

GU608-14-AR

**ANNUAL REPORT OF
NATURAL GAS UTILITIES**

OFFICIAL COPY
Public Service Commission
P.O. Box 10000, Tallahassee, Florida 32304

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, 2014

DIVISION OF
ACCOUNTING & FINANCE

15 APR 30 AM 6:15

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION

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

Title Controller



Report of Independent Certified Public Accountants

To the Board of Directors of
Tampa Electric Company:

We have audited the accompanying financial statements of Peoples Gas System (a wholly-owned subsidiary of Tampa Electric Company), which comprise the balance sheets as of December 31, 2014 and December 31, 2013, 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 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 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. 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 from 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, 2014 and December 31, 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases described in Note 1.

Emphasis of Matter

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared by Tampa Electric Company on the basis of the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Federal Energy Regulatory Commission. Our opinion is not modified with respect to this matter.

Other Matter

Our report is intended solely for the information and use of the board of directors and management of Tampa Electric Company and for filing with the Federal Energy Regulatory Commission and is not intended to be and should not be used by anyone other than these specified parties or for any other purpose.

PricewaterhouseCoopers LLP

Tampa, FL
April 27, 2015

**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 2014
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, 2014

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, 2013 to December 31, 2013, inclusive.

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

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

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



Signature

4/27/15

Date

Jeffrey S. Chronister

Name

Controller

Title

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2014

TABLE OF CONTENTS

Title of Schedule (a)	Page No. (b)	Title of Schedule (a)	Page No. (b)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS		INCOME ACCOUNT SUPPORTING SCHEDULES	
Control Over Respondent	3	Gas Operating Revenues	26
Corporations Controlled By Respondent	3	Gas Operation and Maintenance Expenses	27-29
Officers	4	Number of Gas Department Employees	29
Directors	4	Gas Purchases	30
Security Holders and Voting Powers	5	Gas Used in Utility Operations - Credit	30
Important Changes During the Year	5	Regulatory Commission Expenses	31
Comparative Balance Sheet	6-7	Miscellaneous General Expenses - Gas	31
Statement of Income	8-9	Distribution of Salaries and Wages	32
Statement of Retained Earnings	10	Charges for Outside Prof. and Other Consultative Serv	33
Notes to Financial Statements	11	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	33
BALANCE SHEET SUPPORTING SCHEDULES		REGULATORY ASSESSMENT FEE	
(Assets And Other Debits)		Reconciliation of Gross Operating Revenues - Annual Report versus Regulatory Assessment Fee Return	
Summary of Utility Plant and Accum. Prov. for Depreciation, Amortization, and Depletion	12		34
Gas Plant in Service	13-14	DIVERSIFICATION ACTIVITY	
Accumulated Depreciation & Amortization	15-16	Corporate Structure	35
Construction Work in Progress - Gas	17	Summary of Affiliated Transfers and Cost Allocations	36
Construction Overheads - Gas	17	New or Amended Contracts with Affiliated Companies	37
Prepayments	18	Individual Affiliated Transactions in Excess of \$25,000	37
Extraordinary Property Losses	18	Assets or Rights Purchased from or Sold to Affiliates	38
Unrecovered Plant and Regulatory Study Costs	18	Employee Transfers	38
Other Regulatory Assets	19		
Miscellaneous Deferred Debits	19		
(Liabilities and Other Credits)			
Securities Issued and Securities Refunded or Retired During the Year	20		
Unamortized Loss and Gain on Reacquired Debt	20		
Long-Term Debt	21		
Unamortized Debt Exp., Premium and Discount on Long-Term Debt	21		
Miscellaneous Current and Accrued Liabilities	22		
Other Deferred Credits	22		
Other Regulatory Liabilities	22		
Taxes Other Than Income Taxes	23		
Accumulated Deferred Investment Tax Credits	23		
Accumulated Deferred Income Taxes	24		
Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	25		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2014
CONTROL OVER RESPONDENT	
<p>1. If any corporation, business trust, or similar organization or organization. If control was held by a trustee(s), state name of combination of such organizations jointly held control over the trustee(s). respondent at end of year, state name of controlling corporatio 2. If the above required information is available from the SEC or organization, manner in which control was held, and extent (10-K Report Form filing, a specific reference to the report form control. If control was in a holding company organization, show (i.e. year and company title) may be listed provided the fiscal the chain of ownership or control to the main parent company (years for both the 10-K report and this report are compatible.</p>	
<p>Peoples Gas System is a division of Tampa Electric Company, which is a wholly owned subsidiary of TECO Energy.</p>	

CORPORATIONS CONTROLLED BY RESPONDENT			
<p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote. 2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.</p>			
<p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests. 4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.</p>			
DEFINITIONS			
<p>1. See the Uniform System of Accounts for a definition of control. 2. Direct control is that which is exercised without interposition of an intermediary. 3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control. 4. Joint control is that in which neither interest can effectively</p>		<p>control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.</p>	
Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
TECO Partners	Marketing Services	100%	

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2014
OFFICERS		
<p>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.</p> <p>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.</p>		
Title (a)	Name of Officer (b)	Salary for Year (c)
President Tampa Electric & PGS *	G. Gillette	\$ 163,800.00
Senior Vice President Energy Delivery *	W. Whale	\$ 105,060.00
Vice President Customer Care & Fuels Management *	B. Narzissenfeld	\$ 74,480.00
Vice President State & Comm Relations *	C. Hinson	\$ 34,135.00
<p>*Salary for the year shown represents the Peoples Gas System allocation of individual salaries.</p>		

DIRECTORS			
<p>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.</p>		<p>2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.</p>	
Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
<p>Peoples Gas System, as a division of Tampa Electric Company, has no Directors.</p>			

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2014

SECURITY HOLDERS AND VOTING POWERS

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

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became vested with voting rights and give others important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent if contingent, describe the contingency.

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

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders.

Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
	Number of votes as of (date):			
	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities				
TOTAL number of security holders				
TOTAL votes of security holders listed below				
Peoples Gas System, as a division of Tampa Electric Company, has no outstanding shares of common stock. All outstanding shares of Tampa Electric Company common stock are held by 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 None
- 5 None

Name of Respondent

Peoples Gas System

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	1,250,563,388	1,310,949,587
3	Construction Work in Progress (107)	12	37,999,179	46,635,955
4	TOTAL Utility Plant Total of lines 2 and 3)		1,288,562,567	1,357,585,542
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	595,695,477	630,525,978
6	Net Utility Plant (Total of line 4 less 5)		692,867,090	727,059,564
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)	-	1,072,286	1,026,666
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)		1,072,286	1,026,666
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	3,261,023	3,821,071
19	Special Deposits (132-134)	-	25,000	25,000
20	Working Funds (135)	-	3,500	3,450
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	22,917,005	26,034,826
24	Other Accounts Receivable (143)	-	6,933,411	15,706,679
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	(731,329)	(716,180)
26	Notes Receivable from Associated Companies (145)	-		
27	Accounts Receivable from Associated Companies (146)	-	1,682,578	4,052,631
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)	-	3,062,783	1,799,639
32	Merchandise (155)	-		
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-	-	
36	Prepayments (165)	18	1,368,776	1,647,949
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	10,453,804	12,160,508
41	Miscellaneous Current and Accrued Assets (174)	-	1,135,145	-
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		50,111,696	64,535,573
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	1,094,577	1,114,615
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	74,569,400	84,175,273
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-	5,503	
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	86,796	68,875
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24	33,632,569	35,824,576
56	Unrecovered Purchased Gas Costs (191)	-	3,028,976	822,722
57	TOTAL Deferred Debits (Total of lines 44 through 56)		112,417,821	122,006,061
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		856,468,893	914,627,864

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)	-	185,550,169	210,550,169
5	Retained Earnings (215, 216)	10	112,751,747	113,647,896
6	Other Comprehensive Income (219)		(1,829,350)	(1,566,669)
7	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	1,089,915	875,947
8	(Less) Reacquired Capital Stock (217)	-		
9	TOTAL Proprietary Capital (Total of lines 2 through 8)		297,562,481	323,507,343
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	231,764,680	241,764,680
15	Unamortized Premium on Long-Term Debt (225)	21		
16	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21	(422,760)	(410,331)
17	TOTAL Long-Term Debt (Total of lines 11 through 16)		231,341,920	241,354,349
18	OTHER NONCURRENT LIABILITIES			
19	Obligations Under Capital Leases - Noncurrent (227)	-		
20	Accumulated Provision for Property Insurance (228.1)	-	263,542	321,042
21	Accumulated Provision for Injuries and Damages (228.2)	-	2,977,012	3,351,701
22	Accumulated Provision for Pensions and Benefits (228.3)	-	23,325,251	22,191,238
23	Accumulated Miscellaneous Operating Provisions (228.4)	-	115,339	155,254
24	Accumulated Provision for Rate Refunds (229)	-		
25	TOTAL Other Noncurrent Liabilities (Total of lines 19 through 24)		26,681,144	26,019,235
26	CURRENT AND ACCRUED LIABILITIES			
27	Notes Payable (231)	-	15,600,000	12,900,000
28	Accounts Payable (232)	-	25,201,160	26,863,282
29	Notes Payable to Associated Companies (233)	-		
30	Accounts Payable to Associated Companies (234)	-	7,116,182	6,974,328
31	Customer Deposits (235)	-	38,962,429	40,677,812
32	Taxes Accrued (236)	-	2,661,809	3,125,458
33	Interest Accrued (237)	-	1,777,760	1,844,902
34	Dividends Declared (238)	-		
35	Matured Long-Term Debt (239)	-		
36	Matured Interest (240)	-		
37	Tax Collections Payable (241)	-	614,504	705,383
38	Miscellaneous Current and Accrued Liabilities (242)	22	44,931,659	37,665,637
39	Obligations Under Capital Leases-Current (243)	-		
40	Derivative Liabilities (245)		35,685	8,985,490
41	TOTAL Current and Accrued Liabilities (Total of lines 27 through 40)		136,901,188	139,742,292
42	DEFERRED CREDITS			
43	Customer Advances for Construction (252)	-	7,564,144	9,842,365
44	Other Deferred Credits (253)	22	2,537,502	3,429,205
45	Other Regulatory Liabilities (254)	22	1,845,837	1,275,396
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	152,034,677	169,457,679
50	TOTAL Deferred Credits (Total of lines 43 through 49)		163,982,160	184,004,645
51	TOTAL Liabilities and Other Credits (Total of lines 9, 17, 25, 41 and 50)		856,468,893	914,627,864

STATEMENT OF INCOME

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

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	389,430,887	382,348,910
3	Operating Expenses			
4	Operation Expenses (401)	27-29	220,283,403	223,799,544
5	Maintenance Expenses (402)	27-29	9,885,113	8,092,755
6	Depreciation Expense (403)	15-16	51,342,070	49,505,687
7	Amortization & Depletion of Utility Plant (404-405)	-	1,816,541	1,081,981
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	149,146	149,146
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)	-	4,140,443	1,694,034
12	(Less) Regulatory Credits (407.4)	-	(1,486,760)	(1,381,787)
13	Taxes Other Than Income Taxes (408.1)	23	35,112,214	33,584,232
14	Income Taxes - Federal (409.1)	-	5,333,379	13,277,275
15	- Other (409.1)	-	685,659	1,442,786
16	Provision for Deferred Income Taxes (410.1)	24	15,066,032	5,454,730
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)		342,327,240	336,700,383
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		47,103,647	45,648,527

Name of Respondent			For the Year Ended	
Peoples Gas System			Dec. 31, 2014	
STATEMENT OF INCOME (Continued)				
Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		47,103,647	45,648,527
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	13,535	106,450
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(145,099)	(67,495)
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	10	2,635,845	2,615,361
35	Interest and Dividend Income (419)	-	284,061	201,891
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	8,263	123,699
38	Gain on Disposition of Property (421.1)	-		7,025
39	TOTAL Other Income (Total of lines 29 through 38)		2,796,605	2,986,931
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	328,609	325,014
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		328,609	325,014
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	(55,517)	77,774
48	Income Taxes - Other (409.2)	-	(9,232)	12,933
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)		(64,749)	90,707
54	Net Other Income and Deductions (Total of lines 39,44,53)		2,532,745	2,571,210
55	Interest Charges			
56	Interest on Long-Term Debt (427)	-	12,237,168	11,965,023
57	Amortization of Debt Discount and Expense (428)	21	545,620	543,008
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	1,019,502	982,480
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		13,802,290	13,490,511
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		35,834,102	34,729,226
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)		35,834,102	34,729,226

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2014	
STATEMENT OF RETAINED EARNINGS			
<p>1. Report all changes in appropriated retained earnings, and unappropriated retained earnings for the year.</p> <p>2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).</p> <p>3. State the purpose and amount for each reservation or appropriation of retained earnings.</p> <p>4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.</p>		<p>5. Show dividends for each class and series of capital stock.</p> <p>6. Show separately the state and federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.</p> <p>7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservations or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.</p> <p>8. If any notes appearing in the report to stockholders are applicable to this statement attach them at page 11.</p>	
Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		112,012,312
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)		33,198,256
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		35,151,920
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		2,635,845
15	FAS 133 Other Comprehensive Income		262,680
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		112,957,173
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)			112,957,173

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2014

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.

DEFINITIONS

Acronyms and defined terms used in this and other filings with the U.S. Securities and Exchange Commission include the following:

<u>Term</u>	<u>Meaning</u>
ABS	asset-backed security
ADR	American depository receipt
AFUDC	allowance for funds used during construction
AFUDC-debt	debt component of allowance for funds used during construction
AFUDC-equity	equity component of allowance for funds used during construction
AMT	alternative minimum tax
AOCI	accumulated other comprehensive income
APBO	accumulated postretirement benefit obligation
ARO	asset retirement obligation
BACT	Best Available Control Technology
BTU	British Thermal Unit
CAA	Federal Clean Air Act
CAIR	Clean Air Interstate Rule
capacity clause	capacity cost-recovery clause, as established by the FPSC
CCRs	coal combustion residuals
CES	Continental Energy Systems
CGESJ	Central Generadora Eléctrica San José, Limitada, owner of the San José Power Station in Guatemala
CMO	collateralized mortgage obligation
CNG	compressed natural gas
company	TECO Energy, Inc.
CPI	consumer price index
CSAPR	Cross State Air Pollution Rule
CO ₂	carbon dioxide
CT	combustion turbine
DR-CAFTA	Dominican Republic Central America – United States Free Trade Agreement
ECRC	environmental cost recovery clause
EEGSA	Empresa Eléctrica de Guatemala, S.A.
EEl	Edison Electric Institute
EGWP	Employee Group Waiver Plan
EPA	U.S. Environmental Protection Agency
EPS	earnings per share
ERISA	Employee Retirement Income Security Act
EROA	expected return on plan assets
ERP	enterprise resource planning
FASB	Financial Accounting Standards Board
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost-recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles
GCBF	gas cost billing factor
GHG	greenhouse gas(es)
HAFTA	Highway and Transportation Funding Act
HCIDA	Hillsborough County Industrial Development Authority
HPP	Hardee Power Partners
IASB	International Accounting Standards Board
ICSID	International Centre for the Settlement of Investment Disputes
IGCC	integrated gasification combined-cycle
IOU	investor owned utility
IRS	Internal Revenue Service
ISDA	International Swaps and Derivatives Association
ITCs	investment tax credits
KW	Kilowatt(s)
KWH	kilowatt-hour(s)

Term	Meaning
LIBOR	London Interbank Offered Rate
MAP-21	Moving Ahead for Progress in the 21st Century Act
MBS	mortgage-backed securities
MD&A	the section of this report entitled Management's Discussion and Analysis of Financial Condition and Results of Operations
Met	metallurgical
MMA	The Medicare Prescription Drug, Improvement and Modernization Act of 2003
MMBTU	one million British Thermal Units
MRV	market-related value
MSHA	Mine Safety and Health Administration
MW	megawatt(s)
MWH	megawatt-hour(s)
NAESB	North American Energy Standards Board
NAV	net asset value
NMGC	New Mexico Gas Company, Inc.
NMGI	New Mexico Gas Intermediate, Inc.
NMPRC	New Mexico Public Regulation Commission
NOL	net operating loss
Note	Note to consolidated financial statements
NO _x	nitrogen oxide
NPNS	normal purchase normal sale
NYMEX	New York Mercantile Exchange
O&M expenses	operations and maintenance expenses
OCI	other comprehensive income
OPEB	other postretirement benefits
OTC	over-the-counter
PBGC	Pension Benefit Guarantee Corporation
PBO	postretirement benefit obligation
PCI	pulverized coal injection
PCIDA	Polk County Industrial Development Authority
PGA	purchased gas adjustment
PGAC	purchased gas adjustment clause
PGS	Peoples Gas System, the gas division of Tampa Electric Company
PM	particulate matter
PPA	power purchase agreement
PPSA	Power Plant Siting Act
PRP	potentially responsible party
PUHCA 2005	Public Utility Holding Company Act of 2005
REIT	real estate investment trust
RFP	request for proposal
ROE	return on common equity
Regulatory ROE	return on common equity as determined for regulatory purposes
RPS	renewable portfolio standards
ROW	rights-of-way
S&P	Standard and Poor's
SCR	selective catalytic reduction
SEC	U.S. Securities and Exchange Commission
SO ₂	sulfur dioxide
SERP	Supplemental Executive Retirement Plan
SPA	stock purchase agreement
STIF	short-term investment fund
Tampa Electric	Tampa Electric, the electric division of Tampa Electric Company
TCAE	Tampa Centro Americana de Electricidad, Limitada, majority owner of the Alborada Power Station
TEC	Tampa Electric Company, the principal subsidiary of TECO Energy, Inc.
TECO Coal	TECO Coal LLC, and its subsidiaries, a coal producing subsidiary of TECO Diversified
TECO Diversified	TECO Diversified, Inc., a subsidiary of TECO Energy, Inc. and parent of TECO Coal Corporation
TECO Energy	TECO Energy, Inc.
TECO Finance	TECO Finance, Inc., a financing subsidiary for the unregulated businesses of TECO Energy, Inc.
TECO Guatemala	TECO Guatemala, Inc., a subsidiary of TECO Energy, Inc., parent company of formerly owned generating

<u>Term</u>	<u>Meaning</u>
	and transmission assets in Guatemala.
TGH	TECO Guatemala Holdings, LLC
TRC	TEC Receivables Company
USACE	U.S. Army Corps of Engineers
VIE	variable interest entity
WRERA	The Worker, Retiree and Employer Recovery Act of 2008

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 accruals associated with cost of removal included within accumulated depreciation reserve, (6) the presentation of storm costs including storm and property insurance reserve and corresponding regulatory liability, (7) the presentation of derivatives, and (8) the presentation of current portions of regulatory assets and liabilities.

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

TEC has two business segments. Its Tampa Electric division provides retail electric services in West Central Florida, and PGS, the gas division of TEC, is engaged in the purchase, distribution and sale of natural gas for residential, commercial, industrial and electric power generation customers in Florida. TEC's 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. 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 15).

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

Tampa Electric and PGS compute depreciation and amortization for electric generation, electric transmission and distribution, gas distribution and general plant facilities using the following methods:

- the group remaining life method, approved by the FPSC, is applied to the average investment, adjusted for anticipated costs of removal less salvage, in functional classes of depreciable property;
- the amortizable life method, approved by the FPSC, is applied to the net book value to date over the remaining life of those assets not classified as depreciable property above.

The provision for total regulated utility plant in service, expressed as a percentage of the original cost of depreciable property, was 3.7% for 2014, 3.7% for 2013 and 3.8% for 2012. Construction work in progress is not depreciated until the asset is completed or placed in service. Total depreciation expense for the years ended Dec. 31, 2014, 2013 and 2012 was \$295.8 million, \$284.2 million and \$275.1 million, respectively.

On Sept. 11, 2013, the FPSC unanimously voted to approve a stipulation and settlement agreement between TEC and all of the intervenors in its Tampa Electric division base rate proceeding. As a result, Tampa Electric began using a 15-year amortization period for all computer software retroactive to Jan. 1, 2013.

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 2013. In March 2014, the rate was revised to 6.46% effective Jan. 1, 2014. Total AFUDC for the years ended Dec. 31, 2014, 2013 and 2012 was \$15.6 million, \$9.9 million and \$4.1 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 for a closer matching of revenues and expenses (see Note 3). As of Dec. 31, 2014 and 2013, unbilled revenues of \$49.3 million and \$46.7 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 \$71.4 million, \$64.7 million and \$105.3 million, for the years ended Dec. 31, 2014, 2013 and 2012, 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 \$113.9 million, \$108.5 million and \$111.5 million for the years ended Dec. 31, 2014, 2013 and 2012, respectively. Excise taxes paid by the regulated utilities are not material and are expensed as incurred.

2. New Accounting Pronouncements

Extraordinary and Unusual Items

In January 2015, the FASB issued guidance to remove the concept of extraordinary items from U.S. GAAP. Therefore, events or transactions that are of an unusual nature and occur infrequently will no longer be allowed to be separately disclosed, net of tax, in the income statement after income from continuing operations. The standard is effective for the company beginning Jan. 1, 2016. TEC does not expect a significant impact from the adoption of this guidance.

Revenue from Contracts with Customers

In May 2014, the FASB issued guidance regarding the accounting for revenue from contracts with customers. The standard is principle-based and provides a five-step model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This guidance is effective for the company beginning in 2017 and allows for either full retrospective adoption or modified retrospective adoption. TEC is currently evaluating the impact of the adoption of this guidance on its financial statements but does not expect the impact to be significant.

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

In April 2014, the FASB issued guidance regarding changing the criteria for reporting discontinued operations. Under the new guidance, which is intended to enhance convergence of the FASB's and the IASB's reporting requirements for discontinued operations, a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. This standard is effective for TEC beginning in 2015.

Going Concern

In August 2014, the FASB issued guidance defining management's responsibility to decide whether there is substantial doubt about an organization's ability to continue as a going concern and the related footnote disclosures required. This guidance is effective for TEC beginning in 2017. TEC does not expect any significant impact from the adoption of this guidance on its financial statements.

3. Regulatory

Tampa Electric's retail business and PGS are regulated by the FPSC. Tampa Electric is also subject to regulation by the FERC under 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

Tampa Electric's results for the first ten months of 2013 and 2012, reflect base rates established in March 2009, when the FPSC awarded \$104 million higher revenue requirements effective in May 2009 that authorized an ROE midpoint 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 CTs and rail unloading facilities that entered service before the end of 2009, base rates increased an additional \$33.5 million.

Tampa Electric's results for 2014 and the last two months of 2013 reflect the results of a Stipulation and Settlement Agreement entered on Sept. 6, 2013, between TEC and all of the intervenors in its Tampa Electric division base rate proceeding, which resolved all matters in Tampa Electric's 2013 base rate proceeding. On Sept. 11, 2013, the FPSC unanimously voted to approve the stipulation and settlement agreement.

This agreement provided for the following revenue increases: \$57.5 million effective Nov. 1, 2013, an additional \$7.5 million effective Nov. 1, 2014, an additional \$5.0 million effective Nov. 1, 2015, and an additional \$110.0 million effective Jan. 1, 2017 or the date that the expansion of TEC's Polk Power Station goes into service, whichever is later. The agreement provides that Tampa Electric's allowed regulatory ROE would be a mid-point of 10.25% with a range of plus or minus 1%, with a potential increase to 10.50% if U.S. Treasury bond yields exceed a specified threshold. The agreement provides that Tampa Electric cannot file for additional rate increases until 2017 (to be effective no sooner than Jan. 1, 2018), unless its earned ROE were to fall below 9.25% (or 9.5% if the allowed ROE is increased as described above) before that time. If its earned ROE were to rise above 11.25% (or 11.5% if the allowed ROE is increased as described above) any party to the agreement other than TEC could seek a review of Tampa Electric's base rates. Under the agreement, the allowed equity in the capital structure is 54% from investor sources of capital and Tampa Electric began using a 15-year amortization period for all computer software retroactive to Jan. 1, 2013. Effective Nov. 1, 2013, Tampa Electric ceased accruing \$8.0 million annually to the FERC-authorized and FPSC-approved self-insured storm damage reserve.

Tampa Electric is also subject to regulation by the FERC in various respects, including wholesale power sales, certain wholesale power purchases, transmission and ancillary services and accounting practices.

Storm Damage Cost Recovery

Prior to the above mentioned stipulation and settlement agreement, Tampa Electric was accruing \$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. Effective Nov. 1, 2013, Tampa Electric ceased accruing for this storm damage reserve as a result of the 2013 rate case settlement. However, in the event of a named storm that results in damage to its system, Tampa Electric can petition the FPSC to seek recovery of those costs over a 12-month period or longer as determined by the FPSC, as well as replenish its reserve to \$56.1 million; the level it was as of Oct. 31, 2013. Tampa Electric's storm reserve remained \$56.1 million at both Dec. 31, 2014 and 2013.

Base Rates-PGS

PGS's base rates were established in May 2009 and reflect an ROE of 10.75%, which is the middle of a range between 9.75% to 11.75%. The allowed equity in capital structure is 54.7% from all investor sources of capital, on an allowed rate base of \$560.8 million.

Regulatory Assets and Liabilities

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 in which 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, 2014 and 2013 are presented in the following table:

Regulatory Assets and Liabilities

<i>(millions)</i>	<i>Dec. 31, 2014</i>	<i>Dec. 31, 2013</i>
Regulatory assets:		
Regulatory tax asset ⁽¹⁾	\$ 69.2	\$ 67.4
Other:		
Cost-recovery clauses	43.6	6.1
Postretirement benefit asset ⁽²⁾	187.8	182.7
Deferred bond refinancing costs ⁽³⁾	7.2	8.0
Environmental remediation	53.1	51.4
Competitive rate adjustment	2.8	4.1
Other	8.0	7.7
Total other regulatory assets	<u>302.5</u>	<u>260.0</u>
Total regulatory assets	371.7	327.4
Less: Current portion	52.1	34.3
Long-term regulatory assets	<u>\$ 319.6</u>	<u>\$ 293.1</u>
Regulatory liabilities:		
Regulatory tax liability ⁽¹⁾	\$ 5.1	\$ 9.8
Other:		
Cost-recovery clauses	23.5	54.5
Transmission and delivery storm reserve	56.1	56.1
Deferred gain on property sales ⁽⁴⁾	0.8	2.0
Provision for stipulation and other	1.1	0.8
Accumulated reserve - cost of removal	591.5	594.0
Total other regulatory liabilities	<u>673.0</u>	<u>707.4</u>
Total regulatory liabilities	678.1	717.2
Less: Current portion	54.7	85.8
Long-term regulatory liabilities	<u>\$ 623.4</u>	<u>\$ 631.4</u>

- (1) Primarily related to plant life and derivative positions.
- (2) Amortized over the remaining service life of plan participants.
- (3) Amortized over the term of the related debt instruments.
- (4) 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

<i>(millions)</i>	<i>Dec. 31, 2014</i>	<i>Dec. 31, 2013</i>
Clause recoverable ⁽¹⁾	\$ 46.4	\$ 10.2
Components of rate base ⁽²⁾	191.0	185.6
Regulatory tax assets ⁽³⁾	69.2	67.4
Capital structure and other ⁽³⁾	65.1	64.2
Total	<u>\$ 371.7</u>	<u>\$ 327.4</u>

- (1) To be recovered through cost-recovery mechanisms 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, including environmental remediation, 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

Income Tax Expense

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.

Income tax expense consists of the following components:

Income Tax Expense (Benefit)

<i>(millions)</i>	<i>For the year ending Dec. 31,</i>		
	<i>2014</i>	<i>2013</i>	<i>2012</i>
Current income taxes			
Federal	\$ 54.8	\$ 19.4	\$ (19.5)
State	8.9	1.3	5.6
Deferred income taxes			
Federal	79.0	99.8	141.2
State	13.5	18.6	14.7
Amortization of investment tax credits	(0.3)	(0.3)	(0.3)
Total income tax expense	<u>\$ 155.9</u>	<u>\$ 138.8</u>	<u>\$ 141.7</u>

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

<i>(millions)</i>	<i>For the years ended Dec. 31,</i>		
	<i>2014</i>	<i>2013</i>	<i>2012</i>
Income tax expense at the federal statutory rate of 35%	\$ 145.7	\$ 127.5	\$ 129.1
Increase (decrease) due to			
State income tax, net of federal income tax	14.5	13.0	13.2
Other	(4.3)	(1.7)	(0.6)
Total income tax expense on consolidated statements of income	<u>\$ 155.9</u>	<u>\$ 138.8</u>	<u>\$ 141.7</u>
Income tax expense as a percent of income from continuing operations, before income taxes	37.5%	38.1%	38.4%

Deferred Income Taxes

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:

<i>(millions)</i> <i>As of Dec. 31,</i>	<i>2014</i>	<i>2013</i>
Deferred tax liabilities ⁽¹⁾		
Property related	\$ 1,328.8	\$ 1,166.4
Pension and postretirement benefits	72.5	70.5
Pension	51.8	43.2
Total deferred tax liabilities	<u>1,453.1</u>	<u>1,280.1</u>
Deferred tax assets ⁽¹⁾		
Loss and credit carryforwards	77.7	4.8
Medical benefits	51.0	50.9
Insurance reserves	29.0	29.1
Pension and postretirement benefits	72.5	70.5
Capitalized energy conservation assistance costs	20.3	19.6
Other	18.3	20.3
Total deferred tax assets	<u>268.8</u>	<u>195.2</u>
Total deferred tax liability, net	1,184.3	1,084.9
Less: Current portion of deferred tax asset	(24.8)	(29.4)
Long-term portion of deferred tax liability, net	<u>\$ 1,209.1</u>	<u>\$ 1,114.3</u>

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

At Dec. 31, 2014, TEC had cumulative unused federal and Florida NOLs for income tax purposes of \$194.1 million and \$268.5 million, respectively, expiring in 2033.

Unrecognized Tax Benefits

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, 2014 and 2013, TEC did not have a liability for unrecognized tax benefits. Based on current information, TEC does not anticipate that this will change materially in 2015. As of Dec. 31, 2014, TEC does not have a liability recorded for payment of interest and penalties associated with uncertain tax positions.

The IRS concluded its examination of TECO Energy's 2013 consolidated federal income tax return in January 2015. The U.S. federal statute of limitations remains open for the year 2011 and onward. Years 2014 and 2015 are currently under examination by the IRS under its Compliance Assurance Program. 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 2005 and forward as a result of TECO Energy's consolidated Florida net operating loss still being utilized. 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 PBGC 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 2013, 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 August 2014, the President signed into law HAFTA, which modified MAP-21. HAFTA and MAP-21 provide 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. TECO Energy expects the required minimum pension contributions to be lower than the levels previously projected; however, TECO Energy plans on funding at levels above the required minimum pension contributions under HAFTA and MAP-21.

The qualified pension plan's actuarial value of assets, including credit balance, was 110.8% of the Pension Protection Act funded target as of Jan. 1, 2014 and is estimated at 115.9% of the Pension Protection Act funded target as of Jan. 1, 2015.

Amounts disclosed for pension benefits in the following tables and discussion 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 (Other Benefits)

TECO Energy and its subsidiaries currently provide certain postretirement health care and life insurance benefits (Other Benefits) for most 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 Affordable 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 2013. 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.

Effective Jan. 1, 2013, the company decided to implement an EGWP for its post-65 retiree prescription drug plan. 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, which are greater than the subsidy payments previously received by the company under Medicare Part D for its post-65 retiree prescription drug plan.

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 2014 and 2013.

TECO Energy Obligations and Funded Status (millions)	Pension Benefits		Other Benefits	
	2014	2013	2014	2013
Change in benefit obligation				
Net benefit obligation at beginning of year	\$ 666.0	\$ 715.0	\$ 208.1	\$ 230.3
Service cost	18.3	18.2	2.5	2.5
Interest cost	32.0	28.9	10.8	9.3
Plan participants' contributions	0.0	0.0	2.8	2.9
Plan amendments	0.0	0.0	(23.2)	0.0
Actuarial loss (gain)	48.3	(50.4)	1.5	(22.1)
Gross benefits paid	(39.9)	(43.1)	(16.0)	(15.0)
Transfer in due to the effect of business combination	0.0	0.0	26.7	0.0
Plan curtailment	4.0	0.0	(11.7)	0.0
Special termination benefit	0.2	0.0	0.0	0.0
Settlements	0.0	(2.6)	0.0	0.0
Federal subsidy on benefits paid	n/a	n/a	0.0	0.2
Net benefit obligation at end of year	<u>\$ 728.9</u>	<u>\$ 666.0</u>	<u>\$ 201.5</u>	<u>\$ 208.1</u>
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 593.0	\$ 529.1	\$ 0.0	\$ 0.0
Actual return on plan assets	46.4	63.7	0.1	0.0
Employer contributions	47.5	44.6	(1.0)	11.9
Employer direct benefit payments	1.0	1.3	16.0	0.0
Plan participants' contributions	0.0	0.0	2.8	2.9
Transfer in due to acquisition	0.0	0.0	16.9	0.0
Settlements	0.0	(2.6)	0.0	0.0
Net benefits paid	(39.9)	(43.1)	(16.0)	(14.8)
Fair value of plan assets at end of year	<u>\$ 648.0</u>	<u>\$ 593.0</u>	<u>\$ 18.8</u>	<u>\$ 0.0</u>
Funded status				
Fair value of plan assets (1)	\$ 648.0	\$ 593.0	\$ 18.8	\$ 0.0
Less: Benefit obligation (PBO/APBO)	<u>728.9</u>	<u>666.0</u>	<u>201.5</u>	<u>208.1</u>
Funded status at end of year	(80.9)	(73.0)	(182.7)	(208.1)
Unrecognized costs in regulated asset acquired in business combination	0.0	0.0	6.4	0.0
Unrecognized net actuarial loss	203.7	173.1	9.6	19.7
Unrecognized prior service (benefit) cost	0.0	(0.4)	(24.0)	(0.7)
Net amount required to be recognized at end of year	<u>\$ 122.8</u>	<u>\$ 99.7</u>	<u>\$ (190.7)</u>	<u>\$ (189.1)</u>

Amounts recognized in balance sheet				
Regulatory assets	\$ 167.4	\$ 139.6	\$ 26.6	\$ 43.2
Accrued benefit costs and other current liabilities	(4.9)	(3.3)	(10.7)	(13.3)
Deferred credits and other liabilities	(76.0)	(69.7)	(172.0)	(194.8)
Accumulated other comprehensive loss (income), pretax	36.3	33.1	(34.6)	(24.2)
Net amount recognized at end of year	<u>\$ 122.8</u>	<u>\$ 99.7</u>	<u>\$ (190.7)</u>	<u>\$ (189.1)</u>

- (1) 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.

Tampa Electric Company Amounts recognized in balance sheet (millions)	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Regulatory assets	\$ 167.4	\$ 139.6	\$ 20.4	\$ 43.2
Accrued benefit costs and other current liabilities	(0.6)	(0.9)	(9.1)	(10.8)
Deferred credits and other liabilities	(53.5)	(50.1)	(137.1)	(158.3)
	<u>\$ 113.3</u>	<u>\$ 88.6</u>	<u>\$ (125.8)</u>	<u>\$ (125.9)</u>

The accumulated benefit obligation for TECO Energy Consolidated defined benefit pension plans was \$685.0 million at Dec. 31, 2014 and \$624.1 million at Dec. 31, 2013. The projected benefit obligation for the other postretirement benefits plan was \$201.5 million at Dec. 31, 2014 and \$208.1 million at Dec. 31, 2013.

Assumptions used to determine benefit obligations at Dec. 31:

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Discount rate	4.258%	5.118%	4.211%	5.096%
Rate of compensation increase-weighted average	3.87%	3.73%	3.86%	3.71%
Healthcare cost trend rate				
Immediate rate	n/a	n/a	7.09%	7.25%
Ultimate rate	n/a	n/a	4.57%	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)	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on postretirement benefit obligation	\$ 3.7	\$ (3.6)

The discount rate assumption used to determine the Dec. 31, 2014 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.

Amounts recognized in Net Periodic Benefit Cost, OCI, and Regulatory Assets

TECO Energy	Pension Benefits			Other Benefits		
	2014	2013	2012	2014	2013	2012
<i>(millions)</i>						
Service cost	\$ 18.3	\$ 18.2	\$ 17.0	\$ 2.5	\$ 2.5	\$ 2.4
Interest cost	32.0	28.9	30.1	10.8	9.3	10.1
Expected return on plan assets	(41.8)	(38.4)	(37.1)	(0.3)	0.0	0.0
Amortization of:						
Actuarial loss	13.5	20.5	15.3	0.2	1.0	0.1
Prior service (benefit) cost	(0.4)	(0.4)	(0.4)	(0.2)	(0.4)	0.8
Transition obligation	0.0	0.0	0.0	0.0	0.0	1.8
Curtailment loss (gain)	3.9	0.0	0.0	(0.2)	0.0	0.0
Special termination benefit	0.2	0.0	0.0	0.0	0.0	0.0
Settlement loss	0.0	1.0	0.0	0.0	0.0	0.0
Net periodic benefit cost	<u>\$ 25.7</u>	<u>\$ 29.8</u>	<u>\$ 24.9</u>	<u>\$ 12.8</u>	<u>\$ 12.4</u>	<u>\$ 15.2</u>
Prior service cost	\$ 0.0	\$ 0.0	\$ 0.0	\$ (23.6)	\$ 0.0	\$ (5.2)
Net loss (gain)	44.1	(75.7)	34.0	(9.9)	(15.6)	16.3
Unrecognized costs in regulated asset acquired in business combination	0.0	0.0	0.0	6.4	0.0	0.0
Amortization of:						
Actuarial gain (loss)	(13.5)	(21.5)	(15.3)	(0.2)	(1.0)	(0.1)
Prior service (benefit) cost	0.4	0.4	0.4	0.2	0.3	(0.8)
Transition obligation	0.0	0.0	0.0	0.0	0.0	(1.8)
Total recognized in OCI and regulatory assets	<u>\$ 31.0</u>	<u>\$ (96.8)</u>	<u>\$ 19.1</u>	<u>\$ (27.1)</u>	<u>\$ (16.3)</u>	<u>\$ 8.4</u>
Total recognized in net periodic benefit cost, OCI and regulatory assets	<u>\$ 56.7</u>	<u>\$ (67.0)</u>	<u>\$ 44.0</u>	<u>\$ (14.3)</u>	<u>\$ (3.9)</u>	<u>\$ 23.6</u>

TEC's portion of the net periodic benefit costs for pension benefits was \$14.8 million, \$21.7 million and \$18.3 million for 2014, 2013 and 2012, respectively. TEC's portion of the net periodic benefit costs for other benefits was \$10.4 million, \$10.0 million and \$12.4 million for 2014, 2013 and 2012, 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 \$10.0 million and \$0.1 million, respectively. There will be no net loss and an estimated \$1.9 million prior service credit that will be amortized from regulatory assets into net periodic benefit cost over the next fiscal year for the other postretirement benefit plan.

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

	Pension Benefits			Other Benefits		
	2014 ^(a)	2013	2012	2014	2013	2012
Discount rate	5.118%/4.277%/4.331%	4.196%	4.797%	5.096%	4.180%	4.744%
Expected long-term return on plan assets	7.25%/7.00%/7.00%	7.50%	7.50%	5.75	n/a	n/a
Rate of compensation increase		3.73%	3.76%	3.71%	3.74%	3.82%
Healthcare cost trend rate						
Initial rate		n/a	n/a	7.25%	7.50%	7.75%
Ultimate rate		n/a	n/a	4.50%	4.50%	4.50%
Year rate reaches ultimate		n/a	n/a	2025	2025	2025

(a) TECO Energy performed a valuation as of Jan. 1, 2014. TECO remeasured its Retirement Plan on Sept. 2, 2014 for the acquisition of NMGC and on Oct. 31, 2014 for the expected curtailment of TECO Coal, resulting in the respective updated discount rates and EROAs.

The discount rate assumption used to determine the 2014 benefit cost 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, 2014, TECO Energy's pension plan experienced actual asset returns of approximately 7.9%.

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:

<i>(millions)</i>	1% Increase	1% Decrease
Effect on periodic cost	\$ 0.3	\$ (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.

<u>Asset Category</u>	<u>Target Allocation</u>	<u>Actual Allocation, End of Year</u>	
		<u>2014</u>	<u>2013</u>
Equity securities	48%-54%	50%	54%
Fixed income securities	46%-52%	50%	46%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

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, 2014 and 2013.

Pension Plan Investments

(millions)

	At Fair Value as of Dec. 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash	\$ 0.4	\$ 0.0	\$ 0.0	\$ 0.4
Accounts receivable	1.4	0.0	0.0	1.4
Accounts payable	(5.3)	0.0	0.0	(5.3)
Cash equivalents				
Short term investment funds (STIFs)	7.6	0.0	0.0	7.6
Treasury bills (T bills)	0.0	0.2	0.0	0.2
Discounted notes	0.0	8.8	0.0	8.8
Total cash equivalents	7.6	9.0	0.0	16.6
Equity securities				
Common stocks	98.0	0.0	0.0	98.0
American depository receipts (ADRs)	1.3	0.0	0.0	1.3
Real estate investment trusts (REITs)	2.5	0.0	0.0	2.5
Preferred stock	0.8	0.0	0.0	0.8
Mutual funds	171.3	0.0	0.0	171.3
Commingled fund	0.0	45.6	0.0	45.6
Total equity securities	273.9	45.6	0.0	319.5
Fixed income securities				
Municipal bonds	0.0	6.1	0.0	6.1
Government bonds	0.0	47.9	0.0	47.9
Corporate bonds	0.0	22.0	0.0	22.0
Asset backed securities (ABS)	0.0	0.3	0.0	0.3
Mortgage-backed securities (MBS), net short sales	0.0	9.6	0.0	9.6
Collateralized mortgage obligations (CMOs)	0.0	2.0	0.0	2.0
Mutual fund	0.0	98.6	0.0	98.6
Commingled fund	0.0	129.2	0.0	129.2
Total fixed income securities	0.0	315.7	0.0	315.7
Derivatives				
Short futures	0.0	(0.3)	0.0	(0.3)
Purchased options (swaptions)	0.0	0.7	0.0	0.7
Written options (swaptions)	0.0	(0.8)	0.0	(0.8)
Total derivatives	0.0	(0.4)	0.0	(0.4)
Miscellaneous	0.0	0.1	0.0	0.1
Total	\$ 278.0	\$ 370.0	\$ 0.0	\$ 648.0

Pension Plan Investments

(millions)	At Fair Value as of Dec. 31, 2013			
	Level 1	Level 2	Level 3	Total
Accounts receivable	\$ 44.7	\$ 0.0	\$ 0.0	\$ 44.7
Accounts payable	(40.8)	0.0	0.0	(40.8)
Cash equivalents				
Short term investment funds (STIFs)	7.9	0.0	0.0	7.9
Treasury bills (T bills)	0.0	0.3	0.0	0.3
Repurchase agreement	0.0	8.8	0.0	8.8
Commercial paper	0.0	0.4	0.0	0.4
Money markets	0.0	1.5	0.0	1.5
Total cash equivalents	7.9	11.0	0.0	18.9
Equity securities				
Common stocks	91.6	0.0	0.0	91.6
American depository receipts (ADRs)	3.0	0.0	0.0	3.0
Real estate investment trusts (REITs)	1.7	0.0	0.0	1.7
Preferred stock	0.0	0.8	0.0	0.8
Mutual funds	172.6	0.0	0.0	172.6
Commingled fund	0.0	50.0	0.0	50.0
Total equity securities	268.9	50.8	0.0	319.7
Fixed income securities				
Municipal bonds	0.0	7.3	0.0	7.3
Government bonds	0.0	35.7	0.0	35.7
Corporate bonds	0.0	19.6	0.0	19.6
Asset backed securities (ABS)	0.0	0.4	0.0	0.4
Mortgage-backed securities (MBS), net short sales	0.0	6.7	0.0	6.7
Collateralized mortgage obligations (CMOs)	0.0	2.3	0.0	2.3
Mutual fund	0.0	85.1	0.0	85.1
Commingled fund	0.0	94.1	0.0	94.1
Total fixed income securities	0.0	251.2	0.0	251.2
Derivatives				
Short futures	0.0	0.2	0.0	0.2
Swaps	0.0	(0.9)	0.0	(0.9)
Purchased options (swaptions)	0.0	0.2	0.0	0.2
Written options (swaptions)	0.0	(0.4)	0.0	(0.4)
Total derivatives	0.0	(0.9)	0.0	(0.9)
Miscellaneous	0.0	0.2	0.0	0.2
Total	\$ 280.7	\$ 312.3	\$ 0.0	\$ 593.0

- 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 STIF is valued at net asset value (NAV) as determined by JP Morgan. Shares may be redeemed any business day at the 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 repurchase agreements and money markets are valued at cost due to their short term nature. Additionally, repurchase agreements are backed by collateral.
- T bills and commercial paper are valued using benchmark yields, reported trades, broker dealer quotes, and benchmark securities.
- The primary pricing inputs in determining the fair value of the preferred stock is the price of underlying and common stock of the same issuer, average life, and benchmark yields.

- The methodology and inputs used to value the investment in the equity commingled fund are broker dealer quotes. The fund holds primarily international equity securities that are actively traded in OTC markets. The fund honors subscription and redemption activity on an “as of” basis.
- 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. ABS and CMOs are priced using TBA prices, treasury curves, swap curves, cash flow information, and bids and offers as inputs. 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 fixed income commingled fund is a private fund valued at NAV as determined by a third party at year end. 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.
- Futures are valued using futures data, cash rate data, swap rates, and cash flow analyses.
- 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. Asset amounts shown in the tables above relate to a separate NMGC other postretirement benefit 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 \$47.5 million of contributions to this plan in 2014 and \$42.0 million in 2013, which met the minimum funding requirements for both 2014 and 2013. TEC’s portion of the contribution in 2014 was \$38.2 million and in 2013 was \$33.5 million. These amounts are reflected in the “Other” line on the Consolidated Statements of Cash Flows. TECO Energy estimates its contribution in 2015 to be \$43.7 million, with TEC’s portion being \$33.5 million. TECO Energy estimates it will make annual contributions from 2016 to 2019 ranging from \$2.5 to \$36.5 million per year based on current assumptions, with TEC’s portion to range from \$1.5 million to \$29.0 million. These amounts are in excess of the minimum funding required under ERISA guidelines.

The SERP is funded annually to meet the benefit obligations. TECO Energy made contributions of \$1.2 million and \$2.6 million to this plan in 2014 and 2013, respectively. TEC’s portion of the contributions in 2014 and 2013 were \$0.8 million and \$1.0 million, respectively. In 2015, TECO Energy expects to make a contribution of about \$4.9 million to this plan. TEC’s portion of the expected contribution is about \$0.6 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 July 1, 2001 is limited to a defined dollar benefit based on an age and service schedule. In 2015, TECO Energy expects to make a contribution of about \$14.3 million. TEC’s portion of the expected contribution is \$9.1 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)

<i>(millions)</i>	Pension Benefits	Other Postretirement Benefits
2015	\$ 73.4	\$ 11.5
2016	47.9	12.0
2017	47.8	12.5
2018	51.9	12.9
2019	58.3	13.4
2020-2024	285.5	69.5

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. Effective April 2013, employer matching contributions were 65% of eligible participant contributions with additional incentive match of up to 35% of eligible participant contributions based on the achievement of certain operating company financial goals. Prior to this, the employer matching contributions were 60% of eligible participant contributions with additional incentive match of up to 40%. For the years ended Dec. 31, 2014, 2013 and 2012, TECO Energy and its subsidiaries recognized expense totaling \$13.1 million, \$11.3 million and \$7.0 million, respectively, related to the matching contributions made to this plan. TEC's portion of expense totaled \$10.2 million, \$9.1 million and \$6.0 million for 2014, 2013 and 2012, respectively.

Effective Jan. 1, 2015, the employer matching contribution will increase to 70% of eligible participant contributions with additional incentive match of up to 30%

6. Short-Term Debt

At Dec. 31, 2014 and 2013, the following credit facilities and related borrowings existed:

Credit Facilities

<i>(millions)</i>	Dec. 31, 2014			Dec. 31, 2013		
	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	\$ 12.0	\$ 0.6	\$ 325.0	\$ 6.0	\$ 0.7
1-year accounts receivable facility	150.0	46.0	0.0	150.0	78.0	0.0
Total	<u>\$ 475.0</u>	<u>\$ 58.0</u>	<u>\$ 0.6</u>	<u>\$ 475.0</u>	<u>\$ 84.0</u>	<u>\$ 0.7</u>

(1) Borrowings outstanding are reported as notes payable.

(2) This 5-year facility matures Dec. 17, 2018.

At Dec. 31, 2014, these credit facilities required commitment fees ranging from 12.5 to 30.0 basis points. The weighted-average interest rate on borrowings outstanding under the credit facilities at Dec. 31, 2014 and 2013 was 0.7% and 0.56%, respectively.

Tampa Electric Company Accounts Receivable Facility

On Feb. 3, 2015, TEC and TRC amended their \$150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 13 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 Apr. 14, 2015.

Amendment of Tampa Electric Company Credit Facility

On Dec. 17, 2013, TEC amended and restated its \$325 million bank credit facility, entering into a Fourth Amended and Restated Credit Agreement. The amendment (i) extended the maturity date of the credit facility from Oct. 25, 2016 to Dec. 17, 2018 (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) as an alternative to the above interest rate, 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) allows TEC to borrow funds on a same-day basis under a 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; and (vii) made other technical changes.

On Sept. 30, 2014, TEC entered into an amendment of its \$325 million bank credit facility, which reallocated commitments among the lenders and made certain 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, and Tampa Electric could cause the lien associated with this indenture to be released at any time.

Issuance of Tampa Electric Company 4.35% Notes due 2044

On May 15, 2014, TEC completed an offering of \$300 million aggregate principal amount of 4.35% Notes due 2044 (the TEC 2014 Notes). The TEC 2014 Notes were sold at 99.933% of par. The offering resulted in net proceeds to TEC (after deducting underwriting discounts, commissions, estimated offering expenses and before settlement of interest rate swaps) of approximately \$296.6 million. Net proceeds were used to repay short-term debt and for general corporate purposes. TEC may redeem all or any part of the TEC 2014 Notes at its option at any time and from time to time before Nov. 15, 2043 at a redemption price equal to the greater of (i) 100% of the principal amount of TEC 2014 Notes to be redeemed or (ii) the sum of the present value of the remaining payments of principal and interest on the notes to be redeemed, discounted at an applicable treasury rate (as defined in the indenture), 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 Nov. 15, 2043, TEC may at its option redeem the TEC 2014 Notes, in whole or in part, at 100% of the principal amount of the notes being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

Purchase in Lieu of Redemption of Revenue Refunding Bonds

On Sept. 3, 2013, TEC purchased in lieu of redemption \$51.6 million HCIDA Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007 B (the Series 2007 B HCIDA Bonds). On Mar. 26, 2008, the HCIDA had remarketed the Series 2007 B HCIDA Bonds in a term-rate mode pursuant to the terms of the Loan and Trust Agreement governing those bonds. The Series 2007 B HCIDA Bonds bore interest at a term rate of 5.15% per annum from Mar. 26, 2008 to Sept. 1, 2014. TEC is responsible for payment of the interest and principal associated with the Series 2007 B HCIDA Bonds.

On Mar. 15, 2012, TEC purchased in lieu of redemption \$86.0 million HCIDA Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2006 (Non-AMT) (the Series 2006 HCIDA Bonds). On Mar. 19, 2008, the HCIDA had remarketed the Series 2006 HCIDA Bonds in a term-rate mode pursuant to the terms of the Loan and Trust Agreement governing those bonds. The Series 2006 HCIDA Bonds bore interest at a term rate of 5.00% per annum from Mar. 19, 2008 to Mar. 15, 2012. TEC is responsible for payment of the interest and principal associated with the Series 2006 HCIDA Bonds. Regularly scheduled principal and interest when due, are insured by Ambac Assurance Corporation.

As of Dec. 31, 2014, \$232.6 million of bonds purchased in lieu of redemption were held by the trustee at the direction of TEC to provide an opportunity to evaluate refinancing alternatives.

8. Other Comprehensive Income

TEC reported the following OCI (loss) for the years ended Dec. 31, 2014, 2013 and 2012, related to the amortization of prior settled amounts and changes in the fair value of cash flow hedges:

Other Comprehensive Income

<i>(millions)</i>	Gross	Tax	Net
2014			
Unrealized gain (loss) on cash flow hedges	\$ 0.0	\$ 0.0	\$ 0.0
Reclassification from AOCI to net income	1.1	(0.4)	0.7
Gain (Loss) on cash flow hedges	1.1	(0.4)	0.7
Total other comprehensive income (loss)	<u>\$ 1.1</u>	<u>\$ (0.4)</u>	<u>\$ 0.7</u>
2013			
Unrealized gain (loss) on cash flow hedges	\$ 0.0	\$ 0.0	\$ 0.0
Reclassification from AOCI to net income	1.4	(0.5)	0.9
Gain (Loss) on cash flow hedges	1.4	(0.5)	0.9
Total other comprehensive income (loss)	<u>\$ 1.4</u>	<u>\$ (0.5)</u>	<u>\$ 0.9</u>
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 income (loss)	<u>\$ (6.6)</u>	<u>\$ 2.5</u>	<u>\$ (4.1)</u>

Accumulated Other Comprehensive Loss

<i>(millions) As of Dec. 31,</i>	2014	2013
Net unrealized losses from cash flow hedges ⁽¹⁾	\$ (7.1)	\$ (7.8)
Total accumulated other comprehensive loss	<u>\$ (7.1)</u>	<u>\$ (7.8)</u>

(1) Net of tax benefit of \$4.5 million and \$4.9 million as of Dec. 31, 2014 and Dec. 31, 2013, respectively.

9. 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.

Peoples Gas Legal Proceedings

In November 2010, heavy equipment operated at a road construction site being conducted by Posen Construction, Inc. struck a natural gas line causing a rupture and ignition of the gas and an outage in the natural gas service to Lee and Collier counties, Florida. PGS filed suit in April 2011 against Posen Construction, Inc. in Federal Court for the Middle District of Florida to recover damages for repair and restoration relating to the incident and Posen Construction, Inc. counter-claimed against PGS alleging negligence. In the first quarter of 2014, the parties entered into a settlement agreement that resolves the claims of the parties. In addition, the suit filed in November 2011 by the Posen Construction, Inc. employee operating the heavy equipment involved in the incident in Lee County Circuit Court against PGS and a PGS contractor involved in the project, seeking damages for his injuries, remains pending.

Tampa Electric Legal Proceedings

Three former or inactive TEC employees were maintaining a suit against TEC in Hillsborough County Circuit Court, Florida for personal injuries allegedly caused by exposure to a chemical substance at one of TEC's power stations. The suit was originally filed in

2002, and the trial judge allowed the plaintiffs to seek punitive damages in connection with their case. In the first quarter of 2014 all plaintiffs voluntarily dismissed their suits with prejudice.

A thirty-six year old man died from mesothelioma in March 2014. His estate and his family are suing Tampa Electric as a result. The man allegedly suffered exposure to asbestos dust brought home by his father and grandfather, both of whom had been employed as insulators and worked at various job sites throughout the Tampa area. Plaintiff's case against Tampa Electric and nineteen other defendants alleges, among other things, negligence, strict liability, household exposure, loss of consortium, and wrongful death.

In September 2014, a man was electrocuted when allegedly two energized, downed primary conductors fell during a heavy storm, leading to his death. Plaintiff's wrongful death complaint against Tampa Electric alleges, among other things, negligence and code violations.

The company believes the claims in the pending actions described above in this item are without merit and intends to defend each matter vigorously. The company is unable at this time to estimate the possible loss or range of loss with respect to these matters.

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, 2014, TEC has estimated its ultimate financial liability to be \$33.3 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 rates.

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, most 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. Under current regulations, these costs are recoverable through customer rates established in subsequent base rate proceedings.

Long-Term Commitments

TEC has commitments under long-term leases, primarily for building space, capacity payments, vehicles, office equipment and heavy equipment. Rental expense for these leases included in "Regulated operations & maintenance – Other" on the Consolidated Statements of Income for the years ended Dec. 31, 2014, 2013 and 2012, totaled \$4.1 million, \$2.3 million and \$2.2 million, respectively. In addition, Tampa Electric has other purchase obligations, including its outstanding commitments for major projects and long-term capitalized maintenance agreements for its combustion turbines. The following is a schedule of future minimum lease payments with non-cancelable lease terms in excess of one year, capacity payments under PPAs, and other net purchase obligations/commitments at Dec. 31, 2014:

<i>(millions)</i>	<i>Capacity Payments</i>	<i>Operating Leases⁽¹⁾</i>	<i>Net Purchase Obligations/Commitments⁽¹⁾</i>	<i>Total</i>
<i>Year ended Dec. 31:</i>				
2015	\$ 30.0	\$ 6.7	\$ 203.2	\$ 239.9
2016	14.6	6.1	86.8	107.5
2017	9.9	5.2	19.8	34.9
2018	10.1	4.5	5.2	19.8
2019	0.0	4.4	5.3	9.7
Thereafter	0.0	13.0	0.0	13.0
Total future minimum payments	\$ 64.6	\$ 39.9	\$ 320.3	\$ 424.8

- (1) Excludes payment obligations under contractual agreements of Tampa Electric and PGS for fuel, fuel transportation and power purchases which are recovered from customers under regulatory clauses approved by the FPSC annually.

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, 2014, TEC was not obligated under guarantees, but had the following letters of credit outstanding.

Letters of Credit-Tampa Electric Company

<i>(millions)</i>	Year of Expiration			<i>Maximum Theoretical Obligation</i>	<i>Liabilities Recognized at Dec. 31, 2014⁽²⁾</i>
	2015	2016-2019	After ⁽¹⁾ 2019		
<i>Letter of Credit for the Benefit of:</i>					
TEC	\$ 0.0	\$ 0.0	\$ 0.6	\$ 0.6	\$ 0.1

- (1) These letters of credit and guarantees renew annually and are shown on the basis that they will continue to renew beyond 2019.
 (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, 2014. The obligations under these letters of credit and guarantees include net accounts payable and net derivative liabilities.

Financial Covenants

In order to utilize their respective bank credit facilities, TEC must meet certain financial tests as defined in the applicable agreements. In addition, TEC has certain restrictive covenants in specific agreements and debt instruments. At Dec. 31, 2014, TEC was in compliance with all required financial covenants.

10. Related Party Transactions

A summary of activities between TEC and its affiliates follows:

Net transactions with affiliates:

<i>(millions)</i>	2014	2013	2012
Natural gas sales, net	\$ 0.3	\$ 18.3	\$ 11.7
Administrative and general, net	\$ 22.5	\$ 27.2	\$ 23.4

Amounts due from or to affiliates at Dec. 31,

<i>(millions)</i>	2014	2013
Accounts receivable ⁽¹⁾	\$ 2.4	\$ 1.3
Accounts payable ⁽¹⁾	9.7	9.8
Taxes receivable ⁽²⁾	43.3	54.9
Taxes payable	0.0	0.4

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

(2) Taxes receivable is due from TECO Energy.

TEC had certain transactions, in the ordinary course of business, with entities in which directors of TEC had interests. TEC paid legal fees of \$1.7 million and \$1.2 million for the years ended Dec. 31, 2013 and 2012, respectively, to Ausley McMullen, P.A. of which Mr. Ausley (who was a director of TECO Energy, until his retirement from the Board in May 2013) was an employee.

11. 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 706,000 customers in West Central Florida. Its PGS division is engaged in the purchase, distribution and marketing of natural gas for almost 354,000 residential, commercial, industrial and electric power generation customers in the State of Florida.

<i>(millions)</i>	Tampa Electric	PGS	Eliminations	TEC
2014				
Revenues - external	\$ 2,020.5	\$ 398.5	\$ 0.0	\$ 2,419.0
Sales to affiliates	0.5	1.1	(1.6)	0.0
Total revenues	2,021.0	399.6	(1.6)	2,419.0
Depreciation and amortization	248.6	54.0	0.0	302.6
Total interest charges	92.8	13.8	0.0	106.6
Provision for income taxes	133.2	22.7	0.0	155.9
Net income	224.5	35.8	0.0	260.3
Total assets	6,234.4	1,047.0	(7.1)	7,274.3
Capital expenditures	592.6	88.9	0.0	681.5
2013				
Revenues - external	\$ 1,950.1	\$ 392.7	\$ 0.0	\$ 2,342.8
Sales to affiliates	0.4	0.8	(1.2)	0.0
Total revenues	1,950.5	393.5	(1.2)	2,342.8
Depreciation and amortization	238.8	51.5	0.0	290.3
Total interest charges	91.8	13.5	0.0	105.3
Provision for income taxes	116.9	21.9	0.0	138.8
Net income	190.9	34.7	0.0	225.6
Total assets	5,895.4	989.3	(8.9)	6,875.8
Capital expenditures	428.6	79.0	0.0	507.6
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	5,760.4	970.9	13.3	6,744.6
Capital expenditures	361.7	97.3	0.0	459.0

12. 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.

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.

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

<i>(millions)</i>	<i>Dec. 31,</i>	
	<i>2014</i>	<i>2013</i>
Beginning balance	\$ 4.8	\$ 5.0
Additional liabilities	0.1	0.1
Liabilities settled	0.0	(0.2)
Revisions to estimated cash flows	0.2	(0.3)
Other ⁽¹⁾	0.2	0.2
Ending balance	<u>\$ 5.3</u>	<u>\$ 4.8</u>

(1) Accretion recorded as a deferred regulatory asset.

13. 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 14). 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, 2014, all of TEC's physical contracts qualify for the NPNS exception.

The derivatives that are designated as cash flow hedges at Dec. 31, 2014 and 2013 are reflected on TEC's Consolidated Balance Sheets and classified accordingly as current and long term assets and liabilities on a net basis as permitted by their respective master

netting agreements. Derivative assets totaled \$0 and \$9.8 million as of Dec. 31, 2014 and 2013, respectively, and derivative liabilities totaled \$42.7 million and \$0.2 million as of Dec. 31, 2014 and 2013, respectively. There are minor offset amount differences between the gross derivative assets and liabilities and the net amounts presented on the Consolidated Balance Sheets. There was no collateral posted with or received from any counterparties.

All of the derivative asset and liabilities at Dec. 31, 2014 and 2013 are designated as hedging instruments, which primarily are derivative hedges of natural gas contracts to limit the exposure to changes in market price for natural gas used to produce energy and natural gas purchased for resale to customers. The corresponding effect of these natural gas related derivatives on the regulated utilities' fuel recovery clause mechanism is reflected on the Consolidated Balance Sheets as current and long term regulatory assets and liabilities. Based on the fair value of the instruments at Dec. 31, 2014, net pretax losses of \$36.6 million are expected to be reclassified from regulatory assets or liabilities to the Consolidated Statements of Income within the next twelve months.

The Dec. 31, 2014 and 2013 balance in AOCI related to the cash flow hedges and previously settled interest rate swaps is presented in Note 8.

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, 2014, 2013 and 2012, all hedges were effective. The derivative after-tax effect on OCI and the amount of after-tax gain or loss reclassified from AOCI into earnings for years ended Dec. 31, 2014, 2013 and 2012 is presented in Note 8. Gains and losses were the result of interest rate contracts and the reclassifications to income were reflected in Interest expense.

The maximum length of time over which TEC is hedging its exposure to the variability in future cash flows extends to Dec. 31, 2016 for financial natural gas contracts. The following table presents TEC's derivative volumes that, as of Dec. 31, 2014, are expected to settle during the 2015 and 2016 fiscal years:

<i>(millions)</i> Year	Natural Gas Contracts (MMBTUs)	
	Physical	Financial
2015	0.0	32.4
2016	0.0	8.6
Total	0.0	41.0

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, 2014, 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 risk in determining the fair value of counterparty positions. 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 in evaluating the potential impact of nonperformance risk to derivative positions. As of Dec. 31, 2014, 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.

14. Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis

Accounting guidance governing fair value measurements and disclosures provides that fair value represents the amount that would be received in selling an asset or the amount that would be paid in transferring a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, accounting guidance also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs, such as quoted prices in active markets;
- Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities are measured at fair value based on one or more of the following three valuation techniques noted under accounting guidance:

- (A) *Market approach*: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (B) *Cost approach*: Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (C) *Income approach*: Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

The fair value of financial instruments is determined by using various market data and other valuation techniques.

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, 2014 and 2013. 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

(millions)	As of Dec. 31, 2014			
	Level 1	Level 2	Level 3	Total
Liabilities				
Natural gas swaps	\$ 0.0	\$ 42.7	\$ 0.0	\$ 42.7
As of Dec. 31, 2013				
(millions)	Level 1	Level 2	Level 3	Total
Assets				
Natural gas swaps	\$ 0.0	\$ 9.8	\$ 0.0	\$ 9.8
Total	\$ 0.0	\$ 9.8	\$ 0.0	\$ 9.8
Liabilities				
Natural gas swaps	\$ 0.0	\$ 0.2	\$ 0.0	\$ 0.2
Total	\$ 0.0	\$ 0.2	\$ 0.0	\$ 0.2

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 13).

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, 2014, 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 2014 or 2013 fiscal years.

15. 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 \$25.7 million, \$22.1 million and \$75.8 million, under these PPAs for the three years ended Dec. 31, 2014, 2013 and 2012, 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 Balance Sheets, Statements of Income or Cash Flows.

16. Subsequent Events

On Feb. 3, 2015, TEC and TRC amended their \$150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 13 to the Loan and Servicing Agreement with certain lenders named therein and Citibank, N.A. as Program Agent. The amendment extends the maturity date to Apr. 14, 2015.

17. Difference between Uniform System of Accounts and GAAP

In accordance with the 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, and
- 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.

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2014	
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)	1,237,774,817	1,237,774,817
4	101.1 Property Under Capital Leases	-	-
5	102 Plant Purchased or Sold	-	-
6	106 Completed Construction not Classified	65,158,239	65,158,239
7	103 Experimental Plant Unclassified	-	-
8	104 Leased to Others	-	-
9	105 Held for Future Use	2,984,634	2,984,634
10	114 Acquisition Adjustments	5,031,897	5,031,897
11	TOTAL Utility Plant (Total of lines 3 through 10)	1,310,949,588	1,310,949,588
12	107 Construction Work in Progress	46,635,955	46,635,955
13	Accum. Provision for Depreciation, Amortization, & Depletion	630,525,978	630,525,978
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	727,059,565	727,059,565
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	626,414,223	626,414,223
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights	-	-
19	111 Amort. of Underground Storage Land and Land Rights	-	-
20	119 Amortization of Other Utility Plant	-	-
21	TOTAL in Service (Total of lines 17 through 20)	626,414,223	626,414,223
22	Leased to Others		
23	108 Depreciation	-	-
24	111 Amortization and Depletion	-	-
25	TOTAL Leased to Others (Total of lines 23 and 24)	-	-
26	Held for Future Use		
27	108 Depreciation	-	-
28	111 Amortization	-	-
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)	-	-
30	111 Abandonment of Leases (Natural Gas)	-	-
31	115 Amortization of Plant Acquisition Adjustment	4,111,754	4,111,754
32	TOTAL Accum. Provisions (Should agree with line 14 above) (Total of lines 21, 25, 29, 30, and 31)	630,525,978	630,525,978

Annual Status Report

Analysis of Plant in Service Accounts

Company: Peoples Gas System

For the Year Ended December 31, 2014

Page 1 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:									
30100	Organization	0	12,620	-	-	-	-	-	12,620
30200	Franchise & Consents	4	427,466	-	(427,466)	-	-	-	-
30300	Misc Intangible Plant	4	815,325	-	-	-	-	-	815,325
30301	Custom Intangible Plant	6.7	25,759,984	1,362,237	-	-	-	-	27,122,221
37402	Land Rights	1.3	1,639,519	291,831	-	-	-	-	1,931,351
39002	Structures & Improve Leases	2.5	121,764	-	-	-	-	-	121,764
	Subtotal		28,776,679	1,654,068	(427,466)	-	-	-	30,003,281
Depreciable Assets:									
37400	Land Distribution	0	4,358,099	2,564,018	-	-	-	-	6,922,116
37500	Structures & Improvements	2.5	18,682,533	158,993	-	-	-	-	18,841,526
37600	Mains Steel	4.2	364,761,932	15,304,586	(3,013,651)	-	-	-	377,052,867
37602	Mains Plastic	3.1	334,452,511	24,960,871	(358,235)	-	-	-	359,055,148
37800	Meas & Reg Station Eq Gen	3.4	10,689,774	720,224	(1,414)	-	-	-	11,408,585
37900	Meas & Reg Station Eq City	3.4	31,672,415	1,222,217	(23,034)	-	-	-	32,871,598
38000	Services Steel	6.6	43,233,432	1,861,175	(244,565)	-	-	-	44,850,041
38002	Services Plastic	5	218,208,369	13,941,563	(961,628)	-	-	-	231,188,304
38100	Meters	5.9	58,718,905	2,444,791	(1,411,970)	-	-	-	59,751,725
38200	Meter Installations	4.5	45,027,545	2,317,123	(313,884)	-	-	-	47,030,785
38300	House Regulators	3.6	13,562,954	633,890	(53,156)	-	-	-	14,143,687
38400	House Regulator Installs	4.5	18,469,026	758,449	(123,370)	-	-	-	19,104,105
38500	Meas & Reg Station Eq Ind	3.1	9,196,706	1,328	(85,237)	-	-	-	9,112,797
38700	Other Equipment	6.3	4,163,908	997,658	-	-	-	-	5,161,567
39000	Structures & Improvements	2.5	9,582	-	-	-	-	-	9,582
39100	Office Furniture	6.7	2,861,190	17,765	(925,722)	-	-	-	1,953,233
39101	Computer Equipment	12.5	7,822,182	429,916	(2,222,120)	-	-	-	6,029,978
39102	Office Equipment	6.7	815,119	114,320	(86,959)	-	-	-	842,480
39201	Vehicles up to 1/2 Tons	11.2	7,270,414	228,773	(560,132)	-	-	-	6,939,055
39202	Vehicles from 1/2 - 1 Tons	12.7	5,967,080	755,175	(268,551)	-	-	-	6,453,705
39203	Airplane	1.7	-	-	-	-	-	-	-
39204	Trailers & Other	4	327,956	822,092	-	-	-	-	1,150,048
39205	Vehicles over 1 Ton	7.4	1,202,822	137,472	(110,493)	-	-	-	1,229,801
39300	Stores Equipment	4	8,579	-	(8,579)	-	-	-	-
39400	Tools, Shop & Garage Equip	6.6	3,978,495	1,406,275	(1,681,666)	-	-	-	3,703,104
39500	Laboratory Equipment	5	46,445	-	(46,445)	-	-	-	-
39600	Power Operated Equipment	6.4	1,760,927	899,311	(3,498)	-	-	-	2,656,740
39700	Communication Equipment	8.4	7,105,194	77,689	(2,158,829)	-	-	-	5,024,054
39800	Miscellaneous Equipment	5.9	443,146	-	-	-	-	-	443,146
39900	Other Tangible Property	0	-	-	-	-	-	-	-

Annual Status Report

Analysis of Plant in Service Accounts

Company:

For the Year Ended December 31, 2014

Page 2 of 2

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
Capital Recovery Schedules:									
Total Account 101 and 106*			1,243,593,917	74,429,743	(15,090,602)	-	-	-	1,302,933,057
10500	Property Held for Future Use	0.0	1,937,574	1,047,059	-	-	-	-	2,984,634
11400	Acquisition Adjustment	3.0	5,031,897	-	-	-	-	-	5,031,897
	Subtotal		6,969,472	1,047,059	-	-	-	-	8,016,531
Total Utility Plant **			1,250,563,388	75,476,802	(15,090,602)	-	-	-	1,310,949,588

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

Note: ** The total of 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, 2014

Page 1 of 2

Acct. No.	Account Description	Beginning Balance*	Depreciation Accruals	Retirements	Cost of Removal	Salvage	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:										
30100	Organization	3,116	-	-	-	-	-	-	-	3,116
30200	Franchise & Consents	427,164	302	(427,466)	-	-	-	-	-	0
30300	Misc Intangible Plant	692,265	32,613	-	-	-	-	-	-	724,878
30301	Custom Intangible Plant	14,738,358	1,756,855	-	-	-	-	-	-	16,495,213
37402	Land Rights	598,052	23,728	-	-	-	-	-	-	621,780
39002	Structures & Improve Leases	4,023	3,044	-	-	-	-	-	-	7,067
	Subtotal 108 - 404 *	16,462,979	1,816,541	(427,466)	-	-	-	-	-	17,852,054
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	6,983,781	468,937	-	-	-	-	-	-	7,452,718
37600	Mains Steel	196,805,674	15,474,298	(3,013,651)	(2,610,960)	90,483	-	-	-	206,745,844
37602	Mains Plastic	116,821,391	10,695,212	(358,235)	(498,669)	20,559	-	-	-	126,680,259
37800	Meas & Reg Station Eq Gen	2,450,680	363,062	(1,414)	(26,307)	36	-	-	-	2,786,057
37900	Meas & Reg Station Eq City	5,485,466	1,089,970	(23,034)	(45,252)	-	-	-	-	6,507,150
38000	Services Steel	48,641,686	2,889,846	(244,565)	(886,730)	(10,811)	-	-	-	50,389,426
38002	Services Plastic	115,114,510	11,194,089	(961,628)	(942,884)	(94,189)	-	-	-	124,309,897
38100	Meters	17,220,231	3,457,060	(1,411,970)	(20,996)	82,741	-	-	-	19,327,065
38200	Meter Installations	22,531,531	2,063,861	(313,884)	(82,829)	508	-	-	-	24,199,188
38300	House Regulators	5,615,379	505,371	(53,156)	(2,108)	469	-	-	-	6,065,954
38400	House Regulator Installs	8,630,764	845,517	(123,370)	(82,318)	24	-	-	-	9,270,617
38500	Meas & Reg Station Eq Ind	4,971,119	283,796	(85,237)	(421)	-	-	-	-	5,169,258
38700	Other Equipment	1,529,348	308,064	-	-	-	-	-	-	1,837,412
39000	Structures & Improvements	10,350	240	-	-	-	-	-	-	10,590
39100	Office Furniture	1,945,953	136,558	(925,722)	-	-	-	-	-	1,156,788
39101	Computer Equipment	5,953,130	739,510	(2,222,120)	-	-	-	-	-	4,470,520
39102	Office Equipment	265,651	53,020	(86,959)	-	-	-	-	-	231,711
39201	Vehicles up to 1/2 Tons	2,321,944	773,848	(560,132)	(43)	60,870	-	-	-	2,596,486
39202	Vehicles from 1/2 - 1 Tons	2,919,920	755,064	(268,551)	(167)	29,693	-	-	-	3,435,959
39203	Airplane	(0)	-	-	-	-	-	-	-	(0)
39204	Trailers & Other	148,619	18,842	-	-	-	-	-	-	167,461
39205	Vehicles over 1 Ton	607,057	85,836	(110,493)	-	3,430	-	-	-	585,830
39300	Stores Equipment	3,935	29	(8,579)	-	-	-	-	-	(4,615)
39400	Tools, Shop & Garage Equip	2,329,992	211,243	(1,681,666)	(8,991)	-	-	-	-	850,578
39500	Laboratory Equipment	31,834	194	(46,445)	-	-	-	-	-	(14,417)
39600	Power Operated Equipment	1,036,218	100,911	(3,498)	(381)	5,000	-	-	-	1,138,250
39700	Communication Equipment	4,605,378	435,139	(2,158,829)	-	-	-	-	-	2,881,688
39800	Miscellaneous Equipment	288,350	26,146	-	-	-	-	-	-	314,496
39900	Other Tangible Property	-	-	-	-	-	-	-	-	-

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

Company: Peoples Gas System
For the Year Ended December 31, 2014

Page 2 of 2

Acct. No.	Account Description	Beginning Balance*	Depreciation Accruals	Retirements	Cost of Removal	Salvage	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)										
		-	-	-	-	-	-	-	-	-
Capital Recovery Schedules:										
	Subtotal 108-403 *	591,732,868	54,792,202	(15,090,602)	(5,209,056)	188,811	-	-	-	626,414,223
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	-	-	-	-	-	-	-	-	-
11400	Acquisition Adjustment	3,962,609	149,146	-	-	-	-	-	-	4,111,754
	Subtotal	3,962,609	149,146	-	-	-	-	-	-	4,111,754
	Total Accumulated Reserve**	595,695,477	54,941,348	(15,090,602)	(5,209,056)	188,811	-	-	-	630,525,978

Note: * The total of ending balances must agree to Line 17, Page 12.

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

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.

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2014	
CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)			
1. Report below descriptions and balances at end of year of projects in process of construction (107).		Development, and Demonstration (see Account 107 of the Uniform System of Accounts).	
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,		3. Minor projects (less than \$500,000) may be grouped.	
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Alternative Fueling Stations	70,597	527,983
2	Cast Iron Bare Steel Main Replacement Projects	1,242,445	9,964,257
3	CI/BS Replacement - Edgewater Winter Park	793,139	0
4	CI/BS Replacement - Dixie Hwy to Hollandale Bch	616,131	0
5	Cathodic Protection	139,074	88,931
6	Communications Equipment	22,719	25,883
7	Peoples Gas IVR Upgrade Project	1,930,003	0
8	Distribution System Improvements	1,928,107	4,448,069
9	Improvements to Property	592,765	694,621
10	Purchase Property - Tampa/Adamo	6,160,187	0
11	Main Replacement Projects	2,778,785	3,750,384
12	Measuring and Regulating Station Equipment	2,475,954	5,943,308
13	Miscellaneous - Non Revenue Producing	76,303	1,011,570
14	Municipal / Governmental Improvements	5,904,064	6,298,760
15	TOTAL (Continued on 17b)	24,730,273	32,753,766

CONSTRUCTION OVERHEADS-GAS			
1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.		and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.	
2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed		3. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.	
Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	See Page 17b		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2014	
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	Municipal Relocation 20" steel main - Duval County	748,721	0
2	New Revenue Main Extension Projects	14,411,722	35,680,149
3	Wauchula Main Extension	1,678,963	0
4	Office Equipment / Software	694,174	1170540
5	Compliance Management Software	1,833,034	0
6	Power Operated Equipment	14,075	299,020
7	Service Lines	127,700	94206
8	Testing, Measuring & Detection Equipment	95,225	195,561
9	Tools, Shop & Garage Equipment	951,623	455,082
10	CNG Design Build Heater/Regulation Tralers (2)	513,639	482361
11	CNG - Upgrade Existing CNG Fill Trailers	560,333	0
12	Transportation Equipment	276,473	2,447,161
13			
14			
15	TOTAL (including pg 17)	46,635,955	73,577,846

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	Supervision and Management		
2	(These costs are allocated to WIP as outlined		
3	in instruction 3 above)	2,011,442	85,792,233
4			
5	Corporate G & A	3,999,996	87,803,675
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2014
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	786,911
2	Line of Credit	288,214
3	Health Savings Account (H.S.A.)	188,500
4	Permits	82,000
5	Postage	30,000
6	Software Maint.	272,322
7		
8	TOTAL	1,647,948

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)						
Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	n/a					
2						
3						
4						
5						
6						
7						
8						
9						
10	TOTAL					

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

For the Year Ended

Dec. 31, 2014

Name of Respondent

Peoples Gas System

OTHER REGULATORY ASSETS (Account 182.3)

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

2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$25,000) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amounts (e)	
1	Energy Conservation Recovery Clause	1,701,760	273,314	407	1,975,074	-
2						
3	Competitive Rate Adjustment	4,149,219	2,239,809	142/4XX	3,597,770	2,791,258
4						
5	FAS 158 - Current portion	1,383,953	63,591	242	336,629	1,110,915
6						
7	Current Derivative Asset - Regulatory	7,120	88,936,155	245	81,551,035	7,392,240
8						
9	Environmental MGP - Current	10,963,628	9,494,197	232/407	19,817,824	640,000
10						
11	Environmental MGP - Non-current	-	19,130,863	182.3		19,130,863
12						
13	FAS 158 - Non-current portion	15,895,212	4,048,067	228	1,722,096	18,221,183
14						
15	Long Term Derivative liability	28,565	34,043,530	245	32,478,845	1,593,250
16						
17	Environmental Liability	40,439,944	140,959,854	242	148,104,233	33,295,565
18	TOTAL	74,569,401	299,189,379		289,583,506	84,175,274

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			-			-
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress					68,875
18	Deferred Regulatory Comm. Expenses					
19	TOTAL	-				68,875

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2014
SECURITIES ISSUED AND SECURITIES REFUNDED OR RETIRED DURING THE YEAR	
<p>1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.</p> <p>2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded.</p>	<p>and gains or losses relating to securities retired or refunded.</p> <p>3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.</p>
<u>Securities Retired</u>	
None	
Total Retired	\$0
<u>Securities Issued</u>	
None	
Total Issued	\$0

UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)						
<p>1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.</p> <p>2. In column (c) show the principal amount of bonds or other long-term debt reacquired.</p> <p>3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with</p>			<p>General Instruction 17 of the Uniform Systems of Accounts</p> <p>4. Show loss amounts by enclosing the figures in parentheses.</p> <p>5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debit-Credit.</p>			
Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	None					
2						
3						
4						
5						-
6						
7						
8						-
9						
10						
11						-
12						-
13						-

Name of Respondent					For the Year Ended				
Peoples Gas System					Dec. 31, 2014				
LONG-TERM DEBT (Accounts 221, 222, 223, and 224)									
1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.				2. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated				companies from which advances were received.	
				3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.				4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.	
Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)		
					Rate (in %) (e)	Amount (f)			
1	Other Long Term Debt - Acct 224								
2									
3									
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	Note Issued by Tampa Electric	05/15/14	05/15/44	10,000,000	4.35	271,875	10,000,000		
11									
12									
13									
14									
15									
16									
17									
18									
19									
20	TOTAL			241,764,680		12,237,168	241,764,680		

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		Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)	
				Date From (d)	Date To (e)				
1	Unamortized Debt Exp-Acct 181								
2									
3									
4									
5									
6	36-Note/Tampa Electric 6.15%	60,000,000	347,571	05-2007	05-2037	271,105	(11,586)	259,519	
7	37-Note/Tampa Electric 6.10%	50,000,000	378,502	05-2008	05-2018	165,595	(37,850)	127,745	
8	39-Note/Tampa Electric 4.10%	50,000,000	513,521	06-2012	06-2042	486,418	(17,117)	469,301	
9	40-Note/Tampa Electric 2.60%	25,000,000	196,352	12-2012	09-2022	171,458	(19,685)	151,773	
10	27-Note/Tampa Electric 4.35%	10,000,000	108,129	05-2014	05-2044	-	(2,253)	(2,253)	
11						1,094,576	(88,491)	1,006,085	
12	<u>2014 Charge to 181</u>								
13	40-Note/Tampa Electric 2.60%	25,000,000	196,352	12-2012	09-2022	-	400	400	
14	27-Note/Tampa Electric 4.35%	10,000,000	108,129	05-2014	05-2044		108,129	108,129	
15									
16						0		1,114,614	
17									
18									

Name of Respondent						For the Year Ended	
Peoples Gas System						Dec. 31, 2014	
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.				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.			
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				4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.			
Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year		Total Amount Outstanding (g)
					Rate (in %) (e)	Amount (f)	
1							
2	blank						
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			0		0	0

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)								
1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.				5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.				
2. Show premium amounts by enclosing the figures in parentheses.				6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.				
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.				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.				
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.								
Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period		Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
				Date From (d)	Date To (e)			
1	Unamortized Debt Disc - Acct 226							
2								
3								
4	36-Note/Tampa Electric 6.15%	60,000,000	340,200	05-2007	05-2037	265,356	(11,340)	254,016
5	39-Note/Tampa Electric 4.10%	50,000,000	138,000	06-2012	06-2042	130,717	(4,600)	126,117
6	40-Note/Tampa Electric 2.60%	25,000,000	30,500	12-2012	09-2022	26,687	(3,050)	23,637
7	27-Note/Tampa Electric 4.35%	10,000,000	6,700	05-2014	05-2044	-	(140)	(140)
8						422,760	(19,130)	403,630
9								
10	27-Note/Tampa Electric 4.35%	10,000,000	6,700	05-2014	05-2044	-	6,700	6,700
11						422,760	(12,430)	410,330
12	Unamortized Debt Disc - OCI							
13	37-Note/Tampa Electric 6.10% (Interest Rate Settlement)	50,000,000	3,935,734	05-2008	05-2018	1,721,884	(393,573)	1,328,311
14								
15	39-Note/Tampa Electric 4.10%	50,000,000	1,326,300	06-2012	06-2042	1,256,301	(44,210)	1,212,091
16	27-Note/Tampa Electric 4.35%	10,000,000	10,356	05-2014	05-2044	10,356	(216)	10,140
17	\$10,356 debit May 2014							
18								

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2014
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	2,682,171
3		
4	SERP Liability FAS 158 - Current	440,389
5		
6	FAS 106 Liability FAS 158 - Current	670,526
7		
8	Manufactured Gas Plant Estimated Environmental Liability	33,295,565
9		
10	Other	576,986
11		
12		
13	TOTAL	37,665,637

OTHER DEFERRED CREDITS (Account 253)						
1. Report below the particulars (details) called for concerning other deferred credits.						
2. For any deferred credit being amortized, show the period of amortization.						
3. Minor Items (less than \$25,000) may be grouped by classes.						
Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS		Credits (e)	Balance End of Year (f)
			Contra Account (c)	Amount (d)		
1	Contractor Retention	566,505	CWIP	833,330	1,145,656	878,831
2						
3	Environmental Insurance	1,737,324				1,737,324
4						
5	MacDill Deferred Credit	233,674	CWIP	36,040		197,634
6						
7	Deferred Billing Credit-JEA	-	488	222,083	410,000	187,917
8						
9	Baygas	-	804	342,000	769,500	427,500
10						
11						
12						
13	TOTAL	2,537,503		1,433,453	2,325,156	3,429,206

OTHER REGULATORY LIABILITIES (Account 254)						
1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).				2. For regulatory liabilities being amortized, show period of amortization in column (a).		
				3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$50,000, whichever is less) may be grouped by classes.		
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits		Credits (d)	Balance End of Year (e)
			Contra Account (b)	Amount (c)		
1						
2	Energy Conservation	-	407	841,461	1,151,005	309,544
3						
4	Gas Technology Research	676,678	930	622,352	875,001	929,327
5						
6	Derivative Regulatory Liability - Long Term	51,235	219	976,935	925,700	-
7						
8						
9	Cast Iron Bare Steel Rider	34,014	407	392,075	394,586	36,525
10						
11	Derivative Regulatory Liability - Current	1,083,910	219	12,670,750	11,586,840	-
12						
13	TOTAL	1,845,837		15,503,573	14,933,132	1,275,396

Name of Respondent										For the Year Ended	
Peoples Gas System										Dec. 31, 2014	
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	9,278,300									9,278,300
2	Internal Revenue Service (FICA)				2,735,459						2,735,459
3	FL Public Service Commission						1,813,896				1,813,896
4	FL Dept of Revenue					12,906,008					12,906,008
5	Various FL Municipalities								8,704,195		8,704,195
6	Internal Revenue Svc (FUTA)				25,396						25,396
7	Internal Revenue Svc (SUTA)				79,234						79,234
8	Various FL Counties (tags)									2,673	2,673
9	Various FL Municipalities									14,965	14,965
10	Other							8,679		70	8,749
11	Department of State										-
12	Add: Cross company labor related				385,175						385,175
13	Less: charged to other revenue (495)						(65,920)				(65,920)
14	Less: Charged to Construction				(497,323)						(497,323)
15	Less: Charged to clearing, jobbing, AR				(170,285)		(108,308)				(278,593)
16	TOTAL Taxes Charged During Year										
	(Lines 1-15) to Account 408.1	9,278,300	-	-	2,557,656	12,906,008	1,639,668	8,679	8,704,195	17,708	35,112,214
Note: *List separately each item in excess of \$500.											

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)								
Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (f).								
Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Amount Deferred for Year (c)	Allocations to Current Year's Income		Adjustments (f)	Balance End of Year (g)	Average Period of Allocation to Income (h)
				Acct. No. (d)	Amount (e)			
1	Gas Utility							
2	3%		0	411		0		0
3	4%							
4	7%							
5	10%							
6								
7								
8								
9								
10	TOTAL		0			0		0
Notes								

Name of Respondent		For the Year Ended									
Peoples Gas System		Dec. 31, 2014									
ACCUMULATED DEFERRED INCOME TAXES (Account 190)											
1. At Other (Specify), include deferrals relating to other income and deductions.						2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.					
Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
								Account No.	Amount	Account No.	Amount
1	GAS										
2	FAS 158	6,702,740					190	791,919			7,494,659
3	FAS 133	1,600,482					190	2,849,542			4,450,024
4											
5	Gas	25,224,499	1,449,454								23,775,045
6											
7	Tax Credit	104,848									104,848
8											
9											
10											
11	TOTAL Gas (Lines 2 - 10)	33,632,569	1,449,454						3,641,461		35,824,576
12	Other (Specify)										
13	TOTAL (Account 190) (Total of lines 11 and 12)	33,632,569	1,449,454						3,641,461		35,824,576
Notes			Federal	State	Total						
Deferred Income Tax Other Adjustments includes:			2,443,256	406,286	2,849,542	FAS 133					
			679,008	112,911	791,919	FAS 158					
			3,122,264	519,197	3,641,461						

ACCUMULATED DEFERRED INCOME TAXES (Accounts 281, 282, 283)											
Line No.		Balance at Beginning of Year	Changes During Year				Adjustments				Balance at End of Year
			Amounts Debited to Account 410.1	Amounts Credited to Account 411.1	Amounts Debited to Account 410.2	Amounts Credited to Account 411.2	Debits		Credits		
								Account No.	Amount	Account No.	Amount
1	Account 281 - Accelerated Amortization Property										
2	Electric										
3	Gas										
4	Other										
5	TOTAL Account 281 (Lines 2 thru 4)										
6	Account 282 - Other Property										
7	Electric										
8	Gas	136,018,536	12,695,798								148,714,334
9	Other										
10	TOTAL Account 282 (Lines 7 thru 9)	136,018,536	12,695,798								148,714,334
11	Account 283 - Other										
12	Electric										
13	Gas	16,016,140	920,780						-	283	3,806,425
14	Other										
15	TOTAL Account 283 - Other (Lines 12 thru 14)	16,016,140	920,780						-	283	3,806,425
16	GAS										
17	Federal Income Tax	136,348,424	11,501,115								3,263,709
18	State Income Tax	15,686,252	2,115,463								542,716
19											
20	TOTAL Gas (Lines 17 thru 19)	152,034,676	13,616,578						-		3,806,425
21	OTHER										
22	Federal Income Tax										
23	State Income Tax										
24	TOTAL Other (Lines 22 and 23)	0									
25	TOTAL (Total of lines 5, 10 and 15)	152,034,676	13,616,578						-		3,806,425
NOTES:			Federal	State	Total						
Deferred income tax adjustment includes:			(2,584,701)	(429,805)	(3,014,506)	FAS 133					
			(679,008)	(112,911)	(791,919)	FAS 158					
Total 283			(3,263,709)	(542,716)	(3,806,425)						

Name of Respondent

Peoples Gas System

**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)	35,834,102
2	Reconciling Items for the Year	
3	Federal Income Tax	
4	<i>Taxable Income Not Reported on Books</i>	
5	CIAC and AIAC	1,529,281
6		1,357,962
7		2,011,304
8	<i>Deductions Recorded on Books Not Deducted for Return</i>	
9	Bonus	706,637
10	Capitalized Interest (Sec. 263)	1,734,750
11	Capitalized ECA Costs Tax Amortization	327,152
12	FAS 106	5,277,863
13	Federal Income Tax	523,764
14	Whole Pricing Interest Component	429,759
15	Hedges	15,066,032
16	Deferred Taxes	70,265
17	Other	1,643,273
18	<i>Income Recorded on Books Not Included in Return</i>	
19	Competitive Rate Adjustment	81,213
20	Deferred Revenue	2,635,845
21	Energy Conservation Revenue	0
22	Equity Earnings of Subsidiaries	0
23	<i>Deductions on Return Not Charged Against Book Income</i>	
24	Bad Debts	15,149
25	Cost of Removal	92,416
26	Deferred Fuel	5,209,056
27	Depreciation - Excess Over Books	822,723
28	Environmental Disposal Costs	11,231,464
29	Pension	8,807,236
30	Repairs Capitalized on Books	14,313,654
31	SERP	840,750
32	Other	0
33		
34	Federal Taxable Net Income	22,462,638
35	<i>Show Computation of Tax:</i>	
36	Federal Taxable Net Income	22,462,638
37	Federal Income Tax @ 35%	7,861,923
38	Prior Year True-up Provision to Actual Per Return and FAS 109 Adjustment	(2,584,060)
39	Federal Income Tax	5,277,863
40	Federal Income Tax Allocation to Other Income	(55,516)

NAME OF RESPONDENT:
Peoples Gas System

This Report is An Original

YEAR OF REPORT:
December 31, 2014

**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
New Mexico Gas Intermediate, Inc.
New Mexico Gas Company, Inc.
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 Clean Advantage Corporation
TECO Diversified, Inc.
TECO EnergySource, Inc.
TECO Finance, 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 Services, Inc.
TECO Solutions, Inc.
TECO Wholesale Generation, Inc.
Whitaker Coal Corporation

Name of Respondent

Dec. 31, 2014

Peoples Gas System

GAS OPERATING REVENUES (Account 400)

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

Line No.	Title of Account (a)	Operating Revenues		Therms of Natural Gas Sold		Avg. No. of Natural Gas Customers Per Mo.	
		Amount for Year (b)	Amount for Previous Year (c)	Current Year (d)	Previous Year (e)	Current Year (f)	Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480 Residential RS1 - RS3	135,982,327	120,685,802	66,878,141	60,722,065	318,285	312,583
4	480 Residential GS1	4,451,003	3,922,880	3,644,679	3,409,721	1,188	1,098
5	480 Residential GS2	1,157,409	1,041,278	1,065,508	1,030,554	70	69
6	480 Residential GS3	21,531	(895)	20,887	(1,157)	1	-
7	481 Commercial Street Lighting	59,724	66,015	59,118	71,461	15	17
8	481 Small General Service	8,299,309	8,049,057	5,172,066	5,281,915	7,772	7,932
9	481 General Service 1	18,761,977	19,193,488	15,519,457	17,155,060	4,555	4,855
10	481 General Service 2	11,883,361	11,683,827	10,980,685	11,667,160	663	720
11	481 General Service 3	3,309,618	3,558,393	3,174,114	3,714,469	53	56
12	481 General Service 4	736,604	310,975	763,891	351,126	4	4
13	481 General Service 5	359,433	421,766	403,756	495,414	3	4
14	481 Natural Gas Vehicle Sales	52,796	15,401	45,867	14,070	4	4
15	Interruptible Sales Service						
16	481 Small Interruptible Service	430,711	477,949	530,163	688,913	1	1
17	481 Interruptible Lg. Vol - 1	279,480	155,851	539,376	318,219	-	-
18	481 Interruptible Lg. Vol - 2	(499,760)	(445,410)	294,273	466,362	-	-
19	Off System Sales Service						
20	481 Mutually Beneficial	7,935,213	474,817	16,165,920	1,099,120	4	-
21	481 Off System Sales	31,422,707	56,185,141	67,860,550	141,968,790	8	10
22	Firm Transportation Service						
23	489 Res-General Svc 1	557,891	544,288	1,520,952	1,488,558	306	296
24	489 Res-General Svc 2	1,216,206	1,192,742	4,521,051	4,440,048	219	211
25	489 Res-General Svc 3	730,501	761,672	3,123,639	3,280,142	42	42
26	489 Commercial Street Lighting	109,031	124,936	544,092	623,467	28	29
27	489 Natural Gas Vehicles	38,776	37,645	157,280	151,937	10	10
28	489 Small General Service	2,150,180	1,955,134	3,477,090	3,159,895	2,941	2,666
29	489 General Service 1	20,700,874	19,257,291	57,777,287	53,705,645	10,550	9,832
30	489 General Service 2	31,076,455	29,587,544	114,304,886	108,722,906	6,085	5,840
31	489 General Service 3	17,458,759	17,226,956	76,942,918	76,392,673	754	754
32	489 General Service 4	9,753,475	8,510,547	58,372,477	50,961,955	155	140
33	489 General Service 5	13,029,568	12,197,407	109,406,350	102,283,444	119	124
34	Interruptible Transportation Serv.						
35	489 Small Interruptible Transp	5,566,366	5,593,267	53,854,152	56,712,218	32	33
36	489 Interruptible Transp LG - 1	7,530,803	9,370,268	187,535,795	226,399,502	16	16
37	489 Interruptible Transp LG - 2	6,588,287	8,164,887	675,040,849	731,784,796	6	6
38	482 Other Sales to Public Authorities		0				
39	484 Flex Rate - Refund		0				
40	TOTAL Sales to Ultimate Consumers	341,150,614	340,320,919	1,539,697,269	1,668,560,468	353,889	347,352
41	483 Sales for Resale	1,294,808	1,243,213	3,408,292	3,397,931	14	15
42	Off-System Sales		0				
43	TOTAL Nat. Gas Service Revenues	342,445,422	341,564,132				
44	TOTAL Gas Service Revenues	342,445,422	341,564,132				
45	Other Operating Revenues						
46	485 Intracompany Transfers						
47	487 Forfeited Discounts	923,253	871,547				
48	488 Misc. Service Revenues	4,885,498	4,822,636				
49	488						
50	488 Individual Transp Charge	551,232	545,616				
51	489 Rev. from Trans. of Gas of Others						
52	not included in above rate schedules)						
53	493 Rent from Gas Property	395,941	418,002				
54	494 Interdepartmental Rents						
55	495 Other Gas Revenues						
56	Gross Recpts Tax/Franch Fee Coll	21,610,203	20,551,528				
57	Reconnect for Cause						
58	Collection in lieu of disconnect						
59	Returned Check						
60	Other	18,619,338	13,575,449				
61	495.1 Overrecoveries Purchased Gas						
62	TOTAL Other Operating Revenues	46,985,465	40,784,778				
63	TOTAL Gas Operating Revenues	388,136,079	381,105,697				
64	(Less) 496 Provision for Rate Refunds						
65	TOTAL Gas Operating Revenues						
66	Net of Provision for Refunds	388,136,079	381,105,697				
67	Sales for Resale	1,294,808	1,243,213				
68	Other Sales to Public Authority						
69	Interdepartmental Sales						
70	TOTAL	389,430,887	382,348,910				

Notes

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2014	
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	84,051,606	94,079,815
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	53,560,711	49,880,425
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)	2,114,115	(1,372,488)
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	139,726,432	142,587,752
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	1,122,125	963,087
27	(Less) 808.2 Gas Delivered to Storage--Credit	(1,122,125)	-
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	(123,350)	(99,686)
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	(123,350)	(99,686)
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	139,603,082	143,451,153
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	139,603,082	143,451,153
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	
Peoples Gas System		Dec. 31, 2014	
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	655,620	762,940
50	871 Distribution Load Dispatching	288,409	488,616
51	872 Compressor Station Labor and Expenses	429	130
52	873 Compressor Station Fuel and Power	88	2,054
53	874 Mains and Services Expenses	6,658,716	7,102,956
54	875 Measuring and Regulating Station Expenses--General	66,388	117,805
55	876 Measuring and Regulating Station Expenses--Industrial	47,843	27,155
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	117,423	71,304
57	878 Meter and House Regulator Expenses	4,178,096	3,862,412
58	879 Customer Installations Expenses	2,040,191	1,762,054
59	880 Other Expenses	1,826,325	1,800,871
60	881 Rents	167,598	161,328
61	TOTAL Operation (Total of lines 49 through 60)	16,047,126	16,159,625
62	Maintenance		
63	885 Maintenance Supervision and Engineering	912	3,121
64	886 Maintenance of Structures and Improvements	120,757	226,621
65	887 Maintenance of Mains	4,973,682	3,728,532
66	888 Maintenance of Compressor Station Equipment	3,214	665
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	783,119	623,521
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	570,704	620,682
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	883,929	810,206
70	892 Maintenance of Services	1,502,502	1,203,296
71	893 Maintenance of Meters and House Regulators	688,866	565,588
72	894 Maintenance of Other Equipment	113,129	74,491
73	TOTAL Maintenance (Total of Lines 63 through 72)	9,640,814	7,856,723
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	25,687,940	24,016,348
75	5. Customer Accounts Expenses		
76	Operation		
77	901 Supervision		
78	902 Meter Reading Expenses	1,203,949	1,266,090
79	903 Customer Records and Collection Expenses	6,364,667	6,297,443
80	904 Uncollectible Accounts	808,516	655,237
81	905 Miscellaneous Customer Accounts Expenses		
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	8,377,132	8,218,770
83	6. Customer Service and Informational Expenses		
84	Operation		
85	907 Supervision		
86	908 Customer Assistance Expenses	9,979,237	8,316,261
87	909 Informational and Instructional Expenses	1,249,467	1,116,170
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	11,228,704	9,432,431
90	7. Sales Expenses		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses	7,537,467	7,537,623
94	913 Advertising Expenses	479,693	886,648
95	916 Miscellaneous Sales Expenses	77,109	(159,892)
96	TOTAL Sales Expenses (Total of lines 92 through 95)	8,094,269	8,264,379
97			

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2014	
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)			
Line No.	Account	Amount for Current Year	Amount for Previous Year
98	8. Administrative and General Expenses		
99	Operation		
100	920 Administrative and General Salaries	8,658,897	9,152,019
101	921 Office Supplies and Expenses	5,339,220	5,566,456
102	(Less) (922) Administrative Expenses Transferred--Credit	(3,855,996)	(3,837,996)
103	923 Outside Services Employed	1,081,961	1,034,663
104	924 Property Insurance	151,687	175,047
105	925 Injuries and Damages	526,862	1,900,282
106	926 Employee Pensions and Benefits	11,582,244	12,212,796
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses	-	71,302
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses		
111	930.2 Miscellaneous General Expenses	12,988,686	11,576,829
112	931 Rents	459,529	421,788
113	TOTAL Operation (Total of lines 100 through 112)	36,933,090	38,273,186
114	Maintenance		
115	935 Maintenance of General Plant	244,299	236,032
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	37,177,389	38,509,218
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	230,168,516	231,892,299
119			
120			

NUMBER OF GAS DEPARTMENT EMPLOYEES	
	<p>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.</p> <p>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.</p> <p>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.</p>
1	
2	1. Payroll Period Ended (Date) 12/31/2014
3	2. Total Regular Full-Time Employees 537
4	3. Total Part-Time and Temporary Employees 2
5	4. Total Employees 539
6	
7	
8	
9	
10	
11	
12	
13	

Name of Respondent

Peoples Gas System

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		\$84,051,606	
2	808.1 - Gas Withdrawn from Storage-Debit		\$1,122,125	
3	808.2 - Gas Delivered to Storage-Credit		(\$1,122,125)	
4	804 - Natural Gas City Gate Purchases-Commodity		\$53,560,711	
5	805.1 - Purchased Gas Cost Adjustments		\$2,114,115	
6				
7				
8				
9				
10				
11	TOTAL (Total of lines 1 through 10)	199,776,870	\$139,726,432	69.94

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	30,180	26,661
4				
5	Transportation Clearing Account CNG	184	7,542	6,266
6				
7	Other Income Deductions	426	18,377	15,061
8				
9	Administrative Use	921	-	-
10				
11	Sales Tax Account	241	N/A	(1,711)
12				
13	Gas Lost - Damaged Facilities	143	N/A	77,073
14				
15				
16				
17				
18	TOTAL		56,099	123,350

REGULATORY COMMISSION EXPENSES (Account 928)

<p>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.</p> <p>2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.</p>	<p>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</p> <p>4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.</p> <p>5. Minor items (less than \$25,000) may be grouped.</p>
--	--

Line No.	Description (Name of regulatory commission, the docket number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year		Amortized During Year		Deferred in Account 186 End of Year (i)
				Charged Currently to Account No. (d)	Amount (e)	Deferred to Account 186 (f)	Contra Account (g)	
1	Florida Public Service Commission							
2	Docket 080318-GU - rate case.							
3	Four year amortization of \$684,500							
4	beginning June 2009 - fully amortized 2014	-	-					-
5	N/A							
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17	TOTAL							

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	465,615
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		
7		
8	Tampa Electric Company Intercompany Charges - General Services and convenience of pay	6,295,559
9		
10	TECO Energy Intercompany Charges - General Services and convenience of pay	4,615,575
11		
12	Direct Software/Hardware Maintenance	870,744
13		
14	Other	251,192
15		
16		
17		
18		
19		
20	TOTAL	12,998,685

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

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	TOTAL Operation and Maintenance - Electric			
3	Gas			
4	Operation			
5	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminating & Processing			
6	Transmission			
7	Distribution	10,733,846		
8	Customer Accounts	3,389,059		
9	Customer Service and Informational	200,656		
10	Sales	213		
11	Administrative and General	9,504,810		
12	TOTAL Operation (Total of lines 5 through 11)	23,828,584		
13	Maintenance			
14	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminating & Processing	-		
15	Transmission	-		
16	Distribution	4,032,488		
17	Administrative and General	7,720		
18	TOTAL Maintenance (Total of lines 14 through 17)	4,040,208		
19	Total Operation and Maintenance	27,868,792		
20	Production - Manufd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminating & Processing			
21	Transmission (Enter Total of lines 6 and 15)			
22	Distribution (Total of lines 7 and 16)	14,766,333		
23	Customer Accounts (Transcribe from line 8)	3,389,059		
24	Customer Service and Informational (Transcribe from line 9)	200,656		
25	Sales (Transcribe from line 10)	213		
26	Administrative and General (Total of lines 11 and 17)	9,512,530		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	27,868,792		27,868,792
28	Other Utility Departments			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	27,868,792	-	27,868,792
31	Utility Plant			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	5,850,805		5,850,805
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	5,850,805	-	5,850,805
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	874,258		874,258
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	874,258	-	874,258
42				
43	Other Accounts (Specify):			
44				
45				
46	Accounts Receivable - Associated Companies	1,799,637		1,799,637
47	Other Work in Progress			
48	Merchandise / Jobbing	14,389		14,389
49	Miscellaneous			
50				
51				
52				
53	TOTAL Other Accounts	1,814,026	-	1,814,026
54	TOTAL SALARIES AND WAGES	36,407,881	-	36,407,881

Name of Respondent		For the Year Ended	
Peoples Gas System		Dec. 31, 2014	
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES			
<p>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</p>			
		<p>payments for legislative services, except those which should be reported in Account 426.4 - Expenditures for Certain Civic, Political and Related Activities.</p> <p>(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.</p> <p>2. For any services which are of a continuing nature, give the date and term of contract.</p> <p>3. Designate with an asterisk associated companies.</p>	
		Description	Amount
1	APC Workforce Solutions LLC	various A&G	52,026
2	Arcadis US Inc.	182-environmental services	603,163
3	Bajocuva PA	925-legal services	333,660
4	Baker & Hosteleter LLP	182/923-legal services	433,493
5	Berkeley Research Group, LLC	925-legal services	35,874
6	Brandmark Advertising, Inc.	912-advertising services	237,283
7	Brown and Caldwell Inc.	182-engineering services	31,715
8	Captec Engineering, Inc.	various-engineering services	59,224
9	C Edward Mills	921/923-consulting services	93,300
10	Carlton Fields Jordan Burt LLP	182-environmental services	47,233
11	CDM Smith Inc	182-engineering services	38,136
12	Certified Testing Laboratories	various-engineering services	63,213
13	Cleveland Integrity Services, Inc.	various-engineering services	1,199,430
14	Daniels Engineering, Inc.	various-engineering services	194,130
15	EN Engineering LLC	923-consulting services	109,467
16	Engineering mapping solutions	various-engineering services	85,659
17	Enviro Tek Inc	182-environmental services	3,106,844
18	FGE Engineering, Inc.	880/various-engineering services	619,152
19	George Young	various-engineering services	59,535
20	Geosyntec Consultants	182-environmental services	213,156
21	J R Griese	887-various engineering services	2,300,651
22	John D Cerrato	various-engineering services	161,652
23	Lau, Lane, Pieper, Conley & McCreddie PA	925-legal services	100,967
24	Macfarlane Ferguson	182/923-legal services	289,881
25	Magnolia River Services	various-engineering services	1,775,884
26	Mai Engineering Services, Inc.	various-engineering services	325,978
27	N.D.E. Inc	various-engineering services	28,131
28			
29	Continued on 33b		
30			

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS	
<p>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.</p> <p>(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.</p> <p>(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.</p> <p>(c) Other Interest Expense (Account 431) - Report particulars (Details) including the amount and interest rate for each other interest charges incurred during the year.</p>	
Item	Amount
1	
2 Account 426.1 - Donations	210,679
3 Account 426.4 - Lobbying	117,930
4	328,609
5	
6	
7	
8	
9 Account 431 - Other Interest Expense	
10 Energy Conservation Cost Recovery Clause	136
11 Intercompany Interest	1,117
12 Credit Facility	18,979
13 Customer Deposits	997,577
14 Miscellaneous	423
15 Cast Iron Bare Steel Rider	159
16 PGA True - Up	1,111
17	1,019,502
18	
19	
20	
21	
22	
23	
24	

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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

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

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

3. Designate with an asterisk associated companies.

	Description	Amount
1	continued from page 33a	
2		
3	Neil Thomson	182-environmental services 39,890
4	Phoenix Energy Corp	various-engineering services 193,449
5	Raymond Ross	various-construction management 28,303
6	Smoak & Chistolini LLC	925-legal services 48,946
7	Southern Cathodic Protection	887-engineering services 127,954
8	Tanktek Inc. DBA Enviro Tek Inc.	182-environmental services and other 4,511,790
9	The Ash Group	various-engineering services 144,930
10	Trimble Navigation LTD	107/921-software consulting services 80,000
11	Veriforce LLC	923-consulting services 32,170
12	Vernis & Bowling	925-legal services 31,897
13	Teco Partners*	912/107-marketing 7,947,877
14	Tampa Electric*	930- various 11,262,614
15	Teco Services*	930- various 4,908,571
16	William J Greer	various-construction management 175,536
17	XDD LLC	182-environmental services 80,044
18	Yuro and Associates LLC	various-engineering services 236,049
19		
20		
21		
22		
23		
24		
25		
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		
3		
4		
5	Blank section - see 33a	
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		

Name of Respondent For the Year Ended

Peoples Gas System

Dec. 31, 2014

**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)	224,643,441		224,643,441	224,643,441	-
2	Sales for Resale (483)	1,294,808		1,294,808	1,294,808	-
3	Total Natural Gas Service Revenues	225,938,248		225,938,248	225,938,248	-
4	Total Other Operating Revenues (485-495)	163,492,639		163,492,639	163,492,639	-
5	Total Gas Operating Revenues	389,430,887		389,430,887	389,430,887	-
6	Provision for Rate Refunds (496)					
7	Wholesale Sales & Wholesale Transport Adj.				(1,294,808)	1,294,808
8	Mutually Beneficial Wholesale Adjustment				(7,935,213)	7,935,213
9	Unbilled Revenue Adjustment				(1,706,704)	1,706,704
10	Off System Sales for Resale Adjustment				(19,732,996)	19,732,996
11	Total Gross Operating Revenues	389,430,887		389,430,887	358,761,166	30,669,721

Notes:

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

Name of Respondent

For the Year Ended

Peoples Gas System

Dec. 31, 2014

CORPORATE STRUCTURE

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

Effective Date: Dec. 31, 2014

TECO Energy, Inc.

TECO Services, Inc.

Tampa Electric Company

TEC Receivables Corp.

TECO Partners, Inc.

New Mexico Gas Intermediate, Inc.

New Mexico Gas Company, Inc.

TECO Investments, Inc.

TECO Finance, Inc.

TECO Oil & Gas, Inc.

TECO Diversified, Inc.

TECO Coal LLC

Bear Branch Coal LLC

Raven Rock Development LLC

Clintwood Elkhorn Mining LLC

Gatliff Coal LLC

Pike-Letcher Land LLC

Premier Elkhorn Coal LLC

Rich Mountain Coal LLC

Perry County Coal LLC

Ray Coal LLC

Whitaker Coal LLC

TECO Coalbed Methane Florida, Inc.

TECO Properties Corporation

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.

TECO Guatemala Holdings, LLC

TECO Guatemala Holdings II, LLC

TECO Clean Advantage Corporation

Name of Respondent For the Year Ended

Peoples Gas System Dec. 31, 2014

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

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

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

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year		
			"p" or "s" (d)	Account Number (e)	Dollar Amount (f)
TECO Partners, Inc	Real property sublease		s	146	224,831
	G&A Allocation		s	146	314,000
	Labor services		s	146	37,793
	Marketing		p	912	7,444,814
	Marketing Service		p	107	500,000
	Labor services		p	930/multi	3,063
Tampa Electric Co.	Real property sublease		s	146	83,998
	Labor services		s	146	1,701,279
	Natural Gas sales		s	146	1,402,718
	Land		p	107	1,043,465
	Real property sublease		p	931	691,037
	Labor services		p	930/multi	5,634,443
	Natural Gas purchases		p	801	1,290,769
IT, Telecom, Facilities		p	930/multi	5,628,171	
TECO Energy Inc.	Labor services		s	146	1,292,957
TECO Services Inc.	Labor services		s	146	65,949
	Labor services		p	930/multi	600,400
	Allocation/Indirect charges		p	930/multi	4,308,171
TECO Energy Source	Labor services		s	146	48,779
	Natural Gas sales		s	146	712,684
	Natural Gas Purchases		p	801	229,207
SeaCoast Gas Transmission	Labor services		s	146	131,275
	G&A Allocation		s	146	142,000
	Imbalance cashout		p	801	231,799

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2014
NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES		
Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.		
Name of Affiliate	Synopsis of Contract	
TECO Partners	<p>An agreement entered into between Peoples Gas (Peoples) and TECO Partners (Partners) whereby Peoples retained Partners to market and sell services for and on behalf of Peoples to present and potential customers of Peoples, including but not limited to:</p> <ul style="list-style-type: none"> - Energy Services - Energy Conservation Program Services - Promotional Services <p>Payment to Partners under the agreement is targeted at \$6,500,000 annually - increasing by the previous year's CPI. The agreement was entered into effective January 1, 2008 for a period of six years, renewed for 2014.</p> <p>One year agreements were entered into between Peoples and TECO Partners, whereby TECO Partners lease space in various Peoples buildings in Florida.</p>	
Tampa Electric Company	<p>Service agreement effective April 2014 through March 2015. Peoples Gas System contracted Tampa Electric to provide monthly gas meter reading at a price of \$0.24 per reading in the Tampa division, and \$0.54 per reading in the Lakeland division. For 2014, both parties mutually agree to establish the volume for April 2014 - March 2015 at 66,242 meters for Tampa, and for Lakeland a volume for April 2014 - March 2015 at 5,917 meters. An automatic review of billing volumes will occur should a 10% differential exist.</p> <p>Additional terms and prices are provided for under these agreements.</p>	

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF \$25,000		
Provide information regarding individual affiliated transactions in excess of \$25,000. Recurring monthly affiliated transactions which exceed \$25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.		
Name of Affiliate	Description of Transaction	Dollar Amount
TECO Partners, Inc.	Real property sublease	224,831
	G&A Allocation	314,000
	Labor services	37,793
	Marketing	(7,944,814)
Tampa Electric Co	Real property sublease	83,998
	Labor services	1,701,279
	Natural Gas sales	1,402,718
	Land	(1,043,465)
	Real property sublease	(691,037)
	Labor services	(5,634,443)
	Natural Gas purchases	(1,290,769)
	IT, Telecom, Facilities	(5,628,171)
TECO Energy Inc.	Labor services	1,292,957
TECO Services Inc.	Labor services	65,949
	Labor services	(600,400)
	Allocation/Indirect charges	(4,308,171)
TECO Energy Source	Labor services	48,779
	Natural Gas sales	712,684
	Natural Gas Purchases	(229,207)
SeaCoast Gas Transmission	Labor services	131,275
	G&A Allocation	142,000
	Imbalance Cash Out	(231,799)

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2014

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:							
Tampa Electric	Land	\$ 1,043,465	\$ 0	\$ 1,043,465	N/A	\$ 1,043,465	No
Total						\$ 1,043,465	
Sales to Affiliates:							
None	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
Peoples Gas	Tampa Electric	Customer Svc Professional	Energy Mgmt Analyst Assoc	Permanent
Tampa Electric	Peoples Gas	Manager T&D Operations	Division Manager	Permanent
Peoples Gas	TECO Services	Settlements Accountant	Risk Analyst Systems & Cntl	Permanent
Peoples Gas	TECO Partners	Project Manager, Snr	Project Manager Snr	Permanent
Tampa Electric	Peoples Gas	Director Bayside Station	Managing Director Fuels	Permanent