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**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

PEOPLES GAS SYSTEM

(EXACT NAME OF RESPONDENT)

702 N. Franklin Street

Tampa, Florida 33602

(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2010

Vertical stamp: APPROVED
DATE: 1/11/11
BY: [Signature]

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

Name Jeffrey S. Chronister

Title Controller

Address P.O. Box 2562

City Tampa

State FL 33601-2562

Telephone No. (813) 228-1609

PSC/ECR 020-G (12/03)

Report of Independent Certified Public Accountants

To the Board of Directors of
Tampa Electric Company:

We have audited the accompanying balance sheets of Peoples Gas System (a wholly-owned subsidiary of Tampa Electric Company) as of December 31, 2010 and 2009, the related statements of income for the years then ended and the statement of retained earnings for the year ended December 31, 2010, included on pages 6 through 10 and 11-A through 11-W of the accompanying annual report of natural gas utilities to the Florida Public Service Commission. These financial statements are the responsibility of Peoples Gas System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1, these financial statements were prepared 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, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peoples Gas System as of December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended 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 described in Note 1.

This report is intended solely for the information and use of the board of directors and 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

February 25, 2011

INSTRUCTIONS FOR FILING THE ANNUAL REPORT OF NATURAL GAS UTILITIES

GENERAL INSTRUCTIONS

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

DEFINITIONS

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

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent Peoples Gas System, a Division of Tampa Electric Company	02 Year of Report 2010
03 Previous Name and Date of Change (if name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 702 N. Franklin Street Tampa, Florida 33602	
05 Name of Contact Person Jeffrey S. Chronister	06 Title of Contact Person Controller
07 Address of Contact Person (Street, City, State, Zip Code) P.O. Box 2562 Tampa, Florida 33601-2562	
08 Telephone of Contact Person, Including Area Code (813) 228-1609	09 Date of Report (Mo., Day, Yr) Dec. 31, 2010

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, 2010 to December 31, 2010, 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

Jeffrey S. Chronister
Name

4/26/11
Date

Controller
Title

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2010

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Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

CONTROL OVER RESPONDENT

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

2. 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 provided the fiscal years for both the 10-K report and this report are compatible.

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

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

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

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.

2. Direct control is that which is exercised without interposition of an intermediary.

3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.

4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref (d)
TECO Gas Services	Natural Gas Marketing	100%	
TECO Partners	Marketing Services	100%	

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

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)
President *	G. Gillette	\$ 93,000
Vice President Energy Delivery *	W. Whale	\$ 63,649
Vice President Customer Care & Fuels Management *	B. Narzissenfeld	\$ 35,862
*Salary for the year shown represents the Peoples Gas System allocation of individual salaries.		

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, 2010

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.

VOTING SECURITIES

Name (Title) and Address of Security Holder (a)	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 its 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 As a result of the unprecedented cold winter weather in 2010, PGS projected it would earn above the top of its allowed ROE cap of 11.75% in 2010. PGS recorded a \$9.2 million total provision related to the 2010 earnings above the top of the range. In December 2010, PGS and the Office of Public Counsel entered into a stipulation and settlement agreement requesting Commission approval that \$3.0 million of the provision be refunded to customers in the form of a credit on customers' bills in 2011, and the remainder be applied to accumulated depreciation reserves. On January 25, 2011 the FPSC approved the stipulation.
- 5 None

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	1,017,412,817	1,060,796,920
3	Construction Work in Progress (107)	12	10,548,015	19,456,471
4	TOTAL Utility Plant Total of lines 2 and 3)		1,027,960,832	1,080,253,391
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	439,954,393	474,745,894
6	Net Utility Plant (Total of line 4 less 5)		588,006,439	605,507,497
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)	-	1,828,918	1,186,084
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)		1,828,918	1,186,084
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	93,944	(734,832)
19	Special Deposits (132-134)	-	25,000	25,000
20	Working Funds (135)	-	4,700	3,700
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	27,144,864	32,111,832
24	Other Accounts Receivable (143)	-	11,836,130	17,730,120
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	(528,994)	(559,593)
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)	-	1,293,549	1,483,476
32	Merchandise (155)	-		1,000
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		
36	Prepayments (165)	18	1,558,660	1,404,513
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	16,660,341	18,038,504
41	Miscellaneous Current and Accrued Assets (174)	-		24,470
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		58,088,194	69,528,190
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	1,554,644	1,218,720
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	47,207,440	44,681,759
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-		
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	1,969,338	9,840,158
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20	902,107	742,672
55	Accumulated Deferred Income Taxes (190)	24	43,982,353	45,608,149
56	Unrecovered Purchased Gas Costs (191)	-	14,408,457	18,486,907
57	TOTAL Deferred Debits (Total of lines 44 through 56)		110,024,339	120,578,365
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		757,947,890	796,800,136

Name of Respondent		For the Year Ended		
Peoples Gas System		Dec. 31, 2010		
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-		
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-214)	-	155,550,169	165,550,169
5	Retained Earnings (215, 216)	10		
6	Other Comprehensive Income (219)		(2,024,677)	(1,782,924)
7	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	118,603,644	110,951,039
8	(Less) Reacquired Capital Stock (217)	-		
9	TOTAL Proprietary Capital (Total of lines 2 through 8)		272,129,136	274,718,284
10	LONG-TERM DEBT			
11	Bonds (221)	21		
12	(Less) Reacquired Bonds (222)	21		
13	Advances from Associated Companies (223)	21		
14	Other Long-Term Debt (224)	21	230,500,000	226,800,000
15	Unamortized Premium on Long-Term Debt (225)	21		
16	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21	(494,288)	(411,393)
17	TOTAL Long-Term Debt (Total of lines 11 through 16)		230,005,712	226,388,607
18	OTHER NONCURRENT LIABILITIES			
19	Obligations Under Capital Leases - Noncurrent (227)	-		
20	Accumulated Provision for Property Insurance (228.1)	-	33,542	91,041
21	Accumulated Provision for Injuries and Damages (228.2)	-		
22	Accumulated Provision for Pensions and Benefits (228.3)	-	33,606,057	27,577,859
23	Accumulated Miscellaneous Operating Provisions (228.4)	-		
24	Accumulated Provision for Rate Refunds (229)	-		
25	TOTAL Other Noncurrent Liabilities (Total of lines 19 through 24)		33,639,599	27,668,900
26	CURRENT AND ACCRUED LIABILITIES			
27	Notes Payable (231)	-		12,000,000
28	Accounts Payable (232)	-	27,828,807	40,886,605
29	Notes Payable to Associated Companies (233)	-		
30	Accounts Payable to Associated Companies (234)	-	5,198,188	15,630,273
31	Customer Deposits (235)	-	37,061,047	38,875,274
32	Taxes Accrued (236)	-	2,203,343	2,340,831
33	Interest Accrued (237)	-	3,882,533	3,234,858
34	Dividends Declared (238)	-		
35	Matured Long-Term Debt (239)	-		
36	Matured Interest (240)	-		
37	Tax Collections Payable (241)	-	1,589,179	1,697,243
38	Miscellaneous Current and Accrued Liabilities (242)	22	14,212,808	10,500,803
39	Obligations Under Capital Leases-Current (243)	-		
40	Derivative Liabilities (245)		7,759,350	7,908,100
41	TOTAL Current and Accrued Liabilities (Total of lines 27 through 40)		99,735,255	133,073,987
42	DEFERRED CREDITS			
43	Customer Advances for Construction (252)	-	8,981,920	9,444,514
44	Other Deferred Credits (253)	22	13,839,248	1,737,324
45	Other Regulatory Liabilities (254)	22	21,368,643	31,518,806
46	Accumulated Deferred Investment Tax Credits (255)	23		
47	Deferred Gains from Disposition of Utility Plant (256)	-		
48	Unamortized Gain on Reacquired Debt (257)	20		
49	Accumulated Deferred Income Taxes (281-283)	24	78,248,377	92,249,714
50	TOTAL Deferred Credits (Total of lines 43 through 49)		122,438,188	134,950,358
51	TOTAL Liabilities and Other Credits (Total of lines 9, 17, 25, 41 and 50)		757,947,890	796,800,136

Name of Respondent For the Year Ended
Peoples Gas System Dec. 31, 2010

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	521,441,968	461,985,666
3	Operating Expenses			
4	Operation Expenses (401)	27-29	360,937,607	318,928,355
5	Maintenance Expenses (402)	27-29	6,749,550	5,534,340
6	Depreciation Expense (403)	15-16	43,807,403	42,064,779
7	Amortization & Depletion of Utility Plant (404-405)	-	1,261,901	1,202,229
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	149,146	154,755
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	38,289,202	35,004,799
14	Income Taxes - Federal (409.1)	-	5,334,833	2,225,041
15	- Other (409.1)	-	2,342,351	1,633,736
16	Provision for Deferred Income Taxes (410.1)	24	12,223,720	7,357,642
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24		
18	Investment Tax Credit Adjustment - Net (411.4)	23		
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)		471,735,709	414,745,672
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		49,706,259	47,239,994

Name of Respondent		For the Year Ended		
Peoples Gas System		Dec. 31, 2010		
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)		49,706,259	47,239,994
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	75,034	174,961
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(240,543)	(621,970)
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	2,383,391	2,775,495
35	Interest and Dividend Income (419)	-	268,850	252,777
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	233,620	708,149
38	Gain on Disposition of Property (421.1)	-	345,768	573,429
39	TOTAL Other Income (Total of lines 29 through 38)		3,066,120	3,862,841
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426 1-426.5)	33	173,691	231,166
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		173,691	231,166
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	156,499	270,234
48	Income Taxes - Other (409.2)	-	26,024	44,937
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)		182,523	315,171
54	Net Other Income and Deductions (Total of lines 39,44,53)		2,709,906	3,316,504
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	14,617,110	15,063,541
57	Amortization of Debt Discount and Expense (428)	21	1,235,675	1,229,668
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amortization of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33		
62	Other Interest Expense (431)	33	2,470,260	2,380,906
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		18,323,045	18,674,115
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		34,093,120	31,882,383
66	Extraordinary Items			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		34,093,120	31,882,383

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

STATEMENT OF RETAINED EARNINGS

- | | |
|--|--|
| <p>1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.</p> <p>2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.</p> | <p>5. Show dividends for each class and series of capital stock</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.</p> |
|--|--|

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		116,578,967
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)		31,709,729
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		41,745,725
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		2,383,391
15	FAS 133 Other Comprehensive Income		241,752
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		109,168,114
APPROPRIATED RETAINED EARNINGS (Account 215)			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		109,168,114

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.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The significant accounting policies are as follows:

Basis of Accounting

Peoples Gas System (PGS) maintains its accounts in accordance with recognized policies prescribed or permitted by the Florida Public Service Commission (FPSC) and the Federal Energy Regulatory Commission (FERC). These policies conform with generally accepted accounting principles (GAAP) in all material respects. Certain footnotes are not reflective of PGS' Financial Statements contained herein.

The impact of the accounting guidance for the effects of certain types of regulation has been minimal in the company's experience, 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 this guidance.

The company's retail and wholesale businesses are regulated by the FPSC. Prices allowed are generally based on recovery of prudent costs incurred plus a reasonable return on invested capital.

Principles of Consolidation

Tampa Electric Company is a wholly-owned subsidiary of TECO Energy, Inc, and is comprised of the Electric division, generally referred to as Tampa Electric, and the Natural Gas division, generally referred to as Peoples Gas System. All significant intercompany balances and intercompany transactions have been eliminated in consolidation. The use of estimates is inherent in the preparation of financial statements in accordance with GAAP. Actual results could differ from these estimates.

Depreciation

The company computes depreciation expense by applying composite, straight-line rates (approved by the state regulatory agency) to the investment in depreciable property. The provision for total regulated utility plant in service, expressed as a percentage of the original cost of depreciable property, was 4.4% and 4.4 %, for 2010 and 2009. Construction work-in progress is not depreciated until the asset is completed or placed in service.

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 the 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.

Revenue Recognition

Peoples Gas System recognizes revenues consistent with accounting standards for revenue recognition. Except as discussed below, PGS recognizes revenues on a gross basis when earned for the physical delivery of products or services and the risks and rewards of ownership have transferred to the buyer.

PGS' retail businesses and the prices charged to customers are regulated by the FPSC. See **Note 3** for a discussion of significant regulatory matters and the applicability of the accounting for the effects of certain types of regulation to the company.

Revenues and Cost Recovery

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 PGS. These adjustment factors are based on costs incurred and projected for a specific recovery period. Any over- 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 regulatory liabilities, and under-recoveries of costs are recorded as regulatory assets.

Certain other costs incurred by the regulated utilities are allowed to be recovered from customers through prices approved in the regulatory process. These costs are recognized as the associated revenues are billed. The company accrues revenues for services rendered but unbilled to provide a closer matching of revenues and expenses (see **Note 3**). As of December 31, 2010 and 2009, unbilled revenues of \$14.8 million and \$13.6 million, respectively, are included in the "Accrued Utility Revenue" line item on the balance sheet.

Accounting for Excise Taxes, Franchise Fees and Gross Receipts

Peoples Gas System is allowed to recover certain costs incurred from customers through prices approved by the FPSC. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Statements of Income. These amounts totaled \$26.3 million and \$23.5 million for the years ended December 31, 2010 and 2009, respectively. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Statements of Income in "Taxes, other than income". For the years ended December 31, 2010 and 2009, these totaled \$26.3 million and \$23.5 million, respectively. Excise taxes paid by the regulated utilities are not material and are expensed as incurred.

Restrictions on Dividend Payments and Transfer of Assets

Certain long-term debt at PGS contains restrictions that limit the payment of dividends and distributions on the common stock of Tampa Electric Company. See **Note 9** for additional information on significant financial covenants.

Receivables and Allowance for Uncollectible Accounts

Receivables consist of services billed to residential, commercial, industrial and other customers. An allowance for doubtful accounts is established based on PGS' collection experience. Circumstances that could affect the company's estimates of uncollectible receivables include, but are not limited to, customer credit issues, the level of natural gas prices, customer deposits and general economic conditions. Accounts are written off once they are deemed to be uncollectible.

Basis of Reporting

The financial statements are prepared in accordance with the reporting requirements of the FERC as set forth in the applicable Uniform System of Accounts and published accounting releases. This is a comprehensive basis of accounting consistent with GAAP, except for:

- the balance sheet classification of cost of removal associated with potential asset retirement obligations
- the omission of the statement of retained earnings from the prior year
- the omission of the statement of cash flows for the current and prior year
- the balance sheet classification of ASC 210-20 cash balances
- the balance sheet classification of ASC 740-10-45 deferred income tax credits
- the use of the equity method to account for majority owned subsidiaries
- the balance sheet classification of the current portion of long term debt of \$3.4 million and \$3.7 million at December 31, 2010 and 2009, respectively.

This is a comprehensive basis of accounting consistent with FERC, except for:

- the balance sheet classification of ASC 740-10-25 Accounting for Uncertainty in Income Taxes

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

2. New Accounting Pronouncements

Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses

In July 2010, the Financial Accounting Standards Board (FASB) issued guidance requiring improved disclosures about the credit quality of a company's financing receivables and their associated credit reserves. The guidance is effective for interim and annual periods that end after Dec. 15, 2010. This guidance did not have any effect on the company's results of operations, statement of position or cash flows.

Subsequent Events

In February 2010, the FASB issued additional guidance related to subsequent event disclosure. The guidance was effective upon issuance and has no effect on the company's results of operations, statement of position or cash flows.

Fair Value Measures and Disclosures

In January 2010, the FASB issued guidance that requires entities to disclose more information regarding the movements between Levels 1 and 2 of the fair value hierarchy. The guidance was effective for fiscal years that begin after Dec. 15, 2010, and for interim periods within that year. This guidance will not have any effect on the company's results of operations, statement of position or cash flows.

3. Regulatory

Base Rate – PGS

PGS' retail businesses are regulated by the FPSC. The operations of PGS are regulated by the FPSC separately from the regulation of Tampa Electric. The FPSC has jurisdiction over rates, service, issuance of securities, safety, accounting and depreciation practices and other matters. In general, the FPSC sets rates at a level that allows utilities such as PGS to collect total revenues (revenue requirements) equal to their cost of providing service, plus a reasonable return on invested capital.

Stipulation with the Office of Public Counsel - PGS

On Jun. 9, 2010, PGS filed a letter with the FPSC agreeing to cap its earned return on common equity (ROE) for the year ending Dec. 31, 2010 at 11.75%, the maximum of the ROE range established in its last base rate proceeding.

On Dec. 16, 2010, PGS and the Office of Public Counsel filed a joint motion for FPSC approval of a proposed stipulation resolving all issues relating to any 2010 overearnings of PGS.

On Jan. 25, 2011, the FPSC approved the stipulation for PGS to provide a one-time credit to customer bills totaling \$3.0 million for 2010 earnings above 11.75%, excluding the portion of the company's share of

net revenues derived from off-system sales, and credit the remaining balance to its accumulated depreciation reserves.

Regulatory Assets and Liabilities

Peoples Gas System maintains its accounts in accordance with recognized policies of the FPSC. The company applies the accounting standards for regulated operations. Areas of applicability include: deferral of revenues under approved regulatory agreements; revenue recognition resulting from cost recovery clauses that provide for monthly billing charges to reflect increases or decreases in fuel, conservation and environmental costs; and the deferral of costs as regulatory assets to the period that the regulatory agency recognizes them when cost recovery is ordered over a period longer than a fiscal year.

Details of the regulatory assets and liabilities as of December 31, 2010 and 2009 are presented in the following table:

Regulatory Assets and Liabilities <i>(millions)</i>	Dec 31, 2010	Dec 31, 2009
Regulatory assets:		
Cost recovery clauses	\$ 18.5	\$ 14.4
Post-retirement benefit asset	23.4	27.3
Deferred bond refinancing costs ⁽¹⁾	0.8	0.9
Environmental remediation	23.6	21.2
Competitive rate adjustment	3.3	3.1
Other	0.4	0.6
Total regulatory assets	\$ 70.0	\$ 67.5
Less: Current portion	25.1	22.1
Long-term regulatory assets	\$ 44.9	\$ 45.4
Regulatory liabilities		
Recovery clause related	\$ 1.4	\$ 0.9
Environmental remediation	21.2	19.9
Storm Reserve	0.1	-
Deferred gain on property sales ⁽²⁾	0.5	0.9
Accumulated reserve-cost of removal	119.1	110.2
Provision for stipulation and other ⁽³⁾	9.8	0.6
Total regulatory liabilities	\$ 152.1	\$ 132.5
Less: Current portion	11.2	1.5
Long-term regulatory liabilities	\$ 140.9	\$ 131.0

(1) Amortized over the term of the related debt instrument.

(2) Amortized over a 4-year period.

(3) Includes a provision to reflect the FPSC approved PGS stipulation regarding PGS' 2010 earnings above 11.75%. A one-time credit to customer bills totaling \$3.0 million will be applied in 2011 and the remaining balance of the 2010 earnings above 11.75% will be credited to its accumulated depreciation reserves.

All regulatory assets are being recovered through the regulatory process. The following table further details our regulatory assets and the related recovery periods:

Regulatory Assets (millions)	Dec 31, 2010	Dec 31, 2009
Regulatory assets:		
Clause recoverable ⁽¹⁾	\$ 21.8	\$ 17.5
Components of rate base ⁽²⁾	23.4	27.3
Capital structure and other ⁽³⁾	24.8	22.7
Total	<u>\$ 70.0</u>	<u>\$ 67.5</u>

(1) To be recovered through cost recovery clauses approved by the FPSC on a dollar for dollar basis within the next year.

(2) Primarily reflects allowed working capital, which is included in rate base and earns a rate of return as permitted by the FPSC.

(3) Has a recoverable period longer than a fiscal year and are recognized over the period authorized by the regulatory agency. Also included are unamortized loan costs which are amortized over the life of the related debt instruments. See footnotes 1 and 2 in the prior table for additional information.

4. Income Tax Expense

Peoples Gas System is included in the filing of a consolidated Federal income tax return with TECO Energy and its affiliates. The company's income tax expense is based upon a separate return computation.

Income tax expense for Consolidated Peoples Gas System consists of the following components:

Income Tax Expense (millions)	Dec 31, 2010	Dec 31, 2009
Current income taxes		
Federal	\$ 7.0	\$ 4.0
State	2.6	1.9
Deferred income taxes		
Federal	\$ 11.2	7.4
State	\$ 0.4	-
Total income tax expense	<u>21.2</u>	<u>13.3</u>
Included in other income, net	<u>(0.1)</u>	<u>(0.3)</u>
Included in operating expenses	<u>21.1</u>	<u>13.0</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 deferred tax assets and liabilities for Consolidated Peoples Gas System recognized in the balance sheet are as follows:

Deferred Income Tax Assets and Liabilities <i>(millions)</i>	Dec 31, 2010	Dec 31, 2009
Deferred income tax assets ⁽¹⁾		
Hedging Activities (FAS 133)	\$ 4.2	\$ 4.3
Insurance Reserves	1.3	1.4
Pension and Post-retirement benefits (FAS 158)	9.1	10.5
Medical Benefits	4.3	4.1
Capitalized energy conservation assistance costs	22.9	23.8
Other	1.4	-
Total deferred income tax assets	<u>43.2</u>	<u>44.1</u>
Deferred income tax liabilities		
Property related	\$ (71.1)	\$ (58.5)
Hedging Activities (FAS 133)	(3.0)	(3.0)
Pension and Post-retirement benefits (FAS 158)	(9.1)	(10.5)
Deferred Fuel	(4.1)	(2.7)
Pension	(2.2)	(2.2)
Other	-	(1.7)
Total deferred income tax liabilities	<u>(89.5)</u>	<u>(78.6)</u>
Net deferred income taxes	<u>\$ (46.3)</u>	<u>\$ (34.5)</u>

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

Deferred income tax assets and liabilities are included in the balance sheet as follows:

<i>(millions)</i>	Dec 31, 2010	Dec 31, 2009
Current deferred tax assets	\$ -	\$ -
Current deferred tax liabilities	-	(2.4)
Non-current deferred tax liabilities	(46.3)	(32.1)
Total	<u>\$ (46.3)</u>	<u>\$ (34.5)</u>

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:

Effective Income Tax Rate <i>(millions)</i>	Dec 31, 2010	Dec 31, 2009
Net income	\$ 34.1	\$ 31.9
Total income tax provision	<u>21.2</u>	<u>13.3</u>
Income before income taxes	55.3	45.2
Income taxes on above at federal statutory rate of 35%	19.4	15.8
Increase (decrease) due to		
State income tax, net of federal income tax	2.0	1.6
FAS 109		(4.0)
Other	(0.1)	(0.1)
Total income tax provision	<u>\$ 21.3</u>	<u>\$ 13.3</u>
Provision for income taxes as a percent of income from continuing operations, before income taxes	38.4%	29.5%

The company accounts for uncertain tax positions as required by FASB accounting guidance. This guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under the guidance, the company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The guidance also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

The company recognizes interest and penalties associated with uncertain tax positions in "Operation other expense – Other" in the Statement of Income. The company had no amounts accrued for the payment of interest or penalties at Dec. 31, 2010.

The Internal Revenue Service (IRS) concluded its examination of federal income tax returns for the year 2009 during 2010. The U.S. federal statute of limitations remains open for the year 2007 and onward. Year 2010 is currently under examination by the IRS under the Compliance Assurance Program, a program in which TECO Energy is a participant. Florida's statute of limitations is 3 years from the filing of an income tax return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. Years still open to examination by Florida's tax authorities include 2007 and onward. The company does not expect the settlement of audit examinations to significantly change the total amount of unrecognized tax benefits within the next 12 months.

5. Employee Postretirement Plan

PGS recognizes in its statement of financial position the over-funded or under-funded status of its postretirement benefit plans. This status is measured as the difference between the fair value of plan assets and the projected benefit obligation (PBO) in the case of its defined benefit plan, or the accumulated postretirement benefit obligation (APBO) in the case of its other postretirement benefit plan. As a result of the application of the accounting guidance for certain types of regulation, changes in the funded status are reflected, net of estimated tax benefits, in the benefit liabilities and regulatory assets.

Pension Benefits

PGS is a participant in the comprehensive retirement plans of TECO Energy, including a non-contributory defined benefit retirement plan that covers substantially all employees. Benefits are based on employees' age, years of service and final average earnings. Where appropriate and reasonably determinable, the portion of expenses, income, gains or losses allocable to PGS are presented. Otherwise, such amounts presented reflect the amount allocable to all participants of the TECO Energy retirement plans.

The Pension Protection Act of 2006 (PPA), became effective Jan. 1, 2008 and requires companies to, among other things, maintain certain defined minimum funding thresholds (or face plan benefit restrictions), pay higher premiums to the Pension Benefit Guaranty Corporation if they sponsor defined benefit plans, amend plan documents and provide additional plan disclosures in regulatory filings and to plan participants.

The Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) was signed into law on Dec. 23, 2008. WRERA grants plan sponsors relief from certain funding requirements and benefits restrictions, and also provides some technical corrections to the PPA. There are two primary provisions that impact funding results for TECO Energy. First, for plans funded less than 100%, required shortfall contributions will be based on a percentage of the funding target until 2011, rather than the funding target of 100%. These percentages are 94% and 96% in 2009 and 2010, respectively. Second, one of the technical corrections, referred to as asset smoothing, allows the use of asset averaging subject to certain limitations in the

determination of funding requirements. The Jan. 1, 2010 estimate reflects adoption of the asset smoothing methodology under WRERA.

The qualified pension plan's actuarial value of assets, including credit balance, was 90.0% of the PPA funded target as of Jan. 1, 2010 and is estimated at 80% of the PPA funded target as of Jan. 1, 2011.

Amounts disclosed for pension benefits also include the unfunded obligations for the supplemental executive retirement plan (SERP). This is a non-qualified, non-contributory defined benefit retirement plan available to certain members of senior management.

Other Postretirement Benefits

TECO Energy and its subsidiaries currently provide certain postretirement health care and life insurance benefits for substantially all employees retiring after age 50 meeting certain service requirements. Where appropriate and reasonably determinable, the portion of expenses, income, gains or losses allocable to PGS are presented. Otherwise, such amounts presented reflect the amount allocable to all participants of the TECO Energy postretirement health care and life insurance plans. Postretirement benefit levels are substantially unrelated to salary. The company reserves the right to terminate or modify the plans in whole or in part at any time.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) added prescription drug coverage to Medicare, with a 28% tax-free subsidy to encourage employers to retain their prescription drug programs for retirees, along with other key provisions. TECO Energy's current retiree medical program for those eligible for Medicare (generally over age 65) includes coverage for prescription drugs. The company has determined that prescription drug benefits available to certain Medicare-eligible participants under its defined-dollar-benefit postretirement health care plan are at least "actuarially equivalent" to the standard drug benefits that are offered under Medicare Part D.

The FASB issued accounting and disclosure requirements related to the MMA. The guidance requires (a) that the effects of the federal subsidy be considered an actuarial gain and recognized in the same manner as other actuarial gains and losses and (b) certain disclosures for employers that sponsor postretirement health care plans that provide prescription drug benefits.

In March 2010, the Patient Protection and Affordability Care Act and a companion bill, The Health Care and Education Reconciliation Act were signed into law. Among other things, both acts reduce the tax benefits available to an employer that receives the Medicare Part D subsidy, resulting in a write-off of any associated deferred tax asset. As a result, PGS reduced its deferred tax asset by \$0.5 million and recorded a regulatory tax asset of \$0.5 million.

Additionally, the Health Care Reform Acts contain other provisions that may impact PGS's obligation for retiree medical benefits. In particular, the Health Care Reform Acts include a provision that imposes an excise tax on certain high-cost plans beginning in 2018, whereby premiums paid over a prescribed threshold will be taxed at a 40% rate. PGS does not currently believe the excise tax or other provisions of the Health Care Reform Acts will materially increase its postretirement benefit obligation. Accordingly, a re-measurement of PGS's postretirement benefit obligation is not required at this time. However, PGS will continue to monitor and assess the impact of the Health Care Reform Acts, including any clarifying regulations issued to address how the provisions are to be implemented, on its future results of operations, cash flows or financial position.

PGS received subsidy payments under Part D for the 2008 and 2009 plan years, along with payments for the first three quarters of 2010. PGS expects to receive the fourth quarter 2010 plan year payment later this year.

The following charts summarize the income statement and balance sheet impacts for TECO Energy, as well as the benefit obligations, assets, and funded status:

TECO Energy Consolidated Obligations and Funded Status <i>(millions)</i>	Pension Benefits		Other Benefits	
	2010	2009	2010	2009
Change in benefit obligation				
Net benefit obligation at prior measurement date ⁽¹⁾	\$587.7	\$555.4	\$207.6	\$188.9
Service cost	16.1	15.7	3.1	2.9
Interest cost	33.2	33.7	10.9	11.2
Plan participants' contributions	0.0	0.0	3.6	3.5
Actuarial loss (gain)	12.4	29.6	11.8	16.6
Plan amendments	0.0	0.4	0.0	0.0
Curtailment	0.0	(0.8)	0.0	0.0
Gross benefits paid	(34.2)	(46.3)	(16.7)	(16.4)
Settlements	(4.9)	0.0	0.0	0.0
Federal subsidy on benefits paid	n/a	n/a	1.7	0.9
Net benefit obligation at measurement date ⁽¹⁾	\$610.3	\$587.7	\$222.0	\$207.6
Change in plan assets				
Fair value of plan assets at prior measurement date ⁽¹⁾	\$388.9	\$360.7	\$0.0	\$0.0
Actual return on plan assets ⁽²⁾	42.3	66.3	0.0	0.0
Employer contributions	87.6	8.2	11.5	12.9
Plan participants' contributions	0.0	0.0	3.6	3.5
Settlements	(4.9)	0.0	0.0	0.0
Gross benefits paid	(34.2)	(46.3)	(15.1)	(16.4)
Fair value of plan assets at measurement date ⁽¹⁾	\$479.7	\$388.9	\$0.0	\$0.0
Funded status				
Fair value of plan assets ⁽³⁾	\$479.7	\$388.9	\$0.0	\$0.0
Benefit obligation (PBO/APBO)	610.3	587.7	222.0	207.6
Funded status at measurement date ⁽¹⁾	(130.6)	(198.8)	(222.0)	(207.6)
Unrecognized net actuarial loss	220.8	228.7	31.9	18.3
Unrecognized prior (benefit) service cost	(1.7)	(2.1)	5.7	6.5
Unrecognized net transition obligation	0.0	0.0	4.2	6.5
Accrued liability at end of year	\$88.5	\$27.8	(\$180.2)	(\$176.3)
Amounts Recognized in Balance Sheet				
Regulatory assets	\$176.3	\$181.7	\$61.2	\$47.4
Accrued benefit costs and other current liabilities	(4.4)	(7.2)	(13.8)	(13.4)
Deferred credits and other liabilities	(126.2)	(191.6)	(208.2)	(194.2)
Accumulated other comprehensive loss (income) (pretax)	42.8	44.9	(19.4)	(16.1)
Net amount recognized at end of year	\$88.5	\$27.8	(\$180.2)	(\$176.3)

(1) The measurement dates were Dec. 31, 2010 and Dec. 31, 2009.

(2) The actual return on plan assets differed from expectations due to general market conditions.

(3) The Market Related Value (MRV) of plan assets is used as the basis for calculating the expected return on plan assets (EROA) component of periodic pension expense. MRV reflects the fair value of plan assets adjusted for experience gains and losses (i.e. the differences between actual investment returns and expected returns) spread over five years.

PGS Amounts recognized in balance sheet (millions)	Pension Benefits		Other Benefits	
	2010	2009	2010	2009
Regulatory assets	\$ 25.2	\$ 27.6	\$ (1.7)	\$ (0.2)
Accrued benefit costs and other current liabilities	(0.8)	(3.0)	(0.5)	(0.6)
Deferred credits and other liabilities	(16.3)	(24.2)	(12.3)	(13.1)
Net amount recognized at end of year	\$ 8.1	\$ 0.4	\$ (14.5)	\$ (13.9)

The accumulated benefit obligation for TECO Energy Consolidated defined benefit pension plans was \$558.4 million at Dec. 31, 2010 and \$530.1 million at Dec. 31, 2009.

Assumptions used to determine benefit obligations at Dec. 31, 2010 and 2009:

	Pension Benefits		Other Benefits	
	2010	2009	2010	2009
Discount rate	5.30%	5.75%	5.25%	5.60%
Rate of compensation increase - weighted	3.88%	4.25%	3.87%	4.25%
Healthcare cost trend rate				
Initial rate	n/a	n/a	8.00%	8.00%
Ultimate rate	n/a	n/a	4.50%	5.00%
Year rate reaches ultimate	n/a	n/a	2023	2016

A one-percentage-point change in assumed health care cost trend rates would have the following effect on PGS's benefit obligation:

(millions)	Increase	Decrease
Effect on postretirement benefit obligation	\$ 0.4	\$ (0.2)

Components of TECO Energy Consolidated net periodic benefit cost

<i>(millions)</i>	Pension Benefits		Other Benefits	
	<i>2010⁽¹⁾</i>	<i>2009⁽¹⁾</i>	<i>2010⁽¹⁾</i>	<i>2009⁽¹⁾</i>
Service cost	\$ 16.2	\$ 15.7	\$ 3.2	\$ 2.9
Interest cost	33.2	33.6	10.9	11.3
Expected return on plan assets	(36.3)	(37.8)	0.0	0.0
Amortization of:				
Actuarial loss	12.4	8.7	0.0	0.0
Prior service (benefit) cost	(0.4)	(0.4)	0.8	0.8
Transition obligation	0.0	0.0	2.3	2.3
Curtailment loss (benefit)	0.0	0.2	0.0	0.0
Settlement loss	1.6	0.0	0.0	0.0
Net periodic benefit cost	\$ 26.7	\$ 20.0	\$ 17.2	\$ 17.3

(1) Benefit Cost was measured for the twelve months ended Dec. 31, 2010 and 2009.

PGS' portion of the net periodic benefit costs for pension benefits was \$2.9 million and \$2.7 million for 2010 and 2009, respectively. PGS's portion of the net periodic benefit costs for other benefits was \$1.5 million and \$1.4 million for 2010 and 2009, respectively.

The estimated net loss and prior service benefit for the defined benefit pension plans that will be amortized by PGS from regulatory assets into net periodic benefit cost over the next fiscal year are \$1.4 million and \$0.1 million, respectively. The estimated transition obligation and prior service cost for the other postretirement benefit plan that will be amortized by PGS from regulatory assets into net periodic benefit cost over the next fiscal year total \$0.2 million and \$0.1 million.

Assumptions used to determine net periodic benefit cost for years ended Dec. 31,

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Discount rate	5.75%	6.05%	5.60%	6.05%
Expected long-term return on plan assets	8.25%	8.25%	n/a	n/a
Rate of compensation increase	4.25%	4.25%	4.25%	4.25%
Healthcare cost trend rate				
Initial rate	n/a	n/a	8.00%	8.50%
Ultimate rate	n/a	n/a	5.00%	5.00%
Year rate reaches ultimate	n/a	n/a	2017	2016

The discount rate assumption was based on a cash flow matching technique developed by our outside actuaries and a review of current economic conditions. This technique matches the yields from high-quality (Aa-graded, non-callable) corporate bonds to the company's projected cash flows for the benefit plans to develop a present value that is converted to a discount rate.

The expected return on assets assumption was based on historical returns, fixed income spreads and equity premiums consistent with our portfolio and asset allocation. A change in asset allocations could have a significant impact on the expected return on assets. Additionally, expectations of long-term inflation, real growth in the economy and a provision for active management and expenses paid were incorporated in the assumption. For the year ended Dec. 31, 2010, TECO Energy's pension plan experienced actual asset returns of approximately 11%.

The compensation increase assumption was based on the same underlying expectation of long-term inflation together with assumptions regarding real growth in wages and company-specific merit and promotion increases.

A one-percentage-point change in assumed health care cost trend rates would have no effect on PGS's expense.

Pension Assets

Pension plan assets (plan assets) are invested in a mix of equity and fixed income securities. TECO Energy's investment objective is to obtain above-average returns while minimizing volatility of expected returns and funding requirements over the long term. TECO Energy's strategy is to hire proven managers and allocate assets to reflect a mix of investment styles, emphasize preservation of principal to minimize the impact of declining markets, and stay fully invested except for cash to meet benefit payment obligations and plan expenses.

<u>Asset Category</u>	<u>Target Allocation</u>	<u>Actual Allocation, End of Year</u>	
		<u>2010</u>	<u>2009</u>
Equity securities	55%	56%	66%
Fixed income securities	45%	44%	34%
Total	100%	100%	100%

TECO Energy reviews the plan's asset allocation periodically and re-balances the investment mix to maximize asset returns, optimize the matching of investment yields with the plan's expected benefit obligations, and minimize pension cost and funding. TECO Energy expects to take additional steps to more closely match plan assets with plan liabilities.

The plan's investments are held by a trust fund administered by JP Morgan Chase Bank, N.A. (JP Morgan). JP Morgan measures fair value using the procedures set forth below for all investments. When available, JP Morgan uses quoted market prices on investments traded on an exchange to determine fair value and classifies such items as Level 1. In some cases where a market exchange price is available, but the

investments are traded in a secondary market, JP Morgan makes use of acceptable practical expedients to calculate fair value, and the company classifies these items as Level 2.

If observable transactions and other market data are not available, fair value is based upon third party developed models that use, when available, current market-based or independently-sourced market parameters such as interest rates, currency rates or option volatilities. Items valued using third party generated models are classified according to the lowest level input or value driver that is most significant to the valuation. Thus, an item may be classified in Level 3 even though there may be significant inputs that are readily observable.

The following table sets forth by level within the fair value hierarchy the plan's investments as of December 31, 2010 and December 31, 2009. As required by the fair value accounting standards, the investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The plan's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. For cash equivalents, the cost approach was used in determining fair value. For bonds and U.S. government agencies, the income approach was used. For other investments, the market approach was used.

<i>(millions)</i>	At Fair Value as of Dec. 31, 2010			
	Level 1	Level 2	Level 3	Total
Cash, receivables and payables	(\$13.8)	\$0.0	\$0.0	(\$13.8)
Cash equivalents				
Short term investment fund (STIF)	7.9	0.0	0.0	7.9
Repurchase agreements	0.0	14.0	0.0	14.0
Money markets	0.0	0.3	0.0	0.3
Total cash equivalents	7.9	14.3	0.0	22.2
Equity securities				
Common stocks	112.6	0.0	0.0	112.6
Preferred stocks	0.0	1.0	0.0	1.0
American depository receipt (ADR)	4.8	1.3	0.0	6.1
Real estate investment trust (REIT)	2.0	0.0	0.0	2.0
Commingled fund	0.0	24.8	0.0	24.8
Mutual fund	121.5	0.0	0.0	121.5
Total equity securities	240.9	27.1	0.0	268.0
Fixed income securities				
Municipal bonds	0.0	7.9	0.0	7.9
Government bonds	0.0	26.3	0.0	26.3
Corporate bonds	0.0	26.0	0.0	26.0
Asset backed securities (ABS)	0.0	0.6	0.0	0.6
Mortgage back securities (MBS)	0.0	53.6	0.0	53.6
Collateralized mortgage obligation/Real estate mortgage investment conduit (CMO/REMIC)	0.0	3.0	0.0	3.0
Mutual funds	0.0	86.1	0.0	86.1
Total fixed income securities	0.0	203.5	0.0	203.5
Derivatives				
Swaps	0.0	0.1	0.0	0.1
Written options	0.0	(0.3)	0.0	(0.3)
Total Derivatives	0.0	(0.2)	0.0	(0.2)
Total	\$235.0	\$244.7	\$0.0	\$479.7

(millions)

	At Fair Value as of Dec. 31, 2009			
	Level 1	Level 2	Level 3	Total
Cash, receivables and payables	\$37.2	\$0.0	\$0.0	\$37.2
Cash equivalents				
Treasury bill	0.0	0.3	0.0	0.3
Certificate of deposit	0.0	3.6	0.0	3.6
STIF	6.7	0.0	0.0	6.7
Total cash equivalents	6.7	3.9	0.0	10.6
Equity securities				
Common stocks	94.1	0.0	0.0	94.1
Preferred stocks	0.0	1.0	0.0	1.0
ADR	7.1	1.1	0.0	8.2
REIT	1.1	0.0	0.0	1.1
Commingled fund	0.0	22.8	0.0	22.8
Mutual fund	127.2	0.0	0.0	127.2
Total equity securities	229.5	24.9	0.0	254.4
Fixed income securities				
Municipal bonds	0.7	3.2	0.0	3.9
Government bonds	0.0	27.5	0.0	27.5
Corporate bonds	0.0	24.3	0.0	24.3
MBS	0.0	25.7	0.0	25.7
ABS	0.0	0.7	0.0	0.7
CMO/REMIC	0.0	3.9	0.0	3.9
Mutual fund	0.0	0.9	0.0	0.9
Total fixed income securities	0.7	86.2	0.0	86.9
Options	0.0	(0.3)	0.0	(0.3)
Miscellaneous	0.0	0.1	0.0	0.1
Total	\$274.1	\$114.8	\$0.0	\$388.9

- Cash equivalents, excluding the STIF, are valued using cost due to their short term nature. Additionally, cash equivalents are backed by 102% collateral.
- The STIF is a money market mutual fund and is valued using the net asset value (NAV), as determined by the fund's trustee in accordance with U.S. GAAP, at year end. Shares may be sold any day the fund is accepting purchase orders, at the next NAV calculated after the order is accepted. The NAV is validated with purchases and sales at NAV, making this a Level 1 asset.
- The primary pricing inputs in determining the fair value of the Level 1 assets, excluding the mutual fund, are quoted prices in active markets.
- The primary pricing inputs in determining the fair value of Level 2 preferred stock and ADR are prices of similar securities and benchmark quotes.
- The commingled fund invests primarily in international equity securities, normally excluding securities issued in the U.S., with large- and mid-market capitalizations. The fund may invest in "value" or "growth" securities and is not limited to a particular investment style. The fund is valued using the NAV, as determined by the fund's trustee in accordance with U.S. GAAP, at year end. For redemption, written notice of the amount to be withdrawn must be given no later than 4:00 p.m. eastern standard time.
- The primary pricing input in determining the Level 1 mutual fund is the mutual fund's NAV. The Level 1 mutual fund is an open-ended mutual fund and the NAV is validated with purchases and sales at NAV, making this a Level 1 asset.
- The primary pricing inputs in determining the fair value Level 2 municipal bonds are benchmark yields, historical spreads, sector curves, rating updates, and prepayment schedules. The primary pricing inputs in determining the fair value of government bonds are the U.S. treasury curve, CPI, and broker quotes, if available. The primary pricing inputs in determining the fair value of corporate bonds are the U.S. treasury curve, base spreads, YTM, and benchmark quotes. Asset backed securities (ABS) and collateralized mortgage obligations (CMO) are priced using TBA prices, treasury curves, swap curves, cash flow information, and bids and offers as inputs. Mortgage backed securities (MBS) are priced using TBA prices, treasury curves, average lives, spreads, and cash flow information.
- The primary pricing input in determining the fair value of the Level 2 mutual fund is its NAV at year end. Shares may be purchased at the NAV without sales charges or other fees. Since this mutual fund is a private fund, it is a Level 2 asset. The fund invests primarily in emerging market fixed income securities. For redemption, written notice of the amount to be withdrawn must be given no later than 4:00 p.m. eastern standard time. Redemption proceeds will normally be received within three business days.

- The level 2 options are valued using the bid-ask spread and the last price. Swaps are valued using benchmark yields, swap curves, and cash flow analyses.

Other Postretirement Benefit Plan Assets

There are no assets associated with TECO Energy's other postretirement benefits plan.

Contributions

TECO Energy's policy is to fund the qualified pension plan at or above amounts determined by its actuaries to meet ERISA guidelines for minimum annual contributions and minimize PBGC premiums paid by the plan. TECO Energy contributed \$81.3 million to this plan in 2010 and \$6.7 million in 2009, which met the minimum funding requirements for both 2010 and 2009. PGS's portion of the contribution in 2010 and 2009 was \$7.4 million and \$0.4 million, respectively. TECO Energy does not plan on making a contribution in 2011 since the contributions made in 2010 satisfy the funding requirements for 2011. TECO Energy estimates annual contributions to range from \$35 - \$50 million per year in 2012 to 2015 based on current assumptions. PGS's portion of the contributions range from \$4 - \$5 million per year in 2012 to 2015.

The SERP is funded annually to meet the benefit obligations. TECO Energy made contributions of \$6.3 million and \$1.5 million to this plan in 2010 and 2009, respectively. PGS's portion of the contributions in 2010 and 2009 were \$3.1 million and \$1.0 million, respectively. In 2011, TECO Energy expects to make a contribution of about \$4.4 million to this plan. PGS's portion of the expected contribution is \$0.8 million.

The other postretirement benefits are funded annually to meet benefit obligations. TECO Energy's contribution toward health care coverage for most employees who retired after the age of 55 between Jan. 1, 1990 and Jun. 30, 2001 is limited to a defined dollar benefit based on service. TECO Energy contribution toward pre-65 and post-65 health care coverage for most employees retiring on or after Jul. 1, 2001 is limited to a defined dollar benefit based on an age and service schedule. In 2011, TECO Energy expects to make a contribution of about \$13.8 million. PGS's portion of the expected contribution is \$0.5 million.

Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Expected Benefit Payments - TECO Energy Consolidated (including projected service and net of employee contributions)	Pension Benefits	Other Postretirement Benefits	
		Gross	Expected Federal Subsidy
Expected benefit payments (millions) :			
2011	\$ 41.7	\$ 15.1	\$ 1.3
2012	\$ 44.7	\$ 15.9	\$ 1.4
2013	\$ 45.0	\$ 16.7	\$ 1.6
2014	\$ 46.7	\$ 17.5	\$ 1.8
2015	\$ 47.5	\$ 18.0	\$ 1.9
2016-2020	\$ 273.5	\$ 96.4	\$ 11.7

Defined Contribution Plan

TECO Energy has a defined contribution savings plan covering substantially all employees of TECO Energy and its subsidiaries (the Employers) that enables participants to save a portion of their compensation up to the limits allowed by IRS guidelines. TECO Energy and its subsidiaries match up to 6% of the participant's payroll savings deductions. Effective April 2010, employer matching contributions were 60% of eligible participant contributions with additional incentive match of up to 40% of eligible participant contributions based on the achievement of certain operating company financial goals. Prior to this, the employer matching contributions were 50% of eligible participant contributions, with an additional incentive match of up to 50%. For the years ended Dec. 31, 2010, 2009 and 2008, TECO Energy and its subsidiaries recognized expense totaling \$12.6 million, \$8.1 million and \$7.1 million, respectively, related to the

matching contributions made to this plan. PGS's portion of expense totaled \$1.0 million and \$1.2 million for 2010 and 2009, respectively.

6. Short-Term Debt

The weighted average interest rate on outstanding notes payable at both December 31, 2010 and 2009 was 0.64%, respectively. Credit facilities of \$475.0 million exist of which \$12.0 million was drawn at December 31, 2010 with an allocated amount of \$12.0 million to Peoples Gas System.

7. Long-Term Debt

Tampa Electric Company Exchange Offer and Issuance of 5.40% Notes due 2021

On Dec. 14, 2010, Tampa Electric Company completed an exchange offer (the Exchange Offer) which resulted in the exchange of approximately \$278.5 million principal amount of Tampa Electric Company notes for approximately \$278.5 million principal amount of Tampa Electric Company 5.40% Notes due 2021.

The Exchange Offer resulted in the exchange and retirement of approximately:

- \$131.5 million principal amount of Tampa Electric Company 6.875% Notes due 2012
- \$147.0 million principal amount of Tampa Electric Company 6.375% Notes due 2012

for approximately \$278.5 million principal amount of newly issued Tampa Electric Company 5.40% Notes due 2021. \$46.7 million of the \$278.5 million principal is included under the Long-Term debt portion of the PGS Balance Sheet.

The 5.40% Notes bear interest at a rate of 5.40% per year, payable on May 15 and November 15 each year, beginning May 15, 2011 and mature May 15, 2021. Tampa Electric Company may redeem some or all of the 5.40% Notes at a price equal to the greater of (i) 100% of the principal amount of the applicable Tampa Electric Company Notes to be redeemed, plus accrued and unpaid interest, or (ii) the net present value of the remaining payments of principal and interest on the Tampa Electric 5.40% Notes, discounted at the applicable treasury rate (as defined in the applicable supplemental indenture), plus 25 basis points. Such redemption price would include accrued and unpaid interest to the redemption date.

After the Exchange Offer, approximately \$118.6 million principal amount of Tampa Electric Company 6.875% Notes due 2012 and \$253.0 million principal amount of Tampa Electric Company 6.375% Notes due 2012 remain outstanding. Of the remaining outstanding, \$19.0 million of the principle amount of the 6.875% Notes due 2012 and \$44.3 of the principle amount of the 6.375% Notes due 2012 remain on the Balance Sheet for PGS. In accordance with allowed regulatory treatment, the unamortized costs are being amortized over the life of the original notes.

8. Commitments and Contingencies

Legal Contingencies

Merco Group at Adventura Landings v. Peoples Gas System

In October 2004, Merco Group at Adventura Landings I, II and III (together, "Merco"), filed suit against Peoples Gas System in Dade County Circuit Court, and in its second amended complaint under that action, Merco alleges that coal tar from a certain former Peoples Gas manufactured gas plant site had been deposited in the early 1960s onto property now owned by Merco. Merco alleges that it incurred approximately \$2.5 million in costs associated with the removal of such coal tar, and recently provided expert testimony claiming \$110 million plus interest in damages from lost profits due to the delay in its condominium development project allegedly caused by the presence of the coal tar. Peoples Gas maintains that the coal tar did not

originate from its manufactured gas plant site and has filed a third-party complaint against Continental Holdings, Inc., which Merco also added as a defendant in its suit, as the owner at the relevant time of the site that Peoples Gas believes was the source of the coal tar on Merco's property. Additionally, Peoples Gas has filed a counterclaim against Merco for contribution for its portion of the damages, in the event Peoples Gas is found liable any damages associated with the coal tar, alleging Merco is a responsible party based in part on its purchasing the property with knowledge of the presence of the coal tar. In February 2011, the trial judge granted partial summary judgment to Merco and shifted the burden of proof to Peoples Gas and Continental Holdings to prove the coal tar did not come from their respective manufactured gas plant sites. Trial is scheduled for April 2011. As of the filing of this report, the ultimate resolution of this proceeding is uncertain and no potential loss has been accrued.

Former Manufactured Gas Plant Sites

Peoples Gas System is a potentially responsible party (PRP) for certain former manufactured gas plant sites. While the joint and several liability associated with these sites presents the potential for significant response costs, as of December 31, 2010, PGS has estimated its ultimate financial liability to be approximately \$21.2 million, primarily at PGS. This amount has been accrued and is primarily reflected in "Regulatory Liabilities" on the balance sheet. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are not expected to have a significant impact on customer prices.

The estimated amounts represent only the estimated portion of the cleanup costs attributable to PGS. The estimates to perform the work are based on actual estimates obtained from contractors, or PGS' experience with similar work adjusted for site specific conditions and agreements with the respective governmental agencies. The estimates are made in current dollars, are not discounted and do not assume any insurance recoveries.

Allocation of the responsibility for remediation costs among Peoples Gas System and other PRPs is based on each party's relative ownership interest in or usage of a site. Accordingly, PGS' share of remediation costs varies with each site. In virtually all instances where other PRPs are involved, those PRPs are considered creditworthy.

Factors that could impact these estimates include the ability of other PRPs to pay their pro-rata portion of the cleanup costs, additional testing and investigation which could expand the scope of the cleanup activities, additional liability that might arise from the cleanup activities themselves or changes in laws or regulations that could require additional remediation. These costs are recoverable through customer rates established in subsequent base rate proceedings.

9. Related Party Transactions

Net transactions with affiliates are as follows:

<i>(millions)</i>	<u>2010</u>	<u>2009</u>
Administrative and general, net	\$3.9	\$4.4

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

<i>(millions)</i>	<u>2010</u>	<u>2009</u>
Accounts receivable	\$1.0	\$2.9
Accounts payable	\$16.6	\$8.1

PGS had certain transactions, in the ordinary course of business, with entities in which directors of the company had interests. The company paid legal fees of \$32 thousand for the year ended December 31,

2009 to Ausley McMullen, P.A. of which Mr. Ausley (a director of TECO Energy) is an employee.

10. Asset Retirement Obligations

Peoples Gas System accounts for asset retirement obligations under applicable accounting standards. An asset retirement obligation (ARO) for a long-lived asset is recognized at fair value at inception of the obligation if there is a legal obligation under an existing or enacted law or statute, a written or oral contract, or by legal construction under the doctrine of promissory estoppel. Retirement obligations are recognized only if the legal obligation exists in connection with or as a result of the permanent retirement, abandonment or sale of a long-lived asset.

When the liability is initially recorded, the carrying amount of the related long-lived asset is correspondingly increased. Over time, the liability is accreted to its estimated future value. The corresponding amount capitalized at inception is depreciated over the remaining useful life of the asset. The liability must be revalued each period based on current market prices.

As a regulated utility, PGS must file depreciation studies periodically and receive approval from the FPSC before implementing new depreciation rates. Included in approved depreciation rates is either an implicit net salvage factor or a cost of removal factor, expressed as a percentage. The net salvage factor is principally comprised of two components – a salvage factor and a cost of removal factor. The company uses current cost of removal factors as part of the estimation method to approximate the amount of cost of removal in accumulated depreciation.

11. Accounting for Derivatives and Hedging

From time to time, PGS enters into swaps and option contracts for the following purposes:

- to limit the exposure to price fluctuations for physical purchases and sales of natural gas in the course of normal operations and
- to limit the exposure to interest rate fluctuations on debt securities.

The company uses derivatives only to reduce normal operating and market risks, not for speculative purposes. The company's primary objective in using derivative instruments for regulated operations is to reduce the impact of market price volatility on ratepayers.

The risk management policies adopted by the company provide a framework through which management monitors various risk exposures. Daily and periodic reporting of positions and other relevant metrics are performed by a centralized risk management group which is independent of all operating companies.

The company applies the accounting standards for derivatives and hedging. These standards require companies to recognize derivatives as either assets or liabilities in the financial statements, to measure those instruments at fair value, and to reflect the changes in the fair value of those instruments as either components of other comprehensive income (OCI) or in net income, depending on the designation of those instruments (See **Note 13**). The changes in fair value that are recorded in OCI are not immediately recognized in current net income. As the underlying hedged transaction matures or the physical commodity is delivered, the deferred gain or loss on the related hedging instrument must be reclassified from OCI to earnings based on its value at the time of the instrument's settlement. For effective hedge transactions, the amount reclassified from OCI to earnings is offset in net income by the market change of the amount paid or received on the underlying physical transaction.

The company applies accounting standards for regulated operations to financial instruments used to hedge the purchase of natural gas for the regulated companies. These standards, in accordance with the FPSC, permit the changes in fair value of natural gas derivatives to be recorded as regulatory assets or

liabilities to reflect the impact of hedging activities on the fuel recovery clause. As a result, these changes are not recorded in OCI (see **Note 3**).

A company's physical contracts qualify for the normal purchase/normal sale (NPNS) exception to derivative accounting rules, provided they meet certain criteria. Generally, NPNS applies if the company deems the counterparty creditworthy, if the counterparty owns or controls resources within the proximity to allow for physical delivery of the commodity, if the company intends to receive physical delivery and if the transaction is reasonable in relation to the company's business needs. As of December 31, 2010, all of the company's physical contracts qualify for the NPNS exception.

The following tables presents the derivative hedges of natural gas contracts at December 31, 2010 and December 31, 2009 to limit the exposure to changes in the market price for natural gas used to produce energy and natural gas purchased for resale to customers:

Natural Gas Derivatives <i>(millions)</i>	Dec 31, 2010	Dec 31, 2009
Current assets	\$ -	\$ -
Long-term assets	\$ -	\$ -
Total assets	<u>\$ -</u>	<u>\$ -</u>
Current liabilities ⁽¹⁾	\$ 7.1	\$ 6.9
Long-term liabilities	\$ 0.8	\$ 0.8
Total liabilities	<u>\$ 7.9</u>	<u>\$ 7.7</u>

(1) Amounts presented above are on a gross basis, with asset and liability positions netted by counterparty in accordance with accounting standards for derivatives and hedging.

The following table presents the effects of energy related derivatives on the fuel recovery clause mechanism in the balance sheet as of December 31, 2010:

Energy Related Derivatives <i>(millions)</i> <i>at December 31, 2010</i>	Asset Derivatives		Liability Derivatives	
	Balance Sheet		Balance Sheet	
	Location⁽¹⁾	Fair Value	Location⁽¹⁾	Fair Value
<i>Natural gas derivatives:</i>				
Current	Regulatory Liabilities	\$ -	Regulatory assets	\$ 7.1
Long-term	Regulatory Liabilities	-	Regulatory assets	0.8
Total		<u>\$ -</u>		<u>\$ 7.9</u>

(1) Natural gas derivatives are deferred in accordance with accounting standards for regulated operations and all increases and decreases in the cost of natural gas supply are passed on to customers with the fuel recovery clause mechanism. As gains and losses are realized in future periods, they will be recorded as fuel costs in the Statement of Income.

Based on the fair value of the instruments at December 31, 2010, net pretax losses of \$7.1 million are expected to be reclassified from regulatory assets to the Statements of Income within the next twelve months.

The following table presents the effect of hedging instrument on OCI and income for the years ended December 31:

<i>(millions)</i>	Amount of Gain/(Loss) on Derivatives Recognized in OCI	Location of Gain/(Loss) Reclassified from AOCI into Income	
		Dec 31, 2010	Dec 31, 2009
Derivatives in Cash Flow Hedging Relationships	Effective Portion ⁽¹⁾		
Interest rate contracts	Interest Expense	\$ (0.2)	\$ (0.2)
Total		<u>\$ (0.2)</u>	<u>\$ (0.2)</u>

(1) Changes in OCI and AOCI are reported in after-tax dollars.

For derivative instruments that meet cash flow hedge criteria, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or period during which the hedged transaction affects earnings. Gains and losses on the derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. For the years ended December 31, 2010 and 2009, all hedges were effective.

The maximum length of time over which the company is hedging its exposure to the variability in future cash flows extends to December 31, 2012 for the financial natural gas contracts. The following table presents the commodity type of the company's derivative volumes that as of December 31, 2010, are expected to settle during the 2011 and 2012 fiscal years:

<i>(millions)</i>	Natural Gas Contracts (MMBTUs)	
	Physical	Financial
Year		
2011	-	6.7
2012	-	1.7
Total	<u>-</u>	<u>8.4</u>

PGS is exposed to credit risk primarily through entering into derivative instruments with counterparties to limit its exposure to the commodity price fluctuations associated with natural gas. Credit risk is the potential loss resulting from a counterparty's nonperformance under an agreement. The company manages credit risk with policies and procedures for, among other things, counterparty analysis, exposure measurement, and exposure monitoring and mitigation.

It is possible that volatility in commodity prices could cause PGS to have material credit risk exposures with one or more counterparties. If such counterparties fail to perform their obligations under one or more agreements, the company could suffer a material financial loss. However, as of December 31, 2010, substantially all of the counterparties with transaction amounts outstanding in the company's energy portfolio are rated investment grade by the major rating agencies. The company assesses credit risk internally for counterparties that are not rated.

PGS has implemented procedures to monitor the creditworthiness of our counterparties and to consider nonperformance in valuing counterparty positions. The company monitors counterparties' credit standing, including those that are experiencing financial problems, have significant swings in credit default swap rates, have credit rating changes by external rating agencies, or have changes in ownership. Net liability positions are generally not adjusted as the company uses derivative transactions as hedges and has the ability and intent to perform under each of these contracts. In the instance of net asset positions, PGS considers general market conditions and the observable financial health and outlook of specific counterparties, forward looking data such as credit default swaps, when available, and historical default probabilities from credit rating agencies in evaluating the potential impact of nonperformance risk to

derivative positions. As of December 31, 2010, substantially all positions with counterparties are net liabilities.

Certain of PGS' derivative instruments contain provisions that require the company debt to maintain an investment grade credit rating from any or all of the major credit rating agencies. If debt ratings were to fall below investment grade, it could trigger these provisions, and the counterparties to the derivative instruments could request immediate payment or demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. PGS has no other contingent risk features associated with any derivative instruments.

The table below presents the fair value of the overall contractual contingent liability positions for PGS' derivative activity at December 31, 2010:

Contingent Features

<i>(millions)</i> <i>At Dec. 31, 2010</i>	Fair Value Asset/(Liability)	Derivative Exposure Asset/(Liability)	Posted Collateral
Credit Rating	\$ (7.9)	\$ (7.9)	\$ -
Total	\$ (7.9)	\$ (7.9)	\$ -

12. Fair Value

Determination of Fair Value

The company measures fair value using the procedures set forth below for all assets and liabilities measured at fair value that were previously carried at fair value pursuant to other accounting guidelines.

When available, the company uses quoted market prices on assets and liabilities traded on an exchange to determine fair value and classifies such items as Level 1. In some cases where a market exchange price is available, but the assets and liabilities are traded in a secondary market, the company makes use of acceptable practical expedients to calculate fair value, and classifies such items as Level 2.

If observable transactions and other market data are not available, fair value is based upon internally developed models that use, when available, current market-based or independently-sourced market parameters such as interest rates, currency rates or option volatilities. Items valued using internally generated models are classified according to the lowest level input or value driver that is most significant to the valuation. Thus, an item may be classified in Level 3 even though there may be significant inputs that are readily observable.

Items Measured at Fair Value on a Recurring Basis

The following table sets forth by level within the fair value hierarchy the company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2010. As required by accounting standards for fair value measurements, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. For all assets and liabilities presented below, the market approach was used in determining fair value.

Recurring Derivative Fair Value Measures <i>(millions)</i>		<i>At Fair Value as of Dec. 31, 2010</i>			
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets					
	Natural gas swaps	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -
Liabilities					
	Natural gas swaps	\$ -	\$ 7.9	\$ -	\$ 7.9
	Total	\$ -	\$ 7.9	\$ -	\$ 7.9
<i>(millions)</i>		<i>At Fair Value as of Dec. 31, 2009</i>			
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets					
	Natural gas swaps	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -
Liabilities					
	Natural gas swaps	\$ -	\$ 7.7	\$ -	\$ 7.7
	Total	\$ -	\$ 7.7	\$ -	\$ 7.7

Natural gas swaps are over-the-counter swap instruments. The primary pricing inputs in determining the fair value of natural gas swaps are the New York Mercantile Exchange (NYMEX) quoted closing prices of exchange-traded instruments. These prices are applied to the notional amounts of active positions to determine the reported fair value (see **Note 12**).

The company considered the impact of nonperformance risk in determining the fair value of derivatives. The company considered the net position with each counterparty, past performance of both parties and the intent of the parties, indication of credit deterioration, and whether the markets in which we transact have experienced dislocation. At December 31, 2010 the fair value of derivatives was not materially affected by nonperformance risk. The company's net positions with substantially all counterparties were liability positions.

13. Other Comprehensive Income

Peoples Gas System reported the following other comprehensive income (loss) for the years ended December 31, 2010 and 2009 related to changes in the fair value of cash flow hedges and amortization of unrecognized benefit costs associated with the company's pension plans:

Other comprehensive income (loss)				
<i>(millions)</i>		<i>Gross</i>	<i>Tax</i>	<i>Net</i>
2010				
	Unrealized loss on cash flow hedges	\$ -	\$ -	\$ -
	Plus: Gain reclassified to net income	0.4	(0.2)	0.2
	Gain on cash flow hedges	0.4	(0.2)	0.2
	Total other comprehensive income	\$ 0.4	\$ (0.2)	\$ 0.2
2009				
	Unrealized loss on cash flow hedges	\$ -	\$ -	\$ -
	Plus: Gain reclassified to net income	0.4	(0.2)	0.2
	Gain on cash flow hedges	0.4	(0.2)	0.2
	Total other comprehensive income	\$ 0.4	\$ (0.2)	\$ 0.2

<i>(millions)</i>	<i>2010</i>	<i>2009</i>
Net unrealized loss from cash flow hedges ⁽¹⁾	\$ (1.8)	\$ (2.0)
Total accumulated other comprehensive loss	\$ (1.8)	\$ (2.0)

(1) Net of tax benefit of \$1.1 million and \$1.3 million as of Dec 31, 2010 and 2009 respectively

14. Restructuring Charges

On July 30, 2009, TECO Energy, Inc. announced organizational changes and a new senior executive team structure as part of its response to industry changes, economic uncertainties and its commitment to maintain a lean and efficient organization. As a second step in response to these factors, on August 31, 2009, the company decided on a total reduction in force which included approximately 39 jobs at PGS. The reduction in force was substantially completed by December 31, 2009. In connection with this reduction in force, PGS incurred \$4.6 million related to severance and benefits. The total cash payments related to these actions were \$3.7 million including the settlement of pension obligations paid during 2009 and early 2010.

Restructuring Charges to be Incurred

<i>(millions)</i>	<i>Termination of Benefits</i>	<i>Other Costs</i>	<i>Total</i>
Total costs expected to be incurred	\$ 4.6	\$ -	\$ 4.6
Costs incurred in 2009	(4.6)	-	(4.6)
Adjustments	-	-	-
Total costs remaining	-	-	\$ -

Accrued Liability for Restructuring Charges

<i>(millions)</i>	<i>Termination of Benefits</i>	<i>Other Costs</i>	<i>Total</i>
Beginning balance, July 1, 2009	\$ -	\$ -	\$ -
Costs incurred and charged to expense	4.6	-	4.6
Costs paid/settled	(3.7)	-	(3.7)
Non-cash expense	(0.9)	-	(0.9)
Adjustments	-	-	-
Ending balance, December 31, 2009	-	-	-

15. Subsequent Events

On February 18, 2011 Tampa Electric Company and TEC Receivables Corp (TRC), a wholly-owned subsidiary of Tampa Electric Company, amended their \$150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 9 to the Loan and Servicing Agreement with certain lenders named therein and Citicorp North America, Inc. as Program Agent. The amendment (i) extends the maturity date to February 17, 2012, (ii) provides that TRC will pay program and liquidity fees, which will total 70 basis points, (iii) provides that the interest rates on the borrowing will be based on prevailing asset-backed commercial paper rates, unless such rates are not available from conduit lenders, in which case the rates will be at an interest rate equal to, at Tampa Electric Company's option, either Citibank's prime rate (or the federal funds rate plus 50 basis points, if higher) or a rate based on the London interbank offer rate (if available) plus a margin and (iv) makes other technical changes.

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

**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)	1,002,988,035	1,002,988,035
4	101.1 Property Under Capital Leases		
5	102 Plant Purchased or Sold		
6	106 Completed Construction not Classified	52,331,259	52,331,259
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)	1,060,796,920	1,060,796,920
12	107 Construction Work in Progress	19,456,471	19,456,471
13	Accum. Provision for Depreciation, Amortization, & Depletion	474,745,894	474,745,894
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	605,507,497	605,507,497
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	471,016,138	471,016,138
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)	471,016,138	471,016,138
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	3,729,756	3,729,756
32	TOTAL Accum. Provisions (Should agree with line 13 above) (Total of lines 21, 25, 29, 30, and 31)	474,745,894	474,745,894

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

Company: Peoples Gas System

For the Year Ended December 31, 2010

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:									
301-00	Organization		12,620	-	-	-	-	-	12,620
302-00	Franchise & Consents		427,466	-	-	-	-	-	427,466
303-00	Misc Intangible Plant		815,325	-	-	-	-	-	815,325
303-01	Custom Intangible Plant		16,876,841	1,544,310	(6,946)	-	-	-	18,414,205
374-02	Land Rights		3,790,026	(1,218,104)	-	-	-	-	2,571,921
390-02	Structures & Improve Leases		70,976	-	-	-	-	-	70,976
	Subtotal		21,993,253	326,205	(6,946)	-	-	-	22,312,512
Depreciable Assets:									
374-00	Land Distribution		3,297,699	-	-	-	-	-	3,297,699
375-00	Structures & Improvements		17,360,772	974,076	(1,000)	-	-	-	18,333,848
376-00	Mains Steel		298,550,102	10,923,221	(1,634,371)	-	-	-	307,838,952
376-02	Mains Plastic		272,308,405	15,712,368	(262,591)	-	-	-	287,758,182
378-00	Meas & Reg Station Eq Gen		6,161,834	293,094	(15,679)	-	-	-	6,439,250
379-00	Meas & Reg Station Eq City		17,429,291	1,441,024	(20,727)	-	-	-	18,849,587
380-00	Services Steel		38,893,991	985,859	(112,304)	-	-	-	39,767,546
380-02	Services Plastic		179,602,604	8,669,406	(287,525)	-	-	-	187,984,485
381-00	Meters		40,724,645	6,525,034	(1,277,694)	-	-	-	45,971,985
382-00	Meter Installations		38,546,755	2,024,877	(296,704)	-	-	-	40,274,928
383-00	House Regulators		11,098,691	581,637	(41,037)	-	-	-	11,639,291
384-00	House Regulator Installs		15,242,680	676,818	(162,024)	-	-	-	15,757,473
385-00	Meas & Reg Station Eq Ind		9,560,552	-	(43,836)	-	-	-	9,516,717
387-00	Other Equipment		3,194,668	432,465	(26,324)	-	-	-	3,600,810
390-00	Structures & Improvements		9,582	-	-	-	-	-	9,582
391-00	Office Furniture		2,870,386	37,648	(131,339)	-	-	-	2,776,694
391-01	Computer Equipment		10,637,025	(1,308,818)	(1,776,939)	-	-	-	7,551,267
391-02	Office Equipment		528,592	11,702	(9,757)	-	-	-	530,536
392-01	Vehicles up to 1/2 Tons		6,106,329	1,050,029	(818,735)	-	-	-	6,337,623
392-02	Vehicles from 1/2 - 1 Tons		4,834,636	1,046,791	(565,575)	-	-	-	5,315,853
392-03	Airplane		-	-	-	-	-	-	-
392-04	Trailers & Other		268,252	2,115	-	-	-	-	270,367
392-05	Vehicles over 1 Ton		1,231,907	8,912	(85,721)	-	-	-	1,155,098
393-00	Stores Equipment		48,913	-	-	-	-	-	48,913
394-00	Tools, Shop & Garage Equip		3,674,433	185,463	(46,371)	-	-	-	3,813,524
395-00	Laboratory Equipment		46,445	-	-	-	-	-	46,445
396-00	Power Operated Equipment		1,725,152	204,758	(83,274)	-	-	-	1,846,636
397-00	Communication Equipment		5,543,601	277,969	-	-	-	-	5,821,570
398-00	Miscellaneous Equipment		443,996	7,923	-	-	-	-	451,918

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

Company: Peoples Gas System
For the Year Ended December 31, 2010

Page 2 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
Capital Recovery Schedules:									
Total Account 101 and 106 *			1,011,935,192	51,090,577	(7,706,474)	-	-	-	1,055,319,294
105-00	Property Held for Future Use		228,955	-	-	-	-	-	228,955
114-00	Acquisition Adjustment		5,248,671	-	-	-	-	-	5,248,671
	Subtotal		5,477,626	-	-	-	-	-	5,477,626
Total Utility Plant **			1,017,412,817	51,090,577	(7,706,474)	-	-	-	1,060,796,920

Note: * The total beginning and ending balances must agree to account 101 and 106, Plant in Service, Line 3 and Line 6, Page 12.

Note: ** The total beginning and ending balances must agree to Line 11, Page 12.

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Peoples Gas System

For the Year Ended December 31, 2010

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Retirements	Gross Salvage	Cost of Removal	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
301-00	Organization	3,116	-	-	-	-	-	-	-	3,116
302-00	Franchise & Consents	412,285	3,743	-	-	-	-	-	-	416,027
303-00	Misc Intangible Plant	518,329	32,613	-	-	-	-	-	-	550,942
303-01	Custom Intangible Plant	12,669,234	1,168,677	(6,946)	-	-	-	-	-	13,830,965
374-02	Land Rights	1,100,553	53,073	-	-	-	-	-	-	1,153,625
390-02	Structures & Improve Leases	(7,178)	3,795	-	-	-	-	-	-	(3,383)
Subtotal 108 - 404 *		14,696,338	1,261,901	(6,946)	-	-	-	-	-	15,951,293

Items necessary to reconcile the total amortization accrual amount to Acct. 404.3, Amortization Expense, shown on Line 7, Page 8.

Depreciable Assets:

374-00	Land Distribution	-	-	-	-	-	-	-	-	-
375-00	Structures & Improvements	4,484,544	488,487	(1,000)	-	(705)	-	-	-	4,971,326
376-00	Mains Steel	159,429,461	12,075,931	(1,634,371)	-	(626,270)	-	-	-	169,244,751
376-02	Mains Plastic	77,883,426	8,042,323	(262,591)	-	(187,338)	-	-	-	85,475,819
378-00	Meas & Reg Station Eq Gen	1,831,873	206,990	(15,679)	-	(937)	-	-	-	2,022,247
379-00	Meas & Reg Station Eq City	3,539,600	609,313	(20,727)	-	-	-	-	-	4,128,185
380-00	Services Steel	38,733,176	3,131,667	(112,304)	2,365	(381,369)	-	-	-	41,373,535
380-02	Services Plastic	74,569,863	9,310,541	(287,525)	800	(135,765)	-	-	-	83,457,914
381-00	Meters	12,558,823	2,762,285	(1,277,694)	96,854	(24,821)	-	-	-	14,115,447
382-00	Meter Installations	14,858,114	1,967,001	(296,704)	-	(93,364)	-	-	-	16,435,047
383-00	House Regulators	4,809,746	397,325	(41,037)	759	-	-	-	-	5,166,793
384-00	House Regulator Installs	5,146,360	789,066	(162,024)	-	(41,965)	-	-	-	5,731,437
385-00	Meas & Reg Station Eq Ind	4,285,173	324,462	(43,836)	-	(825)	-	-	-	4,564,974
387-00	Other Equipment	1,309,419	189,929	(26,324)	-	-	-	-	-	1,473,024
390-00	Structures & Improvements	43,027	278	-	-	-	-	-	-	43,305
391-00	Office Furniture	1,595,587	218,149	(131,339)	-	-	-	-	-	1,682,397
391-01	Computer Equipment	7,581,391	695,934	(1,776,939)	1,620	-	-	-	-	6,502,006
391-02	Office Equipment	197,555	36,580	(9,757)	405	-	-	-	-	224,784
392-01	Vehicles up to 1/2 Tons	2,821,811	658,798	(818,735)	71,765	-	-	-	-	2,733,639
392-02	Vehicles from 1/2 - 1 Tons	2,533,046	777,127	(565,675)	39,866	-	-	-	-	2,784,465
392-03	Airplane	(3,512,118)	-	-	-	-	-	-	-	(3,512,118)
392-04	Trailers & Other	154,997	11,071	-	-	-	-	-	-	166,067
392-05	Vehicles over 1 Ton	614,420	122,326	(85,721)	3,950	-	-	-	-	654,975
393-00	Stores Equipment	47,978	880	-	-	-	-	-	-	48,858
394-00	Tools, Shop & Garage Equip	2,705,278	223,334	(46,371)	-	-	-	-	-	2,882,241
395-00	Laboratory Equipment	(16,783)	672	-	-	-	-	-	-	(16,111)
396-00	Power Operated Equipment	1,399,627	89,033	(83,274)	3,500	-	-	-	-	1,408,887
397-00	Communication Equipment	3,279,610	658,636	-	-	-	-	-	-	3,938,246
398-00	Miscellaneous Equipment	289,871	19,266	-	-	-	-	-	-	309,138

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Peoples Gas System
 For the Year Ended December 31, 2010

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*	Accruals	Retirements	Gross Salvage	Cost of Removal	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)										
107-800	Retirement Works in Progress	(1,497,431)			(2,030)	(1,446,969)	-	-	-	(2,946,431)
Capital Recovery Schedules:										
Subtotal 108 - 403 *		421,677,445	43,807,403	(7,699,528)	219,854	(2,940,328)	-	-	-	455,064,845
Items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on Line 6, Page 8.										
105-00	Property Held for Future Use	-	-	-	-	-	-	-	-	-
115-00	Acquisition Adjustment	3,580,610	149,146	-	-	-	-	-	-	3,729,756
	Subtotal	3,580,610	149,146	-	-	-	-	-	-	3,729,756
Total Accumulated Reserve **		439,954,393	45,218,450	(7,706,474)	219,854	(2,940,328)	-	-	-	474,745,894

Per rule 25-7.045(9) , there has been no change of plans or utility experience requiring a change of rates, amortization or capital recovery schedule.

Note: * The total beginning and ending balances must agree to account 108 Depreciation, Line 17, Page 12.

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

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

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

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Alternative Fueling Station Equipment	30,776	-
2	Cathodic Protection	62,469	10,526
3	Communication Equipment	698,502	109,532
4	Distribution System Improvements	2,003,554	2,070,896
5	Governmental Improvements	2,269,825	2,210,770
6	Gov Imprvmnts - Div 06 Hecksher Dr 24" Relocate	1,418,927	-
7	Improvements to Leased Property	45,530	-
8	Improvements to Property	270,987	334,373
9	Main Replacements	2,357,269	2,025,811
10	Major Projects	38,581	-
11	Measuring & Regulating Station Equipment	2,976,683	2,021,438
12	Gate Station - Div 14 Panama City Airport	541,069	-
13	Gate Station - Div 03 FGT Interconnect - St.Pete	501,223	323,777
14	Miscellaneous - Non Revenue Producing	133,289	25,249
15	CONTINUED NEXT		

CONSTRUCTION OVERHEADS-GAS

- | | |
|---|---|
| 1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items. | and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction. |
| 2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed | 3. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs. |

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

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	Miscellaneous - Revenue Producing	1,086	20,914
2	Office Equipment	1,202,515	40,659
3	Software - Windows 7 Operating System Upgrade	1,124,564	-
4	Power Operated Equipment	16,807	12,291
5	Reimbursable Construction	(225,370)	143,450
6	Revenue Mains	3,331,275	9,584,346
7	Service Lines	141,661	-
8	Testing, Measuring & Detection Equipment	18,357	43,487
9	Tools, Shop & Garage Equipment	448,300	153,792
10	Transportation Equipment	48,592	4,627
11			
12			
13			
14			
15	TOTAL (17a & 17b)	19,456,471	19,135,938

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	896,135	100,200,503
2	(These costs are allocated to CWIP as outlined in instruction 3 above)		
3			
4			
5	Corporate G&A	3,513,992	100,200,503
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

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	608,606
2	Line of Credit	78,769
3	Service / Maintenance Agreements	497,240
4	Permits	93,360
5	Miscellaneous Prepayments	126,538
6		
7		
8	TOTAL	1,404,513

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						

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

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

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

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	19,868,621	1,326,049	254		21,194,670
2						
3	FAS 158 Pension	23,562,657		228	2,051,662	21,510,995
4						
5	FAS 158 SERP Current	3,004,305	46,996	228	2,266,614	784,687
6						
7	FAS 158 SERP	1,001,629	2,266,614	228	367,867	2,900,376
8						
9	FAS 158 - FAS 106 Current	590,158	52,723	228	104,694	538,187
10						
11	FAS 158 - FAS 106	(819,930)	104,694	228	1,531,920	(2,247,156)
12						
13						
14						
15						
16						
17	TOTAL	47,207,440	3,797,076		6,322,757	44,681,759

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)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1	Rate Case	584,677	35,209	928	206,334	413,552
2						
3	Greenland Energy Center	0	23,878,211	131/253	16,915,200	6,963,011
4						
5	Environmental - MGP	1,283,267	1,759,444	407	639,996	2,402,492
6				131	223	
7						
8	Other Work In Progress	101,394		various	40,291	61,103
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress					
18	Deferred Regulatory Comm. Expenses					
19	TOTAL	1,969,338				9,840,158

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

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

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

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.

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.

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.

<u>Securities Retired</u>		
Long Term Note 9.93%	Due 2010	1,000,000
Long Term Note 8.00%	Due 2012	<u>2,700,000</u>
	Total Retired	<u>\$3,700,000</u>

<u>Securities Exchanged</u>		
Long Term Note 6.875%	Due 2012	(21,034,080)
Long Term Note 6.375%	Due 2012	(25,730,600)
Note Issued by Tampa Electric 5.40%	Due 2021	<u>46,764,680</u>
	Net Exchanged	<u>-</u>

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

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	31-Note/Tampa Elec 5.94%	07-2001	12,000,000	(232,811)	22,044	
2	---Amortization				(14,325)	7,719
3						
4	30-Note/Tampa Elec 7.375%	09-2002	50,000,000	(3,542,552)	880,064	
5	---Amortization				(330,024)	550,040
6						
7	34-Note/Tampa Elec 6.875%	12-2010	40,000,000	(20,612)	0	
8	--Loss				20,612	20,612
9						
10	35-Note/Tampa Elec 6.375%	12-2010	70,000,000	(164,301)	0	
11	---Loss				164,301	164,301
12	Total Amortization - Acct 428				(344,349)	
13	Loss on Reacquired Debt					742,672

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, Recquired 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							
4	Long Term Note	12/20/90	07/02/10	10,000,000	9.93	49,926	0
5	Long Term Note	12/03/92	07/02/12	35,000,000	8.00	655,600	6,800,000
6	Note Issued by Tampa Electric	06/20/01	06/15/12	40,000,000	6.875	2,665,644	18,965,920
7	Note Issued by Tampa Electric	08/15/02	08/15/12	70,000,000	6.375	4,366,814	44,269,400
8	Note Issued by Tampa Electric	05/15/07	05/15/37	60,000,000	6.15	3,690,000	60,000,000
9	Note Issued by Tampa Electric	05/15/08	05/15/18	50,000,000	6.10	3,050,000	50,000,000
10	Note Issued by Tampa Electric	12/09/10	05/15/21	46,764,680	5.40	139,125	46,764,680
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			311,764,680		14,617,109	226,800,000

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

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.

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								
2	Unamortized Debt Exp-Acct 181							
3	32-Long term Note 9.93%	10,000,000	88,318	03-91	07-10	259	(259)	0
4	33-Long term Note 8.00%	35,000,000	976,684	01-93	07-12	125,328	(50,131)	75,197
5	34-Note/Tampa Electric 6.875%	18,965,920	308,507	06-01	06-12	65,329	(46,743)	18,586
6	35-Note/Tampa Electric 6.375%	44,269,400	2,839,136	08-02	08-12	729,283	(446,604)	282,679
7	36-Note/Tampa Electric 6.15%	60,000,000	347,571	05-07	05-37	317,448	(11,585)	305,863
8	37-Note/Tampa Electric 6.10%	50,000,000	378,502	05-08	05-18	316,996	(37,851)	279,145
9	38-Note/Tampa Electric 5.40%	46,764,680	263,847	12-10	05-21	0	257,251	257,251
10						1,554,643	(335,922)	1,218,721
11								
12								
13								
14								
15	Footnote:							
16	Partial exchange of 6.875% and 6.375% notes resulted in a reclass of a portion of issuing expenses to account 189 in 2010.							
17								
18								

Name of Respondent For the Year Ended
 Peoples Gas System Dec. 31, 2010

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							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			0		0	0

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								
2	Unamortized Debt Disc - Acct 226							
3	34-Note/Tampa Electric 6.875%	18,965,920	168,800	06-01	06-12	38,364	(15,346)	23,018
4	35-Note/Tampa Electric 6.375%	44,269,400	562,100	08-02	08-12	145,209	(56,210)	88,999
5	36-Note/Tampa Electric 6.15%	60,000,000	340,200	05-07	05-37	310,716	(11,340)	299,376
6						494,289	(82,896)	411,393
7								
8								
9								
10								
11								
12								
13								
14								
15	Unamortized Debt Disc - OCI							
16	37-Note/Tampa Electric 6.10%	50,000,000	3,935,734	05-08	05-18	3,296,178	(393,574)	2,902,604
17	(Interest Rate Settlement)							
18								

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2010
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)		
1. Describe and report the amount of other current and accrued liabilities at the end of year.		2. Minor items (less than \$50,000) may be grouped under appropriate title.
Line No.	Item	Balance at End of Year
1	Pension & Benefits	(8,553,031)
2	Insurance & Litigation Reserves	3,545,485
3	Post Retirement Benefits	13,722,370
4	Conservation Cost True Up	1,356,549
5	Other	429,430
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	10,500,803

OTHER DEFERRED CREDITS (Account 253)						
1. Report below the particulars (details) called for concerning other deferred credits.						
2. For any deferred credit being amortized, show the period of amortization.						
3. Minor Items (less than \$25,000) may be grouped by classes.						
Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	Environ Insurance Recovery	1,737,324		0	0	1,737,324
2	Deferred Credit - JEA	12,101,924	186	58,558,453	46,456,529	0
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	13,839,248		58,558,453	46,456,529	1,737,324

OTHER REGULATORY LIABILITIES (Account 254)						
1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).				2. For regulatory liabilities being amortized, show period of amortization in column (a).		
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.						
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1	Gas Technology Research	650,291	930	480,118	500,000	670,173
2	Amort Gain on Land	849,731	421	345,768	0	503,963
3	Environmental Remediation	19,868,621	182	0	1,326,049	21,194,670
4	Regulatory Liability - Potential Over Earnings	0	930/495	1,000,000	10,150,000	9,150,000
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL	21,368,643		1,825,886	11,976,049	31,518,806

Name of Respondent											For the Year Ended
Peoples Gas System											Dec. 31, 2010
TAXES OTHER THAN INCOME TAXES (Account 408.1)											
	Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environmental, Excise	Franchise	Other*	Total
1	Various FI Counties	8,342,048									8,342,048
2	Internal Revenue Svc (FICA)				2,373,327						2,373,327
3	FL Public Service Commission						1,815,274				1,815,274
4	FL Dept of Revenue					16,768,243					16,768,243
5	Various FL Municipalities								9,490,272	33,177	9,523,449
6	Internal Revenue Svc (FUTA)				33,412						33,412
7	Internal Revenue Svc (SUTA)				60,595						60,595
8	Various FL Counties (tags)									57,084	57,084
9	Various FL Municipalities										-
10	(occupational Licenses)									15,988	15,988
11	Department of State										-
12	Other										-
13	Less: charged to other revenue (495)						(30,981)				(30,981)
14	Less: Charged to Construction				(415,204)		(131,777)				(546,981)
15	Less: Charged to clearing, jobbing, AR				(122,256)						(122,256)
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	8,342,048	-	-	1,929,874	16,768,243	1,652,516	-	9,490,272	106,249	38,289,202

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)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%		0	411	0		0	
3	4%							
4	7%							
5	10%							
6								
7								
8								
9								
10	TOTAL							

Notes

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

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

Line No.		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		Credits		
							Account No.	Amount	Account No.	Amount	
1	GAS										
2	FAS 158	10,545,950						190	1,448,493	9,097,457	
3	FAS 133	4,264,670						190	103,878	4,160,792	
4											
5	Gas	29,171,733	(2,725,026)		(453,141)					32,349,900	
6											
7											
8											
9											
10											
11	TOTAL Gas (Lines 2 - 10)	43,982,353	(2,725,026)	-	(453,141)	-			1,552,371	45,608,149	
12	Other (Specify)										
13	TOTAL (Account 190) (Total of lines 11 and 12)	43,982,353	(2,725,026)	-	(453,141)	-			1,552,371	45,608,149	

NOTES: Deferred income tax Other adjustments includes:

	Federal	State	Total	
	(89,067)	(14,811)	(103,878)	FAS 133
	(1,241,967)	(206,526)	(1,448,493)	FAS158
	(1,331,034)	(221,337)	(1,552,371)	

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		Credits		
							Account No.	Amount	Account No.	Amount	
1	Account 281 - Accelerated Amortization Property										
2	Electric										
3	Gas										
4	Other										
5	TOTAL Account 281 (Lines 2 thru 4)										
6	Account 282 - Other Property										
7	Electric										
8	Gas	58,468,941	12,074,923		568,081					71,111,945	
9	Other										
10	TOTAL Account 282 (Lines 7 thru 9)	58,468,941	12,074,923	-	568,081	-				71,111,945	
11	Account 283 - Other										
12	Electric										
13	Gas	19,779,436	2,365,524		393,360	283	1,400,551			21,137,769	
14	Other										
15	TOTAL Account 283 - Other (Lines 12 thru 14)	19,779,436	2,365,524		393,360	283	1,400,551			21,137,769	
16	GAS										
17	Federal Income Tax	68,158,933	14,440,447				1,200,860			81,398,520	
18	State Income Tax	10,089,444			961,441		199,691			10,851,194	
19											
20	TOTAL Gas (Lines 17 thru 19)	78,248,377	14,440,447	-	961,441	-	1,400,551			92,249,714	
21	OTHER										
22	Federal Income Tax										
23	State Income Tax										
24	TOTAL Other (Lines 22 and 23)										
25	TOTAL (Total of lines 5, 10 and 15)	78,248,377	14,440,447	-	961,441	-	1,400,551			92,249,714	

NOTES: Deferred income tax adjustment includes:

	Federal	State	Total	
	(41,107)	(6,835)	(47,942)	FAS 133
	1,241,967	206,526	1,448,493	FAS158
	1,200,860	199,691	1,400,551	

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

**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)	34,093,120
2	Reconciling Items for the Year	
3		
4	<i>Taxable Income Not Reported on Books</i>	
5	CIAC and AIAC	2,316,034
6	Gain/Loss on Fixed Assets	1,601,977
7	Other	542,422
8	Federal Income Tax	5,491,332
9	<i>Deductions Recorded on Books Not Deducted for Return</i>	
10	Bond Refinancing Put Option	902,107
11	Capitalized Interest (Sec. 263)	1,600,000
12	FAS 106	505,921
13	FAS 112	413,182
14	Hedges (Interest Rate Swap)	385,549
15	PGS Contingency Accrual	9,150,000
16	Deferred Taxes	12,223,720
17	Other	775,385
18	<i>Income Recorded on Books Not Included in Return</i>	
19	Competitive Rate Adjustment	213,540
20		
21		
22	Other	
23	<i>Deductions on Return Not Charged Against Book Income</i>	
24	Bond Refinancing Premium	557,759
25	Capitalized ECA Costs Tax Amortization	2,083,143
26	Cost of Removal	2,940,328
27	Debt Expense/Bond Costs	3,970,034
28	Deferred Fuel	3,537,061
29	Depreciation - Excess Over Books	22,963,370
30	Environmental Disposal Costs	1,119,223
31	SERP	2,041,134
32	Other	1,487,262
33		
34	Federal Taxable Net Income	29,087,895
35	<i>Show Computation of Tax:</i>	
36	Federal Taxable Net Income - Less Income from Subsidiaries	26,704,504
37	Federal Income Tax @ 35%	9,346,576
38	Prior Year True-up Provision to Actual Per Return and FAS 109 Adjustment	(3,855,244)
39	Federal Income Tax	5,491,332
40	Federal Income Tax Allocation to Other Income	156,499

NAME OF RESPONDENT:
Peoples Gas System

This Report is An Original

YEAR OF REPORT:
December 31, 2010

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

Additional information in response to Question 2, Page 25a:

The consolidated federal income tax liability is currently being apportioned in accordance with Internal Revenue Service Regulations Section 1.1552-1(a)(2) and Section 1.1502-33(d)(2)(ii). These regulations provide for allocation of the consolidated tax liability on the basis of the percentage of the total tax to the tax which each member would bear if the tax were computed on a separate return basis. The tax liability allocated to each company cannot exceed the tax liability computed as if each had filed a separate return.

Peoples Gas System participates in the filing of a consolidated federal income tax return.

Affiliates included in the consolidated return are:

Bear Branch Coal Company
Clintwood Elkhorn Mining Company
Gatliff Coal Company
Peoples Gas System (Florida), Inc.
Perry County Coal Corporation
Pike-Letcher Land Company
Power Engineering & Construction, Inc.
Premier Elkhorn Coal Company
Raven Rock Development Corporation
Ray Coal Company, Inc.
Rich Mountain Coal Company
Tampa Electric Company
TEC Receivables Corporation
TECO Coal Corporation
TECO Coalbed Methane Florida, Inc.
TECO Consumer Holdings, Inc.
TECO Consumer Ventures, Inc.
TECO Diversified, Inc.
TECO EnergySource, Inc.
TECO Finance, Inc.
TECO Gas Services, Inc.
TECO Gemstone, Inc.
TECO Guatemala, Inc.
TECO Investments, Inc.
TECO Oil & Gas, Inc.
TECO Partners, Inc.
TECO Pipeline Holding Company, LLC
TECO Properties Corporation
TECO Solutions, Inc.
TECO Synfuel Administration, LLC
TECO Synfuel Operations, LLC
TECO Wholesale Generation, Inc.
TPS Guatemala One, Inc.
Whitaker Coal Corporation

GAS OPERATING REVENUES (Account 400)

1. Report below natural gas operating revenues for each prescribed account in total.
2. Report number of customers, columns (f) and (g), on the basis of meters, except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
3. Report quantities of natural gas sold in therms (14.73 psia at 60 F).
4. Report gas service revenues and therms sold by rate schedule.
5. If increases or decreases from previous year (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480 Residential RS1 - RS3	150,316,767	139,190,943	76,810,129	67,129,549	303,529	302,974
4	480 Residential GS1	4,630,372	2,145,909	3,677,067	1,809,271	1,061	644
5	480 Residential GS2	2,229,784	649,471	1,948,541	651,214	106	33
6	480 Residential GS3	317,598	144,827	316,338	158,927	5	2
7	481 Commercial Street Lighting	91,267	99,548	94,892	94,567	32	35
8	481 Small General Service	9,321,412	6,307,453	5,977,215	3,839,347	8,048	6,584
9	481 General Service 1	28,603,539	40,382,062	24,054,533	31,227,102	6,396	8,642
10	481 General Service 2	18,724,493	16,668,670	17,408,651	14,774,057	1,030	854
11	481 General Service 3	4,871,248	6,208,594	4,656,596	5,483,905	64	80
12	481 General Service 4	1,561,824	972,477	1,531,626	1,015,434	5	5
13	481 General Service 5	1,257,352	717,155	1,373,671	731,367	2	4
14	481 Natural Gas Vehicle Sales	15,453	19,586	12,190	15,421	4	5
15	Interruptible Sales Service						
16	481 Small Interruptible Service	387,018	43,765	595,086	84,900	0	0
17	481 Interruptible Lg. Vol - 1	599,139	377,162	998,815	696,748	0	0
18	481 Interruptible Lg. Vol - 2	(533,978)	(607,050)	814,704	435,113	0	0
19	Off System Sales Service						
20	481 Mutually Beneficial	13,522,360	12,675,229	25,211,630	30,774,460	4	1
21	481 Off System Sales	148,794,942	105,398,965	284,460,400	238,165,170	14	12
22	Firm Transportation Service						
23	489 Res-General Svc 1	394,126	144,994	1,101,168	356,120	199	104
24	489 Res-General Svc 2	1,061,366	309,011	3,986,399	1,070,869	174	68
25	489 Res-General Svc 3	580,719	781,367	2,676,091	2,304,188	30	118
26	489 Commercial Street Lighting	128,305	111,943	640,274	652,063	28	28
27	489 Natural Gas Vehicles	29,857	33,050	116,867	153,337	10	9
28	489 Small General Service	1,267,189	678,188	2,117,084	1,056,914	1,646	1,027
29	489 General Service 1	15,251,451	17,138,602	42,906,319	53,885,854	7,538	8,435
30	489 General Service 2	26,741,658	20,107,221	98,725,944	75,690,690	5,065	3,752
31	489 General Service 3	16,883,341	14,756,931	75,275,589	66,939,000	722	723
32	489 General Service 4	7,486,220	7,580,740	44,931,096	42,678,883	130	134
33	489 General Service 5	10,344,273	9,332,734	86,156,716	81,905,470	112	112
34	Interruptible Transportation Serv.						
35	489 Small Interruptible Transp	4,165,995	3,599,889	56,989,225	49,122,234	28	27
36	489 Interruptible Transp LG - 1	5,977,662	6,426,209	173,512,006	158,599,976	16	15
37	489 Interruptible Transp LG - 2	8,018,646	7,896,912	546,742,069	509,223,987	8	8
38	482 Other Sales to Public Authorities	0	0	0	0	0	0
39	484 Flex Rate - Refund	0	0	0	0	0	0
40	TOTAL Sales to Ultimate Consumers	483,041,398	420,292,567	1,585,818,931	1,440,726,137	336,006	334,435
41	483 Sales for Resale	1,195,945	1,080,427	1,957,898	1,518,233	13	12
42	Off-System Sales	0	0	0	0	0	0
43	TOTAL Nat. Gas Service Revenues	484,237,343	421,372,994				
44	TOTAL Gas Service Revenues	484,237,343	421,372,994				
45	Other Operating Revenues						
46	485 Intracompany Transfers						
47	487 Forfeited Discounts	823,365	850,377				
48	488 Misc. Service Revenues	5,366,371	5,883,358				
49	488 Gross Recpts Tax/Franch Fee Coll	26,258,515	23,548,066				
50	488 Individual Transp Charge	544,250	564,633				
51	489 Rev. from Trans. of Gas of Others						
52	not included in above rate schedules)	0	0				
53	493 Rent from Gas Property	310,891	334,233				
54	494 Interdepartmental Rents	0	0				
55	495 Other Gas Revenues						
56	Initial Connection	0	0				
57	Reconnect for Cause	0	0				
58	Collection in lieu of disconnect	0	0				
59	Returned Check	0	0				
60	Other	9,141,923	9,856,917				
61	495.1 Overrecoveries Purchased Gas	(2,240,690)	(424,914)				
62	TOTAL Other Operating Revenues	40,204,625	40,612,670				
63	TOTAL Gas Operating Revenues	523,246,023	460,905,237				
64	(Less) 496 Provision for Rate Refunds	(3,000,000)	0				
65	TOTAL Gas Operating Revenues						
66	Net of Provision for Refunds	520,246,023	460,905,237				
67	Sales for Resale	1,195,945	1,080,427				
68	Other Sales to Public Authority	0	0				
69	Interdepartmental Sales	0	0				
70	TOTAL	521,441,968	461,985,664				

Notes

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

GAS OPERATION AND MAINTENANCE EXPENSES

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

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	1. Production Expenses		
2	A. TOTAL Manufactured Gas Production (Total of Accounts 700-742)	0	0
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)	0	0
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)	0	0
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)	0	0
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases	235,842,123	201,691,088
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	53,045,142	50,073,935
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)	(3,965,925)	(7,080,590)
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	284,921,340	244,684,433
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)		
26	808.1 Gas Withdrawn from Storage--Debit	236,505	140,937
27	(Less) 808.2 Gas Delivered to Storage--Credit	(236,505)	(140,937)
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit	(81,053)	(166,143)
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	(81,053)	(166,143)
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	284,840,287	244,518,290
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	284,840,287	244,518,290
38	2. Natural Gas Storage, Terminating and Processing Expenses		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	0	0
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)	0	0
41	C. TOTAL Liquefied Nat Gas Terminating & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)	0	0
43	3. Transmission Expenses		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)	0	0
45			
46			

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2010	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
47	4. Distribution Expenses		
48	Operation		
49	870 Operation Supervision and Engineering	231,384	320,410
50	871 Distribution Load Dispatching	260,191	119,794
51	872 Compressor Station Labor and Expenses	47,731	67,929
52	873 Compressor Station Fuel and Power	353	
53	874 Mains and Services Expenses	6,084,396	5,531,720
54	875 Measuring and Regulating Station Expenses--General	223,310	157,036
55	876 Measuring and Regulating Station Expenses--Industrial	2,642	2,855
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	81,515	43,472
57	878 Meter and House Regulator Expenses	3,154,632	2,783,814
58	879 Customer Installations Expenses	2,547,166	2,199,758
59	880 Other Expenses	1,509,174	1,377,846
60	881 Rents	172,148	223,033
61	TOTAL Operation (Total of lines 49 through 60)	14,314,642	12,827,667
62	Maintenance		
63	885 Maintenance Supervision and Engineering		
64	886 Maintenance of Structures and Improvements	399,435	253,297
65	887 Maintenance of Mains	3,018,580	2,586,011
66	888 Maintenance of Compressor Station Equipment		
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	502,547	308,527
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	406,878	473,206
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	735,322	602,151
70	892 Maintenance of Services	704,085	588,932
71	893 Maintenance of Meters and House Regulators	726,177	555,456
72	894 Maintenance of Other Equipment	47,831	50,897
73	TOTAL Maintenance (Total of Lines 63 through 72)	6,540,855	5,418,477
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	20,855,497	18,246,144
75	5. Customer Accounts Expenses		
76	Operation		
77	901 Supervision	0	95
78	902 Meter Reading Expenses	2,296,215	2,320,985
79	903 Customer Records and Collection Expenses	4,616,234	4,876,218
80	904 Uncollectible Accounts	1,279,959	1,427,163
81	905 Miscellaneous Customer Accounts Expenses		
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	8,192,408	8,624,461
83	6. Customer Service and Informational Expenses		
84	Operation		
85	907 Supervision		
86	908 Customer Assistance Expenses	4,681,517	4,923,056
87	909 Informational and Instructional Expenses	1,039,486	964,514
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	5,721,003	5,887,570
90	7. Sales Expenses		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses	6,150,217	6,520,470
94	913 Advertising Expenses	37,669	28,904
95	916 Miscellaneous Sales Expenses	29,480	6,325
96	TOTAL Sales Expenses (Total of lines 92 through 95)	6,217,366	6,555,699
97			

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. Administrative and General Expenses		
99	Operation		
100	920 Administrative and General Salaries	7,897,501	9,633,614
101	921 Office Supplies and Expenses	18,322,460	16,701,211
102	(Less) (922) Administrative Expenses Transferred--Credit	(4,210,260)	(4,388,468)
103	923 Outside Services Employed	604,064	947,000
104	924 Property Insurance	163,832	156,850
105	925 Injuries and Damages	3,537,579	2,539,865
106	926 Employee Pensions and Benefits	7,569,327	12,679,165
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses	194,318	787,621
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses		
111	930.2 Miscellaneous General Expenses	7,268,888	1,100,484
112	931 Rents	304,192	357,325
113	TOTAL Operation (Total of lines 100 through 112)	41,651,901	40,514,667
114	Maintenance		
115	935 Maintenance of General Plant	208,695	115,864
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	41,860,596	40,630,531
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	367,687,157	324,462,695
119			
120			

NUMBER OF GAS DEPARTMENT EMPLOYEES		
	1. The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31. 2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote. 3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.	
1		
2	1. Payroll Period Ended (Date)	12/31/2010
3	2. Total Regular Full-Time Employees	531
4	3. Total Part-Time and Temporary Employees	6
5	4. Total Employees	537
6		
7		
8		
9		
10		
11		
12		
13		

Name of Respondent: Peoples Gas System For the Year Ended: Dec. 31, 2010

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:
 800 - Natural Gas Well Head Purchases
 800.1- Natural Gas Well Head Purchases Intracompany Transfers
 801 - Natural Gas Field Line Purchases
 802 - Natural Gas Gasoline Plant Outlet Purchases
 803 - Natural Gas Transmission Line Purchases
 804 - Natural Gas City Gate Purchases
 804.1- Liquefied Natural Gas Purchases
 805 - Other Gas Purchases
 805.1- Purchases Gas Cost Adjustments
 808.1- Gas Withdrawn from Storage-Debit
 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.
 2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.
 3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).
 4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased-Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	801 - Natural Gas Field Line Purchases	479,511,770	\$235,842,123	49.18
2	808.1 - Gas Withdrawn from Storage-Debit	500,000	\$236,505	47.30
3	808.2 - Gas Delivered to Storage-Credit	(500,000)	(\$236,505)	47.30
4	804.1 - Gas Accounting and Gas Control Expenses		\$1,717,113	
5	804.2 - Natural Gas City Gate Purchases-Commodity	2,957,266	\$536,811	18.15
6	804.3 - Natural Gas City Gate Purchases-Other		\$972,202	
7	804.4 - Legal Costs		\$500,122	
8	804.5 - Natural Gas City Gate		\$49,169,110	
9	804.6 - Natural Gas City Gate-Penalty Transportation System		\$149,784	
10	805.1 - Purchased Gas Cost Adjustments		(\$3,965,925)	
11	TOTAL (Total of lines 1 through 10)	482,469,036	\$284,921,340	59.05

Notes to Gas Purchases

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
 2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
 3. If the reported Therms for any use is an estimated quantity, state such fact in a footnote.
 4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Therms of gas used, omitting entries in columns (d) and (e).
 5. Report pressure base of measurement of gas volumes at 14.73 psia at 60 degrees F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2	Operations Expense	880-01	49,354	40,566
3				
4	Transportation Clearing Account CNG	184-01	3,509	2,772
5				
6	Other Income Deductions	426-01	17,424	13,511
7				
8	Sales Tax Account	241-50	N/A	(3,144)
9				
10	Gas Lost - Damaged Facilities	143	N/A	27,348
11				
12				
13				
14				
15				
16				
17				
18	TOTAL		70,287	81,053

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
 2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
 3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186
 4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.
 5. Minor items (less than \$25,000) may be grouped.

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Amortized During Year		Deferred in Account 186 End of Year (i)	
				Charged Currently to Account No. (d)	Amount (e)	Deferred to Account 186 (f)	Contra Account (g)		Amount (h)
1	Florida Public Service Commission								
2	Docket 080318-GU - rate case								
3	Four year amortization of \$684,500								
4	beginning June 2009	1,395,491	584,677	928	23,192		928	171,125	413,552
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	TOTAL	1,395,491	584,677		23,192			171,125	413,552

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	387,688
2	Experimental and General Research Expenses: Gas Technology Research	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	Economic Development	217,941
7		
8	Employee Moving Expenses	13,259
9		
10	2010 Overearnings Provision Excluding \$3,000,000 Provision for Refund	6,150,000
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	7,268,888

DISTRIBUTION OF SALARIES AND WAGES

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

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric			
3	Gas			
4	Operation			
5	Production - Manufd. Gas & Nat Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution	8,756,137		
8	Customer Accounts	3,031,799		
9	Customer Service and Informational	234,092		
10	Sales	7,040		
11	Administrative and General	7,562,938		
12	TOTAL Operation (Total of lines 5 through 11)	19,592,006		
13	Maintenance			
14	Production - Manufd. Gas & Nat Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	2,662,231		
17	Administrative and General	3,067,408		
18	TOTAL Maintenance (Total of lines 14 through 17)	5,729,639		
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)	11,418,368		
23	Customer Accounts (Transcribe from line 8)	3,031,799		
24	Customer Service and Informational (Transcribe from line 9)	234,092		
25	Sales (Transcribe from line 10)	7,040		
26	Administrative and General (Total of lines 11 and 17)	10,630,346		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	25,321,645	61,385	25,383,030
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	25,321,645	61,385	25,383,030
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	3,771,694	195,824	3,967,518
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	3,771,694	195,824	3,967,518
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	485,611	2,732	488,343
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	485,611	2,732	488,343
42				
43	Other Accounts (Specify):			
44				
45	Accts Receivable - Associate Companies	443,085		443,085
46	Clearing			
47	Other Work in Progress	1,000,134		1,000,134
48	Merchandise / Jobbing	75,371	1,685	77,056
49	Miscellaneous			
50				
51				
52				
53	TOTAL Other Accounts	1,518,590	1,685	1,520,275
54	TOTAL SALARIES AND WAGES	31,097,540	261,626	31,359,166

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

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	Arcadis of New York Inc	186-environmental services 316,956
3	Arcadis US Inc	186-environmental services 199,477
4	Bajociva PA	Capital/186/925-legal services 72,138
5	Baker & Hostetler LLP	186-legal services 202,213
6	Bracewell & Giuliani LLP	804/923-legal services 776,870
7	Brown and Caldwell Inc	186-engineering services 224,833
8	Celeritas Works LLC	921-consulting services 37,854
9	Environmental Systems	921-software/license 37,039
10	Gunster Yoakley & Stewart PA	925-legal services 160,066
11	InforGlobal Solutions Inc	921-software license 250,044
12	Intercontinental Exchange	804-trading services 45,500
13	Lau, Lane, Pieper, Conley & McCreadie PA	925-legal services 190,741
14	MacFarlane Ferguson & McMullen PA	186/923-legal services 371,650
15	Marketing Talent	909/921-advertising services 740,087
16	Matrikon International Inc	Capital/921-software consulting services 148,518
17	McClain Smoak & Chistolini LLC	925-legal services 45,688
18	Newfields Companies LLC	186-environmental services 50,918
19	Patrick Crowley	804-regulatory consultant services 103,500
20	Pendulum Energy LLC	804-rate case consultant services 319,468
21	Pricewaterhouse Coopers	923-accounting services 220,500
22	Southern Catholic Protection	887-engineering services 717,175
23	Sungard Energy Systems	921-software/maintenance/consulting 222,457
24	Tampa Electric*	various 8,295,190
25	Teco Energy*	various 4,394,453
26	Teco Partners*	912-marketing 6,114,103
27	The Gartner Group Inc	923-software consulting services 57,500
28	Trimble Navigation LTD	Capital/921-software consulting services 466,374
29	XDD LLC	186-environmental services 29,928
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	124,057
3	Account 426-04 - Political Related Activities	49,634
4		173,691
5		
6	Account 431 - Other Interest Charges	
7	Purchased Gas Adjustment True-Up	11,755
8	Intercompany	8,399
9	Energy Conservation Cost Recovery	4,787
10	Customer Deposit Interest	2,435,591
11	Accounts Receivable Facility	7,188
12	Fed Funds	2,427
13	Miscellaneous	113
14		2,470,260
15		
16		
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22		
23		
24		

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	The following were charged to capital accounts:	
3	Ash Engineering, Inc	235,437
4	Broad & Cassel	451,934
5	Calhoun Collister & Parham inc	222,513
6	Community Engineering Services	25,748
7	EMS Land & Environmental Services LLC	314,403
8	Energy Management & Services Co	161,000
9	Environmental Consulting & Technology Inc	285,422
10	Eric B Stallings	51,309
11	FGE Engineering, Inc	299,188
12	Frank M Murray	88,135
13	John D Cerrato	39,743
14	Mai Engineering Services, Inc	222,329
15	Paul A Casey	46,227
16	PowerPlan	136,888
17	Raymond F Ross	82,847
18	Southern Design Group Inc	35,812
19	Tampa Electric*	477,083
20	Teco Energy*	56,351
21	Teco Partners*	499,992
22	William J Greer	136,608
23		
24		
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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		
3		
4		
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Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2010

**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)	\$ 384,710,591		\$ 384,710,591	\$ 384,710,591	\$ -
2	Sales for Resale (483)	\$ 1,195,945		\$ 1,195,945	\$ 1,195,945	\$ -
3	Total Natural Gas Service Revenues	\$ 385,906,536		\$ 385,906,536	\$ 385,906,536	\$ -
4	Total Other Operating Revenues (485-495)	\$ 138,535,432		\$ 138,535,432	\$ 138,535,432	\$ -
5	Total Gas Operating Revenues	\$ 524,441,968		\$ 524,441,968	\$ 524,441,968	\$ -
6	Provision for Rate Refunds (495/496)	\$ (3,000,000)		\$ (3,000,000)	\$ (3,000,000)	\$ -
7	Other (Specify)					
8	Mutually Beneficial and Wholesale				\$ (14,718,305)	\$ 14,718,305
9	Energy Conservation True Up				\$ 507,037	\$ (507,037)
10	Unbilled Revenue Adjustment				\$ 1,835,377	\$ (1,835,377)
11	OSS Sales For Resale				\$ (148,794,942)	\$ 148,794,942
12	Total Gross Operating Revenues	\$ 521,441,968		\$ 521,441,968	\$ 360,271,135	\$ 161,170,833

Notes: Column F differences due to RAF return adjustments for exempt revenue.

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

CORPORATE STRUCTURE

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

Effective Date: Dec. 31, 2010

TECO Energy, Inc.

 Tampa Electric Company

 Power Engineering & Construction, Inc.

 TEC Receivables Corp.

 TECO Gas Services, Inc.

 TECO Partners, Inc.

 TECO Investments, Inc.

 TECO Finance, Inc.

 TECO Oil & Gas, Inc.

 TECO Diversified, Inc.

 TECO Coal Corporation

 Bear Branch Coal Company

 Raven Rock Development Corporation

 Clintwood Elkhorn Mining Company

 Gatliff Coal Company

 Pike-Letcher Land Company

 Premier Elkhorn Coal Company

 Rich Mountain Coal Company

 Perry County Coal Company

 Ray Coal Company

 Whitaker Coal Company

 TECO Coalbed Methane Florida, Inc.

 TECO Properties Corporation

 TECO Solutions, Inc.

 TECO Gemstone, Inc.

 Peoples Gas System (Florida), Inc.

 TECO Energy Foundation, Inc.

 TECO Pipeline Holding Company, LLC

 SeaCoast Gas Transmission, LLC

 TECO EnergySource, Inc.

 TECO Consumer Holdings, Inc.

 TECO Consumer Ventures, Inc.

 UtiliPro Services, LLC

 TECO Wholesale Generation, Inc.

 TECO Guatemala, Inc.

 H Power I, Inc.

 H Power II, Inc.

 TPS Guatemala One, Inc.

 Tampa Centro Americana de Electricidad, Limitada

 TECO Guatemala Holdings, LLC

 TECO Guatemala Services, Ltd

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2010

CORPORATE STRUCTURE

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

Effective Date: Dec. 31, 2010

TPS San Jose International, Inc.
 Tecnologia Maritima, S.A.
 Triangle Finance Company, LLC
 Palm Import and Export Corporation
 San Jose Power Holding Company, Ltd.
 Central Generadora Electrica San Jose, Limitada
 Tasajero I, LDC
 TPS Operaciones de Guatemala, Ltda.
TPS International Power, Inc.
 TPS De Ultramar, Ltd.
 TPS De Ultramar Guatemala, S.A.

TWG Merchant, Inc.
 TPS Dell, LLC

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2010

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

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

(a) Enter name of affiliate.

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

(c) Enter contract or agreement effective dates.

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

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

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

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
Teco Partners	Rent		s		224,835
	G&A Allocation		s		488,040
	Marketing Services - O&M		p		6,114,103
	Marketing Services - Capital		p		499,992
	Various Products & Services		s		74,388
	Various Services		p		5,620
	Plant Asset Sale		s		17,626
	Plant Asset Purchase		p		4,775
Tampa Electric	Rent		s		6,013
	Various Products & Services - O&M		p		8,295,190
	Various Products & Services - Capital		p		477,083
	Various Services		s		611,228
	Off System Sales		s		19,103,513
	Gas Purchases		p		670,263
	Net Imbalance Trade Bookouts & Overages		s		1,039,666
	Net Imbalance Trade Bookouts & Overages		p		740,730
Teco Energy	Various Products & Services		s		116,482
	Various Products & Services - O&M		p		4,394,453
	Various Products & Services - Capital		p		56,351
Teco Gas Services	Various Services		s		7,906
	Gas Purchases		p		275,858
	Off System Sales		s		7,649,101
	Net Imbalance Cashouts		s		24,711
	Net Capacity Releases		p		3,567
SeaCoast Gas Transmission	Various Products & Services		s		433,871
	Off System Sales		s		11,650

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010
NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES	
Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.	
Name of Affiliate	Synopsis of Contract
TECO Partners	<p>An agreement entered into between Peoples Gas (Peoples) and TECO Partners (Partners) whereby Peoples retained Partners to market and sell services for and on behalf of Peoples to present and potential customers of Peoples, including but not limited to:</p> <ul style="list-style-type: none"> - Energy Services - Energy Conservation Program Services - Promotional Services <p>Payment to Partners under the agreement is targeted at \$6,500,000 annually - increasing by the previous year's CPI. The agreement was entered into effective January 1, 2008 for a period of six years.</p> <p>One year agreements were entered into between Peoples and TECO Partners, whereby TECO Partners lease space in various Peoples buildings in Florida.</p>
Tampa Electric Company	<p>Service agreement effective April 2010 through March 2011 Peoples Gas System contracted Tampa Electric to provide monthly gas meter reading at a price of \$0.34 per reading in the Tampa division, and \$1.14 per reading in the Lakeland division. For 2010, both parties mutually agree to establish the volume for April 2010 - March 2011 at 62,772 meters for Tampa, and for Lakeland a volume for April 2010 - March 2011 at 6,178 meters. An automatic review of billing volumes will occur should a 10% differential exist. In Tampa, prior to Sept 1, 2010, the meter volume and price per read will be reviewed and upon completion of the analysis and mutual agreement of both parties, the monthly gas meter reading price of \$0.34 per read will be applied for Sept 2010-March 2011 at 62,772 meters. In Lakeland, review dates are February and September each calendar year and both parties will mutually agree to changes.</p> <p>Additional terms and prices are provided for under these agreements.</p>

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000		
Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.		
Name of Affiliate	Description of Transaction	Dollar Amount
Teco Partners	Monthly G&A Charged to Teco Partners	488,040
	Monthly Marketing Services (Costs) - O&M	6,114,103
	Monthly Marketing Services (Costs) - Capital	499,992
Tampa Electric	Monthly Various Products & Services (Costs) - O&M	8,295,190
	Monthly Various Products & Services (Costs) - Capital	477,083
	Monthly Various Services (Revenue)	611,228
	Off System Sales	19,103,513
	Gas Purchases	670,263
	Net Imbalance Trade Bookouts & Overages (Sales)	1,039,666
	Net Imbalance Trade Bookouts & Overages (Purchases)	740,730
Teco Energy	Monthly Various Products & Services (Costs) - O&M	4,394,453
Teco Gas Services	Off System Sales	7,649,101
SeaCoast Gas Transmission	Various Services	401,553

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2010

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 90-9304	\$ 28,499	\$ 23,724	\$ 4,775	\$ 9,000	\$ 4,775	No
Total						4,775	
Sales to Affiliates: TECO Partners	Vehicle 04-3088	\$ 32,787	\$ 15,161	\$ 17,626	\$ 4,000	Sales Price 17,626	No
Total						17,626	

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
TECO Partners	Peoples Gas	Snr Mgr Mkting Svcs	Snr Mgr Mkting Svcs-Alt Fuels	Perm
Peoples Gas	TECO Partners	Admtr Technical Svcs	Energy Manager	Perm
Tampa Electric	Peoples Gas	Regional Manager	Regional Manager-Alt Fuels	Perm
Peoples Gas	Tampa Electric	Customer Svc QA Rep	Supervisor Cust Care	Perm
Peoples Gas	Tampa Electric	Supervisor Customer Care	Supervisor Cust Care	Perm
Tampa Electric	Peoples Gas	Supervisor Customer Care	Supervisor Cust Care	Perm