AUSLEY & MCMULLEN
ATTORNEYS AND COUNSELORS AT LAW

227 SOUTH CALHOUN STREET
P.O. BOX 391 (ZIP 32302)
TALLAHASSEE, FLORIDA 32301
(850) 224-9115 FAX (850) 222-7560

October 2, 2001

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

011324-EI

Re: Application of Tampa Electric Company for authority to issue and sell securities pursuant to Section 366.04, Florida Statutes, and Chapter 25-8, Florida Administrative Code.

Dear Ms. Bayo:

Enclosed for filing in the above matter are the original and fifteen (15) copies of Tampa Electric Company's Application for Authority to Issue and Sell Securities.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley

JDB/pp
Enclosures

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Tampa Electric Company for authority to issue and sell securities pursuant to Section 366.04, Florida Statutes and Chapter 25-8, Florida Administrative Code.	))))))	DOCKET NO.__________ FILED: OCTOBER 2, 2001

TAMPA ELECTRIC COMPANY'S
APPLICATION FOR AUTHORITY TO ISSUE AND SELL SECURITIES

Tampa Electric Company (" Tampa Electric" or " the company") files this, its Application under Section 366.04, Florida Statutes and Rule 25-8.001, et seq., Florida Administrative Code, for authority to issue and/or sell securities for the company's fiscal period of twelve months ending December 31, 2002, and says:

1. The exact name of the company and the address of its principal business office are as follows: Tampa Electric Company, 702 North Franklin Street, Tampa, Florida, 33602.
2. The company, a Florida corporation, was incorporated in 1899 and was reincorporated in 1949.
3. The names and addresses of persons authorized to receive notices and communications with respect to this Application are as follows:

L. L. Willis	A. L. Llewellyn
J. D. Beasley	Administrator, Reg.Coordination
Ausley & McMullen	Tampa Electric Company
P. O. Box 391	P. O. Box 111
Tallahassee, FL 32302	Tampa, FL 33601

4. As of June 30, 2001, the date of the balance sheet submitted with this Application, the following information is shown for each class and series of capital stock and funded debt:

(a) Brief description	(b) Amount authorized (face value and number of shares)	(c) Amount outstanding (exclusive of any amount held in the treasury)	(d) Amount held as reacquired securities	(e) Pledged by applicant	(f) Amount owned by affiliated corporations	(g) Amount held in any fund
Common Stock	25,000,000 shares without par value	10 shares	None	None	10 shares	None
Preferred Stock	2,500,000 shares with no par value, 1,500,000 shares with $100 par value per share	None	None	None	None	None
Preference Stock – Subordinated Preferred Stock	2,500,000 shares with no par value	None	None	None	None	None
Funded Debt:						
Tampa Electric Division						
First Mortgage Bonds:						
6 1/8% Series, due 2003	$75,000,000	$75,000,000	None	None	None	None
7 3/4% Series, due 2022	75,000,000	75,000,000	None	None	None	None
Installment Contracts Payable:						
5 3/4% Series, due 2007	22,480,000	22,480,000	None	None	None	None
6 1/4% Series, due2034	85,950,000	85,950,000	None	None	None	None
Variable Rate Series, due 2025	51,605,000	51,605,000	None	None	None	None
Variable Rate Series, due 2018	54,200,000	54,200,000	None	None	None	None
7 7/8% Series, due 2021	25,000,000	25,000,000	None	None	None	None
8 % Series, due 2022	100,000,000	100,000,000	None	None	None	None
Variable Rate Series, due 2020	20,000,000	20,000,000	None	None	None	None
5.85 % Series, due 2030	75,000,000	75,000,000	None	None	None	None
Unsecured Notes:						
5.11% Series, due 2001	38,000,000	38,000,000	None	None	None	None
5.86% Series, due 2002	100,000,000	100,000,000	None	None	None	None
6.875% Series, due 2012	210,000,000	210,000,000	None	None	None	None
Gas Division						
Senior Notes:						
10.35% Series, due 2007	5,600,000	5,600,000	None	None	None	None
10.33% Series, due 2008	7,200,000	7,200,000	None	None	None	None
10.30% Series, due 2009	8,400,000	8,400,000	None	None	None	None
9.93% Series, due 2010	8,600,000	8,600,000	None	None	None	None
8.00% Series, due 2012	29,000,000	29,000,000	None	None	None	None
Unsecured Notes:						
5.11% Series, due 2001	12,000,000	12,000,000	None	None	None	None
5.86% Series, due 2002	50,000,000	50,000,000	None	None	None	None
6.875% Series, due 2012	40,000,000	40,000,000	None	None	None	None
Total Funded Debt	**$1,093,035,000**	**$1,093,035,00**				

5. Statement of Proposed Transactions:

(a) The company seeks the authority to issue, sell and/or exchange equity securities and issue, sell, exchange and/or assume long-term or short-term debt securities and/or to assume liabilities or obligations as guarantor, endorser or surety during the period covered by this Application. The company also seeks authority to enter into interest rate swaps or other derivative instruments related to debt securities.

The equity securities may take the form of preferred stock, preference stock, common stock, or options or rights with respect to the foregoing with such par values, terms and conditions, conversion and relative rights and preferences as may be permitted by the company's Restated Articles of Incorporation as the same may be amended to permit the issuance of any such securities.

The long-term debt securities may take the form of first mortgage bonds, debentures, notes, bank borrowings, convertible securities, installment contracts and/or other obligations underlying pollution control or sewage and solid waste disposal revenue bonds, or options, rights, interest rate swaps or other derivative instruments with respect to the foregoing with maturities ranging from nine months to one hundred years and may be issued in both domestic and international markets.

The issuance and/or sale of equity securities and long-term debt requested may be through negotiated underwritten public offering, including medium-term note issuance, public offering at competitive bidding, direct public or private sale, sale through agents, or distributions to security holders of the company or affiliated companies.

The short-term debt may take the form of commercial paper, short-term tax-exempt notes, or bank borrowings. Short-term debt sold in the commercial paper market may bear an interest rate as determined by the market price at the date of issuance and debt will mature not more than nine months from the date of issuance.

(b) The amount of all equity and long-term debt securities issued, sold, exchanged or assumed and liabilities and obligations assumed or guaranteed as guarantor, endorser, or surety will not exceed in the aggregate $1 billion during the period covered by this Application, including any amounts issued to retire existing long-term debt securities. The maximum amount of short-term debt at any one time including bank borrowings will be $500 million.

(c) The present estimates of the interest rates for the aforementioned debt securities, based upon current trading levels of short-term debt and 10-year notes of the company are 3.0% and 6.5%, respectively. Actual dividend and interest rates will be determined at the time of the issuance and/or sale of the applicable securities.

6. **Purpose of Issuance:**

Proceeds from any sale of securities will be added to the company's general funds and used for working capital requirements and for other general business purposes, including the financing of the company's capital investment or the acquisition of additional properties or businesses. The net proceeds received from the sale of securities may also be used for the repurchase or repayment of debt or equity securities of the company.

(a) Construction

Although the 2002 business plan is still preliminary, the electric division of the company currently estimates that construction expenditures during the twelve months ending December 31, 2002 may be $542 million. Estimates for specific, larger-scale non-recurring investments currently include:

Bayside-related construction	-	$300 million
Polk 3 CT construction	-	$ 15 million
Big Bend 3 outage	-	$ 11 million
LTSA-related spare parts inventory for Polk 3 CT and Bayside	-	$ 20 million

Although the 2002 business plan is still preliminary, the gas division of the company currently estimates that construction expenditures during the twelve months ending December 31, 2002 may be $68 million. This projection is based on historical spending and does not necessarily reflect specific capital projects for 2002.

(b) Reimbursement of the Treasury

Among the general business purposes for which any net proceeds may be used is the reimbursement of the treasury for expenditures by the company against which securities will not have been issued in advance.

(c) Refunding Obligations

One of the purposes of issuing the securities referred to herein will be to repay previously issued short-term debt or bank borrowings, of the type described in Paragraph 5, which mature from time to time on a regular basis. Subject to market conditions, the company may refund such short-term debt or bank borrowings with new short-term debtor bank borrowings, long-term debt or preferred or preference stock.

In addition, the company is continuing to monitor and evaluate market conditions in anticipation of refunding or refinancing long-term obligations where it is legally and economically feasible to do so. Recognizing that changes in market conditions could make such refunding transactions feasible, the company is requesting authority to issue long-term debt and/or preferred or preference stock within a limitation that provides the company with sufficient flexibility to respond to refunding or refinancing opportunities.

7. The company submits that the proposed issuance and sale of

securities is for lawful objectives within the corporate purposes of the company, is necessary for the proper performance by the company as a public utility, is compatible with the public interest and is reasonable, necessary and appropriate. In support thereof the company states that the proposed issuance and sale of securities and the proposed application of funds derived therefrom, as described in paragraphs 5 and 6 above, are consistent with similar actions Tampa Electric in the past has found to be lawful, reasonable, necessary and appropriate for the conduct of its business. Tampa Electric further states that this application for authority to issue and sell securities is consistent in its objectives with those of applications the company has filed, and this Commission has found to be lawful, reasonable, necessary and appropriate, on numerous occasions in the past.

8. The names and addresses of counsel who will pass upon the legality of the proposed issuances are: Sheila M. McDevitt, Senior Vice President-General Counsel, TECO Energy, Inc., Tampa, Florida; Holland & Knight, Tampa, Florida; and/or Palmer & Dodge LLP, Boston, Massachusetts.

9. A Registration Statement with respect to each public sale of securities hereunder that is subject to and not exempt from the registration requirements of the Securities Act of 1933, as amended, will be filed with the Securities and Exchange Commission, 450 Fifth St. N.W., Washington, D.C. 20549.

10. There is no measure of control or ownership exercised by or over the company as to any other public utility except as noted below.

On April 14, 1981, the company's shareholders approved a restructuring plan under which the company and its subsidiaries became separate wholly owned subsidiaries of a holding company, TECO Energy, Inc., which is exempt from the requirements of registration as a holding company under the Public Utility Holding Company Act of 1935.

On June 16, 1997, TECO Energy, Inc., completed its merger with Lykes Energy, Inc. Concurrent with this merger, Lykes Energy, Inc.'s regulated gas distribution utility, Peoples Gas System, Inc., was merged with and into Tampa Electric

Company and now operates as the Peoples Gas division of the company.

On June 30, 1997, TECO Energy, Inc., completed its merger with West Florida Gas Inc. Concurrent with this merger, West Florida Gas Inc.'s regulated gas distribution utility, West Florida Natural Gas Company, was merged with and into Tampa Electric Company and now operates as part of the Peoples Gas division.

TECO Power Services Corporation, also a subsidiary of TECO Energy, Inc., is engaged, through its subsidiaries or unconsolidated affiliates, in domestic and foreign independent power generation, transmission, and distribution.

Required Exhibits:

1. The following exhibits required by Rule 25-8.003, Florida Administrative Code, are either attached hereto or incorporated by reference herein and made a part hereof:

(a) Exhibit A: Items 1-5 are being satisfied through the provision of financial statements identified in Item 6 below.

6. (i) Attached as Exhibit A
   (ii) Attached as Exhibit B
   (iii) No amendments or changes to Exhibits A or B have been filed.

(b) Exhibit B: Projected financial information (sources and uses of funds statement and construction budget)

WHEREFORE, Tampa Electric Company respectfully requests that the Commission enter its Order approving the Company's request for authority to issue and sell during the twelve month period ending December 31, 2002.

DATED this 1ST day of October, 2001.

TAMPA ELECTRIC COMPANY

By: ______________________
G. L. Gillette
Senior V.P. - Finance and Chief Financial Officer
702 North Franklin Street
Tampa, Florida 33602
Post Office Box 111
Tampa, Florida 33601

EXHIBIT A

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

_X_ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2000

OR

__ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from ________ to ________

Commission File Number 1-5007

TAMPA ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

FLORIDA
(State or other jurisdiction of incorporation or organization)

59-0475140
(I.R.S. Employer Identification Number)

TECO Plaza
702 N. Franklin Street
Tampa, Florida
(Address of principal executive offices)

33602
(Zip Code)

Registrant's telephone number, including area code: (813)228-4111

Securities registered pursuant to Section 12(b) of the Act: **NONE**

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES _X_ NO __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. _X_

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 28, 2001 was zero.

As of February 28, 2001, there were 10 shares of the registrant's common stock issued and outstanding, all of which were held, beneficially and of record, by TECO Energy, Inc.

DOCUMENTS INCORPORATED BY REFERENCE
None

The registrant meets the conditions set forth in General Instruction (I) (1) (a) and (b) of Form 10-K and is therefore filing this form with the reduced disclosure format.

Index to Exhibits appears on page 44

PART I

Item 1. BUSINESS.

Tampa Electric Company (the company) was incorporated in Florida in 1899 and was reincorporated in 1949. As a result of a restructuring in 1981, the company became a wholly owned subsidiary of TECO Energy, Inc. (TECO Energy), a diversified energy-related holding company. In 1997, TECO Energy acquired Lykes Energy, Inc. As part of this acquisition, Lykes' regulated gas distribution utility was merged into the company and now operates as the Peoples Gas System division of Tampa Electric Company (Peoples Gas System or PGS).

Tampa Electric Company is a public utility operating within the state of Florida. Through its Tampa Electric division (Tampa Electric), it is engaged in the generation, purchase, transmission, distribution and sale of electric energy; through its Peoples Gas System division (PGS), it is engaged in the purchase, distribution and sale of natural gas for residential, commercial, industrial and electric power generation customers wholly in the State of Florida.

Tampa Electric's retail electric service territory comprises an area of about 2,000 square miles in West Central Florida, including Hillsborough County and parts of Polk, Pasco and Pinellas Counties, and has an estimated population of over one million. Tampa Electric provides electric service to more than 568,000 customers. The principal communities served are Tampa, Winter Haven, Plant City and Dade City. In addition, Tampa Electric engages in wholesale sales to utilities and other resellers of electricity. It has three electric generating stations in or near Tampa, one electric generating station in southwestern Polk County, Florida and two electric generating stations (one of which is on long-term standby) located near Sebring, a city located in Highlands County in South Central Florida.

PGS, with more than 262,000 customers, has operations in Florida's major metropolitan areas. Annual natural gas throughput (the amount of gas delivered to its customers including transportation only service) in 2000 was 1.1 billion therms.

Power Engineering & Construction, Inc. (PEC), a Florida corporation formed in late 1996, is a wholly owned subsidiary of Tampa Electric Company and is engaged in engineering and construction services with principal focus on power facilities not owned or operated by Tampa Electric. Operations of PEC in 2000 were not significant.

TAMPA ELECTRIC--Electric Operations

Tampa Electric had 2,885 employees as of Dec. 31, 2000, of which 1,019 were represented by the International Brotherhood of Electrical Workers (IBEW) and 347 by the Office and Professional Employees International Union (OPEIU).

In 2000, approximately 45 percent of Tampa Electric's total operating revenue was derived from residential sales, 28 percent from commercial sales, 9 percent from industrial sales and 18 percent from other sales including bulk power sales for resale.

The sources of electric operating revenue and megawatt-hour sales for 2000 were as follows:

Operating revenue (millions)	2000
Residential	$ 613.3
Commercial	377.1
Industrial-Phosphate	61.6
Industrial-Other	62.6
Other retail sales of electricity	95.0
Sales for resale	109.1
Deferred revenues	--
Other	35.1
	$1,353.8

Megawatt-hour Sales (thousands)	2000
Residential	7,369
Commercial	5,541
Industrial	2,390
Other retail sales of electricity	1,338
Sales for resale	2,564
	19,202

No significant part of Tampa Electric's business is dependent upon a single customer or a few customers, the loss of any one or more of whom would have a significantly adverse effect on Tampa Electric. IMC-Agrico, a large phosphate producer, is Tampa Electric's largest customer, representing less than 3 percent of Tampa Electric's 2000 base revenues.

Tampa Electric's business is not highly seasonal, but winter peak loads are experienced due to fewer daylight hours and colder temperatures, and summer peak loads are experienced due to use of air conditioning and other cooling equipment.

Regulation

The retail operations of Tampa Electric are regulated by the Florida Public Service Commission (FPSC), which has jurisdiction over retail rates, quality of service and reliability, issuances of securities, planning, siting and construction of facilities, accounting and depreciation practices, and other matters.

In general, the FPSC's pricing objective is to set rates at a level that allows the utility to collect total revenues (revenue requirements) equal to its cost of providing service, plus a reasonable return on invested capital.

The costs of owning, operating and maintaining the utility system, other than fuel, purchased power, conservation and certain environmental costs, are recovered through base rates. These costs include operation and maintenance expenses, depreciation and taxes, as well as a return on Tampa Electric's investment in assets used and useful in providing electric service (rate base). The rate of return on rate base, which is intended to approximate Tampa Electric's weighted cost of capital, primarily includes its costs for debt, deferred income taxes at a zero cost rate and an allowed return on common equity. Base rates are determined in FPSC rate setting hearings which occur at irregular intervals at the initiative of Tampa Electric, the FPSC or other parties. See the discussion of the FPSC-approved agreements covering 1995 through 1999 in the **Utility Regulation -- Rate Stabilization** section on page 17.

Fuel, purchased power, conservation and certain environmental costs are recovered through levelized monthly charges established pursuant to the FPSC's cost recovery clauses. These charges, which are reset annually in an FPSC proceeding, are based on estimated costs of fuel, environmental compliance, conservation programs and purchased power and estimated customer usage for a specific recovery period, with a true-up adjustment to reflect the variance of actual costs from the projected charges. The FPSC may disallow recovery of any costs that it considers imprudently incurred.

Tampa Electric is also subject to regulation by the Federal Energy Regulatory Commission (FERC) in various respects including wholesale power sales, certain wholesale power purchases, transmission services, and accounting and depreciation practices. See **Utility Regulation -- Regional Transmission Organization** section on pages 18 and 19.

Federal, state and local environmental laws and regulations cover air quality, water quality, land use, power plant, substation and transmission line siting, noise and aesthetics, solid waste and other environmental matters. See **Environmental Matters** on pages 5 and 6.

TECO Transport Corporation's (TECO Transport) and TECO Power Services Corporation's (TECO Power Services) subsidiaries sell transportation services, and generating capacity and energy, respectively, to Tampa Electric in addition to other third parties. The transactions between Tampa Electric and these affiliates and the prices paid by Tampa Electric are subject to regulation by the FPSC and FERC, and any charges deemed to be imprudently incurred may be disallowed for recovery from Tampa Electric's customers.

Competition

Tampa Electric's retail electric business is substantially free from direct competition with other electric utilities, municipalities and public agencies. At the present time, the principal form of competition at the retail level consists of natural gas and propane for residential and commercial customers and self-generation which is available to larger users of electric energy. Such users may seek to expand their options through various initiatives including legislative and/or regulatory changes that would permit competition at the retail level. Tampa Electric intends to take all appropriate actions to retain and expand its retail business, including managing costs and providing high-quality service to retail customers.

In 1999, the FERC approved a market-based sales tariff for Tampa Electric which allows Tampa Electric to sell excess power at market prices within Florida. The Federal Energy Regulatory Commission (FERC) had already approved market-based prices for interstate sales for Tampa Electric and the other investor-owned utilities (IOUs) operating in the state; however, Tampa Electric is the only IOU with intrastate market-based sales authority.

There is presently active competition in the wholesale power markets in Florida, and this is increasing largely as a result of the Energy Policy Act of 1992 and related federal initiatives. This Act removed for independent power producers certain regulatory barriers and required utilities to transmit power from such producers, utilities and others to wholesale customers as more fully described below.

In April 1996, the FERC issued its Final Rule on Open Access Non-discriminatory Transmission, Stranded Costs, Open Access Same-time Information System (OASIS) and Standards of Conduct. This rule works together to open access for wholesale power flows on transmission systems. Utilities such as Tampa Electric owning transmission facilities are required to provide services to wholesale transmission customers comparable to those they provide to themselves on comparable terms and conditions including price. Among other things, the rules require transmission services to be unbundled from power sales and owners of transmission systems must take transmission service under their own transmission tariffs.

Transmission system owners are also required to implement an OASIS system providing, via the Internet, access to transmission service information (including price and availability), and to rely exclusively on their own OASIS system for such information for purposes of their own wholesale power transactions. To facilitate compliance, owners must implement Standards of Conduct to ensure that personnel involved in marketing wholesale power are functionally separated from personnel involved in transmission services and reliability functions. Tampa Electric, together with other utilities, has implemented an OASIS system and believes it is in compliance with the Standards of Conduct.

In December 1999, the FERC issued Order No. 2000, dealing with Regional Transmission Organizations (RTOs). This rule is driven by the FERC's continuing effort to effect open access to transmission facilities in large, regional markets. In an October 2000 FERC filing, Tampa Electric agreed with the other IOUs operating in Florida to form an RTO to be known as GridFlorida LLC. As proposed, the RTO will independently control the transmission assets of the filing utilities, as well as other utilities in the region that choose to join. The RTO will be an independent, investor-owned organization that will have control of the planning and operations of the bulk power transmission systems of the utilities within peninsular Florida. The three filing utilities represent almost 80 percent of the aggregate net energy load in the region for the year 2000. Tampa Electric has filed to inform the FERC that it planned to contribute its transmission assets to the RTO. See **Utility Regulation -- Regional Transmission Organization** section on pages 18 and 19 for a further description.

Florida Governor Jeb Bush established the 2020 Energy Study Commission in 2000 to address several issues by December 2001, including current and future reliability of electric and natural gas supply, emerging energy supply and delivery options, electric industry competition, environmental impacts of energy supply, energy conservation and fiscal impacts of energy supply options on taxpayers and energy providers. The Study Commission's recent recommendation to Governor Bush includes, among others provisions, elimination of barriers to entry for merchant power generators, an open competitive wholesale electric market, transfer of regulated generating assets to unregulated affiliates or sale to other, Florida electric system reliability and consumer protection. See **Utility Competition: Electric** on page 18 for a further description of proposed projects and the issues involved.

Fuel

Approximately 97 percent of Tampa Electric's generation for 2000 was coal-fired, with oil and natural gas representing the remaining 2-percent and 1-percent, respectively. Tampa Electric used its generating units to meet approximately 86-percent of the system load requirements with the remaining 14-percent coming from purchased power. A slightly lower level of coal generation as a percentage of total generation is anticipated for 2001.

Tampa Electric's average delivered fuel cost per million BTU and average delivered cost per ton of coal burned for 2000 were as follows:

Average cost per million BTU:	**2000**
Coal	$ 1.92
Oil	$ 5.33
Gas (Natural)	$ 5.49
Composite	$ 2.07
Average cost per ton of coal burned	$44.36

Tampa Electric's generating stations burn fuels as follows: Gannon Station burns low-sulfur coal; Big Bend Station, which has sulfur dioxide scrubber capabilities, burns a combination of low-sulfur coal and coal of a somewhat higher sulfur content; Polk Power Station burns high-sulfur coal which is gasified subject to sulfur removal prior to combustion, natural gas and oil; Hookers Point Station burns low-sulfur oil; and Phillips Station burns oil of a somewhat higher sulfur content.

Coal. Tampa Electric used approximately 7.6 million tons of coal during 2000 and estimates that its coal consumption will be about 7.5 million tons for 2001. During 2000, Tampa Electric purchased approximately 61 percent of its coal under long-term contracts with five suppliers, and 39 percent of its coal in the spot market. During 1999, Tampa Electric purchased approximately 64 percent of its coal under long-term contracts with six suppliers, and 36 percent of its coal in the spot market or under intermediate-term purchase agreements. Tampa Electric expects to obtain approximately 54 percent of its coal requirements in 2001 under long-term contracts with five suppliers and the remaining 46 percent in the spot market. Tampa Electric's remaining long-term coal contracts provide for revisions in the base price to reflect changes in a wide range of cost factors and for suspension or reduction of deliveries if environmental regulations should prevent Tampa Electric from burning the coal supplied, provided that a good faith effort has been made to continue burning such coal.

In 2000, about 65 percent of Tampa Electric's coal supply was deep-mined, approximately 31 percent was surface-mined and the remainder was a processed oil by-product known as petroleum coke. Federal surface-mining laws and regulations have not had any material adverse impact on Tampa Electric's coal supply or results of its operations. Tampa Electric, however, cannot predict the effect of any future mining laws and regulations. Although there are reserves of surface-minable coal dedicated by suppliers to Tampa Electric's account, high-quality coal reserves in Kentucky that can be economically surface-mined are being depleted and in the future more coal will be deep-mined.

Oil. Tampa Electric had supply agreements through Dec. 31, 2000 for No. 2 fuel oil and No. 6 fuel oil for its Polk, Hookers Point and Phillips stations, and its four combustion turbine units at prices based on Gulf Coast Cargo spot prices. Contracts for the supply of No. 2 and No. 6 fuel oil through Dec. 31, 2001 are expected to be finalized by March 31, 2001.

Natural Gas. As of December 2000, Tampa Electric had no gas contracts for the Polk 2 Unit as purchases were made on the spot market.

Franchises

Tampa Electric holds franchises and other rights that, together with its charter powers, give it the right to carry on its retail business in the localities it serves. The franchises are irrevocable and are not subject to amendment without the consent of Tampa Electric, although, in certain events, they are subject to forfeiture.

Florida municipalities are prohibited from granting any franchise for a term exceeding 30 years. If a franchise is not renewed by a municipality, the franchisee may choose to exercise its statutory right to require the municipality to purchase any and all property used in connection with the franchise at a valuation to be fixed by arbitration or, if arbitration is unsuccessful, by eminent domain. In addition, all of the municipalities except for the cities of Tampa and Winter Haven have reserved the right to purchase Tampa Electric's property used in the exercise of its franchise, if the franchise is not renewed.

Tampa Electric has franchise agreements with 13 incorporated municipalities within its retail service area. These agreements have various expiration dates ranging from December 2005 to September 2021.

Franchise fees payable by Tampa Electric, which totaled $22.3 million in 2000, are calculated using a formula based primarily on electric revenues.

Utility operations in Hillsborough, Pasco, Pinellas and Polk Counties outside of incorporated municipalities are conducted in each case under one or more permits to use county rights-of-way granted by the county commissioners of such counties. There is no law limiting the time for which such permits may be granted by counties. There are no fixed expiration dates for the Hillsborough County and Pinellas County agreements. The agreements covering electric operations in Pasco and Polk counties expire in 2033 and 2005, respectively.

Environmental Matters

Tampa Electric met the environmental compliance requirements for the Phase I emission limitations imposed by the Clean Air Act Amendments (CAAA) which became effective Jan. 1, 1995 by using blends of lower-sulfur coal, integrating the Big Bend Unit Four flue gas desulfurization (FGD), or scrubber, system with Unit Three, implementing operational modifications and purchasing emission allowances. For Phase II, which began Jan. 1, 2000, further reductions in sulfur dioxide (SO2) and nitrogen oxide (NOx) emissions were required. To comply with the Phase II SO2 requirements, Tampa Electric installed a new scrubber system at Big Bend Units One and Two and will rely less on fuel blending and SO2 allowance purchases. The $83-million scrubber was placed in service on Dec. 30, 1999 and has significantly reduced the amount of SO2 emitted by Tampa Electric's Big Bend Units One and Two. As a result of this project, all of the units at Big Bend Station, Tampa Electric's largest generating station, are equipped with scrubber technology. In order to comply with the Phase II NOx emission limits on a system wide average, Tampa Electric has implemented combustion optimization projects at Big Bend and Gannon stations.

On Feb. 29, 2000, Tampa Electric Company, the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Justice announced they had resolved the federal agencies' pending enforcement actions filed in 1999 against Tampa Electric. The resolution was in the form of a consent decree, which became effective Oct. 5, 2000 and has resulted in full and final settlement of the federal litigation and Notice of Violation alleging violations of New Source Review requirements of the Clean Air Act.

The consent decree is substantially the same as Tampa Electric's earlier agreement with the Florida Department of Environmental Protection (DEP) with respect to environmental controls and pollution reductions reached on Dec. 7, 1999; however, it contains specific detail with respect to the availability of the scrubbers and earlier incremental nitrogen oxide NOx reduction efforts on Big Bend Units One, Two and Three. Under the consent decree, Tampa Electric is committed to a comprehensive program that will dramatically decrease emissions from the company's power plants. A significant component of the program is the repowering of certain Gannon Station units with natural gas.

Engineering for the repowering project began in January 2000, and the company anticipates that commercial operation for the first repowered unit will occur by May 1, 2003. The repowering of an additional unit is scheduled to be completed by May 1, 2004. When these units are repowered, the station will be renamed the Bayside Power Station and will have an increased total station capacity of about 1,800 megawatts (nominal) of natural gas-fueled electric energy.

Tampa Electric filed petitions with the FPSC to seek cost recovery for various environmental projects required by the consent decree. The petitions sought cost recovery through the Environmental Cost Recovery Clause for costs incurred to improve the availability and removal efficiency for its Big Bend One, Two and Three scrubbers, to reduce particulate matter emissions, and to reduce NO_x emissions. In November, the FPSC approved the recovery of these types of costs through customers' bills starting January 2001.

Tampa Electric Company is a potentially responsible party for certain superfund sites and, through its Peoples Gas System division, for certain former manufactured gas plant sites. (See discussion in People's Gas **Environmental Matters** section on page 9.) The environmental remediation costs associated with these sites are not expected to have a significant impact on customer prices.

Expenditures. During the five years ended Dec. 31, 2001, Tampa Electric spent $178.0 million on capital additions to meet environmental requirements. Tampa Electric spent an estimated $13.2 million in 2000 on environmental projects, including $6.3 million for Polk Power Station Unit One.

Environmental expenditures are estimated at $17.4 million for 2001. Environmental expenditures are estimated at $27.0 million in total for 2002 through 2005, including costs for continued improvement of the FGD system and other requirements of the EPA agreement.

The completion of the FGD system on Big Bend Units One and Two and the improved environmental performance resulting from combustion tuning and boiler modifications at Gannon and Big Bend Stations have enabled Tampa Electric to reduce SO_2 and NO_x emissions and comply with the Phase II requirements of the Clean Air Act Amendments. Tampa Electric spent approximately $83 million to complete the Big Bend Units One and Two FGD system to reduce SO_2 emissions and approximately $10 million for NO_x reductions.

PEOPLES GAS SYSTEM--Gas Operations

PGS is engaged in the purchase, distribution and marketing of natural gas for residential, commercial, industrial and electric power generation customers in the State of Florida.

PGS has no gas reserves, but relies on two interstate pipelines to receive gas for sale or other delivery to customers connected to its distribution system. PGS does not engage in the exploration for or production of natural gas. Currently, PGS operates a natural gas distribution system that serves almost 260,000 customers. The system includes approximately 8,100 miles of mains and over 4,800 miles of service lines.

In 2000, the total throughput for PGS was 1.1 billion therms. Of this total throughput, 20 percent was gas purchased and resold to retail customers by PGS, 72 percent was third-party supplied gas delivered for retail customers, and 8 percent was gas sold off-system. Industrial and power generation customers consumed approximately 69 percent of PGS' annual therm volume. Commercial customers used approximately 26 percent, with the balance consumed by residential customers.

While the residential market represents only a small percentage of total therm volume, residential operations generally comprise 23 percent of total revenues. New residential construction and conversions of existing residences to gas have steadily increased since the late 1980's.

Natural gas has historically been used in many traditional industrial and commercial operations throughout Florida, including production of products such as steel, glass, ceramic tile and food products. Gas climate control technology is expanding throughout Florida, and commercial industrial customers including schools, hospitals, office complexes and churches are utilizing this technology.

Within the PGS operating territory, large cogeneration facilities utilize gas-fired technology in the production of electric power and steam. Over the past three years, the company has transported, on average, about 264 million therms annually to facilities involved in cogeneration.

Revenues and therms for PGS for 2000, are as follows:

(millions)	Revenues 2000	Therms 2000
Residential	$ 73.2	57.6
Commercial	145.8	292.1
Industrial	51.7	374.1
Power generation	10.7	418.6
Other revenues	33.0	-
Total	$314.4	1,142.4

PGS had 697 employees as of Dec. 31, 2000. A total of 75 employees in six of the company's 13 operating ~~divisions~~ are represented by various union organizations.

Regulation

The operations of PGS are regulated by the FPSC separate from the regulation of Tampa Electric's electric operations. 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 a utility such as PGS to collect total revenues (revenue requirements) equal to its cost of providing service, plus a reasonable return on invested capital.

The basic costs of providing natural gas service, other than the costs of purchased gas and interstate pipeline capacity, are recovered through base rates. Base rates are designed to recover the costs of owning, operating and maintaining the utility system. The rate of return on rate base, which is intended to approximate PGS' weighted cost of capital, primarily includes its cost for debt, deferred income taxes at a zero cost rate, and an allowed return on common equity. Base rates are determined in FPSC proceedings which occur at irregular intervals at the initiative of PGS, the FPSC or other parties.

PGS recovers the costs it pays for gas supply and interstate transportation for system supply through the Purchased Gas Adjustment (PGA) clause. This charge is designed to recover the costs incurred by PGS for purchased gas, and for holding and using interstate pipeline capacity for the transportation of gas it sells to its customers. These charges are adjusted monthly based on a cap approved annually in an FPSC hearing. The cap is based on estimated costs of purchased gas and pipeline capacity, and estimated customer usage for a specific recovery period, with a true-up adjustment to reflect the variance of actual costs and usage from the projected charges for prior periods. In 2000, PGS received FPSC approval for a mid-course adjustment to raise the cap due to the increased cost of gas supply. In January 2001, PGS notified the FPSC that it anticipated that its PGA factors approved in December 2000 for 2001 were understated by approximately $63 million due to significantly higher natural gas prices. In February 2001, the FPSC approved PGS' request to increase rates to cover the $63 million under-recovery beginning in March 2001.

In addition to its base rates and purchased gas adjustment clause charges for system supply customers, PGS customers (except interruptible customers) also pay a per-therm charge for all gas consumed to recover the costs incurred by the company in developing and implementing energy conservation programs, which are mandated by Florida law and approved and supervised by the FPSC. PGS is permitted to recover, on a dollar-for-dollar basis, expenditures made in connection with these programs if it demonstrates that the programs are cost-effective for its ratepayers.

In February 2000, the FPSC approved a rule that would require natural gas utilities to offer transportation-only service to all non-residential customers. The rule required all investor-owned local distribution utilities under the jurisdiction of the FPSC to file Transportation Program Tariffs in July, 2000. The FPSC approved PGS' transportation program effective Nov. 1, called NaturalChoice.

Under the NaturalChoice program, PGS has two Transportation Service Riders available to non-residential customers. PGS' new Rider NCTS (Natural Choice Transportation Service) is an aggregation program available to all non-residential customers. Under Rider NCTS, PGS contracts with gas suppliers, called Pool Managers, to deliver gas to a group of commercial customers. The Pool Manager is financially responsible for its customers' gas plus any penalties. Under PGS' Rider ITS (Individual Transportation Service), customers who use more than 500,000 therms annually may contract directly with PGS to deliver their own gas supply. Customers who previously were transporting under Riders FTA and FTA-2 were transitioned to the new NCTS Transportation Service as of Nov. 1, 2000.

Peoples Gas had approximately 4,500 transportation customers as of Dec. 31, 2000. Peoples continues to receive its base rate for distribution regardless of whether a customer decided to opt for transportation service, or continue bundled service. It is, therefore, not expected that unbundling will have an adverse effect on PGS' earnings in the future.

In addition to economic regulation, PGS is subject to the FPSC's safety jurisdiction, pursuant to which the FPSC regulates the construction, operation and maintenance of PGS' distribution system. In general, the FPSC has implemented this by adopting the Minimum Federal Safety Standards and reporting requirements for pipeline facilities and transportation of gas prescribed by the U.S. Department of Transportation in Parts 191, 192 and 199, Title 49, Code of Federal Regulations.

PGS is also subject to Federal, state and local environmental laws and regulations pertaining to air and water quality, land use, noise and aesthetics, solid waste and other environmental matters.

Competition

PGS is not in direct competition with any other regulated distributors of natural gas for customers within its service areas. At the present time, the principal form of competition for residential and small commercial customers is from companies providing other sources of energy and energy services including fuel oil, electricity and in some cases liquid propane gas. PGS has taken actions to retain and expand its commodity and transportation business, including managing costs and providing high quality service to customers. The NCTS program that began in November 2000 is expected to improve the competitiveness of natural gas for commercial load.

Competition is most prevalent in the large commercial and industrial markets. In recent years, these classes of customers have been targeted by competing companies seeking to sell alternate fuels or transport gas through other facilities, thereby bypassing PGS facilities. Many of these competitors are larger natural gas marketers with a national presence. The FPSC has allowed PGS to adjust rates to meet competition for customers who use more than 100,000 therms annually..

Gas Supplies

PGS purchases gas from various suppliers depending on the needs of its customers. The gas is delivered to the PGS distribution system through two interstate pipelines on which PGS has reserved firm transportation capacity for further delivery by PGS to its customers.

Gas is delivered by Florida Gas Transmission Company (FGT) through more than 45 interconnections (gate stations) serving PGS' operating divisions. In addition, PGS' Jacksonville Division receives gas delivered by the South Georgia Natural Gas Company (South Georgia) pipeline through a gate station located northwest of Jacksonville.

Companies with firm pipeline capacity receive priority in scheduling deliveries during times when the pipeline is operating at its maximum capacity. PGS presently holds sufficient firm capacity to permit it to meet the gas requirements of its system commodity customers, except during localized emergencies affecting the PGS distribution system, and on abnormally cold days.

Firm transportation rights on an interstate pipeline represent a right to use the amount of the capacity reserved for transportation of gas, on any given day. PGS pays reservation charges on the full amount of the reserved capacity whether or not it actually uses such capacity on any given day. When the capacity is actually used, PGS pays a volumetrically-based usage charge for the amount of the capacity actually used. The levels of the reservation and usage charges are regulated by FERC. PGS actively markets any excess capacity available on a day-to-day basis to partially offset costs recovered through the Purchased Gas Adjustment Clause.

PGS procures natural gas supplies using base load and swing supply contracts with various suppliers along with spot market purchases. Pricing generally takes the form of either a variable price based on published indices, or a fixed price for the contract term.

Neither PGS nor any of the interconnected interstate pipelines have storage facilities in Florida. PGS occasionally faces situations when the demands of all of its customers for the delivery of gas cannot be met. In these instances, it is necessary that PGS interrupt or curtail deliveries to its interruptible customers. In general, the largest of PGS' industrial customers are in the categories that are first curtailed in such situations. PGS' tariff and transportation agreements with these customers give PGS the right to divert these customers' gas to other higher priority users during the period of curtailment or interruption. PGS pays these customers for such gas at the price they paid their suppliers, or at a published index price, and in either case pays the customer for charges incurred for interstate pipeline transportation to the PGS system.

Franchises

PGS holds franchise and other rights with approximately 90 municipalities throughout Florida. These include the cities of Jacksonville, Daytona Beach, Eustis, Fort Myers, Brooksville, Orlando, Tampa, St. Petersburg, Sarasota, Avon Park, Frostproof, Palm Beach Gardens, Pompano Beach, Fort Lauderdale, Hollywood, North Miami, Miami Beach, Miami, and Panama City. These franchises give PGS a right to occupy municipal rights-of-way within the franchise area.. The franchises are irrevocable and are not subject to amendment without the consent of PGS, although in certain events, they are subject to forfeiture.

Municipalities are prohibited from granting any franchise for a term exceeding 30 years. If a franchise is not renewed by a municipality, the franchisee may choose to exercise its statutory right to require the municipalities to purchase any and all property used in connection with the franchise at a valuation to be fixed by arbitration or, if arbitration is unsuccessful, by eminent domain. In addition, several franchises contain purchase options with respect to the purchase of PGS' property located in the franchise area, if the franchise is not renewed.

PGS' franchise agreements with the incorporated municipalities within its service area have various expiration dates ranging from April 2001 through April 2031.

In March 2000, the franchise agreement between the city of Lakeland (City) and PGS expired. The City has initiated legal proceedings seeking a declaration of the city's rights to acquire the PGS facilities under the franchise. PGS has filed defenses and counter claims and a hearing is scheduled for May 2001. (See **Legal Proceedings** section for further discussion)

While PGS believes it is best suited to serve the customers in the City, it cannot at this time predict the ultimate outcome of these activities. PGS is continuing to serve under substantially the same terms as contained in the franchise in the absence of other rules and regulations being adopted by the City. The Lakeland franchise contributed about $4 million of net revenue to PGS' results in 2000.

Franchise fees payable by PGS, which totaled $7.9 million in 2000, are calculated using various formulas which are based principally on natural gas revenues. Franchise fees are collected from only those customers within each franchise area.

Utility operations in areas outside of incorporated municipalities are conducted in each case under one or more permits to use county rights-of-way granted by the county commissioners of such counties. There is no law limiting the time for which such permits may be granted by counties. There are no fixed expiration dates and these rights are, therefore, considered perpetual.

Environmental Matters

PGS's operations are subject to federal, state and local statutes, rules and regulations relating to the discharge of materials into the environment and the protection of the environment generally that require monitoring, permitting and ongoing expenditures.

Tampa Electric Company is a potentially responsible party for certain superfund sites and, through its Peoples Gas System 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, Tampa Electric Company estimates its ultimate financial liability at approximately $22 million over the next 10 years. The environmental remediation costs associated with these sites are not expected to have a significant impact on customer prices.

Expenditures. During the five years ended Dec. 31, 2000, PGS has not incurred any material capital additions to meet environmental requirements, nor are any anticipated for 2001 through 2005.

Item 2. PROPERTIES.

The company believes that the physical properties are adequate to carry on its business as currently conducted. The properties are generally subject to liens securing long-term debt.

Electric Properties

At Dec. 31, 2000, Tampa Electric had five electric generating plants and four combustion turbine units in service with a total net winter generating capability of 3,960 megawatts, including Big Bend (18252-MW capability from four coal units), Gannon (1,230-MW capability from six coal units), Hookers Point (197-MW capability from five oil units), Phillips (36-MW capability from two diesel units), Polk (315-MW capability from one integrated gasification combined cycle unit (IGCC)) and four combustion turbine units located at the Big Bend, Polk and Gannon stations (357 MWs). The capability indicated represents the demonstrable dependable load carrying abilities of the generating units during winter peak periods as proven under actual operating conditions. Units at Hookers Point went into service from 1948 to 1955, at Gannon from 1957 to 1967, and at Big Bend from 1970 to 1985. The Polk IGCC unit began commercial operation in September 1996. In 1991, Tampa Electric purchased two power plants (Dinner Lake and Phillips) from the Sebring Utilities Commission (Sebring). Dinner Lake (11-MW capability from one natural gas unit) and Phillips were placed in service by Sebring in 1966 and 1983, respectively. In March 1994, Dinner Lake Station was placed on long-term reserve standby.

Engineering for repowering Gannon Station began in January 2000, (see **Environmental Compliance** section) and the company anticipates that commercial operation for the first repowered unit will occur by May 1, 2003. The repowering of an additional unit is scheduled to be completed by May 1, 2004. When these units are repowered, the station will be renamed the Bayside Power Station. Total station capacity is expected to increase to about 1,800 megawatts.

Tampa Electric owns 184 substations having an aggregate transformer capacity of 16,952,772 KVA. The transmission system consists of approximately 1,211 pole miles of high voltage transmission lines, and the distribution system consists of 6,967 pole miles of overhead lines and 2,927 trench miles of underground lines. As of Dec. 31, 2000, there were 568,350 meters in service. All of this property is located in Florida.

All plants and important fixed assets are held in fee except that title to some of the properties is subject to easements, leases, contracts, covenants and similar encumbrances and minor defects, of a nature common to properties of the size and character of those of Tampa Electric.

Tampa Electric has easements for rights-of-way adequate for the maintenance and operation of its electrical transmission and distribution lines that are not constructed upon public highways, roads and streets. It has the power of eminent domain under Florida law for the acquisition of any such rights-of-way for the operation of transmission and distribution lines. Transmission and distribution lines located in public ways are maintained under franchises or permits.

Tampa Electric has a long-term lease for its office building in downtown Tampa which serves as headquarters for TECO Energy, Tampa Electric and numerous other TECO Energy subsidiaries.

Gas Properties

PGS' distribution system extends throughout the areas it serves in Florida, and consists of approximately 12,400 miles of pipe, including approximately 8,200 miles of mains and over 4,200 miles of service lines.

PGS' operating divisions are located in thirteen markets throughout Florida. While most of the operations, storage and administrative facilities are owned, a small number are leased.

Item 3. LEGAL PROCEEDINGS.

On Feb. 29, 2000, Tampa Electric Company, the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Justice announced they had resolved the federal agencies' pending enforcement actions filed in 1999 against Tampa Electric. The resolution was in the form of a consent decree, which became effective Oct. 5, 2000 and has resulted in full and final settlement of the federal litigation and Notice of Violation alleging violations of New Source Review (NSR) requirements of the Clean Air Act.

In 2000, the City of Lakeland notified PGS that it intended to begin negotiations to exercise its right to purchase PGS' property consisting of approximately 200 miles of gas lines in the Lakeland franchise area when its franchise agreement with PGS expired in March 2000. PGS serves approximately 5,000 customers in Lakeland. In August 2000, the City of Lakeland filed a Complaint for Declaratory and Injunctive Relief against PGS. After an October 2000 hearing on a Motion to Dismiss Complaint filed by PGS, the City of Lakeland agreed to amend its complaint. In November 2000, the City of Lakeland filed an Amended Complaint for Declaratory and Injunctive Relief seeking a declaration of the City's rights to acquire PGS' facilities under the franchise and seeking restrictions on the Company's gas operations within the City. PGS has filed defenses and counter claims and a hearing is scheduled for May 2001. While PGS believes it is best suited to serve the customers in the City, it cannot at this time predict the ultimate outcome of these activities. PGS is continuing to serve under substantially the same terms as contained in the franchise in the absence of other rules and regulations being adopted by the city.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

All of the company's common stock is owned by TECO Energy, Inc. and therefore, there is no market for the stock.

The company pays dividends substantially equal to its net income applicable to common stock to TECO Energy. Such dividends totaled $151.2 million in 2000 and $149.5 million for 1999. See Note C on page 31 for a description of restrictions on dividends on the company's common stock.

Item 7. MANAGEMENT'S NARRATIVE ANALYSIS OF RESULTS OF OPERATIONS.

The Management's Narrative Analysis of Results of Operations which follows contains forward-looking statements which are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results to differ materially from those projected in these forward-looking statements include the following: general economic conditions, particularly those in Tampa Electric Company's service areas affecting energy sales; weather variations affecting energy sales and operating costs; potential competitive changes in the electric and gas industries, particularly in the area of retail competition; regulatory actions; commodity price changes affecting the competitive positions of both Tampa Electric and Peoples Gas System; and changes in and compliance with environmental regulations that may impose additional costs or curtail some activities. These factors are discussed more fully under "Investment Considerations" in TECO Energy Inc.'s Annual Report on Form 10-K for the year ended Dec. 31, 2000, and reference is made thereto.

EARNINGS SUMMARY:

Net income for 2000 of $166.3 million increased 15 percent from the prior year results of $144.9 million and 5 percent from the prior year results of $158.6 million before certain charges described in the **Charges to Earnings** section below. The increase reflects the strong revenue growth in 2000 and the charges in 1999 described in the **Charges to Earnings** section.. Net income in 1999 declined 1 percent from 1998's results due primarily to the impact of previously deferred revenues and the charges described in the **Charges to Earnings** section. For a description of the origination and treatment of deferred revenues, see **Utility Regulation - Rate Stabilization Strategy** section.

Operating income, excluding charges described in the **Charges to Earnings** section, increased 9 percent in 2000 primarily reflecting continued strong customer growth and favorable weather in the electric and gas businesses. Operating income in 1999 reflected the deferral of $11.9 million of electric revenues compared to the recognition of $38.3 million of previously deferred revenues in 1998. See **Utility Regulation - Rate Stabilization Strategy** section.

Earnings in 1999 and 1998 were affected by certain events and adjustments that were unusual in nature and resulted in charges which are not expected to recur in future periods. These charges are described in the **Charges to Earnings** section on page 11 and from a regulatory ruling denying recovery of coal expenses over an established benchmark for coal purchases from Gatliff since 1992 (described in the **Tampa Electric - Electric Operating Results** section).

Contributions by Operating Division

(millions)	2000	Change	1999	Change	1998
Operating income					
Tampa Electric	$211.0	8.2%	$195.0 (1)	-4.1%	$203.4 (2)
Peoples Gas System	33.8	10.8%	30.5	18.2%	25.8
	244.8	8.6%	225.5	-1.6%	229.2
Non-recurring charge	--	--	7.9 (3)	--	(9.6) (4)
Total	$244.8	8.6%	$233.4	6.3%	$219.6

(1) Excludes a pretax credit of $7.9 million. See **Charges to Earnings** section on page 11.
(2) Excludes a pretax charge of $9.6 million for treatment of a wholesale contract. See **Charges to Earnings** section on page 12.
(3) Deferred revenue benefit recognized under the regulatory agreement related to the charge for tax settlement described in the **Charges to Earnings** section on page 11.
(4) Pretax charge for treatment of a wholesale contract, described in the **Charges to Earnings section** on page 12.

CHARGES TO EARNINGS

In 1999 and 1998 the company recognized certain charges that were unusual and nonrecurring in nature.

1999 Charges

The charges in 1999 totaled $18.3 million pretax ($13.7 million after tax) and consisted of the following:

Tampa Electric recorded a charge of $10.5 million ($6.4 million after tax) based on FPSC audits of its 1997 and 1998 earnings, which among other things, limited its regulatory equity ratio to 58.7 percent, a decrease of 91 basis points and 224 basis points from 1997's and 1998's ratios, respectively.

Tampa Electric also recorded a charge of $3.5 million after tax, representing management's estimate of additional expense to resolve the litigation filed by the United States Environmental Protection Agency.

A net after-tax charge, after recovery under the then current regulatory agreement totaling $3.8 million was also recognized reflecting corporate income tax provisions and settlements related to prior years' tax returns.

1998 Charges

In 1998, Tampa Electric recognized charges totaling $16.9 million, pretax ($10.3 million, after tax). These charges consisted of the following:

The FPSC in September 1997 ruled that under the regulatory agreements effective through 1999 the costs associated with two long-term wholesale power sales contracts should be assigned to the wholesale jurisdiction and that for retail rate making purposes the costs transferred from retail to wholesale should reflect average costs rather than the lower incremental costs on which the two contracts are based. As a result of this decision and the related reduction of the retail rate base upon which Tampa Electric is allowed to earn a return, these contracts became uneconomic. One contract was terminated in 1997. As to the other contract, which expires in March 2001, Tampa Electric entered into firm power purchase contracts with third parties to provide replacement power through 1999 and is no longer separating the associated generation assets from the retail jurisdiction. The cost of purchased power under these contracts exceeded the revenues expected through 1999. To reflect this difference, Tampa Electric recorded a $9.6 million charge ($5.9 million after tax) in 1998. In November 1999, the FPSC approved a company-proposed treatment for the remaining 14 ½ months of the contract that flows 100 percent of the revenues from the contract back to retail customers.

Tampa Electric also recorded a charge of $7.3 million ($4.4 million after tax) in other expense for an FPSC decision in 1998 denying recovery of certain BTU coal quality price adjustments for coal purchases from TECO Coal since 1993.

Strategy and Outlook

Near-term expectations are that Tampa Electric and PGS are positioned to see growth in sales and earnings above the rate of customer growth which is estimated at about 2.5 percent and 5.5 percent, respectively. The expected growth at Tampa Electric is the result of a more favorable customer mix and return on investments made to support this growth.

Historically, the natural gas market in Florida has been under served with the lowest market penetration in the southeastern U.S. The expected growth at PGS is the result of expansion into areas of Florida previously not served and expansion of the system in areas currently served.

The above forward-looking statements are subject to many factors that could cause actual results and conditions to differ materially from those project in these statements. These factors are discussed more fully under "Investment Considerations" in TECO Energy Inc.'s Annual Report on Form 10-K for the year ended Dec. 31, 2000, and reference is made thereto.

OPERATING RESULTS

Tampa Electric - Electric Operations

Tampa Electric Operating Results

Tampa Electric's net income increased 4 percent in 2000, reflecting good customer growth, higher per-customer energy usage, a favorable customer mix and more normal weather, partially offset by higher operations and maintenance expense.

In July 2000, Tampa Electric placed its new, 180-megawatt combustion turbine Polk Unit Two in service. The $54-million, oil or gas-fired peaking unit was constructed on an accelerated schedule to meet peak summer demand.

Tampa Electric's 1999 net income, before charges described in the **Charges to Earnings** section, declined about 2 percent from 1998. Results in 1999 included the deferral of $11.9 million of revenues excluding an offsetting non-recurring pretax benefit of $7.9 million of deferred revenues recognized under the then current regulatory agreement related to the charge for tax settlements. The results in 1998 reflected the recognition of $20.8-million temporary base rate reduction.

Summary of Operating Results

(millions)	2000	Change	1999	Change	1998
Revenues	$1,353.8	12.8%	$1,199.8(1)	-2.8%	$1,234.6(2)
Operating expenses	1,142.8	13.7%	1,004.8	-2.6%	1,031.2(4)
Operating income	$ 211.0	8.2%	$ 195.0	-4.1%	$ 203.4
Net Income	$ 144.5	4.1%	$ 138.8	-1.7%	$ 141.2

(1) Includes $11.9 million of deferred revenues. This amount is before the $7.9 million deferred revenue benefit recognized under the regulatory agreement related to the charge for tax settlements, described in the **Charges to Earnings** section.

(2) Includes the recognition of previously deferred revenues totaling $38.3 million offset by temporary base rate reductions of $20.8 million, described in the **Utility Regulation – Rate Stabilization Strategy** section.

(3) Includes the recognition of previously deferred revenues totaling $30.5 million offset by temporary base rate reductions of $4.6 million, described in the **Utility Regulation – Rate Stabilization Strategy** section.

(4) Excludes a pretax charge of $9.6 million for treatment of a wholesale contract, described in the **Charges to Earnings** section.

Tampa Electric Operating Revenues

The economy in Tampa Electric's service area continued to grow in 2000, with increased employment from the strong local economy aided by corporate relocations and expansions. The Tampa metropolitan area's employment grew over 5 percent in 2000, placing it fourth for job growth among metropolitan areas in the U.S.

Tampa Electric's 2000 operating revenues increased 13 percent from 3 percent customer growth, more normal winter weather and increased per-customer energy usage. The customer mix continued to shift toward higher margin residential and commercial customers in 2000.

Tampa Electric's 1999 operating revenues decreased 3 percent, primarily because the company deferred revenues in 1999, while in 1998 it benefitted from the recognition of revenues deferred in prior years. The company experienced customer growth of 2.5 percent in 1999, while retail energy sales were 1.4 percent lower.

In 2000, combined residential and commercial megawatt sales increased 5 percent from the addition of more than 16,000 new customers and a return to more normal weather. These sales increased slightly in 1999, as the addition of almost 13,000 customers more than offset the effects of mild weather that year.

Non-phosphate industrial sales increased in 2000 and 1999, reflecting continued economic growth and the shift of some commercial customers to the industrial classification to take advantage of favorable tax law changes for electricity used in manufacturing. This shift does not affect Tampa Electric revenues.

Sales to the phosphate industry increased in 2000 as producers brought back into service mining and production facilities idled in 1998 and 1999. Sales to the phosphate industry declined in 1999 due to mine closures in 1998 and 1999. The phosphate industry continues to experience lower pricing due to worldwide oversupply. According to phosphate industry sources, the market is expected to remain in this downturn in early 2001 and then start a recovery later in 2001 with improvement continuing in 2002. Revenues from phosphate sales represented slightly less than 3 percent of base revenues in 2000 and in 1999.

Based on expected growth reflecting continued population increases and business expansion, Tampa Electric projects retail energy sales growth of approximately 2.5 percent annually over the next five years, with combined energy sales growth in the residential and commercial sectors of almost 3 percent annually. Retail demand growth is expected to average 100 megawatts of capacity per year for the next five years.

These growth projections assume continued local area economic growth, normal weather and certain other factors.

Megawatt-Hour Sales

(thousands)	2000	Change	1999	Change	1998
Residential	7,369	5.8%	6,967	-1.2%	7,050
Commercial	5,541	3.8%	5,336	3.2%	5,173
Industrial	2,390	7.5%	2,224	-11.7%	2,520
Other	1,338	4.7%	1,278	-0.5%	1,284
Total retail	16,638	5.3%	15,805	-1.4%	16,027
Sales for resale	2,564	18.7%	2,160	-13.1%	2,486
Total energy sold	19,202	6.9%	17,965	-3.0%	18,513
Retail customers (average)	560.1	3.0%	543.7	2.5%	530.3

Tampa Electric Operating Expenses

Overall operating expenses increased 14 percent in 2000 reflecting increased costs associated with the Big Bend Units One and Two flue gas desulfurization system placed in service in December 1999, the expiration of the DOE credits for Polk Unit One at the end of 1999, increased generating system maintenance to improve summer availability and costs associated with organizational streamlining. Costs associated with the flue gas desulfurization system are recovered through the Environmental Cost Recovery Clause (ECRC). See the **Utility Regulation** section.

Overall expenses were down 3 percent in 1999, reflecting lower fuel consumption and lower operations and maintenance expense than in 1998. Partially offsetting these reductions were property tax settlements and environmental study costs associated with the state environmental settlement described below and in the **Environmental Compliance** section.

Non-fuel operations and maintenance expenses decreased 4 percent in 1999, the result of effective cost management and improved efficiency throughout the company.

Tampa Electric's 250-megawatt, clean-coal technology Polk Unit One was placed into service in late 1996. Between 1996 and 1999, the last year of eligibility, a total of approximately $29 million was received from the U.S. Department of Energy (DOE) to partially offset the unit's non-fuel operations and maintenance expenses.

Non-fuel operations and maintenance expenses in 2001 are expected to increase at or below the rate of inflation over the next several years.

Operating Expenses (millions)	2000	Change	1999	Change	1998
Other operating expenses	$ 188.3	15.1%	$ 163.6	-1.3%	$ 165.7
Maintenance	96.1	10.3%	87.1	-7.9%	94.6
Depreciation	161.6	9.5%	147.6	1.0%	146.1
Taxes-federal and state income	82.5	19.7%	68.9	-9.7%	76.3
Taxes, other than income	98.7	-0.1%	98.8	1.6%	97.2
Operating expenses	627.2	10.8%	566.0	-2.4%	579.9
Fuel	323.5	6.4%	304.0	−17.1%	366.6
Purchased power	192.1	42.5%	134.8	59.1%	84.7
Total fuel expense	515.6	17.5%	438.8	-2.8%	451.3
Total operating expenses	$1,142.8	13.7%	$1,004.8	-2.6%	$1,031.2

Depreciation expense increased 9 percent in 2000 reflecting normal plant additions to service the growing customer base and the addition of the Big Bend Units One and Two flue gas desulfurization system. The 1 percent increase in 1999 reflected normal plant additions to serve customer growth and maintain generating system reliability. Depreciation expense is projected to increase in 2001 from normal plant additions and rise for the next several years due to an additional combustion turbine at the Polk Power Station in 2002 and the first phase of the Gannon repowering project entering service in 2003. See the **Environmental Compliance** section

Taxes other than income increased in 1999 as a result of higher property taxes due to the settlement of prior year tax issues with Polk County. This settlement clarified issues mainly related to Polk Unit One for 1997, 1998 and beyond in a manner satisfactory to the company. Taxes other than income increased in 1998 as a result of higher gross receipts taxes and franchise fees related to higher energy sales. The sales-related taxes are recovered through customer bills.

Fuel costs increased 6 percent in 2000 reflecting increased generation and increased use of more expensive oil and natural gas at Polk Unit Two, Hookers Point and combustion turbines at the Big Bend Power Station. Average coal costs, on a cents-per-million BTU basis, decreased slightly in 2000 after a slight increase in 1999. Fuel expense decreased in 1999 from 1998 due to lower energy sales and a higher reliance on purchased power attributable to lower unit availability.

Purchased power expense increased in 2000 due to lower unit availability, primarily the result of a generator failure at Gannon Unit Six. Purchased power increased in 1999 due to lower unit availability, the provision of replacement power for certain wholesale power sales contracts and an explosion at the Gannon plant in April 1999. In 1998, purchased power increased primarily due to weather-related demand. In each year, substantially all fuel and purchased power expenses were recovered through the fuel adjustment clause.

Nearly all of Tampa Electric's generation in the last three years has been from coal, and the fuel mix is expected to continue to be substantially comprised of coal until 2003 when the first of two repowered units is scheduled to begin operating on natural gas. See the **Environmental Compliance** section. On a total energy supply basis, company generation accounted for 86 percent and 84 percent of the total system energy requirement in 2000 and 1999, respectively.

On April 8, 1999, an explosion at Tampa Electric's Gannon Station Unit Six, which was off line for scheduled spring maintenance, resulted in damage to the unit, the temporary shut down of the other five units at the station and injuries to 45 employees and contractors, including three fatalities. The units at Gannon Station that were affected by the accident were returned to service in the second and third quarter. The cost of replacement fuel and purchased power totaled $5 million; $1.8 million was approved by the FPSC for recovery through Tampa Electric's fuel and purchased power clause with little impact on customer rates, and the balance was recovered from interruptible customers. The costs resulting from the accident were substantially covered by insurance. The impact on 1999 operation and maintenance expenses was approximately $2 million.

Peoples Gas System

Peoples Gas System Results

Peoples Gas System (PGS) is the largest investor-owned gas distribution utility in Florida, with about 70 percent of the investor-owned local distribution company market. It serves almost 260,000 customers in all of the major metropolitan areas of Florida.

PGS achieved net income growth of 10 percent in 2000 from customer growth, increased gas transported for off-system sales to electric power generators and interruptible customers and colder weather late in the year.

Net income grew 28 percent in 1999, with the increase due primarily to new customer additions from system expansion and lower operating expenses. The benefits of customer growth for the year were partially offset by the less favorable weather patterns during 1999.

Historically the natural gas market in Florida has been under served with the lowest market penetration in the southeastern U.S. PGS is expanding its gas distribution system into areas of Florida previously not served and expanding its system within areas currently served.

Summary of Operating Results (millions)	2000	Change	1999	Change	1998
Revenues	$ 314.5	24.9%	$ 251.7	-.4%	$252.8
Cost of gas sold	157.0	45.8%	107.7	–6.7%	115.4
Operating expenses	123.7	9.0%	113.5	1.7%	111.6
Operating income	$ 33.8	10.8%	$ 30.5	18.2%	$ 25.8
Net Income	$ 21.8	10.1%	$ 19.8	27.7%	$ 15.5
Therms sold (millions) – by Customer Segment					
Residential	57.6	10.6%	52.1	-1.1%	52.7
Commercial	292.1	6.8%	273.5	2.8%	266.0
Industrial	374.1	12.7%	331.9	8.8%	305.0
Power Generation	418.6	3.3%	405.2	40.5%	288.3
Total	1,142.4	7.5%	1,062.7	16.5%	912.0
Therms sold (millions) – By Sales Type					
System Supply	320.6	6.9%	300.0	-6.5%	320.8
Transportation	821.8	7.8%	762.7	29.0%	591.2
Total	1,142.4	7.5%	1,062.7	16.5%	912.0
Customers (thousands) - average	256.2	3.9%	246.7	3.0%	239.6

Residential therm sales increased in 2000, the result of 4 percent residential customer growth and colder weather late in the year. Commercial therm sales increased in 2000 reflecting good customer growth and a strong economy.

Residential therm sales decreased slightly in 1999, the result of less favorable weather patterns in the first quarter offset in part by new customer additions. Therm sales to commercial customers increased in 1999, reflecting a growing number of higher-margin customers.

Operating revenues from residential and commercial customers increased 24 percent and 16 percent, respectively in 2000 from higher gas prices, customer growth, and increased usage due to colder weather late in the year. Gas prices per therm were 36 percent higher in 2000 compared to the prior year.

The actual cost of gas and upstream transportation purchased and resold to end-use customers is recovered through a Purchased Gas Adjustment (PGA) clause approved by the Florida Public Service Commission. The company files for mid-period adjustments to the PGA in times of gas price volatility, as was experienced in 2000 and into 2001.

Revenues from residential customers increased 2 percent in 1999. Revenue from commercial customers decreased 9 percent, while revenues from industrial and power generation customers were up approximately 33 percent.

In November 2000, PGS instituted its "NaturalChoice" program, which unbundles gas services for all non-residential customers, affording these customers the opportunity to purchase the commodity gas from any provider. The net result of this unbundling is a shift from commodity sales to transportation sales. Because commodity sales are included in operating revenues at the cost of the gas on a pass-through basis, there is no net financial impact to the company of transportation only sales.

Operating expenses increased in 2000, in line with customer growth and system expansion. Operating expenses decreased in 1999, reflecting cost savings associated with management's decision in mid-1998 to exit the appliance sales and service business.

PGS expects to invest an average of $60 million for each of the next five years to grow the business and maintain system reliability.

In 1998, PGS announced plans to expand into the Southwest Florida market to provide service to Fort Myers, Naples, Cape Coral and surrounding areas. In 1999, the company began connecting customers and delivering gas to North Fort Myers and completed the long-haul portion of this extension of its distribution system by in April 2000. In the first eight months of operation, the project connected 195 commercial customers representing annual consumption of approximately 5.8 therms. External sources predict that more than 100,000 new homes and businesses will be added in this market over the next decade, representing a significant opportunity for growth in the high-end residential and the commercial customer sectors.

PGS expects increases in sales volumes and corresponding revenues in 2001, and continued customer additions and related revenues from the Southwest Florida expansion and other expansion efforts throughout the state.

These growth projections assume continued local area economic growth, normal weather and other factors.

NON-OPERATING ITEMS

Other Income (Expense)

Other income (expense) in 1999 included charges of \$3.5 million to provide for Tampa Electric's expected costs of settling an EPA lawsuit and \$10.0 million for a regulatory decision limiting the utility's regulatory equity ratio to 58.7 percent for 1997 and 1998.

Other income (expense) in 1998 included a charge of \$7.3 million at Tampa Electric reflecting an FPSC decision denying recovery of certain coal expenses from an affiliate. These 1999 and 1998 charges are described in the **Charges to Earnings** section.

Allowance for other funds used during construction (AFUDC) was \$1.6 million in 2000, and \$1.3 million in 1999; no AFUDC was recorded in 1998. AFUDC is expected to increase to an estimated \$8 million in 2001 and more than double to an estimated \$19 million in 2002, reflecting Tampa Electric's growing investment in the Gannon repowering and generation expansion activities.

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 the equity funds used for construction.

Interest Charges

Interest charges were \$80.1 million in 2000 compared to \$77.4 million in 1999. A charge for income tax settlements and provisions in 1999, discussed in the **Charges to Earnings** section, included \$12.7 million of interest expense and accounted for much of the increase over 1998. Higher borrowing levels and higher interest rates resulted in much of increase in interest expense in 2000.

ENVIRONMENTAL COMPLIANCE

Tampa Electric met the environmental compliance requirements for the Phase I emission limitations imposed by the Clean Air Act Amendments (CAAA) which became effective Jan. 1, 1995 by using blends of lower-sulfur coal, integrating the Big Bend Unit Four flue gas desulfurization, or scrubber, system with Unit Three, implementing operational modifications and purchasing emission allowances. For Phase II, which began Jan. 1, 2000, further reductions in sulfur dioxide (SO2) and nitrogen oxide (NOx) emissions were required. To comply with the Phase II SO2 requirements, Tampa Electric installed a new scrubber system at Big Ben Units One and Two and will rely less on fuel blending and SO2 allowance purchases. The \$83-million scrubber was placed in service on Dec. 30, 1999 and has significantly reduced the amount of SO2 emitted by Tampa Electric's Big Bend Units One and Two. As a result of this project, all of the units at Big Bend Station, Tampa Electric's largest generating station, are equipped with scrubber technology. In order to comply with the Phase II NOx emission limits on a system wide average, Tampa Electric has implemented combustion optimization projects at Big Bend and Gannon stations.

On Feb. 29, 2000, Tampa Electric Company, the EPA and the U.S. Department of Justice announced they had resolved the federal agencies' pending enforcement actions filed in 1999 against Tampa Electric. The resolution was in the form of a consent decree, which became effective Oct. 5, 2000 and has resulted in full and final settlement of the federal litigation and notice of violation alleging violations of New Source Review requirements of the Clear Air Act.

The consent decree is substantially the same as Tampa Electric's earlier agreement with the Florida Department of Environmental Protection (FDEP) with respect to environmental controls and pollution reductions reached on Dec. 7, 1999; however, it contains specific detail with respect to the availability of the scrubbers and earlier incremental NOx reduction efforts on Big Bend Units One, Two and Three. Under the consent decree, Tampa Electric is committed to a comprehensive cleanup program that will dramatically decrease emissions from the company's power plants.

A significant component of the emission reduction plan is the repowering of the company's coal-fired Gannon Station with natural gas.

Engineering for the repowering project began in January 2000, and Tampa Electric anticipates that commercial operation for the first repowered unit will occur by May 1, 2003. The repowering of additional units is scheduled to be completed by May 1, 2004. When these units are repowered, the station will be renamed the Bayside Power Station and will have total station capacity of about 1,800 megawatts (nominal) of natural gas-fueled electric energy.

Tampa Electric filed petitions with the FPSC to seek cost recovery for various environmental projects required by the consent decree. The petitions sought cost recovery through the Environmental Cost Recovery Clause for costs incurred to improve the availability and removal efficiency for its Big Bend On, Two and Three scrubbers, to reduce particulate matter emission, and to reduce NOx emissions. In November, the FPSC approved the recovery of these types of costs through customers' bills starting January 2001.

Tampa Electric Company is a potentially responsible party for certain superfund sites and, through its Peoples Gas System 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, Tampa Electric Company estimates its ultimate financial liability at approximately $22 million over the next 10 years. The environmental remediation costs associated with these sites are not expected to have a significant impact on customer prices.

UTILITY REGULATION

Rate Stabilization Strategy

Tampa Electric's objectives of stabilizing prices from 1996 through 1999 and securing fair earnings opportunities during this period were accomplished through a series of agreements entered into in 1996 with the Florida Office of Public Counsel (OPC) and the Florida Industrial Power Users Group (FIPUG) which were approved by the Florida Public Service Commission (FPSC). Prior to these agreements, the FPSC approved a plan submitted by Tampa Electric to defer certain 1995 revenues.

In general, under these agreements Tampa Electric was allowed to defer revenues in 1995 and 1996 during the construction of Polk Unit One and recognize these revenues in 1997 and 1998 after commercial operation of the unit. Other components of the agreements were: a base rate freeze through 1999; refunds to customers totaling $50 million during the period October 1996 through December 1998; and recovery of the capital costs incurred for the Polk Unit One Project.

Under these agreements Tampa Electric's allowed return on equity (ROE) was established at an 11.75 percent midpoint with a range of 10.75 percent to 12.75 percent. Revenues were deferred for use by the company in 1997 and 1998 according to sharing formulas that varied by year. In 1998, all revenues above the top of the ROE range were required to be held for refund to customers.

For 1995 and 1996, Tampa Electric deferred $51 million and $37 million of revenues under this plan, respectively. The deferred revenues accrued interest at the 30-day commercial paper rate as specified in the Florida Administrative Code. These amounts and interest (less $25 million of refunds) provided $62 million for recognition as income by the company for 1997 and 1998. Revenues in 1997 and 1998 were lower by $5 million and $20 million, respectively, as a result of a temporary base rate reduction that was a component of the stipulation.

Based on FPSC decisions, the company reversed $27 million for 1997 and $34 million for 1998 of the revenues deferred from 1995 and 1996. After including $10 million of interest accrued over the deferral period, the FPSC ordered $11 million plus interest to be refunded to customers. In November 1999, FIPUG protested the FPSC decisions for both 1997 and 1998 and requested a hearing to review a wide range of costs incurred by the company over the two-year period. Accordingly, the FPSC ordered that the $11 million refund be withheld with interest until the protest was heard and resolved.

In August 2000, the FPSC approved a stipulation entered into between Tampa Electric, FIPUG and OPC that provided for a $13 million refund to customers from September through December 2000. This amount generally represented the $11 million refund amount previously determined plus interest.

As part of its series of agreements with OPC and FIPUG, Tampa Electric also agreed to refund 60 percent of 1999 revenues that contributed to an ROE in excess of 12 percent, as calculated and approved by the FPSC.

In October 2000, the FPSC staff recommended a 1999 refund of $6.1 million including interest, to be refunded to customers beginning January 1, 2001. OPC objected to certain interest expenses recognized in 1999 that were associated with prior tax positions and used to calculate the amount to be refunded. Following a review by the FPSC staff, the FPSC agreed in December 2000 that the original $6.1 million was to be refunded to customers. On Feb. 7, 2001 OPC protested the FPSC's refund decision. The protest claims that the stipulations do not allow for the inclusion of the interest expenses on income tax positions in the refund calculations. OPC suggests that an additional $8.3 million should be refunded. Hearing dates to resolve the 1999 refund amount are scheduled for August 2001.. Tampa Electric believes its positions relative to the inclusion of the interest expenses are reasonable and are likely to be upheld.

The regulatory arrangements described above covered periods that ended on Dec. 31, 1999. Tampa Electric's rates and its allowed ROE range of 10.75 percent to 12.75 percent with a midpoint of 11.75 percent will continue in effect until such time as changes are occasioned by an agreement approved by the FPSC or other FPSC actions as a result of rate or other proceedings initiated by Tampa Electric, FPSC staff or other interest parties. Tampa Electric believes that its currently allowed ROE range is reasonable based on the current interest rate environment and previous FPSC rulings.

Cost Recovery Clauses

In September 2000, Tampa Electric filed with the FPSC for approval of fuel and purchased power, capacity, environmental and conservation cost recovery clause rates for the period January 2001 through December 2001. In November, the FPSC approved Tampa Electric's requested changes. Accordingly, Tampa Electric's residential customer rate per 1,000 kilowatt hours increased only by 2 cents to $84.47. These rates include projected costs associated with environmental projects required under the U.S. Environmental Protection Agency's Consent Decree and the Florida Department of Environmental Protection Consent final Judgment with Tampa Electric. See the **Environmental Compliance** section. They also include additional purchase power costs for 2000 and 2001, which reflect higher natural gas and oil prices and increases in the volumes of purchased power.

In February 2001, Tampa Electric notified the FPSC that it anticipated that the fuel factors approved in December 2000 for 2001 were understated by approximately $86 million due to significantly higher natural gas and oil prices, and accordingly, purchased power costs. In March 2001, the FPSC approved Tampa Electric's request to increase rates to cover the $86 million beginning in April 2001.

In January 2001, PGS notified the FPSC that it anticipated that its PGA factors approved in December 2000 for 2001 were understated by approximately $63 million due to significantly higher natural gas prices. In February 2001, the FPSC approved PGS' request to increase rates to cover the $63 million under-recovery beginning in March 2001.

Long Range Power Supply Planning

In 1999, as part of the FPSC's assessment of Florida's electric reliability for future years, the FPSC ordered a generic investigation into the aggregate reserve margins planned for peninsular Florida. Tampa Electric, along with Florida Power & Light and Florida Power Corp. submitted a proposed stipulation to the FPSC to voluntarily adopt a minimum 20-percent reserve margin planning criteria from the then current 15-percent criteria over a transition period of four years. In December 1999, the FPSC approved the proposed stipulation.

Tampa Electric accelerated the in-service date of its next two 180-megawatt combustion turbines from January 2001 to September 2000 and from January 2003 to May 2002. The September 2000 combustion turbine was subsequently accelerated to begin actual commercial operation in July 2000.

Tampa Electric also entered into a 12-year purchased power agreement with Hardee Power Partners for a 75-megawatt combustion turbine that entered service in May 2000.

In August 2000, Tampa Electric presented a revised 10-year site plan to the FPSC which further enhances system reliability and improves economic and environmental benefits to customers. Under this revised plan, the capacity of the Gannon Station repowering project was increased by 235 megawatts. The increased capacity increased Tampa Electric's projected 2001 summer reserve margin from 23 percent to 27 percent at a lower cost than previous repowering plans.

Utility Competition: Electric

Tampa Electric's retail electric business is substantially free from direct competition with other electric utilities, municipalities and public agencies. At the present time, the principal form of competition at the retail level consists of self-generation available to larger users of electric energy. Such users may seek to expand their alternatives through various initiatives, including legislative and/or regulatory changes that would permit competition at the retail level. Tampa Electric intends to retain and expand its retail business by managing costs and providing high-quality service to retail customers.

There is presently active competition in the wholesale power markets in Florida, increasing largely as a result of the Energy Policy Act of 1992 and related federal initiatives. However, the Florida Power Plant Siting Act, which sets the state's electric energy/environmental policy and governs the building of new generation involving steam capacity of 75 megawatts or more, requires that applicants demonstrate that a plant is needed prior to receiving construction and operating permits.

In 2000, Florida Governor Jeb Bush established the 2020 Energy Study Commission to address the following issues by December 2001: current and future reliability of electric and natural gas supply; emerging energy supply and delivery options; electric industry competition; environmental impacts of energy supply; energy conservation and fiscal impacts of energy supply options on taxpayers and energy providers. TECO Energy has been supportive of the process. The Study Commission recently endorsed an interim recommendation on wholesale competition that, if enacted into law, would afford the company the opportunity to compete effectively in the Florida market.

The Study Commission's recommendation to Governor Bush includes, among other provisions, elimination of barriers to entry for merchant power generators, an open competitive wholesale electric market, transfer of regulated generating assets to unregulated affiliates or sale to others, Florida electric system reliability and consumer protection. A proposal is expected to be forwarded to the legislature by the governor for possible action in the 2001 legislative session. It is unclear at this time if this proposed legislation would pass.

Regional Transmission Organization (RTO)

In December 1999, the Federal Energy Regulatory Commission (FERC) issued Order No. 2000, dealing with RTOs. This rule is driven by the FERC's continuing effort to effect open access to transmission facilities in large, regional markets. The rule provides guidelines to utilities for joining RTOs by December 2001. These guidelines specify minimum characteristics and functions.

In anticipation to the FERC activity, the FPSC held workshops in 1999 to discuss transmission issues within peninsular Florida. Potentially affected parties and the FPSC agreed that a national one-size-fits-all approach is not appropriate. With the encouragement of the FPSC, Tampa Electric worked with utilities in the state and others to develop a peninsular Florida solution.

The activities resulted in the peninsular Florida investor-owned utilities making joint RTO filings at FERC in October and December 2000. The filing included elements related to governance, pricing, planning, operations and market design. Tampa Electric and other stakeholders are seeking a market design in the collaborative process, which at a minimum addresses each of the FERC criteria in Order 2000.

In the filing, Tampa Electric agreed with the other Florida investor-owned utilities to form an RTO to be known as

GridFlorida LLC. As proposed, the RTO would independently control the transmission assets of the filing utilities, as well as other utilities in the region that choose to join. The RTO will be an independent, investor-owned organization that will have control of the planning and operations of the bulk power transmission systems of the utilities within peninsular Florida. The three filing utilities represent almost 80 percent of the aggregate net energy load in the region for the year 2000.

On January 10, 2001, FERC issued preliminary rulings on certain aspects of the governance structure of the RTO. In order to guarantee the right to participate in the selection of the RTO board of directors, parties were required to declare, within 30 days of the January 10 order, their intention to contribute their transmission assets to the RTO. Tampa Electric has filed to inform the FERC that it planned to contribute its transmission assets to the RTO.

Utility Competition: Gas

Although Peoples Gas System is not in direct competition with any other regulated distributors of natural gas for customers within its service areas, there are other forms of competition. At the present time, the principal form of competition for residential and small commercial customers is from companies providing other sources of energy, including electricity.

In November 2000, PGS implemented its "NaturalChoice" program that offers unbundled transportation service to all non-residential customers. This means that non-residential customers can purchase commodity gas from a third party but continue to pay PGS for the transportation of the gas. Because PGS earns margins on the distribution of gas, but not on the commodity itself, this program is not expected to negatively impact PGS results.

Competition is most prevalent in the large commercial and industrial markets. In recent years, these classes of customers have been targeted by companies seeking to sell gas directly, by transporting gas through other facilities, thereby bypassing PGS facilities. In response to this competition, various programs have been developed including the provision of transportation services at discounted rates.

In general, PGS faces competition from other energy source suppliers offering fuel oil, electricity and in some cases propane. PGS has taken actions to retain and expand its commodity and transportation business, including managing costs and providing high-quality service to customers.

In March 2000, the franchise agreement between the city of Lakeland (City) and PGS expired. The city has initiated legal proceedings seeking a declaration of the city's rights to acquire the PGS facilities under the franchise. PGS has filed defenses and counter claims and a hearing is schedule for May 2001. While PGS believes it is best suited to serve these customers, it cannot at this time predict the ultimate outcome of these activities.

PGS is continuing to serve under substantially the same terms as contained in the franchise in the absence of other rules and regulations being adopted by the city. The Lakeland franchise contributed about $4 million of net revenue to PGS results in 2000.

FINANCING ACTIVITY:

In August 2000, Tampa Electric Company issued $150 million of remarketed notes, due 2015. The notes, which bear an initial coupon rate of 7.37% are subject to mandatory tender on Sept. 1, 2002, at which time they will be remarketed or redeemed. Net proceeds were $154.2 million, which included a premium paid to Tampa Electric by the remarketing agent for the right to purchase and remarket the notes in 2002. If this right is exercised, for the following 10 years the notes will bear interest at 5.75% plus a premium based on Tampa Electric Company's then-current credit spread above United States Treasury Notes with 10 years to maturity.

In February 2001, Tampa Electric Company filed a shelf registration statement for the issuance of up to $500 million of debt securities.

In the second quarter of 1998, Tampa Electric Company filed a registration statement for the issuance of up to $200 million of medium-term notes. In July 1998, Tampa Electric Company issued $50 million of Remarketed Notes, due 2038. The Notes, which bear an initial coupon rate of 5.94% are subject to mandatory tender on July 15, 2001, at which time they will be remarketed or redeemed. Net proceeds were $51 million, which included a premium paid to Tampa Electric by the remarketing agent for the right to purchase the Notes in 2001. If this right is exercised, for the following 10 years the Notes will bear interest at 5.41% plus a premium based on Tampa Electric Company's then-current credit spread above United State Treasury Notes with 10 years to maturity.

Proceeds from the note issues were used to repay short-term debt and for general corporate purposes.

Accounting for Derivative Instruments and Hedging

In 1998, the FASB issued FAS 133, Accounting for Derivative Instruments and Hedging. This standard is effective for fiscal years beginning after June 15, 2000. The company will adopt the new standard effective Jan. 1, 2001. The new standard, requires the company 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 fair value of those instruments as either components of comprehensive income or in net income, depending on the types of those instruments.

The company has completed the review and documentation of its derivative contracts, and found that such activity has been minimal and relatively short term in duration. Based on policies and procedures approved by the Board of Directors, from time to time the company enters into futures, swaps and option contracts to limit exposure to gas price increases at the regulated natural gas utility. The benefits of these arrangements are at risk only in the event of non-performance by the other party to the agreement, which the company does not anticipate.

As of Dec. 31, 2000 the company did not have any derivative or hedging transactions in place that require an opening adjustment to the financial statements for Jan. 1, 2001. Management will continue to document all current, new and possible uses of derivatives, and develop procedures and methods for measuring them.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Tampa Electric Company is exposed to changes in interest rates primarily as a result of its borrowing activities.

From time to time, Tampa Electric Company enters into futures, swaps and option contracts to moderate exposure to interest rate changes.

A hypothetical 10 percent increase in Tampa Electric Company's weighted average interest rate on its variable rate debt would not have a significant impact on Tampa Electric Company's pretax earnings over the next fiscal year.

A hypothetical 10 percent decrease in interest rates would not have a significant impact on the estimated fair value of Tampa Electric Company's long-term debt at Dec. 31, 2000.

Commodity Price Risk

Currently, at Tampa Electric and Peoples Gas System, commodity price increases due to changes in market conditions for fuel, purchased power and natural gas are recovered through cost recovery clauses, with no effect on earnings.

From time to time, Tampa Electric Company enters into futures, swaps and options contracts to limit exposure to gas price increases at the regulated natural gas utility.

Tampa Electric Company does not currently use derivatives or other financial products for speculative purposes.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

All other financial statement schedules have been omitted since they are not required, are inapplicable or the required information is presented in the financial statements or notes thereto.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholder of Tampa Electric Company

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Tampa Electric Company and its subsidiaries, (a wholly owned subsidiary of TECO Energy, Inc.) at Dec. 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended Dec. 31, 2000, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida
Jan. 12, 2001

CONSOLIDATED BALANCE SHEETS
(millions)

Assets

Dec. 31,	2000	1999
Property, Plant and Equipment, At Original Cost		
Utility plant in service		
Electric	$4,054.1	$3,892.1
Gas	632.1	590.0
Construction work in progress	150.1	81.6
	4,836.3	4,563.7
Accumulated depreciation	(1,931.3)	(1,818.7)
	2,905.0	2,745.0
Other property	8.3	7.9
	2,913.3	2,752.9
Current Assets		
Cash and cash equivalents	.7	26.1
Receivables, less allowance for uncollectibles	180.4	147.1
Inventories, at average cost		
Fuel	56.8	73.2
Materials and supplies	52.4	49.0
Prepayments	3.3	10.9
	293.6	306.3
Deferred Debits		
Unamortized debt expense	13.2	14.2
Deferred income taxes	124.3	121.6
Regulatory asset-tax related	62.3	42.9
Other	143.1	84.6
	342.9	263.3
	$3,549.8	$3,322.5

Liabilities and Capital

	2000	1999
Capital		
Common stock	$1,148.1	$1,043.1
Retained earnings	299.0	283.9
	1,447.1	1,327.0
Long-term debt, less amount due within one year	789.3	690.3
	2,236.4	2,017.3
Current Liabilities		
Long-term debt due within one year	55.2	84.8
Notes payable	231.2	271.2
Accounts payable	188.0	163.8
Customer deposits	82.4	79.9
Interest accrued	34.2	12.9
Taxes accrued	71.6	30.9
	662.6	643.5
Deferred Credits		
Deferred income taxes	424.5	458.3
Investment tax credits	36.1	40.5
Regulatory liability-tax related	72.4	56.1
Other	117.8	106.8
	650.8	661.7
	$3,549.8	$3,322.5

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
(millions)

Year ended Dec. 31,	2000	1999	1998
Operating Revenues			
Electric	$1,352.9	$1,207.1	$1,234.6
Gas	314.5	251.7	252.8
	1,667.4	1,458.8	1,487.4
Operating Expenses			
Operation			
Fuel	323.3	304.0	366.6
Purchased power	192.1	134.8	94.3
Natural gas sold	157.0	107.7	115.4
Other	246.2	217.2	221.1
Maintenance	99.8	90.4	98.8
Depreciation	187.4	170.7	167.2
Taxes-Federal and state income	95.8	81.7	86.3
Taxes-Other than income	120.8	118.9	118.1
	1,422.6	1,225.4	1,267.8
Operating Income	244.8	233.4	219.6
Other Income (Expense)			
Allowance for other funds used during construction	1.6	1.3	--
Other expense, net	--	(12.4)	(9.8)
	1.6	(11.1)	(9.8)
Income before interest charges	246.4	222.3	209.8
Interest Charges			
Interest on long-term debt	52.4	51.5	50.4
Other interest	28.4	26.4	13.0
Allowance for borrowed funds used during construction	(0.7)	(0.5)	--
	80.1	77.4	63.4
Net Income	166.3	144.9	146.4
Preferred dividend requirements	--	--	--
Balance Applicable to Common Stock	$ 166.3	$ 144.9	$ 146.4

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

Year ended Dec. 31,	2000	1999	1998
Cash Flows from Operating Activities			
Net income	$ 166.3	$ 144.9	$ 146.4
Adjustments to reconcile net income to net cash			
Depreciation	187.4	170.7	167.2
Deferred income taxes	(39.4)	(15.7)	28.5
Investment tax credits, net	(4.4)	(4.6)	(4.6)
Allowance for funds used during construction	(2.3)	(1.8)	--
Deferred clause revenues (expenses)	(68.7)	(38.2)	17.4
Deferred revenue	--	11.9	(38.3)
Refund to customers	--	--	--
Charges (discussed in Note I)	(13.2)	18.3	16.9
Receivables, less allowance for uncollectibles	(33.3)	(4.3)	18.6
Inventories	13.0	10.6	(17.7)
Taxes accrued	40.7	22.2	.3
Interest accrued	21.3	(8.2)	(9.8)
Accounts payable	24.3	(39.3)	70.7
Other	45.7	8.2	19.9
	337.4	274.7	415.5
Cash Flows from Investing Activities			
Capital expenditures	(349.3)	(306.4)	(232.1)
Allowance for funds used during construction	2.3	1.8	--
	(347.0)	(304.6)	(232.1)
Cash Flows from Financing Activities			
Proceeds from contributed capital from parent	105.0	17.0	54.0
Proceeds from long-term debt	154.5	--	51.2
Repayment of long-term debt	(84.1)	(3.8)	(3.7)
Net borrowings (payments) under credit lines	--	--	--
Net increase (decrease) in short-term debt	(40.0)	191.5	(139.4)
Redemption of preferred stock	--	--	--
Dividends	(151.2)	(149.5)	(147.5)
	(15.8)	55.2	(185.4)
Net decrease in cash and cash equivalents	(25.4)	25.3	(2.0)
Cash and cash equivalents at beginning of year	26.1	.8	2.8
Cash and cash equivalents at end of year	$ .7	$ 26.1	$ .8

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for:			
Interest	$ 66.7	$ 62.5	$ 58.1
Income taxes	$ 98.4	$ 79.9	$ 48.6

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(millions)

Year ended Dec. 31,	2000	1999	1998
Balance, Beginning of Year	$283.9	$288.5	$289.6
Add-Net income	166.3	144.9	146.4
	450.2	433.4	436.0
Deduct-			
Cash dividends on capital stock			
Preferred	--	--	--
Common	151.2	149.5	147.5
Other - adjustment	--	--	--
	151.2	149.5	147.5
Balance, End of Year	$299.0	$283.9	$288.5

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CAPITALIZATION

		Capital Stock Outstanding Dec. 31, 2000		Cash Dividends Paid in 2000(1)	
	Current Redemption Price	Shares	Amount(2)	Per Share	Amount(2)
Common stock-Without par value 25 million shares authorized	N/A	10	$1,148.1	N/A	$151.2

Preferred Stock-$100 Par Value
1.5 million shares authorized, none outstanding.
Preferred Stock - no Par
2.5 million shares authorized, none outstanding.
Preference Stock - no Par
2.5 million shares authorized, none outstanding.

(1) Quarterly dividends paid on Feb. 15, May 15, Aug. 15 and Nov. 15.
(2) Millions.

CONSOLIDATED STATEMENTS OF CAPITALIZATION (continued)

Long-Term Debt Outstanding at Dec. 31,	Due	2000	1999
Tampa Electric			
First mortgage bonds (issuable in series):			
7 3/4%	2022	75.0	75.0
5 3/4%	2000	--	80.0
6 1/8%	2003	75.0	75.0
Installment contracts payable(2):			
5 3/4%	2007	22.9	23.2
7 7/8% Refunding bonds(3)	2021	25.0	25.0
8% Refunding bonds(3)	2022	100.0	100.0
6 1/4% Refunding bonds(4)	2034	86.0	86.0
5.85%	2030	75.0	75.0
Variable rate: 3.77% for 2000 and 3.21% for 1999(1)	2025	51.6	51.6
Variable rate: 3.90% for 2000 and 3.46% for 1999(1)	2018	54.2	54.2
Variable rate: 3.96% for 2000 and 3.69% for 1999(1)	2020	20.0	20.0
Medium-term notes payable: 5.11% (5)	2001	38.0	38.0
Medium-term notes payable: 5.86% (6)	2002	100.0	--
		722.7	703.0
Peoples Gas System			
Senior Notes (7)			
10.35%	2007	5.6	6.2
10.33%	2008	7.2	8.0
10.3%	2009	8.4	8.8
9.93%	2010	8.6	9.0
8.0%	2012	29.0	30.5
Medium-term notes payable: 5.11% (5)	2001	12.0	12.0
Medium-term notes payable: 5.86% (6)	2001	50.0	--
		843.5	74.5
Unamortized debt premium (discount), net		1.0	(2.4)
		844.5	775.1
Less amount due within one year(8)		55.2	84.8
Total long-term debt		$ 789.3	$ 690.3

(1) Composite year-end interest rate.
(2) Tax-exempt securities.
(3) Proceeds of these bonds were used to refund bonds with interest rates of 11.625% - 12.625%. For accounting purposes, interest expense has been recorded using blended rates of 8.28% - 8.66% on the original and refunding bonds, consistent with regulatory treatment.
(4) Proceeds of these bonds were used to refund bonds with an interest rate of 9.9% in February 1995. For accounting purposes, interest expense has been recorded using a blended rate of 6.52% on the original and refunding bonds, consistent with regulatory treatment.
(5) These notes are subject to mandatory tender on July 15, 2001, at which time they will be redeemed or remarketed.
(6) These notes are subject to mandatory tender on Sept. 1, 2002, at which time they will be redeemed or remarketed.
(7) These long-term debt agreements contain various restrictive covenants, including provisions related to interest coverage, maximum levels of debt to total capitalization and limitations on dividends.
(8) Of the amount due in 2001, $0.8 million may be satisfied by the substitution of property in lieu of cash payments.

CONSOLIDATED STATEMENTS OF CAPITALIZATION (continued)

Substantially all of the property, plant and equipment of the company is pledged as collateral. Maturities and annual sinking fund requirements of long-term debt for the years 2002, 2003, 2004 and 2005 are $156.0 million, $81.5 million, $145.5 million, and $6.7 million, respectively. Of these amounts $.8 million per year for 2001 through 2004 may be satisfied by the substitution of property in lieu of cash payments.

At Dec. 31, 2000, total long-term debt had a carrying amount of $789.3 million and an estimated fair market value of $844.9 million. The estimated fair market value of long-term debt was based on quoted market prices for the same or similar issues, on the current rates offered for debt of the same remaining maturities, or for long-term debt issues with variable rates that approximate market rates, at carrying amounts. The carrying amount of long-term debt due within one year approximated fair market value because of the short maturity of these instruments.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

Basis of Accounting

Tampa Electric Company's regulated electric and gas operations maintain their accounts in accordance with recognized policies prescribed or permitted by the Florida Public Service Commission (FPSC). In addition, Tampa Electric maintains its accounts in accordance with recognized policies prescribed or permitted by the Federal Energy Regulatory Commission (FERC). These policies conform with generally accepted accounting principles in all material respects.

The impact of Financial Accounting Standard (FAS) No 71, Accounting for the Effects of Certain Types of Regulation, has been minimal in the experience of the regulated utilities, but when cost recovery is ordered over a period longer than a fiscal year, costs are recognized in the period that the regulatory agency recognizes them in accordance with FAS 71. Also as provided in FAS 71, Tampa Electric has deferred revenues in accordance with the various regulatory agreements approved by the FPSC in 1995, 1996 and 1999. Revenues are recognized as allowed in 1998 and 1999 under the terms of the agreements.

The regulated utilities' retail business is regulated by the FPSC, and Tampa Electric's wholesale business is regulated by FERC. Prices allowed, with respect to Tampa Electric, by both agencies are generally based on the recovery of prudent costs incurred plus a reasonable return on invested capital.

The use of estimates is inherent in the preparation of financial statements in accordance with generally accepted accounting principles.

Revenues and Fuel Costs

Revenues include amounts resulting from cost recovery clauses which provide for monthly billing charges to reflect increases or decreases in fuel, purchased capacity, conservation and environmental costs for Tampa Electric and purchased gas, interstate pipeline capacity and conservation costs for Peoples Gas System. These adjustment factors are based on costs projected for a specific recovery period. Any over-recovery or under-recovery of costs plus an interest factor are taken into account in the process of setting adjustment factors for subsequent recovery periods. Over-recoveries of costs are recorded as deferred credits, and under-recoveries of costs are recorded as deferred charges.

In August 1996, the FPSC approved Tampa Electric's petition for recovery of certain environmental compliance costs through the Environmental Cost Recovery Clause.

In December 1994, Tampa Electric bought out a long-term coal supply contract which would have expired in 2004 for a lump sum payment of $25.5 million and entered into two new contracts with the supplier. The coal supplied under the new contracts is competitive in price with coal of comparable quality. As a result of this buyout, Tampa Electric customers will benefit from anticipated net fuel savings of more than $40 million through the year 2004. In February 1995, the FPSC authorized the recovery of the $25.5-million buy-out amount plus carrying costs through the Fuel and Purchased Power Cost Recovery Clause over the 10-year period beginning April 1, 1995. In each of the years 2000, 1999 and 1998, $2.7 million of buy-out costs were amortized to expense.

Certain other costs incurred by the regulated utilities are allowed to be recovered from customers through prices approved in the regulatory process. These costs are recognized as the associated revenues are billed.

The regulated utilities accrue base revenues for services rendered but unbilled to provide a closer matching of revenues and expenses.

Tampa Electric's objectives of stabilizing prices through 1999 and securing fair earnings opportunities during this period were accomplished through a series of agreements entered into in 1996 with the Florida Office of Public Counsel)OPC) and the Florida Industrial Power Users Group (FIPUG) which were approved by the FPSC. Prior to these agreements, the FPSC approved a plan submitted by Tampa Electric to defer certain 1995 revenues.

In general, under these agreements Tampa Electric was allowed to defer revenues in 1995 and 1996 during the construction of Polk Unit One and recognize these revenues in 1997 and 1998 after commercial operation of the unit. Other components of the agreements were: a base rate freeze through 1999; refunds to customers totaling $50 million during the period October 1996 through December 1998; elimination of the oil backout tariff as of January 1996, reducing annual revenues by approximately $12 million; and recovery of the capital costs incurred for the Polk Unit One project.

Under these agreements Tampa Electric's allowed return on equity (ROE) was established at an 11.75 percent midpoint with a range of 10.75 percent to 12.75 percent. Revenues were deferred for use by the company in 1997 and 1998 according to formulas that varied by year based upon the earned ROE. In 1998, all revenues above the top of the ROE range were held for refund to customers.

For 1995, Tampa Electric deferred $51 million of revenues under this plan. The deferred revenues accrued interest at the 30-day commercial paper rate as specified in the Florida Administrative Code. For 1996, the company deferred $37 million. This amount and the deferred revenues and interest from 1995 (less $25 million of refunds) provided $62 million for recognition by the company for 1997 and 1998. Revenues in 1997 and 1998 were lower by $5 million and $20 million, respectively, as a result of a temporary base rate reduction that was a component of the stipulations.

Based on FPSC decisions, the company recognized $27 million for 1997 and $24 million for 1998 of the revenues and interest deferred from 1995 and 1996. After recognizing $10 million of interest accrued over the deferral period, the FPSC ordered $11 million plus interest to be refunded to customers in 2000. In November 1999, FIPUG protested the FPSC decisions for both years and requested a hearing to review a wide range of costs incurred by the company over the two-year period. The FPSC ordered that the $11 million refund be withheld with interest until the protest was heard and resolved.

In August 2000, the FPSC approved a stipulation entered into between Tampa Electric, FIPUG and OPC that provided for a $13 million refund to customers from September through December 2000. This amount generally represented the $11 million refund amount previously determined plus interest.

As part of its series of agreements with OPC and FIPUG, Tampa Electric also agreed to refund 60 percent of 1999 revenues that contributed to an ROE in excess of 12 percent, as calculated and approved by the FPSC.

In October 2000, the FPSC staff recommended that Tampa Electric's 1999 refund be $6.1 million including interest, to be refunded to customers beginning Jan. 1, 2001. OPC objected to certain Tampa Electric interest expenses recognized in 1999 associated with prior tax positions and used to calculate the amount to be refunded. Following a review by the FPSC staff, the FPSC agreed in December 2000 that the original $6.1 million was to be refunded to customers. Tampa Electric agreed to begin the refund beginning as early as February 2001; however, on Feb. 7, 2001, OPC protested the FPSC's refund decision. The protest claims that the stipulations do not allow for the inclusion of the interest expenses on income tax positions in the refund calculations. Hearing dates to resolve the 1999 refund are scheduled for August 2001. The refund was expected by Tampa Electric and was appropriately accounted for in 1999 and 2000. This refund was the last issue remaining under the deferred revenue plan.

The regulatory arrangements described above covered periods that ended on Dec. 31, 1999. Tampa Electric's rates and its 11.75 percent allowed rate of return on common equity midpoint will continue in effect until such time as changes are occasioned by an agreement approved by FPSC or other FPSC actions as a result of rate or other proceedings initiated by Tampa Electric, FPSC staff or other interested parties. Tampa Electric believes that its currently allowed ROE range is reasonable based on the current interest rate environment and previous FPSC rulings.

Depreciation

The company provides for depreciation primarily by the straight-line method at annual rates that amortize the original cost, less net salvage, of depreciable property over its estimated service life. The provision for utility plant in service, expressed as a percentage of the original cost of depreciable property, was 4.1% for 2000, 4.0% for 1999 and 4.1% for 1998.

The original cost of utility plant retired or otherwise disposed of and the cost of removal less salvage are charged to accumulated depreciation.

Asset Impairment

The company periodically assesses whether there has been a permanent impairment of its long-lived assets and certain intangibles held and used by the company, in accordance with FAS 121, Accounting for the Impairment of Long-lived Assets and Long-Lived Assets to be Disposed of. No write-down of assets due to impairment was required in 2000 or 1999.

Reporting Comprehensive Income

The company has adopted FAS 130, Reporting Comprehensive Income. This standard requires that comprehensive income, which includes net income as well as certain changes in assets and liabilities recorded in common equity, be reported in the financial statements. There were no components of comprehensive income other than net income for the years ended Dec. 31, 2000 and 1999.

Reporting on the Costs of Start-up Activities

In 1999, the company adopted AICPA Statement of Position (SOP) 98-5, Reporting on the Costs of Start-up Activities. It requires costs of start-up activities and organization costs to be expensed as incurred. Start-up activities are broadly defined as those one-time activities related to events such as opening a new facility, conducting business in a new territory and organizing a new entity. Some costs, such as the costs of acquiring or constructing long-lived assets and bringing them into service, are not subject to SOP 98-5. The costs expensed in 2000 and 1999 in accordance with SOP 98-5 were not significant.

Accounting for Contracts Involved in Energy Trading and Risk Management Activities

In 1998, the FASB's Emerging Issues Task Force (EITF) released Issue 98-10, Accounting for Contracts Involved in Energy Trading and Risk Management Activities, effective for fiscal years beginning after Dec. 15, 1998. EITF 98-10 requires contracts for the purchase and sale of energy commodities that are determined to be trading activities or contracts as defined in the Issue, be valued at market on the balance sheet date, and the resulting gain or loss reflected in earnings. At Dec. 31, 2000 and 1999, the company did not have any contracts for the purchase or sale of energy that would be classified as trading activities as defined in EITF 98-10.

Deferred Income Taxes

The liability method is utilized in the measurement of deferred income taxes. Under the liability method, the temporary differences between the financial statement and tax bases of assets and liabilities are reported as deferred taxes measured at current tax rates. Tampa Electric and Peoples Gas System 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

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

Other Deferred Credits

Other deferred credits primarily include the accrued postretirement benefit liability and the pension liability.

Allowance for Funds Used During Construction (AFUDC)

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 rate used to calculate AFUDC is revised periodically to reflect significant changes in Tampa Electric's cost of capital. The rate was 7.79% for 2000, 1999 and 1998. Total AFUDC for 2000 and 1999 was $2.3 million and $1.8 million, respectively. There were no qualifying projects in 1998. The base on which AFUDC is calculated excludes construction work in progress which has been included in rate base.

Accounting for Derivative Instruments and Hedging

In 1998, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standard (FAS) 133, Accounting for Derivative Instruments and Hedging. This standard was initially to be effective for fiscal years beginning after June 15, 1999. In July 1999, the FASB delayed the effective date of this pronouncement until fiscal years beginning after June 15, 2000. The new standard requires an entity 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 fair value of those instruments as either components of comprehensive income or in net income, depending on the types of those instruments.

The company has completed the review and documentation of its derivative contracts, and found that such activity has been minimal and relatively short-term in duration From time to time, the company has entered into futures, swaps and options contracts to limit exposure to gas price increases. As of Dec. 31, 2000 the company did not have any derivative or hedging transactions in place that require an opening adjustment to the financial statements for Jan. 1, 2001. Management will continue to document all current, new and possible uses of derivatives, and develop procedures and methods for measuring them.

Reclassifications

Certain prior year amounts were reclassified to conform with current year presentation.

B. Common Stock

The company is a wholly owned subsidiary of TECO Energy, Inc.

	Common Stock		Issue	
(thousands)	Shares	Amount	Expense	Total
Balance Dec. 31, 1997	10	$ 972.8	$(0.7)	$ 972.1
Contributed capital from parent	-	54.0	--	54.0
Balance Dec. 31, 1998	10	1,026.8	(0.7)	1,026.1
Contributed capital from parent	-	17.0	--	17.0
Balance Dec. 31, 1999	10	1,043.8	(0.7)	1,043.1
Contributed capital from parent	-	105.0	--	105.0
Balance Dec. 31, 2000	10	$1,148.8	$(0.7)	$1,148.1

C. Retained Earnings

Tampa Electric's first mortgage bonds and certain of Peoples Gas System's long-term debt issues contain provisions that limit the dividend payment on the company's common stock. At Dec. 31, 2000, substantially all of the company's retained earnings were available for dividends on its common stock.

D. **Retirement Plan**

Tampa Electric is a participant in the comprehensive retirement plan of TECO Energy, including a non-contributory defined benefit retirement plan which covers substantially all employees. Benefits are based on employees' age, years of service and final average salary. Effective April 1, 2000, the plan was amended to provide for benefits to be earned and payable substantially on a lump sum basis through an age and service credit schedule for eligible participants leaving the company on or after July 1, 2001. Other significant provisions of the plan, such as eligibility, definitions of credited service, final average earnings, etc., remain largely unchanged. This amendment resulted in decreased pension expense of approximately $2.0 million in 2000 and a reduction of benefit obligation of $14.4 million at Dec. 31, 2000

TECO Energy's policy is to fund the plan within the guidelines set by ERISA for the minimum annual contribution and the maximum allowable as a tax deduction by the IRS. About 68 percent of plan assets were invested in common stocks and 32 percent in fixed income investments at Dec. 31, 2000.

Amounts prior to 1999 have been restated to include the unfunded obligations for the supplemental executive retirement plan, a non-qualified, non-contributory defined benefit retirement plan available to certain senior management. TECO Energy reported $2 million of comprehensive income in 2000 and $5.5 million of comprehensive loss in 1999 related to adjustments to the minimum pension liability associated with the supplemental executive retirement plan.

In 1997, the Financial Accounting Standards Board issued FAS 132, Employers' Disclosures about Pensions and Other Post Retirement Benefits. FAS 132 standardizes the disclosure requirements for pension and other postretirement benefits with additional information required on changes in the benefit obligations and fair values of plan assets.

Components of net pension expense, reconciliation of the funded status and the accrued pension liability are presented below for TECO Energy consolidated.

Components of Net Pension Expense (millions)	2000	1999	1998
Service cost (benefits earned during the period)	$10.7	$12.9	$11.7
Interest cost on projected benefit obligations	27.5	27.2	26.5
Expected return on plan assets	(40.8)	(34.6)	(31.5)
Amortization of:			
Unrecognized transition asset	(1.0)	(0.9)	(0.9)
Prior service cost	0.2	1.2	1.2
Actuarial (gain) loss	(5.6)	5.2	1.2
Net pension expense	(9.0)	11.0	8.2
Special termination benefit charge	1.1	--	0.7
Curtailment charge	--	--	(0.8)
Net pension expense recognized in the Consolidated Statements of Income (1)	$ (7.9)	$11.0	$ 8.1

(1) Tampa Electric Company's portion was ($9.4) million, $1.8 million and $2.1 million for 2000, 1999 and 1998, respectively.

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

	Dec. 31, 2000	Dec. 31, 1999
Project benefit obligation, beginning of year	$360.4	$414.9
Change in benefit obligation due to:		
Service cost	10.7	12.9
Interest cost	27.5	27.2
Actuarial (gain) loss	17.8	(68.1)
Plan Amendments	(14.4)	--
Special termination benefits	1.1	--
Gross benefits paid	(23.2)	(26.5)
Projected benefit obligation, end of year	379.9	360.4
Fair value of plan assets, beginning of year	512.1	468.7
Change in plan assets due to:		
Actual return on plan assets	6.2	65.3
Employer contributions	1.6	7.6
Gross benefits paid (including expenses)	(26.1)	(29.5)
Fair value of plan assets, end of year	493.8	512.1
Funded status, end of year	113.9	151.7
Unrecognized net actuarial gain	(127.8)	(188.6)
Unrecognized prior service cost	(3.3)	11.3
Unrecognized net transition asset	(4.7)	(5.7)
Accrued pension liability	$(21.9)	$(31.3)

Assumptions Used in Determining Actuarial Valuations

	2000	1999
Discount rate to determine projected benefit obligation	7.50%	7.75%
Rates of increase in compensation levels	3.3-5.3%	3.3-5.3%
Plan asset growth rate through time	9%	9%

E. Postretirement Benefit Plan

Tampa Electric Company currently provides certain postretirement health care benefits for substantially all employees retiring after age 55 meeting certain service requirements. The company contribution toward health care coverage for most employees retiring after Jan. 1, 1990 and before July 1, 2001, is limited to a defined dollar benefit based on years of service. Effective April 1, 2000, the company adopted changes to this program for participants retiring from the company on or after July 1, 2001, after age 50 that meet certain service requirements. The company 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. The impact of this amendment includes a change in the company's commitment for future retirees combined with a grandfathering provision for current retired participants which results in an increase in the benefit obligation of $22.9 million. Postretirement benefit levels are substantially unrelated to salary. Tampa Electric Company reserves the right to terminate or modify the plans in whole or in part at any time. Amounts prior to 1999 have been restated to include life insurance benefits.

Components of Postretirement Benefit Cost
(millions)

	2000	1999	1998
Service cost (benefits earned during the period)	$ 2.0	$ 2.2	$1.6
Interest cost on projected benefit obligations	7.0	5.2	4.8
Amortization of transition obligation (straight line over 20 years)	2.1	2.1	2.1
Amortization of prior service cost	1.5	0.5	0.5
Amortization of actuarial loss/(gain)	(0.2)	0.2	(0.1)
Special termination benefits	0.2	--	--
Additional amounts recognized	(0.2)	--	--
Net periodic Postretirement benefit expense	$12.4	$10.2	$8.9

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

	Dec. 31, 2000	Dec. 31, 1999
Accumulated postretirement benefit obligation, beginning of year	$ 71.1	$ 72.8
Change in benefit obligation due to:		
Service cost	2.0	2.2
Interest cost	7.0	5.2
Plan participants' contributions	0.9	0.3
Special termination benefits	0.2	--
Actuarial (gain) loss	6.8	(4.8)
Plan amendments	21.5	--
Gross benefits paid	(5.6)	(3.6)
Accumulated postretirement benefit obligation, end of year	$ 103.9	$ 71.1
Funded status, end of year	$(103.9)	$(71.1)
Unrecognized net loss from past experience	6.6	(0.5)
Unrecognized prior service cost	25.1	5.1
Unrecognized transition obligation	25.3	27.4
Liability for accrued postretirement benefit	$ (46.9)	$(39.1)

Assumptions Used in Determining Actuarial Valuations

	2000	1999
Discount rate to determine projected benefit obligation	7.5%	7.75%

The assumed health care cost trend rate for medical costs prior to age 65 was 7.25% in 2000 and decreases to 5.0% in 2002 and thereafter. The assumed health care cost trend rate for medical costs after age 65 was 6.25% in 2000 and decreases to 5.0% in 2002 and thereafter.

A 1-percent increase in the medical trend rates would produce a 10-percent ($0.9 million) increase in the aggregate service and interest cost for 2000 and a 9-percent ($8.9 million) increase in the accumulated postretirement benefit obligation as of Dec. 31, 2000.

A 1-percent decrease in the medical trend rates would produce an 8-percent ($0.8 million) decrease in the aggregate service and interest cost for 2000 and a 7-percent ($7.9 million) decrease in the accumulated postretirement benefit obligation as of Dec. 31, 2000.

F. Short-term Debt

Notes payable consisted primarily of commercial paper with weighted average interest rates of 6.53% and 5.95% at Dec. 31, 2000 and 1999, respectively. The carrying amount of notes payable approximated fair market value because of the short maturity of these instruments. Unused lines of credit at Dec. 31, 2000 were $230 million. Certain lines of credit require commitment fees of .05% on the unused balances.

G. Income Tax Expense

The company is included in the filing of a consolidated Federal income tax return with its parent and affiliates. The company's income tax expense is based upon a separate return computation. Income tax expense consists of the following components:

(millions)	Federal	State	Total
2000			
Currently payable	$128.3	$ 11.4	$139.7
Deferred	(42.5)	3.1	(39.4)
Amortization of investment tax credits	(4.6)	-	(4.4)
Total income tax expense	$ 81.4	$ 14.5	95.9
Included in other income, net			0.2
Included in operating expenses			$ 95.7
1999			
Currently payable	$ 89.2	$ 12.4	$101.6
Deferred	(16.2)	.5	(15.7)
Amortization of investment tax credits	(4.6)	-	(4.6)
Total income tax expense	$ 68.4	$ 12.9	81.3
Included in other income, net			(0.4)
Included in operating expenses			$ 81.7
1998			
Currently payable	$ 52.8	$ 9.3	$ 62.1
Deferred	24.7	3.8	28.5
Amortization of investment tax credits	(4.6)	-	(4.6)
Total income tax expense	$ 72.9	$ 13.1	86.0
Included in other income, net			(0.3)
Included in operating expenses			$ 86.3

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

(millions)	Dec. 31, 1999	Dec. 31, 1999
Deferred tax assets(1)		
Property related	$ 99.3	$ 94.3
Leases	4.2	4.5
Insurance reserves	14.7	12.4
Early capacity payments	2.2	2.2
Other	3.9	8.2
Total deferred income tax assets	124.3	121.6
Deferred income tax liabilities(1)		
Property related	(436.3)	(484.7)
Other	11.8	26.4
Total deferred income tax liabilities	(424.5)	(458.3)
Accumulated deferred income taxes	$(300.2)	$(336.7)

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

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

(millions)	2000	1999	1998
Net income	$166.3	$144.9	$146.4
Total income tax provision	95.9	81.3	86.0
Income before income taxes	$262.2	$226.2	$232.4
Income taxes on above at federal statutory rate of 35%	$ 91.7	$ 79.1	$ 81.3
Increase (decrease) due to			
State income tax, net of federal income tax	9.5	8.4	8.5
Amortization of investment tax credits	(4.4)	(4.6)	(4.6)
Equity portion of AFUDC	(0.5)	--	--
Other	(0.4)	(1.6)	0.8
Total income tax provision	$ 95.9	$ 81.3	$ 86.0
Provision for income taxes as a percent of income before income taxes	36.6%	35.9%	37.0%

H. Related Party Transactions (millions)

Net transactions with affiliates are as follows:

	2000	1999	1998
Fuel and interchange related, net	$181.6	$130.0	$149.6
Administrative and general, net	$ 32.7	$ 15.5	$ 13.5

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

	2000	1999
Accounts receivable	$ 14.3	$ 6.5
Accounts payable	$ 40.9	$ 28.1

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

I. Charges to earnings

In 1999 and 1998 the company recognized certain charges that were unusual and nonrecurring in nature.

1999 Charges

The charges in 1999 totaled $18.3 million pretax ($13.7 million after tax) and consisted of the following:

Tampa Electric recorded a charge of $10.5 million ($6.4 million after tax) based on FPSC audits of its 1997 and 1998 earnings, which among other things, limited its regulatory equity ratio to 58.7 percent, a decrease of 91 basis points and 224 basis points from 1997's and 1998's ratios, respectively.

Tampa Electric also recorded a charge of $3.5 million after tax, representing management's estimate of additional expense to resolve the litigation filed by the United States Environmental Protection Agency.

A net after-tax charge, after recovery under the then current regulatory agreement totaling $3.8 million was also recognized reflecting corporate income tax provisions and settlements related to prior years' tax returns.

1998 Charges

In 1998, Tampa Electric recognized charges totaling $16.9 million, pretax ($10.3 million, after tax). These charges consisted of the following:

The FPSC in September 1997 ruled that under the regulatory agreements effective through 1999 the costs associated with two long-term wholesale power sales contracts should be assigned to the wholesale jurisdiction and that for retail rate making purposes the costs transferred from retail to wholesale should reflect average costs rather than the lower incremental costs on which the two contracts are based. As a result of this decision and the related reduction of the retail rate base upon which Tampa Electric is allowed to earn a return, these contracts became uneconomic. One contract was terminated in 1997. As to the other contract, which expires in 2001, Tampa Electric entered into firm power purchase contracts with third parties to provide replacement power through 1999 and is no longer separating the associated generation assets from the retail jurisdiction. The cost of purchased power under these contracts exceeded the revenues expected through 1999. To reflect this difference, Tampa Electric recorded a $9.6 million charge ($5.9 million after tax) in 1998. In November 1999, the FPSC approved a company-proposed treatment for the remaining 14 ½ months of the contract that flows 100 percent of the revenues from the contract back to retail customers.

Tampa Electric also recorded a charge of $7.3 million ($4.4 million after tax) in other expense for an FPSC decision in 1998 denying recovery of certain BTU coal quality price adjustments for coal purchases from TECO Coal since 1993.

J. Commitments and Contingencies

Tampa Electric's capital investments are estimated to be $186 million in 2001 and $648 million for 2002 through 2005 for equipment and facilities to meet customer growth and generation reliability programs. Additionally, Tampa Electric is also expecting to spend $167 million in 2001 and $459 million during 2002-2005 to repower the Gannon Power Station and is forecasting $20 million in 2001 and $19 million during 2002-2005 to construct additional generation expansion. At the end of 2000, Tampa Electric had outstanding commitments of about $300 million primarily for the repowering project at Gannon Power Station.

Peoples Gas System's capital investments are estimated to be $73 million for 2001 and $251 million for 2002 through 2005 for infrastructure expansion to grow the customer base and normal asset replacement.

Tampa Electric Company is a potentially responsible party for certain superfund sites and, through its Peoples Gas System 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, Tampa Electric Company estimates its ultimate financial liability at approximately $22 million over the next 10 years. The environmental remediation costs associated with these sites have been recorded on the accompanying consolidated balance sheet and are not expected to have a significant impact on customer prices.

K. Segment Information

Tampa Electric Company 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 568,000 customers in West Central Florida. Its Peoples Gas System division is engaged in the purchase, distribution and marketing of natural gas for more than 262,000 residential, commercial, industrial and electric power generation customers in the State of Florida. FAS 131 was adopted in 1998, and all prior years presented here have been restated to conform to the requirements of FAS 131.

(millions)	Revenues	Income From Operations(1)	Net Income	Depreciation	Assets at Dec. 31,	Capital Expenditures for the Year
2000						
Tampa Electric	$1,353.8 (2)	$211.0 (4)	$144.5(6)	$161.6	$3,014.2	$267.1
Peoples Gas System	314.5	33.8	21.8	25.7	535.6	82.2
Other and eliminations	(0.9)	--	--	--	--	--
Tampa Electric Company	$1,667.4	$244.8	$166.3	$187.4	$3,549.8	$349.3
1999						
Tampa Electric	$1,199.8(2)(3)(4)	$195.0 (4)	$138.8(6)	$147.6	$2,889.4	$228.7
Peoples Gas System	251.7	30.5	19.8	23.1	433.1	77.8
Other and eliminations	(0.6)	--	--	--	--	--
Charges (see Note I)	7.9	7.9	(13.7)	--	--	--
Tampa Electric Company	$1,458.8	$233.4	$144.9	$170.7	$3,322.5	$306.5
1998						
Tampa Electric	$1,234.6 (2)(3)	$203.4 (5)	$141.2(6)	$146.1	$2,770.9	$176.2
Peoples Gas System	252.8	25.8	15.5	21.1	375.6	55.9
Charges (see Note I)	--	(9.6)	(10.3)	--	--	--
Tampa Electric Company	$1,487.4	$219.6	$146.4	$167.2	$3,146.5	$232.1

(1) Operating income is net of income tax expense. Total income tax expense was $95.8 million, $81.7 million and $86.3 million in 2000, 1999 and 1998, respectively.
(2) Revenues from sales to affiliates were $32.3 million, $24.1 million and $23.2 million in 2000, 1999 and 1998, respectively.
(3) Revenues shown in 1999 include the reversal of previously deferred revenue of $11.9 million. Revenues shown in 1998 include the recognition of previously deferred revenue of $38.3 million.
(4) Revenues and Operating income as shown for 1999 exclude a $7.9 million credit resulting from a non-recurring charge. See Note I.
(5) Operating income excludes a non-recurring pretax charge of $9.6 million in 1998. See Note I.
(6) Net income excludes non-recurring after tax charges totaling $13.7 million and $10.3 million in 1999 and 1998, respectively. See Note I.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

During the period Jan. 1, 1999 to the date of this report, the company has not had and has not filed with the Commission a report as to any changes in or disagreements with accountants on accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements - See index on page 21.
2. Financial Statement Schedules - See index on page 21.

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
For the Years ended Dec. 31, 2000, 1999 and 1998
(millions)

	Balance at Beginning of Period	Additions		Deductions(1)	Balance at End of Period
		Charged to Income	Other Charges		
Allowance for Uncollectible Accounts:					
2000	$ 1.1	$ 5.6	$ --	$ 4.7	$ 2.0
1999	0.6	5.7	--	5.2	1.1
1998	0.9	4.5	--	4.8	0.6

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(1) Write-off of individual bad debt accounts

3. Exhibits

*3.1	Articles of Incorporation (Exhibit 3.1 to Registration Statement No. 2-70653).
*3.2	Bylaws, as amended, effective April 16, 1997 (Exhibit 3, Form 10-Q for the quarter ended June 30, 1997 of Tampa Electric Company).
*4.1	Indenture of Mortgage among Tampa Electric Company, State Street Trust Company and First Savings & Trust Company of Tampa, dated as of Aug. 1, 1946 (Exhibit 7-A to Registration Statement No. 2-6693).
*4.2	Thirteenth Supplemental Indenture, dated as of Jan. 1, 1974, to Exhibit 4.1 (Exhibit 2-g-1, Registration Statement No. 2-51204).
*4.3	Sixteenth Supplemental Indenture, dated as of Oct. 30, 1992, to Exhibit 4.1 (Exhibit 4.1, Form 10-Q for the quarter ended Sept. 30, 1992 of Tampa Electric Company).
*4.4	Eighteenth Supplemental Indenture, dated as of May 1, 1993, to Exhibit 4.1 (Exhibit 4.1, Form 10-Q for the quarter ended June 30, 1993).
*4.5	Installment Purchase and Security Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of March 1, 1972 (Exhibit 4.9, Form 10-K for 1986 of Tampa Electric Company).
*4.6	First Supplemental Installment Purchase and Security Contract, dated as of Dec. 1, 1974 (Exhibit 4.10, Form 10-K for 1986 of Tampa Electric Company).
*4.7	Third Supplemental Installment Purchase Contract, dated as of May 1, 1976 (Exhibit 4.12, Form 10-K for 1986 of Tampa Electric Company).
*4.8	Installment Purchase Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of Aug. 1, 1981 (Exhibit 4.13, Form 10-K for 1986 of Tampa Electric Company).
*4.9	Amendment to Exhibit A of Installment Purchase Contract, dated as of April 7, 1983 (Exhibit 4.14, Form 10-K for 1989 of Tampa Electric Company).
*4.10	Second Supplemental Installment Purchase Contract, dated as of June 1, 1983 (Exhibit 4.11, Form 10-K for 1994 of Tampa Electric Company).
*4.11	Third Supplemental Installment Purchase Contract, dated as of Aug. 1, 1989 (Exhibit 4.16, Form 10-K for 1989 of Tampa Electric Company).
*4.12	Installment Purchase Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of Jan. 31, 1984 (Exhibit 4.13, Form 10-K for 1993 of Tampa Electric Company).
*4.13	First Supplemental Installment Purchase Contract, dated as of Aug. 2, 1984 (Exhibit 4.14, Form 10-K for 1994 of Tampa Electric Company).
*4.14	Second Supplemental Installment Purchase Contract, dated as of July 1, 1993 (Exhibit 4.3, Form 10-Q for the quarter ended June 30, 1993).
*4.15	Loan and Trust Agreement among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NCNB National Bank of Florida, dated as of Sept. 24, 1990 (Exhibit 4.1, Form 10-Q for the quarter ended Sept. 30, 1990 of Tampa Electric Company).
*4.16	Loan and Trust Agreement among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee, dated as of Oct. 26, 1992 (Exhibit 4.2, Form 10-Q for the quarter ended Sept. 30, 1992 of Tampa Electric Company
*4.17	Loan and Trust Agreement among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee, dated as of June 23, 1993 (Exhibit 4.2, Form 10-Q for the quarter ended June 30, 1993 of Tampa Electric Company).
*4.18	Loan and Trust Agreement, among the Polk County Industrial Development Authority, Tampa Electric Company and the Bank of New York, as trustee, dated as of Dec. 1, 1996 (Exhibit 4.18, Form 10-K for 1996 of Tampa Electric Company).
*4.19	Indenture between Tampa Electric Company and The Bank of New York as trustee, dated as of July 1, 1998 (Exhibit 4.1 to Registration Statement No. 333-55873)
*4.20	First Supplemental Indenture between Tampa Electric Company and The Bank of New York as trustee, dated as of July 15, 1998 (Exhibit 4.1, Form 8-K dated July 28, 1998 of Tampa Electric Company).
*4.21	Second Supplemental Indenture between Tampa Electric Company and The Bank of New York, dated as of Aug. 15, 2000 (Exhibit 4.1, form 8-K dated Aug. 22, 2000 of Tampa Electric Company).
*10.1	TECO Energy Group Supplemental Executive Retirement Plan, as amended and restated as of Oct. 16, 1996 (Exhibit 10.3, Form 10-K for 1996 of Tampa Electric Company).
*10.2	TECO Energy Group Supplemental Retirement Benefits Trust Agreement, as amended and restated as of Jan. 15, 1997 (Exhibit 10.4, Form 10-K for 1996 of Tampa Electric Company).

*10.3	Annual Incentive Compensation Plan for TECO Energy and subsidiaries, as revised Jan. 20, 1999. (Exhibit 10.4, Form 10-K for 1998 of Tampa Electric Company)
*10.4	TECO Energy, Inc. Group Supplemental Disability Income Plan, dated as of March 20, 1989 (Exhibit 10.19, Form 10-K for 1988 of Tampa Electric Company).
*10.5	Forms of Severance Agreements between TECO Energy, Inc. and certain officers, as amended and restated as of Oct. 22, 1999 (Exhibit 10.5, Form 10-K for 1999 of Tampa Electric Company).
*10.6	TECO Energy, Inc. 1991 Director Stock Option Plan as amended on Jan. 21, 1992 (Exhibit 10.20, Form 10-K for 1991 of Tampa Electric Company).
*10.7	Supplemental Executive Retirement Plan for H.L. Culbreath, as amended on April 27, 1989 (Exhibit 10.14, Form 10-K for 1989 of TECO Energy, Inc.).
*10.8	TECO Energy Directors' Deferred Compensation Plan, as amended and restated effective April 1, 1994 (Exhibit 10.1, Form 10-Q for the quarter ended March 31, 1994 of Tampa Electric Company).
*10.9	TECO Energy Group Retirement Savings Excess Benefit Plan, as amended and restated effective as of July 15, 1998. (Exhibit 10.13, Form 10-K for 1998 of Tampa Electric Company).
*10.10	Form of Nonstatutory Stock Option under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 1996 of Tampa Electric Company).
*10.11	Form of Amendment to Nonstatutory Stock Option, dated as of July 15, 1998, under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.3, Form 10-Q for the quarter ended Sept. 30, 1998 of Tampa Electric Company).
*10.12	Form of Nonstatutory Stock Option under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.5, Form 10-Q for the quarter ended June 30, 1999 of Tampa Electric Company).
*10.13	Form of Restricted Stock Agreement between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 1998 of Tampa Electric Company).
*10.14	Form of Amendment to Restricted Stock Agreements, dated as of July 15, 1998, between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.2, Form 10-Q for the quarter ended Sept. 30, 1998 of Tampa Electric Company).
*10.15	TECO Energy, Inc. 1997 Director Equity Plan (Exhibit 10.1, Form 8-K dated April 16, 1997 of Tampa Electric Company).
*10.16	Form of Nonstatutory Stock Option under the TECO Energy, Inc. 1997 Director Equity Plan (Exhibit 10, Form 10-Q for the quarter ended June 30, 1997 of Tampa Electric Company).
*10.17	Supplemental Executive Retirement Plan for R. D. Fagan as of May 24, 1999 (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 1999 of Tampa Electric Company).
*10.18	Terms of R. D. Fagan's employment, dated as of May 24, 1999 (Exhibit 10.2, Form 10-Q for the quarter ended June 30, 1999 of Tampa Electric Company).
*10.19	Nonstatutory Stock Option granted to R. D. Fagan, dated as of May 24, 1999 (Exhibit 10.3, Form 10-Q for the quarter ended June 30, 1999 of Tampa Electric Company).
*10.20	Restricted Stock Agreement between TECO Energy, Inc. and R. D. Fagan, dated as of May 24, 1999 (Exhibit 10.4, Form 10-Q for the quarter ended June 30, 1999 of Tampa Electric Company).
*10.21	Form of Performance Shares Agreement between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan. (Exhibit 10.2, Form 10-Q for the quarter ended June 30, 2000 of Tampa Electric Company).
*10.22	Form of Replacement Performance Shares Agreement between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan. (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 2000 of Tampa Electric Company).
12.	Ratio of earnings to fixed charges.
23.	Consent of Independent Certified Public Accountants.
24.1	Power of Attorney.
24.2	Certified copy of resolution authorizing Power of Attorney.
27.	Financial Data Schedule (EDGAR filing only).

* Indicates exhibit previously filed with the Securities and Exchange Commission and incorporated herein by reference. Exhibits filed with periodic reports of Tampa Electric Company and TECO Energy, Inc. were filed under Commission File Nos. 1-5007 and 1-8180, respectively.

Certain instruments defining the rights of holders of long-term debt of Tampa Electric Company authorizing in each case a total amount of securities not exceeding 10 percent of total assets on a consolidated basis are not filed herewith. Tampa Electric Company will furnish copies of such instruments to the Securities and Exchange Commission upon request.

Executive Compensation Plans and Arrangements

Exhibits 10.1 through 10.22 above are management contracts or compensatory plans or arrangements in which executive officers or directors of TECO Energy, Inc. and its subsidiaries participate.

(b) **Reports on Form 8-K**

Tampa Electric Company did not file any reports on Form 8-K during the last quarter of 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 28th day of March, 2001.

TAMPA ELECTRIC COMPANY

By R. D. FAGAN*
R. D. FAGAN, Chairman of the Board,
Director and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on March 28, 2001:

Signature	Title
R. D. FAGAN* R. D. FAGAN	Chairman of the Board, Director and Chief Executive Officer (Principal Executive Officer)
/s/ G. L. GILLETTE G. L. GILLETTE	Vice President-Finance and Chief Financial Officer (Principal Financial Officer)
P. L. BARRINGER* P. L. BARRINGER	Vice President-Controller (Principal Accounting Officer)

Signature	Title	Signature	Title
C. D. AUSLEY* C. D. AUSLEY	Director	W. D. ROCKFORD* W. D. ROCKFORD	Director
S. L. BALDWIN* S. L. BALDWIN	Director	W. P. SOVEY* W. P. SOVEY	Director
H. L. CULBREATH* H. L. CULBREATH	Director	J. T. TOUCHTON* J. T. TOUCHTON	Director
J. L. FERMAN, JR.* J. L. FERMAN, JR.	Director	J. A. URQUHART* J. A. URQUHART	Director
L. GUINOT, JR.* L. GUINOT, JR.	Director	J. O. WELCH, JR.* J. O. WELCH, JR.	Director
T. L. RANKIN* T. L. RANKIN	Director		

*By: /s/ G. L. GILLETTE
G. L. GILLETTE, Attorney-in-fact

Supplemental Information to Be Furnished With Reports Filed Pursuant to Section 15(d) of the Act by Registrants Which Have Not Registered Securities Pursuant to Section 12 of the Act

No annual report or proxy material has been sent to Tampa Electric Company's security holders, since all of its equity securities are held by TECO Energy, Inc.

INDEX TO EXHIBITS

Exhibit No.	Description	Page No.
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10.13	Form of Restricted Stock Agreement between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 1998 of Tampa Electric Company).	*
10.14	Form of Amendment to Restricted Stock Agreements, dated as of July 15, 1998, between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.2, Form 10-Q for the quarter ended Sept. 30, 1998 of Tampa Electric Company).	*
10.15	TECO Energy, Inc. 1997 Director Equity Plan (Exhibit 10, Form 10-Q for the quarter ended June 30, 1997 of Tampa Electric Company).	*
10.16	Form of Nonstatutory Stock Option under the TECO Energy, Inc. 1997 Director Equity Plan (Exhibit 10, Form 10-Q for the quarter ended June 30, 1997 of Tampa Electric Company).	*
10.17	Supplemental Executive Retirement Plan for R. D. Fagan as of May 14, 1999 (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 1999 of Tampa Electric Company).	*
10.18	Terms of R. D. Fagan's employment, dated as of May 24, 1999 (Exhibit 10.2, Form 10-Q for the quarter ended June 30, 1999 of Tampa Electric Company).	*
10.19	Nonstatutory Stock Option granted to R. D. Fagan, dated as of May 24, 1999 (Exhibit 10.3, Form 10-Q for the quarter ended June 30, 1999 of Tampa Electric Company).	*
10.20	Restricted Stock Agreement between TECO Energy, Inc. And R. D. Fagan, dated as of May 24, 1999. (Exhibit 10.4, Form 10-Q for the quarter ended June 30, 1999 of Tampa Electric Company).	*
10.21	Form of Performance Shares Agreement between TECO Energy, Inc. and certain officers under the TECO Energy, Inc. 1996 Equity Incentive Plan (Exhibit 10.26, Form 10-Q for the quarter ended June 30, 2000 of Tampa Electric Company).	*
10.22	Form of Replacement Performances Shares Agreement between TECO Energy, Inc. and certain officers officers under the TECO Energy, Inc. 1996 Equity Incentive Plan. (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 2000 of Tampa Electric Company).	*

12.	Ratio of earnings to fixed charges.	[ ]
23.	Consent of Independent Certified Public Accountants.	[ ]
24.1	Power of Attorney.	[ ]
24.2	Certified copy of resolution authorizing Power of Attorney.	[ ]

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* Indicates exhibit previously filed with the Securities and Exchange Commission and incorporated herein by reference. Exhibits filed with periodic reports of Tampa Electric Company and TECO Energy, Inc. were filed under Commission File Nos. 1-5007 and 1-8180, respectively.

Exhibit 12

TAMPA ELECTRIC COMPANY

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the company's ratio of earnings to fixed charges for the periods indicated.

Year Ended December 31,				
2000	1999	1998	1997(3)	1996(3)
4.14x	3.82x(1)	4.51x(2)	4.38x	4.40x

For the purposes of calculating these ratios, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals and preferred stock dividend requirements.

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(1) Includes the effect of one-time, pretax charges totaling $18.3 million. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61x for the year ended Dec. 31, 1999.

(2) Includes the effect of one-time, pretax charges totaling $16.9 million. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66x for the year ended Dec. 31, 1998.

(3) Amounts have been restated to reflect the merger of Peoples Gas System, Inc., with and into Tampa Electric Company.

EXHIBIT B-1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

__X__ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended Sept. 30, 2000

OR

___ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period _____ to _____

Commission File Number 1-5007

TAMPA ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

FLORIDA (State or other jurisdiction of incorporation or organization)	**59-0475140** (I.R.S. Employer Identification Number)
702 N. Franklin Street, Tampa, Florida (Address of principal executive offices)	**33602** (Zip Code)

Registrant's telephone number, including area code: **(813) 228-4111**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES _X_ NO _

Number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (Oct. 31, 2000):

Common Stock, Without Par Value 10

The registrant meets the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.

Index to Exhibits Appears on Page 17

PART I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments which are of a recurring nature and necessary to present fairly the financial position of Tampa Electric Company as of Sept. 30, 2000 and 1999, and the results of operations and cash flows for the three- and nine-month periods ended Sept. 30, 2000 and 1999. The results of operations for the three- and nine-month periods ended Sept. 30, 2000 are not necessarily indicative of the entire fiscal year ending Dec. 31, 2000. Reference should be made to the explanatory notes affecting the income and balance sheet accounts contained in Tampa Electric Company's Annual Report on Form 10-K for the year ended Dec. 31, 1999 and to the notes on pages 7 and 8 of this report.

CONSOLIDATED BALANCE SHEETS
unaudited
(in millions)

	Sept. 30, 2000	Dec. 31, 1999
Assets		
Property, plant and equipment, at original cost		
Utility plant in service		
Electric	$4,011.4	$3,892.1
Gas	641.5	590.0
Construction work in progress	101.7	81.6
	4,754.6	4,563.7
Accumulated depreciation	(1,898.9)	(1,818.7)
	2,855.7	2,745.0
Other property	8.5	7.9
	2,864.2	2,752.9
Current assets		
Cash and cash equivalents	1.1	26.1
Receivables, less allowance for uncollectibles	192.2	147.1
Inventories, at average cost		
Fuel	63.0	73.2
Materials and supplies	50.9	49.0
Prepayments	15.9	10.9
	323.1	306.3
Deferred debits		
Unamortized debt expense	13.3	14.2
Deferred income taxes	125.9	121.6
Regulatory asset - tax related	41.4	42.9
Other	98.9	84.6
	279.5	263.3
	$3,466.8	$3,322.5
Liabilities and Capital		
Capital		
Common stock	$1,148.1	$1,043.1
Retained earnings	323.6	283.9
	1,471.7	1,327.0
Long-term debt, less amount due within one year	790.0	690.3
	2,261.7	2,017.3
Current Liabilities		
Long-term debt due within one year	55.2	84.8
Notes payable	104.7	271.2
Accounts payable	174.1	163.8
Customer deposits	81.5	79.9
Interest accrued	36.6	12.9
Taxes accrued	139.6	30.9
	591.7	643.5
Deferred credits		
Deferred income taxes	412.7	458.3
Investment tax credits	37.1	40.5
Regulatory liability-tax related	50.8	56.1
Other	112.8	106.8
	613.4	661.7
	$3,466.8	$3,322.5

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
unaudited
(in millions)

For the three months ended Sept. 30,	2000	1999
Revenues		
Electric	$ 391.6	$ 366.2
Gas	72.0	57.2
	463.6	423.4
Operating expenses		
Operation		
Fuel	80.4	89.7
Purchased power	75.6	48.2
Natural gas sold	38.5	26.3
Other	56.6	54.2
Maintenance	20.6	21.3
Depreciation	46.8	42.7
Taxes-Federal and state income	33.8	28.1
Taxes-Other than income	29.6	30.0
	381.9	340.5
Operating Income	81.7	82.9
Other income (expense)	1.3	(9.3)
Income before interest charges	83.0	73.6
Interest charges		
Interest on long-term debt	12.9	12.9
Other interest	12.1	15.4
	25.0	28.3
Net Income	$ 58.0	$ 45.3

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
unaudited
(in millions)

For the nine months ended Sept. 30,	2000	1999
Revenues		
Electric	$ 1,024.2	$ 931.2
Gas	230.1	185.1
	1,254.3	1,116.3
Operating expenses		
Operation		
Fuel	244.6	227.2
Purchased power	143.2	109.8
Natural gas sold	115.2	79.0
Other	174.8	159.7
Maintenance	80.1	65.3
Depreciation	135.6	127.2
Taxes-Federal and state income	77.7	70.9
Taxes-Other than income	91.0	90.5
	1,062.2	929.6
Operating Income	192.1	186.7
Other income (expense)	2.4	(8.8)
Income before interest charges	194.5	177.9
Interest charges		
Interest on long-term debt	38.2	38.5
Other interest	21.5	21.2
	59.7	59.7
Net Income	$ 134.8	$ 118.2

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
unaudited
(in millions)

For the nine months ended Sept. 30,	2000	1999
Cash flows from operating activities		
Net income	$ 134.8	$ 118.2
Adjustments to reconcile net income to net cash		
Depreciation	135.6	127.2
Deferred income taxes	(53.6)	(8.4)
Investment tax credits, net	(3.4)	(3.4)
Allowance for funds used during construction	(1.9)	(0.8)
Deferred revenue	--	9.0
Deferred recovery clause	(31.9)	(29.7)
Refund to customers	(3.8)	--
Charges, pretax	--	14.8
Receivables, less allowance for uncollectibles	(45.1)	(31.2)
Inventories	8.3	13.9
Taxes accrued	108.7	67.1
Interest accrued	23.7	1.3
Accounts payable	10.3	(37.7)
Other	25.6	14.1
	307.3	254.4
Cash flows from investing activities		
Capital expenditures	(248.1)	(214.8)
Allowance for funds used during construction	1.9	0.8
	(246.2)	(214.0)
Cash flows from financing activities		
Proceeds from contributed capital from parent	105.0	12.0
Proceeds from long-term debt	154.5	--
Repayment of long-term debt	(84.0)	(3.8)
Net increase (decrease) in short-term debt	(166.5)	43.4
Payment of dividends	(95.1)	(94.1)
	(86.1)	(42.5)
Net increase (decrease) in cash and cash equivalents	(25.0)	(2.1)
Cash and cash equivalents at beginning of period	26.1	0.8
Cash and cash equivalents at end of period	$ 1.1	$ (1.3)

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Tampa Electric Company (the company) is a wholly owned subsidiary of TECO Energy, Inc.

B. The company has made certain commitments in connection with its continuing construction program. Total construction expenditures during 2000 are estimated to be $268 million for its electric division (referred to as Tampa Electric) and $78 million for its natural gas division (referred to as Peoples Gas System).

Tampa Electric Company is a potentially responsible party for certain superfund sites and, through its Peoples Gas System 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, the company estimates its ultimate financial liability at approximately $20 million over the next 10 years. The environmental remediation costs associated with these sites are not expected to have a significant impact on customer prices.

C. Revenues reflected the reversal of $2.8 million of revenues previously deferred for future refund to customers for the three-month period ended Sept. 30, 1999, and the deferral for refund to customers of $1.1 million in the nine-month period ended Sept. 30, 1999, associated with 1999 earnings at Tampa Electric. These deferred revenues resulted from Tampa Electric's regulatory agreement that ended on Dec. 31, 1999. On Aug. 1, 2000, the FPSC approved a stipulation entered into by the Office of Public Counsel (OPC), Florida Industrial Power Users Group (FIPUG), and Tampa Electric settling the deferred revenue refund amount for 1997 and 1998. Tampa Electric began a $13 million refund to its customers on Sept. 1, 2000 which will continue until Dec. 31, 2000. The amount of this refund is essentially the same as the amount originally approved by the FPSC for the years 1997 and 1998. On Oct. 12, 2000, the FPSC staff issued its recommendation for the 1999 refund amount of $6.1 million. OPC disagreed with the staff's recommendation stating, that the refund should be $8.3 million higher as a result of corporate income tax provisions and settlements related to prior years' tax returns. Tampa Electric estimates the refund to be $4.3 million. The final decision may not be made until 2001.

D. In the third quarter of 1999, the company recognized certain charges totaling $10.2 million after tax at the electric division. A one-time charge of $10.5 million ($6.4 million after-tax), was recorded based on Florida Public Service Commission (FPSC) audits of Tampa Electric's 1997 and 1998 earnings, which among other things, limited its equity ratio to 58.7 percent, a decrease of 91 basis points and 224 basis points from 1997's and 1998's ratios, respectively. The company also recorded a one-time after-tax charge of $3.8 million in the third quarter of 1999 reflecting corporate income tax provisions and settlements related to prior years' tax returns.

E. On Aug. 21, 2000, Tampa Electric Company issued $150 million of Reset Put Securities (the Tampa Electric Notes) due 2015. The Tampa Electric Notes are subject to mandatory tender on Sept. 1, 2002, at which time they will be remarketed or redeemed. The coupon rate for the initial term is 7.375%. If the remarketing agent appointed by Tampa Electric Company in connection with the issue of the Tampa Electric Notes exercises its right to purchase the Tampa Electric Notes on Sept. 1, 2002, for the following ten years the Tampa Electric Notes will bear interest at an annual rate of 5.75% plus a premium based on Tampa Electric Company's then current credit spread above United States Treasury Notes with ten years to maturity. Otherwise, the Tampa Electric Notes may be remarketed for periods selected by Tampa Electric Company at fixed or floating market rates of interest. Net proceeds to Tampa Electric Company were 102.8 percent of the principal amount and included a premium paid to Tampa Electric Company by the remarketing agent for the right to purchase the Tampa Electric Notes in 2002 which is being amortized over two years. Proceeds from the Tampa Electric Note issuance were used to repay short-term debt and for general corporate purposes.

F. **Contribution by operating division**
(in millions)

	Revenues	Operating Income	Net Income
Three Months Ended Sept. 30, 2000			
Electric division (1)	$ 391.8	$ 75.8	$ 54.7
Peoples Gas System (3)	72.0	5.9	3.3
	463.8	81.7	58.0
Other and eliminations	(0.2)	--	--
Tampa Electric Company	$ 463.6	$ 81.7	$ 58.0
Three Months Ended Sept. 30, 1999			
Electric division (1) (2) (4)	$ 358.6	$ 65.5	$ 53.0
Peoples Gas System (3)	57.2	4.9	2.5
	415.8	70.4	55.5
Other and eliminations (5)	7.6	12.5	(10.2)
Tampa Electric Company	$ 423.4	$ 82.9	$ 45.3
Nine Months Ended Sept. 30, 2000			
Electric division (1)	$1,024.8	$ 167.6	$ 118.9
Peoples Gas System (3)	230.1	24.5	15.9
	1,254.9	192.1	134.8
Other and eliminations	(0.6)	--	--
Tampa Electric Company	$1,254.3	$ 192.1	$ 134.8
Nine Months Ended Sept. 30, 1999			
Electric division (1) (2) (4)	$ 923.8	$ 153.1	$ 115.1
Peoples Gas System (3)	185.1	21.1	13.3
	1,108.9	174.2	128.4
Other and eliminations (5)	7.4	12.5	(10.2)
Tampa Electric Company	$1,116.3	$ 186.7	$ 118.2

(1) Operating income is net of income tax expense of $32.2 million and $68.2 million, respectively, for the three and nine months ended Sept. 30, 2000, and $26.7 million and $62.3 million, respectively, for the three and nine months ended Sept. 30, 1999.

(2) The electric division revenues reflect the reversal of $2.8 million of previous deferrals for refund to customer for the three-month period ended Sept. 30, 1999, and deferral of $1.1 million for the nine months ended Sept. 30, 1999. (See Note C on page 7.)

(3) Operating income is net of income tax expense of $1.6 million and $9.5 million, respectively, for the three and nine months ended Sept. 30, 2000, and $1.5 million and $8.6 million, respectively, for the three and nine months ended Sept. 30, 1999.

(4) Revenues and operating income exclude a $7.9 million benefit related to the charges discussed in Note D on page 7. Net income excludes the after-tax impact of the charges totaling $10.2 million, as discussed in Note D on page 7.

(5) After-tax charges for the three- and nine-month periods ended Sept. 30, 1999 totaled $10.2 million as discussed in Note D on page 7. The $3.8 million of corporate income tax settlements and provisions included a $7.9 million benefit to revenues.

Item 2. Management's Narrative Analysis of Results of Operations

This Quarterly Report on Form 10-Q contains forward-looking statements which are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results to differ materially from those projected in these forward-looking statements include the following: interest rates and other factors that could impact Tampa Electric Company's ability to obtain access to sufficient capital on satisfactory terms; general economic conditions, particularly those in Tampa Electric's service area affecting energy sales; weather variations affecting energy sales and operating costs; potential competitive changes in the electric and gas industries, particularly in the area of retail competition; regulatory actions affecting Tampa Electric and Peoples Gas System; commodity price changes affecting the competitive positions of Tampa Electric and Peoples Gas System; and changes in and compliance with environmental regulations that may impose additional costs or curtail some activities. Some of these factors are discussed more fully under "Investment Considerations" in TECO Energy's Annual Report on Form 10-K for the year ended Dec. 31, 1999, and reference is made thereto.

Results of Operations

Three Months Ended Sept. 30, 2000:

Tampa Electric Company's net income for the quarter ended Sept. 30, 2000 was $58.0 million, up from $55.5 million recorded before charges for the three-month period ended Sept. 30, 1999. The third quarter 1999 net income including charges of $10.2 million was $45.3 million. These charges are discussed in Note D on page 7. The 4 percent increase over last year's net income reflects the continued strong customer growth at Tampa Electric and Peoples Gas System.

Tampa Electric Company - Electric division (Tampa Electric)

Tampa Electric's net income for the third quarter was $54.7 million, compared with $53.0 million excluding charges, for the same period last year. Net income for 1999 including the charges discussed in note D on page 7 was $42.8 million. The company showed improved results from strong customer growth of more than 3 percent and energy sales growth of 3 percent. Expenses for the three months ended Sept. 30, 2000 reflected higher depreciation due to the scrubber addition at Big Bend. Purchased power costs were higher than last year primarily due to unit availability decreases as a result of the outage at Gannon 6. Also included in Tampa Electric's third quarter 2000 results was a $4.5 million after-tax provision for interest associated with income tax disputes. A summary of the operating statistics for the three months ended Sept. 30, 2000 and 1999 is below:

(in millions, except average customers)	Operating Revenues			Kilowatt-hour sales		
Three Months Ended Sept. 30,	**2000**	**1999**	**Change**	**2000**	**1999**	**Change**
Residential	$186.8	$174.2	7.3%	2,251.0	2,224.8	1.2%
Commercial	104.9	96.3	8.9%	1,531.2	1,507.5	1.6%
Industrial - Phosphate	17.0	17.7	-4.2%	295.4	301.3	-1.9%
Industrial - Other	16.7	15.4	9.1%	275.1	263.4	4.4%
Other sales of electricity	25.0	23.3	7.2%	353.8	350.8	0.8%
Deferred and other revenues	1.4	6.0	-77.1%	--	--	--
	351.8	332.9	5.7%	4,706.5	4,647.8	1.3%
Sales for resale	32.0	26.3	21.7%	764.2	664.7	15.0%
Other operating revenue	8.0	7.3	8.8%	--	--	--
	$391.8	$366.5	6.9%	5,470.7	5,312.5	3.0%
Average customers	560.5	543.3	3.2%			
System Net Input				5,071.8	4,975.4	1.9%

Tampa Electric - Natural gas division (Peoples Gas System)

Peoples Gas System (PGS) reported net income of $3.3 million for the quarter, compared with $2.5 million last year. The increase was primarily driven by customer growth of almost 5 percent, along with commercial gas sales to new customers in Southwest Florida and increased volumes for electric power generators. A summary of the operating statistics for the three months ended Sept. 30, 2000 and 1999 is below:

(in millions, except average customers)	Operating Revenues			Therms		
Three Months Ended Sept. 30,	2000	1999	Change	2000	1999	Change
By Customer Segment:						
Residential	$12.5	$11.4	9.7%	8.0	8.2	-1.6%
Commercial	32.4	27.4	18.4%	61.9	63.1	-1.9%
Industrial	2.6	2.9	-9.0%	59.2	61.0	-2.9%
Off system sales	14.5	7.1	--	30.0	23.6	26.7%
Power generation	2.6	2.6	-3.5%	126.4	121.4	4.1%
Other revenues	7.4	5.8	28.5%	--	--	--
	$72.0	$57.2	25.8%	285.5	277.3	3.0%
By Sales Type:						
System supply	$53.6	$40.1	33.8%	72.0	66.0	9.1%
Transportation	11.0	11.3	-3.6%	213.5	211.3	1.1%
Other revenues	7.4	5.8	28.5%	--	--	--
	$72.0	$57.2	25.8%	285.5	277.3	3.0%
Average customers	257.4	246.2	4.6%			

Other

In the third quarter of 1999, Tampa Electric recorded a $10.0 million pretax charge to Other Income (Expense) related to FPSC audits of years 1997 and 1998. (See Note D on page 7.)

Allowance for other funds used during construction (AFUDC) was $0.6 million for the three months ended Sept. 30, 2000 and 1999. AFUDC is expected to increase over the next several years reflecting Tampa Electric's generation expansion activities.

Interest charges were $25.0 million for the three months ended Sept. 30, 2000 compared to $28.3 million for the same period in 1999. Financing costs for the third quarter of 2000 reflected higher borrowing levels and higher interest rates. Third quarter 2000 interest charges include a pretax charge of $7.4 million recorded at Tampa Electric for interest associated with income tax disputes. Prior year results included pretax charges to interest expense totaling $12.7 million primarily associated with tax adjustments and settlements as discussed in Note D on page 7.

Nine Months Ended Sept. 30, 2000:

Tampa Electric Company's year-to-date net income was $134.8 million, up from $128.4 million recorded before charges for the nine-month period ended Sept. 30, 1999. Net income for the nine months ended Sept. 30, 1999 including charges of $10.2 million was $118.2 million. These charges are discussed in Note D on page 7. The 5-percent increase over last year's net income, as noted in the third quarter results discussion above, reflected the continued strong customer growth at Tampa Electric and Peoples Gas System.

Tampa Electric Company - Electric division (Tampa Electric)

Tampa Electric's year-to-date net income was $118.9 million compared to $115.1 million for the same period last year. The Company showed improved results from strong customer growth year-to-date of 3 percent and energy sales growth of almost 7 percent. Year-to-date retail energy sales were 5 percent above 1999 levels driven by customer growth and increased usage by residential and commercial customers. Higher expenses year-to-date reflected the increased scrubber depreciation and higher maintenance expenses associated with improving summer unit availability. Purchased power costs were higher than last year primarily due to unit availability decreases as a result of the outage at Gannon 6. In addition, last year's results reflected U.S. Department of Energy credits associated with Polk Power Station which expired at the end of 1999. Also included in Tampa Electric's current year-to-date results was a $4.5 million after-tax provision for interest associated with income tax disputes. A summary of the operating statistics for the nine months ended Sept. 30, 2000 and 1999 is below:

(in millions, except average customers)	Operating Revenues			Kilowatt-hour sales		
Nine Months Ended Sept. 30,	2000	1999	Change	2000	1999	Change
Residential	$ 468.3	$430.0	8.9%	5,661.3	5,389.7	5.0%
Commercial	282.1	260.7	8.2%	4,169.1	4,029.5	3.5%
Industrial - Phosphate	47.0	42.6	10.4%	970.6	911.0	6.5%
Industrial - Other	47.2	42.5	10.9%	814.7	766.5	6.3%
Other sales of electricity	70.6	64.9	8.7%	999.8	957.0	4.5%
Deferred and other revenues	5.2	7.1	-26.6%	--	--	--
	920.4	847.8	8.6%	12,615.5	12,053.7	4.7%
Sales for resale	81.0	63.0	28.5%	1,910.2	1,536.9	24.3%
Other operating revenue	23.4	20.9	12.1%	--	--	--
	$1,024.8	$931.7	10.0%	14,525.7	13,590.6	6.9%
Average customers	558.1	541.7	3.0%			
System Net Input				13,492.2	12,873.5	4.8%

A generator failure caused an unplanned outage at Tampa Electric's 385-megawatt Gannon Station Unit 6 on July 18, 2000. The unit is currently being repaired and is expected to be back in service by the end of 2000. Tampa Electric has been purchasing and expects to continue to purchase replacement power to meet peak loads until the unit returns to service. The estimated replacement power costs of approximately $20 million is expected to be fully recovered through the fuel cost recovery clause. It is expected that most of the repair costs will be covered by insurance and the remaining amount will be capitalized. As a result, the outage is not expected to have a significant impact on Tampa Electric's operating income.

Tampa Electric - Natural gas division (Peoples Gas System)

Net income at Peoples Gas System (PGS) improved almost 20 percent over last year, with net income increasing to $15.9 million from $13.3 million for the same period last year. Year-to-date customer growth of almost 5 percent and normal winter weather contributed to higher retail gas sales. Commercial volumes and residential volumes were up 6 percent and 9 percent, respectively, for the year. Depreciation was higher reflecting the company's continuing expansion efforts, and operation and maintenance expenses were slightly higher. A summary of the operating statistics for the nine months ended Sept. 30, 2000 and 1999 is below:

(in millions, except average customers) Nine Months Ended Sept. 30,	Operating Revenues 2000	1999	Change	Therms 2000	1999	Change
By Customer Segment:						
Residential	$ 51.5	$ 42.5	21.0%	41.7	38.4	8.6%
Commercial	103.6	93.9	10.4%	213.7	201.9	5.8%
Industrial	9.7	9.9	-1.5%	211.6	204.6	3.4%
Off system sales	34.8	11.0	--	89.5	39.6	--
Power generation	8.1	7.4	8.1%	338.1	298.4	13.3%
Other revenues	22.4	20.4	9.9%	--	--	--
	$230.1	$185.1	24.3%	894.6	782.9	14.3%
By Sales Type:						
System supply	$172.3	$137.5	25.3%	255.3	225.5	13.2%
Transportation	35.4	27.2	30.1%	639.3	557.4	14.7%
Other revenues	22.4	20.4	9.9%	--	--	--
	$230.1	$185.1	24.3%	894.6	782.9	14.3%
Average customers	258.2	247.1	4.5%			

On Aug. 11, 2000, the City of Lakeland filed a Complaint for Declaratory and Injunctive Relief against Tampa Electric Company d/b/a Peoples Gas System seeking an interpretation of the City's rights to acquire Peoples' facilities under the franchise and seeking restrictions on the Company's rights to expand its facilities to serve customers. Peoples responded with a Motion to Dismiss Complaint filed on Aug. 31, 2000. Legal arguments on Peoples' Motion to dismiss was heard on Oct. 23, 2000. The Court has required that the City file an amended complaint, and the City has withdrawn both the receivership and temporary injunction counts from its Complaint. Although the franchise expired on March 11, 2000, Peoples continues to serve its customers located within the City's corporate limits.

Other

In the third quarter of 1999, Tampa Electric recorded a $10.0 million pretax charge to Other Income (Expense) related to FPSC audits of years 1997 and 1998. (See Note D on page 7.)

Year-to-date allowance for other funds used during construction (AFUDC) was $1.9 million compared to $0.8 million for the same period in 1999. AFUDC is expected to increase over the next several years reflecting Tampa Electric's generation expansion activities.

Interest charges were $59.7 million for the year-to-date periods ended Sept. 30, 2000 and 1999. Financing costs were higher for 2000 reflecting higher borrowing levels and higher interest rates. Current year results included a pretax charge of $7.4 million recorded at Tampa Electric for interest primarily associated with income tax disputes. Prior year results included pretax charges to interest expense totaling $12.7 million primarily associated with tax adjustments and settlements as discussed in Note D on page 7.

Recent Developments

Fitch and Standard & Poor's in July 2000 and October 2000, respectively, lowered the ratings of Tampa Electric Company. The resulting ratings are as follows:

	Fitch	Standard & Poor's
Senior Secured	AA	A
Senior Unsecured	AA-	A

On Oct. 16, 2000, Tampa Electric Company, along with Florida Power & Light Company and Florida Power Corporation, filed with the Federal Energy Regulatory Commission (FERC) to create a regional transmission organization (RTO) to serve peninsular Florida. The RTO will be known as GridFlorida LLC. As proposed, GridFlorida LLC would independently control the transmission assets of the three filing utilities, as well as other utilities in the region that choose to join. The filing is in response to FERC's Order No. 2000, issued in December 1999, which requires all investor-owned electric utilities subject to FERC regulation to file a proposal to create or join an RTO, or describe any barriers to joining or forming such a group. Proposed RTO's are required to begin operations by Dec. 15, 2001. Following this filing, the three utilities and other stakeholders will continue the collaborative process, with another filing scheduled for Dec. 15, 2000, which will contain additional details of the proposed RTO.

On May 3, 2000, the governor of Florida, by executive order, created a commission charged with proposing a comprehensive energy plan and strategy for the state. The 17-member Energy 2020 Study Commission will address issues including the current and future reliability of electric and natural gas supply, emerging energy supply and delivery options, electrical industry competition, environmental impacts of energy supply, energy conservation, and fiscal impacts of energy supply options on taxpayers and energy providers. The Commission held its first meeting in September 2000, and established as its first priority to look at the creation of a wholesale competitive electricity market in Florida. The Commission intends to make preliminary determinations by year's end, which would permit the Study Commission to make policy recommendations for consideration during the 2001 Legislative Session. The Governor's Executive Order requires the Study Commission to issue its final report dealing with wholesale and retail restructuring issues and associated matters by December 2001.

Accounting Standards

Accounting for Derivative Instruments and Hedging

In 1998, the FASB issued FAS 133, Accounting for Derivative Instruments and Hedging. This standard is effective for fiscal years beginning after June 15, 2000. The new standard, as amended, requires an entity 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 fair value of those instruments as either components of comprehensive income or in net income, depending on the types of those instruments.

In preparation for adoption of this Statement effective Jan. 1, 2001, the company has completed an analysis of the information required by FAS 133, and is continuing to evaluate and document all derivatives and hedging relationships. From time to time, Tampa Electric has entered into futures, swaps and options contracts to limit exposure to gas price increases at both the regulated natural gas utility, and to moderate its exposure to interest rate changes. The benefits of these arrangements are at risk only in the event of non-performance by the other party to the agreement, which the company does not anticipate. The company does not anticipate that the adoption of FAS 133 will significantly impact its financial statements since activity in derivatives has been relatively minimal and short-term in duration. Management will continue to evaluate all current and possible future uses of derivatives, including their effectiveness for hedging, and to apply appropriate procedures and methods for valuing them.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Tampa Electric Company is exposed to changes in interest rates primarily as a result of its borrowing activities. A hypothetical 10-percent increase in Tampa Electric Company's weighted average interest rate on its variable rate debt would have an estimated $2 million impact on Tampa Electric Company's pretax earnings over the next fiscal year.

A hypothetical 10-percent decrease in interest rates would not have a significant impact on the estimated fair value of Tampa Electric Company's long-term debt at Sept. 30, 2000.

Based on policies and procedures approved by the Board of Directors, from time to time Tampa Electric Company may enter into futures, swaps and option contracts to moderate exposure to interest rate changes.

Commodity Price Risk

Currently, at Tampa Electric and Peoples Gas System, commodity price increases due to changes in market conditions for fuel, purchased power and natural gas are recovered through cost recovery clauses, with no effect on earnings.

From time to time, Peoples Gas System may enter into futures, swaps and options contracts to limit the effect of natural gas price increases on the prices it charges customers.

Tampa Electric Company does not use derivatives or other financial products for speculative purposes.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

12 Ratio of earnings to fixed charges

27 Financial data schedule - nine months ended Sept. 30, 2000. (EDGAR filing only)

(b) Reports on Form 8-K

The registrant filed a Current Report on form 8-K dated Aug. 16, 2000, reporting under "Item 5. Other Events" that Tampa Electric Company had entered into a Purchase Agreement with Morgan Stanley & Co. Incorporated and Chase Securities Inc. (Collectively, the "Underwriters") for the sale to the Underwriters of $150 million principal amount of 7 3/8% Reset Put Securities due 2015.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TAMPA ELECTRIC COMPANY
(Registrant)

Date: Nov. 14, 2000

*By: /s/ G. L. GILLETTE
G. L. GILLETTE
Vice President - Finance
and Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

Exhibit 12

TAMPA ELECTRIC COMPANY

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the company's ratio of earnings to fixed charges for the periods indicated.

Nine Months Ended Sept. 30, 2000	Twelve Months Ended Sept. 30, 2000	Year Ended December 31,				
		1999	1998	1997	1996(4)	1995(4)
4.41x	4.10x (1)	3.82x(2)	4.51x(3)	4.38x	4.40x	4.28x

For the purposes of calculating these ratios, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals and preferred stock dividend requirements.

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(1) Includes the effect of non-recurring pretax charges totaling $3.5 million recorded in the fourth quarter of 1999 at Tampa Electric to resolve litigation filed by the U.S. Environmental Protection Agency. The effect of this charge was to reduce the ratio of earnings to fixed charges. Had this charge been excluded from the calculation, the ratio of earning to fixed charges would have been 4.14x for the twelve-months ended Sept. 30, 2000.

(2) Includes the effect of one-time, pretax charges totaling $18.3 million described in (1) above. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61x for the year ended Dec. 31, 1999.

(3) Includes the effect of one-time, pretax charges totaling $16.9 million. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66x for the year ended Dec. 31, 1998.

(4) Amounts have been restated to reflect the merger of Peoples Gas System, Inc., with and into Tampa Electric Company.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

_X_ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2001

OR

___ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period _____ to _____

Commission File Number 1-5007

TAMPA ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

FLORIDA	**59-0475140**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
702 N. Franklin Street, Tampa, Florida	**33602**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(813) 228-4111**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES _X_ NO _

Number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (April 30, 2001):

Common Stock, Without Par Value 10

The registrant meets the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.

Index to Exhibits Appears on Page 12

PART I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments which are of a recurring nature and necessary to present fairly the financial position of Tampa Electric Company as of March 31, 2001 and 2000, and the results of operations and cash flows for the three-month periods ended March 31, 2001 and 2000. The results of operations for the three-month period ended March 31, 2001 are not necessarily indicative of the entire fiscal year ending Dec. 31, 2001. Reference should be made to the explanatory notes affecting the income and balance sheet accounts contained in Tampa Electric Company's Annual Report on Form 10-K for the year ended Dec. 31, 2000 and to the notes on page 6 of this report.

CONSOLIDATED BALANCE SHEETS
unaudited
(in millions)

	March 31, 2001	Dec. 31, 2000
Assets		
Property, plant and equipment, at original cost		
Utility plant in service		
Electric	$4,039.0	$4,054.1
Gas	639.1	632.1
Construction work in progress	223.7	150.1
	4,901.8	4,836.3
Accumulated depreciation	(1,934.5)	(1,931.3)
	2,967.3	2,905.0
Other property	8.2	8.3
	2,975.5	2,913.3
Current assets		
Cash and cash equivalents	1.1	0.7
Receivables, less allowance for uncollectibles	173.9	180.4
Inventories, at average cost		
Fuel	66.5	56.8
Materials and supplies	50.8	52.4
Prepayments	1.6	3.3
	293.9	293.6
Deferred debits		
Unamortized debt expense	12.7	13.2
Deferred income taxes	124.5	124.3
Regulatory asset - tax related	62.1	62.3
Other	155.2	143.1
	354.5	342.9
	$3,623.9	$3,549.8
Liabilities and Capital		
Capital		
Common stock	$1,158.1	$1,148.1
Retained earnings	294.2	299.0
	1,452.3	1,447.1
Long-term debt, less amount due within one year	788.3	789.3
	2,240.6	2,236.4
Current Liabilities		
Long-term debt due within one year	55.2	55.2
Notes payable	293.2	231.2
Accounts payable	159.0	188.0
Customer deposits	83.4	82.4
Interest accrued	38.2	34.2
Taxes accrued	98.3	71.6
	727.3	662.6
Deferred credits		
Deferred income taxes	428.4	424.5
Investment tax credits	35.0	36.1
Regulatory liability-tax related	70.7	72.4
Other	121.9	117.8
	656.0	650.8
	$3,623.9	$3,549.8

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
unaudited
(in millions)

For the three months ended March 31,	**2001**	**2000**
Revenues		
Electric	$ 335.8	$ 292.4
Gas	134.1	86.6
	469.9	379.0
Operating expenses		
Operation		
Fuel	76.3	79.5
Purchased power	54.6	25.8
Natural gas sold	82.0	40.7
Other	62.7	55.3
Maintenance	27.3	26.7
Depreciation	49.1	45.1
Taxes-Federal and state income	23.0	21.2
Taxes-Other than income	35.6	30.8
	410.6	325.1
Operating Income	59.3	53.9
Other income	2.5	0.4
Income before interest charges	61.8	54.3
Interest charges		
Interest on long-term debt	13.9	12.9
Other interest	6.9	4.3
	20.8	17.2
Net Income	$ 41.0	$ 37.1

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
unaudited
(in millions)

For the three months ended March 31,	2001	2000
Cash flows from operating activities		
Net income	$ 41.0	$ 37.1
Adjustments to reconcile net income to net cash		
Depreciation	49.1	45.1
Deferred income taxes	3.4	(2.0)
Investment tax credits, net	(1.1)	(1.1)
Allowance for funds used during construction	(1.1)	(0.5)
Deferred recovery clause	(7.7)	3.5
Receivables, less allowance for uncollectibles	6.6	7.7
Inventories	(8.0)	(18.2)
Taxes accrued	26.7	34.1
Interest accrued	4.0	14.1
Accounts payable	(29.1)	(17.3)
Other	1.6	13.2
	85.4	115.7
Cash flows from investing activities		
Capital expenditures	(111.9)	(88.2)
Allowance for funds used during construction	1.1	0.5
	(110.8)	(87.7)
Cash flows from financing activities		
Proceeds from contributed capital from parent	10.0	83.0
Repayment of long-term debt	(0.4)	--
Net increase (decrease) in short-term debt	62.0	(107.0)
Payment of dividends	(45.8)	(29.8)
	25.8	(53.8)
Net increase (decrease) in cash and cash equivalents	0.4	(25.8)
Cash and cash equivalents at beginning of period	0.7	26.1
Cash and cash equivalents at end of period	$ 1.1	$ 0.3

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Tampa Electric Company (the company) is a wholly owned subsidiary of TECO Energy, Inc.

B. The company has made certain commitments in connection with its continuing construction program. Total construction expenditures during 2001 are estimated to be $373 million for its electric division (referred to as Tampa Electric) and $74 million for its natural gas division (referred to as Peoples Gas System).

Tampa Electric Company is a potentially responsible party for certain superfund sites and, through its Peoples Gas System 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, the company estimates its ultimate financial liability at approximately $22 million over the next 10 years. The environmental remediation costs associated with these sites have been recorded on the accompanying consolidated balance sheet, and are not expected to have a significant impact on customer prices.

C. **Contribution by operating division**
(in millions)

	Revenues	Net Income
Three Months Ended March 31, 2001		
Electric division	$ 336.0	$ 30.5
Peoples Gas System	134.1	10.5
	470.1	41.0
Other and eliminations	(0.2)	--
Tampa Electric Company	$ 469.9	$ 41.0
Three Months Ended March 31, 2000		
Electric division	$ 292.6	$ 28.6
Peoples Gas System	86.6	8.5
	379.2	37.1
Other and eliminations	(0.2)	--
Tampa Electric Company	$ 379.0	$ 37.1

D. The company adopted FAS 133, Accounting for Derivative Instruments and Hedging, effective Jan. 1, 2001. The standard requires the company 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 fair value of those instruments as either components of comprehensive income or in net income, depending on the types of those instruments. The company has completed the review and documentation of its derivative contracts, and found such activity has been minimal and relatively short-term in duration. Based on policies and procedures approved by the Board of Directors, from time to time, the company enters into futures, swaps and options contracts to limit exposure to gas price increases at the Peoples Gas System.

The company did not have any open derivatives or hedges at March 31, 2001, or at adoption of the standard that were subject to FAS 133 accounting. Management will continue to document all current, new and possible uses of derivatives, and develop procedures and methods for measuring them.

Item 2. Management's Narrative Analysis of Results of Operations

This Quarterly Report on Form 10-Q contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results to differ materially from those projected in these forward-looking statements include the following: interest rates and other factors that could impact Tampa Electric Company's ability to obtain access to sufficient capital on satisfactory terms; general economic conditions, particularly those in Tampa Electric's service area affecting energy sales; weather variations affecting energy sales and operating costs; potential competitive changes in the electric and gas industries, particularly in the area of retail competition; regulatory actions affecting Tampa Electric and Peoples Gas System; commodity price changes affecting the competitive positions of Tampa Electric and Peoples Gas System; and changes in and compliance with environmental regulations that may impose additional costs or curtail some activities. Some of these factors are discussed more fully under "Investment Considerations" in TECO Energy's Annual Report on Form 10-K for the year ended Dec. 31, 2000, and reference is made thereto.

Results of Operations

Three Months Ended March 31, 2001:

Tampa Electric Company's net income for the quarter ended March 31, 2001 was $41.0 million, up from $37.1 million recorded for the three-month period ended March 31, 2000. The 11-percent increase for the quarter relative to last year reflected the continued strong customer growth and favorable weather.

Electric division (Tampa Electric)

Tampa Electric's net income for the first quarter was $30.5 million, compared with $28.6 million for the same period in 2000. The company showed improved results from retail energy sales growth of 11 percent driven by continued customer growth of almost 3 percent and favorable winter weather. Base revenues increased by $10.5 million as a result of favorable weather. The increased revenues were somewhat offset by higher operation and maintenance expense due to increased spending on generation assets and an increase in reliability reserve requirements, and higher depreciation due to normal plant growth. A summary of the operating statistics for the three months ended March 31, 2001 and 2000 is below:

(in millions, except average customers)	Operating Revenues			Kilowatt-hour sales		
Three Months Ended March 31,	2001	2000	Change	2001	2000	Change
Residential	$158.6	$131.8	20.3%	1,878.8	1,592.3	18.0%
Commercial	91.8	82.7	11.0%	1,304.4	1,225.4	6.4%
Industrial - Phosphate	16.3	14.2	15.0%	343.1	334.8	2.5%
Industrial - Other	15.6	14.4	8.3%	271.1	258.9	4.7%
Other sales of electricity	23.2	21.4	8.4%	313.9	302.3	3.8%
Deferred and other revenues	(6.9)	(2.0)	--	--	--	--
	298.6	262.5	13.7%	4,111.3	3,713.7	10.7%
Sales for resale	27.5	22.1	24.4%	629.1	514.8	22.2%
Other operating revenue	9.9	8.0	24.0%	--	--	--
	$336.0	$292.6	14.8%	4,740.4	4,228.5	12.1%
Average customers (Thousands)	572.1	556.3	2.8%			
System Net Input (Kilowatt hours)				4,114.1	3,855.2	6.7%

Natural Gas division (Peoples Gas System)

Peoples Gas System (PGS) reported net income for the quarter of $10.5 million, compared with $8.5 million for the same period last year. Quarterly results reflected strong customer growth of more than 4 percent and higher residential and commercial sales as a result of favorable winter weather this year, which increased net revenue by $1.5 million. Decreased volumes for low-margin, transportation gas for electric power generators, interruptible customers and off-system sales reflected the higher cost of gas for these customers who have the ability to switch to alternate fuels or alter consumption patterns. Operating expenses were level with last year, while depreciation increased slightly due to normal plant growth. A summary of the operating statistics for the three months ended March 31, 2001 and 2000 is below:

(in millions, except average customers)	Operating Revenues			Therms		
Three Months Ended March 31,	2001	2000	Change	2001	2000	Change
By Customer Segment:						
Residential	$ 41.8	$ 25.4	64.4%	27.5	23.9	15.1%
Commercial	67.5	38.4	76.0%	90.8	84.4	7.7%
Industrial	3.9	3.5	12.0%	62.0	80.1	-22.5%
Off system sales	4.4	9.2	-52.2%	6.6	30.2	-78.1%
Power generation	2.9	2.5	16.0%	78.0	102.4	-23.8%
Other revenues	13.6	7.6	78.9%	--	--	--
	$134.1	$ 86.6	54.9%	264.9	321.0	-17.4%
By Sales Type:						
System supply	$105.0	$ 66.1	59.0%	82.0	103.9	-21.0%
Transportation	15.5	12.9	20.2%	182.9	217.1	-15.7%
Other revenues	13.6	7.6	78.9%	--	--	--
	$134.1	$ 86.6	54.9%	264.9	321.0	-17.4%
Average customers (Thousands)	266.3	255.6	4.2%			

Other

Allowance for funds used during construction (AFUDC) was $1.1 million and $0.5 million for the three months ended March 31, 2001 and 2000, respectively. AFUDC is expected to increase over the next several years reflecting Tampa Electric's generation expansion activities.

Total interest charges were $20.8 million for the three months ended March 31, 2001 compared to $17.2 million for the same period in 2000. Increased financing costs for the first quarter of 2001 reflected primarily higher borrowing levels.

Recent Developments

Fitch, Inc. and Standard & Poor's in July 2000 and October 2000, respectively, lowered the ratings of Tampa Electric Company. Each rating agency indicated that the rating outlook remained negative. On March 27, 2001, Moody's Investor Services, Inc. lowered the long-term ratings on the debt securities at Tampa Electric. The ratings actions were attributable to the required capital outlays of Tampa Electric and the uncertainties related to industry restructuring. These downgrades and any further downgrades may affect the company's ability to borrow and increase its financing costs which may decrease earnings. The resulting ratings are as follows:

	Moody's	Standard & Poor's	Fitch
Senior Secured	Aa3	A	AA
Senior Unsecured	A1	A	AA-

As previously disclosed, Tampa Electric, Florida Power and Light, and Florida Power Corporation (collectively "Applicants"), in compliance with the Federal Energy Regulatory Commission's (FERC) Order No. 2000, submitted to the FERC an application to form a regional transmission organization ("RTO") to be known as GridFlorida. On March 28, 2001, FERC issued a comprehensive order provisionally approving the GridFlorida proposal, subject to certain compliance items that Applicants will address in a May 14, 2001 status report, and in a May 29, 2001 compliance filing. The Applicants expect to make additional filings later in 2001 in order to fully implement their proposal on transmission pricing and market design.

Accounting for Derivative Instruments and Hedging

The company adopted FAS 133, Accounting for Derivative Instruments and Hedging, effective Jan. 1, 2001. The standard requires the company 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 fair value of those instruments as either components of comprehensive income or in net income, depending on the types of those instruments. The company did not have any open derivatives or hedges at March 31, 2001, or at adoption of the standard that were subject to FAS 133 accounting.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Tampa Electric Company is exposed to changes in interest rates primarily as a result of its borrowing activities. A hypothetical 10-percent increase in Tampa Electric Company's weighted average interest rate on its variable rate debt would have an estimated $2 million impact on Tampa Electric Company's pretax earnings over the next fiscal year.

A hypothetical 10-percent decrease in interest rates would not have a significant impact on the estimated fair value of Tampa Electric Company's long-term debt at March 31, 2001.

Based on policies and procedures approved by the Board of Directors, from time to time Tampa Electric Company may enter into futures, swaps and option contracts to moderate exposure to interest rate changes.

Commodity Price Risk

Currently, at Tampa Electric and Peoples Gas System, commodity price increases due to changes in market conditions for fuel, purchased power and natural gas are recovered through cost recovery clauses, with no effect on earnings.

From time to time, Peoples Gas System may enter into futures, swaps and options contracts to limit the effect of natural gas price increases on the prices it charges customers.

Tampa Electric Company does not use derivatives or other financial products for speculative purposes.

PART II. OTHER INFORMATION

Item 6. **Exhibits and Reports on Form 8-K**

(a) Exhibits

10.1 TECO Energy, Inc. 1996 Equity Incentive Plan, as amended April 18, 2001.

12 Ratio of earnings to fixed charges

(b) Reports on Form 8-K

The registrant did not file any Current Reports on Form 8-K for the quarter ended March 31, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TAMPA ELECTRIC COMPANY
(Registrant)

Date: May 14, 2001

*By: /s/ G. L. GILLETTE
G. L. GILLETTE
Senior Vice President - Finance
and Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibits
10.1	TECO Energy, Inc. 1996 Equity Incentive Plan, as amended April 18, 2001.
12	Ratio of earnings to fixed charges

Exhibit 10.1

AMENDED AND RESTATED
TECO ENERGY, INC.
1996 EQUITY INCENTIVE PLAN

1. *Purpose.*

The purpose of the TECO Energy, Inc. 1996 Equity Incentive Plan (the "Plan") is to attract and retain key employees of TECO Energy, Inc. (the "Company") and its affiliates, to provide an incentive for them to achieve long-range performance goals, and to enable them to participate in the long-term growth of the Company by the granting of awards ("Awards") of, or based on, the Company's common stock, $1.00 par value (the "Common Stock"). The Plan is an amendment and restatement of the Company's 1990 Equity Incentive Plan (the "1990 Plan"). No provision of the Plan will affect the rights and privileges of holders of outstanding options under the 1990 Plan.

2. *Administration.*

The Plan will be administered by a committee of not less than three members of the Board of Directors of the Company appointed by the Board to administer the Plan (the "Committee"). Each member of the Committee will be a "disinterested person" or the equivalent within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"), and an "outside director" within the meaning of Section 162 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"). The Committee will select those persons to receive Awards under the Plan ("Participants") and will determine the terms and conditions of all Awards. The Committee will have authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the operation of the Plan as it from time to time considers advisable, and to interpret the provisions of the Plan. The Committee's decisions will be final and binding. To the extent permitted by applicable law, the Committee may delegate to one or more executive officers of the Company the power to make Awards to Participants who are not subject to Section 16 of the Exchange Act and all determinations under the Plan with respect thereto, provided that the Committee will fix the maximum amount of such Awards for all such Participants and a maximum for any one Participant.

3. *Eligibility.*

All employees of the Company (or any business entity in which the Company owns directly or indirectly 50% or more of the total voting power or has a significant financial interest as determined by the Committee) capable of contributing significantly to the successful performance of the Company, other than an employee who has irrevocably elected not to be eligible, are eligible to be Participants in the Plan.

Exhibit 10.1

4. *Stock Available for Awards.*

(a) *Amount.* Subject to adjustment under subsection (b), Awards may be made under the Plan for up to 10,050,000 shares of Common Stock, together with all shares of Common Stock available for issue under the 1990 Plan on the effective date of the Plan. If any Award (including any Award under the 1990 Plan) expires or is terminated unexercised or is forfeited or settled in a manner that results in fewer shares outstanding than were awarded, the shares subject to such Award, to the extent of such expiration, termination, forfeiture or decrease, will again be available for award under the Plan. Common Stock issued through the assumption or substitution of outstanding grants from an acquired company will not reduce the shares available for Awards under the Plan. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

(b) *Adjustment.* In the event that the Committee determines that any stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares or other change affects the Common Stock such that an adjustment is required in order to preserve the benefits intended to be provided by the Plan, then the Committee (subject in the case of incentive stock options to any limitation required under the Code) will equitably adjust any or all of (i) the number and kind of shares for which Awards may be made under the Plan, (ii) the number and kind of shares subject to outstanding Awards and (iii) the exercise price with respect to any of the foregoing. In making such adjustments, the Committee may ignore fractional shares so that the number of shares subject to any Award will be a whole number. If considered appropriate, the Committee may make provision for a cash payment with respect to all or part of an outstanding Award instead of or in addition to any such adjustment.

(c) *Limit on Individual Grants.* The maximum number of shares of Common Stock subject to Stock Options and SARs that may be granted to any Participant in the aggregate in any calendar year will not exceed 1,000,000 shares, subject to adjustment under subsection (b).

5. *Types of Awards.*

(a) *Stock Grants.* The Committee may make awards of shares of Common Stock ("Stock Grants") upon such terms and conditions as the Committee determines. Stock Grants may include without limitation restricted stock, performance shares, performance-accelerated restricted stock and bonus stock. Stock Grants may be issued for no cash consideration, such minimum consideration as may be required by applicable law or such other consideration as the Committee may determine.

(b) *Stock Options.* The Committee may grant options ("Stock Options") to purchase shares of Common Stock at an exercise price determined by the Committee of not less than 100% of the fair market value of the Common Stock on the date of grant and upon such terms and conditions as the Committee determines. Stock Options may include without limitation incentive stock options, nonstatutory stock options, indexed stock options, performance-vested stock options, performance-accelerated stock options and reload options. No incentive stock option may be granted under the Plan more than ten years after the effective date of this restatement of the Plan. Payment of the exercise price may be made in cash or, to the extent permitted by the Committee at or after the grant of the Stock Option, in whole or in part by delivery of a promissory note or shares of Common Stock owned by the optionee, including Stock Grants, or by retaining shares otherwise issuable pursuant to the Stock Option, in each case valued at fair market value on the date of delivery or retention, or such other lawful consideration as the Committee may determine.

(c) *Stock Equivalents*. The Committee may grant rights to receive payment from the Company based in whole or in part on the value of the Common Stock ("Stock Equivalents") upon such terms and conditions as the Committee determines. Stock Equivalents may include without limitation phantom stock, performance units, dividend equivalents and stock appreciation rights ("SARs"). SARs granted in tandem with a Stock Option will terminate to the extent that the related Stock Option is exercised, and the related Stock Option will terminate to the extent that the tandem SARs are exercised. An SAR will have an exercise price determined by the Committee of not less than 100% of the fair market value of the Common Stock on the date of grant, or of not less than the exercise price of the related Stock Option in the case of an SAR granted in tandem with a Stock Option. The Committee will determine at the time of grant or thereafter whether Stock Equivalents are to be settled in cash, Common Stock or other securities of the Company, other Awards or other property.

6. *General Provisions Applicable to Awards.*

(a) *Fair Market Value*. The fair market value of the Common Stock or any other property will be the fair market value of such property as determined by the Committee in good faith or in the manner established by the Committee from time to time.

(b) *Reporting Person Limitations.* Notwithstanding any other provision of the Plan, to the extent required to qualify for the exemption provided by Rule 16b-3 under the Exchange Act, Awards made to a person subject to Section 16 of the Exchange Act will not be transferable by such person other than by will or the laws of descent and distribution and are exercisable during such person's lifetime only by such person or by such person's guardian or legal representative. If then permitted by Rule 16b-3, such Awards will also be transferable pursuant to a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act or the rules thereunder.

(c) *Documentation.* Each Award under the Plan will be evidenced by a writing delivered to the Participant specifying the terms and conditions thereof and containing such other terms and conditions not inconsistent with the provisions of the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan. These terms and conditions may include without limitation performance criteria, vesting requirements, restrictions on transfer and payment rules. The Committee may establish the terms and conditions at the time the Award is granted or may provide that such terms and conditions will be determined at any time thereafter.

(d) *Committee Discretion.* Each type of Award may be made alone, in addition to or in relation to any other Award. The terms of each type of Award need not be identical, and the Committee need not treat Participants uniformly. Except as otherwise provided by the Plan or a particular Award, any determination with respect to an Award may be made by the Committee at the time of grant or at any time thereafter.

(e) *Dividends and Cash Awards.* In the discretion of the Committee, any Award under the Plan may provide the Participant with (i) dividends or dividend equivalents payable currently or deferred with or without interest and (ii) cash payments in lieu of or in addition to an Award.

(f) *Termination of Employment.* The Committee will determine the effect on an Award of the disability, death, retirement or other termination of employment of a Participant and the extent to which, and the period during which, the Participant's legal representative, guardian or beneficiary may receive payment of an Award or exercise rights thereunder. A Participant may designate a beneficiary in a manner determined by the Committee. In the absence of an effective designation, a Participant's beneficiary will be the Participant's estate.

(g) *Change in Control.* In order to preserve a Participant's rights under an Award in the event of a change in control of the Company, the Committee in its discretion may, at the time an Award is made or at any time thereafter, take one or more of the following actions: (i) provide for the acceleration of any time period relating to the exercise or payment of the Award, (ii) provide for payment to the Participant of cash or other property with a fair market value equal to the amount that would have been received upon the exercise or payment of the Award had the Award been exercised or paid upon the change in control, (iii) adjust the terms of the Award in a manner determined by the Committee to reflect the change in control, (iv) cause the Award to be assumed, or new rights substituted therefor, by another entity, or (v) make such other provision as the Committee may consider equitable to the Participant and in the best interests of the Company.

(h) *Loans.* The Committee may authorize the making of loans or cash payments to Participants in connection with the grant or exercise of any Award under the Plan, which loans may be secured by any security, including Common Stock, underlying such Award, and which may be forgiven upon such terms and conditions as the Committee may establish at the time of such loan or at any time thereafter.

(i) *Withholding Taxes.* The Participant will pay to the Company, or make provision satisfactory to the Committee for payment of, any taxes required by law to be withheld in respect of Awards under the Plan no later than the date of the event creating the tax liability. In the Committee's discretion, such tax obligations may be paid in whole or in part in shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at fair market value on the date of delivery or retention. The Company and its affiliates may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to the Participant.

(j) *Foreign Nationals.* Awards may be made to Participants who are foreign nationals or employed outside the United States on such terms and conditions different from those specified in the Plan as the Committee considers necessary or advisable to achieve the purposes of the Plan or to comply with applicable laws.

(k) *Amendment of Award.* The Committee may amend, modify or terminate any outstanding Award, including substituting therefor another Award of the same or a different type and changing the date of exercise or realization, provided that the Participant's consent to such action will be required unless the action, taking into account any related action, would not adversely affect the Participant.

7. *Miscellaneous.*

(a) *No Right To Employment.* No person will have any claim or right to be granted an Award. Neither the Plan nor any Award hereunder will be deemed to give any employee the right to continued employment or to limit the right of the Company to discharge any employee at any time.

(b) *No Rights As Shareholder.* Subject to the provisions of the applicable Award, no Participant or beneficiary will have any rights as a shareholder with respect to any shares of Common Stock to be distributed under the Plan until he or she becomes the holder thereof. A Participant to whom Common Stock is awarded will be considered the holder of such Common Stock at the time of the Award except as otherwise provided in the applicable Award.

(c) *Effective Date.* The Plan will be effective on April 17, 1996.

(d) *Amendment of Plan.* The Board of Directors of the Company may amend, suspend or terminate the Plan or any portion thereof at any time, subject to any shareholder approval that the Board determines to be necessary or advisable, provided that the Participant's consent will be required for any amendment, suspension or termination that would adversely affect the rights of the Participant under any outstanding Award.

(e) *Governing Law.* The provisions of the Plan will be governed by and interpreted in accordance with the laws of Florida.

Exhibit 12

TAMPA ELECTRIC COMPANY

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the company's ratio of earnings to fixed charges for the periods indicated.

Three Months Ended March 31, 2001	Twelve Months Ended March 31, 2001	Year Ended December 31, 2000	1999	1998	1996	1996(3)
3.92x	4.07x	4.14x	3.82x(1)	4.51x(2)	4.38x	4.40x

For the purposes of calculating these ratios, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals and preferred stock dividend requirements.

---

(1) Includes the effect of one-time, pretax charges totaling \$18.3 million recorded in the third and fourth quarters of 1999. Charges consisted of the following: \$10.5 million recorded based on FPSC audits of its 1997 and 1998 earnings which limited its equity ratio to 58.7 percent; \$3.5 million to resolve litigation filed by the U.S. Environmental Protection Agency; and \$4.3 million for corporate income tax settlements related to prior years' tax returns. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61x for the year ended Dec. 31, 1999.

(2) Includes the effect of one-time, pretax charges totaling \$16.9 million. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66x for the year ended Dec. 31, 1998.

(3) Amounts have been restated to reflect the merger of Peoples Gas System, Inc., with and into Tampa Electric Company.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2001

OR

___ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period _____ to _____

Commission File Number 1-5007

TAMPA ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

FLORIDA (State or other jurisdiction of incorporation or organization)	59-0475140 (I.R.S. Employer Identification Number)
702 N. Franklin Street, Tampa, Florida (Address of principal executive offices)	33602 (Zip Code)

Registrant's telephone number, including area code: **(813) 228-4111**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _

Number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date (July 31, 2001):

Common Stock, Without Par Value 10

The registrant meets the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q and is therefore filing this form with the reduced disclosure format.

Index to Exhibits Appears on Page 16

PART I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments which are of a recurring nature and necessary to present fairly the financial position of Tampa Electric Company as of June 30, 2001 and 2000, and the results of operations and cash flows for the three- and six-month periods ended June 30, 2001 and 2000. The results of operations for the three- and six-month periods ended June 30, 2001 are not necessarily indicative of the entire fiscal year ending Dec. 31, 2001. Reference should be made to the explanatory notes affecting the income and balance sheet accounts contained in Tampa Electric Company's Annual Report on Form 10-K for the year ended Dec. 31, 2000 and to the notes on pages 7 and 8 of this report.

CONSOLIDATED BALANCE SHEETS
unaudited
(in millions)

	June 30, 2001	Dec. 31, 2000
Assets		
Property, plant and equipment, at original cost		
Utility plant in service		
Electric	$4,067.4	$4,054.1
Gas	649.6	632.1
Construction work in progress	278 8	150.1
	4,995.8	4,836.3
Accumulated depreciation	(1,963.8)	(1,931.3)
	3,032.0	2,905.0
Other property	8.1	8.3
	3,040.1	2,913.3
Current assets		
Cash and cash equivalents	1.0	0.7
Receivables, less allowance for uncollectibles	203.7	180.4
Inventories, at average cost		
Fuel	88.6	56.8
Materials and supplies	51.8	52.4
Prepayments	7.2	3.3
	352.3	293.6
Deferred debits		
Unamortized debt expense	14.1	13.2
Deferred income taxes	128.8	124.3
Regulatory asset - tax related	62.2	62.3
Other	178.6	143.1
	383.7	342.9
	$3,776.1	$3,549.8
Liabilities and Capital		
Capital		
Common stock	$1,306.1	$1,148.1
Retained earnings	298.9	299.0
	1,605.0	1,447.1
Long-term debt, less amount due within one year	1,036.9	789.3
	2,641.9	2,236.4
Current liabilities		
Long-term debt due within one year	55.3	55.2
Notes payable	58.5	231.2
Accounts payable	162.1	188.0
Customer deposits	83.9	82.4
Interest accrued	19.6	34.2
Taxes accrued	82.1	71.6
	461.5	662.6
Deferred credits		
Deferred income taxes	443.4	424.5
Investment tax credits	33.8	36.1
Regulatory liability-tax related	69.1	72.4
Other	126.4	117.8
	672.7	650.8
	$3,776.1	$3,549.8

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
unaudited
(in millions)

For the three months ended June 30,	2001	2000
Revenues		
Electric	$ 358.8	$ 340.3
Gas	82.3	71.4
	441.1	411.7
Operating expenses		
Operation		
Fuel	68.3	84.7
Purchased power	75.1	41.8
Natural gas sold	43.4	36.0
Other	62.5	62.8
Maintenance	26.6	32.8
Depreciation	49.8	43.8
Taxes-Federal and state income	24.0	22.7
Taxes-Other than income	33.2	30.6
	382.9	355.2
Operating Income	58.2	56.5
Other income		
Allowance for other funds used during construction	1.3	0.7
Other income, net	0.7	--
	2.0	0.7
Income before interest charges	60.2	57.2
Interest charges		
Interest on long-term debt	14.2	12.4
Allowance for borrowed funds used during construction	(0.5)	(0.2)
Other interest	4.2	5.3
	17.9	17.5
Net Income	$ 42.3	$ 39.7

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
unaudited
(in millions)

For the six months ended June 30,	2001	2000
Revenues		
Electric	$ 694.6	$ 632.6
Gas	216.4	158.1
	911.0	790.7
Operating expenses		
Operation		
Fuel	144.6	164.2
Purchased power	129.7	67.6
Natural gas sold	125.4	76.7
Other	125.2	118.1
Maintenance	53.9	59.5
Depreciation	98.9	88.9
Taxes-Federal and state income	47.0	43.9
Taxes-Other than income	68.8	61.4
	793.5	680.3
Operating Income	117.5	110.4
Other income		
Allowance for other funds used during construction	2.1	1.0
Other income, net	2.4	0.1
	4.5	1.1
Income before interest charges	122.0	111.5
Interest charges		
Interest on long-term debt	28.1	25.3
Allowance for other funds used during construction	(0.8)	(0.4)
Other interest	11.4	9.8
	38.7	34.7
Net Income	$ 83.3	$ 76.8

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
unaudited
(in millions)

For the six months ended June 30,	2001	2000
Cash flows from operating activities		
Net income	$ 83.3	$ 76.8
Adjustments to reconcile net income to net cash		
Depreciation	98.9	88.9
Deferred income taxes	12.3	(3.9)
Investment tax credits, net	(2.2)	(2.2)
Allowance for funds used during construction	(2.9)	(1.4)
Deferred recovery clause	(25.0)	(3.2)
Receivables, less allowance for uncollectibles	(23.2)	(27.5)
Inventories	(31.2)	(16.8)
Taxes accrued	10.5	49.6
Interest accrued	(14.5)	9.3
Accounts payable	(25.9)	(4.3)
Other	(7.5)	20.1
	72.6	185.4
Cash flows from investing activities		
Capital expenditures	(226.8)	(176.6)
Allowance for funds used during construction	2.9	1.4
	(223.9)	(175.2)
Cash flows from financing activities		
Proceeds from contributed capital from parent	158.0	99.0
Proceeds from long-term debt	250.0	--
Repayment of long-term debt	(0.4)	(80.3)
Net increase (decrease) in short-term debt	(172.6)	5.7
Payment of dividends	(83.4)	(60.3)
	151.6	(35.9)
Net increase (decrease) in cash and cash equivalents	0.3	(25.7)
Cash and cash equivalents at beginning of period	0.7	26.1
Cash and cash equivalents at end of period	$ 1.0	$ 0.4

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Tampa Electric Company (the company) is a wholly owned subsidiary of TECO Energy, Inc.

B. The company has made certain commitments in connection with its continuing construction program. Total construction expenditures during 2001 are estimated to be $373 million for its electric division (referred to as Tampa Electric) and $74 million for its natural gas division (referred to as Peoples Gas System).

Tampa Electric Company is a potentially responsible party for certain superfund sites and, through its Peoples Gas System 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, the company estimates its ultimate financial liability at approximately $22 million over the next 10 years. The environmental remediation costs associated with these sites have been recorded on the accompanying consolidated balance sheet, and are not expected to have a significant impact on customer prices.

C. **Contribution by operating division**
(in millions)

	Revenues	Net Income
Three Months Ended June 30, 2001		
Tampa Electric	$ 359.1	$ 38.1
Peoples Gas System	82.3	4.2
	441.4	42.3
Other and eliminations	(0.3)	--
Tampa Electric Company	$ 441.1	$ 42.3
Three Months Ended June 30, 2000		
Tampa Electric	$ 340.4	$ 35.7
Peoples Gas System	71.4	4.0
	411.8	39.7
Other and eliminations	(0.1)	--
Tampa Electric Company	$ 411.7	$ 39.7
Six Months Ended June 30, 2001		
Tampa Electric	$ 695.1	$ 68.6
Peoples Gas System	216.4	14.7
	911.5	83.3
Other and eliminations	(0.5)	--
Tampa Electric Company	$ 911.0	$ 83.3
Six Months Ended June 30, 2000		
Tampa Electric	$ 633.0	$ 64.3
Peoples Gas System	158.1	12.5
	791.1	76.8
Other and eliminations	(0.4)	--
Tampa Electric Company	$ 790.7	$ 76.8

D. Tampa Electric Company adopted FAS 133, Accounting for Derivative Instruments and Hedging, effective Jan. 1, 2001. The standard requires the company 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 fair value of those instruments as either components of comprehensive income or in net income, depending on the types of those instruments. The company has completed the review and documentation of its derivative contracts, and found such activity has been minimal and relatively short-term in duration. Based on policies and procedures approved by the Board of Directors, from time to time, the company enters into futures, swaps and options contracts to limit exposure to gas price increases at Peoples Gas System.

The company did not have any open derivatives or hedges at adoption of the standard that were subject to FAS 133 accounting. Management will continue to document all current, new and possible uses of derivatives, and develop procedures and methods for measuring them.

E. On June 25, 2001, Tampa Electric Company issued $250 million principal amount of 6.875% notes due June 15, 2012 (the Notes). The Notes are subject to redemption, in whole or in part, at any time, and at the option of Tampa Electric Company, at a redemption price equal to the greater of 100% of the principal amount of Notes then outstanding to be redeemed or the sum of the present values of the remaining scheduled payments of principal and interest on the Notes then outstanding to be redeemed, discounted at an adjusted treasury rate plus 25 basis points to the redemption date. Net proceeds were 98.928% of the principal amount. The proceeds were used to repay short-term debt and for general corporate purposes.

F. On June 30, 2001, the Financial Accounting Standards Board finalized FAS 141, *Business Combinations*, and FAS 142, *Goodwill and Other Intangible Assets*. FAS 141 requires all business combinations initiated after June 30, 2001, to be accounted for using the purchase method of accounting. With the adoption of FAS 142 effective Jan. 1, 2002, goodwill is no longer subject to amortization. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair-value-based test. Under the new rules, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquirer's intent to do so. These intangible assets will be required to be amortized over their useful lives.

Tampa Electric Company does not have any recorded goodwill. The company does not expect adoption of FAS 142 to significantly impact its results.

In July 2001, the Financial Accounting Standards Board finalized FAS 143, *Accounting for Asset Retirement Obligations*, which requires the recognition of a liability for an asset retirement obligation in the period in which it is incurred. 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 present value and the related capitalized charge is depreciated over the useful life of the asset. FAS 143 is effective for fiscal years beginning after June 15, 2002. The company is currently reviewing the impact that FAS 143 will have on its results.

Item 2. Management's Narrative Analysis of Results of Operations

This Quarterly Report on Form 10-Q contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results to differ materially from those projected in these forward-looking statements include the following: interest rates, debt levels. restrictive covenants and other factors that could impact Tampa Electric Company's ability to obtain access to sufficient capital on satisfactory terms; general economic conditions, particularly those in Tampa Electric's service area affecting energy sales; weather variations affecting energy sales and operating costs; potential competitive changes in the electric and gas industries, particularly in the area of retail competition; regulatory actions affecting Tampa Electric and Peoples Gas System; commodity price changes affecting the competitive positions of Tampa Electric and Peoples Gas System; and changes in and compliance with environmental regulations that may impose additional costs or curtail some activities. Some of these factors are discussed more fully under "Investment Considerations" in TECO Energy, Inc.'s Quarterly Report on Form 10-Q included as Exhibit 99.1 for the period ended June 30, 2001, and reference is made thereto.

Results of Operations

Three Months Ended June 30, 2001:

Tampa Electric Company's net income for the quarter ended June 30, 2001 was $42.3 million, up from $39.7 million recorded for the three-month period ended June 30, 2000. The 7-percent increase for the quarter relative to last year reflected continued strong customer growth. Higher depreciation expense was partially offset by lower operations and maintenance expense.

Electric division (Tampa Electric)

Tampa Electric's net income for the second quarter was $38.1 million, compared with $35.7 million for the same period in 2000. The company showed improved results from customer growth of almost 3 percent, which more than offset the impact of mild spring weather on retail energy sales that were essentially unchanged from the same period last year. Higher depreciation expense from normal plant additions was more than offset by lower operations and maintenance expense. Operations and maintenance expense in last year's second quarter included higher expenditures related to improving generating unit reliability. A summary of the operating statistics for the three months ended June 30, 2001 and 2000 follows.

(in millions, except average customers)	Operating Revenues			Kilowatt-hour sales		
Three Months Ended June 30,	2001	2000	Change	2001	2000	Change
Residential	$158.1	$149.7	5.6%	1,793.8	1,818.0	-1.3%
Commercial	103.3	94.5	9.3%	1,415.5	1,412.6	0.2%
Industrial - Phosphate	17.2	15.8	8.9%	335.1	340.3	-1.5%
Industrial - Other	18.6	16.0	16.3%	289.4	280.6	3.1%
Other sales of electricity	25.7	24.2	6.2%	337.2	343.8	-1.9%
Deferred and other revenues	7.3	5.8	25.9%	--	--	--
	330.2	306.0	7.9%	4,171.0	4,195.3	-0.6%
Sales for resale	20.6	26.9	-23.4%	341.8	631.2	-45.8%
Other operating revenue	8.3	7.5	10.7%	--	--	--
	$359.1	$340.4	5.5%	4,512.8	4,826.5	-6.5%
Average customers (thousands)	572.8	557.6	2.7%			
Retail output to line (kilowatt hours)				4,590.3	4,564.4	0.6%

Natural Gas division (Peoples Gas System)

Peoples Gas System (PGS) reported net income for the quarter of $4.2 million, compared with $4.0 million for the same period last year. Quarterly results reflected strong customer growth of more than 4 percent and higher residential and commercial sales. Decreased volumes for low-margin, transportation gas for electric power generators, interruptible customers and off-system sales reflected the higher cost of gas for purchasers who have the ability to switch to alternate fuels or alter consumption patterns. Operating and maintenance expenses were slightly higher than in the previous year, while depreciation increased slightly due to normal plant growth. A summary of the operating statistics for the three months ended June 30, 2001 and 2000 follows:

(in millions, except average customers)	Operating Revenues			Therms		
Three Months Ended June 30,	**2001**	**2000**	**Change**	**2001**	**2000**	**Change**
By Customer Segment:						
Residential	$ 17.8	$ 13.5	31.9%	11.0	9.8	12.2%
Commercial	40.2	32.8	22.6%	72.3	67.5	7.1%
Industrial	2.9	3.6	-19.4%	63.1	72.3	-12.7%
Off system sales	8.7	11.2	-22.3%	19.0	29.3	-35.1%
Power generation	2.8	3.0	-6.7%	108.4	109.3	-0.8%
Other revenues	9.9	7.3	35.6%	--	--	--
	$ 82.3	$ 71.4	15.3%	273.8	288.2	-5.0%
By Sales Type:						
System supply	$ 58.0	$ 52.6	10.3%	62.0	79.4	-21.9%
Transportation	14.4	11.5	25.2%	211.8	208.8	1.4%
Other revenues	9.9	7.3	35.6%	--	--	--
	$ 82.3	$ 71.4	15.3%	273.8	288.2	-5.0%
Average customers (thousands)	266.2	255.6	4.1%			

Other

Allowance for funds used during construction (AFUDC) was $1.8 million and $0.9 million for the three months ended June 30, 2001 and 2000, respectively. AFUDC is expected to increase over the next several years, reflecting Tampa Electric's generation expansion activities.

Total interest charges were $17.9 million for the three months ended June 30, 2001 compared to $17.5 million for the same period in 2000. Increased financing costs for the second quarter of 2001 reflected primarily higher borrowing levels.

Six Months Ended June 30, 2001:

Tampa Electric Company's net income for the six months ended June 30, 2001 was $83.3 million, up from $76.8 million recorded for the same period last year. The 8-percent increase year-to-date reflected the continued strong customer growth and favorable winter weather. Increased revenues were somewhat offset by higher depreciation in the first half of 2001 due to normal plant growth, and higher operation and maintenance expense spending in the electric division, and.

Electric division (Tampa Electric)

Tampa Electric's year-to-date net income increased 7 percent to $68.6 million, reflecting strong customer growth and almost 5-percent higher retail energy sales as a result of favorable winter weather. Increased revenues were somewhat offset by higher operation and maintenance expense due to increased spending on generation assets and an increase in liability reserve requirements, and higher depreciation in the first half of 2001 due to normal plant growth. A summary of the operating statistics for the six months ended June 30, 2001 and 2000 follows:

(in millions, except average customers)	Operating Revenues			Kilowatt-hour sales		
Six Months Ended June 30,	2001	2000	Change	2001	2000	Change
Residential	$316.6	$281.5	12.5%	3,672.6	3,410.3	7.7%
Commercial	195.0	177.2	10.1%	2,719.9	2,637.9	3.1%
Industrial - Phosphate	33.6	30.0	12.0%	678.2	675.2	0.4%
Industrial - Other	34.2	30.4	12.5%	560.6	539.5	3.9%
Other sales of electricity	49.0	45.7	7.2%	651.0	646.1	0.8%
Deferred and other revenues	0.4	3.8	-89.5	--	--	--
	628.8	568.6	10.6%	8,282.3	7,909.0	4.7%
Sales for resale	48.1	49.0	-1.8%	970.9	1,146.0	-15.3%
Other operating revenue	18.2	15.4	18.2%	--	--	--
	$695.1	$633.0	9.8%	9,253.2	9,055.0	2.2%
Average customers (thousands)	572.5	556.9	2.8%			
Retail output to line (kilowatt hours)				8,697.4	8,414.9	3.4%

Natural Gas division (Peoples Gas System)

PGS' year-to-date net income increased more than 17 percent to $14.7 million, reflecting more than 4 percent customer growth and higher residential and commercial usage early in the year as a result of favorable winter weather. Decreased volumes for low-margin, transportation gas for electric power generators, interruptible customers and off-system sales reflected the higher cost of gas for purchasers who have the ability to switch to alternate fuels or alter consumption patterns. Operating and maintenance expenses were up slightly from last year, while depreciation increased slightly due to normal plant growth. A summary of the operating statistics for the six months ended June 30, 2001 and 2000 follows:

(in millions, except average customers)	Operating Revenues			Therms		
Six Months Ended June 30,	2001	2000	Change	2001	2000	Change
By Customer Segment:						
Residential	$ 59.6	$ 39.0	52.8%	38.5	33.7	14.2%
Commercial	107.7	71.1	51.5%	163.1	151.8	7.4%
Industrial	6.8	7.1	-4.2%	125.1	152.4	-17.9%
Off system sales	13.1	20.4	-35.8%	25.6	59.5	-57.0%
Power generation	5.7	5.5	3.6%	186.4	211.7	-11.9%
Other revenues	23.5	15.0	56.7%	--	--	--
	$216.4	$158.1	36.9%	538.7	609.1	-11.6%
By Sales Type:						
System supply	$163.1	$118.6	37.5%	143.9	183.3	-21.5%
Transportation	29.8	24.5	21.6%	394.8	425.8	-7.3%
Other revenues	23.5	15.0	56.7%	--	--	--
	$216.4	$158.1	36.9%	538.7	609.1	-11.6%
Average customers (thousands)	266.2	255.6	4.2%			

Other

Allowance for funds used during construction (AFUDC) was $2.9 million and $1.4 million for the six months ended June 30, 2001 and 2000, respectively. AFUDC is expected to increase over the next several years, reflecting Tampa Electric's generation expansion activities.

Total interest charges were $38.7 million for the six months ended June 30, 2001 compared to $34.7 million for the same period in 2000. Increased financing costs for the first half of 2001 primarily reflected higher borrowing levels.

Recent Developments

As previously reported, Tampa Electric, Florida Power and Light, and Florida Power Corporation (collectively, Applicants), in compliance with the Federal Energy Regulatory Commission's (FERC) Order No. 2000, submitted to the FERC an application to form a regional transmission organization (RTO) to be known as GridFlorida. On March 28, 2001, FERC granted "provisional" approval of the proposal for GridFlorida. This approval was conditional upon the Applicants making a subsequent compliance filing by May 29, 2001, implementing certain changes describe in the order.

In early May, the Staff of the Florida Public Service Commission (FPSC) recommended that the FPSC examine the prudence of the Applicants' decision to join an RTO, in general, and to form and participate in GridFlorida, in particular. The FPSC Staff asserted that FERC Order No. 2000 does not require participation and therefore, each company's decision must be evaluated and associated costs and benefits to ratepayers must be quantified.

The issues raised by the FPSC process create uncertainty with respect to the Applicants' actions to comply with Order No. 2000. Because the resolution of these issues is critical to the continued formation of GridFlorida, the Applicants decided to suspend their RTO development activities until the issues are resolved. This was communicated to FERC when the May 29, 2001 compliance filing was made. The FPSC has begun an RTO prudence determination for each company that is expected to be resolved by Dec. 1, 2001. Concurrently, the FERC has ordered mediation among the various proposed RTOs in the four quadrants of the country, including the Southeast. GridFlorida is participating in the discussions with the other RTO participants.

Accounting Standards

Accounting for Derivative Instruments and Hedging

The company adopted FAS 133, Accounting for Derivative Instruments and Hedging, effective Jan. 1, 2001 The standard requires the company 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 fair value of those instruments as either components of comprehensive income or in net income, depending on the types of those instruments. See Note D on page 8 for a full discussion of the impacts to Tampa Electric Company.

Business Combinations and Goodwill and Other Intangible Assets

On June 30, 2001, the Financial Accounting Standards Board finalized FAS 141, *Business Combinations*, and FAS 142, *Goodwill and Other Intangible Assets*. FAS 141 requires all business combinations initiated after June 30, 2001, to be accounted for using the purchase method of accounting. With the adoption of FAS 142 effective Jan. 1, 2002, goodwill is no longer subject to amortization. Rather, goodwill will be subject to at least an annual assessment for impairment by applying a fair-value-based test. Under the new rules, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquirer's intent to do so. These intangible assets will be required to be amortized over their useful lives.

Tampa Electric Company does not have any recorded goodwill. The company does not expect adoption of FAS 142 to significantly impact its results.

Asset Retirement Obligations

In July 2001, the Financial Accounting Standards Board finalized FAS 143, Accounting for Asset Retirement Obligations, which requires the recognition of a liability for an asset retirement obligation in the period in which it is incurred. 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 present value and the related capitalized charge is depreciated over the useful life of the asset. FAS 143 is effective for fiscal years beginning after June 15, 2002. The company is currently reviewing the impact that FAS 143 will have on its results.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Tampa Electric Company is exposed to changes in interest rates primarily as a result of its borrowing activities. A hypothetical 10-percent increase in Tampa Electric Company's weighted average interest rate on its variable rate debt would have an estimated $1.6 million impact on Tampa Electric Company's pretax earnings over the next fiscal year.

A hypothetical 10-percent decrease in interest rates would not have a significant impact on the estimated fair value of Tampa Electric Company's long-term debt at June 30, 2001.

Based on policies and procedures approved by the Board of Directors, from time to time Tampa Electric Company may enter into futures, swaps and option contracts to moderate exposure to interest rate changes.

Commodity Price Risk

Currently, at Tampa Electric and Peoples Gas System, commodity price increases due to changes in market conditions for fuel, purchased power and natural gas are recovered through cost recovery clauses, with no effect on earnings.

From time to time, Peoples Gas System may enter into futures, swaps and options contracts to limit the effect of natural gas price increases on the prices it charges customers.

Tampa Electric Company does not use derivatives or other financial products for speculative purposes.

PART II. OTHER INFORMATION

Item 6. **Exhibits and Reports on Form 8-K**

(a) Exhibits

10.1 Supplemental Executive Retirement Plan for R. D. Fagan, as amended.

10.2 Severance Agreement between TECO Energy, Inc. and R. D. Fagan, as amended.

12 Ratio of earnings to fixed charges

(b) Reports on Form 8-K

The registrant filed the following Current Reports on Form 8-K for the quarter ended June 30, 2001.

The registrant filed a Current Report on Form 8-K dated June 20, 2001, reporting under "Item 5. Other Events" furnishing certain exhibits for incorporation by reference into the Registration Statement on Form S-3 previously filed with the Securities and Exchange Commission (File No. 333-55090).

The registrant filed a Current Report on Form 8-K dated June 25, 2001, reporting under "Item 5. Other Events" furnishing certain exhibits for incorporation by reference into the Registration Statement on Form S-3 previously filed with the Securities and Exchange Commission (File No. 333-55090).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TAMPA ELECTRIC COMPANY
(Registrant)

Date: August 13, 2001

*By: /s/ G. L. GILLETTE
G. L. GILLETTE
Senior Vice President - Finance
and Chief Financial Officer
(Principal Financial Officer)

INDEX TO EXHIBITS

Exhibit No.	Description of Exhibits
10.1	Supplemental Executive Retirement Plan for R. D. Fagan, as amended
10.2	Severance Agreement between TECO Energy, Inc. and R. D. Fagan, as amended.
12	Ratio of earnings to fixed charges

Exhibit 12

TAMPA ELECTRIC COMPANY

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the company's ratio of earnings to fixed charges for the periods indicated.

Three Months Ended June 30, 2001	Twelve Months Ended June 30, 2001	Year Ended December 31, 2000	1999(1)	1998(2)	1997	1996(3)
4.17x	4.09x	4.14x	3.82x	4.51x	4.38x	4.40x

For the purposes of calculating these ratios, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, amortization of debt premium, the interest component of rentals and preferred stock dividend requirements.

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(1) Includes the effect of one-time, pretax charges totaling $18.3 million recorded in the third and fourth quarters of 1999. Charges consisted of the following: $10.5 million recorded based onFlorida Public Service Commission audits of Tampa Electric's 1997 and 1998 earnings which limited Tampa Electric's equity ratio to 58.7 percent; $3.5 million to resolve litigation filed by the U.S. Environmental Protection Agency; and $4.3 million for corporate income tax settlements related to prior years' tax returns. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.61x for the year ended Dec. 31, 1999.

(2) Includes the effect of one-time, pretax charges totaling $16.9 million, as more fully explained in Note I to Item 8, Financial Statements and Supplementary Data of the Company's Annual Report on Form 10-K for the 1998 fiscal year. The effect of these charges was to reduce the ratio of earnings to fixed charges. Had these charges been excluded from the calculation, the ratio of earnings to fixed charges would have been 4.66x for the year ended Dec. 31, 1998.

(3) Amounts have been restated to reflect the merger of Peoples Gas System, Inc., with and into Tampa Electric Company.

EXHIBIT B-2

TAMPA ELECTRIC COMPANY
ELECTRIC DIVISION
PROJECTED STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE TWELVE MONTHS ENDED DEC. 31, 2002
(MILLIONS)

FUNDS PROVIDED BY	12 MONTHS ENDED DEC. 31, 2002
Operations:	
Depreciation	$183
Deferred Income Taxes	(8)
Other	(31)
Financing:	
Changes in Debt Financing	402
TOTAL FUNDS AVAILABLE	$542
FUNDS APPLIED TO	
Construction (excluding AFUDC)	$542
TOTAL FUNDS APPLIED	$542

TAMPA ELECTRIC COMPANY
ELECTRIC DIVISION
CONSTRUCTION EXPENDITURE FORECAST
FOR THE TWELVE MONTHS ENDED DEC. 31, 2002
(MILLIONS)

Transmission	$ 33
Distribution	78
Production	393
General	33
	537
Cost of Removal, Net of Salvage	5
Total Projected Construction Expenditures (excluding AFUDC)	$542

TAMPA ELECTRIC COMPANY
GAS DIVISION
PROJECTED STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE TWELVE MONTHS ENDED DEC. 31, 2002
(MILLIONS)

FUNDS PROVIDED BY	
Operations:	
Depreciation / Amortization	$29
Deferred Income Taxes	1
Other	8
	38
Financing:	
Changes in Debt Financing	38
Other Financing	(8)
	30
TOTAL FUNDS AVAILABLE	$68
FUNDS APPLIED TO	
Construction	$68
TOTAL FUNDS APPLIED	$68

TAMPA ELECTRIC COMPANY
GAS DIVISION
PROJECTED STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE TWELVE MONTHS ENDED DEC. 31, 2002
(MILLIONS)

Total Projected Construction Expenditures - (excluding AFUDC)	$68