

COMMISSION

03 APR 30 AM 10: 21

DIVISION OF  
ECONOMIC REGULATION

**ANNUAL REPORT OF  
NATURAL GAS UTILITIES**

**OFFICIAL COPY  
Division of  
Economic Regulation  
FPSC**

**PEOPLES GAS SYSTEM**

(EXACT NAME OF RESPONDENT)

**702 N. Franklin Street  
Tampa, Florida 33602**

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2002

Officer or other person to whom correspondence should be addressed concerning this report:

Name	Bruce Narzissenfeld	Title	Controller
Address	P. O. Box 2562	City	Tampa
		State	FL 33601-2562
Telephone No.	(813) 228-4526		PSC/AFA 20 (4/96)

**Report of Independent Certified Public Accountants**

To the Board of Directors  
TECO Energy

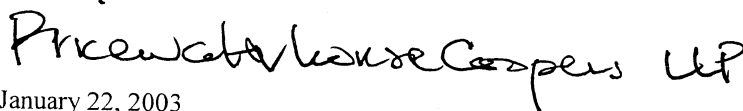
Our regular examinations of the financial statements of Peoples Gas System (a wholly-owned subsidiary of TECO Energy) is conducted for the purpose of including such financial statements in the consolidated accounts of its parent company, which are included in an annual report to shareholders and on which we have reported separately for the years ended December 31, 2002 and 2001 under date of January 22, 2003. In connection with our examination of the financial statements of Peoples Gas System for the years then ended, we have also reviewed the Comparative Balance Sheet, Statement of Income, and Notes to Financial Statements for the years then ended and the Statement of Retained Earnings and Statement of Cash Flows for the year ended December 31, 2002 included in the accompanying Annual Report of Natural Gas Utilities as filed with the Florida Public Service Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note A, these financial statements were prepared in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in the applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peoples Gas System at December 31, 2002 and 2001 and the results of its operations and its cash flows for the year ended December 31, 2002, and net income for the year ended December 31, 2001, in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the board of directors and management of Tampa Electric Company and for filing with the Federal Energy Regulatory Commission and should not be used for any other purpose.



January 22, 2003

**INSTRUCTIONS FOR FILING THE  
ANNUAL REPORT OF NATURAL GAS UTILITIES**

**GENERAL INSTRUCTIONS**

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.
- V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.
- VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.
- VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

**DEFINITIONS**

- I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. <sup>2</sup>) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)
- II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

# ANNUAL REPORT OF NATURAL GAS UTILITIES

## IDENTIFICATION

01 Exact Legal Name of Respondent Peoples Gas System, a Division of Tampa Electric Company	02 Year of Report 2002
03 Previous Name and Date of Change (if name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 702 N. Franklin Street Tampa, Florida 33602	
05 Name of Contact Person Bruce Narzissenfeld	06 Title of Contact Person Controller
07 Address of Contact Person (Street, City, State, Zip Code) P. O. Box 2562 Tampa, Florida 33601-2562	
08 Telephone of Contact Person, Including Area Code (813) 228-4526	09 Date of Report (Mo, Da, Yr) Dec. 31, 2002

## ATTESTATION

I certify that I am the responsible accounting officer of

Peoples Gas System ;

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2002 to December 31, 2002, inclusive.

I also certify that all affiliated transfer prices and affiliated cost allocations were determined consistent with the methods reported to this Commission on the appropriate forms included in this report.

I am aware that Section 837.06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.

4-28-03  
Date

  
Signature

Bruce Narzissenfeld  
Name

Controller  
Title

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

## TABLE OF CONTENTS

Title of Schedule (a)	Page No. (b)	Title of Schedule (a)	Page No. (b)
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>		<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>	
General Information	3	Gas Operating Revenues	46-47
Control Over Respondent	4	Residential and Commercial Space Heating Customers	48
Corporations Controlled By Respondent	5	Interruptible, Off Peak, and Firm Sales to Distribution	48
Officers	6	System Industrial Customers	48
Directors	7	Gas Operation and Maintenance Expenses	49-51
Security Holders and Voting Powers	8	Number of Gas Department Employees	51
Important Changes During the Year	9	Gas Purchases	52
Comparative Balance Sheet	10-11	Gas Used in Utility Operations - Credit	53
Statement of Income for the Year	12-14	Other Gas Supply Expenses	54
Statement of Retained Earnings for the Year	15-16	Miscellaneous General Expenses - Gas	54
Statement of Cash Flows	17-18	Depreciation, Depletion, and Amortization of Gas Plant	55
Notes to Financial Statements	19	Particulars Concerning Certain Income Deductions and Interest Charges Accounts	56
		Distribution of Salaries and Wages	57
<b>BALANCE SHEET SUPPORTING SCHEDULES</b>		Regulatory Commission Expenses	58-59
<b>(Assets And Other Debits)</b>		Charges for Outside Prof. and Other Consultative Services	60
Summary of Utility Plant and Accum. Prov. for Depreciation, Amortization, and Depletion	20-21		
Plant in Service	22-24		
Accumulated Depreciation & Amortization	25-27		
Construction Work in Progress - Gas	28		
Construction Overheads - Gas	29		
Construction Overhead Procedure	30		
Accum. Prov. for Depreciation of Gas Utility Plant	31		
Prepayments	32		
Extraordinary Property Losses	32		
Unrecovered Plant and Regulatory Study Costs	32	<b>REGULATORY ASSESSMENT FEE</b>	
Other Regulatory Assets	33	Reconciliation of Gross Operating Revenues - Annual Report versus Regulatory Assessment Fee Return	61
Miscellaneous Deferred Debits	34		
Accum. Deferred Income Taxes	35		
<b>(Liabilities and Other Credits)</b>			
Securities Issued or Assumed and Securities Refunded or Retired During the Year	36		
Long-Term Debt	37	<b>DIVERSIFICATION ACTIVITY</b>	
Unamortized Debt Exp., Premium and Discount on Long-Term Debt	38	Corporate Structure	62 a -c
Unamortized Loss and Gain on Reacquired Debt	39	New or Amended Contracts with Affiliated Companies	63
Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	40 a -c	Individual Affiliated Transactions in Excess of \$25,000	64
Taxes Accrued, Prepaid and Charged During Year	41	Summary of Affiliated Transfers and Cost Allocations	65 a - b
Accumulated Deferred Investment Tax Credits	42	Assets or Rights Purchased from or Sold to Affiliates	66
Miscellaneous Current and Accrued Liabilities	43	Employee Transfers	67
Other Deferred Credits	43		
Accumulated Deferred Income Taxes	44		
Other Regulatory Liabilities	45		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2002
<b>GENERAL INFORMATION</b>	
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p>	
<p style="margin-left: 40px;">Bruce Narzissenfeld, Controller 702 N. Franklin Street Tampa, Florida 33602</p>	
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p>	
<p style="margin-left: 40px;">Florida, 1949</p>	
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p>	
<p style="margin-left: 40px;">None</p>	
<p>4. State the type of utility and nonutility services furnished by respondent during the year in each State in which the respondent operated.</p>	
<p style="margin-left: 40px;">Natural Gas Utility All in the State of Florida</p>	
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p>	
<p>(1) YES ...Enter the date when such independent accountant was initially engaged: _____</p> <p>(2) <input checked="" type="checkbox"/> NO</p>	

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee (s), state name of

trustee (s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

2. If the above required information is available from the SEC 10K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

Peoples Gas System is a division of Tampa Electric Company, which is a wholly owned subsidiary of Teco Energy.

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

CORPORATIONS CONTROLLED BY RESPONDENT

- 1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
- 2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

- 3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
- 4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

DEFINITIONS

- 1. See the Uniform System of Accounts for a definition of control.
- 2. Direct control is that which is exercised without interposition of an intermediary.
- 3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
- 4. Joint control is that in which neither interest can effectively

control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled	Kind of Business	Percent Voting Stock Owned	Footnote Ref.
(a)	(b)	(c)	(d)
None			



**OFFICERS**

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.

2. If a change was made during the year in the incumbency of

any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c) (1)
1	President	W. N. Cantrell	\$315,000
2	Vice President - Accounting & Regulatory	F. J. Sivard	145,000
3	Vice President - Operations	M. J. Pennino	158,200
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40	(1) Amounts included in FPSC copies only.		
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2002	
DIRECTORS			
1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.		2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.	
Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Peoples Gas System, as a division of Tampa Electric Company, has no directors. However, all directors of Tampa Electric Company, a wholly owned subsidiary of TECO Energy, Inc. (TECO Energy), are also directors of TECO Energy.			

SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and

give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent: if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to the end year, and state the purpose of such closing:

2. State the total number of votes cast at the latest general meeting prior to the end of year for the election of directors of the respondents and number of such votes cast by proxy.

3. Give the date and place of such meeting

Total:  
By Proxy:

VOTING SECURITIES  
Number of votes as of (date):

Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	NONE				
5					
6					
7					
8	Peoples Gas System, as a division of Tampa Electric				
9	Company, has no outstanding shares of common stock.				
10	All outstanding shares of Tampa Electric Company				
11	common stock are held by its parent, TECO Energy, Inc.				
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					

## IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important information to franchise rights:

Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.

2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.

3. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.

4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.

5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases,

development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.

6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.

7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.

8. State the estimated annual effect and nature of any important wage scale changes during the year.

9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.

10. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 8, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

11. Estimate increase or decrease in annual revenues due to important rate changes: State effective rate and approximate amount of increase or decrease from each revenue classification. State the number of customers affected.

12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instruction 1 to 11 above, such notes may be attached to this page.

1 not applicable

2 not applicable

3 not applicable

4 not applicable

5 not applicable

6 not applicable

7 not applicable

8 not applicable

9 not applicable

10 not applicable

11 Effective September 23, 2002, Peoples Gas System implemented interim rates related to the rate case settled on December 13, 2003. The increase in 2002 annual revenue related to the interim rates was approximately \$400,000.

Residential revenue accounted for an increase of approximately \$125,000, commercial increased \$228,000, and industrial increased \$47,000.

An average of 278,000 customers were effected by the interim rates.

Permanent rate changes were effective January 17, 2003.

12 not applicable

Name of Respondent		For the Year Ended		
Peoples Gas System		Dec. 31, 2002		
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account	Ref. Page No.	Balance at Beginning of Year	Balance at End of Year
	(a)	(b)	(c)	(d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	20-21	\$699,637,157	\$746,959,655
3	Construction Work in Progress (107)	20-21	21,277,544	17,102,404
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		720,914,701	764,062,059
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115)	20-21	238,396,987	257,959,705
6	Net Utility Plant (Enter Total of line 4 less 5)		482,517,714	506,102,354
7	Utility Plant Adjustments (116)			
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-		
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
12	Investments in Associated Companies (123)	-		
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-		
15	Special Funds (125-128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		-	-
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	(940,711)	(590,896)
19	Special Deposits (132-134)	-	34,546	34,546
20	Working Funds (135)	-	16,119	15,569
21	Temporary Cash Investments (136)	-	-	3,900,934
22	Notes Receivable (141)	-	1,550,000	1,550,000
23	Customer Accounts Receivable (142)	-	25,588,201	25,071,944
24	Other Accounts Receivable (143)	-	626,420	570,603
25	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	-	(316,147)	(415,047)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Assoc. Companies (146)	-		
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Elec) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	842,447	724,255
32	Merchandise (155)	-	-	-
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Undgrd. & Liq. Nat. Gas Stored (164.1-164.3)	-		
36	Prepayments (165)	32	519,632	383,047
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-	-	31,266
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	16,261,371	20,970,642
41	Miscellaneous Current and Accrued Assets (174)	-	(132,680)	3,419,997
42	TOTAL Current and Accrued Assets (Enter Total of lines 18 through 41)		44,049,198	55,666,860
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	38	1,358,892	3,590,626
45	Extraordinary Property Losses (182.1)	32		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	32		
47	Other Regulatory Assets (182.3, 182.4)	33		1,319,264
48	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-		
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	34	1,473,180	1,441,964
52	Def. Losses from Disposition of Utility Plant. (187)	-		
53	Research, Devel. and Demonstration Expend. (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	39		3,401,202
55	Accumulated Deferred Income Taxes (190)	35	-	-
56	Unrecovered Purchased Gas Costs (191)	-	(652,710)	215,683
57	TOTAL Deferred Debits (Enter Total of lines 44 through 56)		2,179,362	9,968,739
58	TOTAL Assets and other Debits (Enter Total of lines 6, 7, 8, 16, 42, 57)		\$528,746,274	\$571,737,953

Name of Respondent		For the Year Ended		
Peoples Gas System		Dec. 31, 2002		
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-		
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-211) & Accounts 212, 213, 214	-	129,550,169	155,550,169
5	Retained Earnings (215, 215.1, 216)	15-16	111,598,237	112,879,551
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	15-16		
7	(Less) Reacquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Enter Total of lines 2 through 7)		241,148,406	268,429,720
9	LONG-TERM DEBT			
10	Bonds (221)	37		
11	(Less) Reacquired Bonds (222)	37		
12	Advances from Associated Companies (223)	37		
13	Other Long-Term Debt (224)	37	144,700,000	184,800,000
14	Unamortized Premium on Long-Term Debt (225)	38	505,000	
15	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	38		(771,773)
16	TOTAL Long-Term Debt (Enter Total of lines 10 through 15)		145,205,000	184,028,227
17	OTHER NONCURRENT LIABILITIES			
18	Obligations Under Capital Leases - Noncurrent (227)	-		
19	Accumulated Provision for Property Insurance (228.1)	-		
20	Accumulated Provision for Injuries and Damages (228.2)	-		
21	Accumulated Provision for Pensions and Benefits (228.3)	-	5,804,419	5,753,000
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	TOTAL Other Noncurrent Liabilities (Enter Total of lines 18 through 23)		5,804,419	5,753,000
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-	61,220,000	-
27	Accounts Payable (232)	-	18,159,534	18,514,345
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-	1,467,215	8,489,008
30	Customer Deposits (235)	-	27,563,769	29,871,036
31	Taxes Accrued (236)	41	(4,061,288)	10,389,328
32	Interest Accrued (237)	-	4,399,862	5,006,187
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	1,527,492	2,068,396
37	Miscellaneous Current and Accrued Liabilities (242)	43	4,715,331	6,813,822
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	TOTAL Current and Accrued Liabilities (Enter Total of lines 26 through 39)		114,991,914	81,152,122
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	1,852,080	2,150,101
43	Other Deferred Credits (253)	43	25,025	36,755
44	Other Regulatory Liabilities (254)	45	601,506	123,108
45	Accumulated Deferred Investment Tax Credits (255)	42	272,033	228,645
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	39		
48	Accumulated Deferred Income Taxes (281-283)	44	18,845,891	29,836,275
49	TOTAL Deferred Credits (Enter Total of lines 42 through 48)		21,596,535	32,374,884
50				
51	TOTAL Liabilities and Other Credits (Enter Total of lines 8, 16, 24, 40 and 49)		\$528,746,274	\$571,737,953
52				

## STATEMENT OF INCOME

1. Report amounts for Accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i,k,m,o) in a similar manner to a utility department. Spread the amount (s) over lines 01 through 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in Account 414, Other Utility Operating Income, in the same manner as Accounts 412 and 413 above.

3. Report data for lines 7,9,10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.

4. Use page 19 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations on page 19 concerning

unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations on page 19 concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting

Line No.	Account (a)	Ref. Page No. (b)	Total Current Year (c)	Total Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	46-47	\$318,108,495	\$352,883,592
3	Operating Expenses			
4	Operation Expenses (401)	49-51	210,441,800	245,689,486
5	Maintenance Expenses (402)	49-51	3,294,639	3,666,394
6	Depreciation Expense (403)	55	29,620,296	27,061,996
7	Amort. & Depl. of Utility Plant (404-405)	55	85,901	84,469
8	Amort. of Utility Plant Acq. Adj. (406)	-	156,371	156,371
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amort. of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3) Environmental Amortization	-	639,996	639,996
12	(Less) Regulatory Credits (407.4)	-		
13	Taxes Other Than Income Taxes (408.1)	41	20,329,671	24,529,110
14	Income Taxes - Federal (409.1)	41	4,738,238	19,765,827
15	- Other (409.1)	41	837,038	3,615,825
16	Provision for Deferred Inc. Taxes (410.1)	35, 44	9,138,705	(9,126,095)
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	35, 44		
18	Investment Tax Credit Adj. - Net (411.4)	42	(43,387)	(43,387)
19	(Less) Gains from Disp. of Utility Plant (411.6)	-		
20	Losses from Disp. of Utility Plant (411.7)	-		
21	(Less) Gains from Disposition of Allowances (411.8)	-		
22	Losses from Disposition of Allowances (411.9)	-		
23	TOTAL Utility Operating Expenses (Total of lines 4 -22)		279,239,268	316,039,992
24	Net Utility Operating Income (Total of line 2 less 23) (Carry forward to page 14, line 25)		\$38,869,227	\$36,843,600

STATEMENT OF INCOME (Continued)

revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 19.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

8. Enter on page 19 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 22, and report the information in the blank space on page 19 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY - WATER		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
		\$318,108,495	\$352,883,592			2
						3
		210,441,800	245,689,486			4
		3,294,639	3,666,394			5
		29,620,296	27,061,996			6
		85,901	84,469			7
		156,371	156,371			8
						9
						10
		639,996	639,996			11
						12
		20,329,671	24,529,110			13
		4,738,238	19,765,827			14
		837,038	3,615,825			15
		9,138,705	(9,126,095)			16
						17
		(43,387)	(43,387)			18
						19
						20
						21
						22
		279,239,268	316,039,992			23
						24
		\$38,869,227	\$36,843,600			



## STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 12)		\$38,869,227	\$36,843,600
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	(294,958)	(371,791)
	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-		
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	15-16		
35	Interest and Dividend Income (419)	-	621,400	786,164
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	9,460	752,899
38	Gain on Disposition of Property (421.1)	-		
39	TOTAL Other Income (Enter Total of lines 29 through 38)		335,902	1,167,272
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	56	-	-
43	Miscellaneous Income Deductions (426.1-426.5)	56	189,922	223,510
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		189,922	223,510
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	41		
47	Income Taxes - Federal (409.2)	41	48,284	312,076
48	Income Taxes - Other (409.2)	41	8,031	51,907
49	Provision for Deferred Income Taxes (410.2)	35, 44		
50	(Less) Provision for Deferred Income Taxes - Cr. (411.2)	35, 44		
51	Investment Tax Credit Adj. - Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Enter Total of 46 through 52)		56,315	363,983
54	Net Other Income and Deductions (Enter Total of lines 39,44,53)		89,665	579,779
55	Interest Charges			
56	Interest on Long-Term Debt (427)	37	11,972,219	10,680,263
57	Amortization of Debt Disc. and Expense (428)	38	533,331	284,497
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amort. of Premium on Debt - Credit (429)	38	(505,000)	(811,233)
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Assoc. Companies (430)	56		
62	Other Interest Expense (431)	56	2,741,927	4,144,858
63	(Less) Allow. for Borrowed Funds Used During Const. - Cr. (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		14,742,477	14,298,385
65	Income Before Extraordinary Items (Enter Total of lines 25, 54 and 64)		24,216,415	23,124,994
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Enter Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	41		
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)			
72	Net Income (Enter Total of lines 65 and 71)		\$24,216,415	\$23,124,994

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

## STATEMENT OF RETAINED EARNINGS

1. Report all changes in appropriate retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.

2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).

3. State the purpose and amount for each reservation or appropriation of retained earnings.

4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.

5. Show dividends for each class and series of capital stock.

6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.

7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.

8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 19.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance - Beginning of Year		\$111,598,237
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 through 8)		-
10	Debit:		
11	Debit:		
12	Debit:		
13	Debit:		
14	Debit:		
15	TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 through 14)		-
16	Balance Transferred from Income (Account 433 less Account 418.1)		24,216,415
17	Appropriations of Retained Earnings (Account 436)		
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		
22	(Enter Total of lines 18 through 20)		
23	Dividends Declared - Preferred Stock (Account 437)		
24			
25			
26			
27			
28	TOTAL Dividends Declared - Preferred Stock (Account 437)		
29	(Enter Total of lines 24 through 27)		
30	Dividends Declared - Common Stock (Account 438)		
31	(Peoples Gas System share of Tampa Electric Company dividend)		23,016,600
32			
33			
34			
35	TOTAL Dividends Declared - Common Stock (Account 438)		
36	(Enter Total of lines 31 through 34)		23,016,600
37	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
38	FAS 133 Other Comprehensive Income	174	81,499
39	Balance - End of Year (Enter Total of lines 01, 09, 15, 16, 22, 29, 36, 37 and 38)		\$112,879,551

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

## STATEMENT OF RETAINED EARNINGS (Continued)

Line No.	Item (a)	Amount (b)
APPROPRIATED RETAINED EARNINGS (Account 215)		
State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
39		
40		
41		
42		
43		
44		
45	TOTAL Appropriated Retained Earnings (Account 215)	-0-
APPROPRIATED RETAINED EARNINGS - Amortization , Reserve, Federal (Account 215.1)		
State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.		
46	TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)	-0-
47	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1)(Enter Total of lines 45 & 46)	-0-
48	TOTAL Retained Earnings (Account 215, 215.1, 216)(Enter Total of lines 38 and 47)	\$112,879,551
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)		
49	Balance - Beginning of Year (Debit or Credit)	-0-
50	Equity in Earnings for Year (Credit) (Account 418.1)	
51	(Less) Dividends Received (Debit)	
52	Other Changes (Explain)	
53	Balance - End of year	-0-

Peoples Gas System

Dec. 31, 2002

## STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 19. Information about noncash investing and financing activities should be provided on page 19.

Provide also on page 19 a reconciliation between "Cash and Cash Equivalents at end of Year" with related amounts on the balance sheet.

2. Under "Other" specify significant amounts and group others.

3. Operating Activities - Other: include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 19 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow From Operating Activities:	
2	Net Income (Line 72(c) on page 14)	\$24,216,415
3	Non-Cash Charges (Credits) to Income:	
4	Depreciation and Depletion	29,620,296
5	Amortization of (Specify) Utility Plant	85,901
6	Acquisition Adjustment	156,372
7	Environmental	639,996
8	Deferred Income Taxes (Net)	9,568,757
9	Investment Tax Credit Adjustments (Net)	(43,388)
10	Net (Increase) Decreases in Receivables	670,974
11	Net (Increase) Decreases in Inventory	118,192
12	Net (Increase) Decreases in Allowances Inventory	
13	Net (Decrease) Increase in Payables and Accrued Expenses	27,413,099
14	Net (Increase) Decreases in Other Regulatory Assets	(4,288,390)
15	Net (Decrease) Increase in Other Regulatory Liabilities	(511,290)
16	(Less) Allowance for Other Funds Used During Construction	
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other: Net (Increase) Decreases in Other Current and Accrued Assets	(4,552,769)
19	Net (Increase) Decreases in Deferred Debits	(5,601,720)
20	Net (Decrease) Increase in Deferred Credits and Other Noncurrent Liabilities	(381,664)
21	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 through 20)	77,110,781
22		
23	Cash Flows from Investment Activities:	
24	Construction and Acquisition of Plant( including land):	
25	Gross Additions to Utility Plant	(53,447,209)
26	Gross Additions to Common Utility Plant	
27	Gross Additions to Nonutility Plant	
28	(Less) Allowance for Other Funds Used During Construction	
29	Other:	
30		
31		
32		
33	Cash Outflows for Plant (Total of lines 24 through 32)	(53,447,209)
34		
35	Acquisition of Other Noncurrent Assets (d)	
36	Proceeds from Disposal of Noncurrent Assets (d)	
37	Investment in and Advances to Assoc. and Subsidiary Companies	
38	Contributions and Advances from Assoc. and Subsidiary Companies	
39	Disposition of Investments in (and Advances to)	
40	Associated and Subsidiary Companies	
41	Purchases of Investment Securities (a)	
42	Proceeds from Sales of Investment Securities (a)	

## STATEMENT OF CASH FLOWS (Continued)

## 4. Investing Activities

Include at other (line 31) net cash outflows to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 19.

Do not include on this statement the dollar amount of leases capitalized per USofA General instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 19.

Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes) (a)	Amounts (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in	
52	Allowances Held for Speculation	
53	Net Increase (Decrease) in Payables and Accrued Expenses	
54	Other:	
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 33 through 55)	(53,447,209)
58		
59	Cash Flows From Financing Activities:	
60	Proceeds from Issuance of:	
61	Long-Term Debt (b)	95,000,000
62	Preferred Stock	
63	Common Stock	
64	Equity Contribution from Parent	26,000,000
65	Other	
66	Net Increase in Short-term Debt (c)	
67	Other:	
68		
69		
70	Cash provided by Outside Sources (Total of lines 61 through 69)	121,000,000
71		
72	Payments of Retirement of:	
73	Long-Term Debt (b)	(56,176,773)
74	Preferred Stock	
75	Common Stock	
76	Other:	
77		
78	Net Increase in Short-Term Debt (c)	(61,220,000)
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	(23,016,600)
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 through 81)	(19,413,373)
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 21, 57, and 83)	4,250,199
87		
88	Cash and Cash Equivalents at Beginning of Year	(924,592)
89		
90	Cash and Cash Equivalents at End of Year	3,325,607

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and

plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 12-18, such notes may be attached hereto.

The 2002 financial statements filed with the Securities and Exchange Commission in Tampa Electric Company's Annual Report on Form 10-K included the financial results of the electric division of Tampa Electric Company and Peoples Gas System. Attached are the Notes to the Financial Statements relevant to Peoples Gas System.

## NOTES TO FINANCIAL STATEMENTS

### A. Summary of Significant Accounting Policies

#### Basis of Accounting

Peoples Gas System's regulated gas operations maintain their accounts in accordance with recognized policies prescribed or permitted by the Florida Public Service Commission (FPSC). In addition, Peoples Gas System maintains its accounts in accordance with recognized policies prescribed or permitted by the Federal Energy Regulatory Commission (FERC). These policies conform with generally accepted accounting principles in all material respects.

The impact of Financial Accounting Standard (FAS) No. 71, Accounting for the Effects of Certain Types of Regulation, has been minimal in the experience of the regulated utilities, but when cost recovery is ordered over a period longer than a fiscal year, costs are recognized in the period that the regulatory agency recognizes them in accordance with FAS 71.

The use of estimates is inherent in the preparation of financial statements in accordance with generally accepted accounting principles.

#### Basis of Reporting

The financial statements are presented in accordance with the reporting requirements of the Federal Energy Regulatory Commission. Accordingly, the statements of retained earnings and cash flow for the prior year have been omitted and the current portion of long-term debt has not been classified as such. The current portion of long-term debt was \$5,300,000 and \$54,900,000 at December 31, 2002 and 2001, respectively.

Peoples Gas System does not publish an annual report for distribution to any security holders; Peoples Gas System is a subsidiary of Tampa Electric Company whose annual report includes the accounts of Peoples Gas System in published consolidated financial statements.

#### Revenues and Fuel Costs

Revenues include amounts resulting from cost recovery clauses which provide for monthly billing charges to reflect increases or decreases in fuel, purchased capacity, conservation and environmental costs for Tampa Electric and purchased gas, interstate pipeline capacity and conservation costs for Peoples Gas System. These adjustment factors are based on costs projected for a specific recovery period. Any over-recovery or under-recovery of costs plus an interest factor are taken into account in the process of setting adjustment factors for subsequent recovery periods. Over-recoveries of costs are recorded as deferred credits and under-recoveries of costs are recorded as deferred debits.

Certain other costs incurred by the regulated utilities are allowed to be recovered from customers through prices approved in the regulatory process. These costs are recognized as the associated revenues are billed.

The company accrues base revenues for services rendered but unbilled to provide a closer matching of revenues and expenses.

#### Depreciation

The company provides for depreciation primarily by the straight-line method at annual rates that amortize the original cost, less net salvage, of depreciable property over its estimated service life. The provision for utility plant in service, expressed as a percentage of the original cost of depreciable property, was 4.0% for 2002 and 3.9% for 2001.

The original cost of utility plant retired or otherwise disposed of and the cost of removal less salvage are charged to accumulated depreciation.

### **Deferred Income Taxes**

The liability method is utilized in the measurement of deferred income taxes. Under the liability method, the temporary differences between the financial statement and tax bases of assets and liabilities are reported as deferred taxes measured at current tax rates. Peoples Gas System is regulated, and their books and records reflect approved regulatory treatment, including certain adjustments to accumulated deferred income taxes and the establishment of a corresponding net regulatory tax liability reflecting the amount payable to customers through future rates.

### **Investment Tax Credits**

Investment tax credits have been recorded as deferred credits and are being amortized to income tax expense over the service lives of the related property.

### **Accounting for Derivative Instruments and Hedging**

In 1998, the Financial Accounting Standards Board issued FAS 133, Accounting for Derivative Instruments and Hedging, effective for fiscal years beginning after June 15, 1999. The new standard requires that an entity recognize derivatives as either assets or liabilities in the financial statements, to measure those instruments at fair value and to reflect the changes in fair value of those instruments as either components of comprehensive income or net income, depending on the types of those instruments. Peoples Gas System does not use derivatives or other financial products for speculative purposes. From time to time, the company enters into futures, swaps, and option contracts, to limit exposure to gas price fluctuations for future purchases. As such, most of the company's derivative activity that cannot be excluded from the requirements of FAS 133, receives cash flow hedge accounting treatment.

At December 31, 2002, Peoples Gas System had a derivative asset of \$3,419,997. At December 31, 2001, Peoples Gas System had a derivative liability of \$132,680. At December 31, 2001 accumulated OCI included \$81,499 of unrealized after tax losses, representing the fair value of cash flow hedges whose transactions will occur in the future. There were no amounts recorded in OCI as of December 31, 2002. Amounts recorded in OCI reflect the value of derivative instruments designed as hedges, based on market prices as of the balance sheet date. These amounts are expected to fluctuate with movements in market prices and may or may not be realized as a loss upon future reclassification from OCI.

### **Reclassifications and Restatements**

Certain prior year amounts were reclassified or restated to conform with current year presentation.

### **B. Retained Earnings**

Certain of Peoples Gas System's long-term debt issues contain provisions that limit the dividend payment on the company's common stock. At Dec. 31, 2002, substantially all of the company's retained earnings were available for dividends on its common stock.

### **C. Retirement Plan**

Peoples Gas System is a participant in the comprehensive retirement plan of TECO Energy, including a non-contributory defined benefit retirement plan which covers substantially all employees. Benefits are based on employees' age, years of service and final average salary. Effective April 1, 2000, the plan was amended to provide for benefits to be earned and payable substantially on a lump sum basis through an age and service credit schedule for eligible participants leaving the company on or after July 1, 2001. Other significant provisions of the plan, such as eligibility, definitions of credited service, final average earnings, etc., remain largely unchanged. This amendment



resulted in decreased pension expense of approximately \$0.8 million and \$2.0 million in 2001 and 2000, respectively, and a reduction of benefit obligation of \$6.2 million and \$14.4 million at Sept. 31, 2001 and 2000, respectively.

TECO Energy's policy is to fund the plan within the guidelines set by ERISA for the minimum annual contribution and the maximum allowable as a tax deduction by the IRS. About 53 percent of plan assets were invested in common stocks and 47 percent in fixed income investments at Sept. 31, 2002.

In 1997, the Financial Accounting Standards Board issued FAS 132, Employers' Disclosures about Pensions and Other Post Retirement Benefits. FAS 132 standardizes the disclosure requirements for pension and other postretirement benefits with additional information required on changes in the benefit obligations and fair values of plan assets. TECO Energy adopted FAS 132 with the additional disclosures included here and in Footnote E, Postretirement Benefit Plan.

Components of net pension expense, reconciliation of the funded status and the accrued pension liability are presented below for TECO Energy consolidated.

In 2001, TECO Energy elected to change the measurement date for pension obligations and plan assets from Dec. 31 to Sept. 30. The effect of this accounting change is not material.

### Components of Net Pension Expense

(millions)	<u>2002</u>	<u>2001</u>
Service cost		
(benefits earned during the period)	\$11.8	\$11.2
Interest cost on projected		
benefit obligations	28.7	27.9
Less: Expected return on plan assets	(42.9)	(42.0)
Amortization of:		
Unrecognized transition asset	(1.1)	(1.1)
Prior service cost	(0.5)	(0.5)
Actuarial (gain) loss	(3.7)	(4.4)
Net pension expense	<u>(7.7)</u>	<u>(8.9)</u>
Special termination benefit charge	2.7	--
Curtailment charge	<u>--</u>	<u>--</u>
Net pension expense recognized		
in TECO Energy's Consolidated		
Statements of Income (1)	<u><u>\$ (5.0)</u></u>	<u><u>\$ (8.9)</u></u>

(1) Peoples Gas System's portion was \$(.5) million and \$(.9) million for 2002 and 2001 respectively.

**Reconciliation of the Funded Status of the Retirement Plan and the Accrued Pension Prepayment/(Liability)  
(millions)**

	<b>Dec. 31, <u>2002</u></b>	<b>Dec. 31, <u>2001</u></b>
Projected benefit obligation, beginning of year	\$382.3	\$379.9
Change in benefit obligation due to:		
Service cost	11.8	11.2
Interest cost	28.7	27.9
Actuarial (gain) loss	58.3	(8.7)
Curtailments	1.1	(6.2)
Special termination benefits	2.7	--
Gross benefits paid	(29.8)	(21.8)
Projected benefit obligation, end of year	<u>455.1</u>	<u>382.3</u>
Fair value of plan assets, beginning of year	428.0	493.8
Change in plan assets due to:		
Actual return on plan assets	(24.9)	(43.7)
Employer contributions	1.7	2.1
Gross benefits paid	(32.9)	(24.2)
Fair value of plan assets, end of year	<u>371.9</u>	<u>428.0</u>
Funded status, end of year	(83.2)	45.7
Net contributions after measurement date	0.4	0.4
Unrecognized net actuarial gain	88.9	(44.0)
Unrecognized prior service cost	(7.4)	(9.0)
Unrecognized net transition asset	(2.5)	(3.6)
Accrued pension liability (2)	<u><u>\$(3.8)</u></u>	<u><u>\$(10.5)</u></u>

(2) Peoples Gas System's portion was \$3.4 million and \$5.9 million at Dec. 31, 2002 and 2001, respectively.

**Assumptions Used in Determining Actuarial Valuations**

	<b><u>2002</u></b>	<b><u>2001</u></b>
Discount rate to determine projected benefit obligation	6.75%	7.50%
Rates of increase in compensation levels	4.80%	4.70%
Plan asset growth rate through time	9.00%	9.00%

#### D. Postretirement Benefit Plan

Peoples Gas System currently provides certain postretirement health care benefits for substantially all employees retiring after age 55 meeting certain service requirements. The company contribution toward health care coverage for most employees retiring after Jan. 1, 1990 is limited to a defined dollar benefit based on years of service. Postretirement benefit levels are substantially unrelated to salary. Peoples Gas System reserves the right to terminate or modify the plan in whole or in part at any time.

#### Components of Postretirement Benefit Cost (millions)

	<u>2002</u>	<u>2001</u>
Service cost (benefits earned during the period)	0.4	0.4
Interest cost on projected benefit obligations	0.6	0.6
Amortization of transition obligation (straight line over 20 years)	0.2	0.2
Amortization of Prior Service Cost	0.2	0.2
Amortization of actuarial loss/(gain)	<u>(0.0)</u>	<u>(0.1)</u>
Net periodic Postretirement benefit expense	<u>1.4</u>	<u>1.3</u>

#### Reconciliation of the Funded Status of the Postretirement Benefit Plan and the Accrued Liability (millions)

	<b>Dec. 31,</b> <u>2002</u>	<b>Dec. 31,</b> <u>2001</u>
Accumulated postretirement benefit obligation, beginning of year	7.4	7.2
Change in benefit obligation due to:		
Service cost	0.5	0.4
Interest cost	0.6	0.5
Plan participants' contributions	0.1	0.1
Plan amendments	0.0	0.0
Actuarial (gain) loss	1.7	(0.5)
Gross benefits paid	<u>(0.2)</u>	<u>(0.3)</u>
Accumulated postretirement benefit obligation, end of year	<u>10.1</u>	<u>7.4</u>
Funded status, end of year	(10.1)	(7.4)
Net contribution after measurement date	0.0	0.1
Unrecognized net loss from past experience	(1.3)	(3.1)
Unrecognized prior service cost	2.6	2.8
Unrecognized transition obligation	2.6	2.8
Liability for accrued postretirement benefit	<u>(6.2)</u>	<u>(4.8)</u>

## Assumptions Used in Determining Actuarial Valuations

	<u>2002</u>	<u>2001</u>
Discount rate to determine projected benefit obligation	6.75%	7.50%

The assumed health care cost trend rate for medical costs prior to age 65 was 12.50% in 2002 decreasing to an ultimate trend of 5.00% in 2013. The assumed health care cost trend rate for medical costs after age 65 was 12.5% in 2002 decreasing to an ultimate trend of 5.00% in 2013.

A 1-percent increase in the medical trend rates would produce an 8-percent (\$85 thousand) increase in the aggregate service and interest cost for 2002 and a 5-percent (\$487 thousand) increase in the accumulated postretirement benefit obligation as of Dec. 31, 2002.

A 1-percent decrease in the medical trend rates would produce a 3-percent (\$35 thousand) decrease in the aggregate service and interest cost for 2002 and a 3-percent (\$258 thousand) decrease in the accumulated postretirement benefit obligation as of Dec. 31, 2002.

### E. Income Tax Expense

The company is included in the filing of a consolidated Federal income tax return with its parent and affiliates. The company's income tax expense is based upon a separate return computation. Income tax expense consists of the following components:

(millions of dollars)	<u>Federal</u>	<u>State</u>	<u>Total</u>
<b>2002</b>			
Currently payable	4.8	0.8	5.6
Deferred	7.8	1.3	9.1
Amortization of investment tax credits	0.0	0.0	0.0
Total income tax expense	<u>12.6</u>	<u>2.1</u>	<u>14.7</u>
Included in other income, net			0.0
Included in operating expenses			<u>14.7</u>
<b>2001</b>			
Currently payable	20.0	3.7	23.7
Deferred	(7.5)	(1.6)	(9.1)
Amortization of investment tax credits	0.0	--	0.0
Total income tax expense	<u>12.5</u>	<u>2.1</u>	<u>14.6</u>
Included in other income, net			0.4
Included in operating expenses			<u>14.2</u>

Deferred taxes result from temporary differences in the recognition of certain liabilities or assets for tax and financial reporting purposes. The principal components of the company's deferred tax assets and liabilities recognized in the balance sheet are as follows:

<b>(millions of dollars)</b>	<b>Dec. 31, <u>2002</u></b>	<b>Dec. 31, <u>2001</u></b>
Deferred tax assets(1)		
Property related	--	--
Energy Conservation Allowance	--	--
Leases	--	--
Insurance reserves	--	--
Early capacity payments	--	--
Other	--	--
Total deferred income tax assets	<u>0.0</u>	<u>0.0</u>
Deferred income tax liabilities(1)		
Property related	(39.6)	(32.0)
Other	9.8	13.2
Total deferred income tax liabilities	<u>(29.8)</u>	<u>(18.8)</u>
Accumulated deferred income taxes	<u>(29.8)</u>	<u>(18.8)</u>

(1) Certain property related assets and liabilities have been netted.

The total income tax provisions differ from amounts computed by applying the federal statutory tax rate to income before income taxes for the following reasons:

<b>(millions of dollars)</b>	<b><u>2002</u></b>	<b><u>2001</u></b>
Net income	24.2	23.1
Total income tax provision	<u>14.7</u>	<u>14.6</u>
Income before income taxes	<u>38.9</u>	<u>37.7</u>
Income taxes on above at federal statutory rate of 35%	13.6	13.2
Increase (decrease) due to		
State income tax, net of federal income tax	1.4	1.4
Amortization of investment tax credits	0.0	0.0
Equity portion of AFUDC	0.0	0.0
Other	(0.3)	0.0
Total income tax provision	<u>14.7</u>	<u>14.6</u>
Provision for income taxes as a percent of income before income taxes	<u>37.8%</u>	<u>38.7%</u>

## H. Short-term Debt

Notes payable consisted primarily of commercial paper with weighted average interest rates of 1.86% and 1.99% at Dec. 31, 2002 and 2001, respectively. The carrying amount of notes payable approximated fair market value because of the short maturity of these instruments. Unused lines of credit at Dec. 31, 2002 were \$300 million. Certain lines of credit require commitment fees of 15 basis points and drawn amounts are charged interest at LIBOR plus 87-97.5 basis points at current ratings.

## I. Related Party Transactions (millions)

Net transactions with affiliates are as follows:

	<u>2002</u>	<u>2001</u>
Administrative and general, net	\$10.6	\$18.3

Amounts due from or to affiliates of the company at year-end are as follows:

	<u>2002</u>	<u>2001</u>
Accounts receivable	\$2.7	\$3.6
Accounts payable	\$5.5	\$0.8

Accounts receivable and accounts payable were incurred in the ordinary course of business and do not bear interest.

## J. Commitments and Contingencies

Peoples Gas System's capital expenditures are estimated to be \$40 million for 2003 and \$160 million for 2004 through 2007 for infrastructure expansion to grow the customer base and normal asset replacement.

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Line No.	Item (a)	Total (b)	Electric (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	671,726,218	
4	101.1 Property Under Capital Leases		
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified	69,755,811	
7	103 Experimental Plant Unclassified		
8	104 Leased to Others		
9	105 Held for Future Use	228,955	
10	114 Acquisition Adjustments	5,248,671	
11	TOTAL Utility Plant (Enter Total of lines 3 through 10 )	746,959,655	
12	107 Construction Work in Progress	17,102,404	
13	Accum. Prov. for Depr., Amort., & Depl.	(257,959,705)	
14	Net Utility Plant (Enter total of lines 11 plus 12 less line 13)	506,102,354	
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	(253,944,022)	
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		
19	111 Amort. of Underground Storage Land and Land Rights		
20	119 Amort. of Other Utility Plant	(1,527,196)	
21	TOTAL in Service (Enter Total of lines 17 through 20)	(255,471,217)	
22	Leased to Others		
23	108 Depreciation		
24	111 Amortization and Depletion		
25	TOTAL Leased to Others (Enter Total of lines 23 and 24)		
26	Held for Future Use		
27	108 Depreciation		
28	111 Amortization		
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)		
30	111 Abandonment of Leases (Natural Gas)		
31	115 Amort. of Plant Acquisition Adjustment	(2,488,488)	
32	TOTAL Acc. Provisions (Should agree with line 13 above) (Enter Total of lines 21, 25, 29, 30, and 31)	(257,959,705)	

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Gas (d)	Water (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
671,726,218					3
					4
					5
69,755,811					6
					7
					8
228,955					9
5,248,671					10
746,959,655					11
17,102,404					12
(257,959,705)					13
					14
506,102,354					15
					16
					17
(253,944,022)					18
					19
					20
(1,527,196)					21
(255,471,217)					22
					23
(1,353,873)					24
					25
					26
					27
					28
					29
					30
					31
(2,488,488)					32
					33
(257,959,705)					



**Annual Status Report  
Analysis of Plant in Service Accounts**

Company: Peoples Gas System  
For the Year Ended December 31, 2002

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
374-00	Land-Distribution		1,663,873	467,325					2,131,198
374-00	Land-Distribution WFG								
Amortizable General Plant Assets:									
301-00	Organization		12,620						12,620
302-00	Franchises and Consents		427,466						427,466
302-00	Franchises and Consents WFG								
303-00	Miscellaneous Intangible Plant WFG		815,325						815,325
374-02	Land Rights		1,088,763	62,803					1,151,566
374-02	Land Rights WFG								
386-02	Dessicants		316,004						316,004
386-08	NGV Projects		28,216	10,827					39,043
390-02	Improvements to Leased Property								
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
303-01	Customized Software	9.5%	839,466	2,990,853			(1,658)		3,828,661
375-00	Structures and Improvements	2.7%	11,071,589	4,191,715	(72,292)		(216)		15,190,795
376-00	Mains - Other than Plastic	4.1%	192,630,644	11,618,503	(756,209)		(6,612)	(265)	203,486,061
376-02	Mains - Plastic	2.6%	113,240,257	9,929,961	(189,847)		(688)	4,663	122,984,346
378-00	Measuring and Regulating Stations - General	3.3%	2,810,105	880,862	(33,445)		(3)		3,657,518
379-00	Measuring and Regulating Stations - City Gate	3.1%	4,861,180	660,317	(45,126)		(273)		5,476,098
380-00	Service Lines - Other than Plastic	6.7%	34,627,289	1,376,131	(483,038)		(97,962)	(84,716)	35,337,704
380-02	Service Lines - Plastic	3.7%	93,954,241	10,922,466	(497,142)		3,539	80,318	104,463,423
381-00	Meters	3.4%	22,641,623	2,999,314	(2,098,991)		(1,101)	112,311	23,653,157
382-00	Meter Installations	8.0%	20,971,688	2,521,586	(636,066)		(98)		22,857,110
383-00	Regulators	3.5%	7,122,296	250,807	(19,446)			(112,311)	7,241,346
384-00	Regulator Installations	7.4%	6,994,261	840,337	(139,692)				7,694,906
385-00	Industrial Meas. & Reg. Sta. Eqpt.	3.0%	8,219,990	200,954	(228,778)		(27)		8,192,139
387-00	Other Distribution Equipment	7.9%	1,088,547	93,110	(12,377)		(5)		1,169,275
391-00	Office Furniture and Equipment	6.7%	2,293,732	227,222	(10,919)				2,510,035
391-01	Computer Equipment	9.5%	16,066,738	1,750,774	(197,975)		(1,323)	(113,221)	17,504,994
391-02	Office Machines	4.5%	450,539	61,248	(23,966)				487,821
392-01	Automobiles & Trucks thru 1 Ton	9.5%	8,939,099	1,697,997	(1,391,964)		(15)	(53,418)	9,191,698
392-03	Airplanes	6.3%	6,029,716						6,029,716
392-04	Other Transportation Equipment	3.3%	242,320	17,181	(6,476)				253,025
392-05	Trucks over 1 Ton	5.3%	869,744	212,757	(128,519)		(26)		953,957
393-00	Stores Equipment	11.3%	60,283	4,362					64,645
394-00	Tools, Shop and Garage Equipment	7.9%	2,913,184	137,747	(24,553)				3,026,378
395-00	Laboratory Equipment	5.4%	111,675						111,675
396-00	Power Operated Equipment	6.9%	1,602,921	105,461	(124,966)		(2,769)		1,580,647
397-00	Communication Equipment	4.6%	3,194,365	1,363,562	(28,354)			97,946	4,627,519
398-00	Miscellaneous Equipment	5.5%	161,937	16,784					178,721

**Annual Status Report  
Analysis of Plant in Service Accounts**

Company: Peoples Gas System  
For the Year Ended December 31, 2002

Acct. No.	Account Description (Continued)	WEST FLORIDA	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
303-01	Customized Software WFG		14.8%	10414						10,414
375-00	Structures and Improvements		6.7%	184,727	26,496					211,224
376-00	Mains - Other than Plastic		3.2%	8,187,877	382,069	(1,527)				8,568,420
376-02	Mains - Plastic		2.8%	20,625,095	281,106		(8,051)			20,898,150
378-00	Measuring and Regulating Stations - General		3.7%	244,269	9,589					253,858
378-01	Meas. and Regulating Sta. - General/Electronic		16.8%	117,248						117,248
379-00	Measuring and Regulating Stations - City Gate		3.5%	602,381						602,381
379-01	Meas. and Regulating Sta. - City Gate/Electronic		16.7%	0						0
380-00	Service Lines - Other than Plastic		3.3%	747,054	36,786	(10,477)		(2,677)	(1,651)	769,034
380-02	Service Lines - Plastic		3.3%	10,828,194	1,740,587	(24,405)			1,651	12,546,027
381-00	Meters		3.7%	2,125,934		(102,994)				2,022,940
381-01	Meters - Electronic		9.6%	3,190		(158)				3,032
382-00	Meter Installations		2.6%	2,601,903	523,184	(114,316)		(3)		3,010,768
383-00	Regulators		3.8%	1,356,953	46,578	(18,937)				1,384,594
384-00	Regulator Installations		2.9%	1,230,004	174,395	(48,697)		(25)		1,355,677
385-00	Industrial Meas. & Reg. Sta. Eqpt.		3.0%	242,776	22,684	(4,750)				260,710
387-00	Other Equipment		7.9%	28,004	14,772					42,776
390-00	Structures and Improvements		2.7%	964,362		(59,146)				905,217
391-00	Office Furniture and Equipment		5.2%	98,815						98,815
391-01	Computer Equipment		14.8%	194,698	45,901				37	240,636
391-02	Office Machines		13.5%	14,898	1,429					16,327
391-03	Computer Equipment - New		16.6%	347,725		(347,725)				(0)
392-01	Automobiles & Trucks thru 1 Ton		17.0%	612,038	182,509	(50,731)				743,817
392-04	Other Transportation Equipment		6.8%	13,915						13,915
392-05	Trucks over 1 Ton		8.3%	270,058		(50,642)				219,415
394-00	Tools, Shop and Garage Equipment		7.5%	198,332	5,739					204,071
394-01	Tools, Shop -CNG Equipment		6.7%	168,986						168,986
395-00	Laboratory Equipment		3.8%	17,902						17,902
396-00	Power Operated Equipment		6.4%	169,051						169,051
397-00	Communication Equipment		14.2%	69,586	3,580	0				73,167
398-00	Miscellaneous Equipment		5.5%	151,058						151,058
386	NON-UTILITY Other Prop on Customer's Premises Mfd Prod Gas Plant									

**Annual Status Report  
Analysis of Plant in Service Accounts**

Company: Peoples Gas System  
For the Year Ended December 31, 2002

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass. Adjustments	Transfers	Ending Balance*
	(Continued)							
<b>Capital Recovery Schedules:</b>								
	<b>Total Account 101*</b>		620,789,142	59,110,369	(7,984,647)	0	(119,991)	671,726,218
<b>Amortizable Assets:</b>								
114	Acquisition Adjustment		2,301,792					5,248,671
114	Acquisition Adjustment WFG		2,946,879					
118	Other Utility Plant							
105	Property Held for Future Use		228,955					228,955
	<b>Total Utility Plant</b>		626,266,768					677,203,843

Note: \* The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 20.

**Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization**

Company: Peoples Gas System  
For the Year Ended December 31, 2002

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<b>Amortizable General Plant Assets:</b>										
301-20	Organization	(3,116)								(3,116)
302-20	Franchises and Consents	(299,042)	(15,651)							(314,694)
302-20	Franchises and Consents WFG	(257,448)	(32,610)							(290,058)
303-20	Miscellaneous Intangible Plant WFG	(567,908)	(37,207)							(606,008)
374-22	Land Rights			(893)						(433)
374-22	Land Rights WFG**									(28,216)
386-22	Dessicants	(28,216)	(433)							(28,216)
390-22	Improvements to Leased Property	(1,155,731)	(85,901)	(893)	0	0	0	0	0	(1,242,525)
SUB-TOTAL		(255,707)	(28,964)							(284,671)
Items necessary to reconcile the total amortization accrual amount to Acct. 404.03. Amortization Expense, shown on page 12.										
386-28	NGV Projects	(255,707)								(255,707)
The contra account for this amortization is 907 under the Natural Gas Vehicle Program.										
TOTAL		(1,411,438)	(114,865)	(893)	0	0	0	0	0	(1,527,196)
Note: * The total ending balance must agree to Line 20, Page 20.										
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
303-51	Customized Software	(302,491)	(442,540)							(745,031)
374-00	Land	28,776				(28,776)				(0)
375-50	Structures and Improvements	(2,447,998)	(381,497)		72,292	28,526				(2,728,676)
376-50	Mains - Other than Plastic	(91,104,921)	(9,813,508)		756,209	(1,500)	529,756		16	(99,633,948)
376-52	Mains - Plastic	(27,700,544)	(3,461,752)		189,847		91,544		(318)	(30,881,223)
378-50	Measuring and Regulating Sta.- General	(916,335)	(113,226)		33,445		11,699			(984,417)
379-50	Measuring and Regulating Sta.- City Gate	(1,480,507)	(192,856)		45,126		12,287			(1,615,949)
380-50	Service Lines - Other than Plastic	(27,518,899)	(2,337,079)		483,038	(1,028)	710,620		8,337	(28,655,010)
380-52	Service Lines - Plastic	(28,248,701)	(3,626,493)		497,142	(5,810)	352,395		(8,036)	(31,039,503)
381-50	Meters	(6,076,880)	(783,905)		2,098,991	(56,424)	265,418		(2,569)	(4,820,789)
382-50	Meter Installations	(8,036,249)	(1,736,157)		636,066		210			(8,870,922)
383-50	Regulators	(2,306,474)	(252,711)		19,446		256,571		2,569	(2,536,959)
384-50	Regulator Installations	(2,341,246)	(538,536)		139,692					(2,483,519)
385-50	Industrial Meas. & Reg. Sta. Eqpt.	(2,753,632)	(246,192)		228,778					(2,771,045)
387-50	Other Distribution Equipment	(452,220)	(105,978)		12,377					(545,821)
391-50	Office Furniture and Equipment	(245,917)	(174,467)		10,919					(409,465)
391-52	Computer Equipment	(9,603,350)	(1,554,463)		197,975	(750)			39,448	(10,921,140)
392-51	Automobiles & Trucks thru 1 Ton	(200,553)	(21,536)		23,966		2,614			(195,510)
392-53	Airplanes	(153,677)	(379,872)		1,391,964	(159,641)	2,583		5,695	(1,427,387)
392-54	Other Transportation Equipment	(103,478)	(8,461)		6,476	(1,950)				(533,549)
392-55	Trucks over 1 Ton	(472,365)	(51,449)		128,519	(7,310)				(402,605)
393-50	Stores Equipment	(60,309)	(420)		24,553	(5,000)	362			(60,729)
394-50	Tools, Shop and Garage Equipment	(1,655,381)	(238,957)							(1,874,422)
395-50	Laboratory Equipment	131,474	(5,918)							125,556
396-50	Power Operated Equipment	(978,188)	(113,903)		124,966	(34,100)	51			(1,001,173)
397-50	Communication Equipment	(864,640)	(226,891)		28,354				(36,285)	(1,099,462)
398-50	Miscellaneous Equipment	(52,195)	(9,753)							(61,948)
SUB-TOTAL		(217,699,837)	(27,703,572)	0	7,150,142	(273,763)	2,236,112	0	8,858	(236,282,060)

Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Peoples Gas System  
For the Year Ended December 31, 2002

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)	WEST FLORIDA									
303-51	Customized Software WFG	(1,024)	(417)							(1,440)
374-22	Land Rights WFG	(893)		893						0
375-50	Structures and Improvements	(24,198)	(13,359)							(37,557)
376-50	Mains - Other than Plastic	(4,480,663)	(273,725)		1,527		76			(4,752,786)
376-52	Mains - Plastic	(5,860,065)	(617,789)				278		46	(6,477,530)
378-50	Measuring and Regulating Stations - General	(44,187)	(9,392)							(53,579)
378-51	Meas. and Regulating Sta. - General/Electronic	(116,520)	(19,698)							(136,218)
379-50	Meas. and Regulating Stations - City Gate	(161,849)	(20,031)							(181,880)
379-51	Meas. and Reg. Sta. - City Gate/Electronic	(23,812)	(5,031)							(28,843)
380-50	Service Lines - Other than Plastic	(481,079)	(24,315)		10,477		5,896		15	(489,005)
380-52	Service Lines - Plastic	(2,409,887)	(379,103)		24,405		13,578		(62)	(2,751,069)
381-50	Meters	(1,220,989)	(77,506)		102,994					(1,195,501)
381-51	Meters - Electronic	(2,040)	(294)		158					(2,176)
382-50	Meter Installations	(471,783)	(71,771)		114,316		5,927			(423,311)
383-50	Regulators	(646,715)	(52,312)		18,937					(680,090)
384-50	Regulator Installations	(317,187)	(37,111)		48,697		2,788			(302,813)
385-50	Industrial Meas. & Reg. Sta. Equipment	(14,366)	(7,568)		4,750					(17,184)
387-50	Other Equipment	(4,252)	(3,130)							(7,382)
390-50	Structures and Improvements	(171,869)	(25,439)		59,146		140			(138,022)
391-50	Office Furniture and Equipment	10,214	(5,138)							5,076
391-51	Computer Equipment	(206,220)	(36,486)							(242,706)
391-52	Office Machines	(12,130)	(2,214)							(14,344)
391-53	Computer Equipment - New	(435,089)	(52,787)		347,725					(140,151)
392-51	Automobiles & Trucks thru 1 Ton	(213,943)	(104,559)		50,731	(4,200)				(271,971)
392-54	Other Transportation Equipment	(7,504)	(946)							(8,450)
392-55	Trucks over 1 Ton	(195,638)	(19,674)		50,642	(4,700)				(169,369)
394-50	Tools, Shop and Garage Equipment	(85,591)	(15,292)			(250)	250			(100,882)
394-51	Tools, Shop -CNG Equipment	(81,500)	(11,357)							(92,856)
395-50	Laboratory Equipment	(5,213)	(680)							(5,893)
396-50	Power Operated Equipment	(84,813)	(11,093)							(95,906)
397-50	Communication Equipment	(49,406)	(10,199)							(59,605)
398-50	Miscellaneous Equipment	(134,087)	(8,308)							(142,396)
<b>SUB-TOTAL</b>		<b>(17,954,295)</b>	<b>(1,916,724)</b>	<b>893</b>	<b>834,505</b>	<b>(9,150)</b>	<b>28,932</b>	<b>0</b>	<b>0</b>	<b>(19,015,840)</b>
319	NON-UTILITY	0								0
320	Large Eqpt Mfg Gas Plant	0								0
386	Other Eqpt Mfg Gas Plant	0								0
	Other Prop on Customer's Premises	(0)	0	0						(0)

Annual Status Report  
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Peoples Gas System  
For the Year Ended December 31, 2002

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Capital Recovery Schedules: This schedule should identify each approved capital recovery schedule.										
	Subtotal	(235,654,132)	(29,620,296)	893	7,984,647	(282,913)	2,265,044	0	8,858	(255,297,900)
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 12.										
	RETIREMENT WORK IN PROGRESS(108)	1,000,700					353,178			1,353,878
	Subtotal	1,000,700	0	0	0	0	353,178	0	0	1,353,878
	Grand Total	(234,653,432)	(29,620,296)	893	7,984,647	(282,913)	2,618,222	0	8,858	(253,944,022)
* The grand total of beginning and ending balances must agree to Line 17, Page 20.										
115	Acquisition Adjustment	(2,332,117)	(156,371)							(2,488,488)

Note: \* The total ending balance must agree to Line 31, Page 20. The contra account for this adjustment(accrual) is 425.

TOTAL (238,396,987) (29,891,531) 0 7,984,647 (282,913) 2,618,222 0 8,858 (257,959,705)

Note: \* The total ending balance must agree to Line 13 and Line 32, Page 20.  
\*\*374-22 for WFG was incorrectly depreciated to 403 account. This will be corrected April 2002 so the amortization will properly go to the 404 account.

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2002
CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)	

1. Report below descriptions and balances at end of year of projects in process of construction (107).  
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).  
 3. Minor projects (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Service Lines	0	0
2	Revenue Mains	5,732,406	30,611,152
3	National Gypsum	635,961	0
4	Palencia Supply Main	662,070	721,989
5	Main Replacements	479,082	1,191,252
6	Distribution System Improvements	784,511	620,210
7	Governmental Improvements	2,424,430	3,771,569
9	Cathodic Protection	0	32,231
10	Transportation Vehicles	38,879	0
11	Communication Equipment	183,731	0
12	Office Furniture & Equipment	446,654	1,432,183
13	Tools, Shop & Garage Equipment	229,465	88,902
14	Power-Operated Equipment	18	0
15	Testing, Measuring & Detecting Equipment	262,551	47,652
16	Franchise Acquisitions	0	77,440
17	Improvements to Property	1,433,279	391,082
18	South-Regional Office	890,981	609,019
19	Improvements to Leased Property	0	2,173
20	Meters	0	0
21	Regulators	0	0
22	Alternative Fueling Stations	0	0
23	Industrial Installations	0	0
24	Measuring & Regulating Station Equipment	981,112	1,733,097
34	Major Projects	8,425	259,897
35	Meter & Regulator Installations - Residential	0	0
36	Meter & Regulator Installations - Commercial	0	0
37	Reimbursable Construction-Net	1,821,611	2,706,959
38	Non Revenue Producing Miscellaneous	87,236	0
39	Revenue Producing Miscellaneous	0	15,897
	TOTAL	\$17,102,404	\$44,312,706

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
2. On page 30 furnish information concerning construction overheads.
3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 30 the accounting procedures employed

and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.

4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Plant Accounting Department Costs and		
2	Supervision	1,179,421	48,451,465
3	(These costs are allocated to C.W.I.P. as		
4	outlined in Instruction 4 above.)		
5			
6	Corporate G & A	\$3,545,060	48,451,465
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38	TOTAL	\$4,724,481	\$48,451,465



Peoples Gas System

Dec. 31, 2002

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

See Page 29

General and administrative expenses are capitalized based on percentages of direct labor charged to capital.

Name of Respondent		For the Year Ended			
Peoples Gas System		Dec. 31, 2002			
ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)					
1. Explain in a footnote any important adjustments during year.		the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.			
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c) and that reported for gas plant in service, pages 22 - 27, column (d), excluding retirements of non-depreciable property.		4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.			
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If					
Section A. Balances and Changes During Year					
Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	(234,653,432)	(234,653,432)		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	(29,620,296)	(29,620,296)		
4	(413) Exp. of Gas Plant. Leas. to Others				
5	Transportation Expenses-Clearing				
6	Other Clearing Accounts				
7	Other Accounts (Specify):				
8					
9	TOTAL Deprec. Prov. for Year (Total of lines 3 through 8)	(29,620,296)	(29,620,296)		
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	7,984,647	7,984,647		
12	Cost of Removal	2,618,222	2,618,222		
13	Salvage (Credit)	(282,913)	(282,913)		
14	TOTAL Net Charges. for Plant Ret. (Enter Total of lines 11 through 13)	10,319,956	10,319,956		
15	Other Debit or Credit Items (Describe) Transfers & Adjustments	9,751	9,751		
16					
17	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	(253,944,022)	(253,944,022)		

Name of Respondent For the Year Ended  
 Peoples Gas System Dec. 31, 2002

**PREPAYMENTS (Account 165)**

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	370,687
2	Prepaid Rents	
3	Prepaid Taxes (page 41)	
4	Prepaid Interest	-
5	Gas Prepayments	
6	Miscellaneous Prepayments: permits, escrow for st tags, syndicated line of cr fees	12,360
7	<b>TOTAL</b>	<b>383,047</b>

**EXTRAORDINARY PROPERTY LOSSES (Account 182.1)**

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9	<b>TOTAL</b>					

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)**

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
10	None					
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	<b>TOTAL</b>					

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

OTHER REGULATORY ASSETS (Account 182.3)

1. Reporting below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includible in other amounts).

2. For regulatory assets being amortized, show period of amortization in column (a).

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Regulatory Tax Asset	\$0	\$3,407,877	282	\$2,088,613	\$1,319,264
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43	TOTAL					

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance at Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amount (e)	
1	Environmental Investigations	(\$459,973)	1,578,251	407	700,367	417,911
2						
3						
4	Unbundling Transition	\$1,842,134	480,084	142	1,662,645	659,573
5						
6						
7	Other Work In Progress	\$91,019	273,461	Various		364,480
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	NOTE: Environmental Legal account, beginning balance of \$28,365 was reclassified from					
22	Other Work in Progress to Environmental Investigations.					
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	Misc. Work in Progress	-				-
48	Deferred Regulatory Comm. Expenses					
49	(See Pages 58 - 59)	-				-
50	<b>TOTAL</b>	<b>\$1,473,180</b>				<b>\$1,441,964</b>

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

- 1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
- 2. At Other (Specify), include deferrals relating to other income and deductions.
- 3. If more space is needed, use separate pages as required.
- 4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.

Indicate insignificant amounts listed under Other.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR			ADJUSTMENTS			Balance at End of Year (k)	
			Amounts Debited to Acct. 410.1 (c)	Amounts Credited to Acct. 411.1 (d)	Amounts Debited to Acct. 410.2 (e)	Amounts Credited to Acct. 411.2 (f)	DEBITS Acct. No. (g)	Amount (h)		CREDITS Acct. No. (i)
1	ELECTRIC									
2										
3										
4										
5	TOTAL Electric (Lines 2 - 4)									
6	GAS									
7										
8		0						0		0
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19	Other									
20	TOTAL Gas (Lines 7 - 19)									
21	Other (Specify)									
22	TOTAL (Account 190)									
	(Enter Total of lines 5,20 & 21)	\$0							\$0	\$0

NOTES

Peoples Gas System

Dec. 31, 2002

**SECURITIES ISSUED OR ASSUMED AND  
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate,

nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance or redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

**Securities Retired**

Long Term Note 10.35% Due 2007	\$800,000
Long Term Note 10.33% Due 2008	800,000
Long Term Note 10.30% Due 2009	600,000
Long Term Note 09.93% Due 2010	600,000
Long Term Note 08.00% Due 2012	2,100,000
Note Issued by Tampa Electric 7.375% Due 2002	50,000,000
	<u>\$54,900,000</u>

**Securities Issued**

Note Issued by Tampa Electric 5.375% Due 2007	25,000,000
Note Issued by Tampa Electric 6.375% Due 2012	70,000,000
	<u>\$95,000,000</u>

Name of Respondent			For the Year Ended				
Peoples Gas System			Dec. 31, 2002				
LONG-TERM DEBT (Accounts 221, 222, 223, and 224)							
<p>1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.</p> <p>2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>4. For receiver's certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes</p>				<p>during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.</p> <p>6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.</p> <p>7. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.</p> <p>8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.</p> <p>9. Give particulars (details) concerning any long-term debt authorized by a regulatory Commission but not yet issued.</p>			
				INTEREST FOR YEAR			
Series of Obligation and Line No.	Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Rate (in %) (e)	Amount (f)	Total Amount Outstanding (g)
1							
2	Other Long Term Debt - Acct. 224						
3	Long Term Note 10.35%	06-26-87	07-02-07	10,000,000	10.35	476,330	4,200,000
4	Long Term Note 10.33%	06-29-88	07-02-08	10,000,000	10.33	620,030	5,600,000
5	Long Term Note 10.30%	06-28-89	07-02-09	10,000,000	10.30	772,672	7,200,000
6	Long Term Note 9.93%	12-20-90	07-02-10	10,000,000	9.93	764,776	7,400,000
7	Long Term Note 8.00%	12-03-92	07-02-12	35,000,000	8.00	2,116,000	25,400,000
8	Note issued by Tampa Electric	08-30-00	09-01-02	50,000,000	7.375	2,458,333	-
9	Note issued by Tampa Electric	10-30-98	07-15-01	12,000,000	5.94	(1,980)	-
10	Note issued by Tampa Electric	06-20-01	06-15-12	40,000,000	6.875	2,750,000	40,000,000
11	Note issued by Tampa Electric	08-15-02	08-15-07	25,000,000	5.375	466,580	25,000,000
12	Note issued by Tampa Electric	08-15-02	08-15-12	70,000,000	6.375	1,549,478	70,000,000
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27	TOTAL			\$272,000,000		\$11,972,219	\$184,800,000



UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.  
 2. Show premium amounts by enclosing the figures in parentheses.  
 3. In column (b) show the principal amount of bonds or other long-term debt originally issued.  
 4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.  
 6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.  
 7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at Beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	Unamortized Debt Expense - Account 181							
2								
3	26- Long Term Note 10.35%	10,000,000	23,604	09-87	07-07	6,527	(1,187)	5,340
4	28- Long Term Note 10.33%	10,000,000	11,350	08-88	07-08	3,716	(572)	3,144
5	29- Long Term Note 10.30%	10,000,000	13,131	08-89	07-09	4,949	(659)	4,290
6	32- Long Term Note 9.93%	10,000,000	88,318	03-91	07-10	4,397	(517)	3,880
7	33- Long Term Note 8.00%	35,000,000	976,684	01-93	07-12	526,380	(50,133)	476,247
8	01- West Florida Natural Gas	15,600,000	788,542	06-97	04-08	148,728	(40,050)	
9	--Transferred to 189						(108,678)	
10	31- Note issued by Tampa Electric 5.94%	12,000,000	232,811	10-98	07-11	136,643	(9,550)	
11	--Transferred to 189						(127,093)	
12	30- Note issued by Tampa Electric 7.375%	50,000,000	3,542,552	10-00	09-02	93,958	(93,958)	
13	34- Note issued by Tampa Electric 6.875%	40,000,000	308,507	06-01	06-12	433,594	(40,168)	
14	--Debt Expense Incurred						1,884	
15	--Transferred to 226						(147,061)	248,249
16	35- Note issued by Tampa Electric 6.375%	70,000,000	2,829,302	08-02	08-12	-	(134,952)	
17	--Debt Expense Incurred						3,372,665	
18	--Transferred to 226						(543,363)	2,694,350
19	27- Note issued by Tampa Electric 5.375%	25,000,000	174,354	08-02	08-07	-	(19,228)	
20	--Debt Expense Incurred						263,254	
21	--Transferred to 226						(88,900)	155,126
22						1,358,892	2,231,734	3,590,626
23								
24								
25	Unamortized Debt Premium - Account 225							
26	30- Long Term Note 7.375%	50,000,000	(1,515,000)	10-00	09-02	(505,000)	505,000	-
27						(505,000)	505,000	-
28								
29								
30	Unamortized Debt Discount - Account 226							
31	34- Note issued by Tampa Electric 6.875%	40,000,000	168,800	06-01	06-12	-	(1,279)	
32	--Transferred from 181						147,061	145,782
33	35- Note issued by Tampa Electric 6.375%	70,000,000	562,100	08-02	08-12	-	(4,684)	
34	--Transferred from 181						543,363	538,679
35	27- Note issued by Tampa Electric 5.375%	25,000,000	95,250	08-02	08-07	-	(1,588)	
36	--Transferred from 181						88,900	87,313
37						-	771,773	771,774
38	Summary:							
39	Amortization of DD&E-Account 428							
40	also see page 39						(398,525)	
41	Amortization of Premium-Account 429						505,000	
42	New Debt expense incurred in 2002						3,637,803	
43	Net Amount reclassified from Account 181 to 226						-	
44	Net Amount reclassified from Account 181 to 189							
45	see page 39						(235,771)	
46								
47	NOTE: Debt discount on notes numbered 34, 35, and 27 was reclassified to account 226 from 181.							
48	NOTE: Debt expense on notes numbered 01, 31, and 30 was reclassified to account 189 from 181.							
49								
50								

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.  
 2. In column (c) show the principal amount of bonds or other long-term debt reacquired.  
 3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with

General Instruction 17 of the Uniform Systems of Accounts.  
 4. Show loss amounts by enclosing the figures in parentheses.  
 5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	01- West Florida Natural Gas	06-97	15,600,000	(788,542)	0	
2	--Transferred from 181				108,678	
3	--Amortization				(20,025)	88,653
4	31- Note issued by Tampa Electric 5.94%	07-01	12,000,000	(232,811)	0	
5	--Transferred from 181				127,093	
6	--Amortization				(4,775)	122,318
7	30- Note issued by Tampa Electric 7.375%	09-02	50,000,000	(3,542,552)	0	
8	--Expense Incurred				3,300,239	
9	--Amortization				(110,008)	3,190,231
10						
11						
12						
13						
14						
15						
16	Total Amortization - Account 428				(134,808)	
17						
18						
19						
20						
21	Unamortized Loss on Reacquired Debt - 189					3,401,202
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2002
<b>RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES</b>		
<p>1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.</p> <p>2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.</p>		
Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 14)	\$24,216,415
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	See attached schedule for details	2,735,000
6		
7	Deductions Recorded on Books Not Deducted for Return	
8	Income taxes - see attached schedule for details	13,925,227
9	Other items - see attached schedule for details	13,588,533
10		
11		
12		
13	Income Recorded on Books Not Included in Return	
14	See attached schedule for details	43,387
15		
16		
17		
18		
19		
20		
21	Deductions on Return Not Charged Against Book Income	
22	See attached schedule for details	37,195,053
23		
24		
25		
26		
27		
28		
29		
30	Federal Tax Net Income	17,226,735
31	Show Computation of Tax:	
32	Income before state taxes	18,071,804
33	Less - state income and emergency excise taxes, less credits	845,069
34		17,226,735
35	Federal income tax:	
36	Income tax at 35%	6,029,357
37	Prior year true-up provision to actual per return	(1,242,835)
39		4,786,522
40	Allocation to other income	48,284

PEOPLES GAS SYSTEM  
RECONCILIATION OF REPORTED NET INCOME WITH  
TAXABLE INCOME FOR FEDERAL INCOME TAXES  
CYE December 31, 2002

Line No.	Particulars	Amount
5	Taxable income not reported on books: Contributions in aid of construction	2,735,000
		<u>2,735,000</u>
8	Deductions recorded on books not deducted for return - income taxes: Federal income taxes	4,786,522
	Deferred income taxes	9,138,705
		<u>13,925,227</u>
9	Deductions recorded on books not deducted for return - other items: Interest during construction period capitalized	1,500,000
	Amortization - acquisition adjustment	440,000
	Post retirement benefit accrual	1,144,894
	Capitalized ECA costs	9,057,607
	Accrued vacation	15,660
	Insurance reserves	940,372
	Bad debts	130,000
	Restricted stock options	185,000
	Miscellaneous	175,000
		<u>13,588,533</u>
14	Income reported on books not included in return: Amortization of investment tax credits	43,387
		<u>43,387</u>
22	Deductions on return not charged against book income: Depreciation and amortization of utility plant - excess over books	15,991,845
	Retirement cost overheads and removal costs	5,856,044
	Unbilled competitive price adjustment	1,529,605
	Amortization of capitalized ECA costs	3,724,014
	Deferred purchased gas adjustment	3,635,680
	Environmental cleanup costs	1,360,000
	Accrued pension costs	1,602,634
	Put option expense	3,190,231
	Miscellaneous	305,000
		<u>37,195,053</u>

Note on Consolidation Policy:

Peoples Gas System operates as a division of Tampa Electric Company (59-0475140). As such, its 2002 taxable income will be included in the consolidated income tax return of TECO Energy, Inc. , parent company of Tampa Electric Company. Income tax is allocated to Peoples Gas based on the computation as if a separate return is filed. There is no intercompany elimination which affects taxable income.

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

Name of Taxing Authority	Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Other	Total
1 TAXES (ACCRUED)/PREPAID BEG. OF YEAR	(4,341,037)	(501,263)	0	0	0	(87,858)	329,295	542,433	(2,857)	0	(4,061,288)
2 Taxes Charged During Year	4,786,522	845,069	7,280,232			2,693,500	4,038,191	1,225,140	1,538	6,266,469	27,136,662
3											
4											
5											
6											
7											
8											
9											
10											
11											
12 TOTAL TAXES CHARGED DURING YEAR (Lines 3-11)	4,786,522	845,069	7,280,232	0	0	2,693,500	4,038,191	1,225,140	1,538	6,266,469	27,136,662
13 Taxes Paid During Year	(2,329,615)	979,770	(927)	0	0	2,660,589	3,904,398	1,203,722	1,569	6,266,469	12,685,974
14											
15											
16											
17											
18											
19											
20											
21											
22											
23 TOTAL TAXES PAID DURING YEAR (Lines 14-22)	(2,329,615)	979,770	(927)	0	0	2,660,589	3,904,398	1,203,722	1,569	6,266,469	12,685,974
24 Adjustments (list) - 2001 Emergency Excise Tax reclass	(5,180)	2,764									
25 Other-reclass to deferred		2,345									
26											
27 TOTAL ADJUSTMENTS (Lines 24-26)	(5,180)	5,109	0	0	0	0	0	0	0	0	(71)
28 TAXES (ACCRUED)/PREPAID END OF YEAR											
29 (Lines 1+12-23+/-27)	2,769,920	(630,855)	7,281,159	0	0	(54,947)	463,088	563,851	(2,888)	0	10,389,328

DISTRIBUTION OF TAXES CHARGED

	Federal Income	State Income	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Other	Total
1											
2 Electric (Account 408.1, 409.1)	4,738,238	837,038	7,280,232			1,623,370	4,038,191	1,121,409	0	6,266,469	25,904,947
3 Gas (Account 408.1, 409.1)											
4 Other Utility Departments (408.1, 409.1)											
5 Other Income and Deductions (408.2, 409.2)	48,284	8,031									56,315
6 Extraordinary Items (Account 409.3)											0
7 Other Utility Operating Income (408.1, 409.1)											
8 Adjust. to Retained Earnings (Account 439)											
9 CWIP (Account 107)											
10 Other (list) Affiliated Companies (acct 146,234)											
11 Clearing Accounts (acct 163,184,143-20)											
12 Customer Accounts Receivable (acct 142)											
13 Other revenue/expense (488,495,804,880,6xx)											
14 TOTAL (Should equal Lines 12+/-Line 27, if applicable)	4,786,522	845,069	7,280,232	0	0	2,693,500	4,038,191	1,225,140	1,538	6,266,469	27,136,662

Name of Respondent

For the Year Ended

Peoples Gas System

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)  
 Dec. 31, 2002

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any

correction adjustment to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Acct. No. (c)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)	Balance at End Year (h)	Average Period of Allocation to Income (i)
				Amount (d)	Acct. No. (e)	Amount (f)				
1	Gas Utility									
2	3%	272,033				411	43,388		228,645	
3	4%									
4	7%									
5	10%									
6										
7										
8	TOTAL	272,033			0		43,388	0	228,645	
9	Other List separately and show 3%, 4%, 7%, 10% and TOTAL									

Notes

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)**

1. Describe and report the amount of other current and accrued liabilities at the end of year.

2. Minor items (less than \$50,000) may be grouped under appropriate title.

Line No.	Item (a)	Balance at End of Year (b)
1	Post Retirement Benefits	6,171,867
2	Insurance Reserves	1,640,372
3	Conservation Cost True-up	(910,796)
4	NGV Program Cost True-up	(284,851)
5	Other	197,230
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	TOTAL	\$6,813,822

**OTHER DEFERRED CREDITS (Account 253)**

1. Report below the particulars (details) called for concerning other deferred credits.

amortization.

3. Minor Items (less than \$25,000) may be grouped by classes.

2. For any deferred credit being amortized, show the period of

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Deferred Compensation	25,025	232	(11,730)	-	36,755
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	TOTAL	\$25,025		(\$11,730)	-	\$36,755



ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)

Line No.	Description	Balance at Beginning of Year	Changes During Year		Adjustments		Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	
1							
2	ACCOUNT 281 - ACCELERATED AMORTIZATION PROPERTY						
3	Electric						
4	Gas						
5	Other						
6							
7	TOTAL ACCOUNT 281 (Lines 3 thru 6)						
8							
9	ACCOUNT 282 - OTHER PROPERTY						
10	Electric						
11	Gas	18,845,891	9,138,705			Note (A)	1,851,679
12	Other						
13							
14	TOTAL ACCOUNT 282 (Lines 10 thru 13)	18,845,891	9,138,705				1,851,679
15							
16	ACCOUNT 283 - OTHER						
17	Electric						
18	Gas						
19	Other						
20							
21	TOTAL ACCOUNT 283 - OTHER (Lines 17 thru 20)						
22							
23	ELECTRIC						
24	Federal Income Tax						
25	State Income Tax						
26							
27	TOTAL ELECTRIC (Lines 24 thru 26)						
28							
29	GAS						
30	Federal Income Tax	16,347,333	7,835,714			Note (A)	1,655,876
31	State Income Tax	2,498,558	1,302,991			Note (A)	195,803
32							
33	TOTAL GAS (Lines 30 thru 32)	18,845,891	9,138,705				1,851,679
34							
35	OTHER						
36	Federal Income Tax						
37	State Income Tax						
38							
39	TOTAL OTHER (Lines 36 thru 38)						
40							
41	TOTAL (Total of lines 7, 14, 21 and Lines 27, 33, 39)	18,845,891	9,138,705				1,851,679
42							

NOTES

(A) Deferred income tax adjustment includes:

	Federal	State	Total
	1,175,049	195,397	1,370,446
	478,398		478,398
	2,429	406	2,835
	1,655,876	195,803	1,851,679
			Hedging
			Regulatory liability
			Other
			Total

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).

3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.

2. For regulatory liabilities being amortized, show period of amortization in column (a).

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	SFAS No. 109 Implementation (1994)	\$260,518	282		\$207,183	\$53,335
2	West Florida Gas Tax Liability	\$340,988	282		271,215	\$69,773
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	601,506		0	478,398	123,108

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2002	
GAS OPERATING REVENUES (Account 400)			
1. Report below natural gas operating revenues for each prescribed account in total.			
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.			
3. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.			
4. Report quantities of natural gas sold in therms (14.73 psia at 60 F).			
5. Report gas service revenues and therms sold by rate schedule.			
Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	<b>GAS SERVICE REVENUES</b>		
2	<b>FIRM SALES SERVICE</b>		
3	480 Residential - includes Load Enhancement customers (LE)	76,613,105	88,221,591
4	481 Commercial Street Lighting	162,405	826,359
5	481 Small General Service - includes LE	3,161,431	3,802,587
6	481 General Service - includes LE	48,030,293	79,219,385
7	481 General Service Large Volume 1 - includes LE	18,274,347	36,170,394
8	481 General Service Large Volume 2 - includes LE	210,209	2,687,309
9	481 Natural Gas Vehicle Sales	185,217	435,806
10	<b>INTERRUPTIBLE SALES SERVICE</b>		
11	481 Small Interruptible Service	81,049	482,985
12	481 Interruptible Service	483,356	1,234,731
13	481 Interruptible Service Large Volume	(498,718)	(415,224)
14	481 Off System Sales	67,868,497	38,218,318
15	<b>FIRM TRANSPORTATION SERVICE</b>		
16	489 Commercial Street Lighting	122,237	33,488
17	489 Natural Gas Vehicles	36,228	26,529
18	489 Small General Service - includes LE	154,204	77,160
19	489 General Service - includes LE	17,753,357	12,763,763
20	489 General Service Large Volume 1 - includes LE	27,911,757	22,435,313
21	489 General Service Large Volume 2 - includes LE	5,918,007	5,026,052
22	<b>INTERRUPTIBLE TRANSPORTATION SERVICE</b>		
23	489 Small Interruptible Transportation Service	4,725,650	4,342,885
24	489 Interruptible Transportation Service	7,163,287	6,159,978
25	489 Interruptible Transportation Service Large Volume	11,872,697	11,983,002
26	482 Other Sales to Public Authorities	-	-
27	484 Flex Rate - Refund	-	-
28	TOTAL Sales to Ultimate Consumers	290,228,615	313,732,409
29	483 Sales for Resale	416,165	81,408
30	489 Off-System Transportation Sales for Resale	-	-
31	TOTAL Nat. Gas Service Revenues	290,644,780	313,813,817
32	TOTAL Gas Service Revenues	290,644,780	313,813,817
33	<b>OTHER OPERATING REVENUES</b>		
34	485 Intracompany Transfers	-	-
35	487 Forfeited Discounts	615,407	1,044,199
36	488 Misc. Service Revenues	3,214,588	3,265,698
37	488 Gross receipts tax and franchise fee collections	10,244,952	15,059,445
38	488 Individual Transportation Charge	481,296	453,472
39	489 Rev. from Trans. of Gas of Others (not included in above rate schedules)	-	-
41	493 Rent from Gas Property	590,883	655,734
42	494 Interdepartmental Rents	-	-
43	495 Other Gas Revenues		
44	Initial Connection		
45	Reconnect for Cause		
46	Collection in lieu of disconnect		
47	Returned Check		
48	Other Gas Revenues	10,264,897	23,566,231
49	495.5 Overrecoveries Purchased Gas	2,051,690	(4,975,003)
50	TOTAL Other Operating Revenues	27,463,713	39,069,776
51	TOTAL Gas Operating Revenues	317,692,328	352,802,184
52	(Less) 495.10 Provision for Rate Refunds	-	-
53	TOTAL Gas Operating Revenues Net of Provision for Refunds	317,692,328	352,802,184
54	Sales for Resale	416,167	81,408
55	Other Sales to Public Authority	-	-
56	Interdepartmental Sales	-	-
57	TOTAL	318,108,495	352,883,592

GAS OPERATING REVENUES (ACCOUNT 400) (Continued)

6. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.  
 7. See page 9, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTOMERS PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year	Number for Previous Year (g)	
				1
				2
60,237,049	58,842,517	249,718	239,524	3
282,433	984,069	41	69	4
2,829,804	2,870,799	4,865	4,627	5
63,922,733	80,556,040	13,392	15,255	6
26,262,820	37,456,367	608	867	7
342,013	2,993,182	5	10	8
340,307	587,046	18	18	9
				10
140,208	571,561	-	2	11
1,039,142	1,566,601	-	2	12
442,482	111,325	-	-	13
176,555,380	105,542,940	12	9	14
				15
1,150,742	318,310	49	20	16
372,286	269,215	3	3	17
307,210	135,023	228	162	18
66,132,826	47,468,757	6878	4665	19
121,830,697	98,260,313	1571	1203	20
41,454,062	36,918,470	58	59	21
				22
63,293,022	58,352,044	54	65	23
182,730,021	155,982,667	20	24	24
492,115,900	427,774,172	7	8	25
				26
				27
1,301,781,137	1,117,561,418	277,527	266,592	28
2,291,399	98,909	3	2	29
-	-	-	-	30
				31
				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
				42
				43
				44
				45
				46
				47
				48
				49
				50
				51
				52
				53
				54
				55
				56
				57
1,304,072,536	1,117,660,327			58

NOTES

Name of Respondent For the Year Ended

Peoples Gas System

Dec. 31, 2002

**RESIDENTIAL AND COMMERCIAL SPACE HEATING CUSTOMERS**

A residential space heating customer is a customer whose major fuel for heating is gas.

Line No.	Item (a)	Residential (b)	Commercial (c)
1	Average Number of Space Heating Customers for the Year (Estimate if not known. Designate with an asterisk if estimated.)	Not Available	Not Available
2	For Space Heating Only, Estimated Average Therms (14.73 psia at 60 degrees F) Per Customer for the Year	Not Available	Not Available
3	Number of Space Heating Customers Added During the Year	Not Available	Not Available
4	Number of Unfilled Application for Space Heating at End of Year	Not Available	Not Available

**INTERRUPTIBLE, OFF PEAK, AND FIRM SALES TO DISTRIBUTION SYSTEM INDUSTRIAL CUSTOMERS**

- |   |  |
|---|--|
| <p>1. Report below the average number of interruptible, off peak, and firm industrial customers on local distribution systems of the respondent, and the Therms of gas sales to these customers for the year.</p> <p>2. Interruptible customers are those to whom service may be interrupted under terms of the customer's gas contract, or to whom service is required to be interrupted, regardless of the contractual arrangements in emergency periods,</p> | <p>by law, ordinance, directive, or other requirement of government authority. State in a footnote the basis on which interruptible customers are reported.</p> <p>3. Off peak sales are seasonal and other sales which do not occur during wintertime demands.</p> <p>4. Report pressure base of gas volumes at 14.73 psia at 60 degrees F.</p> |
|---|--|

Line No.	Item (a)	Number/Amount (b)
1	Interruptible Customers	
2	Average Number of Customers for the Year	81
3	Therms of Gas Sales for the Year (including transportation)	739,760,774
4	Off Peak Customers	
5	Average Number of Customers for the Year	n/a
6	Therms of Gas Sales for the Year	
7	Firm Customers	
8	Average Number of Customers for the Year	n/a
9	Therms of Gas Sales for the Year	
10	TOTAL Industrial Customers	
11	Average Number of Customers for the Year	81
12	Therms of Gas Sales for the Year	739,760,774

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

## GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	B. TOTAL Natural Gas Prod. and Gathering (Enter Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Enter Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Enter Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases	111,910,446	128,501,056
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	41,461,146	39,677,264
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	(Less) 805.1 Purchased Gas Cost Adjustments	(4,319,189)	18,383,081
17	TOTAL Purchased Gas (Enter Total of Lines 8 to 16)	149,052,403	186,561,401
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Enter Total of lines 20 through 24)		
26	808.1 Gas Withdrawn from Storage--Debit		
27	(Less) 808.2 Gas Delivered to Storage--Credit		
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit	(93,633)	(136,737)
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	(93,633)	(136,737)
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supp. Exp. (Total of Lines 17, 18, 25, 26 through 29, 34, 35)	148,958,770	186,424,664
37	TOTAL Production Expenses (Enter Total of Lines 2, 3, 4, 5 and 36)	148,958,770	186,424,664
38	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)		
40	B. TOTAL Other Storage Expenses (Enter Total of Accounts 840 through 843.9)		
41	C. TOTAL Liquefied Nat Gas Terminaling & Processing Expenses (Enter Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Enter Total of lines 39, 40, and 41)		
43	3. TRANSMISSION EXPENSES		
44	TOTAL Transmission Expenses (Enter Total of Accounts 850 through 867)		
45			
46			

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

## GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. DISTRIBUTION EXPENSES		
48	Operation		
49	870 Operation Supervision and Engineering	359,490	330,223
50	871 Distribution Load Dispatching	44,510	56,780
51	872 Compressor Station Labor and Expenses	12,205	25,182
52	873 Compressor Station Fuel and Power		
53	874 Mains and Services Expenses	4,497,603	4,425,455
54	875 Measuring and Regulating Station Expenses--General	169,146	143,405
55	876 Measuring and Regulating Station Expenses--Industrial	81,394	89,626
56	877 Measuring and Regulating Station Expenses--City Gate Check Sta.	87,369	87,072
57	878 Meter and House Regulator Expenses	2,009,404	2,189,631
58	879 Customer Installations Expenses	1,668,885	1,916,039
59	880 Other Expenses	863,189	934,642
60	881 Rents	106,290	98,013
61	TOTAL Operation (Enter Total of lines 49 through 60)	9,899,485	10,296,068
62	Maintenance		
63	885 Maintenance Supervision and Engineering		
64	886 Maintenance of Structures and Improvements	152,272	160,492
65	887 Maintenance of Mains	1,048,622	1,219,034
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	208,491	159,021
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	189,872	212,900
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Sta.	457,882	423,133
70	892 Maintenance of Services	383,284	520,242
71	893 Maintenance of Meters and House Regulators	436,146	588,667
72	894 Maintenance of Other Equipment	138,186	140,545
73	TOTAL Maintenance (Enter Total of Lines 63 through 72)	3,014,755	3,424,034
74	TOTAL Distribution Expenses (Enter Total of Lines 61 and 73)	12,914,240	13,720,102
75	5. CUSTOMER ACCOUNTS EXPENSES		
76	Operation		
77	901 Supervision		595
78	902 Meter Reading Expenses	1,624,508	1,677,980
79	903 Customer Records and Collection Expenses	3,898,518	3,817,913
80	904 Uncollectible Accounts	836,609	1,798,149
81	905 Miscellaneous Customer Accounts Expenses		
82	TOTAL Customer Accounts Expenses (Enter Total of Lines 77 through 81)	6,359,635	7,294,637
83	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
84	Operation		
85	907 Supervision		
86	908 Customer Assistance Expenses	9,341,907	9,605,829
87	909 Informational and Instructional Expenses	1,421,694	922,596
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Enter Total of Lines 85 through 88)	10,763,601	10,528,425
90	7. SALES EXPENSES		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses	8,170,609	8,424,779
94	913 Advertising Expenses	220,496	281,057
95	916 Miscellaneous Sales Expenses	2,640	2,008
96	TOTAL Sales Expenses (Enter Total of lines 92 through 95)	8,393,745	8,707,844
97			

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2002	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. ADMINISTRATIVE AND GENERAL EXPENSES		
99	Operation		
100	920 Administrative and General Salaries	8,715,633	7,673,723
101	921 Office Supplies and Expenses	13,263,439	15,059,037
102	(Less) (922) Administrative Expenses Transferred--Cr.	(3,933,056)	(3,929,787)
103	923 Outside Services Employed	440,594	162,369
104	924 Property Insurance	533,525	316,403
105	925 Injuries and Damages	2,586,519	(206,613)
106	926 Employee Pensions and Benefits	3,651,834	2,595,359
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses		
109	(Less) (929) Duplicate Charges--Cr.		
110	930.1 General Advertising Expenses		
111	930.2 Miscellaneous General Expenses	368,747	344,578
112	931 Rents	439,329	422,779
113	TOTAL Operation (Enter Total of lines 100 through 112)	26,066,564	22,437,848
114	Maintenance		
115	932 Maintenance of General Plant	279,884	242,360
116	TOTAL Administrative and General Exp. (Total of lines 113 and 115)	26,346,448	22,680,208
117	TOTAL Gas O. and M. Exp. (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	213,736,439	249,355,880
118			
119			
120			
121			
122			
123			
124			
125			
126			
127			
128			
129			
130	NUMBER OF GAS DEPARTMENT EMPLOYEES		
131			
132	1. The data on number of employees should be reported for payroll period ending nearest to October 31,		
133	or any payroll period ending 60 days before or after October 31.		
134	2. If the respondent's payroll for the reporting period includes any special construction personnel,		
135	include such employees on line 3, and show the number of such special construction employees in a footnote.		
136	3. The number of employees assignable to the gas department from joint functions of combination utilities		
137	may be determined by estimate, on the basis of employee equivalents. Show the estimated number of		
138	equivalent employees attributed to the gas department from joint functions.		
139			
140	1. Payroll Period Ended (Date)	12-31-02	
141	2. Total Regular Full-Time Employees	629	
142	3. Total Part-Time and Temporary Employees	6	
143	4. Total Employees	635	
144			
145			
146			
147			



Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

## GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1)

## 1. Provide totals for the following accounts:

800	Natural Gas Well Head Purchases
800.1	Natural Gas Well Head Purchases, Intracompany Transfers
801	Natural Gas Field Line Purchases
802	Natural Gas Gasoline Plant Outlet Purchases
803	Natural Gas Transmission Line Purchases
804	Natural Gas City Gate Purchases
804.1	Liquefied Natural Gas Purchases
805	Other Gas Purchases
805.1	Purchase Gas Cost Adjustments

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.

2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.

3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).

4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased-Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	800 - Natural Gas Well Head Purchases			
2	801 - Natural Gas Field Line Purchases	339,458,621	\$111,910,446	32.97
3	804.1 - Gas Accounting, and Gas Control Expenses		\$532,261	
4	804.2 - Natural Gas City Gate Purchases - Commodity	3,397,673	\$724,793	21.33
5	804.3 - Natural Gas City Gate Purchases-Commodity	4,550	\$4,592	100.92
6	804.3 - Natural Gas City Gate Purchases - Other		\$764,040	
7	804.4 - Legal Costs		\$18,676	
8	804.5 - Natural Gas City Gate		\$38,544,974	
9	804.6 - Natural Gas City Gate Penalty Transportation System		\$871,811	
10	805.1 - Purchased Gas Cost Adjustments		(\$4,319,189)	
11	TOTAL (Enter Total of lines 1 through 9)	<u>342,860,844</u>	<u>\$149,052,404</u>	43.47

## NOTES TO GAS PURCHASES

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

## GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.

2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.

3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).

5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas		Manufactured Gas	
				Amount of Credit (d)	Amount per Therm (In cents) (e)	Therms of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel -- Cr.						
2	811 Gas used for Products Extraction -- Cr.						
3	Gas Shrinkage and Other Usage in Respondent's Own Proc.						
4	Gas Shrinkage, Etc. for Respondent's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs-- Cr. (Report separately for each principal uses. Group minor uses)						
6	Operations Expense	880-01	148,534	76,101	51.23		
7	Transportation Clearing Acct (CNG)	184-01	33,332	16,770	50.31		
8	Utilities Clearing Acct	184-90	13,837	7,035	50.84		
9	Sales Tax Acct	241-50	n/a	(6,273)	n/a		
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL		195,702	93,633	47.84		

Name of Respondent		For the Year Ended
Peoples Gas Systm		Dec. 31, 2002
<b>OTHER GAS SUPPLY EXPENSES (Account 813)</b>		
Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any expenses relate.		
Line No.	Description (a)	Amount (in dollars) (b)
1	None	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14	TOTAL	
<b>MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)</b>		
Line No.	Description (a)	Amount (b)
1	Industry Association Dues	\$254,374
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	- -
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent	-
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown)	
5	Employee Moving Expenses	54,920
6	Other Dues	2,445
7	Directors Fees and Expenses	5,000
8	Economic Development	26,617
9	Miscellaneous	9,874
10		
11		
12		
13		
14		
15		
16		
17		
18	TOTAL	\$353,230

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403,404.1,404.2,404.3,405)  
 (Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification	Depreciation Expense (Account 403)	Amortization & Depletion of Prod. Nat. Gas Land & Land Rights (Account 404.1)	Amortization of Under-ground Storage Land & Land Rights (Account (404.2)	Amortization of Other Limited-term Gas Plant (Account 404.3)	Amortization of Other Gas Plant (Account 405)	Total (b to f)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	Intangible Plant	442,957			48,261		491,218
2	Production plant, manufactured gas						
3	Production and gathering plant, nat. gas						
4	Products extraction plant						
5	Underground gas storage plant						
6	Other storage plant						
7	Base load LNG term. & proces. plant						
8	Transmission Plant						
9	Distribution Plant	25,202,026			37,640		25,239,666
10	General Plant	3,975,313					3,975,313
11	Common Plant-Gas						
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37	TOTAL	29,620,296			85,901		29,706,197

**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND  
INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charged for the year, and the period of amortization.

(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$25,000 may be grouped by classes within the above accounts.

(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest.

Explain the nature of other debt on which interest was incurred during the year.

(d) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 426-01 Donations	90,848
2	Account 426-03/04/05 Other	99,074
3		189,922
4		
5		
6		
7	Account 431 Other Interest Charges:	
8	Customer Deposits	1,772,733
9	Syndicated Line of Credit	153,889
10	ECCR	8,729
11	Commercial Paper	775,777
12	PGA True-Up	30,799
13	Miscellaneous	-
14		2,741,927
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		

Peoples Gas System

Dec. 31, 2002

## DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	<b>Electric</b>			
2	TOTAL Operation and Maintenance - Electric			
3	<b>Gas</b>			
4	Operation			
5	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.			
6	Transmission			
7	Distribution	6,587,848		
8	Customer Accounts	2,887,188		
9	Customer Service and Informational	378,708		
10	Sales	3,919		
11	Administrative and General	8,067,654		
12	TOTAL Operation (Enter Total of lines 5 through 11)	17,925,317		
13	Maintenance			
14	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.			
15	Transmission			
16	Distribution	1,570,907		
17	Administrative and General	2,765,918		
18	TOTAL Maintenance (Enter Total of lines 14 through 17)	4,336,825		
19	Total Operation and Maintenance	22,262,142		
20	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Termn. & Proces.			
21	Transmission (Enter Total of lines 6 and 15)			
22	Distribution (Enter Total of lines 7 and 16)	8,158,755		
23	Customer Accounts (Transcribe from line 8)	2,887,188		
24	Customer Service and Informational (Transcribe from line 9)	378,708		
25	Sales (Transcribe from line 10)	3,919		
26	Administrative and General (Enter Total of lines 11 and 17)	10,833,572		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	22,262,142	22,162	22,284,304
28	<b>Other Utility Departments</b>			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	22,262,142	22,162	22,284,304
31	<b>Utility Plant</b>			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	5,483,102	9,050	5,492,152
35	Other			
36	TOTAL Construction (Enter Total of lines 33 through 35)	5,483,102	9,050	5,492,152
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	751,234	1,471	752,705
40	Other			
41	TOTAL Plant Removal (Enter Total of lines 38 through 40)	751,234	1,471	752,705
42				
43	Other Accounts (Specify):			
44	Accounts Receivable - Associated Companies	5,090,921	-	5,090,921
45	Stores Expense	220,511	-	220,511
46	Other Work-In-Progress	15,923	-	15,923
47	Merchandise/Jobbing	31,331	42	31,373
48	Miscellaneous	-	-	-
49				
50				
51				
52				
53	TOTAL Other Accounts	5,358,686	42	5,358,728
54	TOTAL SALARIES AND WAGES	33,855,164	32,725	33,887,889

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 186 at Beginning of Year (e)
1	None				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	TOTAL				

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2002

REGULATORY COMMISSION EXPENSES (Account 928) (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.

for Account 186.

5. List in column (f), (g) and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.

4. The totals of columns (e), (i), (k), and (l) must agree with the totals shown at the bottom of page 34

6. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR		Deferred in	Line No.	
CHARGED CURRENTLY TO			Deferred to	Contra	Account 186		
Department	Account No.	Amount	Account 186	Account	Amount	End of Year	
(f)	(g)	(h)	(i)	(j)	(k)	(l)	
None							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
							17
							18
							19
							20
							21
							22
							23
							24
							25
							26
							27
							28
							29
							30
							31
							32
							33
							34
							35
							36
							37
							38
							39
							40



CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain Civic, Political and Related Activities.

(a) Name and address of person or organization rendering services,  
 (b) description of services received during year and project or case to which services relate,  
 (c) basis of charges,  
 (d) total charges for the year, detailing utility department and account charged.

2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.  
 3. Designate with an asterisk associated companies.

1	Description (a)	Amount (b)
2		
3		
4	Akerman, Senterfitt & Edison, P.A.	925/186 - legal fees 542,937.00
5	Environmental Consulting & Technology	186 - environmental consulting 379,643.00
6	GEI Consultants, Inc.	186 - environmental consulting 145,976.00
7	Information Intellect, Inc.	various - consulting 33,415.00
8	MacFarlane Furguson & McMullen	186/908/923 - legal 335,356.00
9	PriceWaterHouseCoopers	923 - auditing 53,750.00
10	Randstad	903/921 - temporary 56,072.00
11	Sunshine State One Call	874 - locating 250,449.24
12	Tampa Electric Company *	various 9,103,619.00
13	TECO Energy *	various 2,481,011.00
14	TECO Partners *	various 8,227,772.00
15		
16		
17		
18		
19		
20	The following were charged to capital accounts	
21		
22	Duval Engineering Services	design and drafting 88,042.00
23	Peninsula Design & Engineering, Inc.	engineering services 91,249.00
24	Robert R. Mumbauer	consulting 76,601.00
25	Tampa Electric *	various 302,989.00
26	TECO BGA *	various 674,755.00
27	TECO Partners *	various 558,460.00
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		

**Reconciliation of Gross Operating Revenues  
Annual Report versus Regulatory Assessment Fee Return**

Company: Peoples Gas System

For the Year Ended December 31, 2002

For the current year, reconcile the gross operating revenues as reported on Page 46 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

Line No.	(a) Description	(b) Gross Operating Revenues per Page 46	(c) Interstate and Sales for Resale Adjustments	(d) Adjusted Interstate Gross Operating Revenues	(e) Intrastate Gross Operating Revenues per RAF Return	(f) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	\$290,228,615		\$290,228,615	\$290,228,615	-
2	Sales for Resale (483)	\$416,165	-	\$416,165	\$416,165	-
3	Total Natural Gas Service Revenues	\$290,644,780	-	\$290,644,780	\$290,644,780	-
4	Total Other Operating Revenues (485-495)	\$27,463,713		\$27,463,713	\$27,463,713	-
5	Total Gas Operating Revenues	\$318,108,493	-	\$318,108,493	\$318,108,493	-
6	Provision for Rate Refunds (495.10)			-	-	
7	Other (Specify) Sales for Resale				(\$416,165)	\$416,165
8	Revenue from Electric Generation Customer				(\$71,523,053)	\$71,523,053
9	Unbilled Revenue Adjustment				(\$3,037,584)	\$3,037,584
10	True-up of Energy Conservation				(\$29,286)	\$29,286
11	Unbundling Transition Recovery				\$1,279,625	(\$1,279,625)
12	<b>Total Gross Operating Revenues</b>	\$318,108,493	-	\$318,108,493	\$244,382,030	\$73,726,463

Notes:

Differences due to RAF Return adjustments for exempt revenue.

## CORPORATE STRUCTURE

Company: Peoples Gas System

For the Year Ended December 31,2002

Provide an updated organizational chart showing all affiliated companies, partnerships, etc.

Effective  
Date

12/31/2002

- TECO Energy, Inc.
  - Tampa Electric Company
    - TERMCO, Inc.
      - Power Engineering & Construction, Inc.
  - TECO Investments, Inc.
  - TECO Inventory Company
  - TECO Finance, Inc.
  - TECO Oil & Gas, Inc.
  - TECO Diversified, Inc.
    - TECO Coal Corporation
      - Bear Branch Coal company
      - Raven Rock Development
      - Clintwood Elkhorn Mining Company
      - Gatliff Coal Company
      - Pike-Letcher Land Company
      - Premier Elkhorn Coal Company
      - Rich Mountain Coal Company
      - Perry County Coal Corporation
        - Ray Coal Company , Inc.
        - Whitaker Coal Corporation
      - TECO Synfuel Operations, LLC
        - TECO Synfuel Holdings, LLC
        - Pike Letcher Synfuel, LLC
    - TECO Coalbed Methane Florida, Inc.
    - TECO Solutions, Inc.
      - TECO Energy Services, Inc.
        - BCH Mechanical, Inc.
          - SDB Leasing Corporation
          - Staffing Systems, Inc.
        - BGA Special Project, One, Inc.
          - TECO AGC, Limited
          - TECO AGC, Inc.
        - TECO Thermal Systems, Inc.
      - TECO Gas Services, Inc.
      - TECO Properties Corporation
        - Brandon Properties Partners, Ltd.
        - K-T No. 1, LLC
        - B-T One, LLC
        - Hernando Oaks, LLC
        - Walden Woods Business Center, Ltd.
      - TECO Partners, Inc.
        - TECO Fiber, Inc.
          - Litestream Technologies, LLC
      - BCH Mechanical, Inc.
        - SDB Leasing Corporation
        - Staffing Systems, Inc.
      - TECO Propane Ventures, LLC
        - U.S. Propane, LLC
        - U.S. Propane, LP
          - Heritage Propane Partners, LP
          - Heritage Operating Partners, LP
          - Heritage Holdings, Inc.
      - Prior Energy Corporation
      - Prior Intrastate Corporation
    - TECO Transport Corporation
      - Teco Bulk Terminal, LLC
      - Teco Ocean Shipping, Inc.
      - Teco Barge Line, Inc.
      - TECO Towing Company

## CORPORATE STRUCTURE

Company: Peoples Gas System

For the Year Ended December 31, 2002

TECO Commerce, Inc.  
MaterialsXpress, LLC  
Peoples Gas System (Florida), Inc.  
Peoples Sales & Service Company  
Suwannee Gas Marketing, Inc.  
Seminole Gas Marketing  
TECO Stevedoring Services, Inc.  
TECO Power Services Corporation  
Hardee Power I, Inc.  
Hardee Power II, Inc.  
Hardee Power Partners, Ltd.  
TPS Hamakua, Inc.  
TPS Hawaii, Inc.  
Hamakua A, LLC  
Hamakua Energy Partners, LP  
TPS Hamakua Land, Inc.  
Hamakua Land Partnership, LP  
TPS Holdings, Inc.  
TPS Guatemala One, Inc.  
Tampa Centro Americana de Electricdad, Limitada  
TPS Operations Holding Company  
TPS Virginia Operations Company  
TPS Arizona Operations Company  
TPS Arkansas Operations Company  
TPS Operations Company  
TPSMcAdams Operations Company  
TPS Dell Operations Company  
TPS Dell WDP, LLC  
TPS Frontera Operations I, Inc.  
TPS Frontera Operations II, Inc.  
TPS Frontera Operations, LP  
TECO EnergySource, Inc.  
TPS International Power, Inc.  
TPS San Jose International, Inc.  
TPS San Jose, LDC  
TPS Palmera, LDC  
Palm Import and Export Corporation  
Triangle Finance Company, LLC  
San Jose Power Holding Company, Ltd.  
Central Generadora Electrica San Jose, S.R.L.  
Tasajero I, LDC  
TPS Operaciones de Guatemala, Ltda.  
TPS Administraciones, Ltda.  
Tecnologia Maritima, S.A.  
TPS de Ultramar, Ltd.  
TPS De Ultramar Guatemala, S.A.  
Generacion Electra Centroamericana, S.A.  
Administradora de Inmuebles Santo Tomas, S.A.  
Distribucion Electrica CentroAmericana II, S.A.  
Empressa Electrica de Guatemala, S.A.  
Navega.com, S.A.  
Carieegsa, S.A.  
Commercializadora Electrica de Guatemala S.A.  
Energica, S.A.  
Transportista Electrica Centroamericana, S.A.  
TPS Escuintla I, LDC  
TPS Pavana, Ltd

## CORPORATE STRUCTURE

Company: Peoples Gas System

For the Year Ended December 31, 2002

TM Global Power, LLC  
    Bear Energy Corporation  
        CPC Limited Partnership  
    Mosbacher Power International, LLC  
    Mosbacher Power Brasil, Ltda.  
    Ram Power India I, Ltd.  
Pasco Power GP, Inc.  
    Pasco Project Investment Partnership, Ltd.  
    Pasco Cogen, Ltd.  
TPS Materials, Inc.  
TM Power Ventures, LLC  
    Mosbacher Power Group LLC  
    TM Czech Power LLC  
        TM Kladno Electricidad, s.r.l.  
        TM Kladno, B.V.  
            Nations Kladno, B.V.  
                Matra Powerplant Holdings, B.V.  
                ECK Generating, s.r.o.  
TM ECK, LLC  
    Nations Kladno (II) B.V.  
        Energeticke Centrum Kladno spol. s.r.o.  
TM Delmarva Power LLC  
    Commonwealth Chesapeake Company, LLC  
TMPV Caledonia LLC  
TECO Power Ventures, Inc.  
    TPS TriCo, LLC  
        TPS Dell, LLC  
            TPS Dell Finance, LLC  
        TPS McAdmas, LLC  
        TPS Tejas GP, LLC  
        TPS Tejas LP, LLC  
            Frontera Generation Limited Partnership  
TPS GP, Inc.  
TPS LP, Inc.  
    TECO-Panda Generating Company, LP  
        Union Power I, LLC  
        Union Power II, LLC  
            Union Power Partners, LP  
        Panda Gila River, I, LLC  
        Panda Gila River II, LLC  
            Panda Gila River, LP  
        Trans-Union Interstate I, LLC  
        Trans-Union Interstate II, LLC  
            Trans-Union Interstate Pipeline, LP  
TPS Celanese I, Inc.  
TPS GP II, Inc.  
TPS LP II, Inc.  
    TECO-PANDA Generating Company II, LP  
TECO Funding Company I, LLC  
TECO Funding Company II, LLC  
TECO Funding Company III, LLC

**NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES**

**COMPANY: Peoples Gas System**  
**For the Year Ended December 31, 2002**

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliated Company (a)	Synopsis of Contract (b)
Teco Partners	<p>An agreement entered into between Peoples Gas (Peoples) and TECO Partners (Partners) whereby Peoples retained Partners to market and sell services for and on behalf of Peoples to present and potential customers of Peoples, including but not limited to:</p> <ul style="list-style-type: none"> <li>- Gas Services</li> <li>- Energy Conservation Program Services</li> <li>- Developer Services</li> <li>- Service and Program Development</li> <li>- Promotional Services</li> </ul> <p>Payment to Partners under the agreement is targeted at \$8,523,500 annually and is determined in three parts: a fixed amount paid in equal monthly installments; a customer incentive amount based on number of new customers added; and, a therm incentive amount based on growth in therm sales by customer class.</p> <p>The agreement was entered into effective January 1, 2002 for a period of one year.</p>
Tampa Electric	<p>An agreement was entered into between Peoples and Tampa Electric Company for a period of three years for Tampa Electric to provide gas meter reading, and related field services to Peoples. Peoples contracts with Tampa Electric to provide monthly gas meter readings at a price of .49 cents per reading. The applied per read rate follows a schedule of mutually agreed to volumes that will be adjusted twice annually to reflect changes in the service area.</p>
TECO BGA	<p>One year Agreements were entered into between Peoples and TECO BGA and TECO Partners, whereby BGA and Teco Partners lease space in various Peoples buildings in Florida.</p>

**INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000**

**Company: Peoples Gas System**

**For the Year Ended December 31, 2002**

Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate (a)	Description of Transaction (b)	Dollar Amount (c)
TECO Gas Services	Monthly Payroll	465,427
	Monthly G&A Allocation	63,000
	Off System Sales to TGS	159,000
	Monthly Imbalance Cash-outs to TECO Gas Services	27,000
Prior Energy	Gas Purchases	34,360,000
	Off System Sales to Prior Energy	4,001,000
	PGS Bookouts to Prior Energy	36,000
	Monthly Various Products & Services - Sold - O&M	590,224
TECO Partners	Monthly Payroll	5,963,394
	Monthly Plant Transactions & Adjustments	157,559
	Monthly Rent	483,360
	Monthly G&A Allocation	324,996
	Monthly Marketing Services - Costs - O&M	8,227,772
	Monthly Marketing Services - Costs - Capital	558,460
Tampa Electric	Monthly Various Products & Services - Purchased - O&M	9,103,619
	Monthly Various Products & Services - Purchased - Capital	302,989
	Off System Sales - Polk Power	773,000
	Off System Sales - Tampa Electric	468,000
TECO Power Services	PGS Natural Gas Purchases From Hardee Power	203,000
	Monthly Imbalance Cash-outs to Hardee Power	652,000
	Monthly Capacity Utilization Charges - Hardee Power	3,408,000
	Monthly Various Goods & Services - O&M billed to TPS	28,609
TECO BGA	Engineering Services Charged to PGS	674,755
	Administrative Services Charged to BGA	162,016
TECO Energy	Monthly Various Goods & Services - O&M billed to PGS	2,481,011
	Monthly Various Goods & Services - O&M billed to Teco Energy	239,274
BCH Mechanical	Monthly Various Goods & Services - O&M billed to BCH Mechanical	45,000

**SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS**

**Company: Peoples Gas System**

**For the Year Ended December 31, 2002**

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

(a) Enter name of affiliate.

(b) Give description of type of service, or name the product involved.

(c) Enter contract or agreement effective dates.

(d) Enter the letter "p" if the service or product is a purchased by the Respondent: "s" if the service or product is sold by the Respondent.

(e) Enter utility account number in which charges are recorded.

(f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
TECO Gas Services, Inc.	Payroll		s	Various	465,427
	G & A Allocation		s		63,000
	Off System Sales to TGS		s		159,000
	Imbalance Cash-outs to TGS		p		27,000
Heritage Propane	Operating Expenses		s		23,192
	Rent		s		49,623
Prior Energy	Gas Purchases		p		34,360,000
	Off System Sales to Prior Energy		s		4,001,000
	PGS Bookouts to Prior Energy		s		36,000
	Various Goods/Services O&M		s		590,224
TECO Partners	Payroll		s		5,963,394
	Plant Transactions & Adjust.		s		157,559
	Rent		s		483,360
	G & A Allocation		s		324,996
	Marketing Services O&M		p		8,227,772
	Marketing Services Capital		p		558,460
Tampa Electric	Company Aircraft Allocation		s		18,000
	Various Goods/Services O&M		p		9,103,619
	Various Goods/Services Cap.		p		302,989
	Off System Sales-Polk Power		s		773,000
	Off System Sales-Tampa Electric		s		468,000
	Various Goods/Services O&M		s		2,552
TECO Power Services	Company Aircraft Allocation		s		27,360
	Mutually Beneficial Gas Sale to HP		s		4,000
	Imbalance Cash-outs to Hardee Power		s		652,000
	Capacity Utilization Chg-Hardee Power		s		3,408,000
	Gas Purchases from Hardee Power		p		203,000
	Various Goods/Services O&M		s		1,249
TECO Transport	Company Aircraft Allocation		s		7,770



**SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS**

**Company: Peoples Gas System**  
**For the Year Ended December 31, 2002**

Grouped by affiliate, list each contract, agreement, or other business transaction exceeding a cumulative amount of \$300 in any one year, entered into between the Respondent and an affiliated business or financial organization, firm, or partnership identifying parties, amounts, dates, and product, asset, or service involved.

- (a) Enter name of affiliate.
- (b) Give description of type of service, or name the product involved.
- (c) Enter contract or agreement effective dates.
- (d) Enter the letter "p" if the service or product is a purchased by the Respondent: "s" if the service or product is sold by the Respondent.
- (e) Enter utility account number in which charges are recorded.
- (f) Enter total amount paid, received, or accrued during the year for each type of service or product listed in column (c). Do not net amounts when services are both received and provided.

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
TECO BGA	Payroll		s		96,727
	Rent		s		60,300
	Company Aircraft Allocation		s		1,920
	Engineering Services		p		674,755
	Various Goods/Services O&M		s		3,069
BCH Mechanical	Payroll		s		45,000
TECO Properties	Payroll		s		15,000
TECO Energy	Payroll		s		147,768
	Company Aircraft Allocation		s		76,200
	Various Goods/Services O&M		s		15,306
	Various Goods/Services O&M		p		2,481,011



**EMPLOYEE TRANSFERS**

**Company: Peoples Gas System**

**For the Year Ended December 31, 2002**

List employees earning more than \$30,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
None				