GU608-12-AR

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, 2012

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/AFD 020-G (12/03)

pwc

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, 2012 and 2011 and the related statements of income, retained earnings, cash flows and accumulated comprehensive income, comprehensive income and hedging activities for the years then ended, included on pages 6 through 10 and 11-A through 11-AA of the accompanying Federal Energy Regulatory Commission Form 2.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 as described in Note 1, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2012 and 2011 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 publish accounting releases described in Note 1.

PricewaterhouseCoopers LLP, 4221 West Boy Scout Boulevard, Suite 200, Tampa, FL 33607-5745
T: (813) 229 0221, F: (813) 229 3646, www.pwc.com/us

pwc

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 Federal Energy Regulatory Commission and should not be used for any other purpose.

PricewaterhouseCoopers LLP

Tampa, Florida
February 26, 2013

PricewaterhouseCoopers LLP, 4221 West Boy Scout Boulevard, Suite 200, Tampa, FL 33607-5745
T: (813) 229 0221, F: (813) 229 3646, www.pwc.com/us

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 2012
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, 2012

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, 2012 to December 31, 2012 , 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.

Jeffrey S. Chronister (signature)	4/25/13
Signature	Date
Jeffrey S. Chronister	Controller
Name	Title

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Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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 corporatic or organization, manner in which control was held, and extent control. If control was in a holding company organization, sho the chain of ownership or control to the main parent company 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 10K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

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

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 interpositior 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 Partners	Marketing Services	100%	

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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	$ 157,500
Vice President Energy Delivery *	W. Whale	$ 98,550
Vice President Customer Care & Fuels Management *	B. Narzissenfeld	$ 70,000
Vice President State & Comm Relations *	C. Hinson	$ 32,775
*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, 2012

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 complied 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			
	Number of votes as of (date):			
Name (Title) and Address of Security Holder (a)	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 Please see legal contingency section in the notes to financials.
5 None

Name of Respondent				For the Year Ended
Peoples Gas System				Dec. 31, 2012

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	1,113,767,143	1,171,093,818
3	Construction Work in Progress (107)	12	24,120,118	53,323,410
4	TOTAL Utility Plant Total of lines 2 and 3)		1,137,887,261	1,224,417,228
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	514,179,503	556,950,514
6	Net Utility Plant (Total of line 4 less 5)		623,707,758	667,466,714
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)	-	1,357,470	981,643
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)		1,357,470	981,643
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	3,277,597	4,359,334
19	Special Deposits (132-134)	-	25,000	25,000
20	Working Funds (135)	-	3,700	3,500
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	25,640,915	24,652,859
24	Other Accounts Receivable (143)	-	10,426,520	8,837,164
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	(675,370)	(857,665)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-		4,384,543
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)	-	2,278,601	2,729,308
32	Merchandise (155)	-	47,900	-
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		963,087
36	Prepayments (165)	18	1,478,333	1,158,661
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	14,257,258	10,676,250
41	Miscellaneous Current and Accrued Assets (174)	-		59,170
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		56,760,454	56,991,211
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	783,982	1,179,823
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	56,129,169	84,944,100
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-		918
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	5,921,307	146,460
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20	287,419	
55	Accumulated Deferred Income Taxes (190)	24	45,252,151	38,978,492
56	Unrecovered Purchased Gas Costs (191)	-	13,532,878	1,773,815
57	TOTAL Deferred Debits (Total of lines 44 through 56)		121,906,906	127,023,608
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		803,732,588	852,463,176

Name of Respondent				For the Year Ended
Peoples Gas System				Dec. 31, 2012

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)	-	165,550,169	175,550,169
5	Retained Earnings (215, 216)	10		112,361,504
6	Other Comprehensive Income (219)		(1,541,172)	(2,098,258)
7	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	113,528,648	999,272
8	(Less) Reacquired Capital Stock (217)	-		
9	TOTAL Proprietary Capital (Total of lines 2 through 8)		277,537,645	286,812,687
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	223,400,000	231,764,680
15	Unamortized Premium on Long-Term Debt (225)	21		
16	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21	(328,497)	(441,750)
17	TOTAL Long-Term Debt (Total of lines 11 through 16)		223,071,503	231,322,930
18	OTHER NONCURRENT LIABILITIES			
19	Obligations Under Capital Leases - Noncurrent (227)	-		
20	Accumulated Provision for Property Insurance (228.1)	-	148,542	206,042
21	Accumulated Provision for Injuries and Damages (228.2)	-		3,145,039
22	Accumulated Provision for Pensions and Benefits (228.3)	-	31,602,694	36,279,812
23	Accumulated Miscellaneous Operating Provisions (228.4)	-		53,295
24	Accumulated Provision for Rate Refunds (229)	-		
25	TOTAL Other Noncurrent Liabilities (Total of lines 19 through 24)		31,751,236	39,684,188
26	CURRENT AND ACCRUED LIABILITIES			
27	Notes Payable (231)	-	-	-
28	Accounts Payable (232)	-	17,467,681	32,478,410
29	Notes Payable to Associated Companies (233)	-		2,300,000
30	Accounts Payable to Associated Companies (234)	-	11,285,705	6,104,859
31	Customer Deposits (235)	-	38,931,569	38,855,435
32	Taxes Accrued (236)	-	1,891,406	4,978,484
33	Interest Accrued (237)	-	3,282,894	1,778,565
34	Dividends Declared (238)	-		
35	Matured Long-Term Debt (239)	-		
36	Matured Interest (240)	-		
37	Tax Collections Payable (241)	-	2,125,415	636,406
38	Miscellaneous Current and Accrued Liabilities (242)	22	11,910,709	41,644,319
39	Obligations Under Capital Leases-Current (243)	-		
40	Derivative Liabilities (245)		14,232,670	4,281,250
41	TOTAL Current and Accrued Liabilities (Total of lines 27 through 40)		101,128,049	133,057,728
42	DEFERRED CREDITS			
43	Customer Advances for Construction (252)	-	9,846,624	6,821,045
44	Other Deferred Credits (253)	22	1,737,324	2,054,655
45	Other Regulatory Liabilities (254)	22	29,392,452	952,948
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	129,267,755	151,756,995
50	TOTAL Deferred Credits (Total of lines 43 through 49)		170,244,155	161,585,643
51	TOTAL Liabilities and Other Credits (Total of lines 9, 17, 25, 41 and 50)		803,732,588	852,463,176

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

STATEMENT OF INCOME

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

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		388,728,150	444,084,998
3	Operating Expenses				
4	Operation Expenses (401)	27-29		232,396,856	287,321,009
5	Maintenance Expenses (402)	27-29		6,155,929	7,257,806
6	Depreciation Expense (403)	15-16		47,452,568	45,881,807
7	Amortization & Depletion of Utility Plant (404-405)	-		2,268,253	1,587,303
8	Amortization of Utility Plant Acquisition Adjustment (406)	-		149,146	151,334
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)	-		(2,041,700)	
13	Taxes Other Than Income Taxes (408.1)	23		32,616,191	35,815,693
14	Income Taxes - Federal (409.1)	-		(9,983,222)	(17,902,906)
15	- Other (409.1)	-		1,264,338	(836,205)
16	Provision for Deferred Income Taxes (410.1)	24		29,217,598	37,222,218
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)			340,135,953	397,138,055
23	Net Utility Operating Income (Total of line 2 less 22)				
24	(Carry forward to page 9, line 25)			48,592,197	46,946,943

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		48,592,197	46,946,943
26	**Other Income and Deductions**			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	87,023	44,587
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(291,762)	(104,884)
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	1,583,855	3,062,692
35	Interest and Dividend Income (419)	-	177,615	242,248
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	9,238	290,509
38	Gain on Disposition of Property (421.1)	-	201,585	302,378
39	TOTAL Other Income (Total of lines 29 through 38)		1,767,554	3,837,530
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	281,449	217,061
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		281,449	217,061
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	(17,767)	181,881
48	Income Taxes - Other (409.2)	-	(2,955)	30,245
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)		(20,722)	212,126
54	Net Other Income and Deductions (Total of lines 39,44,53)		1,506,827	3,408,343
55	**Interest Charges**			
56	Interest on Long-Term Debt (427)	-	13,099,079	13,814,373
57	Amortization of Debt Discount and Expense (428)	21	1,074,673	1,401,911
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	1,859,619	2,541,572
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		16,033,371	17,757,856
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		34,065,653	32,597,430
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)		34,065,653	32,597,430

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

STATEMENT OF RETAINED EARNINGS

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance - Beginning of Year		111,987,475
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)		32,481,798
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		34,233,525
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		1,583,855
15	FAS 133 Other Comprehensive Income		(557,086)
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		111,262,517
	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)		111,262,517

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

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

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

3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

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

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

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 8-10, such notes may be attached hereto.

The accompanying 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 in accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). These requirements differ from GAAP related to (1) the presentation of long-term debt, (2) the presentation of deferred income taxes, (3) the presentation of certain income tax related regulatory assets and liabilities, (4) the presentation of transactions as operating or non-operating, (5) the presentation of current portions of regulatory liabilities, (6) the presentation of accruals associated with cost of removal included within accumulated depreciation reserve, (7) the presentation of storm costs including storm and property insurance reserve and corresponding regulatory asset, and (8) the presentation of derivatives.

Tampa Electric Company's (TEC) Notes to the Financial Statements have been combined with People's Gas Systems (PGS) and are prepared in conformity with generally accepted accounting principles. Accordingly, certain footnotes are not reflective of TEC's Financial Statements contained herein.

TAMPA ELECTRIC COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

The significant accounting policies are as follows:

Basis of Accounting

TEC maintains its accounts in accordance with recognized policies prescribed or permitted by the FPSC and the FERC. These policies conform with GAAP in all material respects.

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.

TEC's retail and wholesale businesses are regulated by the FPSC and related FERC, respectively. Prices allowed by both agencies are generally based on recovery of prudent costs incurred plus a reasonable return on invested capital.

Principles of Consolidation

TEC 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, PGS. 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.

For entities that are determined to meet the definition of a VIE, TEC obtains information, where possible, to determine if it is the primary beneficiary of the VIE. If TEC is determined to be the primary beneficiary, then the VIE is consolidated and a minority interest is recognized for any other third-party interests. If TEC is not the primary beneficiary, then the VIE is accounted for using the equity or cost method of accounting. In certain circumstances this can result in TEC consolidating entities in which it has less than a 50% equity investment and deconsolidating entities in which it has a majority equity interest (see **Note 16**).

Planned Major Maintenance

Tampa Electric and PGS expense major maintenance costs as incurred. Concurrent with a planned major maintenance outage, the cost of adding or replacing retirement units-of-property is capitalized in conformity with FPSC and FERC regulations.

Cash Equivalents

Cash equivalents are highly liquid, high-quality investments purchased with an original maturity of three months or less. The carrying amount of cash equivalents approximated fair market value because of the short maturity of these instruments.

Depreciation

TEC computes depreciation expense by applying composite, straight-line rates (approved by the state regulatory agency) to the investment in depreciable property. Total depreciation expense for the years ended Dec.

31, 2012, 2011 and 2010 was $275.1 million, $263.7 million and $255.4 million, respectively. The provision for total regulated utility plant in service, expressed as a percentage of the original cost of depreciable property, was 3.8% for 2012 and 3.6% for 2011 and 2010. Construction work in progress is not depreciated until the asset is completed or placed in service.

Cash Flows Related to Derivatives and Hedging Activities

TEC classifies cash inflows and outflows related to derivative and hedging instruments in the appropriate cash flow sections associated with the item being hedged. For natural gas, the cash inflows and outflows are included in the operating section of the Consolidated Statements of Cash Flows.

Allowance for Funds Used During Construction

AFUDC is a non-cash credit to income with a corresponding charge to utility plant which represents the cost of borrowed funds and a reasonable return on other funds used for construction. The FPSC approved rate used to calculate AFUDC is revised periodically to reflect significant changes in Tampa Electric's cost of capital. The rate was 8.16% for May 2009 through December 2012. Total AFUDC for the years ended Dec. 31, 2012, 2011 and 2010 was $4.1 million, $1.6 million and $3.0 million, respectively.

Deferred Income Taxes

TEC uses the asset and liability method in the measurement of deferred income taxes. Under the asset and 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. Tampa Electric and PGS are regulated, and their books and records reflect approved regulatory treatment, including certain adjustments to accumulated deferred income taxes and the establishment of a corresponding regulatory tax liability reflecting the amount payable to customers through future rates.

Investment Tax Credits

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

Inventory

TEC values materials, supplies and fossil fuel inventory (coal, oil and natural gas) using a weighted-average cost method. These materials, supplies and fuel inventories are carried at the lower of weighted-average cost or market, unless evidence indicates that the weighted-average cost (even if in excess of market) will be recovered with a normal profit upon sale in the ordinary course of business.

Revenue Recognition

TEC recognizes revenues consistent with accounting standards for revenue recognition. Except as discussed below, TEC 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.

The regulated utilities' (Tampa Electric and PGS) retail businesses and the prices charged to customers are regulated by the FPSC. Tampa Electric's wholesale business is regulated by the FERC. See **Note 3** for a discussion of significant regulatory matters and the applicability of the accounting guidance for 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 fuel, purchased power, conservation and environmental costs for Tampa Electric and 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 regulated utilities accrue base revenues for services rendered but unbilled to provide a closer matching of revenues and expenses (see **Note 3**). As of Dec. 31, 2012 and 2011, unbilled revenues of $49.0 million and $50.2 million, respectively, are included in the "Receivables" line item on TEC's Consolidated Balance Sheets.

Tampa Electric purchases power on a regular basis primarily to meet the needs of its retail customers. Tampa Electric purchased power from non-TECO Energy affiliates at a cost of $105.3 million, $125.9 million and $179.6 million, for the years ended Dec. 31, 2012, 2011 and 2010, respectively. The prudently incurred purchased power costs at Tampa Electric have historically been recovered through an FPSC-approved cost-recovery clause.

Accounting for Excise Taxes, Franchise Fees and Gross Receipts

TEC is allowed to recover certain costs on a dollar-per-dollar basis 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 Consolidated Statements of Income. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Consolidated Statements of Income in "Taxes, other than income". These amounts totaled $111.5 million, $109.3 million and $116.1 million for the years ended Dec. 31, 2012, 2011 and 2010, respectively. Excise taxes paid by the regulated utilities are not material and are expensed as incurred.

Reclassifications

Certain reclassifications were made to prior year amounts to conform to current period presentation. None of the reclassifications affected TEC's net income in any period. Income tax expense related to regulated operations was previously included within income from operations as it is part of the determination of utility revenue requirements. Income tax expense is now presented directly above net income to conform to the TECO Energy, Inc. presentation. For prior periods, this change results in an increase in income from operations for the amount of income tax expense reclassified. None of the reclassifications affected TEC's net income in any period.

2. New Accounting Pronouncements

Comprehensive Income

In February 2013, the FASB issued guidance requiring improved disclosures of significant reclassifications out of AOCI and their corresponding effect on net income. The guidance is effective for interim and annual reporting periods beginning on or after Dec. 15, 2012. TEC will adopt this guidance as required. It will have no effect on TEC's results of operations, financial position or cash flows.

Offsetting Assets and Liabilities

In December 2011, the FASB issued guidance enhancing disclosures of financial instruments and derivative instruments that are offset in the statement of financial position or subject to enforceable master netting agreements. The guidance is effective for interim and annual reporting periods beginning on or after Jan. 1, 2013. TEC will adopt this guidance as required. It will have no effect on TEC's results of operations, financial position or cash flows.

3. Regulatory

Tampa Electric's and PGS's businesses are regulated by the FPSC. Tampa Electric also is subject to regulation by the FERC under the PUHCA 2005. However, pursuant to a waiver granted in accordance with the FERC's regulations, TEC is not subject to certain accounting, record-keeping and reporting requirements prescribed by the FERC's regulations under the PUHCA 2005. The operations of PGS are regulated by the FPSC separately from the operations 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 Tampa Electric and PGS to collect total revenues (revenue requirements) equal to their cost of providing service, plus a reasonable return on invested capital.

Base Rates

Tampa Electric's 2012 results reflect base rates established in March 2009, when the FPSC awarded $104 million higher revenue requirements effective in May 2009 that authorized an ROE mid-point of 11.25%, 54.0% equity in the capital structure, and 2009 13-month average rate base of $3.4 billion. In a series of subsequent decisions in 2009 and 2010, related to a calculation error and a step increase for combustion turbines and rail unloading facilities that entered service before the end of 2009, base rates increased an additional $33.5 million.

As a result of increasing pressure on operations and maintenance expense, higher depreciation expense from required infrastructure added to serve customers, and an economic recovery that has been slower than expected compared to the assumptions in Tampa Electric's last base rate proceeding in 2009, on Feb. 4, 2013, Tampa Electric notified the FPSC that it is planning to file a new base rate proceeding in April for new rates effective in early 2014. The actual revenue requirement calculation is not final, but is estimated to be approximately $135 million.

Wholesale and Transmission Rate Cases

In July 2010, Tampa Electric filed wholesale requirements and transmission rate cases with the FERC. Tampa Electric's last wholesale requirements rate case was in 1991 and the associated service agreements were approved by the FERC in the mid-1990s. The FERC approved Tampa Electric's proposed transmission rates as filed, which became effective Sept. 14, 2010, subject to refund. The FERC also approved Tampa Electric's proposed wholesale requirements rates as filed, which became effective March 1, 2011, subject to refund. The proposed wholesale requirements and transmission rates did not have a material impact on Tampa Electric's results.

In July 2012, the FERC approved the uncontested settlement that Tampa Electric filed with its customers in its wholesale requirements rate case earlier this year. The approved settlement took effect in August and Tampa Electric refunded its wholesale requirements' customers the appropriate amounts under the terms of the settlement. On Oct. 5, 2012, Tampa Electric received FERC approval for its uncontested transmission rate case settlement, which was filed with FERC earlier that year. The wholesale requirements and transmission rate case settlements' rates will not have a material impact on Tampa Electric's results.

Storm Damage Cost Recovery

Tampa Electric accrues $8.0 million annually to a FERC-authorized and FPSC-approved self-insured storm damage reserve. This reserve was created after Florida's IOUs were unable to obtain transmission and distribution insurance coverage due to destructive acts of nature. Tampa Electric's storm reserve was $50.4 million and $43.6 million as of Dec. 31, 2012 and 2011, respectively.

Stipulation with the Office of Public Counsel - PGS

On Jun. 9, 2010, PGS filed a letter with the FPSC agreeing to cap its earned 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. This one-time credit was applied to customer bills in April 2011 and the pretax $6.2 million remaining balance was credited to the accumulated depreciation reserves in June 2011.

Regulatory Assets and Liabilities

Tampa Electric and PGS maintain their accounts in accordance with recognized policies of the FPSC. In addition, Tampa Electric maintains its accounts in accordance with recognized policies prescribed or permitted by the FERC.

Tampa Electric and PGS apply 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, purchased power, 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 Dec. 31, 2012 and 2011 are presented in the following table:

Regulatory Assets and Liabilities

(millions)		*Dec. 31, 2012*		*Dec. 31, 2011*
Regulatory assets:				
Regulatory tax asset[1]	$	67.2	$	63.6
Other:				
Cost-recovery clauses		42.9		73.3
Postretirement benefit asset		276.1		252.4
Deferred bond refinancing costs[2]		9.2		11.1
Environmental remediation		46.9		30.5
Competitive rate adjustment		4.1		3.5
Other		6.5		17.4
Total other regulatory assets		385.7		388.2
Total regulatory assets		452.9		451.8
Less: Current portion		70.3		87.3
Long-term regulatory assets	$	382.6	$	364.5
Regulatory liabilities:				
Regulatory tax liability[1]	$	14.6	$	16.0
Other:				
Cost-recovery clauses		73.9		61.4
Transmission and delivery storm reserve		50.4		43.6
Deferred gain on property sales[3]		3.4		5.0
Provision for stipulation and other		1.0		0.8
Accumulated reserve - cost of removal		615.3		578.8
Total other regulatory liabilities		744.0		689.6
Total regulatory liabilities		758.6		705.6
Less: Current portion		106.7		86.2
Long-term regulatory liabilities	$	651.9	$	619.4

(1) Primarily related to plant life and derivative positions.
(2) Amortized over the term of the related debt instruments.
(3) Amortized over a 5-year period with various ending dates.

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

Regulatory assets

(millions)		*Dec. 31, 2012*		*Dec. 31, 2011*
Clause recoverable[1]	$	47.0	$	76.8
Components of rate base[2]		279.1		264.9
Regulatory tax assets[3]		67.2		63.6
Capital structure and other[3]		59.6		46.5
Total	$	452.9	$	451.8

(1) To be recovered through cost-recovery clauses approved by the FPSC on a dollar-for-dollar basis in 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) "Regulatory tax assets" and "Capital structure and other" regulatory assets have 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 Taxes

TEC is included in the filing of a consolidated federal income tax return with TECO Energy and its affiliates. TEC's income tax expense is based upon a separate return computation. For the three years presented, TEC's effective tax rate differs from the statutory rate principally due to state income taxes, domestic production deduction and AFUDC equity benefit. The increase in the 2012 effective tax rate compared to 2011 is principally due to decreased domestic production deduction.

Income tax expense consists of the following components:

Income Tax Expense (Benefit)
(millions)

For the year ending Dec. 31,	*2012*	*2011*	*2010*
Current income taxes			
Federal	$ (19.5)	$ (30.7)	$ 60.1
State	5.6	2.9	13.6
Deferred income taxes			
Federal	141.2	155.6	63.0
State	14.7	18.0	7.4
Amortization of investment tax credits	(0.3)	(0.4)	(0.4)
Total income tax expense	$ 141.7	$ 145.4	$ 143.7

The total income tax provisions differ from amounts computed by applying the federal statutory tax rate to income before income taxes as follows:

Effective Income Tax Rate
(millions)

For the years ended Dec. 31,	*2012*	*2011*	*2010*
Income tax expense at the federal statutory rate of 35%	$ 129.1	$ 133.2	$ 135.3
Increase (decrease) due to			
State income tax, net of federal income tax	13.2	13.6	13.6
Equity portion of AFUDC	(0.9)	(0.4)	(0.7)
Domestic production deduction	(0.4)	(1.5)	(3.2)
Other	0.7	0.5	(1.3)
Total income tax expense on consolidated statements of income	$ 141.7	$ 145.4	$ 143.7
Income tax expense as apercent of income from continuing operations, before income taxes	38.4%	38.2%	37.2%

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

Deferred Income Taxes
(millions)

As of Dec. 31,	*2012*	*2011*
Deferred tax liabilities(1)		
Property related	$ 1,016.2	$ 879.1
Deferred fuel	11.3	3.9
Pension and postretirement benefits	106.6	99.0
Pension	36.7	31.7
Other	22.2	14.3
Total deferred tax liabilities	1,193.0	1,028.0
Deferred tax assets(1)		
Medical benefits	49.0	50.0

Insurance reserves	31.1	28.2
Investment tax credits	5.5	5.7
Hedging activities	5.5	2.9
Pension and postretirement benefits	106.6	99.0
Unbilled revenue	14.8	19.6
Capitalized energy conservation assistance costs	19.6	20.0
Total deferred tax assets	232.1	225.4
Total deferred tax liability, net	960.9	802.6
Less: Current portion of deferred tax asset	(20.0)	(30.4)
Long-term portion of deferred tax liability, net	$ 980.9	$ 833.0

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

TEC 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, TEC 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 standards on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

As of Dec. 31 2012 and 2011, TEC did not have a liability for unrecognized tax benefits. Based on current information, TEC does not anticipate that this will change materially in 2013. As of Dec. 31, 2012, TEC does not have a liability recorded for payment of interest and penalties associated with uncertain tax positions.

The IRS concluded its examination of federal income tax returns for the year 2011 during 2012. The U.S. federal statute of limitations remains open for the year 2009 and onward. The federal income tax return for calendar year 2012 is part of the IRS's Compliance Assurance Program. As a result, the IRS audit of such return is expected to be completed in 2013. Florida's statute of limitations is three 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 2009 and onward. TEC 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 Benefits

Pension Benefits

TEC 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 the employees' age, years of service and final average earnings. Where appropriate and reasonably determinable, the portion of expenses, income, gains or losses allocable to TEC are presented. Otherwise, such amounts presented reflect the amount allocable to all participants of the TECO Energy retirement plans.

The Pension Protection Act 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.

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 Pension Protection Act. 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 2012, rather than the funding target of 100%. 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. TECO Energy utilizes asset smoothing in determining funding requirements.

In July 2012, the President signed into law the MAP-21. MAP-21 provides funding relief for pension plan sponsors by stabilizing discount rates used in calculating the required minimum pension contributions and increasing PBGC premium rates to be paid by plan sponsors. The company expects the required minimum pension contributions to be lower than the levels previously projected; however, the company plans on funding at levels above the required minimum pension contributions under MAP-21.

The qualified pension plan's actuarial value of assets, including credit balance, was 83.7% of the Pension Protection Act funded target as of Jan. 1, 2012 and is estimated at 94.4% of the Pension Protection Act funded target as of Jan. 1, 2013 due to the funding relief provided under MAP-21.

Amounts disclosed for pension benefits also include the unfunded obligations for the 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 TEC 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. TECO Energy reserves the right to terminate or modify the plans in whole or in part at any time.

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 guidance 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, collectively referred to as the Health Care Reform Acts, were signed into law. Among other things, both acts reduced 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, TEC reduced its deferred tax asset and recorded a corresponding regulatory asset in 2010. This amount was trued up in 2012. TEC is amortizing the regulatory asset over the remaining average service life of 12 years. Additionally, the Health Care Reform Acts contain other provisions that may impact TECO Energy'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. TECO Energy does not currently believe the excise tax or other provisions of the Health Care Reform Acts will materially increase its PBO. TECO Energy 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.

During 2012, the company received subsidy payments under Medicare Part D for its post-65 retiree prescription drug plan. In the second half of 2012, the company decided to implement an EGWP for its post-65 retiree prescription drug plan beginning Jan. 1, 2013. The EGWP is a private Medicare Part D plan designed to provide benefits that are at least equivalent to Medicare Part D. The EGWP reduces net periodic benefit cost by taking advantage of rebate and discount enhancements provided under the Health Care Reform Acts.

Obligations and Funded Status

TEC 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 PBO in the case of its defined benefit plan, or the APBO in the case of its other postretirement benefit plan. Changes in the funded status are reflected, net of estimated tax benefits, in benefit liabilities and regulatory assets. The results of operations are not impacted. Below is the detail of the change in benefit obligations, change in plan assets, unfunded liability and amounts recognized in TECO Energy's Consolidated Balance Sheets for 2012 and 2011.

The accumulated benefit obligation for TECO Energy Consolidated defined benefit pension plans was $664.7 million at Dec. 31, 2012 and $596.2 million at Dec. 31, 2011.

TECO Energy Obligations and Funded Status *(millions)*	**Pension Benefits** *2012*	**Pension Benefits** *2011*	**Other Benefits** *2012*	**Other Benefits** *2011*
Change in benefit obligation				
Net benefit obligation at prior measurement date(1)	$646.4	$610.3	$216.5	$222.0
Service cost	17.0	16.0	2.4	2.1
Interest cost	30.1	30.9	10.1	11.0
Plan participants' contributions	0.0	0.0	3.7	3.9
Plan amendments(4)	0.0	0.0	(5.2)	0.0
Actuarial loss (gain)	54.7	26.8	16.3	(7.4)
Gross benefits paid	(33.2)	(35.2)	(14.5)	(16.2)
Settlements	0.0	(2.4)	0.0	0.0
Federal subsidy on benefits paid	n/a	n/a	1.0	1.1
Net benefit obligation at measurement date(1)	$715.0	$646.4	$230.3	$216.5
Change in plan assets				
Fair value of plan assets at prior measurement date(1)	$467.6	$479.7	$0.0	$0.0
Actual return on plan assets(2)	57.9	21.8	0.0	0.0
Employer contributions	36.8	3.7	9.8	11.2
Plan participants' contributions	0.0	0.0	3.7	3.9
Settlements	0.0	(2.4)	0.0	0.0
Gross benefits paid	(33.2)	(35.2)	(13.5)	(15.1)
Fair value of plan assets at measurement date(1)	$529.1	$467.6	$0.0	$0.0
Funded status				
Fair value of plan assets(1)	$529.1	$467.6	$0.0	$0.0
Less: Benefit obligation (PBO/APBO)	715.0	646.4	230.3	216.5
Funded status at measurement date(1)	(185.9)	(178.8)	(230.3)	(216.5)
Unrecognized net actuarial loss	270.3	251.7	42.7	25.5
Unrecognized prior service (benefit) cost	(0.7)	(1.2)	(1.0)	4.9
Unrecognized net transition obligation	0.0	0.0	0.0	1.9
Net amount required to be recognized at end of year	$83.7	$71.7	($188.6)	($184.2)
Amounts recognized in balance sheet				
Regulatory assets	$216.5	$199.7	$59.6	$52.7
Accrued benefit costs and other current liabilities	(5.3)	(2.9)	(13.1)	(13.2)
Deferred credits and other liabilities	(180.6)	(175.9)	(217.2)	(203.3)
Accumulated other comprehensive loss (income) (pretax)	53.1	50.8	(17.9)	(20.4)
Net amount recognized at end of year	$83.7	$71.7	($188.6)	($184.2)

(1) The measurement dates were Dec. 31, 2012 and Dec. 31, 2011.
(2) The actual return on plan assets differed from expectations due to general market conditions.
(3) The MRV of plan assets is used as the basis for calculating the 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.
(4) TECO Energy implemented an EGWP for its post-65 retiree prescription drug plan beginning Jan. 1, 2013.

Tampa Electric Company Amounts recognized in balance sheet *(millions)*	**Pension Benefits** *2012*	**Pension Benefits** *2011*	**Other Benefits** *2012*	**Other Benefits** *2011*
Regulatory assets	$ 216.5	$ 199.7	$ 59.6	$ 52.7
Accrued benefit costs and other current liabilities	(0.9)	(1.0)	(10.6)	(10.6)
Deferred credits and other liabilities	(139.8)	(133.2)	(174.2)	(163.6)
	$ 75.8	$ 65.5	$ (125.2)	$ (121.5)

Assumptions used to determine benefit obligations at Dec. 31:

	Pension Benefits		Other Benefits	
	2012	*2011*	*2012*	*2011*
Discount rate	4.196%	4.797%	4.180%	4.744%
Rate of compensation increase-weighted average	3.76%	3.83%	3.74%	3.82%
Healthcare cost trend rate				
Immediate rate	n/a	n/a	7.50%	7.75%
Ultimate rate	n/a	n/a	4.50%	4.50%
Year rate reaches ultimate	n/a	n/a	2025	2025

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

(millions)	1% Increase	1 % Decrease
Effect on postretirement benefit obligation	$ 6.5	$ (5.7)

The discount rate assumption used to determine the Dec. 31, 2012 benefit obligation was based on a cash flow matching technique developed by outside actuaries and a review of current economic conditions. This technique constructs hypothetical bond portfolios using high-quality (AA or better by S&P) corporate bonds available from the Barclays Capital database at the measurement date to meet the plan's year-by-year projected cash flows. The technique calculates all possible bond portfolios that produce adequate cash flows to pay the yearly benefits and then selects the portfolio with the highest yield and uses that yield as the recommended discount rate.

Components of TECO Energy Consolidated net periodic benefit cost [1]

	Pension Benefits			Other Benefits		
(millions)	*2012*	*2011*	*2010*	*2012*	*2011*	*2010*
Service cost	$ 17.0	$ 16.0	$ 16.2	$ 2.4	$ 2.1	$ 3.2
Interest cost	30.1	30.9	33.2	10.1	11.1	10.9
Expected return on plan assets	(37.1)	(38.4)	(36.3)	0.0	0.0	0.0
Amortization of:						
Actuarial loss	15.3	11.3	12.4	0.1	0.1	0.0
Prior service (benefit) cost	(0.4)	(0.4)	(0.4)	0.8	0.8	0.8
Transition obligation	0.0	0.0	0.0	1.8	2.3	2.3
Curtailment loss (benefit)	0.0	0.0	0.0	0.0	0.0	0.0
Settlement loss	0.0	0.9	1.6	0.0	0.0	0.0
Net periodic benefit cost	$ 24.9	$ 20.3	$ 26.7	$ 15.2	$ 16.4	$ 17.2

(1) Benefit cost was measured for the years ended Dec. 31, 2012, 2011 and 2010.

TEC's portion of the net periodic benefit costs for pension benefits was $18.3 million, $13.1 million and $18.6 million for 2012, 2011 and 2010, respectively. TEC's portion of the net periodic benefit costs for other benefits was $12.4 million, $10.0 million and $13.8 million for 2012, 2011 and 2010, respectively.

The estimated net loss and prior service credit for the defined benefit pension plans that will be amortized by TEC from regulatory assets into net periodic benefit cost over the next fiscal year are $15.7 million and $0.5 million. The estimated net loss for the other postretirement benefit plan that will be amortized from regulatory asset into net periodic benefit cost over the next fiscal year totals $0.9 million.

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

	Pension Benefits			Other Benefits		
	2012	*2011*	*2010*	*2012*	*2011*	*2010*
Discount rate	4.797%	5.30%	5.75%	4.744%	5.25%	5.60%
Expected long-term return on plan assets	7.50%	7.75%	8.25%	n/a	n/a	n/a
Rate of compensation increase	3.83%	3.88%	4.25%	3.82%	3.87%	4.25%
Healthcare cost trend rate						
Immediate rate	n/a	n/a	n/a	7.75%	8.00%	8.00%
Ultimate rate	n/a	n/a	n/a	4.50%	4.50%	5.00%
Year rate reaches ultimate	n/a	n/a	n/a	2025	2023	2017

The discount rate assumption was based on a cash flow matching technique developed by outside actuaries and a review of current economic conditions. This technique constructs hypothetical bond portfolios using high-quality (AA or better by S&P) corporate bonds available from the Barclays Capital database at the measurement date to meet the plan's year-by-year projected cash flows. The technique calculates all possible bond portfolios that produce adequate cash flows to pay the yearly benefits and then selects the portfolio with the highest yield and uses that yield as the recommended discount rate.

The expected return on assets assumption was based on historical returns, fixed income spreads and equity premiums consistent with the 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, 2012, TECO Energy's pension plan experienced actual asset returns of approximately 12.64%.

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 the following effect on TEC's expense:

(millions)	1% Increase	1% Decrease
Effect on periodic cost	$ 0.4	$ (0.3)

Pension Plan 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.

	Target Allocation	Actual Allocation, End of Year	
Asset Category		*2012*	*2011*
Equity securities	55%	55%	50%
Fixed income securities	45%	45%	50%
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, Inc. 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.

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. The following table sets forth by level within the fair value hierarchy the plan's investments as of Dec. 31, 2012 and 2011.

Pension Plan Investments
(millions)

	At Fair Value as of Dec. 31, 2012			
	Level 1	Level 2	Level 3	Total
Cash	$0.0	$0.0	$0.0	$0.0
Accounts receivable	64.8	0.0	0.0	64.8
Accounts payable	(72.8)	0.0	0.0	(72.8)
Cash equivalents				
Short term investment funds (STIFs)	9.0	0.0	0.0	9.0
Treasury bills (T bills)	0.0	0.6	0.0	0.6
Repurchase agreements	0.0	23.1	0.0	23.1
Certificates of deposit (CDs)	0.0	1.1	0.0	1.1
Commercial paper	0.0	0.9	0.0	0.9
Money markets	0.0	0.6	0.0	0.6
Total cash equivalents	9.0	26.3	0.0	35.3
Equity securities				
Common stocks	125.3	0.0	0.0	125.3
American depository receipts (ADRs)	6.2	0.0	0.0	6.2
Real estate investment trusts (REITs)	2.0	0.0	0.0	2.0
Mutual funds	153.4	0.0	0.0	153.4
Preferred stocks	0.0	0.8	0.0	0.8
Total equity securities	286.9	0.8	0.0	287.7
Fixed income securities				
Municipal bonds	0.0	8.0	0.0	8.0
Government bonds	0.0	53.0	0.0	53.0
Corporate bonds	0.0	19.8	0.0	19.8
Asset backed securities (ABS)	0.0	0.5	0.0	0.5
Mortgage backed securities (MBS)	0.0	17.6	0.0	17.6
Commercial mortgage backed securities (CMBS)	0.0	0.3	0.0	0.3
Collateralized mortgage obligations (CMOs)	0.0	2.5	0.0	2.5
Mutual fund	0.0	63.7	0.0	63.7
Commingled fund	0.0	49.4	0.0	49.4
Total fixed income securities	0.0	214.8	0.0	214.8
Derivatives				
Swaps	0.0	(0.5)	0.0	(0.5)
Purchased options (swaptions)	0.0	0.1	0.0	0.1
Written options (swaptions)	0.0	(0.4)	0.0	(0.4)

Total derivatives	0.0	(0.8)	0.0	(0.8)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	$287.9	$241.2	$0.0	$529.1

Pension Plan Investments
(millions)

	At Fair Value as of Dec. 31, 2011			
	Level 1	Level 2	Level 3	Total
Cash	$4.4	$0.0	$0.0	$4.4
Accounts receivable	39.6	0.0	0.0	39.6
Accounts payable	(20.4)	0.0	0.0	(20.4)
Cash equivalents				
Short term investment fund (STIF)	13.2	0.0	0.0	13.2
Treasury bills (T bills)	0.0	4.3	0.0	4.3
Money markets	0.0	0.3	0.0	0.3
Total cash equivalents	13.2	4.6	0.0	17.8
Equity securities				
Common stocks	114.2	0.0	0.0	114.2
American depository receipt (ADR)	6.5	0.6	0.0	7.1
Real estate investment trust (REIT)	2.0	0.0	0.0	2.0
Mutual fund	88.3	0.0	0.0	88.3
Preferred stocks	0.0	1.0	0.0	1.0
Commingled fund	0.0	19.8	0.0	19.8
Total equity securities	211.0	21.4	0.0	232.4
Fixed income securities				
Municipal bonds	0.0	8.7	0.0	8.7
Government bonds	0.0	31.7	0.0	31.7
Corporate bonds	0.0	29.5	0.0	29.5
Asset backed securities (ABS)	0.0	0.5	0.0	0.5
Mortgage back securities (MBS)	0.0	20.0	0.0	20.0
CMO	0.0	2.5	0.0	2.5
Mutual funds	0.0	101.1	0.0	101.1
Total fixed income securities	0.0	194.0	0.0	194.0
Derivatives				
Swaps	0.0	(0.3)	0.0	(0.3)
Written options	0.0	0.1	0.0	0.1
Total derivatives	0.0	(0.2)	0.0	(0.2)
Total	$247.8	$219.8	$0.0	$467.6

- The primary pricing inputs in determining the fair value of the Level 1 assets, excluding the mutual funds and STIF, are closing quoted prices in active markets.
- The STIFs are valued at net asset value (NAV) as determined by JP Morgan. 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 Level 1 mutual funds are the mutual funds' NAVs. The funds are registered open-ended mutual funds and the NAVs are validated with purchases and sales at NAV, making these Level 1 assets.
- The T bills, CDs, commercial paper, money markets, and repurchase agreements are valued at cost due to their short term nature. Additionally, repurchase agreements are backed by collateral.

- The primary pricing inputs in determining the fair value of the preferred stock is the price of comparable issues and dealer quotes.
- 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. Commercial MBS are priced using payment information and yields.
- The primary pricing input in determining the fair value of the Level 2 mutual fund is its NAV. However, since this mutual fund is an unregistered open-ended mutual fund, it is a Level 2 asset.
- The commingled fund at Dec. 31, 2012 is a private fund valued at NAV. The fund invests in long duration U.S. investment-grade fixed income assets and seeks to increase return through active management of interest rate and credit risks. The NAV is calculated based on bid prices of the underlying securities. The fund honors subscription activity on the first business day of the month and the first business day following the 15th calendar day of the month. Redemptions are honored on the 15th or last business day of the month, providing written notice is given at least ten business days prior to withdrawal date. The commingled fund at Dec. 31, 2011 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.
- Swaps are valued using benchmark yields, swap curves, and cash flow analyses.
- Options are valued using the bid-ask spread and the last price.

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 made $35.5 million of contributions to this plan in 2012 and no cash contributions in 2011, which met the minimum funding requirements for both 2012 and 2011. TEC's portion of the contribution in 2012 was $27.9 million. These amounts are reflected in the "Other" line on the Consolidated Statements of Cash Flows. TECO Energy estimates its required minimum contribution in 2013 to be $15.1 million, with TEC's portion being $11.8 million. TECO Energy estimates annual required minimum contributions from 2014 to 2017 to range from $30.0 to $50.0 million per year based on current assumptions, with TEC's portion to range from $20 million to $40 million.

The SERP is funded annually to meet the benefit obligations. TECO Energy made contributions of $1.3 million and $3.7 million to this plan in 2012 and 2011, respectively. TEC's portion of the contributions in 2012 and 2011 were $0.6 million and $1.0 million, respectively. In 2013, TECO Energy expects to make a contribution of about $5.3 million to this plan. TEC's portion of the expected contribution is about $0.9 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's 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 2013, TECO Energy expects to make a contribution of about $13.1 million. TEC's portion of the expected contribution is $10.6 million. Postretirement benefit levels are substantially unrelated to salary.

Benefit Payments

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

Expected Benefit Payments - TECO Energy
(including projected service and net of employee contributions)

(millions)	Pension Benefits	Other Postretirement Benefits
2013	$ 50.2	$ 13.1
2014	48.2	13.8
2015	50.4	14.3
2016	54.4	14.9
2017	54.7	15.3
2018-2022	296.3	80.5

Defined Contribution Plan

TECO Energy has a defined contribution savings plan covering substantially all employees of TECO Energy and its subsidiaries 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. Employer matching contributions are 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. For the years ended Dec. 31, 2012, 2011 and 2010, TECO Energy and its subsidiaries recognized expense totaling $7.0 million, $9.0 million and $12.6 million, respectively, related to the matching contributions made to this plan. TEC's portion of expense totaled $6.0 million, $5.8 million and $8.8 million for 2012, 2011 and 2010, respectively.

6. Short-Term Debt

At Dec. 31, 2012 and 2011, the following credit facilities and related borrowings existed:

Credit Facilities

	Dec. 31, 2012			*Dec. 31, 2011*		
(millions)	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding
Tampa Electric Company:						
5-year facility(2)	$325.0	$0.0	$1.5	$325.0	$0.0	$0.7
1-year accounts receivable facility	150.0	0.0	0.0	150.0	0.0	0.0
Total	$475.0	$0.0	$1.5	$475.0	$0.0	$0.7

(1) Borrowings outstanding are reported as notes payable.
(2) This 5-year facility matures Oct. 25, 2016.

At Dec. 31, 2012, these credit facilities require commitment fees ranging from 12.5 to 30.0 basis points. There were no borrowings outstanding at Dec. 31, 2012 or 2011.

Tampa Electric Company Accounts Receivable Facility

On Feb. 15, 2013, TEC and TRC amended their $150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 11 to the Loan and Servicing Agreement with certain lenders named therein and Citibank, N.A., Inc. as Program Agent. The amendment extends the maturity date to Feb. 14, 2014 and makes certain other technical changes. Please refer to **Note 17** for additional information.

Tampa Electric Company bank credit facility amendment

On Oct. 25, 2011, TEC amended its $325 million bank credit facility, entering into a Third Amended and Restated Credit Agreement. The amendment (i) extended the maturity date of the credit facility from May 9, 2012 to Oct. 25, 2016 (subject to further extension with the consent of each lender); (ii) continues to allow TEC to borrow funds at a rate equal to the London interbank deposit rate plus a margin; (iii) allows TEC to borrow funds at an interest rate equal to a margin plus the higher of Citibank's prime rate, the federal funds rate plus 50 basis points, or the London interbank deposit rate plus 1.00%; (iv) as an alternative to the above interest rate, allows TEC to borrow funds on a same-day basis under a new swingline loan provision, which loans mature on the fourth banking day after which any such loans are made and bear interest at an interest rate as agreed by the Borrower and the relevant swingline lender prior to the making of any such loans; (v) continues to allow TEC to request the lenders to increase their commitments under the credit facility by up to $175 million in the aggregate; (vi) includes a $200 million letter of credit facility (compared to $50 million under the previous agreement); and (vii) made other technical changes.

7. Long-Term Debt

A substantial part of Tampa Electric's tangible assets are pledged as collateral to secure its first mortgage bonds. There are currently no bonds outstanding under Tampa Electric's first mortgage bond indenture.

Debt Securities

Redemption of Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002

On Oct. 1, 2012, TEC redeemed $147.1 million of Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2002 due Oct. 1, 2013 and Oct. 1, 2023 (the 2002 Bonds) at a redemption price equal to 100% of the principal amount of the 2002 Bonds to be redeemed, plus accrued and unpaid interest to Oct. 1, 2012. Before the optional redemption, $60.7 million of the 2002 Bonds due Oct. 1, 2013 bore interest at 5.1% and $86.4 million of the 2002 Bonds due Oct. 1, 2023 bore interest at 5.5%.

Issuance of Tampa Electric Company 2.60% Notes due 2022

On Sept. 28, 2012, TEC completed an offering of $250 million aggregate principal amount of 2.60% Notes due 2022 (the 2022 Notes). The 2022 Notes were sold at 99.878% of par. The offering resulted in net proceeds to TEC (after deducting underwriting discounts and commissions and estimated offering expenses) of approximately $247.7 million. Net proceeds were used to repay the 2002 Bonds. The remaining net proceeds were used to repay short-term debt and for general corporate purposes. At any time prior to June 15, 2022, TEC may redeem all or any part of the 2022 Notes at its option at a redemption price equal to the greater of (i) 100% of the principal amount of 2022 Notes to be redeemed or (ii) the sum of the present values of the remaining payments of principal and interest on the 2022 Notes to be redeemed, discounted to the redemption date on a semiannual basis at an applicable treasury rate, plus 15 basis points; in either case, the redemption price would include accrued and unpaid interest to the redemption date. At any time on or after June 15, 2022, TEC may at its option redeem the 2022 Notes, in whole or in part, at 100% of the principal amount of the 2022 Notes being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

Issuance of Tampa Electric Company 4.10% Notes due 2042

On June 5, 2012, TEC completed an offering of $300 million aggregate principal amount of 4.10% Notes due 2042 (the 2042 Notes). The 2042 Notes were sold at 99.724% of par. The offering resulted in net proceeds to TEC (after deducting underwriting discounts, commissions, and estimated offering expenses and before settlement of interest rate swaps) of approximately $296.2 million. Net proceeds were used to repay maturing long-term debt, to repay short-term debt and for general corporate purposes. At any time prior to Dec. 15, 2041, TEC may redeem all or any part of the 2042 Notes at its option and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the 2042 Notes to be redeemed or (ii) the sum of the present value of the remaining payments of principal and interest on the 2042 Notes to be redeemed, discounted at an applicable treasury rate, plus 25 basis points; in either case, the redemption price would include accrued and unpaid interest to the redemption date. At any time on or after Dec. 15, 2041, TEC may at its option redeem the 2042 Notes, in whole or in part, at 100% of the principal amount of the 2042 Notes being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

Purchase in Lieu of Redemption of Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds, Series 2006 and Polk County Industrial Development Authority Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2010

On March 15, 2012, TEC purchased in lieu of redemption $86 million HCIDA Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2006 (the HCIDA Bonds). On March 19, 2008, the HCIDA remarketed the HCIDA Bonds in a term-rate mode pursuant to the terms of the Loan and Trust Agreement governing those bonds. The HCIDA Bonds bore interest at a term rate of 5.00% per annum from March 19, 2008 to March 15, 2012. TEC is responsible for payment of the interest and principal associated with the HCIDA Bonds. Regularly scheduled principal and interest when due are insured by Ambac Assurance Corporation.

On March 1, 2011, TEC purchased in lieu of redemption $75 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2010 (the PCIDA Bonds). On Nov. 23, 2010, the PCIDA issued the PCIDA Bonds in a term-rate mode pursuant to the terms of the Loan and Trust Agreement governing those bonds. Proceeds of the PCIDA Bonds were used to redeem $75 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007, which previously were in auction rate mode and were held by TEC since March 26, 2008. The PCIDA Bonds bore interest at the initial term rate of 1.50% per annum from Nov. 23, 2010 to March 1, 2011.

On March 26, 2008, TEC purchased in lieu of redemption $20 million HCIDA Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007C. $181 million in bonds purchased in lieu of redemption were held by the trustee at the direction of TEC as of Dec. 31, 2012 (the Held Bonds) to provide an opportunity to evaluate refinancing alternatives. The Held Bonds effectively offset the outstanding debt balances and are presented net on the balance sheet.

8. Common Stock

TEC is a wholly-owned subsidiary of TECO Energy, Inc.

	Common Stock		Issue	
(millions, except shares)	*Shares*	*Amount*	*Expense*	*Total*
Balance Dec. 31, 2012(1)	10	$ 1,970.4	$ 0.0	$ 1,970.4
Balance Dec. 31, 2011	10	$ 1,852.4	$ 0.0	$ 1,852.4

(1) TECO Energy, Inc. made equity contributions to TEC of $118.0 million in 2012.

9. Other Comprehensive Income

TEC reported the following OCI (loss) for the years ended Dec. 31, 2012, 2011 and 2010, 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 *(millions)*	Gross	Tax	Net
2012			
Unrealized gain (loss) on cash flow hedges	($8.0)	$3.1	($4.9)
Reclassification from AOCI to net income	1.4	(0.6)	0.8
Gain (Loss) on cash flow hedges	(6.6)	2.5	(4.1)
Total other comprehensive (loss) income	($6.6)	$2.5	($4.1)
2011			
Unrealized gain (loss) on cash flow hedges	$0.0	$0.0	$0.0
Reclassification from AOCI to net income	1.2	(0.5)	0.7
Gain (Loss) on cash flow hedges	1.2	(0.5)	0.7
Total other comprehensive (loss) income	$1.2	($0.5)	$0.7
2010			
Unrealized gain (loss) on cash flow hedges	$0.0	$0.0	$0.0
Reclassification from AOCI to net income	1.2	(0.4)	0.8
Gain (Loss) on cash flow hedges	1.2	(0.4)	0.8
Total other comprehensive income (loss)	$1.2	($0.4)	$0.8

Accumulated Other Comprehensive Loss

(millions) As of Dec. 31	2012	2011
Net unrealized losses from cash flow hedges(1)	($8.7)	($4.6)
Total accumulated other comprehensive loss	($8.7)	($4.6)

(1) Net of tax benefit of $5.5 million and $2.9 million as of Dec. 31, 2012 and Dec. 31, 2011, respectively.

10. Commitments and Contingencies

Legal Contingencies

From time to time, TEC and its subsidiaries are involved in various legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies in the ordinary course of its business. Where appropriate, accruals are made in accordance with accounting standards for contingencies to provide for matters that are probable of resulting in an estimable loss. While the outcome of such proceedings is uncertain, management does not believe that their ultimate resolution will have a material adverse effect on the company's results of operations, financial condition or cash flows.

Merco Group at Aventura Landings v. Peoples Gas System

In 2004, Merco Group at Aventura Landings I, II and III (Merco) filed suit against PGS in Dade County Circuit Court alleging that coal tar from a certain former PGS manufactured gas plant site had been deposited in the early 1960s onto property now owned by Merco. Merco was seeking damages for costs associated with the removal of such coal tar and from out-of-pocket development expenses and lost profits due to the delay in its condominium development project allegedly caused by the presence of the coal tar. PGS denied liability on the grounds that the coal tar did not originate from its manufactured gas plant site and 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 PGS believes was the source of the coal tar on Merco's property. In addition, PGS filed a counterclaim against Merco, which claimed that, because Merco purchased the property with actual knowledge of the presence of coal tar on the property, Merco should contribute toward any damages resulting from the presence of coal tar. The bench trial in this matter was concluded in February 2012 and, in June 2012, prior to receiving a ruling by the Judge, PGS and Merco settled the case, and PGS and Continental Holdings, Inc. agreed to a release for their claims against each other in the case. Both agreements have been approved by the court. The settlement is reflected as a regulatory asset at Dec. 31, 2012 and is expected to be recovered through the regulatory process. The settlement did not impact the results of operations for the year ended Dec. 31, 2012 and is not material to the financial position of TEC or TECO Energy as of Dec. 31, 2012.

Superfund and Former Manufactured Gas Plant Sites

TEC, through its Tampa Electric and Peoples Gas divisions, is a PRP for certain superfund sites and, through its Peoples Gas division, 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 Dec. 31, 2012, TEC has estimated its ultimate financial liability to be $37.5 million, primarily at PGS. This amount has been accrued and is primarily reflected in the long-term liability section under "Other" on the Consolidated Balance Sheets. 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 portion of the cleanup costs attributable to TEC. The estimates to perform the work are based on TEC's 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.

In instances where other PRPs are involved, many of those PRPs are creditworthy and are likely to continue to be creditworthy for the duration of the remediation work. However, in those instances that they are not, TEC could be liable for more than TEC's actual percentage of the remediation costs.

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.

Potentially Responsible Party Notification

In October 2010, the EPA notified TEC that it is a PRP under the CERCLA for the proposed conduct of a contaminated soil removal action, if necessary, at a property owned by TEC in Tampa, Florida. The property owned by TEC is undeveloped except for the location of transmission lines and poles, and is adjacent to an industrial site, not owned by TEC. The EPA has asserted this potential liability due to TEC's ownership of the property described above but, to the knowledge of TEC, this assertion is not based upon any release of hazardous substances by TEC. TEC has been in contact with the EPA to resolve this matter, and in July 2012, TEC signed an Administrative Settlement Agreement and Order on Consent (AOC) with the EPA, which outlines the remediation actions the EPA is requiring at the site. The estimated costs to conduct the remediation required under the AOC are not expected to be material to the financial results or financial position of TEC or TECO Energy. TEC expects the remediation required under the AOC to be substantially completed in 2013.

Long-Term Commitments

TEC has commitments under long-term leases, primarily for building space, capacity payments, office equipment and heavy equipment. Total rental expense for these leases, included in "Regulated operations & maintenance – Other" on the Consolidated Statements of Income for the years ended Dec. 31, 2012, 2011 and 2010, totaled \$2.2 million, \$2.2 million and \$2.3 million, respectively. The following is a schedule of future minimum lease payments with non-cancelable lease terms in excess of one year and capacity payments under PPAs at Dec. 31, 2012:

Future Minimum Lease and Capacity Payments

(millions)	*Capacity Payments*	*Operating Leases*	*Total*
Year ended Dec. 31:			
2013	\$ 14.6	\$ 2.3	\$ 16.9
2014	14.7	2.3	17.0
2015	14.9	2.3	17.2
2016	14.6	2.3	16.9
2017	9.9	1.9	11.8
Thereafter	10.1	15.2	25.3
Total future minimum payments	\$ 78.8	\$ 26.3	\$ 105.1

Guarantees and Letters of Credit

TEC accounts for guarantees in accordance with the applicable accounting standards. Upon issuance or modification of a guarantee the company determines if the obligation is subject to either or both of the following:

- Initial recognition and initial measurement of a liability, and/or
- Disclosure of specific details of the guarantee.

Generally, guarantees of the performance of a third party or guarantees that are based on an underlying (where such a guarantee is not a derivative) are likely to be subject to the recognition and measurement, as well as the disclosure provisions. Such guarantees must initially be recorded at fair value, as determined in accordance with the interpretation.

Alternatively, guarantees between and on behalf of entities under common control or that are similar to product warranties are subject only to the disclosure provisions of the interpretation. The company must disclose information as to the term of the guarantee and the maximum potential amount of future gross payments (undiscounted) under the guarantee, even if the likelihood of a claim is remote.

At Dec. 31, 2012, TEC was not obligated under guarantees, but had \$0.7 million of letters of credit outstanding.

Letters of Credit - Tampa Electric Company

(millions) *Letters of Credit for the Benefit of:*	*2013*	*2014-2017*	*After (1) 2017*	*Total*	*Liabilities Recognized at Dec. 31, 2012*
Tampa Electric (2)					
Letters of credit	\$ 0.8	\$ 0.0	\$ 0.7	\$ 1.5	\$ 0.3

(1) These letters of credit and guarantees renew annually and are shown on the basis that they will continue to renew beyond 2017.

(2) The amounts shown are the maximum theoretical amounts guaranteed under current agreements. Liabilities recognized represent the associated obligation of TEC under these agreements at Dec. 31, 2012. The obligations under these letters of credit and guarantees include net accounts payable and net derivative liabilities.

Financial Covenants

In order to utilize its bank credit facilities, TEC must meet certain financial tests, including a debt to capital ratio, as defined in the applicable agreements. In addition, TEC has certain restrictive covenants in specific agreements and debt instruments. At Dec. 31, 2012, TEC was in compliance with all applicable financial covenants.

11. Related Party Transactions

A summary of activities between TEC and its affiliates follows:

Net transactions with affiliates:

(millions)	*2012*	*2011*	*2010*
Administrative and general, net	$ 13.5	$ 17.5	$ 19.9

Amounts due from or to affiliates at Dec. 31,

(millions)	*2012*	*2011*
Accounts receivable[1]	$ 4.6	$ 0.9
Accounts payable[1]	7.8	7.9
Taxes receivable	22.1	14.6
Taxes payable	3.2	0.1

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

TEC had certain transactions, in the ordinary course of business, with entities in which directors of TEC had interests. TEC paid legal fees of $1.2 million, $1.3 million and $1.2 million for the years ended Dec. 31, 2012, 2011 and 2010, respectively, to Ausley McMullen, P.A. of which Mr. Ausley (a director of TEC) is an employee.

12. Segment Information

TEC is a public utility operating within the State of Florida. Through its Tampa Electric division, it is engaged in the generation, purchase, transmission, distribution and sale of electric energy to more than 687,000 customers in West Central Florida. Its PGS division is engaged in the purchase, distribution and marketing of natural gas for approximately 345,000 residential, commercial, industrial and electric power generation customers in the State of Florida.

(millions)	Tampa Electric	PGS	Other & Eliminations	TEC
2012				
Revenues - external	$1,980.9	$397.1	$0.0	$2,378.0
Sales to affiliates	0.4	1.8	(2.2)	0.0
Total revenues	1,981.3	398.9	(2.2)	2,378.0
Depreciation and amortization	237.6	50.6	0.0	288.2
Total interest charges	109.8	16.0	0.0	125.8
Provision for income taxes	120.2	21.5	0.0	141.7
Net income	193.1	34.1	0.0	227.2
Total assets	5,782.0	970.9	13.3	6,766.2
Capital expenditures	361.7	97.3	0.0	459.0
2011				
Revenues - external	$2,020.1	$450.5	$0.0	$2,470.6
Sales to affiliates	0.5	3.0	(3.5)	0.0
Total revenues	2,020.6	453.5	(3.5)	2,470.6
Depreciation and amortization	222.1	48.4	0.0	270.5
Total interest charges	121.8	17.7	0.0	139.5
Provision for income taxes	124.8	20.6	0.0	145.4
Net income	202.7	32.6	0.0	235.3
Total assets	5,693.0	888.4	(10.0)	6,571.4
Capital expenditures	314.9	71.9	0.0	386.8

2010				
Revenues - external	$2,162.8	$510.8	$0.0	$2,673.6
Sales to affiliates	0.4	19.1	(19.5)	0.0
Total revenues	2,163.2	529.9	(19.5)	2,673.6
Depreciation and amortization	215.9	46.0	0.0	261.9
Total interest charges	122.7	18.3	0.0	141.0
Provision for income taxes	122.4	21.3	0.0	143.7
Net income	208.8	34.1	0.0	242.9
Total assets	5,614.8	876.2	(16.3)	6,474.7
Capital expenditures	331.2	62.4	0.0	393.6

13. Asset Retirement Obligations

TEC accounts for AROs under the applicable accounting standards. An 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.

For the year ended Dec. 31, 2012, $27.6 million of liabilities settled resulted primarily from asbestos abatement and other dismantling at the generating stations at Tampa Electric.

Reconciliation of beginning and ending carrying amount of asset retirement obligations:

	Dec. 31,	
(millions)	2012	2011
Beginning balance	$ 30.8	$ 31.3
Liabilities settled	(27.6)	0.0
Revisions to estimated cash flows	0.0	(2.2)
Other[1]	1.8	1.7
Ending balance	$ 5.0	$ 30.8

(1) Accretion recorded as a deferred regulatory asset.

As regulated utilities, Tampa Electric and PGS must file depreciation and dismantlement 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 or dismantlement factor. TEC uses current cost of removal or dismantlement factors as part of the estimation method to approximate the amount of cost of removal in accumulated depreciation.

For Tampa Electric and PGS, the original cost of utility plant retired or otherwise disposed of and the cost of removal or dismantlement, less salvage value, is charged to accumulated depreciation and the accumulated cost of removal reserve reported as a regulatory liability, respectively.

14. Accounting for Derivative Instruments and Hedging Activities

From time to time, TEC enters into futures, forwards, 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.

TEC uses derivatives only to reduce normal operating and market risks, not for speculative purposes. TEC'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 TEC 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.

TEC applies the accounting standards for derivative instruments and hedging activities. 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 OCI or in net income, depending on the designation of those instruments (see **Note 15**). 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.

TEC applies the accounting standards for regulated operations to financial instruments used to hedge the purchase of natural gas for its 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 reflecting the impact of hedging activities on the fuel recovery clause. As a result, these changes are not recorded in OCI (see **Note 3**).

TEC's physical contracts qualify for the NPNS exception to derivative accounting rules, provided they meet certain criteria. Generally, NPNS applies if TEC deems the counterparty creditworthy, if the counterparty owns or controls resources within the proximity to allow for physical delivery of the commodity, if TEC intends to receive physical delivery and if the transaction is reasonable in relation to TEC's business needs. As of Dec. 31, 2012, all of TEC's physical contracts qualify for the NPNS exception.

The following table presents the derivative cash flow hedges of natural gas contracts at Dec. 31, 2012 and Dec. 31, 2011 to limit the exposure to changes in market price for natural gas used to produce energy and natural gas purchased for resale to customers:

Natural Gas Derivatives (1)

(millions)	*Dec. 31, 2012*	*Dec. 31, 2011*
Current assets	$0.0	$0.0
Long-term assets	0.2	0.0
Total assets	$0.2	$0.0
Current liabilities	$14.1	$58.4
Long-term liabilities	0.2	7.4
Total liabilities	$14.3	$65.8

(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 ending balance in AOCI related to previously settled interest rate swaps at Dec. 31, 2012 is a net loss of $8.7 million after tax and accumulated amortization. This compares to a net loss of $4.6 million in AOCI after tax and accumulated amortization at Dec. 31, 2011.

The following table presents the effect of energy related derivatives on the fuel recovery clause mechanism on the Consolidated Balance Sheets as of Dec. 31, 2012 and 2011:

Energy Related Derivatives

	Asset Derivatives		Liability Derivatives	
(millions) *at Dec. 31, 2012*	Balance Sheet Location(1)	Fair Value	Balance Sheet Location(1)	Fair Value
Commodity Contracts:				
Natural gas derivatives:				
Current	Regulatory liabilities	$0.0	Regulatory assets	$14.1
Long-term	Regulatory liabilities	0.2	Regulatory assets	0.2
Total		$0.2		$14.3

(millions) at Dec. 31, 2011	Balance Sheet Location(1)	Fair Value	Balance Sheet Location(1)	Fair Value
Commodity Contracts				
Natural gas derivatives:				
Current	Regulatory liabilities	$0.0	Regulatory assets	$58.4
Long-term	Regulatory liabilities	0.0	Regulatory assets	7.4
Total		$0.0		$65.8

(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 Consolidated Statements of Income.

Based on the fair value of the instruments at Dec. 31, 2012, net pretax losses of $14.1 million are expected to be reclassified from regulatory assets or liabilities to the Consolidated Statements of Income within the next twelve months.

The following table presents the effect of hedging instruments on OCI and income for the years ended Dec. 31, 2012, 2011 and 2010:

(millions) For the years ended Dec. 31:	Location of Gain/(Loss) Reclassified From AOCI Into Income	Amount of Gain/(Loss) Reclassified From AOCI Into Income 2012	2011	2010
Derivatives in Cash Flow Hedging Relationships	Effective Portion(1)			
Interest rate contracts:	Interest expense	($0.8)	($0.7)	($0.8)
Total		($0.8)	($0.7)	($0.8)

(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 Dec. 31, 2012, 2011 and 2010, all hedges were effective.

The maximum length of time over which TEC is hedging its exposure to the variability in future cash flows extends to Dec. 31, 2014 for the financial natural gas contracts. The following table presents by commodity type TEC's derivative volumes that, as of Dec. 31, 2012, are expected to settle during the 2013 and 2014 fiscal years:

(millions) Year	Natural Gas Contracts (MMBTUs) Physical	Financial
2013	0.0	34.2
2014	0.0	6.4
Total	0.0	40.6

TEC 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. TEC 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 TEC to have material credit risk exposures with one or more counterparties. If such counterparties fail to perform their obligations under one or more agreements, TEC could suffer a material financial loss. However, as of Dec. 31, 2012, substantially all of the counterparties with transaction amounts outstanding in TEC's energy portfolio were rated investment grade by the major rating agencies. TEC assesses credit risk internally for counterparties that are not rated.

TEC has entered into commodity master arrangements with its counterparties to mitigate credit exposure to those counterparties. TEC generally enters into the following master arrangements: (1) EEI agreements- standardized power sales contracts in the electric industry; (2) ISDA agreements- standardized financial gas and electric contracts; and (3) NAESB agreements - standardized physical gas contracts. TEC believes that entering into such agreements reduces the risk from default by creating contractual rights relating to creditworthiness, collateral and termination.

TEC has implemented procedures to monitor the creditworthiness of its counterparties and to consider nonperformance in valuing counterparty positions. TEC 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 TEC 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, TEC 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 Dec. 31, 2012, substantially all positions with counterparties were net liabilities.

Certain TEC derivative instruments contain provisions that require TEC's 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. TEC 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 TEC's derivative activity at Dec. 31, 2012:

Contingent Features

(millions)	Fair Value Asset/ (Liability)	Derivative Exposure Asset/ (Liability)	Posted Collateral
Credit Rating	($14.1)	($14.1)	$0.0

15. Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis

The following table sets forth by level within the fair value hierarchy TEC's financial assets and liabilities that were accounted for at fair value on a recurring basis as of Dec. 31, 2012 and 2011. 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. TEC'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

	At fair value as of Dec. 31, 2012			
(millions)	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets				
Natural gas swaps	$ 0.0	$0.2	$ 0.0	$0.2
Total	$ 0.0	$0.2	$ 0.0	$0.2
Liabilities				
Natural gas swaps	$ 0.0	$14.3	$ 0.0	$14.3
Total	$ 0.0	$14.3	$ 0.0	$14.3

(millions)

	At fair value as of Dec. 31, 2011			
	Level 1	*Level 2*	*Level 3*	*Total*
Assets				
Natural gas swaps	$ 0.0	$0.0	$ 0.0	$0.0
Total	$ 0.0	$0.0	$ 0.0	$0.0
Liabilities				
Natural gas swaps	$ 0.0	$65.8	$ 0.0	$65.8
Total	$ 0.0	$65.8	$ 0.0	$65.8

Natural gas swaps are OTC swap instruments. The primary pricing inputs in determining the fair value of natural gas swaps are the 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 14**).

TEC considered the impact of nonperformance risk in determining the fair value of derivatives. TEC considered the net position with each counterparty, past performance of both parties, the intent of the parties, indications of credit deterioration and whether the markets in which TEC transacts have experienced dislocation. At Dec. 31, 2012, the fair value of derivatives was not materially affected by nonperformance risk. TEC's net positions with substantially all counterparties were liability positions. There were no Level 3 assets or liabilities during the 2012 or 2011 fiscal years.

16. Variable Interest Entities

The determination of a VIE's primary beneficiary is the enterprise that has both 1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and 2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

TEC has entered into multiple PPAs with wholesale energy providers in Florida to ensure the ability to meet customer energy demand and to provide lower cost options in the meeting of this demand. These agreements range in size from 117 MW to 370 MW of available capacity, are with similar entities and contain similar provisions. Because some of these provisions provide for the transfer or sharing of a number of risks inherent in the generation of energy, these agreements meet the definition of being VIEs. These risks include: operating and maintenance, regulatory, credit, commodity/fuel and energy market risk. TEC has reviewed these risks and has determined that the owners of these entities have retained the majority of these risks over the expected life of the underlying generating assets, have the power to direct the most significant activities, the obligation or right to absorb losses or benefits and hence remain the primary beneficiaries. As a result, TEC is not required to consolidate any of these entities. TEC purchased $75.8 million, $81.2 million and $108.8 million, under these PPAs for the three years ended Dec. 31, 2012, 2011 and 2010, respectively.

In one instance, TEC's agreement with an entity for 370 MW of capacity was entered into prior to Dec. 31, 2003, the effective date of these standards. Under these standards, TEC is required to make an exhaustive effort to obtain sufficient information to determine if this entity is a VIE and which holder of the variable interests is the primary beneficiary. The owners of this entity are not willing to provide the information necessary to make these determinations, have no obligation to do so and the information is not available publicly. As a result, TEC is unable to determine if this entity is a VIE and, if so, which variable interest holder, if any, is the primary beneficiary. TEC has no obligation to this entity beyond the purchase of capacity; therefore, the maximum exposure for TEC is the obligation to pay for such capacity under terms of the PPA at rates that could be unfavorable to the wholesale market. TEC purchased $46.6 million, $34.4 million and $52.8 million, for the three years ended Dec. 31, 2012, 2011 and 2010, respectively.

TEC does not provide any material financial or other support to any of the VIEs it is involved with, nor is TEC under any obligation to absorb losses associated with these VIEs. In the normal course of business, TEC's involvement with these VIEs does not affect its Consolidated Condensed Balance Sheets, Statements of Income or Cash Flows.

17. Subsequent Events

Tampa Electric Rate Case Proceeding

On Feb. 4, 2013, the Tampa Electric Division of Tampa Electric Company delivered a letter to the Florida Public Service Commission notifying it of its intent to file a request for an increase in its retail base rates and service charges, to be effective at the conclusion of the rate case. See **Note 3** for more information.

Tampa Electric Company Accounts Receivable Facility

On Feb. 15, 2013, TEC and TRC, a wholly-owned subsidiary of TEC, amended their $150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 11 to the Loan and Servicing Agreement with certain lenders named therein and Citibank, N.A. as Program Agent. The amendment (i) extends the maturity date to Feb. 14, 2014, (ii) provides that TRC will pay program and liquidity fees, which will total 52.5 basis points, (iii) continues to provide that the interest rates on the borrowings 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 TEC'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 offered rate (if available) plus a margin and (iv) makes other technical changes.

18. Difference between Uniform System of Accounts and Generally Accepted Accounting Principles (GAAP)

In accordance with the Federal Energy Regulatory Commission (FERC) Form 1 instructions, these notes are a replica of those included in the Company's published annual reports which may include reclassifications not made for FERC reporting purposes. These financial statements are prepared in accordance with the accounting 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 collections from customers

- 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 income statement classification of buy for resale transactions

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

- the application of ASC 740-10-25 Accounting for Uncertainty in Income Taxes

19. Information about noncash investing and financing activities. (To address Instruction 2 on Page 121 of the FERC Form 1)

Gross additions to Utility Plant	(361,402,563)
Non-cash Items:	
Manual Accruals	14,444,116
Contract Retentions	25,124
Gross additions to Utility Plant including non-cash items	(346,933,323)

Allowance for Other Funds Used During Construction exludes the debt portion of ($1,487,366).

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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)	1,086,128,880	1,086,128,880
4	101.1 Property Under Capital Leases	0	0
5	102 Plant Purchased or Sold	0	0
6	106 Completed Construction not Classified	79,704,087	79,704,087
7	103 Experimental Plant Unclassified	0	0
8	104 Leased to Others	0	0
9	105 Held for Future Use	228,955	228,955
10	114 Acquisition Adjustments	5,031,897	5,031,897
11	TOTAL Utility Plant (Total of lines 3 through 10)	1,171,093,818	1,171,093,818
12	107 Construction Work in Progress	53,323,410	53,323,410
13	Accum. Provision for Depreciation, Amortization, & Depletion	556,950,514	556,950,514
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	667,466,714	667,466,714
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	553,137,051	553,137,051
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rig	0	0
19	111 Amort. of Underground Storage Land and Land Rights	0	0
20	119 Amortization of Other Utility Plant	0	0
21	TOTAL in Service (Total of lines 17 through 20)	553,137,051	553,137,051
22	Leased to Others		
23	108 Depreciation	0	0
24	111 Amortization and Depletion	0	0
25	TOTAL Leased to Others (Total of lines 23 and 24)	0	0
26	Held for Future Use		
27	108 Depreciation	0	0
28	111 Amortization	0	0
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)	0	0
30	111 Abandonment of Leases (Natural Gas)	0	0
31	115 Amortization of Plant Acquisition Adjustment	3,813,463	3,813,463
32	TOTAL Accum. Provisions (Should agree with line 14 above) (Total of lines 21, 25, 29, 30, and 31)	556,950,514	556,950,514

Annual Status Report
Analysis of Plant in Service Accounts

Company: Peoples Gas System

For the Year Ended December 31, 2012

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:									
30100	Organization	0.0	12,620	-	-	-	-	-	12,620
30200	Franchise & Consents	4.0	427,466	-	-	-	-	-	427,466
30300	Misc Intangible Plant	4.0	815,325	-	-	-	-	-	815,325
30301	Custom Intangible Plant	10.0	18,718,663	8,203,011	(619,972)	-	-	-	26,301,702
37402	Land Rights	1.3	2,521,756	(962,604)	-	-	-	-	1,559,152
39002	Structures & Improve Leases	2.5	70,976	50,789	-	-	-	-	121,764
	Subtotal		22,566,806	7,291,195	(619,972)	-	-	-	29,238,029
Depreciable Assets:									
37400	Land Distribution	0.0	3,135,400	98,068	-	-	-	-	3,233,468
37500	Structures & Improvements	2.5	18,602,559	95,453	-	-	-	-	18,698,013
37600	Mains Steel	4.2	320,823,590	12,893,314	(620,339)	-	-	-	333,096,564
37602	Mains Plastic	3.1	302,773,765	13,760,967	(108,509)	-	-	-	316,426,223
37800	Meas & Reg Station Eqp Gen	3.4	6,946,589	2,097,236	(18,915)	-	-	-	9,024,909
37900	Meas & Reg Station Eqp City	3.4	20,064,444	6,026,614	-	-	-	-	26,091,059
38000	Services Steel	6.6	41,031,092	1,012,495	(137,975)	-	-	-	41,905,612
38002	Services Plastic	5.0	197,438,853	9,883,867	(440,713)	-	-	-	206,882,007
38100	Meters	5.9	54,346,533	4,069,509	(1,859,797)	-	-	-	56,556,246
38200	Meter Installations	4.5	41,989,121	1,919,669	(324,995)	-	-	-	43,583,795
38300	House Regulators	3.6	12,347,884	647,809	(31,209)	-	-	-	12,964,484
38400	House Regulator Installs	4.5	16,278,119	1,152,867	(134,372)	-	-	-	17,296,614
38500	Meas & Reg Station Eqp Ind	3.1	9,322,363	-	(91,079)	-	-	-	9,231,283
38700	Other Equipment	6.3	3,700,551	342,769	-	-	-	-	4,043,320
39000	Structures & Improvements	2.5	9,582	-	-	-	-	-	9,582
39100	Office Furniture	6.7	2,791,990	19,286	-	-	-	-	2,811,276
39101	Computer Equipment	12.5	7,766,330	31,105	(25,064)	-	-	-	7,772,371
39102	Office Equipment	6.7	720,285	-	-	-	-	-	720,285
39201	Vehicles up to 1/2 Tons	11.2	6,447,221	313,079	(216,259)	-	-	-	6,544,042
39202	Vehicles from 1/2 - 1 Tons	12.7	5,757,192	241,355	(209,215)	-	-	-	5,789,332
39203	Airplane	1.7	-	-	-	-	-	-	-
39204	Trailers & Other	4.0	317,859	-	-	-	-	-	317,859
39205	Vehicles over 1 Ton	7.4	1,304,015	-	(80,511)	-	-	-	1,223,505
39300	Stores Equipment	4.0	8,579	-	-	-	-	-	8,579
39400	Tools, Shop & Garage Equip	6.6	3,579,100	130,703	(1,083)	-	-	-	3,708,720
39500	Laboratory Equipment	5.0	46,445	-	-	-	-	-	46,445
39600	Power Operated Equipment	6.4	1,702,846	43,942	-	-	-	-	1,746,788
39700	Communication Equipment	8.4	6,216,192	175,377	-	-	-	-	6,391,569
39800	Miscellaneous Equipment	5.9	470,987	-	-	-	-	-	470,987
39900	Other Tangible Property	0.0	-	-	-	-	-	-	-

Annual Status Report
Analysis of Plant in Service Accounts

Company: Peoples Gas System

For the Year Ended December 31, 2012

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
Capital Recovery Schedules:									
Total Account 101 and 106 *			1,108,506,292	62,246,680	(4,920,005)	-	-	-	1,165,832,966
10500	Property Held for Future Use	0.0	228,955	-	-	-	-	-	228,955
11400	Acquisition Adjustment	3.0	5,031,897	-	-	-	-	-	5,031,897
	Subtotal		5,260,852	-	-	-	-	-	5,260,852
Total Utility Plant **			1,113,767,143	62,246,680	(4,920,005)	-	-	-	1,171,093,818

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, 2012

Acct. No.	Account Description	Beginning Balance*	Accruals	Retirements	Gross Removal	Cost of Salvage	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
30100	Organization	3,116	-	-	-	-	-	-	-	3,116
30200	Franchise & Consents	419,740	3,713	-	-	-	-	-	-	423,453
30300	Misc Intangible Plant	627,039	32,613	-	-	-	-	-	-	659,652
30301	Custom Intangible Plant	13,503,779	2,209,994	(619,972)	-	-	-	-	-	15,093,801
37402	Land Rights	1,224,258	19,630	-	693	5,994	-	-	(667,190)	583,385
39002	Structures & Improve Leases	(1,325)	2,303	-	-	-	-	-	-	979
	Subtotal 108 - 404 *	15,776,608	2,268,253	(619,972)	693	5,994	-	-	(667,190)	16,764,387
Items necessary to reconcile the total amortization accrual amount to Acct. 404.3, Amortization Expense, shown on Line 7, Page 8.										
Depreciable Assets:										
37400	Land Distribution	-	-	-	-	-	-	-	-	-
37500	Structures & Improvements	5,475,025	465,881	-	-	-	-	-	591,004	6,531,910
37600	Mains Steel	177,288,171	13,644,417	(620,339)	(1,988,232)	1,997	-	-	(3,395,861)	184,930,152
37602	Mains Plastic	91,598,678	9,608,549	(108,509)	(575,508)	3,450	-	-	7,670,683	108,197,345
37800	Meas & Reg Station Eqp Gen	2,156,121	274,849	(18,915)	(656)	-	-	-	(208,686)	2,202,712
37900	Meas & Reg Station Eqp City	4,787,450	804,662	-	(10)	-	-	-	(946,608)	4,645,494
38000	Services Steel	43,971,195	2,728,250	(137,975)	(264,639)	228	-	-	1,135,175	47,432,234
38002	Services Plastic	91,811,687	10,085,803	(440,713)	(302,097)	1,734	-	-	5,542,384	106,698,797
38100	Meters	15,948,974	3,286,796	(1,859,797)	(18,595)	148,350	-	-	(2,626,243)	14,879,485
38200	Meter Installations	17,882,739	1,925,912	(324,995)	(55,536)	-	-	-	1,681,049	21,109,169
38300	House Regulators	5,535,289	456,024	(31,209)	(1,094)	154	-	-	(751,017)	5,208,147
38400	House Regulator Installs	6,292,026	749,010	(134,372)	(15,834)	-	-	-	1,176,343	8,067,173
38500	Meas & Reg Station Eqp Ind	4,671,081	288,078	(91,079)	(6,348)	-	-	-	(37,711)	4,824,022
38700	Other Equipment	1,312,780	240,764	-	-	-	-	-	(271,298)	1,282,246
39000	Structures & Improvements	43,583	240	-	-	-	-	-	(33,712)	10,111
39100	Office Furniture	1,640,090	187,171	-	-	-	-	-	(60,997)	1,766,265
39101	Computer Equipment	6,482,197	971,918	(25,064)	-	-	-	-	(2,425,760)	5,003,291
39102	Office Equipment	188,630	48,259	-	-	-	-	-	(8,846)	228,043
39201	Vehicles up to 1/2 Tons	2,561,769	721,929	(216,259)	2,151	59,807	-	-	(583,680)	2,545,717
39202	Vehicles from 1/2 - 1 Tons	3,029,046	727,596	(209,215)	1,941	35,671	-	-	(1,019,332)	2,565,707
39203	Airplane	(3,512,118)	-	-	-	-	-	-	3,512,118	(0)
39204	Trailers & Other	162,202	12,714	-	-	-	-	-	(37,937)	136,979
39205	Vehicles over 1 Ton	787,242	94,015	(80,511)	-	-	-	-	(132,678)	668,068
39300	Stores Equipment	8,982	343	-	-	-	-	-	(5,733)	3,592
39400	Tools, Shop & Garage Equip	2,562,338	239,623	(1,083)	-	-	-	-	(707,354)	2,093,524
39500	Laboratory Equipment	(13,696)	2,322	-	-	-	-	-	40,885	29,511
39600	Power Operated Equipment	1,146,755	110,302	-	-	-	-	-	(324,088)	932,968
39700	Communication Equipment	4,443,387	527,605	-	380	8,795	-	-	(889,323)	4,090,844
39800	Miscellaneous Equipment	326,957	27,788	-	-	-	-	-	(65,587)	289,158
39900	Other Tangible Property	6,150,000	-	-	-	-	-	-	(6,150,000)	-

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Peoples Gas System

For the Year Ended December 31, 2012

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	Prior year 2011 Ending Balance for the un-unitized RWIP has been classified into the 2012 Beginning Balances of the Utility Plant Accou								-
Capital Recovery Schedules:										
	Subtotal 108 - 403 *	494,738,578	48,230,821	(4,300,033)	(3,224,077)	260,185	-	-	667,190	536,372,665
Items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on Line 6, Page 8.										
10500	Property Held for Future Use	-	-	-	-	-	-	-	-	-
11500	Acquisition Adjustment	3,664,317	149,146	-	-	-	-	-	-	3,813,463
	Subtotal	3,664,317	149,146	-	-	-	-	-	-	3,813,463
Total Accumulated Reserve **		514,179,503	50,648,220	(4,920,005)	(3,223,384)	266,180	-	-	-	556,950,514

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 Peoples Gas System	For the Year Ended Dec. 31, 2012

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	Alternative Fueling Stations	297,711	-
2	Cathodic Protection	297,291	-
3	Cast Iron / Bare Steel Replacement Projects	1,225,969	519,606
4	Communication Equipment	605,890	-
5	Distribution System Improvements	954,667	3,944,764
6	Governmental / Municpal Improvements	4,340,541	2,223,366
7	Improvements to Leased Property	7,341	-
8	Improvements to Property	203,627	218,698
9	Industrial Installations	79,861	-
10	Main Replacements	950,212	762,120
11	Measuring & Regulating Station Equipment	1,368,138	228,396
12	Reedy Creek Interconnect & Gate	2,782,320	421,221
13	Jupiter Gate Station	1,546,411	162,461
14	Lawtey Brandy Branch Interconnect	1,003,091	873,745
15	**TOTAL (Continued on 17b)**		

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
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			
2			
3			
4			
5	**See Page 17b**		
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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 - Non Revenue Producing	209,490	-
2	Miscellaneous - Revenue Producing	1,086	-
3	FMPA - Oleander & FGT Project	2,952,795	47,205
4	Office Equipment	656,891	529,650
5	Power Operated Equipment	17,063	-
6	Reimbursable Construction - Net	168,163	304,571
7	Revenue Mains	9,119,767	13,246,473
8	Fernandina Beach & RockTenn Project	21,663,623	-
9	Service Lines	1,042,550	-
10	Testing, Measuring & Detection Equipment	102,126	356,161
11	Tools, Shop & Garage Equipment	547,988	1,169,032
12	Transportation Vehicles	1,178,798	41,888
13			
14			
15	**TOTAL**	53,323,410	25,049,357

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	1,360,007	92,985,924
2	(These costs are allocated to WIP as outlined		
3	in instruction 3 above)		
4			
5	Corporate G&A	3,814,230	92,985,924
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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	576,387
2	Line of Credit	286,833
3	Miscellaneous Prepayments	213,441
4	Permits	82,000
5		
6		
7		
8	TOTAL	1,158,661

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 Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
1						
2						
3	N/A					
4						
5						
6						
7						
8						
9						
10	TOTAL					

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR Account Charged (d)	WRITTEN OFF DURING YEAR Amount (e)	Balance at End of Year (f)
1						
2						
3	N/A					
4						
5						
6						
7						
8						
9						
10						
11						
12						
13	TOTAL					

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: Account Charged (d)	Credits: Amounts (e)	Balance End of Year (f)
1	Other Regulatory - Env. Remediation	28,411,089	8,791,065	242	-	37,202,154
2						
3	FAS 158 - Non Current	26,411,711	2,715,645	228	2,197,929	26,929,427
4						
5	FAS 158 - Current	1,306,369	33,198	242	-	1,339,567
6						
7	Rate Case (5 years)	0	242,450	928	171,148	71,302
8						
9	Environmental MGP	0	10,353,966	232/407	679,615	9,674,351
10						
11	Competitive Rate Adjustment	0	5,690,590	142/4xx	1,583,791	4,106,799
12						
13	Current Derivitave - Regulatory	0	11,916,140	245	7,720,105	4,196,035
14						
15	Long Term Derivative Regulatory	0	2,316,530	245	2,231,315	85,215
16						
17	Conservation Clause	0	1,339,250	407	-	1,339,250
18	TOTAL	56,129,169	43,398,834		14,583,903	84,944,100

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						
2	Mutual Assistance	0	119,137		-	119,137
3						
4	Rate Case (5 years)	242,450	-	182	242,450	0
5						
6	Environmental MGP	3,558,968	-	107	3,558,968	0
7						
8	Greenland Energy Center	2,059,573	-	182	2,059,573	0
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress	60,316				27,323
18	Deferred Regulatory Comm. Expenses					
19	TOTAL	5,921,307				146,460

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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.

Securities Retired

Long Term Note 6.875%	Due 2012	18,965,920
Long Term Note 6.375%	Due 2012	44,269,400
Long Term Note 8.00%	Due 2012	3,400,000
	Total Retired	$66,635,320

Securities Issued

Long Term Note 4.10%	Due 2042	50,000,000
Long Term Note 2.60%	Due 2022	25,000,000
	Total Issued	$75,000,000

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

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts
4. Show loss amounts by enclosing the figures in parentheses.
5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1						
2						
3						
4	30-Note/Tampa Elec 7.375%	09-2002	50,000,000	(3,542,552)	220,016	
5	---Amortization				(220,016)	-
6						
7	34-Note/Tampa Elec 6.875%	12-2010	40,000,000	(20,612)	6,871	
8	--Loss				(6,871)	-
9						
10	35-Note/Tampa Elec 6.375%	12-2010	70,000,000	(164,301)	60,532	
11	---Loss				(60,532)	-
12	Total Amortization - Acct 428				(287,419)	
13	Loss on Reacquired Debt					-

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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 Rate (in %) (e)	Interest for Year Amount (f)	Total Amount Outstanding (g)
1	Other Long Term Debt - Acct 224						
2							
3							
4							
5	Note Issued by Tampa Electric	05/15/07	05/15/37	60,000,000	6.15	3,690,000	60,000,000
6	Note Issued by Tampa Electric	05/15/08	05/15/18	50,000,000	6.10	3,050,000	50,000,000
7	Note Issued by Tampa Electric	12/09/10	05/15/21	46,764,680	5.40	2,525,293	46,764,680
8	Note Issued by Tampa Electric	06/05/12	06/15/42	50,000,000	4.10	2,050,000	50,000,000
9	Note Issued by Tampa Electric	09/28/12	09/15/22	25,000,000	2.60	650,000	25,000,000
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			231,764,680		11,965,293	231,764,680

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 Date From (d)	Amortization Period Date To (e)	Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
1								
2	Unamortized Debt Exp-Acct 181							
3								
4	33-Long term Note 8.00%	35,000,000	976,684	01-1993	07-2012	25,066	(25,066)	-
5	34-Note/Tampa Electric 6.875%	18,965,920	308,507	06-2001	06-2012	6,196	(6,196)	-
6	35-Note/Tampa Electric 6.375%	44,269,400	2,839,136	08-2002	08-2012	104,145	(104,145)	-
7	36-Note/Tampa Electric 6.15%	60,000,000	347,571	05-2007	05-2037	294,277	(11,586)	282,691
8	37-Note/Tampa Electric 6.10%	50,000,000	378,502	05-2008	05-2018	241,294	(37,850)	203,444
9	38-Note/Tampa Electric 5.40%	46,764,680	263,847	12-2010	05-2021	113,003	(113,003)	-
10	39-Note/Tampa Electric 4.10%	50,000,000	512,903	06-2012	06-2042	-	502,938	502,938
11	40-Note/Tampa Electric 2.60%	25,000,000	195,582	12-2012	09-2022	-	190,748	190,748
12						783,982	395,840	1,179,822
13								
14								
15								
16								
17								
18								

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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 Rate (in %) (e)	Interest for Year Amount (f)	Total Amount Outstanding (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			-		-	-

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 Date From (d)	Amortization Period Date To (e)	Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
1	Unamortized Debt Disc - Acct 226							
2	34-Note/Tampa Electric 6.875%	18,965,920	168,800	06-2001	06-2012	7,672	(7,672)	-
3	35-Note/Tampa Electric 6.375%	44,269,400	562,100	08-2002	08-2012	32,789	(32,789)	-
4	36-Note/Tampa Electric 6.15%	60,000,000	340,200	05-2007	05-2037	288,036	(11,340)	276,696
5	39-Note/Tampa Electric 4.10%	50,000,000	138,000	06-2012	06-2042	-	135,317	135,317
6	40-Note/Tampa Electric 2.60%	25,000,000	30,500	12-2012	09-2022	-	29,737	29,737
7						328,497	113,253	441,750
8								
9								
10								
11								
12								
13								
14	Unamortized Debt Disc - OCI							
15	37-Note/Tampa Electric 6.10%	50,000,000	3,935,734	05-2008	05-2018	2,509,030	(393,573)	2,115,457
16	(Interest Rate Settlement)							
17	39-Note/Tampa Electric 4.10%	50,000,000	1,326,300	06-2012	06-2042	-	1,300,511	1,300,511
18								

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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		
2	Vacation Liability	2,347,110
3		
4	SERP Liability FAS 158 - Current	777,018
5		
6	FAS 106 Liability FAS 158 - Current	562,549
7		
8	Manufactured Gas Plant Estimated Environmental Liability	37,689,167
9		
10	Other	268,475
11		
12		
13	TOTAL	41,644,319

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 Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance End of Year (f)
1						
2	Contractor Retention	0	CWIP	-	71,267	71,267
3						
4	Environ. Insurance Recovery	1,737,324	-	-	-	1,737,324
5						
6	Macdill Deferred Credit	0	CWIP	1,736	247,800	246,064
7						
8						
9						
10						
11						
12						
13	TOTAL	1,737,324		1,736	319,067	2,054,655

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 Contra Account (c)	Debits Amount (d)	Credits (e)	Balance End of Year (f)
1						
2	Gas Technology Research	779,778	930.2	380,000	494,000	893,778
3						
4	Amort. Gain on Land	201,585	421	201,585	-	0
5						
6	LT Deriv. Regulatory	0	219	721,635	780,805	59,170
7						
8	Conservation Cost True Up	0	407	719,750	719,750	0
9						
10	Manufactured Gas Plant	28,411,089	242	28,411,089	-	0
11	Estimated Environmental Liability					
12						
13	TOTAL	29,392,452		30,434,059	1,994,555	952,948

Name of Respondent
Peoples Gas System

For the Year Ended

Dec. 31, 2012

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 FL Counties	8,602,370									8,602,370
2	Internal Revenue Service (FICA)				2,266,680						2,266,680
3	FL Public Service Commission						1,633,932				1,633,932
4	FL Dept of Revenue					12,435,107					12,435,107
5	Various FL Municipalities								7,936,771	16,839	7,953,610
6	Internal Revenue Svc (FUTA)				35,163						35,163
7	Internal Revenue Svc (SUTA)				178,902						178,902
8	Various FL Counties (tags)									27,075	27,075
9	Various FL Municipalities										-
10	(occupational Licenses)									16,138	16,138
11	Department of State										-
12	Other										-
13	Less:charged to other revenue (495)						(26,238)				(26,238)
14	Less: Charged to Construction				(353,219)		(102,019)				(455,238)
15	Less: Charged to clearing, jobbing, AR				(51,310)						(51,310)
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	8,602,370	-	-	2,076,216	12,435,107	1,505,675	-	7,936,771	60,052	32,616,191

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

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: Amounts Debited to Account 410.1	Changes During Year: Amounts Credited to Account 411.1	Changes During Year: Amounts Debited to Account 410.2	Changes During Year: Amounts Credited to Account 411.2	Adjustments: Debits: Account No.	Adjustments: Debits: Amount	Adjustments: Credits: Account No.	Adjustments: Credits: Amount	Balance at End of Year
1	GAS										
2	FAS 158	10,729,555					190	212,512			10,942,067
3	FAS 133	6,458,113							190	3,511,735	2,946,378
4											
5	Gas	28,064,483	3,079,284								24,985,199
6											
7	Tax Credit						190	104,848			104,848
8											
9											
10											
11	TOTAL Gas (Lines 2 - 10)	45,252,151	3,079,284					317,360		3,511,735	38,978,492
12	Other (Specify)										
13	TOTAL (Account 190) (Total of lines 11 and 12)	45,252,151	3,079,284					317,360		3,511,735	38,978,492

NOTES:

	Federal	State	Total	
Deferred income tax Other adjustments includes:	(3,011,036)	(500,699)	(3,511,735)	FAS 133
	182,214	30,298	212,512	FAS158
	104,848	0	104,848	FIT Deferred Tax Credit
	(2,723,974)	(470,401)	(3,194,375)	

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

Line No.		Balance at Beginning of Year	Changes During Year: Amounts Debited to Account 410.1	Changes During Year: Amounts Credited to Account 411.1	Changes During Year: Amounts Debited to Account 410.2	Changes During Year: Amounts Credited to Account 411.2	Adjustments: Debits: Account No.	Adjustments: Debits: Amount	Adjustments: Credits: Account No.	Adjustments: Credits: Amount	Balance at End of Year
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	106,814,055	24,764,311								131,578,366
9	Other										
10	TOTAL Account 282 (Lines 7 thru 9)	106,814,055	24,764,311								131,578,366
11	Account 283 - Other										
12	Electric										
13	Gas	22,453,700	1,374,005				283	3,649,075			20,178,630
14	Other										-
15	TOTAL Account 283 - Other (Lines 12 thru 14)	22,453,700	1,374,005				283	3,649,075			20,178,630
16	GAS										
17	Federal Income Tax	114,976,781	24,918,727					3,128,793			136,766,715
18	State Income Tax	14,290,974	1,219,589					520,283			14,990,280
19											-
20	TOTAL Gas (Lines 17 thru 19)	129,267,755	26,138,316					3,649,076			151,756,995
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)	129,267,755	26,138,316					3,649,076			151,756,995

NOTES:

	Federal	State	Total	
Deferred income tax adjustment includes:	3,311,007	550,581	3,861,588	FAS 133
	(182,214)	(30,298)	(212,512)	FAS158
Total 283	3,128,793	520,283	3,649,076	

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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)	34,065,653
2	Reconciling Items for the Year	
3		
4	*Taxable Income Not Reported on Books*	
5	CIAC and AIAC	3,160,178
6	Deferred Revenue	487,013
7		
8		
9	*Deductions Recorded on Books Not Deducted for Return*	
10	Bond Refinancing Put Option	902,107
11	Bonus	684,661
12	Capitalized Interest (Sec. 263)	1,769,402
13	FAS 106	2,998,596
14	SERP	502,753
15	Whole Pricing Interest Component	523,764
16	Deferred Taxes	29,217,598
17	Other	1,036,587
18	*Income Recorded on Books Not Included in Return*	
19	Competitive Rate Adjustment	571,422
20	Energy Conservation Revenue	2,041,704
21	Federal Income Tax	10,000,989
22	Other	201,585
23	*Deductions on Return Not Charged Against Book Income*	
24	Capitalized ECA Costs Tax Amortization	1,248,916
25	Cost of Removal	5,284,245
26	Deferred Fuel	1,773,815
27	Depreciation - Excess Over Books	58,832,888
28	Environmental Disposal Costs	7,614,777
29	Hedges	914,963
30	Pension	2,387,430
31	Repairs Capitalized on Books	5,955,422
32	Other	1,456,684
33		
34	Federal Taxable Net Income	(22,936,528)
35	*Show Computation of Tax:*	
36	Federal Taxable Net Income - Less Income from Subsidiaries	(24,520,383)
37	Federal Income Tax @ 35%	(8,582,134)
38	Prior Year True-up Provision to Actual Per Return and FAS 109 Adjustment	(1,418,855)
39	Federal Income Tax	(10,000,989)
40	Federal Income Tax Allocation to Other Income	(17,767)

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). 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
Premier Elkhorn Coal Company
Raven Rock Development Corporation
Ray Coal Company, Inc.
Rich Mountain Coal Company
Tampa Electric Company
TECO Coal Corporation
TECO Coalbed Methane Florida, Inc.
TECO Consumer Holdings, Inc.
TECO Consumer Ventures, Inc.
TECO Clean Advantage Corporation
TECO Diversified, Inc.
TECO EnergySource, Inc.
TECO Finance, Inc.
TECO Gas Services, Inc.
TECO Gemstone, Inc.
TECO Guatemala, Inc.
TECO Oil & Gas, Inc.
TECO Partners, Inc.
TECO Pipeline Holding Company, LLC
TECO Properties Corporation
TEC Receivables Corporation
TECO Solutions, Inc.
TECO Wholesale Generation, Inc.
TPS Guatemala One, Inc.
Whitaker Coal Corporation

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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: Amount for Year (b)	Operating Revenues: Amount for Previous Year (c)	Therms of Natural Gas Sold: Current Year (d)	Therms of Natural Gas Sold: Previous Year (e)	Avg. No. of Natural Gas Customers Per Mo.: Current Year (f)	Avg. No. of Natural Gas Customers Per Mo.: Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480 Residential RS1 - RS3	117,750,776	132,877,604	57,595,646	64,732,249	309,098	305,800
4	480 Residential GS1	3,856,062	4,082,785	3,342,140	3,389,376	1,010	1,038
5	480 Residential GS2	1,270,882	1,449,516	1,245,774	1,339,627	74	90
6	480 Residential GS3	97,272	283,483	94,077	270,602	6	5
7	481 Commercial Street Lighting	61,241	75,528	65,726	78,038	19	22
8	481 Small General Service	8,157,828	8,783,543	5,315,814	5,667,991	7,975	8,013
9	481 General Service 1	22,178,163	25,022,775	19,621,773	21,357,992	5,376	5,932
10	481 General Service 2	12,896,070	15,575,690	12,704,967	14,717,750	804	915
11	481 General Service 3	4,087,769	4,667,510	4,212,349	4,599,240	62	68
12	481 General Service 4	997,067	908,736	1,094,135	1,067,012	7	10
13	481 General Service 5	615,306	1,861,766	748,889	2,188,305	6	4
14	481 Natural Gas Vehicle Sales	5,902	4,246	4,158	2,762	4	3
15	Interruptible Sales Service						
16	481 Small Interruptible Service	315,993	484,721	435,580	649,302	2	0
17	481 Interruptible Lg. Vol - 1	746,315	332,031	1,337,214	622,101	-	0
18	481 Interruptible Lg. Vol - 2	(254,315)	(615,928)	1,486,267	615,733	-	0
19	Off System Sales Service						
20	481 Mutually Beneficial	7,612,745	14,352,323	23,117,980	27,761,530	2	3
21	481 Off System Sales	66,062,715	91,621,695	200,845,820	203,230,800	15	14
22	Firm Transportation Service						
23	489 Res-General Svc 1	473,349	403,459	1,275,088	1,092,756	271	230
24	489 Res-General Svc 2	1,121,277	1,083,105	4,190,480	4,061,655	192	187
25	489 Res-General Svc 3	785,342	607,373	3,068,030	2,789,247	38	34
26	489 Commercial Street Lighting	130,600	129,446	651,731	645,915	29	27
27	489 Natural Gas Vehicles	40,665	35,359	164,039	140,708	11	10
28	489 Small General Service	1,657,401	1,389,644	2,667,782	2,245,063	2,274	1,899
29	489 General Service 1	17,563,498	16,062,036	48,962,264	44,998,809	8,988	8,158
30	489 General Service 2	28,365,675	27,666,234	104,263,685	102,218,029	5,592	5,355
31	489 General Service 3	16,759,780	16,361,383	73,695,444	72,474,037	732	710
32	489 General Service 4	7,876,893	7,683,328	47,150,553	46,014,645	132	131
33	489 General Service 5	11,599,632	10,588,282	96,772,000	87,935,610	123	115
34	Interruptible Transportation Serv.						
35	489 Small Interruptible Transp	5,060,875	3,877,676	65,091,754	52,907,309	30	29
36	489 Interruptible Transp LG - 1	6,343,449	5,967,999	182,942,150	172,586,463	15	16
37	489 Interruptible Transp LG - 2	10,513,365	9,415,820	899,506,735	592,002,723	8	8
38	482 Other Sales to Public Authorities		0		0		0
39	484 Flex Rate - Refund		0		0		0
40	TOTAL Sales to Ultimate Consumers	354,749,592	403,039,168	1,863,670,044	1,534,403,379	342,895	338,826
41	483 Sales for Resale	1,152,148	1,169,228	3,356,530	2,919,102	14	14
42	Off-System Sales		0		0		0
43	TOTAL Nat. Gas Service Revenues	355,901,740	404,208,396			Notes	
44	TOTAL Gas Service Revenues	355,901,740	404,208,396				
45	Other Operating Revenues						
46	485 Intracompany Transfers						
47	487 Forfeited Discounts	659,483	687,533				
48	488 Misc. Service Revenues	4,649,532	4,988,207				
49	488 Gross Recpts Tax/Franch Fee Coll		23,654,841				
50	488 Individual Transp Charge	545,616	533,952				
51	489 Rev. from Trans. of Gas of Others						
52	not included in above rate schedules)		0				
53	493 Rent from Gas Property	743,573	375,538				
54	494 Interdepartmental Rents		0				
55	495 Other Gas Revenues						
56	Gross Recpts Tax/Franch Fee Coll	20,371,878	0				
57	Reconnect for Cause		0				
58	Collection in lieu of disconnect		0				
59	Returned Check		0				
60	Other	5,856,328	8,733,385				
61	495.1 Overrecoveries Purchased Gas		903,146				
62	TOTAL Other Operating Revenues	32,826,410	39,876,602				
63	TOTAL Gas Operating Revenues	387,576,002	442,915,770				
64	(Less) 496 Provision for Rate Refunds		0				
65	TOTAL Gas Operating Revenues						
66	Net of Provision for Refunds	387,576,002	442,915,770				
67	Sales for Resale	1,152,148	1,169,228				
68	Other Sales to Public Authority		0				
69	Interdepartmental Sales		0				
70	TOTAL	388,728,150	444,084,998				

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2012

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)	-	-
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)	-	-
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)	-	-
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)	-	-
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases	114,784,090	154,593,645
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	47,185,937	51,509,786
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)	(2,508,809)	5,270,660
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	159,461,218	211,374,091
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	443,163	-
27	(Less) 808.2 Gas Delivered to Storage--Credit	(1,406,250)	-
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	(109,918)	(123,840)
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	(109,918)	(123,840)
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35	158,388,213	211,250,251
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	158,388,213	211,250,251
38	**2. Natural Gas Storage, Terminaling and Processing Expenses**		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837	-	-
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)	-	-
41	C. TOTAL Liquefied Nat Gas Terminaling & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)	-	-
43	**3. Transmission Expenses**		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)	-	-
45			
46			

Name of Respondent		For the Year Ended Dec. 31, 2012

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	588,771	256,857
50	871 Distribution Load Dispatching	397,059	405,676
51	872 Compressor Station Labor and Expenses	16,383	86,716
52	873 Compressor Station Fuel and Power	294	789
53	874 Mains and Services Expenses	6,342,292	6,879,699
54	875 Measuring and Regulating Station Expenses--General	210,507	297,726
55	876 Measuring and Regulating Station Expenses--Industrial	36,183	6,669
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	43,445	61,289
57	878 Meter and House Regulator Expenses	3,693,019	3,758,782
58	879 Customer Installations Expenses	2,246,928	2,851,235
59	880 Other Expenses	1,432,414	1,776,230
60	881 Rents	172,594	172,570
61	TOTAL Operation (Total of lines 49 through 60)	15,179,889	16,554,238
62	Maintenance		
63	885 Maintenance Supervision and Engineering	2,291	
64	886 Maintenance of Structures and Improvements	260,870	327,307
65	887 Maintenance of Mains	2,572,683	3,308,195
66	888 Maintenance of Compressor Station Equipment	21,143	
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	499,667	644,595
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	496,381	515,867
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	577,440	860,728
70	892 Maintenance of Services	764,718	737,623
71	893 Maintenance of Meters and House Regulators	676,048	640,389
72	894 Maintenance of Other Equipment	73,420	49,950
73	TOTAL Maintenance (Total of Lines 63 through 72)	5,944,661	7,084,654
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	21,124,550	23,638,892
75	**5. Customer Accounts Expenses**		
76	Operation		
77	901 Supervision		
78	902 Meter Reading Expenses	1,536,901	1,961,416
79	903 Customer Records and Collection Expenses	6,024,249	5,216,871
80	904 Uncollectible Accounts	728,908	1,074,185
81	905 Miscellaneous Customer Accounts Expenses		
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	8,290,058	8,252,472
83	**6. Customer Service and Informational Expenses**		
84	Operation		
85	907 Supervision		
86	908 Customer Assistance Expenses	6,233,102	5,853,354
87	909 Informational and Instructional Expenses	1,081,549	1,053,314
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	7,314,651	6,906,668
90	**7. Sales Expenses**		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses	6,916,536	6,784,012
94	913 Advertising Expenses	534,373	278,040
95	916 Miscellaneous Sales Expenses	100,091	80,288
96	TOTAL Sales Expenses (Total of lines 92 through 95)	7,551,000	7,142,340
97			

Name of Respondent		For the Year Ended Dec. 31, 2012

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	5,845,898	5,892,575
101	921 Office Supplies and Expenses	12,521,525	17,558,037
102	(Less) (922) Administrative Expenses Transferred--Credit	(4,284,230)	(4,740,004)
103	923 Outside Services Employed	1,246,381	718,241
104	924 Property Insurance	139,301	145,961
105	925 Injuries and Damages	3,231,688	8,317,456
106	926 Employee Pensions and Benefits	10,615,197	7,519,083
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses	171,125	171,125
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses		
111	930.2 Miscellaneous General Expenses	5,743,532	1,209,676
112	931 Rents	442,628	422,890
113	TOTAL Operation (Total of lines 100 through 112)	35,673,045	37,215,040
114	Maintenance		
115	935 Maintenance of General Plant	211,268	173,152
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	35,884,313	37,388,192
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	238,552,785	294,578,815
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)	12/31/2012
3	2. Total Regular Full-Time Employees	532
4	3. Total Part-Time and Temporary Employees	3
5	4. Total Employees	535
6		
7		
8		
9		
10		
11		
12		
13		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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		$114,784,091	
2	808.1 - Gas Withdrawn from Storage-Debit		$443,163	
3	808.2 - Gas Delivered to Storage-Credit		($1,406,250)	
4	804 - Natural Gas City Gate Purchases-Commodity		$47,185,404	
5	805.1 - Purchased Gas Cost Adjustments		($2,508,809)	
6				
7				
8				
9				
10				
11	TOTAL (Total of lines 1 through 10)	347,831,879	$158,497,599	45.57

Notes to Gas Purchases

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)

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

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2				
3	Operations Expense	880	18,821	14,985
4				
5	Transportation Clearing Account CNG	184	6,858	5,460
6				
7	Other Income Deductions	426	18,402	13,737
8				
9	Administrative Use	921	231	181
10				
11	Sales Tax Account	241	N/A	(1,322)
12				
13	Gas Lost - Damaged Facilities	143	N/A	76,877
14				
15				
16				
17				
18				
	TOTAL		44,312	109,918

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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 – Charged Currently to – Account No. (d)	Expenses Incurred During Year – Charged Currently to – Amount (e)	Expenses Incurred During Year – Deferred to Account 186 (f)	Amortized During Year – Contra Account (g)	Amortized During Year – Amount (h)	Deferred in Account 186 End of Year (i)
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	242,450	921	(23)		928	171,125	71,302
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	TOTAL	1,395,491	242,450		(23)			171,125	71,302

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	473,276
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	109,267
7		
8	TEC Interco - General *	3,328,767
9		
10	TECO Interco - General *	1,260,998
11		
12	Other	71,224
13		
14		
15		
16		
17		
18	* These charges were previously recorded in account 921	
19		
20	TOTAL	5,743,532

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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 - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution	9,820,745		
8	Customer Accounts	3,250,149		
9	Customer Service and Informational	196,967		
10	Sales	3,523		
11	Administrative and General	5,564,536		
12	TOTAL Operation (Total of lines 5 through 11)	18,835,919		
13	Maintenance			
14	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
15	Transmission			
16	Distribution	2,782,146		
17	Administrative and General	1,696,336		
18	TOTAL Maintenance (Total of lines 14 through 17)	4,478,482		
19	Total Operation and Maintenance			
20	Production - Manuftd. 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)	12,602,891		
23	Customer Accounts (Transcribe from line 8)	3,250,149		
24	Customer Service and Informational (Transcribe from line 9)	196,967		
25	Sales (Transcribe from line 10)	3,523		
26	Administrative and General (Total of lines 11 and 17)	7,260,872		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	23,314,400	134,875	23,449,275
28	**Other Utility Departments**			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	23,314,400	134,875	23,449,275
31	**Utility Plant**			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	5,284,804	235,643	5,520,447
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	5,284,804	235,643	5,520,447
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	658,100	6,475	664,575
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	658,100	6,475	664,575
42				
43	Other Accounts (Specify):			
44				
45	Accounts Receivable - Associated Companies	873,215	0	873,215
46	Clearing	0	0	0
47	Other Work in Progress	2,004	0	2,004
48	Merchandise / Jobbing	34,287	2,687	36,974
49	Miscellaneous	9,000	0	9,000
50				
51				
52				
53	TOTAL Other Accounts	918,506	2,687	921,193
54	TOTAL SALARIES AND WAGES	30,175,810	379,680	30,555,490

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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	Arcadis of New York Inc.	186-environmental services	178,324
2	Arcadis US Inc.	186-environmental services	363,616
3	Bajocuva PA	Capital/186/925-legal services	802,634
4	Baker & Hosteleter LLP	186-legal services	197,817
5	Brandmark Advertising, Inc.	912-advertising services	364,850
6	Brown and Caldwell Inc.	186-engineering services	33,509
7	C Edward Mills	923-consulting services	85,392
8	Celeritas Works LLC	925-consulting services	98,290
9	Cozen O Connor	186-legal services	349,635
10	Environ International Corp	186-environmental services	64,165
11	Fowler, White, Boggs PA	186-legal services	332,976
12	Gunster Yoakley & Stewart PA	925-legal services	32,840
13	Lau, Lane, Pieper, Conley & McCreadie PA	925-legal services	155,018
14	Macfarlane Ferguson & McMullen PA	186/923-legal services	371,421
15	Marketing Talent	909/921-advertising services	570,267
16	Matrikon International Inc.	107/921-software consulting services	93,730
17	McClain Smoak & Chistolini LLC	925-legal services	134,286
18	Pricewaterhouse Coopers	923-accounting services	341,539
19	Reynolds Smith & Hills Inc.	186-engineering services	30,342
20	Southern Cathodic Protection	887-engineering services	93,333
21	Sungard Energy Systems	921-software/maintenance/consulting	74,619
22	Tampa Electric*	various	9,118,994
23	Teco Energy*	various	4,730,966
24	Teco Partners*	912-marketing	6,759,749
25	Trimble Navigation LTD	107/921-software consulting services	34,423
26			
27			
28			
29			
30			

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given for the respective income deduction and interest charges accounts. Provide a subheading for each account and total for the account. Additional columns may be added if deemed appropriate with respect to any account.
(a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charges, the total of amortization charged for the year, and the period of amortization.
(b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2 Life Insurance; 426.3 Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities: and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than $25,000 may be grouped by classes within the above accounts.
(c) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.

	Item	Amount
1		
2	Account 426.1 - Donations	255,676
3	Account 426.4 - Lobbying	25,773
4		281,449
5		
6		
7		
8	Account 431 - Other Interest Expense	
9	Intercompany Interest	6,153
10	AR Facility	-
11	Customer Deposits	1,868,709
12	Miscellaneous	(16,664)
13	ECCR	332
14	PGA True - Up	1,089
15		1,859,619
16		
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Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than $25,000, including payments for legislative services, except those which should be reported in Account 426.4 - Expenditures for Certain Civic, Political and Related Activities.
(a) Name of person or organization rendering services,
(b) description of services received,
(c) basis of charges,
(d) total charges for the year, detailing account charged.
2. For any services which are of a continuing nature, give the date and term of contract.
3. Designate with an asterisk associated companies.

	Description		Amount
1	The following were charged to capital accounts:		
2	Ash Engineering, Inc.	various-engineering services	74,165
3	Broad & Cassel	various-legal services	274,511
4	Calhoun Collister & Parham Inc.	various-real estate services	75,218
5	Captec Engineering	various-engineering services	57,698
6	Certified Testing Laboratories	various-engineering services	44,796
7	CGI Technologies and Solutions	various-engineering services	366,098
8	Deloitte	various-ERP consulting	616,000
9	Eric B Stallings	various-engineering services	33,216
10	Environmental Consulting & Technology Inc	various-environmental consulting	127,326
11	FGE Engineering, Inc.	880/various-engineering services	243,757
12	George Young	various-engineering services	67,996
13	John D Cerrato	various-engineering services	104,280
14	Magnolia River Services	various-engineering services	61,984
15	Mai Engineering Services, Inc.	various-engineering services	628,927
16	NDT & Inspections Inc.	various-engineering services	88,044
17	PowerPlan	046/921-software consulting services	449,144
18	Raymond Ross	various-construction management	80,398
19	Renegade Testing & Inspection	various-engineering services	84,400
20	Southern Design Group Inc.	various-engineering services	80,722
21	Tampa Electric*	various	739,790
22	Teco Partners*	various	500,000
23	William J Greer	various-construction management	244,869
24			
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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.
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(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		
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Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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)	246,457,791		246,457,791	246,457,791	
2	Sales for Resale (483)	1,152,148		1,152,148	1,152,148	
3	Total Natural Gas Service Revenues	247,609,940		247,609,940	247,609,940	
4	Total Other Operating Revenues (485-495)	141,118,210		141,118,210	143,159,910	(2,041,700)
5	Total Gas Operating Revenues	388,728,150		388,728,150	390,769,850	(2,041,700)
6	Provision for Rate Refunds (496)			-	-	-
7	Other (Specify)					-
8	Energy Conservation True Up Adjustment				(2,041,700)	2,041,700
9	Mutually Beneficial and Wholesale Adjustment				(8,764,893)	8,764,893
10	Unbilled Revenue Adjustment				45,629	(45,629)
11	OSS Sales for Resale Adjustment				(49,336,668)	49,336,668
12	Total Gross Operating Revenues	388,728,150		388,728,150	330,672,218	58,055,932

Notes:

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

Line 5, column F - account 407.4 included in operating revenue on 2012 RAF return, subtracted on line 8.

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

CORPORATE STRUCTURE

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

Effective Date: Dec. 31, 2012

- TECO Energy, Inc.
  - Tampa Electric Company
    - TEC Receivables Corp.
    - 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 Wholesale Generation, Inc.
    - TECO Guatemala, Inc.
      - H Power I, Inc.
      - H Power II, Inc.
      - TECO Guatemala Holdings, LLC
        - Triangle Finance Company, LLC
        - TECO Guatemala Holdings II, LLC
  - TECO Clean Advantage Corporation

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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)	Total Charge for Year: Account Number (e)	Total Charge for Year: Dollar Amount (f)
TECO Partners	Rent		s	146	224,832
	G&A Allocation		s	146	490,000
	Marketing Services		p	234	6,759,749
	Marketing Services - Capital		p	234	500,000
	Other Services		s	146	11,019
Tampa Electric	Rent		s	146	72,162
	Rent		p	234	121,452
	Other Services		p	234	9,118,994
	Other Services		s	146	428,668
	Other Services - Capital		p	234	739,790
	Off System Sales		s	146	1,758,323
	Gas Purchases		p	234	2,241,414
	Net Imbalance Trade Bookouts & Overages		s	146	469,214
TECO Energy	Other Services		s	146	45,323
	Other Services		p	234	4,730,966
	Other Services - Capital		p	234	12,190
TECO Energy Source	Other Services		s	146	8,157
	Net Capacity Releases		p	234	1,455
	Off System Sales		s	146	11,684,120
	Net Imbalance Cashouts		s	146	43,743
	Net Imbalance Cashouts		p	234	54,125
	Gas Purchases		p	234	51,915
SeaCoast Gas Transmission	Other Services		s	146	95,052
	G&A Allocation		s	146	230,004
	Operational Sales		s	146	42,500

Peoples Gas System	For the Year Ended Dec. 31, 2012

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	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: - Energy Services - Energy Conservation Program Services - Promotional Services 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. One year agreements were entered into between Peoples and TECO Partners, whereby TECO Partners lease space in various Peoples buildings in Florida.
Tampa Electric Company	Service agreement effective April 2012 through March 2013. Peoples Gas System contracted Tampa Electric to provide monthly gas meter reading at a price of $0.22 per reading in the Tampa division, and $0.50 per reading in the Lakeland division. For 2012, both parties mutually agree to establish the volume for April 2012 - March 2013 at 63,993 meters for Tampa, and for Lakeland a volume for April 2012 - March 2013 at 6,088 meters. An automatic review of billing volumes will occur should a 10% differential exist. Additional terms and prices are provided for under these agreements.

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	490,000
	Monthly Marketing Services (costs)	6,759,749
	Monthly Marketing Services (costs) - Capital	500,000
Tampa Electric	Monthly Various Products & Services (costs)	9,118,994
	Monthly Various Products & Services (costs) - Capital	739,790
	Off System Sales	1,758,323
	Gas Purchases	2,241,414
	Net Imbalance Trade Bookouts & Overages	469,214
TECO Energy	Monthly Various Productes & Services (costs)	4,730,966
TECO Energy Source	Off System Sales	11,684,120
SeaCoast Gas Transmission	Various Services	95,052
	Monthly G&A charged to SeaCoast	230,004
	Operational Sale	42,500

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2012

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:	None	$	$	$	$	$	
Total						$	
Sales to Affiliates:	None	$	$	$	$	Sales Price	
Total						$	

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 Energy	Peoples Gas	Policy Analyst	Business Develop Mgr	Perm
TECO Energy	Peoples Gas	Coord Accounts Payable	Coord Accounts Payable	Perm
TECO Guatemala	Peoples Gas	Snr Accountant Int'l Ops	Snr Accountant	Perm
Tampa Electric	Peoples Gas	Co-op Engineer	Engineer I	Perm
Tampa Electric	Peoples Gas	Supervisor Cust Care	Supervisor Cust Care	Perm
Peoples Gas	Tampa Electric	Supervisor Cust Care	Supervisor Cust Care	Perm
Peoples Gas	Tampa Electric	Senior Eng. Technician	Lighting Field Eng Tech	Perm
Peoples Gas	TECO Partners	Program Manager	Manager Business Dev	Perm