

**ANNUAL REPORT OF  
NATURAL GAS UTILITIES**

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Public Service Commission  
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**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, 2004

RECEIVED  
PUBLIC SERVICE COMMISSION  
TAMPA  
JAN 14 2005

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 Registered Certified Public Accounting Firm**

To the Board of Directors  
Tampa Electric Company

Our regular examinations of the financial statements of Peoples Gas System (a wholly-owned subsidiary of Tampa Electric Company) 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, 2004 and 2003 under date of March 1, 2005. In connection with our examination of the financial statements of Peoples Gas System for the years then ended, we have also reviewed the Comparative Balance Sheet, Statement of Income, and Notes to Financial Statements for the years then ended and the Statement of Retained Earnings for the year ended December 31, 2004 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. The company does not publish an annual report for distribution to any security holders; the company is a subsidiary Tampa Electric Company whose annual report includes the accounts of the company in published consolidated financial statements.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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



In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peoples Gas System at December 31, 2004 and 2003 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America and 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 management of Peoples Gas System and for filing with the Florida Public Service Commission and should not be used for any other purpose.

*PriceWaterhouseCoopers LLP*

March 1, 2005

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

**GENERAL INSTRUCTIONS**

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

**DEFINITIONS**

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

## ANNUAL REPORT OF NATURAL GAS UTILITIES

### IDENTIFICATION

01 Exact Legal Name of Respondent <p style="text-align: center;">Peoples Gas System, a Division of Tampa Electric Company</p>	02 Year of Report <p style="text-align: center;">2004</p>
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) <p style="text-align: center;">702 N. Franklin Street Tampa, Florida 33602</p>	
05 Name of Contact Person <p style="text-align: center;">Bruce Narzissenfeld</p>	06 Title of Contact Person <p style="text-align: center;">Assistant Controller</p>
07 Address of Contact Person (Street, City, State, Zip Code) <p style="text-align: center;">P.O. Box 2562 Tampa, Florida 33602-2562</p>	
08 Telephone of Contact Person, Including Area Code <p style="text-align: center;">(813) 228-4526</p>	09 Date of Report (Mo., Day, Yr) <p style="text-align: center;">Dec. 31, 2004</p>

### 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, 2004 to December 31, 2004, 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

4-27-05  
\_\_\_\_\_  
Date

Bruce Narzissenfeld  
\_\_\_\_\_  
Name

Assistant Controller  
\_\_\_\_\_  
Title

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

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Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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, 2004

**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 (c)
<p align="center">Current Officer:</p> <p>President Peoples Gas System (PGS) effective October 11, 2004</p> <p>Formerly President Tampa Electric Company and PGS</p> <p align="center">Retired Officer:</p> <p>V.P. - Energy Delivery PGS retired November 30, 2004</p>	<p align="center">W. N. Cantrell</p> <p align="center">W. N. Cantrell</p> <p align="center">M. J. Pennino</p>	<p align="center">\$143,790</p> <p align="center">\$174,088</p>

**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, 2004

**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, 2004

**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	778,388,033	811,010,024
3	Construction Work in Progress (107)	12	16,415,189	9,469,624
4	TOTAL Utility Plant Total of lines 2 and 3)		794,803,222	820,479,648
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	279,100,983	300,326,824
6	Net Utility Plant (Total of line 4 less 5)		515,702,239	520,152,824
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)	-	(3,090,057)	(1,358,478)
19	Special Deposits (132-134)	-	34,546	34,546
20	Working Funds (135)	-	11,475	10,700
21	Temporary Cash Investments (136)	-	-	
22	Notes Receivable (141)	-	-	
23	Customer Accounts Receivable (142)	-	24,126,898	25,363,201
24	Other Accounts Receivable (143)	-	2,954,158	7,102,012
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	(412,000)	(300,000)
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)	-	654,443	725,700
32	Merchandise (155)	-		
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		251,035
36	Prepayments (165)	18	922,594	993,699
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-	44,445	-
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	18,764,853	20,140,879
41	Miscellaneous Current and Accrued Assets (174)	-	1,070,018	(3,910,160)
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		45,081,372	49,053,134
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	3,209,281	2,815,583
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		-
47	Other Regulatory Assets (182.3)	19	21,126,138	15,372,994
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	(3,512,492)	(4,100,420)
52	Deferred Losses from Disposition of Utility Plant (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20	2,996,779	2,623,851
55	Accumulated Deferred Income Taxes (190)	24		
56	Unrecovered Purchased Gas Costs (191)	-	3,342,004	13,308,516
57	TOTAL Deferred Debits (Total of lines 44 through 56)		27,161,710	30,020,524
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		587,945,321	599,226,482

Name of Respondent For the Year Ended

Peoples Gas System Dec. 31, 2004

**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	<b>PROPRIETARY CAPITAL</b>			
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		
6	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	109,772,909	111,769,072
7	(Less) Reacquired Capital Stock (217)	-		
8	<b>TOTAL Proprietary Capital (Total of lines 2 through 7)</b>		<b>265,323,078</b>	<b>267,319,241</b>
9	<b>LONG-TERM DEBT</b>			
10	Bonds (221)	21		
11	(Less) Reacquired Bonds (222)	21		
12	Advances from Associated Companies (223)	21		
13	Other Long-Term Debt (224)	21	179,500,000	174,200,000
14	Unamortized Premium on Long-Term Debt (225)	21		
15	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21	(681,168)	(590,562)
16	<b>TOTAL Long-Term Debt (Total of lines 10 through 15)</b>		<b>178,818,832</b>	<b>173,609,438</b>
17	<b>OTHER NONCURRENT LIABILITIES</b>			
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)	-	5,868,519	5,495,013
22	Accumulated Miscellaneous Operating Provisions (228.4)	-		
23	Accumulated Provision for Rate Refunds (229)	-		
24	<b>TOTAL Other Noncurrent Liabilities (Total of lines 18 through 23)</b>		<b>5,868,519</b>	<b>5,495,013</b>
25	<b>CURRENT AND ACCRUED LIABILITIES</b>			
26	Notes Payable (231)	-		13,850,000
27	Accounts Payable (232)	-	25,802,265	31,252,704
28	Notes Payable to Associated Companies (233)	-		
29	Accounts Payable to Associated Companies (234)	-	9,928,902	10,778,886
30	Customer Deposits (235)	-	28,892,207	29,570,154
31	Taxes Accrued (236)	-	9,383,169	1,184,235
32	Interest Accrued (237)	-	4,881,506	4,704,983
33	Dividends Declared (238)	-		
34	Matured Long-Term Debt (239)	-		
35	Matured Interest (240)	-		
36	Tax Collections Payable (241)	-	2,070,797	1,902,670
37	Miscellaneous Current and Accrued Liabilities (242)	22	7,025,197	8,191,153
38	Obligations Under Capital Leases-Current (243)	-		
39				
40	<b>TOTAL Current and Accrued Liabilities (Total of lines 26 through 39)</b>		<b>87,984,043</b>	<b>101,434,785</b>
41	<b>DEFERRED CREDITS</b>			
42	Customer Advances for Construction (252)	-	2,534,833	2,733,137
43	Other Deferred Credits (253)	22	7,303	7,760
44	Other Regulatory Liabilities (254)	22	20,617,352	16,971,952
45	Accumulated Deferred Investment Tax Credits (255)	23	185,258	141,871
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	26,606,104	31,513,285
49	<b>TOTAL Deferred Credits (Total of lines 42 through 48)</b>		<b>49,950,850</b>	<b>51,368,005</b>
50				
51	<b>TOTAL Liabilities and Other Credits (Total of lines 8, 16, 24, 40 and 49)</b>		<b>587,945,322</b>	<b>599,226,482</b>

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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	417,171,964	408,415,876
3	Operating Expenses			
4	Operation Expenses (401)	27-29	294,685,394	293,695,171
5	Maintenance Expenses (402)	27-29	3,309,339	3,430,987
6	Depreciation Expense (403)	15-16	32,213,313	30,910,781
7	Amortization & Depletion of Utility Plant (404-405)	-	1,065,048	1,018,291
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	156,372	156,372
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)	-	639,996	639,996
12	(Less) Regulatory Credits (407.4)	-		
13	Taxes Other Than Income Taxes (408.1)	23	25,162,405	24,120,708
14	Income Taxes - Federal (409.1)	-	8,975,583	15,169,103
15	- Other (409.1)	-	1,494,860	2,405,413
16	Provision for Deferred Income Taxes (410.1)	24	6,804,925	(2,347,033)
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)		374,463,848	369,156,401
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		42,708,116	39,259,475

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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)		42,708,116	39,259,475
26	<b>Other Income and Deductions</b>			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	27,772	41,853
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)	-	(57,077)	229,602
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	809,638	1,558,896
38	Gain on Disposition of Property (421.1)	-		
39	TOTAL Other Income (Total of lines 29 through 38)		780,333	1,830,351
40	<b>Other Income Deductions</b>			
41	Loss on Disposition of Property (421.2)	-	168,911	
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	311,238	506,914
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		480,149	506,914
45	<b>Taxes Applicable to Other Income and Deductions</b>			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	99,286	437,726
48	Income Taxes - Other (409.2)	-	16,510	72,788
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)		115,796	510,514
54	Net Other Income and Deductions (Total of lines 39,44,53)		184,388	812,923
55	<b>Interest Charges</b>			
56	Interest on Long-Term Debt (427)	-	12,384,691	12,831,585
57	Amortization of Debt Discount and Expense (428)	20-21	860,159	889,765
58	Amortization of Loss on Recquired Debt (428.1)	-		
59	(Less) Amortization of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Recquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33		
62	Other Interest Expense (431)	33	1,938,504	1,836,119
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		15,183,354	15,557,468
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		27,709,150	24,514,930
66	<b>Extraordinary Items</b>			
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)		27,709,150	24,514,930

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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)
<b>UNAPPROPRIATED RETAINED EARNINGS (Account 216)</b>			
1	Balance - Beginning of Year		109,772,909
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)		27,709,149
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		25,712,986
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
15	FAS 133 Other Comprehensive Income		-
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		111,769,072
<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>			
	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)			111,769,072

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2004

**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 2004 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 \$5,500,000 and \$5,300,000 at December 31, 2004 and 2003 respectively.

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

#### **Revenues and Fuel Costs**

Revenues include amounts resulting from cost recovery clauses which provide for monthly billing charges to reflect increases or decreases in 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 2004 and 4.2% for 2003.

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, 2004, Peoples Gas System had a derivative liability of \$(3,910,160) and at December 31, 2003, Peoples Gas System had a derivative asset of \$1,070,018. There were no amounts recorded in OCI as of December 31, 2003 or December 31, 2004.

### **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, 2004, 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 60 percent of plan assets were invested in common stocks and 40 percent in fixed income investments at Sept. 30, 2004.

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>2004</u>	<u>2003</u>
Service cost		
(benefits earned during the period)	\$17.0	\$14.3
Interest cost on projected		
Benefit obligations	33.0	30.8
Less: Expected return on plan assets	(39.1)	(42.1)
Amortization of:		
Unrecognized transition asset	(1.1)	(1.1)
Prior service cost	(0.5)	(0.5)
Actuarial (gain) loss	2.7	1.4
Net pension expense	<u>12.0</u>	<u>2.8</u>
Settlement	6.6	--
Additional amounts recognized	<u>0.4</u>	<u>--</u>
Net pension expense recognized in TECO Energy's Consolidated Statements of Income (1)	<u><u>\$19.0</u></u>	<u><u>\$2.8</u></u>

(1) Peoples Gas System's portion was \$1.3 million and \$.6 million for 2004 and 2003 respectively.

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

	<b><u>Dec. 31,</u> <u>2004</u></b>	<b><u>Dec. 31,</u> <u>2003</u></b>
Projected benefit obligation, beginning of year	\$554.5	\$455.1
Change in benefit obligation due to:		
Service cost	17.0	14.3
Interest cost	33.0	30.8
Actuarial loss	(0.9)	89.7
Curtailments	1.5	(1.9)
Special termination benefits	(2.2)	--
Gross benefits paid	<u>(57.5)</u>	<u>(33.5)</u>
Projected benefit obligation, end of year	<u>545.4</u>	<u>554.5</u>
Fair value of plan assets, beginning of year	391.8	371.9
Change in plan assets due to:		
Actual return on plan assets	43.0	51.7
Employer contributions	30.3	1.7
Gross benefits paid	<u>(57.5)</u>	<u>(33.5)</u>
Fair value of plan assets, end of year	<u>407.6</u>	<u>391.8</u>
Funded status, end of year	(137.8)	(162.7)
Net contributions after measurement date	0.4	6.7
Unrecognized net actuarial loss	149.2	165.6
Unrecognized prior service cost	(5.4)	(6.9)
Unrecognized net transition asset	<u>(0.2)</u>	<u>(1.4)</u>
Accrued pension liability (2)	<u>\$6.2</u>	<u>\$1.3</u>

(2) Peoples Gas System's portion was \$2.2 million and \$3.3 million at Dec. 31, 2004 and 2003, respectively.

**Assumptions Used in Determining Actuarial Valuations**

	<b><u>2004</u></b>	<b><u>2003</u></b>
Discount rate to determine projected benefit obligation	6.00%	6.00%
Rates of increase in compensation levels	4.25%	4.25%
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>2004</u>	<u>2003</u>
Service cost (benefits earned during the period)	\$0.5	\$0.6
Interest cost on projected benefit obligations	0.6	0.7
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	<u>(0.1)</u>	<u>0.0</u>
Net periodic Postretirement benefit expense	<u>\$1.4</u>	<u>\$1.7</u>

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

	<u>Dec. 31, 2004</u>	<u>Dec. 31, 2003</u>
Accumulated postretirement benefit obligation, beginning of year	\$11.7	\$10.1
Change in benefit obligation due to:		
Service cost	0.5	0.5
Interest cost	0.6	0.7
Plan participants' contributions	0.3	0.2
Plan amendments	0.0	0.0
Actuarial loss	(1.8)	0.8
Gross benefits paid	<u>(0.5)</u>	<u>(0.6)</u>
Accumulated postretirement benefit obligation, end of year	<u>\$10.8</u>	<u>\$11.7</u>
Funded status, end of year	\$(10.8)	\$(11.7)
Net contribution after measurement date	0.0	0.0
Unrecognized net loss from past experience	(2.2)	(0.5)
Unrecognized prior service cost	2.2	2.4
Unrecognized transition obligation	<u>2.1</u>	<u>2.4</u>
Liability for accrued postretirement benefit	<u>\$(8.7)</u>	<u>\$(7.4)</u>

## Assumptions Used in Determining Actuarial Valuations

	<u>2004</u>	<u>2003</u>
Discount rate to determine projected benefit obligation	6.00%	6.00%

The assumed health care cost trend rate for medical costs was 10.50% in 2004 decreasing to an ultimate trend of 5.00% in 2013.

A 1-percent increase in the medical trend rates would produce a 2-percent (\$19 thousand) increase in the aggregate service and interest cost for 2004 and a 1-percent (\$146 thousand) increase in the accumulated postretirement benefit obligation as of Sept. 30, 2004.

A 1-percent decrease in the medical trend rates would produce a 1-percent (\$15 thousand) decrease in the aggregate service and interest cost for 2004 and a 1-percent (\$115 thousand) decrease in the accumulated postretirement benefit obligation as of Sept. 30, 2004.

## 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:

<b>(millions of dollars)</b>	<b><u>Federal</u></b>	<b><u>State</u></b>	<b><u>Total</u></b>
<b>2004</b>			
Currently payable	\$9.1	\$1.5	\$10.6
Deferred	5.8	1.0	6.8
Amortization of investment tax credits	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total income tax expense	<u>\$14.9</u>	<u>\$2.5</u>	17.4
Included in other income, net			<u>0.1</u>
Included in operating expenses			<u>\$17.3</u>
<b>2003</b>			
Currently payable	\$15.6	\$2.5	\$18.1
Deferred	(2.0)	(0.3)	(2.3)
Amortization of investment tax credits	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total income tax expense	<u>\$13.6</u>	<u>\$2.2</u>	15.8
Included in other income, net			<u>0.0</u>
Included in operating expenses			<u>\$15.8</u>

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

<b>(millions of dollars)</b>	<b>Dec. 31, <u>2004</u></b>	<b>Dec. 31, <u>2003</u></b>
Deferred tax assets(1)		
Property related	--	--
Energy Conservation Allowance	--	--
Leases	--	--
Insurance reserves	--	--
Early capacity payments	--	--
Other	--	--
Total deferred income tax assets	<u>0.0</u>	<u>0.0</u>
Deferred income tax liabilities(1)		
Property related	\$(48.5)	\$(43.7)
Other	17.0	17.1
Total deferred income tax liabilities	<u>(31.5)</u>	<u>(26.6)</u>
Accumulated deferred income taxes	<u>\$(31.5)</u>	<u>\$(26.6)</u>

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

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

<b>(millions of dollars)</b>	<b><u>2004</u></b>	<b><u>2003</u></b>
Net income	\$27.7	\$24.5
Total income tax provision	<u>17.3</u>	<u>15.7</u>
Income before income taxes	<u>\$45.0</u>	<u>\$40.2</u>
Income taxes on above at federal statutory rate of 35%	\$15.7	\$14.1
Increase (decrease) due to		
State income tax, net of federal income tax	1.6	1.4
Amortization of investment tax		
Credits	0.0	0.0
Equity portion of AFUDC	0.0	0.0
Other	<u>0.0</u>	<u>(0.2)</u>
Total income tax provision	<u>\$17.3</u>	<u>\$15.7</u>
Provision for income taxes as a percent of income before		
Income taxes	<u>38.6%</u>	<u>39.0%</u>

## H. Short-term Debt

The weighted average interest rate on outstanding notes payable at Dec. 31, 2004 was 3.32%. There were no notes payables at Dec. 31, 2003. Unused lines of credit at Dec. 31, 2004 were \$275 million. Certain lines of credit require commitment fees ranging from 17.5 - 25.0 basis points and drawn amounts are charged interest at LIBOR plus 70 - 112.5 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>2004</u>	<u>2003</u>
Fuel and Interchange related, net	\$1.8	--
Administrative and general, net	\$9.4	\$9.8

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

	<u>2004</u>	<u>2003</u>
Accounts receivable	\$1.7	\$2.7
Accounts payable	\$3.7	\$3.3

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 2005 and \$160 million for 2006 through 2009 for infrastructure expansion to grow the customer base and normal asset replacement.

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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)	765,386,635	765,386,635
4	101.1 Property Under Capital Leases		
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified	40,145,763	40,145,763
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 )	811,010,024	811,010,024
12	107 Construction Work in Progress	9,469,624	9,469,624
13	Accum. Provision for Depreciation, Amortization, & Depletion	300,326,824	300,326,824
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	520,152,824	520,152,824
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	297,525,592	297,525,592
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)	297,525,592	297,525,592
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	2,801,232	2,801,232
32	TOTAL Accum. Provisions (Should agree with line 14 above) (Total of lines 21, 25, 29, 30, and 31)	300,326,824	300,326,824



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

**Company: Peoples Gas System  
For the Year Ended December 31, 2004**

**Page 1 of 2**

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
374-00	Land-Distribution		2,103,122		(31,568)				2,071,554
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		14,294,915	323,083	(84,058)				14,533,939
374-02	Land Rights / Easements		1,151,566	15,983					1,167,549
386-02	Othr Prop Cust Prem-Desi		51,942						51,942
386-08	Othr Prop Cust Prem-CNG								
390-02	Structures&Improvem-Leas		39,043						39,043
<b>Depreciable Assets: This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.</b>									
375-00	Land/Building Struct&Imp	2.7%	16,522,630	126,189	(2,232,687)				14,416,133
376-00	Mains - Other than Plastic	3.7%	227,968,931	4,671,233	(824,732)				231,795,344
376-02	Mains - Plastic	2.8%	173,147,238	12,383,122	(671,568)			(5,192)	184,833,215
378-00	Regulator Stations-Meas&	3.9%	4,579,788	228,582	(19,641)				4,788,730
379-00	City Gate Stations-Meas&	3.0%	6,187,912	1,288,710	(42,763)				7,441,790
380-00	Service Lines - Steel	6.6%	36,317,823	646,095	(677,742)				36,285,481
380-02	Service Lines - Plastic	4.4%	127,314,143	11,082,740	(852,872)			5,192	137,545,054
381-00	Meters - All Types	5.4%	26,965,251	2,847,727	(1,015,209)				28,798,807
382-00	Meter Installations	4.3%	28,179,404	2,912,584	(596,890)				30,495,247
383-00	House Regulators	4.6%	8,755,469	300,867	(91,630)				8,965,346
384-00	House Regulator Installa	4.4%	10,279,064	1,010,231	(163,583)				11,125,712
385-00	Industrial Cust Regula	3.0%	8,765,076	182,952	(111,126)				8,836,902
387-00	Other Equipment-DistribS	7.9%	1,383,506	172,098	(61,154)				1,494,450
390-00	Structures& Improvemen-U	2.7%	1,009,031	65,462	(1,095)				1,073,398
391-00	Office Furniture	9.7%	2,980,956	232,369	(229,658)				2,983,666
391-01	Computer Equipment	19.8%	8,011,878	917,568	(1,807,994)				7,118,142
391-02	Office Equipment/Machine	6.6%	541,192	96,366	(25,375)				612,183
392-01	Auto&Truck less than 1/2	14.3%	7,034,522	655,685	(1,085,562)			21,233	6,625,878
392-02	Auto&Truck 3/4 - 1 ton	11.3%	2,718,617	578,428	(14,250)				3,282,795
392-03	Airplanes	1.7%	6,029,716						6,029,716
392-04	Trailers, Other	3.9%	268,297	8,886	(1,967)				275,216
392-05	Trucks over 1 ton	7.3%	1,164,938	-	(88,243)				1,076,695
393-00	Stores Equipment	11.3%	61,083		(4,610)				56,473
394-00	Tools, Shop, & Garage Eq	6.7%	3,595,445	86,680	(241,662)				3,440,531

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

**Company: Peoples Gas System**  
**For the Year Ended December 31, 2004**

**Page 2 of 2**

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
395-00	Laboratory Equipment	5.0%	129,578	49,851	(78,615)				129,578
396-00	Power Operated Equipment	6.3%	1,786,469	80,397	(178,959)				1,757,705
397-00	Communication Equipment	9.7%	4,693,087	42,957	(16,344)				4,594,525
398-00	Misc Equipment-Gas	3.2%	361,873						388,487
<b>Capital Recovery Schedules:</b>									
<b>118</b>	<b>Other Utility Plant</b>								
<b>Total Account 101*</b>			<b>735,648,916</b>	<b>41,006,843</b>	<b>(11,251,558)</b>		<b>(38,799)</b>	<b>21,233</b>	<b>765,386,635</b>
<b>Amortizable Assets:</b>									
114	Acquisition Adjustment		5,248,671						5,248,671
105	Property Held for Future Use		228,955						228,955
<b>Total Utility Plant</b>			<b>741,126,542</b>	<b>41,006,843</b>	<b>(11,251,558)</b>		<b>(38,799)</b>	<b>21,233</b>	<b>770,864,260</b>

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, 2004

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	(330,345)	(15,651)							(345,996)
303-20	Misc Intangible Plant	(322,668)	(32,610)							(355,277)
303-51	Customized Software	(8,724,531)	(970,489)		84,058					(9,610,962)
374-22	Land Rights / Easements	(644,960)	(40,226)							(685,185)
386-22	Othr Prop Cust Prem-Desi	(4,761)	(5,194)							(9,955)
390-02	Structure & Improvements-Leased	(28,216)	(879)							(29,094)
	<b>SUB-TOTAL</b>	<b>(10,058,597)</b>	<b>(1,065,047)</b>	<b>-</b>	<b>84,058</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,039,586)</b>
	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	(0)								(0)
This schedule should identify each account/subaccount for which a separate depreciation rate has been approved by the FPSC.										
374-50	Land	3,603			31,568	(31,870)	302			3,603
375-50	Land/Building Struct&Imp	(3,078,607)	(390,732)		2,232,667	(1,570,854)	21,668		2,922	(2,782,917)
376-50	Mains - Other than Plastic	(110,971,559)	(9,024,649)		824,732	(3,807)	943,077	(5,279)	(17,271)	(118,254,756)
376-52	Mains - Plastic	(42,077,179)	(5,774,884)		671,568		145,453	(3,982)	8,755	(47,030,268)
378-50	Regulator Stations-Meas&	(1,051,351)	(183,157)		8,817		1,566		41	(1,224,084)
378-51	Regulator Stations-Do no	(140,790)	(4,168)		10,824		12,022	(7,931)		(134,134)
379-50	City Gate Stations-Meas&	(1,928,281)	(213,588)		42,763					(2,095,015)
379-51	City Gate Stations-Do no	(29,747)	(904)							(30,651)
380-50	Service Lines - Steel	(30,304,453)	(2,394,319)		677,742		979,873			(31,041,156)
380-52	Service Lines - Plastic	(38,121,701)	(5,781,114)		852,872		485,315	(1,860)	(132)	(42,566,619)
381-50	Meters - All Types	(5,794,124)	(1,492,185)		1,015,209		16,120	(1,038)		(6,256,019)
381-51	Meters - Do not use	(2,340)	(164)							(2,504)
382-50	Meter Installations	(9,590,600)	(1,249,997)		596,890		137,974	(150)		(10,105,883)
383-50	House Regulators	(3,531,001)	(406,659)		91,630		2,074	(640)		(3,844,597)
384-50	House Regulator Installa	(2,960,617)	(467,383)		163,583		105,439			(3,158,978)
385-50	Industrial Cust Regulator	(2,736,320)	(262,249)		111,126		1,579		17	(2,885,847)
387-50	Other Equipment-DistribS	(625,279)	(117,845)		61,154				1,145	(680,825)
390-50	Structures& Improvemen-U	(142,494)	(28,882)		1,095					(170,282)
391-50	Office Furniture	(670,538)	(299,281)		229,658				3,677	(736,485)
391-51	Computer Equipment	(5,393,217)	(1,723,920)		1,807,994					(5,309,142)
391-52	Office Equipment/Machine	(222,146)	(38,662)		25,375					(235,433)
391-53	Office Furniture/Equip	(2,924,273)	(1,013,324)		1,085,562	(82,937)	6,737		(19,233)	(2,947,468)
392-51	Auto&Truck less than 1/2	(586,677)	(332,505)		14,250	(2,000)	196			(906,736)
392-52	Auto&Truck 3/4 - 1 ton	(123,633)	(102,529)							(226,163)
392-53	Airplanes	(126,399)	(10,648)		1,967					(135,080)
392-54	Trailers, Other	(519,292)	(82,119)		88,243	(4,100)	720			(516,547)
392-55	Trucks over 1 ton	(57,632)	(493)		4,610					(53,515)
393-50	Stores Equipment									

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

**Company: Peoples Gas System**  
**For the Year Ended December 31, 2004**

Acct. No.	Account Description	Beginning Balance*	Accruals	Reclass.	Retirements	Gross Salvage	Cost of Removal	Adjustments	Transfers	Ending Balance*
(Continued)										
394-50	Tools, Shop, & Garage Eq	(1,878,374)	(225,336)		241,662				198	(1,861,850)
394-51	Tools, Shop, & Garage-CNG	(104,142)	(11,321)							(115,464)
395-50	Laboratory Equipment	(37,240)	(7,140)							(44,380)
396-50	Power Operated Equipment	(1,152,219)	(111,324)		78,615	(5,500)	109		648	(1,190,319)
397-50	Communication Equipment	(897,279)	(447,840)		178,959	(30,524)	390			(1,195,647)
398-50	Misc Equipment-Gas	(215,904)	(13,992)		16,344					(213,552)
<b>Capital Recovery Schedules:</b>										
	<b>Subtotal</b>	(267,991,807)	(32,213,313)		11,167,500	(1,731,592)	2,860,615	(20,881)	(19,233)	(287,948,711)
List any other items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on page 8.										
	Retirement Work in Progress (108)	1,594,280					(131,575)			1,462,705
	115 Acquisition Adjustment	(2,644,860)	(156,372)							(2,801,232)
	<b>Subtotal</b>	(1,050,580)	(156,372)		-	-	(131,575)	-	-	(1,338,527)
	<b>Grand Total</b>	(279,100,983)	(33,434,733)		11,251,558	(1,731,592)	2,729,040	(20,881)	(19,233)	(300,326,824)

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, 2004

**CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)**

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

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Service Lines	16,309	0
2	Revenue Main	2,860,348	22,488,740
3	Main Replacements	387,326	501,156
4	Distribution System Improvements	155,377	8,442,028
5	Governmental Improvements	2,001,414	2,713,930
6	Cathodic Protection	7,087	9,692
7	Transportation Vehicles	289,881	45,552
8	Communication Equipment	1,791	45,880
9	Office Equipment	1,389,262	188,570
10	Tools, Shop & Garage Equipment	100,946	63,866
11	Power Operated Equipment	18	7,484
12	Testing, Measuring & Detection Equipment	11,263	17,916
13	Improvements to Property	179,941	846,262
14	Measuring & Regulating Station Equipment	997,887	1,704,073
15	<b>TOTAL Continued on 17b</b>		

**CONSTRUCTION OVERHEADS-GAS**

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

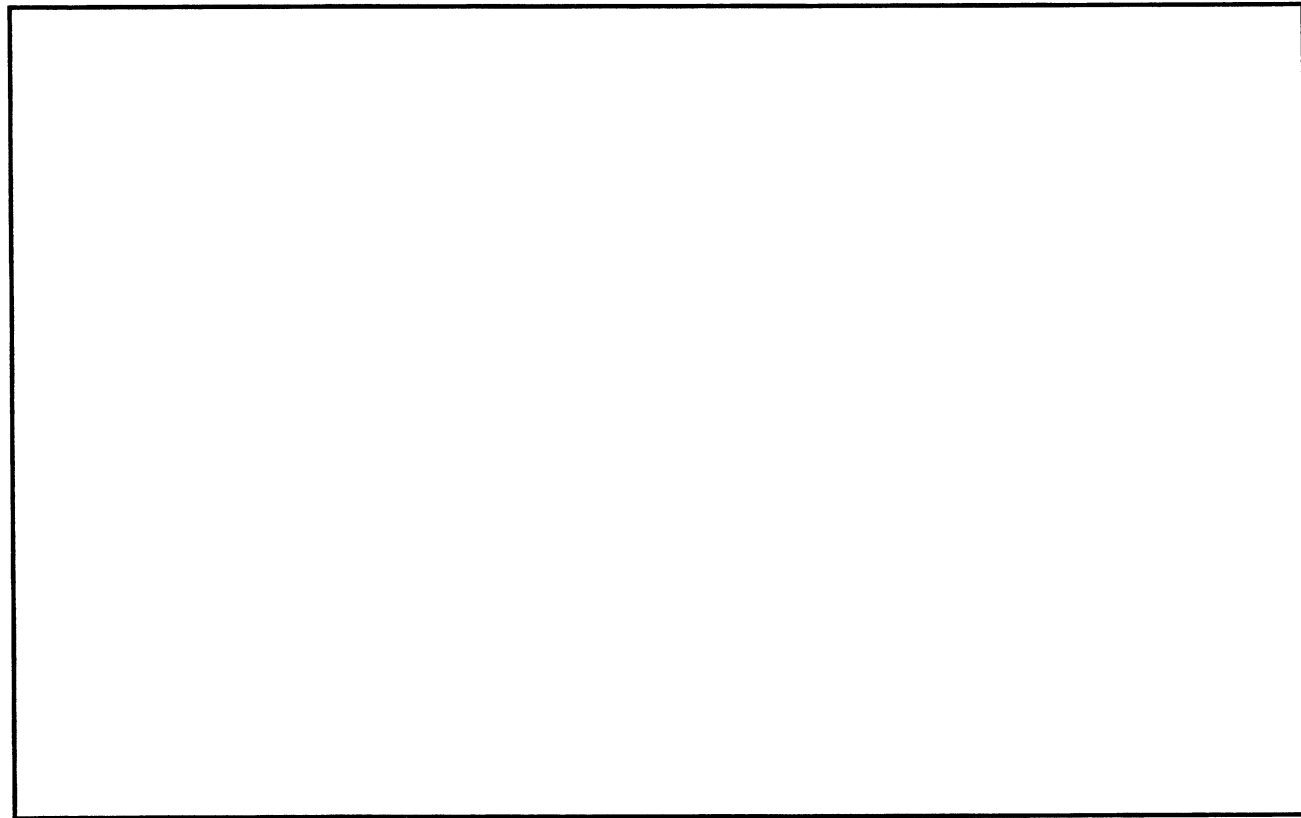
Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Plant Accounting Dept. Costs and Supervision	590,442	34,698,428
2	(These costs are allocated to CWIP as outlined		
3	in Instruction 3 above.)		
4			
5	Corporate G & A	2,997,735	34,698,428
6			
7			
8			
9			
10			
11			
12	<b>TOTAL</b>		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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	Reimbursable Construction - Net	887,145	410,408
2	Miscellaneous - Non Revenue Producing	181,979	37,797
3	Miscellaneous - Revenue Producing	1,650	10,781
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15	<b>TOTAL</b>	<b>9,469,624</b>	<b>37,534,135</b>



Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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	579,312
2	Line of Credit Fees	302,027
3	Postage	100,000
4		
5		
6	Miscellaneous Prepayments:	12,360
7		
8	<b>TOTAL</b>	<b>993,699</b>

**EXTRAORDINARY PROPERTY LOSSES (Account 182.1)**

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

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

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	<b>TOTAL</b>					

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**OTHER REGULATORY ASSETS (Account 182.3)**

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

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

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

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Other Regulatory - Env Remediation	20,713,376		254	3,832,036	16,881,340
2	Regulatory Tax Asset	412,762	9,490,902	282	11,412,010	(1,508,346)
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	<b>TOTAL</b>	<b>21,126,138</b>	<b>9,490,902</b>		<b>15,244,046</b>	<b>15,372,994</b>

**MISCELLANEOUS DEFERRED DEBITS (Account 186)**

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.

2. For any deferred debit being amortized, show period of amortization in column (a).

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

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amount (e)	
1	Environmental Investigation/Remediation	(3,989,062)	954,397	407	639,996	(4,711,519)
2				131	1,036,858	
3						
4						
5	Unbundling Transition	(78,283)	107,714	142	29,431	0
6						
7						
8	Other Work in Progress	258,736	177,363	Various	0	436,099
9						
10						
11	Rate Case	296,117	0	928	121,117	175,000
12						
13						
14						
15						
16						
17	Misc. Work in Progress					
18	Deferred Regulatory Comm. Expenses					
19	<b>TOTAL</b>	<b>(3,512,492)</b>				<b>(4,100,420)</b>



Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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	<u>2,100,000</u>
		<u>\$5,300,000</u>

**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)	28,579	
3	---Amortization				(28,579)	0
4	31-Note/Tampa Elec 5.94%	07-01	12,000,000	(232,811)	107,993	
5	---Amortization				(14,325)	93,668
6	30-Note/Tampa Elec 7.375%	09-02	50,000,000	(3,542,552)	2,860,207	
7	---Amortization				(330,024)	2,530,183
8						
9						
10	Total Amortization - Acct 428				(372,928)	
11						
12	Loss on Reacquired Debt					2,623,851
13						

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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							
3	Long Term Note 10.35%	06/26/87	07/02/07	10,000,000	10.35	310,730	2,600,000
4	Long Term Note 10.33%	06/29/88	07/02/08	10,000,000	10.33	454,750	4,000,000
5	Long Term Note 10.30%	06/28/89	07/02/09	10,000,000	10.30	618,229	5,600,000
6	Long Term Note 9.93%	12/20/90	07/02/10	10,000,000	9.93	615,881	5,800,000
7	Long Term Note 8.00%	12/03/92	07/02/12	35,000,000	8.00	1,780,467	21,200,000
8	Note Issued by Tampa Electric	06/20/01	06/15/12	40,000,000	6.875	2,750,000	40,000,000
9	Note Issued by Tampa Electric	08/15/02	08/15/07	25,000,000	5.375	1,354,948	25,000,000
10	Note Issued by Tampa Electric	08/15/02	08/15/12	70,000,000	6.375	4,499,688	70,000,000
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	<b>TOTAL</b>			<b>210,000,000</b>		<b>12,384,693</b>	<b>174,200,000</b>

**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	4,153	(1,186)	2,967
3	28-Long term Note 10.33%	10,000,000	11,350	08-88	07-08	2,573	(572)	2,001
4	29-Long term Note 10.30%	10,000,000	13,131	08-89	07-09	3,630	(660)	2,970
5	32-Long term Note 9.93%	10,000,000	88,318	03-91	07-10	3,363	(517)	2,846
6	33-Long term Note 8.00%	35,000,000	976,684	01-93	07-12	426,117	(50,131)	375,986
7	34-Note/Tampa Electric 6.875%	40,000,000	308,507	06-01	06-12	222,117	(26,132)	195,985
8	35-Note/Tampa Electric 6.375%	70,000,000	2,839,136	08-02	08-12	2,420,705	(282,045)	
9	---Debt Expense Incurred						2,138	2,140,798
10	27-Note/Tampa Electric 5.375%	25,000,000	180,839	08-02	08-07	126,623	(35,384)	
11	---Debt Expense Incurred						791	92,030
12						<b>3,209,281</b>	<b>(396,627)</b>	<b>2,815,583</b>
13	Unamortized Debt Disc - Acct 226							
14	34-Note/Tampa Electric 6.875%	40,000,000	168,800	06-01	06-12	130,436	(15,345)	115,091
15	35-Note/Tampa Electric 6.375%	70,000,000	562,100	08-02	08-12	482,469	(56,210)	426,259
16	27-Note/Tampa Electric 5.375%	25,000,000	95,250	08-02	08-07	68,263	(19,050)	49,212
17						<b>681,168</b>	<b>(90,605)</b>	<b>590,562</b>
18	<b>Total of Acct 428</b>						<b>(487,232)</b>	

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2004
<b>MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)</b>		
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	(2,351,852)
2	Insurance Reserves	3,369,794
3	Post Retirement Benefits	7,552,943
4	Conservation Cost True Up	(534,850)
5	Other	155,118
6		
7		
8		
9		
10		
11		
12		
13	<b>TOTAL</b>	<b>8,191,153</b>

<b>OTHER DEFERRED CREDITS (Account 253)</b>						
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	7,303	232	1,122	1,579	7,760
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	<b>TOTAL</b>	<b>7,303</b>		<b>1,122</b>	<b>1,579</b>	<b>7,760</b>

<b>OTHER REGULATORY LIABILITIES (Account 254)</b>						
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)	43,219	282	10,116	-	33,103
2	West Florida Gas Tax Liab	56,525	282	13,248	-	43,277
3	Gas Technoogy Research	(195,768)	930	290,000	500,000	14,232
4	Environmental Remediation	20,713,376	182	3,832,036		16,881,340
5						
6						
7						
8						
9						
10						
11						
12						
13	<b>TOTAL</b>	<b>20,617,352</b>		<b>4,145,400</b>	<b>500,000</b>	<b>16,971,952</b>

**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
2 Internal Revenue Service (FICA)				2,149,020						2,149,020
3 FL Public Service Commission					1,600,234					1,600,234
4 FL Department of Revenue					5,672,464		864			5,673,328
5 Various FL municipalities								8,565,265		8,565,265
6 Internal Revenue Service (FUTA)				36,511						36,511
7 Internal Revenue Service (SUTA)				73,478					43,131	73,478
8 Various FL Counties (tags)									18,454	18,454
9 Various FL municipalities									450	450
10 (occupational licenses)									(19,827)	(19,827)
11 Department of State										
12 Other										
13 Less:Charged to other revenue (495)						(59,666)				(59,666)
14 Less:Charged to construction				(392,781)		(71,686)				(464,467)
15 Less:Charged to clearing, jobbing, ar				(33,607)			(864)			(34,471)
16 TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	7,580,964	0	0	1,832,622	5,672,464	1,468,882	0	8,565,265	42,208	25,162,405

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 of (g)	Average Period of Allocation to Income (h)
					Amount (e)	Amount (e)			
1	Gas Utility	185,258							
2	3%			411		43,387		141,871	
3	4%								
4	7%								
5	10%								
6									
7									
8									
9									
10	TOTAL	185,258				43,387		141,871	

Notes

Name of Respondent  
Peoples Gas System

For the Year Ended  
Dec. 31, 2004

**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.	Balance at Beginning of Year	Changes During Year				Adjustments		Balance at End of Year
		Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits Account No.	Credits Account No.	
1								
2								
3								
4								
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25								

Notes

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

Line No.	Balance at Beginning of Year	Changes During Year				Adjustments		Balance at End of Year
		Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits Account No.	Credits Account No.	
1								
2								
3								
4								
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6								
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25								

Notes

Deferred income tax adjustment includes:

Federal	Total
-1,642,444	-1,921,108 Hedging
23,364	23,364 Regulatory liability
<u>-1,619,080</u>	<u>-1,897,744</u>

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES**

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.

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.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 9)	27,709,150
2	Reconciling Items for the Year	
3		
4	Taxable Income Not Reported on Books	
5	Federal Income Tax	9,074,869
6	CIAC and AIAC	2,135,000
7	Competitive Rate Adjustment	
8	ECCR revenue true up	2,030,517
9	Deductions Recorded on Books Not Deducted for Return	
10	Capitalized ECA costs	5,189,998
11	Environmental cleanup costs	82,466
12	Interest during construction period capitalized	1,515,000
13	Insurance reserves	2,425,772
14	Deferred taxes	6,804,925
15	Amortization - acquisition adjustment	295,000
16	Put option expense	330,024
17	Other	492,222
18	Income Recorded on Books Not Included in Return	
19	Gain/Loss on fixed assets	
20	Non taxable energy conservation revenue	
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	15,786,687
28	Pension and property tax payments	10,255,769
29	Cost of removal	2,860,615
30	Natural gas cost adjustment	4,986,334
31	Deferred compensation distributions	315,000
32	Competitive rate adjustment	726,672
33	Bad debts	112,000
34	Federal Tax Net Income	22,998,479
35	Show Computation of Tax:	
36	Federal income tax @ 35%	8,049,468
37	Prior year true up provision to actual per return	1,025,401
38		9,074,869
39		
40	Allocation to other income	99,286

NOTE: Peoples Gas System operates as a division of Tampa Electric Company (59-9475140). As such, its 2004 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	<b>Gas Service Revenues</b>						
2	<b>Firm Sales Service</b>						
3	480 Residential	115,002,871	105,667,727	65,819,935	64,217,699	278,479	263,479
4	481 Commercial Street Lighting	230,972	204,944	240,449	231,662	41	42
5	481 Small General Service	4,149,801	3,893,011	2,534,046	2,491,868	5,720	5,814
6	481 General Service 1	56,245,969	51,955,743	48,996,404	49,432,298	11,316	11,284
7	481 General Service 2	17,829,213	18,088,084	16,509,082	18,410,790	740	783
8	481 General Service 3	10,152,885	9,671,779	9,763,522	10,197,494	127	154
9	481 General Service 4	1,867,055	1,904,806	1,857,157	2,058,525	7	8
10	481 General Service 5	1,191,741	1,988,418	1,310,473	2,333,140	5	6
11	481 Natural Gas Vehicle Sales	68,703	115,645	67,632	122,623	8	12
12	481 Mutually Beneficial	24,966,348	16,091,448	38,051,240	28,734,930	3	1
13	481 Off System Sales	71,376,872	88,414,432	140,148,240	157,358,572	14	10
14	<b>Interruptible Sales Service</b>						
15	481 Small Interruptible Service	34,294	77,846	44,733	126,278	0	0
16	481 Interruptible Lg. Vol-1	263,319	389,671	366,565	548,216	0	0
17	481 Interruptible Lg. Vol-2	(489,690)	(465,339)	434,076	738,941	0	0
18	<b>Firm Transportation Service</b>						
19	489 Commercial Street Lighting	129,028	138,894	921,880	1,001,107	51	54
20	489 Natural Gas Vehicles	90,510	78,041	499,847	499,699	11	8
21	489 Small General Service	179,043	144,752	351,668	245,035	314	301
22	489 General Service 1	16,378,454	15,145,798	56,156,268	52,036,804	7,407	7,070
23	489 General Service 2	14,532,380	13,580,119	57,891,637	54,101,818	2,215	1,967
24	489 General Service 3	13,396,820	12,737,198	63,194,581	60,977,183	636	658
25	489 General Service 4	8,695,167	7,583,177	46,454,964	40,454,318	127	122
26	489 General Service 5	6,365,300	6,088,485	60,871,441	58,971,571	88	86
27	<b>Interruptible Transportation Serv.</b>						
28	489 Small Interruptible Trans. Service	3,521,307	3,595,100	46,717,644	47,049,175	31	30
29	489 Interruptible Transp. LG-1	9,339,146	6,330,570	210,711,102	172,434,416	18	19
30	489 Interruptible Transp. LG-2	8,615,741	10,581,617	254,619,716	362,954,551	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	384,133,249	374,001,966	1,124,534,302	1,187,728,713	307,365	291,915
34	483 Sales for Resale	280,373	368,235	500,409	1,254,789	6	4
35	Off-System Sales	0	0	0	0	0	0
36	TOTAL Nat. Gas Service Revenues	384,413,622	374,370,201				
37	TOTAL Gas Service Revenues	384,413,622	374,370,201				
38	<b>Other Operating Revenues</b>						
39	485 Intracompany Transfers	0	0				
40	487 Forfeited Discounts	803,222	773,911				
41	488 Misc. Service Revenues	6,326,469	6,180,442				
42	488 Gross Recpts Tax/Franch Fee Coll	14,237,729	13,301,373				
43	488 Individual Transportation Charge	612,998	631,183				
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	559,114	617,667				
47	494 Interdepartmental Rents	0	0				
48	<b>495 Other Gas Revenues</b>						
49	Initial Connection		0				
50	Reconnect for Cause		0				
51	Collection in lieu of disconnect		0				
52	Returned Check		0				
53	Other Gas Revenues	13,145,107	15,561,213				
54	495.5 Overrecoveries Purchased Gas	(2,926,297)	(3,020,116)				
55	TOTAL Other Operating Revenues	32,758,342	34,045,673				
56	TOTAL Gas Operating Revenues	416,891,591	408,047,641				
57	(Less) 495.10 Provision / Rate Refunds	0	0				
58	TOTAL Gas Operating Revenues Net of Provision for Refunds	416,891,591	408,047,641				
59	Sales for Resale	280,373	368,235	0	0		
60	Other Sales to Public Authority	0	0	0	0		
61	Interdepartmental Sales	0	0	0	0		
62	TOTAL	417,171,964	408,415,876	1,125,034,711	1,188,983,502		

Notes

Lines 53 &amp; 54 were restated for 2003.

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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
<b>1</b>	<b>1. Production Expenses</b>		
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	184,878,966	181,050,897
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	46,714,915	43,815,865
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)	(4,997,758)	(782,897)
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	226,596,123	224,083,865
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	251,016	0
27	(Less) 808.2 Gas Delivered to Storage--Credit	(502,051)	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	(131,263)	(125,598)
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	(131,263)	(125,598)
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)	226,213,825	223,958,267
37	TOTAL Production Expenses (Total of Lines 2, 3, 4, 5 and 36)	226,213,825	223,958,267
38	<b>2. Natural Gas Storage, Terminating and Processing Expenses</b>		
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	<b>3. Transmission Expenses</b>		
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, 2004	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
47	<b>4. Distribution Expenses</b>		
48	Operation		
49	870 Operation Supervision and Engineering	286,552	426,425
50	871 Distribution Load Dispatching	53,101	56,366
51	872 Compressor Station Labor and Expenses	7,131	20,829
52	873 Compressor Station Fuel and Power	0	45
53	874 Mains and Services Expenses	5,575,823	5,224,577
54	875 Measuring and Regulating Station Expenses--General	124,491	132,443
55	876 Measuring and Regulating Station Expenses--Industrial	87,314	78,457
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	43,543	61,364
57	878 Meter and House Regulator Expenses	2,332,211	2,103,138
58	879 Customer Installations Expenses	1,808,074	1,762,290
59	880 Other Expenses	1,572,965	1,042,208
60	881 Rents	120,357	116,807
61	TOTAL Operation (Total of lines 49 through 60)	12,011,562	11,024,949
62	Maintenance		
63	885 Maintenance Supervision and Engineering	1,483	0
64	886 Maintenance of Structures and Improvements	164,703	212,736
65	887 Maintenance of Mains	1,104,155	1,192,303
66	888 Maintenance of Compressor Station Equipment	0	0
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	222,647	233,510
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	220,296	160,648
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	469,043	422,218
70	892 Maintenance of Services	433,182	493,401
71	893 Maintenance of Meters and House Regulators	364,676	374,347
72	894 Maintenance of Other Equipment	111,745	138,554
73	TOTAL Maintenance (Total of Lines 63 through 72)	3,091,930	3,227,717
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	15,103,492	14,252,666
75	<b>5. Customer Accounts Expenses</b>		
76	Operation		
77	901 Supervision	0	0
78	902 Meter Reading Expenses	1,876,328	1,738,877
79	903 Customer Records and Collection Expenses	4,884,156	4,632,511
80	904 Uncollectible Accounts	1,457,746	1,112,710
81	905 Miscellaneous Customer Accounts Expenses	0	0
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	8,218,230	7,484,098
83	<b>6. Customer Service and Informational Expenses</b>		
84	Operation		
85	907 Supervision	0	0
86	908 Customer Assistance Expenses	10,102,922	10,635,060
87	909 Informational and Instructional Expenses	1,053,774	1,011,035
88	910 Miscellaneous Customer Service and Informational Expenses	0	0
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	11,156,696	11,646,095
90	<b>7. Sales Expenses</b>		
91	Operation		
92	911 Supervision	0	0
93	912 Demonstrating and Selling Expenses	6,689,129	7,503,530
94	913 Advertising Expenses	47,631	70,004
95	916 Miscellaneous Sales Expenses	172,720	85,997
96	TOTAL Sales Expenses (Total of lines 92 through 95)	6,909,480	7,659,531
97			

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2004	
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	<b>8. Administrative and General Expenses</b>		
99	Operation		
100	920 Administrative and General Salaries	7,265,776	10,334,325
101	921 Office Supplies and Expenses	14,261,907	14,275,829
102	(Less) (922) Administrative Expenses Transferred--Credit	(3,322,731)	(3,105,197)
103	923 Outside Services Employed	580,404	380,644
104	924 Property Insurance	11,814	743,381
105	925 Injuries and Damages	3,891,081	2,196,881
106	926 Employee Pensions and Benefits	5,999,391	5,599,033
107	927 Franchise Requirements	0	0
108	928 Regulatory Commission Expenses	76,728	98,272
109	(Less) (929) Duplicate Charges--Credit	0	0
110	930.1 General Advertising Expenses	0	0
111	930.2 Miscellaneous General Expenses	904,803	901,590
112	931 Rents	506,428	497,472
113	<b>TOTAL Operation (Total of lines 100 through 112)</b>	<b>30,175,601</b>	<b>31,922,230</b>
114	Maintenance		
115	935 Maintenance of General Plant	217,409	203,269
116	<b>TOTAL Administrative and General Expense (Total of lines 113 and 115)</b>	<b>30,393,010</b>	<b>32,125,499</b>
117			
118	<b>TOTAL Gas O&amp;M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)</b>	<b>297,994,733</b>	<b>297,126,156</b>
119			
120			

<b>NUMBER OF GAS DEPARTMENT EMPLOYEES</b>	
	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) 12/31/2004
3	2. Total Regular Full-Time Employees 550
4	3. Total Part-Time and Temporary Employees 6
5	4. Total Employees 556
6	
7	
8	
9	
10	
11	
12	
13	

Name of Respondent For the Year Ended  
 Peoples Gas System Dec. 31, 2004

**GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1, 808.1, 808.2)**

- |  |  |
|--|--|
| 1. Provide totals for the following accounts:<br>800 - Natural Gas Well Head Purchases<br>800.1- Natural Gas Well Head Purchases<br>Intracompany Transfers<br>801 - Natural Gas Field Line Purchases<br>802 - Natural Gas Gasoline Plant Outlet Purchases<br>803 - Natural Gas Transmission Line Purchases<br>804 - Natural Gas City Gate Purchases<br>804.1- Liquefied Natural Gas Purchases<br>805 - Other Gas Purchases<br>805.1- Purchases Gas Cost Adjustments<br>808.1- Gas Withdrawn from Storage-Debit<br>808.2- Gas Delivered to Storage-Credit | The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.<br>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.<br>3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).<br>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	309,602,482	\$184,878,966	59.71
2	808.1 - Gas Withdrawn from Storage-Debit	477,380	\$251,016	52.58
3	808.2 - Gas Delivered to Storage-Credit	(954,800)	(\$502,051)	52.58
4	804.1 - Gas Accounting and Gas Control Expenses		\$1,134,532	
5	804.2 - Natural Gas City Gate Purchases-Commodity	2,998,720	\$581,133	19.38
6	804.3 - Natural Gas City Gate Purchases-Other		\$1,062,914	
7	804.4 - Legal Costs		\$250	
8	804.5 - Natural Gas City Gate		\$43,694,247	
9	804.6 - Natural Gas City Gate-Penalty Transportation System		\$241,839	
10	805.1 - Purchased Gas Cost Adjustments		(\$4,997,758)	
11	<b>TOTAL (Total of lines 1 through 10)</b>	<b>312,123,782</b>	<b>\$226,345,088</b>	<b>72.52</b>

**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.<br>2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.<br>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).<br>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	128,824	111,975
4	Transportation Clearing Account (CNG)	184-01	18,757	16,716
5	Utilities clearing Account	184-90	13,249	11,568
6	Sales Tax Account	241-50	N/A	(8,996)
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18	<b>TOTAL</b>		<b>160,830</b>	<b>131,263</b>

Name of Respondent								For the Year Ended	
Peoples Gas System								Dec. 31, 2004	
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.				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					
2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.				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	Florida Public Service Commission								
2	Docket 020384-GU - Rate case								
3	Four year amortization	394,389	296,117	426	44,389	(44,389)	928	76,728	175,000
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	TOTAL	394,389	296,117		44,389	(44,389)		76,728	175,000

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)		
Line No.	Description (a)	Amount (b)
1	Industry Association Dues	229,688
2	Experimental and General Research Expenses: (a) Gas Research Institute (GRI) (b) Other	500,000
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	18,818
7	Other Dues	1,987
8	Economic Development	142,584
9	Miscellaneous	11,726
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	\$ 904,803

Name of Respondent			For the Year Ended	
Peoples Gas System			Dec. 31, 2004	
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	<b>Electric</b>			
2	TOTAL Operation and Maintenance - Electric			
3	<b>Gas</b>			
4	Operation			
5	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution	7,687,655		
8	Customer Accounts	3,151,764		
9	Customer Service and Informational	336,937		
10	Sales	4,551		
11	Administrative and General	7,046,648		
12	TOTAL Operation (Total of lines 5 through 11)	18,227,555		
13	Maintenance			
14	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	1,609,121		
17	Administrative and General	2,590,817		
18	TOTAL Maintenance (Total of lines 14 through 17)	4,199,938		
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)	9,296,776		
23	Customer Accounts (Transcribe from line 8)	3,151,764		
24	Customer Service and Informational (Transcribe from line 9)	336,937		
25	Sales (Transcribe from line 10)	4,551		
26	Administrative and General (Total of lines 11 and 17)	9,637,465		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	22,427,493	38,477	22,465,970
28	<b>Other Utility Departments</b>			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	22,427,493	38,477	22,465,970
31	<b>Utility Plant</b>			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	3,616,648	135,848	3,752,496
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	3,616,648	135,848	3,752,496
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	883,427	3,020	886,447
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	883,427	3,020	886,447
42				
43	Other Accounts (Specify):			
44				
45	Accounts Receivable - Associated Companies	43,393	5	43,397
46	Clearing	-	-	-
47	Other Work in Progress	320,232	7	320,239
48	Merchandise/Jobbing	30,427	111	30,538
49	Miscellaneous	-	-	-
50				
51				
52				
53	TOTAL Other Accounts	394,052	123	394,175
54	TOTAL SALARIES AND WAGES	27,321,620	177,468	27,499,088

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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		
2	<b>The following were charged to O&amp;M or deferred debit accounts:</b>	
3	Accident Reconstruction	925-legal services 59,640
4	Akerman Senterfitt	186/923/925-legal services 222,786
5	Alan Coates	804-consulting services 47,422
6	Bracewell & Patterson LLP	804-legal services 270,742
7	Caminus	804-software consultants 68,134
8	Eisenstein Malanchuk LLP	186-legal services 34,378
9	Host Communication	909-advertising services 147,236
10	Jacques Whitford Company, Inc	186-environmental consulting 374,187
11	John J Crowley	921-consulting/accounting services 86,240
12	Lau, Lane, Pieper	925-legal services 112,414
13	Lukens Energy	804-consulting services 141,052
14	Macfarlane Ferguson & McMullen	186/908/925-legal services 226,011
15	Marian A Wilkinson	923-consulting services 105,951
16	Marketing Talent	909-advertising services 490,498
17	Tampa Electric*	various 6,123,500
18	Taylor White	921-consulting/accounting services 71,070
19	Teco Energy*	various 3,140,999
20	Teco Partners*	912-selling expense 6,647,521
21	The Pantas Law Firm	925-legal services 42,617
22	Thompson, Sizemore & Gonzalez PA	921-legal services 52,342
23		
24		
25		
26		
27	continued on next page	
28		
29		
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	89,124
3	Account 426-04 - Political Related Activities	15,260
4	Account 426-05 - Other Deductions	206,854
5		311,238
6		
7	Account 431 - Other Interest Charges	
8	Customer Deposits	1,860,713
9	ECCR	14,186
10	PGA True-Up	21,093
11	Miscellaneous	42,512
12		1,938,504
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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		
2		
3	<b>The following were charged to capital accounts:</b>	
4	Ash Engineering, Inc	engineering services 86,070
5	Duval Engineering	engineering services 87,800
6	GIS Utility Systems, Inc	software consultants 122,494
7	Gray Robinson PA	legal services 42,444
8	Information Intellect	various-consulting services 80,773
9	John D Cerrato	engineering services 58,941
10	Mainline Information	software consultants 53,607
11	Matrikon International Inc	software consultants 47,517
12	Tampa Electric*	various 411,048
13	Teco Partners*	various 880,528
14	Tomasino & Associates, Inc	engineering services 29,480
15	United Tribal	engineering services 283,023
16	Utility Automated	software consultants 248,691
17	LMB Service Corp	various-consulting services 73,167
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		

**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)	\$302,890,353		\$302,890,353	\$302,890,353	\$0
2	Sales for Resale (483)	280,373		280,373	280,373	0
3	Total Natural Gas Service Revenues	303,170,726		303,170,726	303,170,726	0
4	Total Other Operating Revenues (485-495)	114,001,237		114,001,237	114,001,237	0
5	Total Gas Operating Revenues	417,171,964		417,171,964	417,171,964	0
6	Provision for Rate Refunds (496)					
7	Other (Specify) Revenue from:					
8	Wholesale & Off System sales for resale				(96,519,843)	96,519,843
9	Unbilled Revenue Adjustment				(649,354)	649,354
10	True Up of Energy Conservation				906,053	(906,053)
11	Unbundling Transition Costs				(87,955)	87,955
12	<b>Total Gross Operating Revenues</b>	<b>417,171,964</b>		<b>417,171,964</b>	<b>320,820,864</b>	<b>96,351,100</b>

Notes:

Differences due to RAF return adjustments for exempt revenue.



Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**CORPORATE STRUCTURE**

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

Effective Date: Dec. 31, 2004

- TECO Energy, Inc.
  - Tampa Electric Company
    - Power Engineering & Construction
    - TEC Receivables Corp.
  - 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 Synfuel Operations, LLC
    - TECO Synfuel Holdings, LLC
      - Pike Letchr Synfuel, LLC
  - TECO Coalbed Methane Florida, Inc.
  - TECO Properties Corporation
    - B-T One, LLC
    - Hernando Oaks, LLC
    - Walden Woods Business Center, Ltd.
  - TECO Solutions, Inc.
    - BGA Special Project, One, 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
    - TAAP GP, LLC
      - TAAP, LP
  - Prior Energy Corporation
    - Prior Intrastate Corporation
- TECO Transport Corporation
  - TECO Bulk Terminal, LLC
  - TECO Barge Line, Inc.
  - TECO Ocean Shipping, Inc.
    - TECO Ocean Shipping, LLC
    - TOS-II, LLC
      - Ocean Dry Bulk, LLC

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2004

**CORPORATE STRUCTURE**

TECO Towing Company

TT-II, LLC

Peoples Gas System (Florida), Inc.

Peoples Sales & Service Company

TECO Funding Company I, LLC

TECO Funding Company II, LLC

TECO Funding Company III, LLC

TECO Energy Foundation, Inc.

TECO Wholesale Generation, Inc.

TWG Non-Merchant, Inc.

TPS Operations Company

Pasco Power GP, Inc.

Pasco Project Investment Partnership, Ltd.

Pasco Cogen, Ltd.

Pasco Cogen Realty, L.P.

H Power I, Inc.

H Power II, Inc.

TPS Guatemala One, Inc.

Tampa Centro Americana de Electricidad, Limitada

TPS Hamakue, Inc.

TPS Hawaii, Inc.

TPS Hamakua Land, Inc.

TPS International Power, Inc.

TPS San Jose International, Inc.

Tecnologia Maritima, S.A.

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.

Almacenaje y Manejo de Materials Electricos, S.A.

Inversiones Electricas Centroamericanas, S.A.

Cariiegsa, S.A.

Commercializadora Electrica de Guatemala S.A.

Energica, S.A.

Transportista Electrica CentroAmericana, S.A.

TPS Escuintla I, LDC

TPS Pavana, Ltd.

TWG Merchant, Inc.

TPS Arizona Operations Company

TPS Arkansas Operations Company

Peoples Gas System

Dec. 31, 2004

**CORPORATE STRUCTURE**

Dell Holding, LLC  
     TPS Dell, LLC  
     TPS Dell Operations Company  
         TPS Dell WDP, LLC  
 TM Power Ventures, LLC  
     TPS Virginia Operations Company  
     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 Eney Source, Inc.  
 McAdams Holding, LLC  
     TPS McAdams Operations Company  
     TPS McAdams, LLC  
 Frontera Holding, LLC  
     TPS Frontera Operations I, Inc.  
     TPS Frontera Operations II, Inc.  
         TPS Frontera Operations, LP  
     TPS Tejas GP, LLC  
     TPS Tejas LP, LLC  
 TPS GP, Inc.  
 TPS LP, Inc.  
     TECO-Panda Generating Company, LP  
         Union Power I, LLC  
         Union Power II, LLC  
             Union Power Partners, LP  
                 UPP Finance Co, LLC  
         Panda Gila River I, LLC  
         Panda Gila River II, LLC  
             Panda Gila River, LP  
         Trans-Union Interstate I, LLC  
         Trans-Union Interstate II, LLC  
             Trans-Union Interstate Pipeline, LP  
 Gila River Transition Asset Co, LLC  
 Gila River Transition Energy Management Asset Co, LLC  
 TIE NEWCO Holdings, LLC  
     PLC Development Holdings, LLC  
         Panda Texas Generating I, LLC  
         Panda Texas Generating II, LLC  
 TPS GP II, Inc.  
 TPS LP II, Inc.  
     TECO-PANDA Generating Company II, LP

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2004

**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)
Prior Energy	Gas Purchases		p		1,790,293
	Off System Sales		s		36,607
Teco Partners	Rent		s		483,360
	G&A Allocation		s		324,996
	Marketing Services - O&M		p		6,647,521
	Marketing Services - Capital		p		880,528
	Various Goods & Services - O&M		p		24,731
	Company Aircraft Allocation		s		1,020
	Payroll		s		34,177
Tampa Electric	Plant Transactions & Adj		p		2,000
	Off System Sales		s		7,566,820
	Mutually Veneficial Sales		s		5,155,552
	Various Goods & Servics - O&M		p		6,123,500
	Various Goods & Servics - Capital		p		411,048
	Company Aircraft Allocation		s		44,880
	Net Imbalance Trade Bookouts		p		14,184
	Various Goods & Services		s		15,000
	Payroll		s		8,109
Gas Purchases		p		7,796,293	
Teco Wholesale Generation	Company Aircraft Allocation		s		57,900
Teco Energy	Payroll		s		170,416
	Company Aircraft Allocation		s		138,660
	Various Goods & Services		p		3,140,999

Name of Respondent Peoples Gas System		For the Year Ended Dec. 31, 2004
<b>NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES</b>		
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"> <li>- Energy Services</li> <li>- Energy Conservation Program Services</li> <li>- Developer Services</li> <li>- Service and Program Development</li> <li>- Promotional Services</li> </ul> <p>Payment to Partners under the agreement is targeted at \$7,000,000 annually. The agreement was entered into effective January 1, 2004 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> <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>	

<b>INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000</b>		
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
Prior Energy	Gas Purchases	1,790,293
	Off System Sales	36,607
Teco Partners	Monthly Rent Charged to Teco Partners	483,360
	Monthly G&A Charged to Teco Partners	324,996
	Monthly Marketing Services (Costs) - O&M	6,647,521
	Monthly Marketing Services (Costs) - Capital	880,528
Tampa Electric	Off System Sales	7,566,820
	Mutually Beneficial Sales	5,155,552
	Monthly Various Products & Services (Costs) - O&M	6,123,500
	Monthly Various Products & Services (Costs) - Capital	411,048
	Gas Purchases	7,796,293
Teco Energy	Monthly Various Products & Services (Costs) - O&M	3,140,999
	Monthly Various Products & Services (Revenue)	309,076
Teco Wholesale Generation	Various Products & Services (Revenue)	57,900

Name of Respondent Peoples Gas System				For the Year Ended Dec. 31, 2004			
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 Partners	Vehicle	\$ 21,233	\$ 19,233	\$ 2,000	\$ 2,000	\$ 2,000	Y
<b>Total</b>		21,233	19,233	2,000	2,000	<b>2,000</b>	
Sales to Affiliates:		\$	\$	\$	\$	Sales Price	
<b>Total</b>						\$	

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
Tampa Electric Co (shared)	Peoples Gas System	President	President	Permanent
TECO Partners	Peoples Gas System	Analyst	Financial Analyst	Permanent