased $12M, with $75M in Q3 as Duke completed its statutory requirement. Reduced merger-related sharing was also a factor in Q3, accounting for an improvement of $49M. If we adjust Q3 2007 EBIT of $760M to exclude the $75M of Clean Air amortization; ~$100M of weather benefit; $6M of merger sharing and $31M of incentive comp accruals, the underlying segment EBIT would have been more like $777M. Doing the same for Q3 2006 to exclude $55M of sharing and $63M of amortization, the underlying comparable would have been $796M. Stripping out the noise this would imply the utility actually saw underlying EBIT decline in Q3 by about $19M (~2%). We also note bulk power marketing was $12M this year versus almost zero in Q3 2006.

Edging up 2007E on weather offset by Synfuels risk

Raising 2007E by $0.02 but leaving 2008E and 2009E unchanged; DUK continues to use $1.15 as base for 5-7% growth

We have raised 2007E from $1.20 to $1.22, consistent with DUK's expectations that they will finish "well above" their $1.15 target. Our increase might have been more, but current crude oil prices are pointing to a likely reversal of Synfuels earnings at year-end. We have made no change to 2008 or 2009 ($1.25/$1.35) given that this year's number includes about $0.09 of weather benefit ($0.03 in H1 and $0.06 from Q3) and $0.05-$0.06 of potential Synfuels – albeit offset by $0.03 of incentive accruals. With the stock trading at an average 2009 multiple for regulated peers (14.1x) we believe our Neutral rating remains appropriate.

Edison International (EIX)

Strong Q3 beats above-consensus estimate

Q3 Operating: $1.41 vs. $1.32
Q3 GAAP: $1.40 vs. $1.39
12M Operating $3.69
12M GAAP $3.56

Edison posted Q3 core earnings of $1.41 (diluted) beating our above consensus $1.38E. SCE earnings were up $0.07 (+10%) driven by rate base and revenues related to the GRC. Trailing 12-month EPS for SCE is now running at $2.00/sh, within management's full-year 2007 guidance range ($1.97-$2.07). Overall EMG earnings were up by $0.01 (+2%) with merchant energy results at EME up $0.04 (+7%) offset by a decline of $0.03 (-43%) at Edison Capital. The result at Edison Capital was more normal this year, whereas last year's Q3 had included larger gains on holdings in infrastructure funds. Similar gains were included in Q4 last year, further boosting the trailing 12-month result at Edison Capital (now $0.31).

Table 5: EMG – Q3/Q3 Earnings Variance

Midwest Gen	0.09
Homer City	--
Other Projects	0.03
EMMT Trading	*(0.03)*
Others Including Wind	*0.06*
Corporate & Other	(0.07)
Edison Mission Energy	**0.05**
Edison Capital	(0.03)
Edison Mission Group	**0.02**

Source: EIX and Merrill Lynch.

Wind contributions beginning to move the needle

Focusing on the EME business units, Midwest Gen contributed $0.09/sh to the overall $0.04/sh improvement. This was mainly due to lower interest expense on re-financing of high-cost debt in Q2, as well as higher energy margins offset by FAS 133 mark-to-market losses (which should reverse). Generation was down slightly, while average realized prices increased to $52.45/MWh (+5%) given the load serving utility contracts. Fuel costs were down slightly (-2%). Homer City's core earnings were unchanged versus Q3 last year, with margins improving but offset by FAS 133 losses. Generation was up 3% on excellent availability, while pricing of $51.48/MWh was 7% better on hedges and PJM market prices.

Outside of Midwest Gen and Homer City, earnings from other projects improved by a net $0.03 as new wind contributions more than offset a lower EMMT trading result (-$0.03 or $0.08 versus $0.11). The offset came from corporate and other expense (-$0.07) including wind development costs. Updated wind program data showed 230 MW of projects having entered construction since Q2. This brings the total in service (471 MW) and in construction to 994 MW or almost half of EIX's goal of having a 2,000 MW operating wind portfolio by 2009.

Favorable 2009/2010 hedging activity at EME

Midwest Gen and Homer City both added meaningfully to 2009 and 2010 energy hedges at prices at or above prior years

Along with the results Edison disclosed updated EME update hedging data including 2010 for the first time. Key changes included 5.4 TWh of additional 2009 hedges at Midwest Gen, where the average hedged price increased over $2/MWh and is now slightly higher than for 2008. Homer City almost doubled its 2009 hedging to 3.9 TWh and raised its average price by almost $4/MWh. Both entities also made a start on 2010 – most likely with peak sales given past practice – and locked in prices at or above those hedged in for 2008 and 2009.

Table 6: Edison International — Q3 and Annual Earnings

	Q3 07	Q3 06	12m 9/07	Yr. 2006
SCE Utility	0.79	0.72	2.00	1.87
Edison Mission Energy	0.59	0.55	*1.43*	*1.02*
Edison Capital	0.04	*0.07*	*0.31*	*0.27*
Edison Mission Group	0.63	0.62	1.75	1.29
EIX Parent	(0.01)	(0.02)	(0.06)	(0.08)
Core Earnings	**1.41**	**1.32**	**3.69**	**3.08**
SCE Adjustments	0.00	0.07	0.25	0.48
Other Adjustments	(0.01)	(0.01)	(0.39)	0.02
Reported Earnings	**1.40**	**1.39**	**3.56**	**3.58**

Source: EIX and Merrill Lynch. Note: Edison Mission Energy segment shown from Q2 2007; prior periods reflect MEHC.

Hawaiian Electric (HE)

Struggles continue on both fronts

Q3 Operating: $0.34 vs. $0.40
Q3 GAAP: $0.24 vs. $0.40
12M Operating $1.10 vs. $1.51
12M GAAP $0.91 vs. $1.60

Hawaiian Electric reported Q3 operating EPS of $0.34 vs. $0.40 last year, in line with our $0.33E. Consensus was $0.36. We exclude a -$0.10 refund reserve recorded this quarter related to the proposed decision in the 2005 HECO case. Results were below last year due to increasing utility costs, mostly related to plant maintenance and reliability spending. Bank results were down on continued margin compression.

Reiterate Sell rating given increasing utility costs and tough banking environment

Maintaining estimates; reiterate Sell

We are maintaining our 2007E of $1.10, which reflects continued cost increases at both the bank and utility segments in Q4. **We are maintaining our 2008E and 2009E of $1.50 and $1.65, respectively.** HE is trading 14.3x our 2008E, below the regulated group average of 15x. The stock should continue to be pressured by high costs at the utility, however, and challenging interest rate conditions at the bank. We could be more constructive with better than expected outcomes to the outstanding rate cases, especially if these include tracking mechanisms that allow for timelier cost recovery.

NiSource (NI)

Progress made, but growth still elusive

Growth outlook pushed out to beyond 2010; near-term outlook flat to down

Along with Q3 results, which we discuss below, NI affirmed 2007 guidance of $1.35, but went on to indicate that they only expect to earn in the $1.25-$1.35 range for 2008 through 2010. The comparatively weak forward outlook was a significant disappointment for investors – particularly as it was accompanied by news of meaningful progress on nearly all the company's key initiatives. So far as we can tell the main issue relates to NIPSCO, the electric utility, which will file to add about 1,000 MW of generation to ratebase (about $0.5B) in its upcoming case (mid-2008). While this should make for a constructive outcome, near-term earnings will be pressured by the associated financing and operating drag.

NIPSCO proposing to buy two gas-fired units, including Whiting; NI also agreed to restructure IBM contract and MLP moving forward with SEC registration

Initiatives announced included filing of NIPSCO's Integrated Resource Plan (IRP) which shows a need for ~1,000 MW of capacity by 2014 and proposes purchases of gas-fired combined cycle capacity. Specifically as a result of their recent RFP, NIPSCO plans to file for authorization to purchase LS Power's Sugar Creek plant (535 MW) and NiSource's own Whiting Clean Energy unit (525 MW). Financing for Sugar Creek is expected to be debt initially, with no need seen for external equity issuance. On other fronts, NI reached agreement to restructure their IBM business-services-agreement, and expect to finalize this by year-end. Separately, management noted they have decided to move forward with formation of an MLP for certain Gas Transmission and Storage assets. An SEC registration for the MLP is expected to be filed later in 2007. ***We note that all these potential drivers are apparently included in the $1.25-$1.35 outlook for 2008-2010.***

Lowering ML published estimates for 2008-2009E

Lowering estimates to reflect down year in 2008 and modest growth in 2009

The near-term outlook is seen at the lower end of this range, with the higher end further out. Growth is only seen picking up in 2011 and beyond, but then only in the 3-5% range. Reflecting this reduced trajectory we have adjusted our 2007E down from $1.40 to $1.35, while reducing 2008E from $1.40 to $1.25 and 2009E from $1.35 to $1.30/share. For 2007 we note that our estimate includes weather, which was $0.03 ahead through September but has likely started mild in Q4.

Q3 results met our below-consensus forecast

Q3 Operating: $0.08 vs. $0.10
Q3 GAAP: $0.04 vs. $0.09
12M Operating $1.38 vs. $1.37
12M GAAP $1.16 vs. $1.05

NiSource posted Q3 net operating EPS of $0.08, in line with our $0.08E while short of the $0.11 consensus. Versus Q3 last year the result was down $0.02 on our basis (not weather-adjusted) and down $0.11 on the company's basis. Gas Distribution and Electric segments both saw income decline, with both seeing expense pressure from employee benefits, administration and other factors. Transmission and Storage results improved on higher throughput, while Other turned positive reflecting the new contract with BP for Whiting Clean.

Table 7: NI — Q3 and Annual Operating Income (Pre-Tax)

	Q3 2007	Q3 2006	12m 9/07	Yr. 2006
Gas Distribution	(42.8)	(30.2)	355.8	298.5
Transmission and Storage	75.4	69.4	352.9	355.2
Electric	102.9	108.6	311.9	311.9
Other	5.1	(0.2)	(8.2)	(23.1)
Corporate / Eliminations	(8.6)	(8.7)	(18.6)	(20.2)
Operating Income	**132.0**	**138.9**	**993.8**	**922.3**

Source: NI and Merrill Lynch. Note: NI's presentation of operating income excludes weather and other minor items which we include.

Pepco Holdings (POM)

Q3 EPS rise on electric rate relief

Q3 Operating: $0.68 vs. $0.58
Q3 GAAP: $0.87 vs. $0.54
12M Operating $1.45 vs. $1.29
12M GAAP $1.63 vs. $1.53

Pepco reported Q3 operating EPS of $0.68 vs. $0.58 last year, below our $0.73 estimate. Excluding a $0.02 tax true-up charge, earnings would have been closer to our estimate. Key drivers in the quarter were increased earnings from the Maryland rate cases (higher rates and lower depreciation, totaling $0.07), improved merchant generation performance (+$0.09) at Conectiv Energy and increased earnings from retail energy supply and Pepco Energy Services (+$0.03). Main earnings drags were expected O&M cost increases at the utilities, modestly lower earnings from the energy supply portion of PES, and the income tax adjustment mentioned above.

Trimming 2007E to $1.60on O&M outlook; 2009 seen higher on MAPP investments

Trimming 2007E on costs; maintaining Neutral rating

Based on the year to date earnings, we are trimming our 2007E to $1.60 from $1.65. This is based mainly on the company's updated expectation that utility-related O&M will be $40M higher in 2007 vs. 2006, compared to their previous $20M estimate. We believe offsets will be continued strong results from the unregulated operations as well as benefits from the rate case. We are boosting our 2009E by $0.05, to $2.15, to reflect roughly $0.05/sh of earnings from MAPP investments. Continued regulated growth related to MAPP and the Blueprint investments, as well as a strong PJM capacity market pricing in 2009/2010, should enable solid earnings growth into 2010. We maintain our Neutral rating.

Table 8: Pepco Holdings – Q3 and Annual Earnings

	Q3 07	Q3 06	12m 9/07	Yr. 2006
Power Delivery	0.44	0.44	0.98	1.00
Conectiv Energy	0.19	0.12	0.33	0.25
Pepco Energy Services	0.05	0.04	0.17	0.11
Other Non-Regulated	0.06	0.05	0.23	0.26
Corporate and Other	(0.06)	(0.07)	(0.27)	(0.32)
Core Earnings	**$ 0.68**	**$ 0.58**	**$ 1.42**	**$ 1.33**

Source: POM and Merrill Lynch.

Merrill Lynch
05 November 2007

Electric Utilities

PNM Resources (PNM)

Downsizing expectations (again)

Q3 Operating: $0.41 vs. $0.63
Q3 GAAP: $0.11 vs. $0.63
12M Operating $1.55 vs. $1.69
12M GAAP $1.24 vs. $1.35

PNM reported third quarter EPS of $0.41, above our $0.38E and below $0.46 consensus. Year ago results were $0.63. The biggest driver was a decrease in earnings at First Choice Power (-$0.18) as a result of higher purchased power costs. Wholesale results were also down significantly (-$0.20) on lower plant performance and jurisdictional load growth, although some was related to the transfer of Twin Oaks to EnergyCo. Dilution also lowered the quarter by $0.14.

Lowering 2007E and 2008E to $1.30 and $1.70 on nuclear and coal plant struggles

Trimming '07/'08E on plant performance woes; maintaining '09E
We are lowering our 2007E $0.05 to $1.30 to reflect continued troubles at Palo Verde and the San Juan coal plant. While PNM advised that the lower end of their $1.30-$1.40 guidance range is attainable with adequate performance, we would note that this may still be optimistic. **We are also trimming our 2008E $0.05 to $1.70.** Plant performance issues are likely to continue into next year, especially at Palo Verde. To offset some of these utility pressures, PNM has implemented a $35M improvement plan to cut costs, including a 15% workforce reduction that began last week. The ongoing NM electric rate case decision, expected in May of next year, is a key issue for 2008.

Uncertainty around rate cases and plant performance should keep PNM trading at a discount

Discount justified by uncertainty; maintain Neutral
PNM is trading at 13.8x our 2008E, which we compare to a 16x estimate for its peer group. While there could be fundamental value given growth in the utility service territory and unregulated operations opportunities, we believe a discount is justified given uncertainty on several fronts. Plant performance and the PNM Electric rate case are near term focuses, while visibility in opportunities for EnergyCo remains on watch. We are maintaining a Neutral rating.

SCANA (SCG)

Modest growth should continue with rate relief

Q3 Operating: $0.79 vs. $0.76
Q3 GAAP: $0.79 vs. $0.76
12M Operating $2.62 vs. $2.67
12M GAAP $2.56 vs. $2.76

SCG reported operating EPS of $0.79 vs. $0.76 last year and our estimate of $0.83. Earnings were $0.04 lower than our forecast due to the elimination of synfuel royalties as a result of high oil prices. Versus last year, results improved as a result of higher electric and natural gas margins due to favorable weather and customer growth. These were partially offset by higher O&M, depreciation, property taxes, and the reversal of synfuel royalties.

2008E/2009E estimates assume approval of current rate case settlement

Increasing 2008/2009E; approval of rate case settlement a key driver
We are maintaining our 2007E of $2.75. This assumes normal weather for SCG's gas business in Q4. **We are increasing our 2008E and 2009E to $2.90 and $3.05, respectively.** Our 2008E is at the bottom of the company's newly issued preliminary guidance of $2.90-$3.05. We assume the current SCE&G rate case settlement will be approved by year end, which we believe is likely. 2008 should benefit from more normal weather and continued customer growth, including the modest rebound in industrial demand seen since April. 2009 should benefit from normal utility growth and continued moderate growth in non-utility businesses.

Discount justified by modest near-term growth

Maintaining Neutral; discount based on modest growth
The stock is trading at 14.1x our 2008E, which is a 6% discount versus mostly regulated peers (15x). We believe the discount is justified by the company's relatively modest near-term growth outlook. The favorable regulatory environment in South Carolina should be constructive for the company's utility plans, which will be brought to the forefront as SCG's nuclear plans begin to take shape. We remain Neutral; although the company's regulated earnings mix, above-average dividend yield, and targeted future growth of 4-6% have increasing appeal in an uncertain market environment.

TECO Energy (TE)

Strong Q3 on utility results

Q3 Operating: $0.38 vs. $0.31
Q3 GAAP: $0.44 vs. $0.38
12M Operating $1.02 vs. $1.03
12M GAAP $1.37 vs. $1.19

Excluding synfuel earnings, TECO Energy reported Q3 operating EPS of $0.38 vs. $0.31 last year, ahead of our $0.34 estimate. The stronger than expected result was mainly attributable to Tampa Electric, which benefited from favorable weather and lower depreciation rates. Earnings at the Transport segment rose on better oceangoing and bulk terminal demand. Guatemala also reported EPS growth from strong wholesale contract sales. During the quarter, TE put its plans to build another IGCC power plant on hold, citing high costs and uncertainty regarding potential national CO2 regulations. TE also reached an agreement to sell its Transport operation for $370-$380M after tax.

Maintaining estimates post Transport sale

Maintaining estimates following sale of Transport; shift to conventional coal production should bolster 2008E

We are maintaining our 2007E of $1.00, which is consistent with the company's expectation of earning at the lower half of its $0.97-$1.07 outlook. The company has scaled back coal production in order to maintain margins, and it continues to see cost pressures in other parts of its operation as well. Our 2008E of $1.15 assumes that TE uses proceeds from the Transport sale to reduce debt and coal earnings rise as the company shifts from producing synfuel (which we exclude from operating income in 2007) to conventional coal. We also maintain a 2009E of $1.20, which is based mainly on solid utility growth. Our sum-of-parts analysis suggests fair value at around $18, and we maintain our Neutral rating.

Table 9: TECO Energy — Q3 and Annual Earnings

	Q3 07	Q3 06	12m 9/07	Yr. 2006
Tampa Electric	0.31	0.27	0.67	0.65
Peoples Gas	0.02	0.02	0.13	0.14
TECO Coal	0.04	0.04	0.19	0.22
TECO Transport	0.05	0.02	0.20	0.12
Guatemala	0.05	0.04	0.21	0.18
Parent/other	(0.08)	(0.09)	(0.38)	(0.36)
Core Earnings	**$ 0.38**	**$ 0.31**	**$ 1.02**	**$ 0.97**
Synfuel	0.06	0.07	0.30	0.15
Other Adjustments	0.00	0.01	0.05	0.07
Reported Earnings	**$ 0.44**	**$ 0.38**	**$ 1.38**	**$ 1.19**

Source: TE and Merrill Lynch.

Price objective basis & risk

Edison Intl (EIX)

Our price objective of $60 is based on a sum-of-parts valuation incorporating the utility at 12.6x 2011E (5% premium to regulated peers reflecting unusually high ratebase growth opportunities); Edison Capital at 12x plus $375M of surplus cash; and parent/other drag valued 12x. For the MEHC merchant business our valuation is based on a blended enterprise value of a little under $1,100/kW reflecting mainly coal-fired generation assets. Looking out to 2011 we capture the utility's significant but back-end loaded rate base growth along with lower earnings from the existing merchant portfolio offset by growth from planned wind additions. Risks to our price target are natural gas price exposure and related commodity downside in the merchant business; failure to execute on the utility's rate base growth strategy; and utility group valuation risk.

Analyst Certification

I, Jonathan Arnold, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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Important Disclosures

Investment Rating Distribution: Utilities Group (as of 01 Oct 2007)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	76	44.71%	Buy	22	34.38%
Neutral	77	45.29%	Neutral	29	42.65%
Sell	17	10.00%	Sell	3	18.75%

Investment Rating Distribution: Global Group (as of 01 Oct 2007)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1701	47.03%	Buy	437	29.15%
Neutral	1611	44.54%	Neutral	425	29.11%
Sell	305	8.43%	Sell	58	21.09%

* Companies in respect of which MLPF&S or an affiliate has received compensation for investment banking services within the past 12 months.

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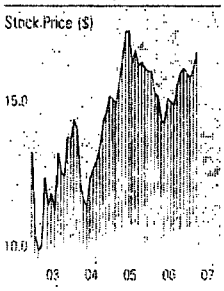
TECO Energy TE

Morningstar Rating	Last Price	Fair Value	Consider Buy	Consider Sell	Business Risk	Economic Moat	Stewardship Grade	Industry	Sector
★★★	$18.15	$18.00	$13.90	$22.60	Average	Narrow	B	Electric Utilities	Utilities

TECO Gets Boost from Synfuel

by Mark Sadeghian
Stock Analysts
Analysts covering this company do not own its stock or those of its closest competitors.

Report updated on May 03, 2007.
Data and Rating updated as of May 21, 2007.



Analyst Note 05-03-07

Its the bottom of the ninth inning for synfuel tax credits (after 30 years, they expire on December 31), but the approaching end doesn't mean that TECO is failing to benefit one last time. Earnings from the synfuel segment increased $30 million in the first quarter over the same quarter last year and explained virtually all of the company's year-over-year quarterly earnings growth. We like that the company is squeezing every last drop out of this drying sponge, but the performance fails to move our fair value estimate of the firm materially. We anticipate the funds will be used to continue the firm's deleveraging plans.

Thesis 07-06-06

Now that it has exited the merchant energy generation business, TECO houses a stable of fundamentally sound businesses. Although the market remains fixated on the firm's synfuel issues, we think TECO is an interesting deleveraging story as it continues to deploy cash to reduce and refinance existing high-coupon debt. We think the stock would be better suited for income investors looking for capital appreciation rather than pure dividend growth.

The company plunged headlong into wholesale power generation just as the Enron implosion and the California energy crisis led to margin collapse across the industry, pummeling TECO's balance sheet and forcing its credit rating below investment grade. Asset impairments led TECO to book jarring losses in 2003 and 2004, and its balance sheet is still suffering from its overextension into the merchant power sector.

TECO's regulated electric and gas utilities--which make up the bulk of earnings--occupy the high-growth Florida region. TECO's utilities are protected by Florida's long-standing reluctance to deregulate. In addition, the firm's coal-fired power plants make it a local low-cost producer, something that creates goodwill with regulators.

TECO's coal-mining division is especially promising. The company's investments in coal properties in Appalachia have proved shrewd in light of the large runup in Eastern coal prices over the past two years. TECO's earnings have begun to incorporate the benefits of this contract repricing in a bull market. Earnings from the coal segment roared ahead, with 2005 earnings of $115 million, nearly double 2004 levels. We expect strong results to continue as the company increases production to hit its 10.5-11 million-ton goal by 2007 and rolls off additional legacy sales contracts. Full-year results from TECO's other segments were solid, if unspectacular.

However, TECO faces two distinct challenges. The bigger centers on debt repayment. With $680 million in debt due in 2007 but limited cash flow from operations, TECO must carefully husband its cash to pay down debt. Unexpectedly high gas prices have not helped, as they have pushed up working-capital needs at TECO's electric and gas utilities. Synfuel is the other prominent concern, with high oil prices threatening a full phaseout of synfuel's lucrative tax credits. While skyrocketing coal prices have proved a boon, fast-rising labor and fuel costs have begun to bite into profit margins.

A major reason to invest in utilities stocks is the dividend. Financial troubles forced TECO to cut its annual dividend in 2003 and 2004. The dividend stands at $0.76 per share, for a 4.2% yield at our fair value estimate. Given the company's higher-priority debt repayments, we do not think the dividend will see significant growth over the near term.

Valuation

We are keeping our fair value estimate at $18 per share. We have increased the penalty we impose on the company's synfuel earnings, given that TECO has continued to produce synfuel through early summer despite high oil prices. In our discounted cash-flow model, we project average sales of 5% over the next five years to

TECO Energy TE

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★★★	$18.15	$18.00	$13.90	$22.60	Average	Narrow	B	Electric Utilities	Utilities

Close Competitors	Market Cap $Mil	TTM Sales $Mil	Oper Income $Mil	Net Income $Mil
TECO Energy	3,804	3,433	410	264
FPL Group	26,574	15,201	1,927	1,183
Duke Energy	25,633	15,184	3,168	1,863
Progress Energy	13,457	9,471	1,444	801

Morningstar data as of May 21 2008.

reflect higher-than-average growth in Florida's service territory and in coal revenue. The company drastically reduced capital expenditures in 2004, and we expect this cash-conservation strategy to continue in the near term. On the basis of the firm's most recent guidance, we model average capex of just under $400 million per year over our forecast period. In determining TECO's cost of capital, we assume a cost of equity of 11%. We use a credit spread of Ba1/BB+, or 180 basis points above Treasuries, to generate an aftertax discount rate of 8.1%. Our fair value estimate is sensitive to the debt rating, and TECO's ambitious program to lower its leverage leads us to believe that a credit upgrade could be in the offing. If the firm's credit rating improved to (90 basis points above Treasuries), our fair value estimate would rise to $19 per share. If the firm's financial distress rose and pushed its debt rating deeper into junk territory (360 basis points above Treasuries), our fair value would fall to $16.

Risk

TECO's biggest risks are regulatory and financial. The company's relationship with regulators was recently strained by a drawn-out dispute over disallowed coal transport costs. Such spats threaten to sour TECO's long-term relationship with its regulator, which could have a major impact on the company's bottom line. TECO's other major risk is financial, insofar as high leverage increases its risk of default. High oil prices also threaten the company's ability to cash in on synfuel tax credits.

Bulls Say

- TECO's regulated utilities should benefit from above-average growth, thanks to Florida's continuing population boom.
- TECO's coal-fired capacity makes it a low-cost producer in Florida, something that creates goodwill with regulators and smoothes the way for revenue increases.
- The company's coal business should see substantial earnings upside over the next few years as it reprices its existing coal contracts at higher levels.
- The repayment of $380 million of high-coupon debt and the planned retirement of another $200 million in 2006 should significantly lower interest expense and help lift earnings.
- The synfuel drag on earnings will come to an end one way or another by the end of 2007, as the synfuel tax credit program is phased out.

Bears Say

- A highly leveraged capital structure makes TECO vulnerable to operational or other glitches that could crimp its cash flow and threaten its ability to meet debt-repayment schedules.
- The wave of fuel and storm surcharges hitting consumers in Florida has raised the political pressure on regulators to hold the line on further cost increases, which could limit TECO's profitability.
- High oil prices continue to inject uncertainty into TECO's synfuel cash flows by threatening to phase out associated tax credits.
- The conversion of a key power plant from coal to gas eliminates a major internal customer for TECO transport and means the company must find new shipping customers to remain profitable.
- The cost to rebuild infrastructure after the 2005 hurricane season has raised Floridians' utility bills, making it politically more difficult to pass additional

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TECO Energy TE

Morningstar Rating	Last Price	Fair Value	Consider Buy	Consider Sell	Business Risk	Economic Moat	Stewardship Grade	Industry	Sector
★★★	$18.15	$18.00	$13.90	$22.60	Average	Narrow	B	Electric Utilities	Utilities

cost increases on to rate payers.

Financial Overview

Growth: TECO's prospects are tied to Florida, which continues to see above-average growth because of a population boom. With the exception of coal, we don't expect to see significant growth in unregulated businesses as TECO scales back its bets in these areas.

Profitability: Before the wholesale meltdown, TECO had reasonable profitability, with operating margins in the mid- to high teens. We forecast average returns on invested capital of 9.1%, just above the firm's cost of capital.

Financial Health: TECO's heavy leverage is reflected in its noninvestment-grade credit rating of Ba2/BB+. While we think the company will be able to meet its biggest near-term financial hurdle--repayment of $680 million in 2007--it will be a tight squeeze.

Company Overview

Profile: TECO Energy is a diversified utility holding company. Its regulated electric and gas utilities provide electric service to customers in western Florida and distribute and market gas to customers throughout Florida. The company's other subsidiaries include TECO Transport, which transports dry bulk commodities, TECO Coal, which mines coal in the Eastern United States, and TECO Wholesale Generation, which owns merchant power plants in Guatemala.

Strategy: TECO's strategy is to refocus on its core regulated businesses, paying down debt with cash earned along the way. This strategy is driven by the firm's need to lower its cost of debt as soon as possible by restoring its investment-grade credit rating. It plans to do this by maximizing earnings at regulated businesses while maintaining tight controls on capital spending.

Management: TECO cleaned house in 2004, forcing five senior executives to either leave the company or rotate to new positions. Most prominent was the replacement of CEO Robert Fagan, who oversaw TECO's expansion into unregulated businesses, by Sherrill Hudson in July 2004. Hudson is an ex-partner at Deloitte and also served on TECO's board. While Hudson lacks a utility background, his work with charities should help repair frayed relations with regulators. In 2005, Hudson received $196,000 in salary, $630,000 in bonus, and $774,000 in restricted stock. Incentive pay is tied to various metrics, including earnings, cash generation, and business unit performance. While these seem reasonable enough, they are also quite broad. Long-term incentive pay is tied to stock performance relative to the Dow Jones Utility Index. Negatives for the company include an active poison pill, a staggered board, and golden-parachute provisions, all of which deter takeovers.

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TECO Energy TE

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Analyst Notes

05-03-07 **TECO Gets Boost from Synfuel**

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01-29-07 **Progress, TECO Deal with Synfuel**

With the expiration of synthetic fuel tax credits now less than one year away, we think some of the utilities that have been working to exit this arena are well positioned going into 2007. Particularly, we think TECO and Progress Energy are pursuing desirable back-to-basics moves that should provide shareholders with strong return prospects when accounting for their lower risk profiles.

Skyrocketing oil prices over the past two years combined with the approaching expiration of synfuel tax credits have long put a dark cloud over these two companies. Both companies report 2006 results in February, and we expect both management teams to discuss at length the anticipated exit of the synfuel business, as well as a more refined focus on regulated earnings. While TECO will probably concentrate on deleveraging initiatives, we believe Progress Energy will use its deployable cash to maintain one of the industry's highest dividend yields. We are not changing our fair value estimate for either company at this time, but the dynamic operating structures of both companies will keep us focused on upcoming details.

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TAMPA ELECTRIC COMPANY
DOCKET NO. 080317-EI
STAFF'S FIRST REQUEST FOR PODS
FILED: OCTOBER 20, 2008
SUPPLEMENTAL: DECEMBER 31, 2008

All pricing data thru 05-21-07

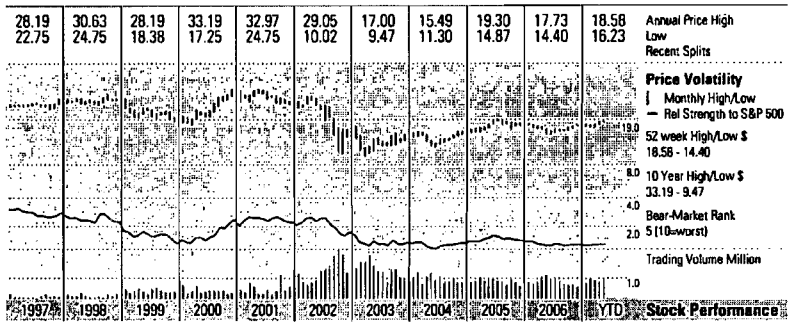
Fiscal year-end: December

TECO Energy TE

Sales Mil	Mkt Cap Mil	Industry	Sector
$3,433	$3,804	Electric Utilities	Utilities

TECO Energy is a diversified utility holding company. Its regulated electric and gas utilities provide electric service to customers in western Florida and distribute and market gas to customers throughout Florida. The company's other subsidiaries include TECO Transport, which transports dry bulk commodities, TECO Coal, which mines coal in the Eastern United States, and TECO Wholesale Generation, which owns merchant power plants in Guatemala.

Morningstar Rating	Last Price	Fair Value	Business Risk	Economic Moat	Stewardship Grade
★★★	$18.15	$18.00	Average	Narrow	B



702 N. Franklin Street
Tampa, FL 33602
Phone: 813 228-1111 Website: http://www.tecoenergy.com

Growth Rates Compound Annual	1 Yr	3 Yr	5 Yr	10 Yr
Grade: A-				
Revenue %	14.6	20.0	5.4	8.9
Operating Income %	17.2	18.4	-0.2	2.0
Earnings/Share %	17.0	—	-12.2	-3.7
Dividends %	0.0	-6.3	-11.1	-3.7
Book Value/Share %	8.0	-2.6	-10.6	-3.1
Stock Total Return %	28.2	21.3	-1.8	2.5
+/- Industry	-17.2	-10.4	-20.4	-8.9
+/- Market	7.8	9.6	-8.9	-3.8

Profitability Analysis	Current	5 Yr Avg	Ind	Mkt
Grade: D-				
Return on Equity %	15.6	3.4	18.6	20.9
Return on Assets %	3.7	1.4	4.8	7.9
Fixed Asset Turns	0.7	0.6	0.9	7.6
Inventory Turns	11.4	8.3	14.7	11.5
Revenue/Employee $K	596.7	—	820.5	930.6
Gross Margin %	43.9	51.5	44.3	35.1
Operating Margin %	12.0	6.8	16.2	17.5
Net Margin %	7.7	2.8	10.6	12.1
Free Cash Flow/Rev %	0.7	-6.8	5.3	10.6
R&D/Rev %	—	—	0.0	4.1

Financial Position	12-06 $Mil	03-07 $Mil
Grade: D+		
Cash	442	362
Inventories	160	190
Receivables	338	310
Current Assets	1286	1209
Fixed Assets	4767	4695
Intangibles	59	59
Total Assets	7362	7299
Payables	352	310
Short-Term Debt	687	508
Current Liabilities	1350	1222
Long-Term Debt	3213	3211
Total Liabilities	5633	5530
Total Equity	1729	1769

Valuation Analysis	Current	5 Yr Avg	Ind	Mkt
Price/Earnings	14.4	—	19.8	21.0
Forward P/E	17.6	—	18.6	18.1
Price/Cash Flow	7.1	11.9	11.4	15.2
Price/Free Cash Flow	—	—	34.2	26.2
Dividend Yield %	4.2	—	3.0	1.7
Price/Book	2.1	1.9	4.4	4.7
Price/Sales	1.1	1.1	2.0	3.0
PEG Ratio	2.8	—	2.6	1.6

*3Yr Avg data is displayed in place of 5Yr Avg

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	YTD	Stock Performance
	22.3	5.0	-30.2	84.8	-15.0	-37.0	0.5	12.7	17.0	5.1	7.7	Total Return %
	-8.7	-21.7	-49.7	94.9	-2.0	-13.6	-25.9	3.7	14.0	-8.5	0.2	+/- Market
	1.4	-10.6	-16.8	44.2	-2.7	-21.2	-34.2	-18.3	1.0	-30.0	-7.2	+/- Industry
	4.1	4.3	6.9	4.1	5.2	9.1	6.4	5.0	4.4	4.4	1.1	Dividend Yield %
	3682	3721	2403	4077	3570	2416	2545	3065	3576	3605	3804	Market Cap $Mil
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	TTM	Financials
	1862	1958	1983	2295	2649	2676	1994	2669	3010	3448	3433	Revenue $Mil
	48.1	47.4	46.9	42.4	39.1	54.2	41.8	55.3	55.1	51.2	43.9	Gross Margin %
	413	396	424	414	423	389	252	-457	357	418	410	Oper Income $Mil
	22.2	20.2	21.4	18.0	16.0	14.5	12.6	-17.1	11.9	12.1	12.0	Operating Margin %
	202	207	186	251	304	330	123	-552	275	246	264	Net Income $Mil
	1.54	1.57	1.42	1.97	2.24	2.15	—	-2.87	1.31	1.18	1.27	Earnings Per Share $
	1.17	1.23	1.29	1.33	1.37	1.41	0.93	0.76	0.76	0.76	0.76	Dividends $
	130	131	131	125	135	153	182	192	208	208	208	Shares Mil
	11.49	11.89	11.67	11.54	14.42	14.83	8.92	6.21	7.64	8.25	8.44	Book Value Per Share $
	351	490	381	381	513	656	329	140	174	567	537	Oper Cash Flow $Mil
	-213	-296	-426	-688	-966	-1065	-591	-273	-295	-456	-512	Cap Spending $Mil
	138	194	-45	-307	-453	-410	-262	-134	-121	111	25	Free Cash Flow $Mil
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	TTM	Profitability
	5.4	5.1	4.2	4.8	4.9	4.3	1.3	-5.5	3.3	3.4	3.7	Return on Assets %
	14.2	13.4	12.3	16.5	17.1	14.3	6.2	-37.7	19.6	14.9	15.6	Return on Equity %
	10.8	10.5	9.4	10.9	11.5	12.3	6.2	-20.7	9.1	7.1	7.7	Net Margin %
	0.50	0.48	0.45	0.44	0.43	0.35	0.21	0.27	0.36	0.47	0.48	Asset Turnover
	2.6	2.6	2.9	3.4	3.5	3.3	4.8	6.8	5.9	4.4	4.3	Financial Leverage
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	03-07	Financial Health
	-343	-242	-790	-1050	-1146	214	-1377	-1485	346	-65	-13	Working Capital $Mil
	1080	1280	1208	1375	1843	3324	4393	3880	3709	3213	3211	Long-Term Debt $Mil
	1512	1569	1473	1560	2016	3261	1678	1284	1592	1729	1769	Total Equity $Mil
	1.02	1.04	1.48	1.81	1.67	1.46	2.66	3.12	2.47	2.26	2.10	Debt/Equity
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	TTM	Valuation
	17.5	18.5	12.1	16.4	11.7	7.9	—	—	17.2	14.7	14.4	Price/Earnings
	—	0.8	0.4	0.5	0.5	0.4	—	—	1.0	0.9	0.7	P/E vs. Market
	2.0	1.9	1.2	1.8	1.3	0.9	1.3	1.1	1.2	1.0	1.1	Price/Sales
	2.5	2.4	1.6	2.8	1.8	1.0	1.6	2.5	2.3	2.1	2.1	Price/Book
	10.5	7.6	6.4	10.7	6.9	3.6	8.0	21.2	20.6	6.3	7.1	Price/Cash Flow

Quarterly Results	Jun 06	Sep 06	Dec 06	Mar 07
Revenue $Mil				
Most Recent Period	862.6	922.9	826.2	821.3
Prior Year Period	719.0	836.4	770.0	836.4
Rev Growth %	Jun 06	Sep 06	Dec 06	Mar 07
Most Recent Period	20.0	10.3	7.3	-1.8
Prior Year Period	0.8	12.7	34.7	22.2
Earnings Per Share $	Jun 06	Sep 06	Dec 06	Mar 07
Most Recent Period	0.29	0.38	0.22	0.35
Prior Year Period	0.04	0.45	0.24	0.26

Industry Peers by Market Cap	Mkt Cap $Mil	Rev $Mil	P/E	ROE%
TECO Energy	3804	3433	14.4	15.6
FPL Group	26574	15201	22.0	12.6
Duke Energy	25633	15184	12.0	9.0

Major Fund Holders	% of shares
Franklin Income A	4.53
T. Rowe Price Mid-Cap Value	3.12
T. Rowe Price Equity Income	1.24

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MORNINGSTAR®

Morningstar's Approach to Rating Stocks

Our Key Investing Concepts
- Economic Moat
- Discounted Cash Flow
- Discount Rate
- Fair Value
- Business Risk
- Margin of Safety
- Consider Buying/Consider Selling
- Stewardship Grades

At Morningstar, we evaluate stocks as pieces of a business, not as pieces of paper. We think that purchasing shares of superior businesses at discounts to their intrinsic value and allowing them to compound their value over long periods of time is the surest way to create wealth in the stock market.

We rate stocks 1 through 5 stars, with 5 the best and 1 the worst. Our star rating is based on our analyst's estimate of how much a company's business is worth per share. Our analysts arrive at this "fair value estimate" by forecasting how much excess cash--or "free cash flow"--the firm will generate in the future, and then adjusting the total for timing and risk. Cash generated next year is worth more than cash generated several years down the road, and cash from a stable and consistently profitable business is worth more than cash from a cyclical or unsteady business.

Stocks trading at meaningful discounts to our fair value estimates will receive high star ratings. For high-quality businesses, we require a smaller discount than for mediocre ones, for a simple reason: We have more confidence in our cash-flow forecasts for strong companies, and thus in our value estimates. If a stock's market price is significantly above our fair value estimate, it will receive a low star rating, no matter how wonderful we think the business is. Even the best company is a bad deal if an investor overpays for its shares.

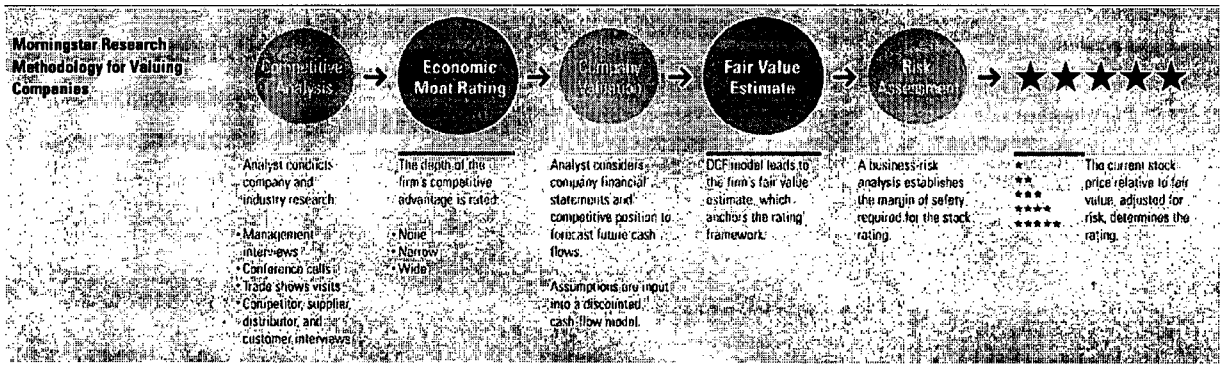
Our fair value estimates don't change very often, but market prices do. So, a stock may gain or lose stars based just on movement in the share price. If we think a stock's fair value is $50, and the shares decline to $40 without much change in the value of the business, the star rating will go up. Our estimate of what the business is worth hasn't changed, but the shares are more attractive as an investment at $40 than they were at $50.

Because we focus on the long-term value of businesses, rather than short-term movements in stock prices, at times we may appear out of step with the overall stock market. When stocks are high, relatively few will receive our highest rating of 5 stars. But when the market tumbles, many more will likely garner 5 stars. Although you might expect to see more 5-star stocks as the market rises, we find assets more attractive when they're cheap.

We calculate our star ratings nightly after the markets close, and issue them the following business day, which is why the rating date on our reports will always be the previous business day. We update the text of our reports as new information becomes available, usually about once or twice per quarter. That is why you'll see two dates on every Morningstar stock report. Of course, we monitor market events and all of our stocks every business day, so our ratings always reflect our analyst's current opinion.

Economic Moat

This is our assessment of a firm's ability to earn returns consistently above its cost of capital in the future, usually by virtue of some competitive advantage. Competition tends to drive down such economic profits, but companies



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Morningstar's Approach to Rating Stocks (continued)

that can earn them for an extended time by creating a competitive advantage possess an economic moat. We see these companies as superior investments.

We're big fans of companies that are low-cost producers, create high switching costs for their customers, or have strong brands or long-lasting patents, because all of these characteristics allow companies to protect their competitive position. For example, Tiffany is far more profitable than a run-of-the-mill jewelry chain because it has a strong brand that creates a moat around its business, allowing it to charge more than competitors.

Discounted Cash Flow
This is a method for valuing companies that involves projecting the amount of cash a business will generate in the future, subtracting the amount of cash that the company will need to reinvest in its business, and using the result to calculate the worth of the firm. We use this technique to value nearly all of the companies we cover.

Discount Rate
We use this number to adjust the value of our forecasted cash flows for the risk that they may not materialize. For a profitable company in a steady line of business, we'll use a lower discount rate, also known as "cost of capital," than for a firm in a cyclical business with fierce competition, since there's less risk clouding the firm's future.

Fair Value
This is the output of our discounted cash-flow valuation models, and is our per-share estimate of a company's intrinsic worth. We adjust our fair values for off-balance sheet liabilities or assets that a firm might have--for example, we deduct from a company's fair value if it has issued a lot of stock options or has an under-funded pension plan. Our fair value estimate differs from a "target price" in two ways. First, it's an estimate of what the business is worth, whereas a price target typically reflects what other investors may pay for the stock. Second, it's a long-term estimate, whereas price targets generally focus on the next two to 12 months.

Business Risk
Based on fundamental factors such as cyclicality, leverage, competitive strength, and profitability, we divide our coverage universe into four broad risk categories: Below Average, Average, Above Average, and Speculative. Unlike some risk ratings, ours is not based on the volatility of the firm's shares, but rather the predictability and strength of the underlying business.

Margin of Safety
This is the discount to fair value we would require before recommending a stock. We think it's always prudent to buy stocks for less than they're worth.The margin of safety is like an insurance policy that protects investors from bad news or overly optimistic fair value estimates. We require larger margins of safety for less predictable stocks, and smaller margins of safety for more predictable stocks.

Consider Buying/Consider Selling
The consider buying price is the price at which a stock would be rated 5 stars, and thus the point at which we would consider the stock an extremely attractive purchase. Conversely, consider selling is the price at which a stock would have a 1 star rating, at which point we'd consider the stock overvalued, with low expected returns relative to its risk.

Stewardship Grades
We evaluate the commitment to shareholders demonstrated by each firm's board and management team by assessing transparency, shareholder friendliness, incentives, and ownership. We aim to identify firms that provide investors with insufficient or potentially misleading financial information, seek to limit the power of minority shareholders, allow management to abuse its position, or which have management incentives that are not aligned with the interests of long-term shareholders. The grades are assigned on an absolute scale--not relative to peers--and can be interpreted as follows: A means "Excellent," B means "Good," C means "Fair," D means "Poor," and F means "Very Poor."

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Mr. Mark Kane
Investor Relations
TECO Energy
702 N. Franklin Street
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May 17, 2007

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Morningstar's expertise in stocks goes back more than twenty years, driven by our fundamental, bottom-up approach to investing that focuses on the underlying stocks that comprise a mutual fund. By continually building on this experience, today Morningstar is a preeminent provider of stock data and analysis.

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- In-depth analysis and valuation of your company
- Stock analyst notes with updates on company performance, changes, etc.
- Stock Report with a wealth of important data including: a 10-year performance chart, profitability analysis, valuation analysis, quarterly results and financial position, as well as other valuable data points.

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Please contact me if for information on licensing your report. You can reach me via phone at 312.616.7585 or via e-mail at fani.koutsovitis@morningstar.com. I will also follow-up with a call to answer any questions that you may have.

Best Regards,

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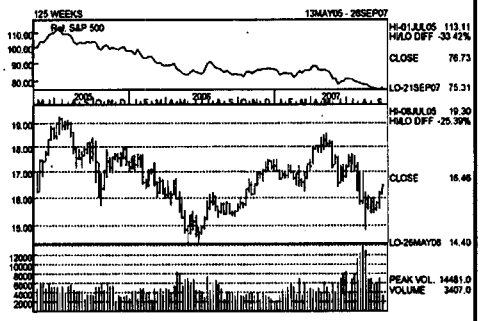
RBC Capital Markets

EQUITY | RESEARCH



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FY Dec	2006A	2007E	2008E	
EPS (Op) - FD	1.13	1.01	1.10	
P/E	14.5x	16.3x	14.9x	
EBITDA/Share - FD	3.46	2.95	3.45	
CFPS	2.70	2.49	2.73	
P/CFPS	6.1x	6.6x	6.0x	
FCFPS - FD	2.08	1.17	1.96	
P/FCF	7.9x	14.0x	8.4x	
EPS (Op) - FD	Q1	Q2	Q3	Q4
2006	0.23A	0.26A	0.40A	0.24A
2007	0.20A	0.25A	0.36E	0.20E
EBITDA/Share - FD				
2006	0.75A	0.91A	1.04A	0.76A
2007	0.72A	0.74A	0.87E	0.62E
CFPS				
2006	0.81A	0.34A	1.15A	0.40A
2007	0.60A	0.54A	0.75E	0.61E

All values in USD unless otherwise noted.

INITIATION | COMMENT

SEPTEMBER 27, 2007

TECO Energy, Inc. (NYSE: TE)

Solid Dividend Play with Modest Growth

Sector Perform
Above Average Risk

Price:	16.43	Price Target:	18.00
		Implied All-In Return:	14.3%
Shares O/S (MM):	209.0	Market Cap (MM):	3,434
Dividend:	0.78	Yield:	4.7%

Priced as of market close September 27, 2007

Initiating coverage of TE with Sector Perform rating, Above Average Risk and $18 price target

With 4.75% dividend yield, investors can expect steady cash from TECO, but slowing population growth in Tampa limits upside. Strengthening balance sheet and sale of risky Transport business sends positive signals, but lingering Coal and Guatemalan segments continue to pose additional unnecessary risks. Additionally, success of the proposed IGCC plant is entirely dependent on continued legislative and regulatory support. And, recent DOE report corroborates our analysis that CCGT plants are economically and operationally superior to IGCC, so we fear that legislative support will vanish, putting shareholders at risk.

Dividend yield and debt repayment plan create value for investors. TE has cut its debt in half since 2003 and plans to continue debt repayments. With strong dividend yield and possible upgrades from credit agencies as a result of Transport sale, improving financial metrics of TE translate into shareholder value from a traditional utility standpoint.

Focus on core business is strengthening, but extraneous segments remain as distractions. With sale of Transport, TE not only improves its risk profile, but also heightens its strategic focus on its core utility business. We believe that TE should continue to streamline operations by eliminating Coal and Guatemalan businesses as well. As consolidation in the Central Appalachian coal mining industry is realized in the near-term, TE should use the opportunity to exit Coal. In Guatemala, it is also our hope that TE will use the hot emerging markets to sell its assets rather than to expand its presence.

IGCC project does not make economic sense, despite supportive FL legislature. Although CCGT plants are more economically and operationally prudent, TE has proposed a 632MW IGCC plant to fill the power gap in FL. In any other situation this project would be a certain red flag, but TE has successfully operated an IGCC facility for ten years and seems to have legislative support that virtually guarantees cost recovery, at this time. As natural gas prices tumble, however, the legislative support may dissolve. Despite this, TE believes that building coal is impossible in Florida, nuclear takes too long and natural gas prices volatility makes gas-plants unattractive.

Initiating with adjusted EPS estimates of $1.01 and $1.10 for 2007 and 2008, respectively.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Disclosures, please see Page 10.

Details

Dividend yield and debt repayment plan create value for investors

TECO Energy has cut its debt in half since 2003.

Continuing in this fashion, the company plans to repay approximately $500MM in debt with the proceeds of the Transport segment sale. TECO realized that the current net-debt-to-total-capital ratio of 67% is too high and is taking action to improve this metric. After the Transport sale, the ratio should improve to about 63%. Although we agree with management that above 60% is still not optimal, we differ in the need and method to reduce this debt load. However, we agree that the current debt load does not have immediate and impending negative consequences for TE shareholders and the company's spending program. Regardless, we believe that shareholders would be better off with TE selling the coal segment and Guatemala and applying the proceeds towards debt repayment, given its NOL levels of over $750 MM as of yearend 2006.

Dividend yield of 4.75% contributes to stability and returns for investors

After a recent dividend increase of 2.6% in May 2007, the company continues to steadily return cash to shareholders. As TECO is a utility with moderate growth, the dividend yield looms large and is certainly a positive.

Credit Ratings under review for an upgrade

We believe that the sale of the transport business and resulting repayment of debt will tip the scale in favor of the company for an upgrade. An investment grade rating should grease the credit wheels that will need to turn as TECO embarks on a $4.4B capital spending program through 2012.

Sale of Transport business helps to focus strategy, but additional streamlining is warranted

We are suggesting that the sum-of-the-parts is greater than the whole

Ultimately, in our opinion, there is value to be had in dismantling parts of TECO, which is why management embarked on the sale of Transport. We believe that this same strategy and thinking should apply to Coal and Guatemala. Also, we note that a strategic buyer of TECO (for cash) would have an advantage in executing this strategy as the tax leak should be minimal given that the assets would be written up to market value upon purchase.

Carbon legislation threatens coal mining operations

We believe that the commodity risk introduced by this segment outweighs the cash flows from operations. TE's metallurgical coal business is relatively well protected as the steel industry is likely to continue its upward surge given the trend of global economic expansion. However, we cannot say the same for the company's steam coal business. The construction of new coal plants has slowed with increasing political chatter about carbon emission legislation. Although several IGCC plants are currently in the planning stages, this technology has not been successfully implemented on a large scale. As a result, it is not likely that these plants will increase the overall demand for coal well into the foreseeable future. Coal prices will accordingly come under pressure as older, inefficient coal plants are retired or rendered uneconomic in light of carbon penalties. As consolidation in the Central Appalachian region comes to fruition, we believe that TECO should use the opportunity to exit the business.

Guatemalan operations introduce country risk; should be next on the auction block.

Ultimately, we believe that TE should exit Guatemala completely to return focus to the domestic utilities. Consistent with its review of strategic options and considering the growing demand for power in Guatemala, TE is evaluating the possibility of expanding its capacity at the San Jose plant. We do not doubt that Guatemala represents significant growth opportunities, but, like the coal mining business, we believe that this asset is better off in the hands of those that are far better equipped to deal and grapple with risks associated with emerging markets investments. We believe that the risk profile of Guatemala is such that the discount rate on this business ought to be higher than recent performance would indicate. This is in contrast to a company like AES, whose risk profile would be lowered with the addition of a "Guatemala-like" investment because of diversification benefits. For TECO to benefit from international investments, we believe that TECO would have to hold a significantly diversified portfolio of international assets accounting for at least two-thirds of the total net income (representative of global GDP to US ratio). From a diversification theory perspective, benefits do not start accruing until at least 8 poorly correlated investments are accumulated in the same portfolio with benefits starting to plateau around 20. For TECO to be able to reap these benefits, the staggering value of investment dollars alone would be far in excess of what would be deemed reasonable by shareholders, in our opinion. Therefore, until TECO completely transforms itself to reach "full" diversification benefits – whether it is 8 investments or 20 for 50%-75% of TECO net income – the risk to shareholders would increase with more investments in international assets. Therefore, we do not believe that it is prudent for TECO to hold on to Guatemala, let alone to invest and further increase its exposure.

Sale of Coal and Guatemala may not be the most tax efficient transactions, but debt repayment and lowered risk profile should make it worth while for shareholders

Even if the sale of these two non-core businesses is achieved without the most efficient tax treatment possible, we believe that the resulting debt repayment and lowered risk profile of the company ought to make a sale more positive for shareholder value than not. Based on comparable coal asset sales, we believe that the Coal business could be sold for as much as about $400-$550 MM, while Guatemala could fetch $450-$600 MM depending on who's buying the assets for what purpose. In particular, given the current "hot" markets for both coal and emerging markets, we believe that the timing for announcement of the sale of both assets would be good.

Although there is no significant valuation change with sale of Coal and Guatemala, value is enhanced

Not surprisingly, using the mid-range of our estimated asset sale values, our calculations indicate that TECO's calculated NAV does not change significantly. However, given the focused attention on the core utilities businesses, lower risk profile, and easier to understand strategy, business model and financial statements, we believe that the sale of Coal and Guatemala will translate into upside for shareholders.

The proposed IGCC project does not make economic sense, but the FL legislature is supportive

In our view, IGCC plants are economically and operationally inferior to CCGT plants over the life of the respective plants. Data supporting this view was released by the Department of Energy and is shown in Table 1, and our independent analysis comes to the same conclusion. Although we understand the company's reasoning behind the project, we would be remiss in not expressing our disappointment at management's decision to proceed with the proposed 632MW baseload IGCC plant at Polk as the solution to meet the anticipated load needs into the future.

Table 1: Dept. of Energy Power Plant Comparison Study, updated August 2007

**Study was based on the following assumptions: Startup in 2010, 20yr plant life, 17.5% capital charge factor for IGCC and all carbon capture scenarios, 16.4% for PC/CCGT plants*

Economic Results

Type of Plant	Fuel Cost	Construction Costs current	Construction Costs w/CC*	Cost to Produce Electricity (cents/kWh) current	Cost to Produce Electricity (cents/kWh) w/CC
Integrated Combined Cycle Coal Gasification (IGCC)	$1.80	$1,800/ kW	$2,500/ kW	7.79	10.63
Super Critical Pulverized Coal (PC Coal)	$1.80	$1,575/ kW	$2,875/ kW	6.33	11.48
IGCC Compared to PC	*$0.00*	*14%*	*-13%*	*23%*	*-7%*
Combined Cycle Gas (CCGT)	$6.75	$550/ kW	$1,175/ kW	6.84	9.74
IGCC Compared to CCGT	*-$4.95*	*227%*	*113%*	*14%*	*9%*

Operational Results

Type of Plant	Fuel Source	Capacity Factor	Heat Rate current	Heat Rate w/CC	Plant Efficiency current	Plant Efficiency w/CC	CO2 emissions (lb/MMBtu) current	CO2 emissions (lb/MMBtu) w/CC
IGCC	Coal, Pet Coke, Biomass	80%	8,900	10,500	40%	33%	197	19.6
PC Coal	Coal	85%	8,700	12,500	40%	27%	203	20.3
IGCC Compared to PC		*-5%*	*2%*	*-16%*	*0%*	*22%*	*-3%*	*-3%*
CCGT	Natural Gas	85%	6,700	7,800	51%	44%	119	11.9
IGCC Compared to CCGT		*-5%*	*33%*	*35%*	*-22%*	*-25%*	*66%*	*65%*

**CC= Carbon Capture*

Source: RBC Capital Markets and National Energy Technology Laboratory.

Legislative support offsets the potential for stranded costs and mitigates regulatory risk.

Current estimates indicate that IGCC plants cost three times as much to build as CCGT plants. The current legislation in Florida, however, guarantees cost recovery of IGCC projects. If regulators determine that the proposed IGCC is needed, a matter to be decided by the end of November, it seems that TECO's risk in building the plant is essentially nullified. With the current regulatory structure, TE must file for recovery of fuel and purchased power costs each year. Rather than risk disallowances due to the volatility of gas prices, TE has opted for the pre-approved IGCC. From a strategic point of view, this may appear to make sense, but from an economic point of view, we disagree. Even with the legislative guarantee for cost recovery, the risk to shareholders in the future is not zero.

Management reasoning for building an IGCC plant has some merit.

We agree with the management that building a new coal plant in Florida seems like an impossible proposition and nuclear is too far away in the future. The company also believes that volatility is the enemy of utilities and given the currently high and volatile natural gas prices, a new CCGT plant would not pass muster with legislatures and regulators, in the company's view. In addition, TE feels that both the company and Florida needs fuel diversification. However, 2.1 GW of 5.0 GW of TECO's plants are already coal, and we believe that high prices and high volatility is likely to end by the time the IGCC unit is ready for commercial operation.

Cheaper fuel arguments will fall apart when gas prices drop due to LNG influx.

According to the DOE study, gas prices would have to be at least $8 sustained over the life of the IGCC plant in order for the plant to achieve an economical advantage over the CCGT plant. The forecast used by TECO predicts $8-$9 as the mean-reverting price of natural gas. We believe, however, that as LNG enters the US market to meet the growing demand, gas prices will come under pressure and fall well below this $8 threshold. Below $8 IGCCs simply cannot compete economically with CCGTs. We further contend that the regulators will recognize this after the fact and may penalize the utility in subsequent rate cases directly or indirectly.

TE operates IGCC technology better than most, but the capacity factor still lags behind PC and CCGT plants.

Having pioneered IGCC technology for the past 11 years, TE has increased the capacity factor of the Polk plant to an average of 80% in recent years. With much of the learning curve behind TE, we expect the proposed new units at Polk to operate at the same level. Unfortunately, traditional coal and combined cycle gas plants have capacity factors well above 85%, so we believe that the DOE study is very conservative.

Small power gap and slowed population growth limit the upside at Tampa Electric

Although baby-boomers are retiring and moving to Florida, Tampa's population growth has slowed to an estimated 2.3%, just above the national average of 1.9%. Considering TE already generates 95% of its power needs, meeting the power gap does not provide tremendous opportunities for growth. The baseload plant expected to be online by 2013 represents the only major project that will add to Tampa Electric's rate base. Various storm hardening and environmental upgrade projects are underway, but the expenditures are passed through to the customers without any associated gain to the utility.

Possible rate increase at Tampa Electric may provide mini-catalyst

In light of the proposed IGCC plant and various infrastructure improvements, TECO may request a rate increase at Tampa Electric by the end of the year. Since the last rate case occurred in 1992, we would expect many parties to voice public opinions on the matter and prompt multiple hearings. Although the company has limited recent experience in navigating these waters, regulators have generally been supportive of TECO's projects and have yet to disallow fuel or purchased power costs in recent memory. At the end of the process, we anticipate a reasonable rate increase and a subsequent boost in earnings. We also believe that the company will be granted AFUDC treatment for the IGCC plant construction.

Geographic location increases risk element of weather

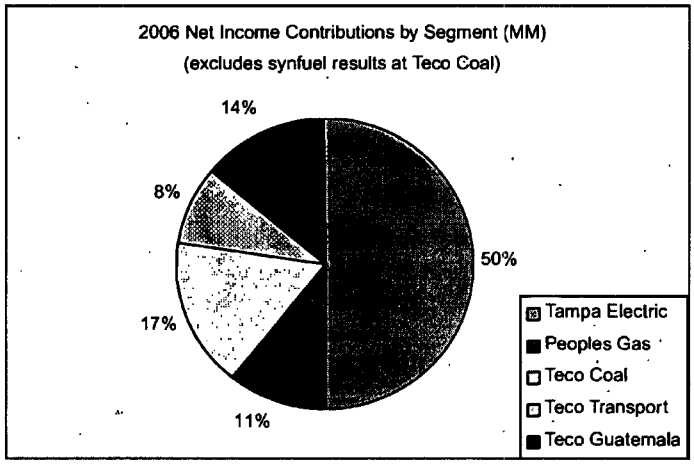
Although we do not believe that the Tampa region is as exposed to storms as those areas on the western edge of the Gulf of Mexico, the threat of hurricanes introduces an element of risk to TECO that is absent in other parts of the country. Despite the fact that storm hardening expenses and subsequent storm repairs are passed through to the customers, the physical damage and negative effects on population trends that result from hurricanes essentially freeze forward progress.

Peoples gas will benefit from nearby LNG terminals in the longer term

As the natural gas in the gulf depletes, gas utilities across the country will be scrambling for new sources. With LNG terminals feeding the pipelines that enter the Peoples Gas system, TE will be well positioned to emerge from the depletion unscathed. LNG terminals in Texas and Louisiana already connect to the Gulfstream pipeline, and proposed LNG terminals in the Bahamas look to feed the Florida market as well in the future.

Executive Summary: Operating Segments

Table 2: 2006 Segment results



Source: RBC Capital Markets and Company Data

Tampa Electric:

Tampa Electric serves 661,000 customers in West Central Florida as a traditional, regulated electric utility. The segment owns and operates nearly 5,000MW of generating plants in Florida, as listed below in Table 2. Tampa Electric is the largest operating segment of TECO Energy, accounting for 67% of the company's net income from continuing operations in 2006. In the same year, the utility generated 95% of its power needs and filled the difference with purchased power. In addition to the generation, Tampa Electric owns 1,307 pole miles of transmission lines, 7,079 pole miles of above-ground distribution lines, and 3,425 trench miles of underground distribution lines.

Table 3: Teco Generation Fleet Summary

GENERATION ASSETS (MW)	Year	Type	Capacity	Interest %	Net MW Interest	Location State	Region
Big Bend	1985	Coal	1,737.0	100%	1,737.0	FL	FRCC
Big Bend CT	1985	Gas-SC	175.0	100%	175.0	FL	FRCC
Bayside Unit 1 (Was Gannon Unit 6)	2003	Gas-CC	913.5	100%	913.5	FL	FRCC
Bayside Unit 2 (Was Gannon Unit 5)	2004	Gas-CC	913.5	100%	913.5	FL	FRCC
Phillips	1991	Oil	34.0	100%	34.0	FL	FRCC
Polk	1996	IGCC	260.0	100%	260.0	FL	FRCC
Polk CT (2,3)	1996	Gas-SC	360.0	100%	360.0	FL	FRCC
Howard Curren Waste Treatment	2000	Geothermal	6.0	100%	6.0	FL	FRCC
Alborada Power Station	1995	Gas-SC	78.0	96%	74.9	Guatemala	
San Jose Power Station	2000	Coal	120.0	100%	120.0	Guatemala	
Polk CT (4,5)	2007	Gas-SC	360.0	100%	360.0	FL	FRCC
Polk Unit 6	*2013*	*IGCC*	*632.0*	*100%*	*632.0*	*FL*	*FRCC*

Source: RBC Capital Markets and Company data.

Peoples Gas System (PGS)

The Peoples Gas System is a regulated natural gas utility consisting of 16,000 miles of pipe spread throughout Florida serving 332,000 customers. PGS obtains its gas via three interstate pipelines, the Florida Gas Transmission company, the South Georgia Natural Gas Company, and the Gulfstream Natural Gas Pipeline. The segment is regulated by the FPSC and accounted for 15% of TE's net income from continuing operations in 2006.

TECO Coal

TECO Coal operates 24 underground and 17 surface mines with a total of 274 million tons of reserves. With the expiration of synfuel operations in 2007, TE has stated that traditional coal mining will be ramped up to maintain production of roughly 9-10 million tons per year. The average coal mix is 1/3 metallurgic coal (used in steel production) and 2/3 steam coal (used to generate electricity). In 2008 a specific project will come to fruition and the met/steam mix will be 40/60. None of TECO Coal's production is sold to Tampa Electric.

Table 4. TECO Coal Mining Complexes

Million Tons

			Mine Types*		2006	Remaining
	Location	Product	S	U	Production	Reserves
Gatliff Coal Company	KY, TN	Steam	1	0	0.36	9.1
Clintwood Elkhorn Mining	KY, VA	Met/Steam	8	13	2.63	39
Premier Elkhorn Coal	KY	Met/Steam	7	8	3.33	84.9
Perry County Coal	KY	Steam	1	3	3.57	140.9

**S=Surface, U=Underground*

Source: RBC Capital Markets and Company data.

TECO Guatemala

TECO operates two generating plants, Alborata and San Jose, and has a minority ownership interest in the electric utility serving Guatemala City, Empresa Electrica de Guatemala, S.A. (EEGSA). Alborata, a 78MW gas-fired plant, and San Jose, a 120MW coal unit, both operate under long-term PPAs with EEGSA. TECO has purchased political and currency insurance to cover its entire investment profile in Guatemala.

TECO Transport

This segment is currently pending sale, but was involved in waterborne transportation, storage and transfer of dry-bulk commodities, including coal. The Barge Line unit within this segment operates domestically, whereas the Ocean Shipping unit transports products internationally. In 2006, Tampa Electric represented 30% of TECO Transport's revenues. At present, we do not have a cost estimate for Transport, but we are using $400 MM for total proceeds in our model with no tax leakage. We believe $400 MM to be conservative.

TECO Management:

CEO: Sherrill W. Hudson

COO: John B. Ramil

CFO: Gordon L. Gillette

Director of IR: Mark M. Kane

Valuation

Our target price and our calculated net-asset-value (CNAV) is $18. We determine our CNAV based on a full discounted cash flow model using an average of Free Cash Flow to the Firm and Free Cash Flow to Equity after the sale of Transport. We apply a multistage growth rate estimate with a terminal multiple of about 12.3x based on a dynamic WACC with an initial rate of 6.77%. The terminal value is calculated approximately 25 years forward.

As a regulated electric utility operating in a region of above-average growth, TE should produce consistent earnings and steady dividends for years to come. Although the coal business and Guatemala investment steal managerial attention from the growing utility, the company's announced intention to sell its transport business reduces the risk profile for the company. This sale combined with the company's accelerated debt repayment plan strengthens the balance sheet and positions the company for credit agency upgrades.

Price Target Impediment

Commodity prices, weather, regulatory risk, access to capital markets, construction cost overruns, and potential environmental legislation.

Company Description

TECO Energy, Inc. is a holding company operating through its subsidiaries, Tampa Electric, Peoples Gas, TECO Coal, TECO Transport and TECO Guatemala. Tampa Electric provides electric utility service to 661,000 customers in West Central Florida and distributes natural gas to 332,000 customers via the Peoples Gas System. TECO Coal produces 9-10 million tons of metallurgic and steam coal annually through its 41 Central Appalachian mines. TECO Guatemala owns an interest in an electric utility and operates two power plants that are contracted long-term. The sale of TECO Transport is currently pending with an expected closure by year-end 2007.

Ticker Symbol	TE
Assumptions	**Rate**
DCF Start Year	2008
DCF Start Month	4
Current Beta of Company	0.90
Static or Variable Beta (S/V)	V
Normalized Long-Term Risk-free Rat	5.00%
Market Return	12.00%
Current Equity Discount Rate	11.30%
Current Cost of Preferred Stock	0.00%
Current Cost of Debt Capital	6.86%
Current WACC	6.77%
Basic Shares Outstanding (MM)	208.9
Diluted Shares Outstanding (MM)	210.0
Assumed Tax Rate	39%
Assumed Inflation Rate	3.50%
Minimum Cash Balance Required	$100
Revolver Overflow Alert	
Current Stock Price of TE ($/Sh.)	$16.46
Current Book Value per Share	$8.97
Current Price-to-Book Ratio	1.8 x
Current Market Cap ($MM)	$3,438.5
Current Market Ent. Value ($MM)	$6,733.0
Current Market Ent. Value Per Sh.	$32.23
Current Book Ent. Value ($MM)	$5,178.1
Current Book Ent. Value Per Sh.	$24.79

Names of Regions	Name
Region 1	Tampa Electric
Region 2	Peoples Gas (PGS)
Region 3	Coal
Region 4	Transport
Region 5	Guatemala
Region 6	rporate/Other/Eliminations (COE)

		Per Share Estimates				
Year	Quarter	EPS	Oper. CF	EBITDA	FCF	EFCF
2006	1	$0.23	$0.81	$0.75	$0.89	$0.56
2006	2	$0.26	$0.34	$0.91	$0.23	$1.83
2006	3	$0.40	$1.15	$1.04	$0.88	($0.44)
2006	4	$0.24	$0.40	$0.76	$0.07	$0.28
Total		$1.13	$2.70	$3.46	$2.08	$2.23
2007	1	$0.20	$0.60	$0.72	$0.38	($0.02)
2007	2	$0.25	$0.54	$0.74	$0.20	($0.34)
2007	3	$0.36	$0.75	$0.87	$0.37	($0.33)
2007	4	$0.20	$0.61	$0.62	$0.23	($0.10)
Total		$1.01	$2.49	$2.95	$1.17	($0.80)
2008						
Total		$1.10	$2.73	$3.45	$1.96	$1.23

		Estimated Ratios			
Year	P/E	/Oper. CF	/EBITDA	EV/FCF	P/EFCF
2006	14.6 x	6.1 x	9.3 x	15.5 x	7.4 x
2007	16.3 x	6.6 x	10.9 x	27.5 x	N/M
2008	15.0 x	6.0 x	9.3 x	16.4 x	13.4 x

	Capital Structure	
Capital Type	Amount	%
03/2008	($MM)	
Equity Capital	$1,883.6	36%
Preferred Stock	$0.0	0%
Total Debt	$3,294.5	64%
Total	$5,178.1	100%

Terminal Value	Multiple
Multiple of FCF	12.6 x
Term. Val. in Months	297

Category	Valuation
03/2008	
Calc. Ent. Value	$6,536.0
Preferred Stock	$0.0
Total Debt	($2,834.5)
Equity Value	$3,701.5

Shares	NAV	Average
Basic	$17.72	$17.67
Diluted	$17.63	$17.58

Ratios	P/NAV	P/NAV
Basic	0.9 x	0.9 x
Diluted	0.9 x	0.9 x

Ratios	P/Book
Basic	1.8 x

Criteria	Multiple	2008E	Multiple Analysis
Net Debt per Share	N/A	$20.60	N/A
Basic Shares Out	N/A	208.9	N/A
P/E	16.4 x	$1.10	$18.00
P/CF	6.6 x	$2.73	$18.00
EV/EBITDA	11.2 x	$3.45	$18.00
Average			$18.00

Cost of Capital	
Type	% of Total
Equity	4.11%
Preferred	0.00%
Debt	2.66%
WACC	6.77%
	174.90%

Net Asset Value Cash Flow Valuation

Terminal Value	Multiple
Multiple of EFCF	12.3 x
Term. Val. in Months	297

Category	Valuation
Equity FCF Value	$3,220.7
Cash Balance @ Start of Valuation	$460.0
Equity Value	$3,680.8

Shares	NAV
Basic	$17.62
Diluted	$17.53

Ratios	P/NAV
Basic	0.9 x
Diluted	0.9 x

Sources: Company reports; RBC Capital Markets estimates; Lasan Johong (212) 428-6462 lasan.johong@rbccm.com; Emily Christy (212) 428-6970.

TE				2006					2007			
SUMMARY FINANCIALS ($ Millions)	2005	Q1A	Q2A	Q3A	Q4A	2006	Q1A	Q2A	Q3E	Q4E	2007	2008
GENERATION (MWh)	19,567.2	4,437.1	4,798.1	5,481.2	4,850.9	19,567.2	4,437.1	4,907.3	5,895.2	5,182.1	20,421.6	20,420.1
INCOME STATEMENT												
TOTAL NET REVENUE	$3,010.1	$836.4	$862.6	$934.8	$835.5	$3,469.3	$821.3	$866.5	$782.2	$674.4	$3,144.4	$2,853.0
DOC (Incl. Cost of Fuel and Plant O&M)	$1,619.5	$393.9	$506.6	$533.3	$581.1	$2,014.8	$511.4	$539.1	$429.0	$361.7	$1,841.2	$1,676.8
Other Direct Operating Costs	$748.5	$286.0	$167.1	$184.2	$95.5	$732.9	$159.9	$172.9	$170.0	$182.0	$684.7	$451.3
General & Administrative Expenses	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
DIRECT OPERATING COSTS	$2,368.0	$679.9	$673.7	$717.5	$676.6	$2,747.7	$671.3	$712.0	$599.0	$543.6	$2,525.9	$2,128.1
GROSS PROFIT	$642.1	$156.5	$188.9	$217.3	$158.9	$721.6	$150.0	$154.5	$183.2	$130.8	$618.5	$724.9
Depreciation, Amortization and Expl. Exp.	$282.2	$70.3	$70.6	$70.1	$71.2	$282.2	$71.6	$66.8	$71.6	$74.7	$284.8	$263.0
Other Operating Costs	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
TOTAL OPERATING COSTS	$2,650.2	$750.2	$744.3	$787.6	$747.8	$3,029.9	$742.9	$778.8	$670.6	$618.4	$2,810.6	$2,391.1
OPERATING INCOME	$359.9	$86.2	$118.3	$147.2	$87.7	$439.4	$78.4	$87.7	$111.6	$56.0	$333.8	$461.9
Non-Operating Expenses	($154.6)	($38.8)	($21.1)	($51.2)	($42.5)	($153.6)	($69.8)	($42.4)	($52.0)	($54.5)	($218.7)	($127.2)
EARNINGS BEFORE INTEREST & TAXES	$514.5	$125.0	$139.4	$198.4	$130.2	$593.0	$148.2	$130.1	$163.6	$110.5	$552.5	$589.1
Net Interest Expense, Incl. TCP Dividend	$288.7	$69.0	$70.0	$70.1	$69.2	$278.3	$67.1	$65.7	$55.3	$55.3	$243.5	$210.3
PRE-TAX INCOME	$225.8	$56.0	$69.4	$128.3	$61.0	$314.7	$81.1	$64.4	$108.3	$55.2	$309.0	$378.8
Income Tax Expense	$101.9	$22.7	$27.3	$42.7	$26.0	$118.7	$31.8	$25.3	$42.2	$21.5	$120.9	$147.7
Minority Interest, Pref. Dividend & Other	($87.1)	($21.9)	($19.0)	($6.0)	($22.7)	($69.6)	($23.5)	($20.3)	($20.3)	($20.3)	($84.4)	$0.0
NET INCOME PRE-X-ITEMS	$130.6	$47.2	$54.5	$83.6	$49.7	$234.9	$42.1	$53.1	$74.7	$42.3	$212.2	$231.1
Extraordinary Items & Other	($80.4)	($8.0)	($8.0)	($8.0)	($8.0)	($32.1)	($30.7)	($11.0)	($11.7)	($11.7)	($65.0)	$0.0
NET INCOME	$274.5	$55.2	$61.1	$91.6	$59.6	$267.5	$72.8	$73.7	$86.3	$54.0	$286.8	$231.1
NET INCOME PRE-X-ITEMS PER SHARE	$0.63	$0.23	$0.26	$0.40	$0.24	$1.13	$0.20	$0.25	$0.36	$0.20	$1.01	$1.10
Extraordinary Items & Other	($0.39)	($0.04)	($0.04)	($0.04)	($0.04)	($0.15)	($0.15)	($0.05)	($0.06)	($0.06)	($0.31)	$0.00
NET INCOME PER SHARE	$1.32	$0.26	$0.29	$0.44	$0.29	$1.28	$0.35	$0.35	$0.41	$0.26	$1.37	$1.10
CASH FLOW STATEMENT												
Adjustments to Revenue and Income	$0.0	$0.0	($3.6)	$11.7	($11.5)	($3.4)	$4.8	($18.7)	($0.9)	($0.9)	($15.6)	($3.6)
Depreciation, Amortization and Expl. Exp.	$286.3	$70.3	$70.6	$70.1	$82.7	$293.7	$71.6	$66.8	$71.6	$74.7	$284.8	$263.0
Deferred Income Taxes	$110.8	$21.7	$22.0	$45.9	$22.9	$112.5	$29.3	$8.3	$20.0	$20.0	$77.6	$82.8
Other Operating Cash Flow Items	($517.2)	$21.9	($78.9)	$31.0	($60.0)	($86.0)	($53.6)	($17.0)	($20.3)	($20.3)	($111.2)	$0.0
Changes in Working Capital	$19.5	$20.2	$18.3	($0.1)	($34.6)	$3.8	$34.0	($38.3)	$0.0	$0.0	($4.3)	$0.0
OPERATING CASH FLOW	$173.9	$189.3	$89.5	$250.2	$59.1	$588.1	$158.9	$74.8	$156.8	$127.6	$518.1	$573.3
Cap. Ex., Acquisitions, Investments	($240.8)	($77.5)	($100.5)	($120.3)	($153.8)	($452.1)	($154.7)	($146.8)	($122.3)	($122.3)	($546.0)	($486.0)
Proceeds from Sales	$278.3	$17.9	$10.1	$13.7	$58.7	$100.4	$0.0	$45.5	$0.0	$0.0	$45.5	$400.0
Other Investing Cash Flow Items	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($8.0)	($7.0)	($15.0)	($212.8)
INVESTING CASH FLOW	$37.5	($59.6)	($90.4)	($106.6)	($95.1)	($351.7)	($154.7)	($101.3)	($130.3)	($129.3)	($515.5)	($298.8)
Net Equity Financing	$16.2	$1.6	$2.2	$2.5	$6.2	$12.5	$3.6	$4.8	$0.0	$0.0	$8.4	$0.0
Net Debt Capital & Other Financing	($82.2)	($68.8)	$340.2	($252.0)	$52.4	$71.8	($69.8)	($105.0)	($110.6)	($34.2)	($319.6)	($6.1)
Financing Costs	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Common and Preferred Dividends	($157.7)	($39.6)	($39.7)	($39.7)	($39.7)	($158.7)	($39.8)	($41.0)	$0.0	$0.0	($80.8)	$0.0
Other Financing Cash Flow Items	$261.3	$24.9	$18.1	$4.5	$18.2	$65.7	$21.8	$26.0	$0.0	$0.0	$47.8	$0.0
FINANCING CASH FLOW	$37.6	($81.9)	$320.8	($284.7)	$37.1	($8.7)	($84.2)	($115.2)	($110.6)	($34.2)	($344.2)	($6.1)
CHANGE IN CASH	$249.0	$47.8	$319.9	($151.6)	($9.6)	$206.5	($80.0)	($141.7)	($84.0)	($35.9)	($341.6)	$268.4
OP. CF BEFORE W/C PER SHARE	$0.74	$0.81	$0.34	$1.15	$0.40	$2.70	$0.60	$0.54	$0.75	$0.61	$2.49	$2.73
BALANCE SHEET												
Cash and Equivalents	$383.3	$430.7	$504.6	$599.1	$478.9	$478.9	$398.9	$257.3	$173.3	$137.4	$137.4	$405.8
Accounts Receivables	$323.3	$323.4	$333.5	$363.6	$338.3	$338.3	$310.2	$297.2	$297.2	$297.2	$297.2	$297.2
Inventory, Fuels and Materials	$450.1	$149.3	$164.2	$162.3	$159.6	$159.6	$189.7	$212.5	$212.5	$212.5	$212.5	$212.5
Other Current Assets	$115.5	$287.8	$319.3	$327.4	$308.9	$308.9	$309.8	$317.5	$317.5	$317.5	$317.5	$317.5
TOTAL CURRENT ASSETS	$1,272.2	$1,191.2	$1,321.6	$1,452.4	$1,285.7	$1,285.7	$1,208.6	$1,084.5	$1,000.5	$964.6	$964.6	$1,233.0
TOTAL PP&E	$4,566.9	$4,584.3	$4,620.2	$4,679.4	$4,766.9	$4,766.9	$4,694.5	$4,755.8	$4,814.4	$4,868.9	$4,868.9	$4,904.7
Other Long-term Assets	$1,331.0	$1,324.3	$1,304.6	$1,266.6	$1,309.2	$1,309.2	$1,395.8	$1,418.4	$1,419.3	$1,420.1	$1,420.1	$1,423.7
TOTAL ASSETS	$7,170.1	$7,099.8	$7,246.4	$7,398.4	$7,361.8	$7,361.8	$7,298.9	$7,258.7	$7,234.1	$7,253.6	$7,253.6	$7,561.4
Accounts Payables	$838.9	$412.7	$414.4	$299.0	$374.5	$374.5	$318.6	$259.9	$259.9	$259.9	$259.9	$259.9
Short-term Debt & Current Portions	$0.0	$7.2	$7.2	$639.4	$639.4	$639.4	$457.4	$157.5	$84.6	$6.1	$6.1	$5.1
Other Current Liabilities	$87.0	$405.0	$278.5	$484.1	$336.5	$336.5	$445.9	$460.3	$460.3	$460.3	$460.3	$460.3
TOTAL CURRENT LIABILITIES	$925.9	$824.9	$700.1	$1,422.5	$1,350.4	$1,350.4	$1,221.9	$877.7	$804.8	$726.3	$726.3	$725.3
Long-term Debt and Other Obligations	$3,709.2	$3,708.0	$3,956.6	$3,318.7	$3,212.6	$3,212.6	$3,211.3	$3,460.1	$3,244.1	$3,288.4	$3,288.4	$3,283.3
Deferred Income Taxes	$382.9	$385.4	$372.3	$0.0	$0.0	$0.0	$0.0	$0.0	$20.0	$40.0	$40.0	$122.8
Other Long-term Liabilities	$560.4	$564.3	$570.9	$967.1	$1,069.8	$1,069.8	$1,096.5	$1,104.4	$1,323.4	$1,364.2	$1,364.2	$1,527.1
TOTAL LONG-TERM LIABILITIES	$4,652.5	$4,657.7	$4,899.8	$4,285.8	$4,282.4	$4,282.4	$4,307.8	$4,564.5	$4,587.5	$4,692.6	$4,692.6	$4,933.2
Long-term Financings	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($20.3)	($40.6)	($40.6)	($40.6)
TOTAL LIABILITIES	$5,578.4	$5,482.6	$5,599.9	$5,708.3	$5,632.8	$5,632.8	$5,529.7	$5,442.2	$5,372.0	$5,378.3	$5,378.3	$5,617.9
Equity and Additional Paid-in Capital	$1,735.2	$1,695.8	$1,662.0	$1,666.9	$1,675.8	$1,675.8	$1,680.5	$1,691.0	$1,691.0	$1,691.0	$1,691.0	$1,691.0
Retained Earnings	($83.1)	($27.9)	$34.5	$74.6	$83.7	$83.7	$116.9	$149.6	$195.2	$208.5	$208.5	$276.6
Other Stockholders' Equity	($60.4)	($50.7)	($50.0)	($51.4)	($30.5)	($30.5)	($28.2)	($24.1)	($24.1)	($24.1)	($24.1)	($24.1)
TOTAL STOCKHOLDERS' EQUITY	$1,591.7	$1,617.2	$1,646.5	$1,690.1	$1,729.0	$1,729.0	$1,769.2	$1,816.5	$1,862.1	$1,875.4	$1,875.4	$1,943.5
TOTAL LIABILITIES & EQUITY	$7,170.1	$7,099.8	$7,246.4	$7,398.4	$7,361.8	$7,361.8	$7,298.9	$7,258.7	$7,234.1	$7,253.6	$7,253.6	$7,561.4

Sources: Company reports; RBC Capital Markets estimates. Lasan Johong - (212) 428-6462; lasan.johong@rbccm.com

Required Disclosures

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Ratings

Top Pick (TP): Represents best in Outperform category; analyst's best ideas; expected to significantly outperform the sector over 12 months; provides best risk-reward ratio; approximately 10% of analyst's recommendations.
Outperform (O): Expected to materially outperform sector average over 12 months.
Sector Perform (SP): Returns expected to be in line with sector average over 12 months.
Underperform (U): Returns expected to be materially below sector average over 12 months.
Risk Qualifiers (any of the following criteria may be present):
Average Risk (Avg): Volatility and risk expected to be comparable to sector; average revenue and earnings predictability; no significant cash flow/financing concerns over coming 12-24 months; fairly liquid.
Above Average Risk (AA): Volatility and risk expected to be above sector; below average revenue and earnings predictability; may not be suitable for a significant class of individual equity investors; may have negative cash flow; low market cap or float.
Speculative (Spec): Risk consistent with venture capital; low public float; potential balance sheet concerns; risk of being delisted.

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			Investment Banking Serv./Past 12 Mos.	
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BUY[TP/O]	464	44.11	187	40.30
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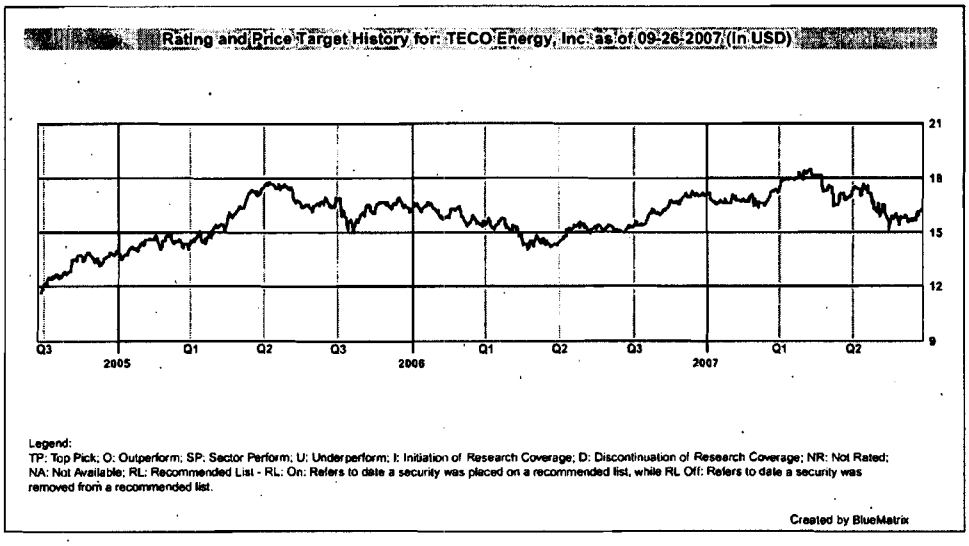
SELL[U]	87	8.27	20	22.99



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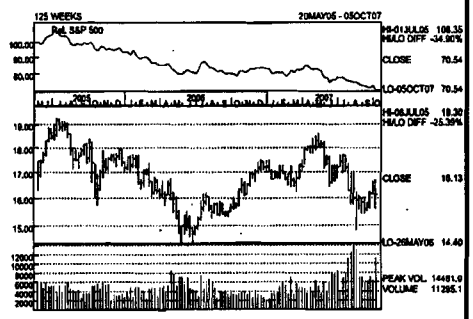

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FY Dec	2006A	2007E	2008E	
EPS (Op) - FD	1.13	1.01	1.11	
Prev.			1.10	
P/E	14.3x	16.0x	14.5x	
EBITDA/Share - FD	3.46	2.95	3.45	
CFPS	2.70	2.49	2.74	
Prev.			2.73	
P/CFPS	6.0x	6.5x	5.9x	
FCFPS - FD	2.08	1.25	2.79	
Prev.		1.17	1.96	
P/FCF	7.8x	12.9x	5.8x	
EPS (Op) - FD	Q1	Q2	Q3	Q4
2006	0.23A	0.26A	0.40A	0.24A
2007	0.20A	0.25A	0.36E	0.20E
EBITDA/Share - FD				
2006	0.75A	0.91A	1.04A	0.76A
2007	0.72A	0.74A	0.87E	0.62E
CFPS				
2006	0.81A	0.34A	1.15A	0.40A
2007	0.60A	0.54A	0.75E	0.61E

All values in USD unless otherwise noted.

COMPANY UPDATE | COMMENT

OCTOBER 8, 2007

TECO Energy, Inc. (NYSE: TE)

Good news for investors as TE scraps plans for IGCC plant

Sector Perform
Above Average Risk

Price:	16.13	Price Target:	18.00
		Implied All-In Return:	16.4%
Shares O/S (MM):	209.0	Market Cap (MM):	3,371
Dividend:	0.78	Yield:	4.8%

Priced as of market close September 27, 2007

Project cancellation reduces risk; increasing CNAV to $21; keeping SP and $18 target, for now

Citing cost concerns and carbon legislation uncertainty, TE abandoned plans to construct 632MW IGCC plant.

Despite legislative support and federal tax credits, TE determined that risks associated with the project are prohibitive. With an existing IGCC unit in operation, TE remains supportive of the technology in theory and longer-term, but prudency dictates a different strategy in the foreseeable future. As cited in Table 1 below, a recent DOE study backs TE's decision.

By canceling this project, we believe that TECO has shown strategic flexibility that is needed in our current dynamic energy environment.

IGCC economics currently don't make sense and are getting worse.

Construction costs for IGCCs are 3x that of CCGTs. Also, with considerably more moving parts than a CCGT, IGCC plants are more expensive to operate. The DOE study estimates that it costs $0.0779/kWh for IGCCs to produce electricity, compared with $0.0684/kWh for CCGTs. With carbon capture and sequestration, costs rise to $0.1063/kWh and $0.0974/kWh, respectively.

Carbon emissions from CCGTs are much less than IGCCs

CCGTs emit less carbon than IGCCs (nat gas vs. coal as fuel), and even with carbon capture and sequestration technology a CCGT plant still has the advantage by producing less carbon overall. Therefore, regardless of what form carbon legislation takes, CCGTs are better positioned. Furthermore, if technology lags legislative actions, an IGCC plant could incur substantial penalties before emissions can be reduced effectively.

CCGT should emerge as a replacement for the canceled IGCC, in our view

Considering the need for base load generation and the recent FL rejections of traditional coal plants, a CCGT plant seems to be the most logical replacement for the canceled IGCC based on past internal project reviews.

Cancellation of expensive project and reduced risk swapped for reduced rate-based investment. Many may question management's decision to forgo earning on a $2 billion rate-based investment, but this assumes that TE could have earned a fair return.

Net effect is to not only reduce risk, but also to lift our CNAV to $21 from $18. We look for final determination on a plan before taking further action.

Priced as of prior trading day's market close, EST (unless otherwise noted).

For Required Disclosures, please see Page 5.