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Economic Regulation
P. 16

**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

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, 2003

DIVISION OF
ECONOMIC REGULATION

04 APR 30 PIT 3:46

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION

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

Name	Bruce Narzissenfeld	Title	Assistant Controller
Address	P.O. Box 2562	City	Tampa
		State	FL 33601-2562
Telephone No.	(813) 228-4526		PSC/ECR 020-G (10/03)

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, 2003 and 2002 under date of March 2, 2004. 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 Sheets, Statements of Income, and Notes to Financial Statements of Form 2 for the years then ended and the Statement of Retained Earnings for the year ended December 31, 2003 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, Inc. as of December 31, 2003 and 2002 and the results of its operations for the year ended December 31, 2003 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.

PriceWaterhouseCoopers LLP

March 2, 2004

**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. ²) 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 2003
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 Assistant 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., Day, Yr) Dec. 31, 2003

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, 2003 to December 31, 2003, 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 or her official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in S. 775.082 and S. 775.083.



Signature

Bruce Narzissenfeld

Name

4-26-04

Date

Assistant Controller

Title

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2003

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Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

CONTROL OVER RESPONDENT

- | | |
|--|--|
| <p>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</p> | <p>organization. If control was held by a trustee(s), state name of trustee(s).</p> <p>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.</p> |
|--|--|

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

CORPORATIONS CONTROLLED BY RESPONDENT

- | | |
|--|--|
| <p>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.</p> <p>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.</p> | <p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>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.</p> |
|--|--|

DEFINITIONS

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

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

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

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

Title (a)	Name of Officer (b)	Salary for Year (1) (c)
Current Officer: V.P. Energy Delivery Peoples Gas	M. J. Pennino	\$ 158,200
Retired Officer: V. P. - Accounting & Regulatory retired 12/1/2003	F. J. Sivard	\$ 136,634
Shared Officer: President - Peoples Gas Effective 9/1/03 - President Tampa Electric and Peoples Gas	W. N. Cantrell W. N. Cantrell	\$ 245,336
(1) amounts included in FPSC copies only		

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.			

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

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 others 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.

Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
	Number of votes as of (date):			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities				
TOTAL number of security holders				
TOTAL votes of security holders listed below				
Peoples Gas System, as a division of Tampa Electric Company, has no outstanding shares of common stock. All outstanding shares of Tampa Electric Company common stock are held by it's parent, TECO Energy, Inc.				

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. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.

2. 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.

3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.

4. 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.

5. 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, 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.

1 None

2 None

3 None

4 None

5 None

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	12	746,959,655	778,388,033
3	Construction Work in Progress (107)	12	17,102,404	16,415,189
4	TOTAL Utility Plant Total of lines 2 and 3)		764,062,059	794,803,222
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	257,959,705	279,100,983
6	Net Utility Plant (Total of line 4 less 5)		506,102,354	515,702,239
7	Utility Plant Adjustments (116)	11		
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, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		-	-
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	(590,896)	(3,090,057)
19	Special Deposits (132-134)	-	34,546	34,546
20	Working Funds (135)	-	15,569	11,475
21	Temporary Cash Investments (136)	-	3,900,934	-
22	Notes Receivable (141)	-	1,550,000	-
23	Customer Accounts Receivable (142)	-	25,071,944	24,126,898
24	Other Accounts Receivable (143)	-	570,603	2,954,158
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	(415,047)	(412,000)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-		
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	724,255	654,443
32	Merchandise (155)	-		
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		
36	Prepayments (165)	18	383,047	922,594
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-	31,266	44,445
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	20,970,642	18,764,853
41	Miscellaneous Current and Accrued Assets (174)	-	3,419,997	1,070,018
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		55,666,860	45,081,373
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	3,590,626	3,209,281
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3, 182.4)	19	1,319,264	21,126,138
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-		
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	1,441,964	(3,512,492)
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20	3,401,202	2,996,779
55	Accumulated Deferred Income Taxes (190)	24		
56	Unrecovered Purchased Gas Costs (191)	-	215,683	3,342,004
57	TOTAL Deferred Debits (Total of lines 44 through 56)		9,968,739	27,161,710
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		571,737,953	587,945,322

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

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 (208-214)	-	155,550,169	155,550,169
5	Retained Earnings (215, 216)	10		(0)
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	112,879,551	109,772,909
7	(Less) Reacquired Capital Stock (217)	-		
8	TOTAL Proprietary Capital (Total of lines 2 through 7)		268,429,720	265,323,078
9	LONG-TERM DEBT			
10	Bonds (221)	21		
11	(Less) Reacquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21		
13	Other Long-Term Debt (224)	21	184,800,000	179,500,000
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21	(771,773)	(681,168)
16	TOTAL Long-Term Debt (Total of lines 10 through 15)		184,028,227	178,818,832
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)	-	5,753,000	5,868,519
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)		5,753,000	5,868,519
25	CURRENT AND ACCRUED LIABILITIES			
26	Notes Payable (231)	-		
27	Accounts Payable (232)	-	18,514,345	25,802,265
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-	8,489,008	9,928,902
30	Customer Deposits (235)	-	29,871,036	28,892,207
31	Taxes Accrued (236)	-	10,389,328	9,383,169
32	Interest Accrued (237)	-	5,006,187	4,881,506
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	2,068,396	2,070,797
37	Miscellaneous Current and Accrued Liabilities (242)	22	6,813,822	7,025,197
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)		81,152,122	87,984,043
41	DEFERRED CREDITS			
42	Customer Advances for Construction (252)	-	2,150,101	2,534,833
43	Other Deferred Credits (253)	22	36,755	7,303
44	Other Regulatory Liabilities (254)	22	123,108	20,617,352
45	Accumulated Deferred Investment Tax Credits (255)	23	228,645	185,258
46	Deferred Gains from Disposition of Utility Plant (256)	-		
47	Unamortized Gain on Reacquired Debt (257)	20		
48	Accumulated Deferred Income Taxes (281-283)	24	29,836,275	26,606,104
49	TOTAL Deferred Credits (Total of lines 42 through 48)		32,374,884	49,950,850
50				
51	TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)		571,737,953	587,945,322

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

STATEMENT OF INCOME

- | | |
|--|---|
| <p>1. Use page 11 for important notes regarding the statement of income or any account thereof.</p> <p>2. Give concise explanations on page 11 concerning significant amounts of any refunds made or received during the year.</p> <p>3. Enter on page 11 a concise explanation of only those changes in accounting methods made during the year</p> | <p>which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.</p> <p>4. Explain in a footnote if the previous year's figures are different from that reported in prior reports.</p> |
|--|---|

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	408,415,876	318,108,495
3	Operating Expenses			
4	Operation Expenses (401)	27-29	293,695,171	210,441,800
5	Maintenance Expenses (402)	27-29	3,430,987	3,294,639
6	Depreciation Expense (403)	15-16	30,910,781	29,620,296
7	Amortization & Depletion of Utility Plant (404-405)	-	1,018,291	85,901
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	156,372	156,371
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amortization 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)	23	24,120,708	20,329,671
14	Income Taxes - Federal (409.1)	-	15,169,103	4,738,238
15	- Other (409.1)	-	2,405,413	837,038
16	Provision for Deferred Income Taxes (410.1)	24	(2,347,033)	9,138,705
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24		
18	Investment Tax Credit Adjustment - Net (411.4)	23	(43,387)	(43,387)
19	(Less) Gains from Disposition of Utility Plant (411.6)	-		
20	Losses from Disposition of Utility Plant (411.7)	-		
21	Other Operating Income (412-414)	-		
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		369,156,402	279,239,268
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		39,259,474	38,869,227

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

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 8)		39,259,474	38,869,227
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	41,853	(294,958)
30	(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)	10		
35	Interest and Dividend Income (419)	-	229,602	621,400
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	1,558,896	9,460
38	Gain on Disposition of Property (421.1)	-		
39	TOTAL Other Income (Total of lines 29 through 38)		1,830,351	335,902
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	506,914	189,922
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		506,914	189,922
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	437,726	48,284
48	Income Taxes - Other (409.2)	-	72,788	8,031
49	Provision for Deferred Income Taxes (410.2)	24		
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24		
51	Investment Tax Credit Adjustment - Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		510,514	56,315
54	Net Other Income and Deductions (Total of lines 39,44,53)		812,923	89,665
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	12,831,585	11,972,219
57	Amortization of Debt Discount and Expense (428)	20-21	889,765	533,331
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amortization of Premium on Debt - Credit (429)	21		(505,000)
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33		
62	Other Interest Expense (431)	33	1,836,119	2,741,927
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		15,557,469	14,742,477
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		24,514,928	24,216,415
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		24,514,928	24,216,415

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

STATEMENT OF RETAINED EARNINGS

- | | |
|--|---|
| <p>1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.</p> <p>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).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>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.</p> | <p>5. Show dividends for each class and series of capital stock.</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>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.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.</p> |
|--|---|

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		112,879,551
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		-
7	Debit:		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		-
10	Balance Transferred from Income (Account 433 less Account 418.1)		24,514,927
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		27,621,569
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	FAS 133 Other Comprehensive Income	174	
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		109,772,909
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.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		109,772,909

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 8-10, such notes may be attached hereto.

The 2003 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, and the statement of cash flows for the current 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 at December 31, 2002 and 2003.

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 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.

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 4.2% for 2003 and 4.0% for 2002.

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, 2003, Peoples Gas System had a derivative asset of \$1,070,018 and at December 31, 2002, Peoples Gas System had a derivative asset of \$3,419,997. There were no amounts recorded in OCI as of December 31, 2002 or December 31, 2003.

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, 2003, 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. 30, 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 57 percent of plan assets were

invested in common stocks and 43 percent in fixed income investments at Sept. 30, 2003.

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 D, 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>2003</u>	<u>2002</u>
Service cost		
(benefits earned during the period)	\$14.3	\$11.8
Interest cost on projected		
Benefit obligations	30.8	28.7
Less: Expected return on plan assets	(42.1)	(42.9)
Amortization of:		
Unrecognized transition asset	(1.1)	(1.1)
Prior service cost	(0.5)	(0.5)
Actuarial (gain) loss	1.4	(3.7)
Net pension expense	<u>2.8</u>	<u>(7.7)</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>\$2.8</u></u>	<u><u>\$(5.0)</u></u>

(1) Peoples Gas System's portion was \$.6 million and \$(.5) million for 2003 and 2002 respectively.

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

	Dec. 31, <u>2003</u>	Dec. 31, <u>2002</u>
Projected benefit obligation, beginning of year	\$455.1	\$382.3
Change in benefit obligation due to:		
Service cost	14.3	11.8
Interest cost	30.8	28.7
Actuarial loss	89.7	58.3
Curtailments	(1.9)	1.1
Special termination benefits	--	2.7
Gross benefits paid	(33.5)	(29.8)
Projected benefit obligation, end of year	<u>554.5</u>	<u>455.1</u>
Fair value of plan assets, beginning of year	371.9	428.0
Change in plan assets due to:		
Actual return on plan assets	51.7	(24.9)
Employer contributions	1.7	1.7
Gross benefits paid	(33.5)	(32.9)
Fair value of plan assets, end of year	<u>391.8</u>	<u>371.9</u>
Funded status, end of year	(162.7)	(83.2)
Net contributions after measurement date	6.7	0.4
Unrecognized net actuarial loss	165.6	88.9
Unrecognized prior service cost	(6.9)	(7.4)
Unrecognized net transition asset	(1.4)	(2.5)
Accrued pension liability (2)	<u>\$1.3</u>	<u>\$(3.8)</u>

(2) Peoples Gas System's portion was \$3.3 million and \$3.4 million at Dec. 31, 2003 and 2002, respectively.

Assumptions Used in Determining Actuarial Valuations

	<u>2003</u>	<u>2002</u>
Discount rate to determine projected benefit obligation	6.00%	6.75%
Rates of increase in compensation levels	4.25%	4.80%
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>2003</u>	<u>2002</u>
Service cost (benefits earned during the period)	\$0.6	\$0.4
Interest cost on projected benefit obligations	0.7	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	0.0	0.0
Net periodic Postretirement benefit expense	<u>\$1.7</u>	<u>\$1.4</u>

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

	<u>Dec. 31, 2003</u>	<u>Dec. 31, 2002</u>
Accumulated postretirement benefit obligation, beginning of year	\$10.1	\$7.4
Change in benefit obligation due to:		
Service cost	0.5	0.5
Interest cost	0.7	0.6
Plan participants' contributions	0.2	0.1
Plan amendments	0.0	0.0
Actuarial loss	0.8	1.7
Gross benefits paid	<u>(0.6)</u>	<u>(0.2)</u>
Accumulated postretirement benefit obligation, end of year	<u>\$11.7</u>	<u>\$10.1</u>
Funded status, end of year	\$(11.7)	\$(10.1)
Net contribution after measurement date	0.0	0.0
Unrecognized net loss from past experience	(0.5)	(1.3)
Unrecognized prior service cost	2.4	2.6
Unrecognized transition obligation	2.4	2.6
Liability for accrued postretirement benefit	<u>\$(7.4)</u>	<u>\$(6.2)</u>

Assumptions Used in Determining Actuarial Valuations

	<u>2003</u>	<u>2002</u>
Discount rate to determine projected benefit obligation	6.00%	6.75%

The assumed health care cost trend rate for medical costs was 11.50% in 2003 decreasing to an ultimate trend of 5.00% in 2013.

A 1-percent increase in the medical trend rates would produce a 3-percent (\$38 thousand) increase in the aggregate service and interest cost for 2003 and a 2-percent (\$288 thousand) increase in the accumulated postretirement benefit obligation as of Sept. 30, 2003.

A 1-percent decrease in the medical trend rates would produce a 2-percent (\$29 thousand) decrease in the aggregate service and interest cost for 2003 and a 2-percent (\$221 thousand) decrease in the accumulated postretirement benefit obligation as of Sept. 30, 2003.

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>
2003			
Currently payable	\$15.6	\$2.5	\$18.1
Deferred	(2.0)	(0.3)	(2.3)
Amortization of investment tax credits	0.0	0.0	0.0
Total income tax expense	<u>\$13.6</u>	<u>\$2.2</u>	15.8
Included in other income, net			0.0
Included in operating expenses			<u>\$15.8</u>
2002			
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>	14.7
Included in other income, net			0.0
Included in operating expenses			<u>\$14.7</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:

(millions of dollars)	Dec. 31, <u>2003</u>	Dec. 31, <u>2002</u>
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	\$(43.7)	\$(39.6)
Other	17.1	9.8
Total deferred income tax liabilities	<u>(26.6)</u>	<u>(29.8)</u>
Accumulated deferred income taxes	<u>\$(26.6)</u>	<u>\$(29.8)</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:

(millions of dollars)	<u>2003</u>	<u>2002</u>
Net income	\$24.5	\$24.2
Total income tax provision	<u>15.7</u>	<u>14.7</u>
Income before income taxes	<u>\$40.2</u>	<u>\$38.9</u>
Income taxes on above at federal statutory rate of 35%	\$14.1	\$13.6
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	<u>(0.2)</u>	<u>(0.3)</u>
Total income tax provision	<u>\$15.7</u>	<u>\$14.7</u>
Provision for income taxes as a percent of income before income taxes	<u>39.0%</u>	<u>37.8%</u>

H. Short-term Debt

Notes payable consisted primarily of commercial paper with weighted average interest rates of 1.86% at Dec. 31, 2002. There were no notes payables at Dec. 31, 2003. Unused lines of credit at Dec. 31, 2003 were \$250 million. Certain lines of credit require commitment fees of 20 basis points and drawn amounts are charged interest at LIBOR plus 105-117.5 basis points, depending upon the amount of the draw, at current ratings.

I. Related Party Transactions (millions)

Net transactions with affiliates are as follows:

	<u>2003</u>	<u>2002</u>
Administrative and general, net	\$9.8	\$10.6

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

	<u>2003</u>	<u>2002</u>
Accounts receivable	\$2.7	\$2.7
Accounts payable	\$3.3	\$5.5

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 2004 and \$160 million for 2005 through 2008 for infrastructure expansion to grow the customer base and normal asset replacement.

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2003	
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
Line No.	Item (a)	Total (b)	Gas (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	735,648,916	735,648,916
4	101.1 Property Under Capital Leases		
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified	37,261,491	37,261,491
7	103 Experimental Plant Unclassified		
8	104 Leased to Others		
9	105 Held for Future Use	228,955	228,955
10	114 Acquisition Adjustments	5,248,671	5,248,671
11	TOTAL Utility Plant (Total of lines 3 through 10)	778,388,033	778,388,033
12	107 Construction Work in Progress	16,415,189	16,415,189
13	Accum. Provision for Depreciation, Amortization, & Depletion	279,100,983	279,100,983
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	515,702,239	515,702,239
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	276,456,122	276,456,122
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights		
19	111 Amort. of Underground Storage Land and Land Rights		
20	119 Amortization of Other Utility Plant		
21	TOTAL in Service (Total of lines 17 through 20)	276,456,122	276,456,122
22	Leased to Others		
23	108 Depreciation		
24	111 Amortization and Depletion		
25	TOTAL Leased to Others (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 Amortization of Plant Acquisition Adjustment	2,644,861	2,644,861
32	TOTAL Accum. Provisions (Should agree with line 13 above) (Total of lines 21, 25, 29, 30, and 31)	279,100,983	279,100,983

Annual Status Report
Analysis of Plant in Service Accounts

Company: Peoples Gas System
For the Year Ended December 31, 2003

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
374-00	Land-Distribution		2,131,198		(28,076)				2,103,122
	Amortizable General Plant Assets:								
301-00	Organization		12,620						12,620
302-00	Franchises and Consents		427,466						427,466
303-00	Misc Intangible Plant		815,325						815,325
303-01	Customized Software		3,839,076	582,084				9,873,755	14,294,915
374-02	Land Rights / Easements		1,151,566						1,151,566
386-02	Other Prop Cust Prem-Desi			51,942					51,942
386-08	Other Prop Cust Prem-CNG		316,004		(206,140)			(109,864)	
390-02	Structures&Improvem-Leas		39,043						39,043
Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.									
375-00	Land/Building Struct&Imp	2.7%	15,402,019	1,244,909	(124,298)				16,522,630
376-00	Mains - Other than Plastic	3.7%	212,054,481	17,702,985	(1,814,915)		(14,692)	41,072	227,968,931
376-02	Mains - Plastic	2.8%	143,882,495	29,844,205	(497,814)		(33,881)	(47,767)	173,147,238
378-00	Regulator Stations-Meas&	3.9%	4,028,624	683,492	(132,328)				4,579,788
379-00	City Gate Stations-Meas&	3.0%	6,078,479	97,522	(14,902)		7,931	18,882	6,187,912
380-00	Service Lines - Steel	6.6%	36,106,739	785,028	(505,854)		(6,640)	(61,450)	36,317,823
380-02	Service Lines - Plastic	4.4%	117,009,448	10,835,572	(587,084)		(679)	56,886	127,314,143
381-00	Meters - All Types	5.4%	25,679,129	2,991,730	(1,708,007)		1,038	1,362	26,965,251
382-00	Meter Installations	4.3%	25,867,878	2,903,885	(590,062)		150	(2,446)	28,179,404
383-00	House Regulators	4.6%	8,625,940	208,000	(78,471)		640	(640)	8,755,469
384-00	House Regulator Installa	4.4%	9,050,583	1,352,869	(124,423)			35	10,279,064
385-00	Industrial Cust Regulator	3.0%	8,452,849	774,111	(290,162)			(171,723)	8,765,076
387-00	Other Equipment-DistribS	7.9%	1,212,052	176,263	(4,758)		(52)		1,383,506
390-00	Structures& Improvemen-U	2.7%	905,217	125,876	(22,061)				1,009,031
391-00	Office Furniture	9.7%	2,608,850	396,687	(24,582)				2,980,956
391-01	Computer Equipment	19.8%	17,745,629	766,760	(852,699)			(9,647,813)	8,011,878
391-02	Office Equipment/Machine	6.6%	504,148	60,494	(23,741)			291	541,192
392-01	Auto&Truck less than 1/2	14.3%	7,236,673	63,262	(284,213)			18,800	7,034,522
392-02	Auto&Truck 3/4 - 1 ton	11.3%	2,698,840	19,777					2,718,617
392-03	Airplanes	1.7%	6,029,716						6,029,716
392-04	Trailers, Other	3.9%	266,939	1,358					268,297
392-05	Trucks over 1 ton	7.3%	1,173,373	24,082	(32,517)				1,164,938
393-00	Stores Equipment	11.3%	64,645		(3,562)				61,083
394-00	Tools, Shop, & Garage Eq	6.7%	3,399,436	146,002	(59,557)		(299)	109,864	3,595,445

Annual Status Report
Analysis of Plant in Service Accounts

Company: Peoples Gas System
For the Year Ended December 31, 2003

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
395-00	Laboratory Equipment	5.0%	129,578						129,578
396-00	Power Operated Equipment	6.3%	1,749,698	96,322	(59,551)				1,786,469
397-00	Communication Equipment	9.7%	4,700,686	734,683	(701,618)			(40,664)	4,693,087
398-00	Misc Equipment-Gas	3.2%	329,779	32,287	(192)				361,873
NOTE: Data on pages 13 and 14 are inclusive of both Peoples Gas System and West Florida Gas due to combined rates per order PSC-02-1647-CO-GU, effective 1/1/2003.									
Capital Recovery Schedules:									
118	Other Utility Plant								
Total Account 101*			671,726,219	72,702,187	(8,771,589)		(46,482)	38,580	735,648,916
Amortizable Assets:									
114	Acquisition Adjustment		5,248,671						5,248,671
105	Property Held for Future Use		228,955						228,955
Total Utility Plant			677,203,844	72,702,187	(8,771,589)		(46,482)	38,580	741,126,542

Note: * The total beginning and ending balances must agree to acct. 101, Plant in Service, Line 3, Page 12.

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Peoples Gas System
For the Year Ended December 31, 2003

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301-20	Organization	(3,116)								(3,116)
302-20	Franchises & Consents	(314,694)	(15,651)							(330,345)
303-20	Misc Intangible Plant	(290,058)	(32,610)							(322,668)
303-51	Customized Software	(746,471)	(897,297)						(7,080,763)	(8,724,531)
374-22	Land Rights / Easements	(606,008)	(38,952)							(644,960)
386-22	Othr Prop Cust Prem-Desi	(433)	(4,328)							(4,761)
390-02	Structure & Improvements-Leased	(28,216)							(7,080,763)	(28,216)
SUB-TOTAL		(1,988,996)	(988,838)	-	-	-	-	-		(10,058,597)
Items necessary to reconcile the total amortization accrual amount to Acct. 404.3, Amortization Expense, shown on page 8.										
The contra for this amortization is Acct. 907		(284,671)	78,531		206,140					(0)
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
374-50	Land				28,076	(24,474)				3,603
375-50	Land/Building Struct&Imp	(2,766,234)	(449,539)		124,298		12,866			(3,078,607)
376-50	Mains - Other than Plastic	(104,386,734)	(8,781,749)		1,814,915	(2,778)	384,752	(5,279)	5,313	(110,971,559)
376-52	Mains - Plastic	(37,358,752)	(5,246,633)		497,814		30,774	(3,982)	3,599	(42,077,179)
378-50	Regulator Stations-Meas&	(1,037,996)	(163,074)		132,328		17,391			(1,051,351)
378-51	Regulator Stations-Do no	(136,217)	(4,573)							(140,790)
379-50	City Gate Stations-Meas&	(1,797,829)	(200,982)		14,902		55,629	(7,931)		(1,928,281)
379-51	City Gate Stations-Do no	(28,844)	(904)							(29,747)
380-50	Service Lines - Steel	(29,144,015)	(2,383,136)		505,854	(3,291)	716,577		3,558	(30,304,453)
380-52	Service Lines - Plastic	(33,790,570)	(5,312,495)		587,084	(1,200)	398,674	(1,860)	(1,334)	(38,121,701)
381-50	Meters - All Types	(6,016,289)	(1,406,189)		1,708,007	(79,653)		(1,038)	1,038	(5,794,124)
381-51	Meters - Do not use	(2,176)	(164)							(2,340)
382-50	Meter Installations	(9,294,233)	(1,152,042)		590,062		265,620	(150)	143	(9,590,600)
383-50	House Regulators	(3,217,050)	(399,241)		78,471	(433)	7,252	(640)	640	(3,531,001)
384-50	House Regulator Installa	(2,786,332)	(414,380)		124,423		115,682		(9)	(2,960,617)
385-50	Industrial Cust Regulator	(2,788,230)	(266,188)		290,162		14,096		13,839	(2,736,320)
387-50	Other Equipment-DistribS	(553,203)	(76,833)		4,758					(625,279)
390-50	Structures& Improvemen-U	(138,021)	(26,534)		22,061					(142,494)
391-50	Office Furniture	(404,389)	(290,287)		24,582					(670,538)
391-51	Computer Equipment	(11,163,846)	(1,979,820)		852,699				6,897,750	(5,393,217)
391-52	Office Equipment/Machine	(209,854)	(36,384)		23,741				350	(222,146)
391-53	Office Furniture/Equip	(140,150)							140,150	-
392-51	Auto&Truck less than 1/2	(1,188,910)	(1,022,005)		284,213	(20,300)			(977,271)	(2,924,273)
392-52	Auto&Truck 3/4 - 1 ton	(510,446)	(298,796)						222,566	(586,677)
392-53	Airplanes	(533,549)	(102,529)						512,445	(123,633)
392-54	Trailers, Other	(115,864)	(10,535)							(126,399)
392-55	Trucks over 1 ton	(571,974)	(86,148)		32,517				109,814	(519,292)
393-50	Stores Equipment	(60,729)	(4,329)		3,562				3,864	(57,632)

Annual Status Report Analysis of Entries in Accumulated Depreciation & Amortization

Company: Peoples Gas System

For the Year Ended December 31, 2003

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
<i>(Continued)</i>										
394-50	Tools, Shop, & Garage Eq	(1,975,306)	(232,472)		59,557	(7)			269,853	(1,878,374)
394-51	Tools, Shop, & Garage-CNG	(92,856)	(11,286)							(104,142)
395-50	Laboratory Equipment	119,663	(7,140)						(149,763)	(37,240)
396-50	Power Operated Equipment	(1,097,079)	(114,290)		59,551	(400)				(1,152,219)
397-50	Communication Equipment	(1,159,066)	(447,804)		701,618				7,973	(897,279)
398-50	Misc Equipment-Gas	(204,343)	(11,754)		192					(215,904)
<p>NOTE: Data on pages 15 and 16 are inclusive of both Peoples Gas System and West Florida Gas due to combined rates per order PSC-02-1647-CO-GU, effective 1/1/2003.</p> <p>NOTE: As can be seen 403.01 (depreciation expense) is \$29,454 greater than as shown on page 8, line 6 and 404.03 (amortization expense) is \$29,454 less than as shown on page 8, line 7. This is due to the January 2003 expense related to account 303.01 being expensed to account 403.01, rather than to account 404.3 as approved in depreciation study. This change was made during the month of January, after the expense was incurred. The transfer was not done on the expense side to the General Ledger.</p>										
Capital Recovery Schedules:										
<p>List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.</p>										
Subtotal		(254,551,424)	(30,940,235)		8,565,449	(136,479)	2,019,313	(20,881)	7,072,450	(267,991,807)
Retirement Work in Progress (108)		1,353,878					240,402			1,594,280
115 Acquisition Adjustment		(2,488,488)	(156,372)							(2,644,860)
Subtotal		(1,134,610)	(156,372)				240,402			(1,050,580)
Grand Total		(257,959,701)	(32,006,914)		8,771,589	(136,479)	2,259,715	(20,881)	(8,313)	(279,100,983)

Note: * The grand total of ending balances must agree to Line 32, Page 12.

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2003	
CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)			
1. Report below descriptions and balances at end of year of projects in process of construction (107).		Development, and Demonstration (see Account 107 of the Uniform System of Accounts).	
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,		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 Main	5,212,264	15,636,683
3	Lady Lakes Main	1,463,798	0
4	Main Replacements	730,325	1,103,369
5	Distribution System Improvements	504,573	353,848
6	Governmental Improvements	2,033,218	2,404,306
7	Cathodic Protection	3,939	9,222
8	Transportation Vehicles	586,620	395,039
9	Communicatioins Equipment	82,013	69,701
10	Office Furniture & Equipment	1,225,797	1,239,560
11	Tools, Shop & Garage Equipment	203,817	148,443
12	Power-Operated Equipment	20,148	18,765
13	Testing, Measureing & Detection Equipment	0	34,898
14	Franchise Acquisitions	0	0
15	TOTAL Continued on 17b		

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.		and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.	
2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed		3. 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 Dept. Costs and Supervision	1,071,500	37,058,269
2	(These costs are allocated to CWIP as outlined		
3	in Instruction 3 above.)		
4			
5	Corporate G & A	2,724,197	37,058,269
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

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	Improvements to Property	67,143	648,807
2	Improvements to Leased Property	1,132	-
3	Meters	-	-
4	Regulators	-	-
5	Alternative Fueling Stations	-	-
6	Industrial Installations	-	-
7	Meter & Regulator Station Equipment	1,880,629	780,089
8	Major Projects	-	-
9	Meter & Regulator Installations - Residential	-	-
10	Meter & Regulator Installations - Commercial	-	-
11	Reimbursable Construction-Net	2,280,764	2,314,517
12	Non Revenue Producing Miscellaneous	119,009	78,054
13	Revenue Producing Miscellaneous	-	18,582
14			
15	TOTAL	16,415,189	25,253,883

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

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	479,652
2	Prepaid Rents	
3	Prepaid Taxes	
4	Prepaid Interest	
5	Gas Prepayments	
6	Miscellaneous Prepayments: permits, escrow for st tags, synd line of cr fees	442,942
7		
8	TOTAL	922,594

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						
10		TOTAL				

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)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13		TOTAL				

Name of Respondent				For the Year Ended		
Peoples Gas System				Dec. 31, 2003		
OTHER REGULATORY ASSETS (Account 182.3 & 182.4)						
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	Other Regulatory-Env Remediation	-	21,942,271	254	1,228,895	20,713,376
2	Deferred Tax Effect of Hedge Accounting	1,319,264	11,431,753	282	12,338,255	412,762
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	TOTAL	1,319,264	33,374,024		13,567,150	21,126,138

MISCELLANEOUS DEFERRED DEBITS (Account 186)						
1. Report below the particulars (details) called for concerning miscellaneous deferred debits.			3. Minor items (amounts less than \$25,000) may be grouped by classes.			
2. For any deferred debit being amortized, show period of amortization in column (a).						
Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amount (e)	
1	Environmental Investigations	417,911	1,689,815	407	639,996	(3,989,062)
2				131	5,456,792	
3						
4						
5	Unbundling Transition	659,573	333,781	142	1,071,637	(78,283)
6						
7						
8	Other Work in Progress	71,815	186,921	Various		258,736
9						
10						
11	Rate Case	292,665	101,724	928	98,272	296,117
12						
13						
14						
15						
16						
17	Misc. Work in Progress					
18	Deferred Regulatory Comm. Expenses					
19	TOTAL	1,441,964				(3,512,492)

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

- | | |
|--|--|
| <p>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.</p> <p>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, 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.</p> | <p>and gains or losses relating to securities retired or refunded.</p> <p>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.</p> <p>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.</p> |
|--|--|

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		800,000
Long-Term Note 9.93%	Due 2010		800,000
Long-Term Note 8.00%	Due 2012		2,100,000
			2,100,000
			\$5,300,000

Securities Issued

None

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

- | | |
|--|--|
| <p>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.</p> <p>2. In column (c) show the principal amount of bonds or other long-term debt reacquired.</p> <p>3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with</p> | <p>General Instruction 17 of the Uniform Systems of Accounts</p> <p>4. Show loss amounts by enclosing the figures in parentheses.</p> <p>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.</p> |
|--|--|

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						
2	01-West Florida Natural Gas	06-97	15,600,000	(788,542)	88,653	
3	----Amortization				(60,074)	28,579
4	31-Note/Tampa Elec 5.94%	07-01	12,000,000	(232,811)	122,318	
5	----Amortization				(14,325)	107,993
6	30-Note/Tampa Elec 7.375%	09-02	50,000,000	(3,542,552)	3,190,231	
7	----Amortization				(330,024)	2,860,207
8						
9						
10	Total Amortization - Acct 428				(404,423)	
11						
12	Loss on Reacquired Debt					2,996,779
13						

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

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.

2. 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.

3. 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.

4. 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.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1	Other Long Term Debt - Acct. 224						
2	Long Term Note 10.35%	06/26/87	07/02/07	10,000,000	10.35	393,530	3,400,000
3	Long Term Note 10.33%	06/29/88	07/02/08	10,000,000	10.33	537,389	4,800,000
4	Long Term Note 10.30%	06/28/89	07/02/09	10,000,000	10.30	700,629	6,400,000
5	Long Term Note 9.93%	12/20/90	07/02/10	10,000,000	9.93	695,321	6,600,000
6	Long Term Note 8.00%	12/03/92	07/02/12	35,000,000	8.00	1,948,467	23,300,000
7	Note Issued by Tampa Electric	06/20/01	06/15/12	40,000,000	6.875	2,750,000	40,000,000
8	Note Issued by Tampa Electric	08/15/02	08/15/07	25,000,000	5.375	1,343,750	25,000,000
9	Note Issued by Tampa Electric	08/15/02	08/15/12	70,000,000	6.375	4,462,500	70,000,000
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			210,000,000		12,831,586	179,500,000

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.

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 Exp - Acct 181							
2	26-Long term Note 10.35%	10,000,000	23,604	09-87	07-07	5,340	(1,187)	4,153
3	28-Long term Note 10.33%	10,000,000	11,350	08-88	07-08	3,144	(571)	2,573
4	29-Long term Note 10.30%	10,000,000	13,131	08-89	07-09	4,290	(660)	3,630
5	32-Long term Note 9.93%	10,000,000	88,318	03-91	07-10	3,880	(517)	3,363
6	33-Long term Note 8.00%	35,000,000	976,684	01-93	07-12	476,247	(50,130)	426,117
7	34-Note/Tampa Electric 6.875%	40,000,000	308,507	06-01	06-12	248,249	(26,132)	222,117
8	35-Note/Tampa Electric 6.375%	70,000,000	2,836,066	08-02	08-12	2,694,350	(281,341)	
9	----Debt Expense Incurred						7,696	2,420,705
10	27-Note/Tampa Electric 5.375%	25,000,000	179,742	08-02	08-07	155,126	(34,197)	
11	----Debt Expense Incurred						5,694	126,623
12						3,590,626	(381,346)	3,209,281
13	Unamortized Debt Disc - Acct 226							
14	34-Note/Tampa Electric 6.875%	40,000,000	168,800	06-01	06-12	145,782	(15,346)	130,436
15	35-Note/Tampa Electric 6.375%	70,000,000	562,100	08-02	08-12	538,679	(56,210)	482,469
16	27-Note/Tampa Electric 5.375%	25,000,000	95,250	08-02	08-07	87,313	(19,050)	68,263
17						771,774	(90,606)	681,168
18	Total of Acct 428						(485,342)	

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2003
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	Balance at End of Year
1	Pension & Benefits	(1,894,416)
2	Insurance Reserves	2,647,650
3	Post Retirement Benefits	6,391,173
4	Conservation Cost True Up	(1,433,587)
5	Other	1,314,377
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	7,025,197

OTHER DEFERRED CREDITS (Account 253)						
1. Report below the particulars (details) called for concerning other deferred credits.						
2. For any deferred credit being amortized, show the period of amortization.						
3. Minor Items (less than \$25,000) may be grouped by classes.						
Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	Deferred Compensation	36,755	232	104,499	75,048	7,304
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	36,755		104,499	75,048	7,304

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).				2. For regulatory liabilities being amortized, show period of amortization in column (a).		
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.						
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 #109 Implementation (1994)	53,335	282	10,116		43,219
2	West Florida Gas Tax Liab	69,773	282	13,248		56,525
3	Gas Tech Research	-	930	795,768	600,000	(195,768)
4	Environmental Remediation	-	182	1,228,895	21,942,271	20,713,376
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	123,108		2,048,027	22,542,271	20,617,352

Name of Respondent		For the Year Ended									
Peoples Gas System		Dec. 31, 2003									
TAXES OTHER THAN INCOME TAXES (Account 408.1)											
Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Other*	Total	
1 Various Florida Counties	7,684,651			2,090,942			1,529			7,684,651	
2 Internal Revenue Service						1,505,120				2,092,471	
3 Florida Public Service Commiss					5,309,585					1,505,120	
4 Florida Dept of Revenue								7,991,788	12,811	5,309,585	
5 Various Florida Municipalities				37,603						8,004,599	
6 Internal Revenue Svc (FUTA)				31,963					16	31,979	
7 Florida Dept of Revenue (SUTA)									41,000	41,000	
8 Various Florida Counties (tags)										0	
9 Various FL Municipalities									17,857	17,857	
10 (occupational licenses)									900	900	
11 Dept of State									(8,928)	(8,928)	
12 Other						(54,595)				(54,595)	
13 Less:Charged to other revenue (495)				(429,324)						(429,324)	
14 Less:Charged to Construction				(43,408)		(67,272)	(1,529)			(112,209)	
15 Less: Charged to Clearing,jobbing, al/r											
16 TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	7,684,651	0	0	1,687,776	5,309,585	1,383,253	0	7,991,788	63,656	24,120,708	

Note: *List separately each item in excess of \$500.

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)											
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 (f).											
Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Acct. No. (d)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)		
					Amount (e)						
1	Gas Utility	228,645		411	43,387			185,258			
2	3%										
3	4%										
4	7%										
5	10%										
6											
7											
8											
9											
10	TOTAL	228,645			43,387			185,258			

Notes

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. At Other (Specify), include deferrals relating to other income and deductions.
2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.

Line No.	Description	Balance at Beginning of Year	Changes During Year		Adjustments		Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.1	Amounts Credited to Account 411.2	
1	GAS						
2		0					0
3							
4							
5							
6							
7							
8							
9							
10	TOTAL Gas (Lines 2 - 10)						
11	Other (Specify)						
12	TOTAL (Account 190) (Total of lines 11 and 12)						

Notes

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 Debited to Account 410.2	Amounts Credited to Account 411.1	Amounts Credited to Account 411.2	
1	Account 281 - Accelerated Amortization Property						
2	Electric						
3	Gas						
4	Other						
5	TOTAL Account 281 (Lines 2 thru 4)						
6	Account 282 - Other Property						
7	Electric	29,836,275	-2,347,033				
8	Gas						
9	Other	29,836,275	-2,347,033			-883,138	26,606,104
10	TOTAL Account 282 (Lines 7 thru 9)					-883,138	26,606,104
11	Account 283 - Other						
12	Electric						
13	Gas						
14	Other						
15	TOTAL Account 283 - Other (Lines 12 thru 14)						
16	GAS						
17	Federal Income Tax	25,838,923	-2,012,395				
18	State Income Tax	3,997,352	-334,638				
19							
20	TOTAL Gas (Lines 17 thru 19)	29,836,275	-2,347,033			-758,643	23,067,885
21	OTHER						
22	Federal Income Tax						
23	State Income Tax						
24	TOTAL Other (Lines 22 and 23)						
25	TOTAL (Total of lines 5, 10 and 15)						

Notes

Deferred income tax adjustment includes:		Federal	State	Hedging
	Total	-782,007	-124,495	-906,502
		23,364		23,364
		-758,643	-124,495	-883,138
				Regulatory liability

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2003
RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES		
<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, 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 9)	24,514,928
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Federal Income Tax	15,606,829
6	CIAC and AIAC	2,775,000
7	Competitive Rate Adjustment	2,030,765
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	Capitalized ECA costs	6,230,520
11	Environmental cleanup costs	4,406,068
12	Interest during construction period capitalized	1,610,000
13	Insurance reserves	2,292,376
14	Property tax accruals	405,898
15	Amortization - acquisition adjustment	405,000
16	Put option expense	330,024
17	Other	403,388
18	Income Recorded on Books Not Included in Return	
19	Gain/Loss on fixed assets	1,680,000
20	Non taxable energy conservation revenue	85,358
21	Amortization of investment tax credits	43,387
22		
23		
24		
25		
26	Deductions on Return Not Charged Against Book Income	
27	Depreciation of utility plant - excess over books	14,571,219
28	Deferred taxes	2,347,034
29	Cost of removal	2,019,313
30	Natural gas cost adjustment	776,342
31	Deferred compensation distributions	340,000
32	Bonus accruals	260,000
33	Vacation accruals	2,583
34	Federal Tax Net Income	38,885,560
35	Show Computation of Tax:	
36	Federal income tax @ 35%	13,609,946
37	Prior year true up provision to actual per return	1,996,883
38		15,606,829
39		
40	Allocation to other income	437,726

NOTE: Peoples Gas System operates as a division of Tampa Electric Company (59-9475140). As such, its 2003 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.

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. 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.
3. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. 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.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480 Residential-includes Load Enh.(LE)	105,667,727	76,613,105	64,217,699	60,237,049	263,479	249,718
4	481 Commercial Street Lighting	204,944	162,405	231,662	282,433	42	41
5	481 Small General Service - incl. LE	3,893,011	3,161,431	2,491,868	2,829,804	5,814	4,865
6	481 General Service 1 - includes LE	51,955,743	48,030,293	49,432,298	63,922,733	11,284	13,392
7	481 General Service 2	18,088,084	0	18,410,790	0	783	0
8	481 General Service 3 - includes LE	9,671,779	18,274,347	10,197,494	26,262,820	154	608
9	481 General Service 4	1,904,806	0	2,058,525	0	8	0
10	481 General Service 5 - includes LE	1,988,418	210,209	2,333,140	342,013	6	5
11	481 Natural Gas Vehicle Sales	115,645	185,217	122,623	340,307	12	18
12	481 Mutually Beneficial	16,091,448	0	28,734,930	0	1	0
13	Interruptible Sales Service						
14	481 Small Interruptible Service	77,846	81,049	126,278	140,208	0	0
15	481 Interruptible Lg. Vol-1	389,671	483,356	548,216	1,039,142	0	0
16	481 Interruptible Lg. Vol-2	(465,339)	(498,718)	738,941	442,482	0	0
17	481 Off System Sales	88,414,432	67,868,497	157,358,572	176,555,380	10	12
18	Firm Transportation Service						
19	489 Commercial Street Lighting	138,894	122,237	1,001,107	1,150,742	54	49
20	489 Natural Gas Vehicles	78,041	36,228	499,699	372,286	8	3
21	489 Small General Service - incl. LE	144,752	154,204	245,035	307,210	301	228
22	489 General Service 1 - includes LE	15,145,798	17,753,357	52,036,804	66,132,826	7,070	6,878
23	489 General Service 2	13,580,119	0	54,101,818	0	1,967	0
24	489 General Service 3 - includes LE	12,737,198	27,911,757	60,977,183	121,830,697	658	1,571
25	489 General Service 4	7,583,177	0	40,454,318	0	122	0
26	489 General Service 5 - includes LE	6,088,485	5,918,007	58,971,571	41,454,062	86	58
27	Interruptible Transportation Serv.						
28	489 Small Interruptible Trans. Service	3,595,100	4,725,650	47,049,175	63,293,022	30	54
29	489 Interruptible Transp. LG-1	6,330,570	7,163,287	172,434,416	182,730,021	19	20
30	489 Interruptible Transp. LG-2	10,581,617	11,872,697	362,954,551	492,115,900	7	7
31	482 Other Sales to Public Authorities	0	0	0	0	0	0
32	484 Flex Rate - Refund	0	0	0	0	0	0
33	TOTAL Sales to Ultimate Consumers	374,001,966	290,228,615	1,187,728,713	1,301,781,137	291,915	277,527
34	483 Sales for Resale	368,235	416,165	1,254,789	2,291,399	4	3
35	Off-System Sales	0	0	0	0	0	0
36	TOTAL Nat. Gas Service Revenues	374,370,201	290,644,780				
37	TOTAL Gas Service Revenues	374,370,201	290,644,780				
38	Other Operating Revenues						
39	485 Intracompany Transfers	0	0				
40	487 Forfeited Discounts	773,911	615,407				
41	488 Misc. Service Revenues	6,180,442	3,214,588				
42	488 Gross Recpts Tax/Franch Fee Coll	13,301,373	10,244,952				
43	488 Individual Transportation Charge	631,183	481,296				
44	489 Rev. from Trans. of Gas of Others	0	0				
45	not included in above rate schedules)	0	0				
46	493 Rent from Gas Property	617,667	590,883				
47	494 Interdepartmental Rents	0	0				
48	495 Other Gas Revenues						
49	Initial Connection	0	0				
50	Reconnect for Cause	0	0				
51	Collection in lieu of disconnect	0	0				
52	Returned Check	0	0				
53	Other Gas Revenues	9,520,981	10,264,897				
54	495.5 Overrecoveries Purchased Gas	3,020,116	2,051,690				
55	TOTAL Other Operating Revenues	34,045,673	27,463,713				
56	TOTAL Gas Operating Revenues	408,047,641	317,692,328				
57	(Less) 495.10 Provision / Rate Refunds	0	0				
58	TOTAL Gas Operating Revenues Net of Provision for Refunds	408,047,641	317,692,328				
59	Sales for Resale	368,235	416,167	0	0		
60	Other Sales to Public Authority	0	0	0	0		
61	Interdepartmental Sales	0	0	0	0		
62	TOTAL	408,415,876	318,108,495	1,188,983,502	1,304,072,536		

Notes
New rate classes were created in 2003 as a result of rate case.

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

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. TOTAL Manufactured Gas Production (Total of Accounts 700-742)	0	0
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)	0	0
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)	0	0
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)	0	0
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases	0	0
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0
10	801 Natural Gas Field Line Purchases	181,050,897	111,910,446
11	802 Natural Gas Gasoline Plant Outlet Purchases	0	0
12	803 Natural Gas Transmission Line Purchases	0	0
13	804 Natural Gas City Gate Purchases	43,815,865	41,461,146
14	804.1 Liquefied Natural Gas Purchases	0	0
15	805 Other Gas Purchases	0	0
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)	(782,897)	(4,319,189)
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	224,083,865	149,052,403
18	806 Exchange Gas	0	0
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas	0	0
21	807.2 Operation of Purchased Gas Measuring Stations	0	0
22	807.3 Maintenance of Purchased Gas Measuring Stations	0	0
23	807.4 Purchased Gas Calculations Expenses	0	0
24	807.5 Other Purchased Gas Expenses	0	0
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)	0	0
26	808.1 Gas Withdrawn from Storage--Debit	0	0
27	(Less) 808.2 Gas Delivered to Storage--Credit	0	0
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit	0	0
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit	0	0
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit	0	0
32	811 Gas Used for Products Extraction--Credit	0	0
33	812 Gas Used for Other Utility Operations--Credit	(125,598)	(93,633)
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	(125,598)	(93,633)
35	813 Other Gas Supply Expenses	0	0
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	223,958,267	148,958,770
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	223,958,267	148,958,770
38	2. Natural Gas Storage, Terminating and Processing Expenses		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	0	0
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)	0	0
41	C. TOTAL Liquefied Nat Gas Terminating & Processing Expenses (Total of Accounts 844.1 through 847.8)	0	0
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)	0	0
43	3. Transmission Expenses		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)	0	0
45			
46			

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2003	
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	426,425	359,490
50	871 Distribution Load Dispatching	56,366	44,510
51	872 Compressor Station Labor and Expenses	20,829	12,205
52	873 Compressor Station Fuel and Power	45	0
53	874 Mains and Services Expenses	5,224,577	4,497,603
54	875 Measuring and Regulating Station Expenses--General	132,443	169,146
55	876 Measuring and Regulating Station Expenses--Industrial	78,457	81,394
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	61,364	87,369
57	878 Meter and House Regulator Expenses	2,103,138	2,009,404
58	879 Customer Installations Expenses	1,762,290	1,668,885
59	880 Other Expenses	1,042,208	863,189
60	881 Rents	116,807	106,290
61	TOTAL Operation (Total of lines 49 through 60)	11,024,949	9,899,485
62	Maintenance		
63	885 Maintenance Supervision and Engineering	0	0
64	886 Maintenance of Structures and Improvements	212,736	152,272
65	887 Maintenance of Mains	1,192,303	1,048,622
66	888 Maintenance of Compressor Station Equipment	0	0
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	233,510	208,491
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	160,648	189,872
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	422,218	457,882
70	892 Maintenance of Services	493,401	383,284
71	893 Maintenance of Meters and House Regulators	374,347	436,146
72	894 Maintenance of Other Equipment	138,554	138,186
73	TOTAL Maintenance (Total of Lines 63 through 72)	3,227,717	3,014,755
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	14,252,666	12,914,240
75	5. Customer Accounts Expenses		
76	Operation		
77	901 Supervision	0	0
78	902 Meter Reading Expenses	1,738,877	1,624,508
79	903 Customer Records and Collection Expenses	4,632,511	3,898,518
80	904 Uncollectible Accounts	1,112,710	836,609
81	905 Miscellaneous Customer Accounts Expenses	0	0
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	7,484,098	6,359,635
83	6. Customer Service and Informational Expenses		
84	Operation		
85	907 Supervision	0	0
86	908 Customer Assistance Expenses	10,635,060	9,341,907
87	909 Informational and Instructional Expenses	1,011,035	1,421,694
88	910 Miscellaneous Customer Service and Informational Expenses	0	0
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	11,646,095	10,763,601
90	7. Sales Expenses		
91	Operation		
92	911 Supervision	0	0
93	912 Demonstrating and Selling Expenses	7,503,530	8,170,609
94	913 Advertising Expenses	70,004	220,496
95	916 Miscellaneous Sales Expenses	85,997	2,640
96	TOTAL Sales Expenses (Total of lines 92 through 95)	7,659,531	8,393,745
97			

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2003	
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	10,334,325	8,715,633
101	921 Office Supplies and Expenses	14,275,829	13,263,439
102	(Less) (922) Administrative Expenses Transferred--Credit	(3,105,197)	(3,933,056)
103	923 Outside Services Employed	380,644	440,594
104	924 Property Insurance	743,381	533,525
105	925 Injuries and Damages	2,196,881	2,586,519
106	926 Employee Pensions and Benefits	5,599,033	3,651,834
107	927 Franchise Requirements	0	0
108	928 Regulatory Commission Expenses	98,272	0
109	(Less) (929) Duplicate Charges--Credit	0	0
110	930.1 General Advertising Expenses	0	0
111	930.2 Miscellaneous General Expenses	901,590	368,747
112	931 Rents	497,472	439,329
113	TOTAL Operation (Total of lines 100 through 112)	31,922,230	26,066,564
114	Maintenance		
115	935 Maintenance of General Plant	203,269	279,884
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	32,125,499	26,346,448
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	297,126,156	213,736,439
119			
120			

NUMBER OF GAS DEPARTMENT EMPLOYEES	
	1. The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
	2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
	3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.
1	
2	1. Payroll Period Ended (Date) 12/31/2003
3	2. Total Regular Full-Time Employees 629
4	3. Total Part-Time and Temporary Employees 6
5	4. Total Employees 635
6	
7	Note: For annual payroll information reporting purposes, Peoples Gas had 629
8	full-time employees at December 31, 2003.
9	
10	As a result of the September and October 2003 workforce reduction, Peoples
11	Gas' actual employees at January 1, 2004 was 565.
12	
13	

Name of Respondent For the Year Ended
 Peoples Gas System Dec. 31, 2003

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- Purchases 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	801 - Natural Gas Field Line Purchases	345,771,500	\$181,050,897	52.36
2	804.1- Gas Accounting and Gas Control Expenses		\$853,663	
3	804.2 - Natural Gas City Gate Purchases-Commodity	3,477,875	\$746,603	21.47
4	804.3 - Natural Gas City Gate Purchases-Other		\$675,406	
5	804.4 - Legal Costs		\$3,458	
6	804.5 - Natural Gas City Gate		\$41,740,596	
7	804.6 - Natural Gas City Gate-Penalty Transportation System		(\$203,861)	
8	805.1 - Purchased Gas Cost Adjustments		(\$782,897)	
9				
10	TOTAL (Total of lines 1 through 9)	349,249,375	\$224,083,865	64.16

Notes to Gas Purchases

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 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 Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2				
3	Operations Expense	880-01	121,053	95,824
4	Transportation Clearing Account (CNG)	184-01	33,402	27,302
5	Utilities Clearing Account	184-90	14,082	11,025
6	Sales Tax Account	241-50	N/A	(8,553)
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	TOTAL		168,537	125,598

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

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. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186
4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than \$25,000) may be grouped.

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Amortized During Year		Deferred in Account 186 End of Year (i)	
				Charged Currently to Account No. (d)	Amount (e)	Deferred to Account 186 (f)	Contra Account (g)		Amount (h)
1									
2	Florida Public Service Commission	394,389	292,665	186-02	101,724	101,724	186-02	98,272	296,117
3	Docket 020384-GU								
4	Rate Case - 4 year amortization period								
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	TOTAL	394,389	292,665		101,724	101,724		98,272	296,117

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	167,875
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	600,000
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		
6	Employee Moving Expenses	20,199
7	Other Dues	19,986
8	Economic Development	92,271
9	Miscellaneous	1,259
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	\$ 901,590

Name of Respondent		For the Year Ended		
Peoples Gas System		Dec. 31, 2003		
DISTRIBUTION OF SALARIES AND WAGES				
<p>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.</p>				
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric			
3	Gas			
4	Operation			
5	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution	7,444,879		
8	Customer Accounts	3,240,784		
9	Customer Service and Informational	396,458		
10	Sales	11,112		
11	Administrative and General	7,655,388		
12	TOTAL Operation (Total of lines 5 through 11)	18,748,620		
13	Maintenance			
14	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	1,746,619		
17	Administrative and General	2,769,863		
18	TOTAL Maintenance (Total of lines 14 through 17)	4,516,482		
19	Total Operation and Maintenance			
20	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
21	Transmission (Enter Total of lines 6 and 15)	-		
22	Distribution (Total of lines 7 and 16)	9,191,497		
23	Customer Accounts (Transcribe from line 8)	3,240,784		
24	Customer Service and Informational (Transcribe from line 9)	396,458		
25	Sales (Transcribe from line 10)	11,112		
26	Administrative and General (Total of lines 11 and 17)	10,425,251		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	23,265,102	41,911	23,307,013
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	23,265,102	41,911	23,307,013
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	4,520,013	166,666	4,686,679
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	4,520,013	166,666	4,686,679
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	757,773	4,000	761,774
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	757,773	4,000	761,774
42				
43	Other Accounts (Specify):			
44	Accounts Receivable - Associated Companies	(88,559)	21	(88,538)
45	Clearing		1	1
46	Other work in Progress	108,688	2,290	110,978
47	Merchandise/Jobbing	25,846	452	26,299
48	Miscellaneous			-
49				-
50				-
51				-
52				-
53	TOTAL Other Accounts	45,976	2,764	48,740
54	TOTAL SALARIES AND WAGES	28,588,864	215,341	28,804,205

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

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 of person or organization rendering services,
(b) description of services received,
(c) basis of charges,
(d) total charges for the year, detailing account charged.

2. For any services which are of a continuing nature, give the date and term of contract.

3. Designate with an asterisk associated companies.

	Description	Amount
1	The following were charged to O&M, or deferred debit accounts	
2	Alan Coates	804 - consulting 57,990
3	Akerman, Senterfitt & Edison PA	186/923/925 - legal 249,452
4	Bracewell Patterson	804 - legal 96,492
5	Environmental Consulting & Technology	925 - environmental consulting 29,767
6	Information Intellect	various - consulting 162,109
7	Jacques Whitford Company, Inc	186 - environmental consulting 380,714
8	Lau, Lane, Pieper, Conley, McCreadie, PA	925 - legal 124,856
9	Lukens Energy	804 - consulting 46,695
10	MacFarlane Furguson & McMullen	186/908/925 - legal 169,518
11	Marketing Talent Network, Inc	909 - advertising 391,054
12	PriceWaterHouseCoopers	921/923 - auditing 57,125
13	Tampa Electric Company*	various 7,948,747
14	Teco Energy*	various 2,243,734
15	Teco Partners*	various 7,402,207
16		
17		
18	The following were charged to capital accounts:	
19	Advantica Stoner	software consulting 87,939
20	Ash Engineering, Inc	engineering, permitting, etc services 99,153
21	Fortin, Leavy Skiles, Inc	engineering, surveying, etc services 25,912
22	Duval Engineering Services	design & drafting 137,997
23	HDR Engineering Inc	engineering, permitting, etc services 50,220
24	Mesa Corrosion Control	engineering, permitting, etc services 47,451
25	Peninsula Design & Engineering, Inc	engineering services 67,653
26	Tampa Electric Company*	various 644,337
27	Teco Energy Services*	various 557,736
28	Teco Partners*	various 333,808
29	United Tribal Contractors	engineering permitting services 377,489
30		

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

	Item	Amount
1		
2	Account 426-01 - Donations	113,320
3	Account 426-03/04 - Political Related Activities	3441
4	Account 426-05 - Other Deductions	390,153
5		506,914
6		
7	Account 431 - Other Interest Charges	
8	Customer Deposits	1,815,681
9	Syndicated Line of Credit	957
10	ECCR	2,234
11	PGA True-Up	6,555
12	Miscellaneous	10,692
13		1,836,119
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		

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

For the current year, reconcile the gross operating revenues as reported on Page 26 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).

	(a)	(b)	(c)	(d)	(e)	(f)
Line No.	Description	Gross Operating Revenues per Page 26	Interstate and Sales for Resale Adjustments	Adjusted Intrastate Gross Operating Revenues	Intrastate Gross Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	\$ 297,998,215	\$ -	\$ 297,998,215	\$ 297,998,215	\$ -
2	Sales for Resale (483)	368,235	-	368,235	368,235	-
3	Total Natural Gas Service Revenues	298,366,450	-	298,366,450	298,366,450	-
4	Total Other Operating Revenues (485-495)	110,049,426	-	110,049,426	110,049,426	-
5	Total Gas Operating Revenues	408,415,876	-	408,415,876	408,415,876	-
6	Provision for Rate Refunds (496)					
7	Other (Specify) Revenue from:					
8	Muni Electric Generator, Exempt OSS & Resale				(108,274,799)	108,274,799
9	Unbilled Revenue Adjustment				183,717	(183,717)
10	True-Up of Energy Conservation				(516,714)	516,714
11	Unbundling Transition Recovery Collection				813,898	(813,898)
12	Total Gross Operating Revenues	\$ 408,415,876	\$ -	\$ 408,415,876	\$ 300,621,977	\$ 107,793,898

Notes:

Differences due to RAF return adjustments for exempt revenue.

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2003

CORPORATE STRUCTURE

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

Effective Date: Dec. 31, 2003

TECO Energy, Inc.

Tampa Electric Company

Power Engineering & Construction

TECO Investments, Inc.

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 Company

Ray Coal Company

Whitaker Coal Company

TECO Coalbed Methane Florida, Inc.

TECO Properties Corporation

Brandon Peoperties Partners, Ltd.

B-T One, LLC

Hernando Oaks, LLC

Walden Woods Business Center, Ltd.

TECO Solutions, Inc.

TECO Energy Services

BGA Special Project, One, Inc.

TECO AGC, Limited

TECO AGC, Inc.

TECO Thermal Systems, Inc.

TECO Gas Services, Inc.

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 Barge Line, Inc.

TECO Ocean Shipping, Inc.

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2003

CORPORATE STRUCTURE

TECO Ocean Shipping, LLC
TECO Towing Company
Peoples Gas System (Florida), Inc.
Peoples Sales & Service Company
Suwanee Gas Marketing, Inc.
Seminole Gas Marketing
TECO Stevedoring Services, Inc.
TECO Power Services Corporation
H Power I, Inc.
H Power II, Inc.
TPS Hamakue, Inc.
TPS Hawaii, Inc.
Hamakua Energy Partners, LP
Hamakue A, LLC
TPS Hamakua Land, Inc.
Hamakua Land Partnership, LP
TPS Holdings, Inc.
TPS Guatemala One, Inc.
Tampa Centro Americana de Electricidad, Limitada
TPS Operations Holding Company
TPS Virginia Operations Company
TPS Arizona Operations Company
TPS Arkansas Operations Company
TPS Operations Company
TPS McAdams 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 Energy Source, 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.
TPS De Ultramar, Ltd.
TPS De Ultramar Guatemala, S.A.
Generacion Electra Centroamericana Dos, S.A.
Administradora de Inmuebles Santo Tomas, S.A.
Distribucion Electrica CentroAmericana II, S.A.
Empresa Electrica de Guatemala, S.A.
Navega.com, S.A.
Cariiegsa, S.A.
Commercializadora Electrica de Guatemala S.A.
Energica, S.A.

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2003

CORPORATE STRUCTURE

Transportista Electrica CentroAmericana, S.A.

TPS Escuintla I, LDC

Generadora Electrica CentroAmercia, Ltd.

TPS Pavana, Ltd.

Pasco Power GP, Inc.

Pasco Project Investment Partnership, Ltd.

Pasco Cogen, Ltd.

TPS Materials, Inc.

TM Power Ventures, LLC

TM Czech Power, LLC

TM Kladno Electricidad, s.r.l.

TM Kladno, B.V.

Nations Kladno, B.V.

TM ECK, LLC

Nations Kladno (II) B.V.

TM Delmarva Power LLC

Commonwealth Chesapeake Company, LLC

TECO Power Ventures, Inc.

TPS TriCo, LLC

TPS Dell, LLC

TPS McAdams, 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 Pipeline, LP

TPS Holdings II, Inc.

PLC Development Holdings, LLC

Panda Texas Generating I, LLC

Panda Texas Generating II, LLC

Texas Independent Energy, LP

Texas Independent Energy Operation Company, LLC

Guadalupe Power I, LLC

Guadalupe Power II, LLC

Odessa-Ector Power I, LLC

Odessa-Ector Power II, LLC

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

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2003

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

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 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 (TGS)	Payroll		p	various	124,701
	G&A Allocation		s		56,004
	Off System Sales to TGS		s		2,481,052
	Imbalance Cash outs to TGS		s		293,828
	Plant Transactions & Adjust		p		20,486
	Company Aircraft Allocation		s		35,040
	Imbalance Cash outs to TGS		p		1,120
Prior Energy	Gas Purchases		p		35,571,681
	Off System Sales to Prior		s		9,590,614
	PGS Bookouts to Prior		s		203,236
	PGS Bookouts from Prior		p		140,510
Teco Partners	Payroll		p		107,369
	Plant Transactions & Adjust		p		9,782
	Rent		s		483,360
	G&A Allocation		s		324,996
	Marketing Services O&M		p		7,402,207
	Marketing Services Capital		p		333,808
	Company Aircraft Allocation		s		1,296
	Various Goods/Services O&M		p		38,248
Tampa Electric	Company Aircraft Allocation		s		6,120
	Various Goods/Services O&M		p		7,948,747
	Various Goods/Services Capital		p		644,337
	Off System Sales-Tampa Electric		s		760,544
	Various Goods/Services O&M		s		5,000
	Gas Purchases		p		211,878
	PGS Bookouts from Tampa Electric		p		73,558
Teco Power Services	Company Aircraft Allocation		s		19,560
	Mutually Beneficial Gas Sale to Hardee		s		249,475
	Imbalance Cash-outs from Hardee		p		467,959
	Capacity Utilization Chg-Hardee		s		2,161,788

Name of Respondent For the Year Ended
 Peoples Gas System Dec. 31, 2003

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

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 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)
BCH Mechanical	Payroll		s		38,958
Teco Properties	Payroll		s		11,250
Teco Energy	Payroll		s		161,009
	Company Aircraft Allocation		s		54,240
	Various Goods/Services O&M		p		2,243,734
Teco Energy Services	Payroll		s		98,738
	Rent		s		53,100
	Company Aircraft Allocation		s		7,344
	Engineering Services		p		557,736

Name of Respondent Peoples Gas System		For the Year Ended Dec. 31, 2003
NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES		
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 Affiliate	Synopsis of Contract	
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"> - Energy Services - Energy Conservation Program Services - Developer Services - Service and Program Development - Promotional Services <p>Payment to Partners under the agreement is targeted at \$7,000,000 annually and is determined in three parts: a fixed amount paid in equal installments; a customer incentive amount based on number of new customers added; and, an incentive based on growth in net income.</p> <p>The agreement was entered into effective January 1, 2003 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 Energy Services	<p>One year agreements were entered into between Peoples and TECO Energy Services and TECO Partners, whereby TECO Energy Services and TECO Partners lease space in various Peoples buildings in Florida.</p>	

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000		
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	Description of Transaction	Dollar Amount
Teco Gas Services	Monthly Payroll	124,701
	Off System Sales to TGS	2,481,052
	Monthly Imbalance Cash-outs to Teco Gas Services	292,708
Prior Energy	Gas Purchases	35,571,681
	Off System Sales to Prior Energy	9,590,614
	PGS Bookouts to Prior Energy	62,726
Teco Partners	Monthly Rent charged to Teco Partners	483,360
	Monthly G&A Allocation charged to Teco Partners	324,996
	Monthly Marketing Services - Costs - O&M	7,402,207
	Monthly Marketing Services - Costs - Capital	333,808
Tampa Electric	Monthly Various Productst & Services - Purchased - O&M	7,948,747
	Monthly Various Productst & Services - Purchased - Capital	644,337
	Off System Sales to Tampa Electric	760,544
Teco Power Services	Monthly Imbalance Cash-outs to Hardee Power	467,959
	Monthly Capacity Utiliation Charges to Hardee Power	2,161,788
Teco Energy	Monthly Various Goods & Services - O&M billed to PGS	2,243,734
Teco Energy Services	Engineering Services Charged to PGS	557,736

Name of Respondent Peoples Gas System	For the Year Ended Dec. 31, 2003
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ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:							
TECO Gas Services	Comp Equip	\$ 33,230	\$ 19,781	\$ 13,449	\$ 13,449	\$ 13,449	N/A
TECO Gas Services	Office Equip	1,418	251	1,166	1,166	1,166	N/A
TECO Gas Services	Comm Equip	7,140	1,269	5,871	5,871	5,871	N/A
TECO Partners	Vehicles	18,800	8,492	10,308	10,308	10,308	Y
Total		60,588	29,793	30,794	30,794	30,794	
Sales to Affiliates: -							
TECO Partners	Office Equip	\$ 1,127	\$ 601	\$ 526	\$ 526	Sales Price 526	N/A
Total		1,127	601	526	526	526	

EMPLOYEE TRANSFERS

List employees earning more than \$50,000 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
Peoples Gas System (PGS)	Tampa Electric Company (TEC)	President - Peoples Gas	President - TEC and PGS	Permanent
Peoples Gas System	TECO Energy	System Planning Administrator	System Planning Administrator	Permanent
Peoples Gas System	Tampa Electric Company	Electronics Technician	Desktop Business Analyst	Permanent
Teco Gas Services	Peoples Gas System	General Manager	Director-Transportation and System Planning	Permanent
Teco Gas Services	Peoples Gas System	Senior Accountant	Senior Accountant	Permanent
Teco Gas Services	Peoples Gas System	Manager Gas Supply	Manager-Transportation Svcs	Permanent
TECO Partners	Peoples Gas System	Regional Sales Manager	General Mngr, PGS North Reg	Permanent
TECO Gas Services	Peoples Gas System	President	Vice Pres. - Gas Supply	Temp 8/4/2003-8/31/2003
Peoples Gas System	TECO Energy	VP Gas Supply	Vice Pres. - Fuels Management	9/1/2003 - permanent