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August 27, 2014

VIA: ELECTRONIC FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Tampa Electric Company and Peoples Gas System
Notice of Change in Accounting Methods

Dear Ms. Stauffer:

In accordance to the Internal Revenue Service (“IRS”) procedures set forth in Revenue Procedure 2014-17 (Methods of accounting-automatic consent procedures) please see attached two Forms 3115 (Application for Change in Accounting Method) filed by TECO Energy, Inc. and Consolidated Subsidiaries on behalf of itself and its wholly owned subsidiaries (collectively, the “Taxpayer”). The first Form 3115 is to make a general asset account election under sections 168(i)(4), 1.168(i)-1, and 1.168(i)-1T for the Taxpayer’s MACRS property placed in service by the taxpayer in taxable years beginning before January 1, 2012. The second Form 3115 is a change in its method of accounting in defining units of property and major components for generation property, as provided in Revenue Procedure 2013-24, to determine whether expenditures to maintain, replace, or improve steam or electric generation property must be capitalized under Sec. 263(a).

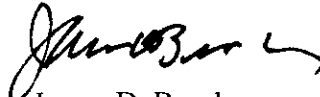
Subsidiary EIN
Tampa Electric Company 59-0475140
Peoples Gas System 59-0967302

This is simply a notification, as required by the IRS Revenue Procedure, and Tampa Electric Company and Peoples Gas System do not seek to have a docket opened in connection with this notification.

Ms. Carlotta S. Stauffer
August 27, 2014
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Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp
Attachment

cc: Andrew L. Maurey (w/attachment)

Application for Change in Accounting Method

Name of filer (name of parent corporation if a consolidated group) (see instructions)		Identification number (see instructions)	
TECO ENERGY, INC. AND CONSOLIDATED SUBS		59-2052286	
Number, street, and room or suite no. If a P.O. box, see the instructions.		Principal business activity code number (see instructions)	
702 N. FRANKLIN STREET		551112	
City or town, state, and ZIP code		Tax year of change begins (MM/DD/YYYY) 01/01/2013	
TAMPA, FL 33602		Tax year of change ends (MM/DD/YYYY) 12/31/2013	
Name of applicant(s) (if different than filer) and identification number(s) (see instructions)		Name of contact person (see instructions)	
SEE ATTACHMED STATEMENT		VALERIE STRICKLAND	
		Contact person's telephone number	
		(813) 228-1652	

If the applicant is a member of a consolidated group, check this box

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box

<p>Check the box to indicate the type of applicant.</p> <p><input type="checkbox"/> Individual</p> <p><input checked="" type="checkbox"/> Corporation</p> <p><input type="checkbox"/> Controlled foreign corporation (Sec. 957)</p> <p><input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))</p> <p><input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))</p> <p><input type="checkbox"/> Exempt organization. Enter Code section ▶</p> <p><input type="checkbox"/> Cooperative (Sec. 1381)</p> <p><input type="checkbox"/> Partnership</p> <p><input type="checkbox"/> S corporation</p> <p><input type="checkbox"/> Insurance co. (Sec. 816(a))</p> <p><input type="checkbox"/> Insurance co. (Sec. 831)</p> <p><input type="checkbox"/> Other (specify) ▶</p>	<p>Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)</p> <p><input type="checkbox"/> Depreciation or Amortization</p> <p><input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions</p> <p><input checked="" type="checkbox"/> Other (specify) ▶ GENERAL ASSET ACCOUNT ELECTION (SECTION 168)</p>
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Caution. To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.

Part I Information For Automatic Change Request

<p>1 Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change.</p> <p>▶ (a) Change No. <u>180</u> (b) Other <input type="checkbox"/> Description ▶</p> <p>2 Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Yes</th> <th style="width: 50%;">No</th> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;"> </td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;">X</td> </tr> </table>	Yes	No				X
Yes	No						
	X						

Note. Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).


Part II Information For All Requests

<p>3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)?</p> <p>If "Yes," the applicant is not eligible to make the change under automatic change request procedures.</p> <p>4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)?</p> <p>If "No," go to line 5.</p> <p>b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) either (i) under consideration or (ii) placed in suspense (see instructions)?</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Yes</th> <th style="width: 50%;">No</th> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;">X</td> </tr> <tr> <td style="text-align: center;">X</td> <td style="text-align: center;"> </td> </tr> <tr> <td style="text-align: center;"> </td> <td style="text-align: center;">X</td> </tr> </table>	Yes	No		X	X			X
Yes	No								
	X								
X									
	X								

Signature (see instructions)

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

Filer




Signature and date

SANDRA W. CALLAHAN

Name and title (print or type)

SENIOR VP-FINANCE & ACCOUNTING AND CFO

Preparer (other than filer/applicant)



Signature of individual preparing the application and date

C. STEVEN SMITH

Name of individual preparing the application (print or type)

PRICEWATERHOUSECOOPERS LLP

Name of firm preparing the application

Part II Information For All Requests (continued)		Yes	No
4c	Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?		X
d	Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? SEE ATTACHMENT If "Yes," attach the consent statement from the director.		X
e	Is the request to change the method of accounting being filed under the 90-day or 120-day window period? If "Yes," check the box for the applicable window period and attach the required statement (see instructions). <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day: Date examination ended ► _____		X
f	If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ► SEE ATTACHMENT Telephone number ► _____ Tax year(s) ► 2012-13		
g	Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?	X	
5a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax year(s) before Appeals and/or a Federal court. Name ► _____ Telephone number ► _____ Tax year(s) ► _____		X
b	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?	N/A	
c	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? If "Yes," attach an explanation.	N/A	
6	If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court. SEE ATTACHMENT		
7	If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If "Yes," the applicant is not eligible to make the change.	N/A	
8a	Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?		X
b	If "Yes," attach an explanation.		
9a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?	X	
b	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent. SEE STATEMENT		
c	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation. N/A		
10a	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?		X
b	If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s).		
11	Is the applicant requesting to change its overall method of accounting? If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form.		X
	Present method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		
	Proposed method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		

Part II Information For All Requests (continued)			Yes	No
12	If the applicant is either (i) not changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following:	SEE ATTACHMENT		
a	The item(s) being changed.	SEE ATTACHMENT		
b	The applicant's present method for the item(s) being changed.	SEE ATTACHMENT		
c	The applicant's proposed method for the item(s) being changed.	SEE ATTACHMENT		
d	The applicant's present overall method of accounting (cash, accrual, or hybrid).	SEE ATTACHMENT		
13	Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application.	SEE ATTACHMENT		
14	Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions	SEE ATTACHMENT		X
	If "No," attach an explanation.			
15a	Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)?			X
b	If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application.	N/A		
16	Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response?	SEE ATTACHMENT	X	
17	If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change.	N/A		
	1st preceding year ended: mo. yr.	2nd preceding year ended: mo. yr.	3rd preceding year ended: mo. yr.	
	\$	\$	\$	

Part III Information For Advance Consent Request			Yes	No
18	Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request?			N/A
	If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.			
19	Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.			
20	Attach a copy of all documents related to the proposed change (see instructions).			
21	Attach a statement of the applicant's reasons for the proposed change.			
22	If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed?			N/A
	If "No," attach an explanation.			
23a	Enter the amount of user fee attached to this application (see instructions). ▶ \$			N/A
b	If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).			

Part IV Section 481(a) Adjustment			Yes	No
24	Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment?			X
	If "Yes," do not complete lines 25, 26, and 27 below.			
25	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ▶ \$ SEE ATTACHMENT Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant.			

Part IV Section 481(a) Adjustment (continued)		Yes	No
26	If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change?		N/A
27	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation.		X

Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.) N/A

Part I Change in Overall Method (see instructions) N/A

- 1** Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.

	Amount
a Income accrued but not received (such as accounts receivable)	\$
b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method	
c Expenses accrued but not paid (such as accounts payable)	
d Prepaid expenses previously deducted	
e Supplies on hand previously deducted and/or not previously reported	
f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II	
g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶	
h Net section 481(a) adjustment (Combine lines 1a–1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25.	\$
- 2** Is the applicant also requesting the recurring item exception under section 461(h)(3)? Yes No
- 3** Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

Part II Change to the Cash Method For Advance Consent Request (see instructions) N/A

Applicants requesting a change to the cash method must attach the following information:

- 1** A description of inventory items (items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.
- 2** An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.

Schedule B—Change to the Deferral Method for Advance Payments (see instructions) N/A

- 1** If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
 - a** A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
 - b** If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
 - c** If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- 2** If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
 - a** A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
 - b** A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
 - c** A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
 - d** A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

Schedule C—Changes Within the LIFO Inventory Method (see instructions)

N/A

Part I General LIFO Information

N/A

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all Forms 970, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
 - a Valuing inventory (e.g., unit method or dollar-value method).
 - b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
 - c Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

Part II Change in Pooling Inventories

N/A

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
 - a A description of the types of products produced by the applicant. If possible, attach a brochure.
 - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
 - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
 - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
 - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
 - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
 - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Schedule D—Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions)

N/A

Part I Change in Reporting Income From Long-Term Contracts (Also complete Part III on pages 7 and 8.) N/A

- 1 To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
2a Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)?
b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)?
c If line 2b is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)?
d If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)?
3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)?
b If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
c Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
4 To determine a contract's completion factor using the percentage-of-completion method:
a Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)?
b If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))?
5 Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.) N/A

- 1 Attach a description of the inventory goods being changed.
2 Attach a description of the inventory goods (if any) NOT being changed.
3a Is the applicant subject to section 263A? If "No," go to line 4a
b Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? If "No," attach a detailed explanation

4a Check the appropriate boxes below.

Identification methods:

- Specific identification
FIFO
LIFO
Other (attach explanation)

Valuation methods:

- Cost
Cost or market, whichever is lower
Retail cost
Retail, lower of cost or market
Other (attach explanation)

Table with 3 columns: Inventory Being Changed (Present method, Proposed method) and Inventory Not Being Changed (Present method). Rows correspond to identification and valuation methods.

- b Enter the value at the end of the tax year preceding the year of change
5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions):
a Copies of Form(s) 970 filed to adopt or expand the use of the method.
b Only for applicants requesting advance consent. A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
c Only for applicants requesting an automatic change. The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)). N/A

Section A—Allocation and Capitalization Methods N/A

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B—Direct and Indirect Costs Required To Be Allocated

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked. N/A

	Present method	Proposed method
1 Direct material		
2 Direct labor		
3 Indirect labor		
4 Officers' compensation (not including selling activities)		
5 Pension and other related costs		
6 Employee benefits		
7 Indirect materials and supplies		
8 Purchasing costs		
9 Handling, processing, assembly, and repackaging costs		
10 Offsite storage and warehousing costs		
11 Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12 Depletion		
13 Rent		
14 Taxes other than state, local, and foreign income taxes		
15 Insurance		
16 Utilities		
17 Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18 Engineering and design costs (not including section 174 research and experimental expenses)		
19 Rework labor, scrap, and spoilage		
20 Tools and equipment		
21 Quality control and inspection		
22 Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23 Licensing and franchise costs		
24 Capitalizable service costs (including mixed service costs)		
25 Administrative costs (not including any costs of selling or any return on capital)		
26 Research and experimental expenses attributable to long-term contracts		
27 Interest		
28 Other costs (Attach a list of these costs.)		

Part III Method of Cost Allocation (see instructions) (continued)

N/A

Section C—Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)

N/A

Table with 3 columns: Line number, Description of cost, Present method, Proposed method. Rows include Marketing, selling, advertising, and distribution expenses; Research and experimental expenses; Bidding expenses; General and administrative costs; Income taxes; Cost of strikes; Warranty and product liability costs; Section 179 costs; On-site storage; Depreciation, amortization, and cost recovery allowance; Other costs.

Schedule E—Change in Depreciation or Amortization (see instructions)

N/A

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section. Applicants must provide this information for each item or class of property for which a change is requested.

Note. See the List of Automatic Accounting Method Changes in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instructions).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)?
2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)?
3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)?
4a To the extent not already provided, attach a statement describing the property being changed.
b If the property is residential rental property, did the applicant live in the property before renting it?
c Is the property public utility property?
5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method.
6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change to depreciate or amortize the property.
7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
a The Code section under which the property is or will be depreciated or amortized.
b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
c The facts to support the asset class for the proposed method.
d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
e The useful life, recovery period, or amortization period of the property.
f The applicable convention of the property.
g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

TECO Energy, Inc. and Consolidated Subsidiaries
EIN: 59-2052286
Attachment to Form 3115, Application for Change in Accounting Method
General Asset Account Election (Automatic Change #180)
Tax Year Ended December 31, 2013

Name of Applicants:

TECO Energy, Inc. & Consolidated Subsidiaries (EIN: 59-2052286), the parent of a group of affiliated corporations that files a consolidated tax return, is requesting to make this change in accounting method on behalf of the following trades or businesses (unless otherwise specified, hereinafter collectively, the "Applicant").

<u>Name</u>	<u>EIN</u>	<u>PBAC</u>
Tampa Electric Company	59-0475140	221100
Peoples Gas System	59-0967302	221210

Page 1, Part II, Question 4, Under Examination

The Taxpayer is currently under examination for the 2012 and 2013 taxable years. Pursuant to Section 6.03(4) of Rev. Proc. 2011-14, the Taxpayer is required to obtain consent of the Director on or before filing this method change application. Pursuant to Rev. Proc. 2012-20, however, the scope limitations under Section 4.02(1) of Rev. Proc. 2011-14 do not apply to a taxpayer making changes under Section 6.32 of the Appendix of Rev. Proc. 2011-14 for its first or second taxable year beginning after December 31, 2011. The waiver of the scope limitation also includes a waiver of the requirement to obtain consent of the Director under Section 6.03(4) of Rev. Proc. 2011-14.

Page 2, Part II, Question 4d, Operating Division Director Consent

Scope was waived.

Page 2, Part II, Question 5a, Applicant Before Appeals

For tax years 2012-2013, the Applicant is before Appeals with:

Appeals Officer's Name: William M. Scott
Appeals Officer's Telephone Number: (727) 568-2411

Page 2, Part II, Question 6, Parent Corporation's Information

Parent Corporation name: TECO Energy, Inc. & Consolidated Subsidiaries
 EIN: 59-2052286
 Address: 702 N. Franklin Street, Tampa, FL 33602
 Tax years under Exam: 2012-2013

Page 2, Part II, Questions 9 & 10, Prior and Pending Method Changes and Requests

TECO Energy, Inc. and Consolidated Subsidiaries
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Attachment to Form 3115, Application for Change in Accounting Method
General Asset Account Election (Automatic Change #180)
Tax Year Ended December 31, 2013

Within the past 5 years, TECO Energy, Inc. & Consolidated Subsidiaries has requested the accounting method changes listed below.

<u>Trade or Business</u>	<u>Year of Change</u>	<u>Status</u>	<u>Accounting Method Change Requested</u>
Tampa Electric Company - Electric Power Generation, Transmission & Distribution	2009	Automatic	Generation Repair and Maintenance Costs Under 263(a)
Tampa Electric Company - Electric Power Generation, Transmission & Distribution	2009	Automatic	Generation Asset Retirements Under Section 165, 167 and 168
Tampa Electric Company - Electric Power Generation, Transmission & Distribution	2010	Automatic	T&D Repair and Maintenance Costs Under 263(a)
Tampa Electric Company - Electric Power Generation, Transmission & Distribution	2010	Automatic	T&D Asset Retirements Under Section 165, 167 and 168
Peoples Gas System - Natural Gas Distribution	2010	Automatic	Gas Distribution Repair and Maintenance Costs Under 263(a)
Peoples Gas System - Natural Gas Distribution	2010	Automatic	Gas Distribution Asset Retirements Under Section 165, 167 and 168

The Applicant is concurrently filing the method change(s) described below for the tax year ending December 31, 2013.

<u>Trade or Business</u>	<u>Year of Change</u>	<u>Status</u>	<u>Accounting Method Change Requested</u>
TECO Energy is an energy-related holding company of Tampa Electric, an electric utility engaged in the production, transmission, distribution, and sale of electric energy and Peoples Gas System, a distributor of natural gas for industrial, commercial, and residential use.	2013	Requested	General Asset Account Election

Page 3, Part II, Question 12a, Item Being Changed

The Applicant is requesting permission to make a general asset account election under sections 168(i)(4), 1.168(i)-1, and 1.168(i)-1T for Applicant's MACRS property placed in service by the Applicant in taxable years beginning before January 1, 2012, as specified in Section 6.32 of the Appendix of Rev. Proc. 2011-14. This election is for Applicant's MACRS property used in the Applicants' Electric Generation, Transmission

TECO Energy, Inc. and Consolidated Subsidiaries
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General Asset Account Election (Automatic Change #180)
Tax Year Ended December 31, 2013

and Distribution trade or business, placed in service by Applicant in taxable years beginning before January 1, 2012, with a net tax basis as of 12/31/2012.

The Taxpayer is not electing general asset account treatment for MACRS assets previously disposed of as a result of an IRC Section 165 casualty loss and where a basis adjustment under IRC Section 1016(a) was recognized.

The Applicant's proposed change in method of accounting for federal income tax purposes is not related to the adoption of the International Financial Reporting Standards (IFRS) for financial statement purposes.

Page 3, Part II, Question 12b, Present Method of Accounting

The Applicant has not made a general asset account election for MACRS property placed in service prior to January 1, 2012.

Page 3, Part II, Question 12c, Proposed Method of Accounting

Under the Applicant's proposed method of accounting, Applicant will make a general asset account election under section 168(i)(4), 1.168(i)-1, and 1.168(i)-IT for Applicant's MACRS property used in the Applicants' Electric Generation, Transmission and Distribution trade or business, placed in service by Applicant in taxable years beginning before January 1, 2012, with a net tax basis as of 12/31/2012.

The Applicant requests permission to elect under Reg. 1.168(i)-1 to group certain generation, transmission and distribution assets into various general asset accounts by vintage (placed in service date) and by tax class. Applicant's tax class is an internally developed methodology of classifying assets into the appropriate (1) applicable depreciation method, (2) the applicable recovery period, and (3) the applicable convention per IRC Section 168 and 167(a). The Applicant is establishing a general asset account for every asset acquired. For transmission and distribution purposes, each asset is analogous to the individual property units utilized for regulatory accounting purposes. For electric generation purposes, each asset is generally defined as similar to major components or other components, defined by the Applicant, related to each tax unit of property.

Under the Taxpayer's proposed method of accounting, as specified in section 6.32(1)(a)(ii) of Rev. Proc. 2012-20, the Taxpayer will apply §1.168(i)-1T(e)(3)(ii) to make an optional termination of a general asset account to recover the adjusted depreciable basis of the general asset account.

TECO Energy, Inc. and Consolidated Subsidiaries
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General Asset Account Election (Automatic Change #180)
Tax Year Ended December 31, 2013

Page 3, Part II, Question 12d, Present Overall Method

The Applicant's present overall method of accounting is the accrual method.

Page 3, Part II, Question 13, Description of Trade or Business

The Applicant generates electricity, transmits electricity at high voltage, distributes electricity to customers, and transports and distributes natural gas to customers. The proposed change applies only to the Applicants' Electric Generation, Transmission and Distribution trade or business.

The principal business code is provided on page 1 of this attachment to the Form 3115. The members of the affiliated group, Tampa Electric Company and People Gas System's have business codes of 221100 and 221210 respectively.

Page 3, Part II, Question 14, Books and Records and Financial Statements

The proposed method of accounting will not be used for the Applicant's books and records and for financial statements.

The proposed method of accounting does not conform to generally accepted accounting principles (GAAP) and the best accounting practices in Applicant's trade or business.

Page 3, Part II, Question 16, Conference of Right

The Applicant requests a conference of right at the IRS National Office if the IRS proposes to rule adversely on this accounting method change. Please contact Taxpayer contact Valerie Strickland (813) 228-1652. For these purposes, adversely is defined to include granting the method change on terms and conditions other than those requested by the Applicant.

Page 3, Part IV, Question 25, Section 481(a) Adjustment

Applicant has not made a general asset account election for its MACRS property placed in service prior to January 1, 2012. Under the Applicant's proposed method of accounting, the Applicant will make a late general asset account election under section 168(i)(4), 1.168(i)-1, and 1.168(i)-1T for the Applicant's MACRS property used in the Applicants' Electric Generation, Transmission and Distribution trade or business, placed in service by the Applicant in taxable years beginning before January 1, 2012 with a net tax basis as of 12/31/2012.

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The Section 481(a) adjustment for tax year 2013 under the proposed method will be zero because the Applicant is only electing GAA for assets with a net tax basis as of 12/31/2012, i.e., assets that are on hand that have not been disposed. Assets disposed in prior years were not under a GAA election, and consequently are allowed loss treatment. Thus, no gain or loss recapture is required.

Request for Faxed Documents

Procedural Statement under Section 9.04(3) of Rev. Proc. 2013-1

The Applicant requests that a copy of any document related to this request (*e.g.*, a request for additional information or the letter ruling) for change in method of accounting be provided to the Applicant's authorized representatives via fax (fax numbers provided below).

Authorized Representatives' Fax Number: (202) 312-7537, Attn: Ms. Sara Logan,
(813) 741-4271, Attn: Mr. C. Steven Smith

TECO Energy, Inc. and Consolidated Subsidiaries
EIN: 59-2052286
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General Asset Account Election (Automatic Change #180)
Tax Year Ended December 31, 2013

**Statement Required Under Rev. Proc. 2011-14, as modified by Rev. Proc. 2012-20,
Section 6.32(4)(c)**

The Applicant is making the change specified in section 6.32(1)(a)(i) of this APPENDIX. Consequently, the Applicant must attach to its Form 3115 a statement with a description of the asset(s) to which this change applies.

The Applicant is only electing GAA for MACRS assets used in the Applicants' Electric Generation, Transmission and Distribution trade or business, with a net tax basis as of 12/31/2012, i.e., assets that are on hand that have not been disposed.

**Statement Required Under Rev. Proc. 2011-14, as modified by Rev. Proc. 2012-20,
Section 6.32(4)(e).**

Applicant is making the change specified in section 6.32(1)(a)(i) of this APPENDIX. Consequently, Applicant:

- (i) Consents to and agrees to apply, all of the provisions of § 1.168(i)-1, and § 1.168(i)-1T to the assets that are subject to the election specified in section 6.32(1)(a)(i) of this APPENDIX; and
- (ii) Except as provided in § 1.168(i)-1T(c)(1)(ii)(A), (e)(3), (g), or (h), the election made by Applicant under section 6.32(1)(a)(i) of this APPENDIX is irrevocable and will be binding on the Applicant for computing taxable income for the year of change and for all subsequent taxable years with respect to the assets that are subject to the election.

**Statement Required Under Rev. Proc. 2011-14, as modified by Rev. Proc. 2012-20,
Section 6.32(4)(f).**

Applicant is making the change specified in section 6.32(1)(a)(i) of this APPENDIX. Consequently, Applicant agrees to the following additional terms and conditions:

- (i) a normalization method of accounting (within the meaning of § 1.168(i)(9)) will be used for the public utility property subject to the application;
- (ii) within 30 calendar days of filing the federal income tax return for the year of change, Applicant will provide a copy of the completed application to any regulatory body having jurisdiction over the public utility property subject to the application; and

TECO Energy, Inc. and Consolidated Subsidiaries

EIN: 59-2052286

Attachment to Form 3115, Application for Change in Accounting Method

General Asset Account Election (Automatic Change #180)

Tax Year Ended December 31, 2013

(iii) as of the beginning of the year of change, Applicant will adjust its deferred tax reserve account or similar account in Applicant's regulatory books of account by the amount of the deferral of federal income tax liability associated with the § 481(a) adjustment applicable to the public utility property subject to the application.

Application for Change in Accounting Method

Name of filer (name of parent corporation if a consolidated group) (see instructions) TECO Energy, Inc. & Subsidiaries	Identification number (See Instructions) 59-2052286
Number, street, and room or suite no. If a P.O. box, see the instructions. 702 N. Franklin Street	Principal business activity code number (see instructions) 221100
City or town, state, and ZIP code Tampa, FL 33602	Tax year of change begins (MM/DD/YYYY) 1/1/2013 Tax year of change ends (MM/DD/YYYY) 12/31/2013
Name of applicant(s) (if different than filer) and identification number(s) (see instructions) SEE STATEMENTS	Name of contact person (see instructions) Susan Minasian Grais
	Contact person's telephone number 202-327-8782

If the applicant is a member of a consolidated group, check this box **X**

If Form 2848, Power of Attorney and Declaration of Representative, is attached (see instructions for when Form 2848 is required), check this box **X**

Check the box to indicate the type of applicant.

<input type="checkbox"/> Individual	<input type="checkbox"/> Cooperative (Sec. 1381)
<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> Controlled foreign corporation (Sec. 957)	<input type="checkbox"/> S corporation
<input type="checkbox"/> 10/50 corporation (Sec. 904(d)(2)(E))	<input type="checkbox"/> Insurance co. (Sec. 816(a))
<input type="checkbox"/> Qualified personal service corporation (Sec. 448(d)(2))	<input type="checkbox"/> Insurance co. (Sec. 831)
<input type="checkbox"/> Exempt organization. Enter Code section ▶	<input type="checkbox"/> Other (specify) ▶

Check the appropriate box to indicate the type of accounting method change being requested. (see instructions)

<input type="checkbox"/> Depreciation or Amortization
<input type="checkbox"/> Financial Products and/or Financial Activities of Financial Institutions
<input checked="" type="checkbox"/> Other (specify) ▶ Definition of units of property for repair and maintenance costs for generation property

Caution. To be eligible for approval of the requested change in method of accounting, the taxpayer must provide all information that is relevant to the taxpayer or to the taxpayer's requested change in method of accounting. This includes all information requested on this Form 3115 (including its instructions), as well as any other information that is not specifically requested.

The taxpayer must attach all applicable supplemental statements requested throughout this form.


Part I Information For Automatic Change Request	Yes	No
1 Enter the applicable designated automatic accounting method change number for the requested automatic change. Enter only one designated automatic accounting method change number, except as provided for in guidance published by the IRS. If the requested change has no designated automatic accounting method change number, check "Other," and provide both a description of the change and citation of the IRS guidance providing the automatic change. See instructions. ▶ (a) Change No. <u>182</u> (b) Other <input type="checkbox"/> Description ▶ _____		
2 Do any of the scope limitations described in section 4.02 of Rev. Proc. 2008-52 cause automatic consent to be unavailable for the applicant's requested change? If "Yes," attach an explanation.		X


Note: Complete Part II below and then Part IV, and also Schedules A through E of this form (if applicable).

Part II Information For All Requests	Yes	No
3 Did or will the applicant cease to engage in the trade or business to which the requested change relates, or terminate its existence, in the tax year of change (see instructions)? If "Yes," the applicant is not eligible to make the change under automatic change request procedures.		X
4a Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) under examination (see instructions)? If "No," go to line 5.	X	
b Is the method of accounting the applicant is requesting to change an issue (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax years(s)) either (i) under consideration or (ii) placed in suspense (see instructions)? See Attached Statement	X	

Signature (see instructions)

Under penalties of perjury, I declare that I have examined this application, including accompanying schedules and statements, and to the best of my knowledge and belief, the application contains all the relevant facts relating to the application, and it is true, correct, and complete. Declaration of preparer (other than applicant) is based on all information of which preparer has any knowledge.

Filer

 Signature and date
Sandra Callahan, CFO
 Name and title (print or type)

Preparer (other than filer/applicant)

 Signature of individual preparing the application and date
William Sean Nelson
 Name of individual preparing the application (print or type)
Ernst & Young LLP
 Name of firm preparing the application

Part II Information For All Requests (continued)

		Yes	No
4c	Is the method of accounting the applicant is requesting to change an issue pending (with respect to either the applicant or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) for any tax year under examination (see instructions)?		X
d	Is the request to change the method of accounting being filed under the procedures requiring that the operating division director consent to the filing of the request (see instructions)? If "Yes," attach the consent statement from the director. See Attached Statement		X
e	Is the request to change the method of accounting being filed under the 90-day or 120-day window period? If "Yes," check the box for the applicable window period and attach the required statement (see instructions). <input type="checkbox"/> 90 day <input type="checkbox"/> 120 day: Date examination ended ▶ _____		X
f	If you answered "Yes" to line 4a, enter the name and telephone number of the examining agent and the tax year(s) under examination. Name ▶ <u>See Attached Statement</u> Telephone number ▶ <u>See Statement</u> Tax year(s) ▶ <u>2013</u>		
g	Has a copy of this Form 3115 been provided to the examining agent identified on line 4f?	X	
5a	Does the applicant (or any present or former consolidated group in which the applicant was a member during the applicable tax year(s)) have any Federal income tax return(s) before Appeals and/or a Federal court? If "Yes," enter the name of the (check the box) <input type="checkbox"/> Appeals officer and/or <input type="checkbox"/> counsel for the government, telephone number, and the tax years(s) before Appeals and/or a Federal court. Name ▶ _____ Telephone number ▶ _____ Tax year(s) ▶ _____		X
b	Has a copy of this Form 3115 been provided to the Appeals officer and/or counsel for the government identified on line 5a?	N	A
c	Is the method of accounting the applicant is requesting to change an issue under consideration by Appeals and/or a Federal court (for either the applicant or any present or former consolidated group in which the applicant was a member for the tax year(s) the applicant was a member) (see instructions)? If "Yes," attach an explanation.	N	A
6	If the applicant answered "Yes" to line 4a and/or 5a with respect to any present or former consolidated group, attach a statement that provides each parent corporation's (a) name, (b) identification number, (c) address, and (d) tax year(s) during which the applicant was a member that is under examination, before an Appeals office, and/or before a Federal court. See Attached Statement		
7	If, for federal income tax purposes, the applicant is either an entity (including a limited liability company) treated as a partnership or an S corporation, is it requesting a change from a method of accounting that is an issue under consideration in an examination, before Appeals, or before a Federal court, with respect to a Federal income tax return of a partner, member, or shareholder of that entity? If "Yes," the applicant is not eligible to make the change. N/A	N	A
8a	Does the applicable revenue procedure (advance consent or automatic consent) state that the applicant does not receive audit protection for the requested change (see instructions)?		X
b	If "Yes," attach an explanation. N/A		
9a	Has the applicant, its predecessor, or a related party requested or made (under either an automatic change procedure or a procedure requiring advance consent) a change in method of accounting within the past 5 years (including the year of the requested change)?	X	
b	If "Yes," for each trade or business, attach a description of each requested change in method of accounting (including the tax year of change) and state whether the applicant received consent. See Attached Statement		
c	If any application was withdrawn, not perfected, or denied, or if a Consent Agreement granting a change was not signed and returned to the IRS, or the change was not made or not made in the requested year of change, attach an explanation. See Attached Statement		
10a	Does the applicant, its predecessor, or a related party currently have pending any request (including any concurrently filed request) for a private letter ruling, change in method of accounting, or technical advice?	X	
b	If "Yes," for each request attach a statement providing the name(s) of the taxpayer, identification number(s), the type of request (private letter ruling, change in method of accounting, or technical advice), and the specific issue(s) in the request(s). See Attached Statement		
11	Is the applicant requesting to change its overall method of accounting? If "Yes," check the appropriate boxes below to indicate the applicant's present and proposed methods of accounting. Also, complete Schedule A on page 4 of this form. N/A		X
	Present method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		
	Proposed method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Hybrid (attach description)		

Part II Information For All Requests (continued)

		Yes	No
12	If the applicant is either (i) not changing its overall method of accounting, or (ii) is changing its overall method of accounting and also changing to a special method of accounting for one or more items, attach a detailed and complete description for each of the following: a The item(s) being changed. See Attached Statement b The applicant's present method for the item(s) being changed. See Attached Statement c The applicant's proposed method for the item(s) being changed. See Attached Statement d The applicant's present overall method of accounting (cash, accrual, or hybrid). See Attached Statement		
13	Attach a detailed and complete description of the applicant's trade(s) or business(es), and the principal business activity code for each. If the applicant has more than one trade or business as defined in Regulations section 1.446-1(d), describe: whether each trade or business is accounted for separately; the goods and services provided by each trade or business and any other types of activities engaged in that generate gross income; the overall method of accounting for each trade or business; and which trade or business is requesting to change its accounting method as part of this application or a separate application. See Attached Statement		
14	Will the proposed method of accounting be used for the applicant's books and records and financial statements? For insurance companies, see the instructions If "No," attach an explanation. See Attached Statement		X
15a	Has the applicant engaged, or will it engage, in a transaction to which section 381(a) applies (e.g., a reorganization, merger, or liquidation) during the proposed tax year of change determined without regard to any potential closing of the year under section 381(b)(1)?		X
b	If "Yes," for the items of income and expense that are the subject of this application, attach a statement identifying the methods of accounting used by the parties to the section 381(a) transaction immediately before the date of distribution or transfer and the method(s) that would be required by section 381(c)(4) or (c)(5) absent consent to the change(s) requested in this application. N/A		
16	Does the applicant request a conference with the IRS National Office if the IRS proposes an adverse response? See Stmt	X	
17	If the applicant is changing to either the overall cash method, an overall accrual method, or is changing its method of accounting for any property subject to section 263A, any long-term contract subject to section 460, or inventories subject to section 474, enter the applicant's gross receipts for the 3 tax years preceding the tax year of change. 1st preceding year ended: mo. N/A yr. N/A 2nd preceding year ended: mo. N/A yr. N/A 3rd preceding year ended: mo. N/A yr. N/A \$ N/A \$ N/A \$ N/A		

Part III Information For Advance Consent Request

		Yes	No
18	Is the applicant's requested change described in any revenue procedure, revenue ruling, notice, regulation, or other published guidance as an automatic change request? If "Yes," attach an explanation describing why the applicant is submitting its request under advance consent request procedures.	N	A
19	Attach a full explanation of the legal basis supporting the proposed method for the item being changed. Include a detailed and complete description of the facts that explains how the law specifically applies to the applicant's situation and that demonstrates that the applicant is authorized to use the proposed method. Include all authority (statutes, regulations, published rulings, court cases, etc.) supporting the proposed method. Also, include either a discussion of the contrary authorities or a statement that no contrary authority exists.		
20	Attach a copy of all documents related to the proposed change (see instructions).		
21	Attach a statement of the applicant's reasons for the proposed change.		
22	If the applicant is a member of a consolidated group for the year of change, do all other members of the consolidated group use the proposed method of accounting for the item being changed? If "No," attach an explanation.	N	A
23a	Enter the amount of user fee attached to this application (see instructions). ▶ \$ _____		
b	If the applicant qualifies for a reduced user fee, attach the required information or certification (see instructions).		

Part IV Section 481(a) Adjustment

		Yes	No
24	Does the applicable revenue procedure, revenue ruling, notice, regulation, or other published guidance require the applicant to implement the requested change in method of accounting on a cut-off basis rather than a section 481(a) adjustment? If "Yes," do not complete lines 25, 26, and 27 below.		X
25	Enter the section 481(a) adjustment. Indicate whether the adjustment is an increase (+) or a decrease (-) in income. ▶ \$ <u>-332,245,774</u> Attach a summary of the computation and an explanation of the methodology used to determine the section 481(a) adjustment. If it is based on more than one component, show the computation for each component. If more than one applicant is applying for the method change on the same application, attach a list of the name, identification number, principal business activity code (see instructions), and the amount of the section 481(a) adjustment attributable to each applicant. See Attached Statement		

Part IV Section 481(a) Adjustment (continued)		Yes	No
26	If the section 481(a) adjustment is an increase to income of less than \$25,000, does the applicant elect to take the entire amount of the adjustment into account in the year of change?	N	A
27	Is any part of the section 481(a) adjustment attributable to transactions between members of an affiliated group, a consolidated group, a controlled group, or other related parties? If "Yes," attach an explanation.		X

Schedule A—Change in Overall Method of Accounting (If Schedule A applies, Part I below must be completed.)

Part I Change In Overall Method (see instructions)	N/A
	N/A

- 1 Enter the following amounts as of the close of the tax year preceding the year of change. If none, state "None." Also, attach a statement providing a breakdown of the amounts entered on lines 1a through 1g.
- | | Amount |
|---|--------|
| a Income accrued but not received (such as accounts receivable) | \$ |
| b Income received or reported before it was earned (such as advanced payments). Attach a description of the income and the legal basis for the proposed method | |
| c Expenses accrued but not paid (such as accounts payable) | |
| d Prepaid expense previously deducted | |
| e Supplies on hand previously deducted and/or not previously reported | |
| f Inventory on hand previously deducted and/or not previously reported. Complete Schedule D, Part II | |
| g Other amounts (specify). Attach a description of the item and the legal basis for its inclusion in the calculation of the section 481(a) adjustment. ▶ | |
| h Net section 481(a) adjustment (Combine lines 1a-1g.) Indicate whether the adjustment is an increase (+) or decrease (-) in income. Also enter the net amount of this section 481(a) adjustment amount on Part IV, line 25. | \$ - |
- 2 Is the applicant also requesting the recurring item exception under section 481(h)(3)? Yes No
- 3 Attach copies of the profit and loss statement (Schedule F (Form 1040) for farmers) and the balance sheet, if applicable, as of the close of the tax year preceding the year of change. Also attach a statement specifying the accounting method used when preparing the balance sheet. If books of account are not kept, attach a copy of the business schedules submitted with the Federal income tax return or other return (e.g., tax-exempt organization returns) for that period. If the amounts in Part I, lines 1a through 1g, do not agree with those shown on both the profit and loss statement and the balance sheet, attach a statement explaining the differences.

Part II Change to the Cash Method For Advance Consent Request (see instructions)	N/A
Applicants requesting a change to the cash method must attach the following information:	
1 A description of inventory items (Items whose production, purchase, or sale is an income-producing factor) and materials and supplies used in carrying out the business.	
2 An explanation as to whether the applicant is required to use the accrual method under any section of the Code or regulations.	

Schedule B—Change to the Deferral Method for Advance Payments (see instructions)

- 1 If the applicant is requesting to change to the Deferral Method for advance payments described in section 5.02 of Rev. Proc. 2004-34, 2004-1 C.B. 991, attach the following information:
- a A statement explaining how the advance payments meet the definition in section 4.01 of Rev. Proc. 2004-34.
 - b If the applicant is filing under the automatic change procedures of Rev. Proc. 2008-52, the information required by section 8.02(3)(a)-(c) of Rev. Proc. 2004-34.
 - c If the applicant is filing under the advance consent provisions of Rev. Proc. 97-27, the information required by section 8.03(2)(a)-(f) of Rev. Proc. 2004-34.
- 2 If the applicant is requesting to change to the deferral method for advance payments described in Regulations section 1.451-5(b)(1)(ii), attach the following.
- a A statement explaining how the advance payments meet the definition in Regulations section 1.451-5(a)(1).
 - b A statement explaining what portions of the advance payments, if any, are attributable to services, whether such services are integral to the provisions of goods or items, and whether any portions of the advance payments that are attributable to non-integral services are less than five percent of the total contract prices. See Regulations sections 1.451-5(a)(2)(i) and (3).
 - c A statement explaining that the advance payments will be included in income no later than when included in gross receipts for purposes of the applicant's financial reports. See Regulations section 1.451-5(b)(1)(ii).
 - d A statement explaining whether the inventoriable goods exception of Regulations section 1.451-5(c) applies and if so, when substantial advance payments will be received under the contracts, and how the exception will limit the deferral of income.

Schedule C—Changes Within the LIFO Inventory Method (see instructions)

N/A

Part I General LIFO Information

N/A

Complete this section if the requested change involves changes within the LIFO inventory method. Also, attach a copy of all Forms 970, Application To Use LIFO Inventory Method, filed to adopt or expand the use of the LIFO method.

- 1 Attach a description of the applicant's present and proposed LIFO methods and submethods for each of the following items:
 - a Valuing inventory (e.g., unit method or dollar-value method).
 - b Pooling (e.g., by line or type or class of goods, natural business unit, multiple pools, raw material content, simplified dollar-value method, inventory price index computation (IPIC) pools, vehicle-pool method, etc.).
 - c Pricing dollar-value pools (e.g., double-extension, index, link-chain, link-chain index, IPIC method, etc.).
 - d Determining the current-year cost of goods in the ending inventory (i.e., most recent acquisitions, earliest acquisitions during the current year, average cost of current-year acquisitions, or other permitted method).
- 2 If any present method or submethod used by the applicant is not the same as indicated on Form(s) 970 filed to adopt or expand the use of the method, attach an explanation.
- 3 If the proposed change is not requested for all the LIFO inventory, attach a statement specifying the inventory to which the change is and is not applicable.
- 4 If the proposed change is not requested for all of the LIFO pools, attach a statement specifying the LIFO pool(s) to which the change is applicable.
- 5 Attach a statement addressing whether the applicant values any of its LIFO inventory on a method other than cost. For example, if the applicant values some of its LIFO inventory at retail and the remainder at cost, identify which inventory items are valued under each method.
- 6 If changing to the IPIC method, attach a completed Form 970.

Part II Change in Pooling Inventories

N/A

- 1 If the applicant is proposing to change its pooling method or the number of pools, attach a description of the contents of, and state the base year for, each dollar-value pool the applicant presently uses and proposes to use.
- 2 If the applicant is proposing to use natural business unit (NBU) pools or requesting to change the number of NBU pools, attach the following information (to the extent not already provided) in sufficient detail to show that each proposed NBU was determined under Regulations section 1.472-8(b)(1) and (2):
 - a A description of the types of products produced by the applicant. If possible, attach a brochure.
 - b A description of the types of processes and raw materials used to produce the products in each proposed pool.
 - c If all of the products to be included in the proposed NBU pool(s) are not produced at one facility, state the reasons for the separate facilities, the location of each facility, and a description of the products each facility produces.
 - d A description of the natural business divisions adopted by the taxpayer. State whether separate cost centers are maintained and if separate profit and loss statements are prepared.
 - e A statement addressing whether the applicant has inventories of items purchased and held for resale that are not further processed by the applicant, including whether such items, if any, will be included in any proposed NBU pool.
 - f A statement addressing whether all items including raw materials, goods-in-process, and finished goods entering into the entire inventory investment for each proposed NBU pool are presently valued under the LIFO method. Describe any items that are not presently valued under the LIFO method that are to be included in each proposed pool.
 - g A statement addressing whether, within the proposed NBU pool(s), there are items both sold to unrelated parties and transferred to a different unit of the applicant to be used as a component part of another product prior to final processing.
- 3 If the applicant is engaged in manufacturing and is proposing to use the multiple pooling method or raw material content pools, attach information to show that each proposed pool will consist of a group of items that are substantially similar. See Regulations section 1.472-8(b)(3).
- 4 If the applicant is engaged in the wholesaling or retailing of goods and is requesting to change the number of pools used, attach information to show that each of the proposed pools is based on customary business classifications of the applicant's trade or business. See Regulations section 1.472-8(c).

Schedule D—Change in the Treatment of Long-Term Contracts Under Section 460, Inventories, or Other Section 263A Assets (see instructions)

N/A

Part I Change in Reporting Income From Long-Term Contracts (Also complete Part III on pages 7 and 8.)

N/A

- 1 To the extent not already provided, attach a description of the applicant's present and proposed methods for reporting income and expenses from long-term contracts. Also, attach a representative actual contract (without any deletion) for the requested change. If the applicant is a construction contractor, attach a detailed description of its construction activities.
2a Are the applicant's contracts long-term contracts as defined in section 460(f)(1) (see instructions)?
b If "Yes," do all the contracts qualify for the exception under section 460(e) (see instructions)?
c If line 2b is "No," attach an explanation.
d If line 2c is "Yes," is the applicant requesting to use the percentage-of-completion method using cost-to-cost under Regulations section 1.460-4(b)?
e If line 2c is "No," is the applicant requesting to use the exempt-contract percentage-of-completion method under Regulations section 1.460-4(c)(2)?
3a Does the applicant have long-term manufacturing contracts as defined in section 460(f)(2)?
b If "Yes," attach an explanation of the applicant's present and proposed method(s) of accounting for long-term manufacturing contracts.
c Attach a description of the applicant's manufacturing activities, including any required installation of manufactured goods.
4 To determine a contract's completion factor using the percentage-of-completion method:
a Will the applicant use the cost-to-cost method in Regulations section 1.460-4(b)?
b If line 4a is "No," is the applicant electing the simplified cost-to-cost method (see section 460(b)(3) and Regulations section 1.460-5(c))?
5 Attach a statement indicating whether any of the applicant's contracts are either cost-plus long-term contracts or Federal long-term contracts.

Part II Change in Valuing Inventories Including Cost Allocation Changes (Also complete Part III on pages 7 and 8.)

N/A

- 1 Attach a description of the inventory goods being changed.
2 Attach a description of the inventory goods (if any) NOT being changed.
3a Is the applicant subject to section 263A? If "No," go to line 4a
b Is the applicant's present inventory valuation method in compliance with section 263A (see instructions)? If "No," attach a detailed explanation.

4a Check the appropriate boxes below.

Identification methods:

- Specific identification
FIFO
LIFO
Other (attach explanation)

Valuation methods:

- Cost
Cost or market, whichever is lower
Retail cost
Retail, lower of cost or market
Other (attach explanation)

Table with 3 columns: Inventory Being Changed (Present method, Proposed method), Inventory Not Being Changed (Present method). Rows correspond to identification and valuation methods.

- b Enter the value at the end of the tax year preceding the year of change
5 If the applicant is changing from the LIFO inventory method to a non-LIFO method, attach the following information (see instructions).
a Copies of Form(s) 970 filed to adopt or expand the use of the method.
b Only for applicants requesting advance consent. A statement describing whether the applicant is changing to the method required by Regulations section 1.472-6(a) or (b), or whether the applicant is proposing a different method.
c Only for applicants requesting an automatic change. The statement required by section 22.01(5) of the Appendix of Rev. Proc. 2008-52 (or its successor).

Part III Method of Cost Allocation (Complete this part if the requested change involves either property subject to section 263A or long-term contracts as described in section 460 (see instructions)).

N/A

Section A—Allocation and Capitalization Methods

N/A

Attach a description (including sample computations) of the present and proposed method(s) the applicant uses to capitalize direct and indirect costs properly allocable to real or tangible personal property produced and property acquired for resale, or to allocate and, where appropriate, capitalize direct and indirect costs properly allocable to long-term contracts. Include a description of the method(s) used for allocating indirect costs to intermediate cost objectives such as departments or activities prior to the allocation of such costs to long-term contracts, real or tangible personal property produced, and property acquired for resale. The description must include the following:

- 1 The method of allocating direct and indirect costs (i.e., specific identification, burden rate, standard cost, or other reasonable allocation method).
- 2 The method of allocating mixed service costs (i.e., direct reallocation, step-allocation, simplified service cost using the labor-based allocation ratio, simplified service cost using the production cost allocation ratio, or other reasonable allocation method).
- 3 The method of capitalizing additional section 263A costs (i.e., simplified production with or without the historic absorption ratio election, simplified resale with or without the historic absorption ratio election including permissible variations, the U.S. ratio, or other reasonable allocation method).

Section B—Direct and Indirect Costs Required to be Allocated

N/A

Check the appropriate boxes showing the costs that are or will be fully included, to the extent required, in the cost of real or tangible personal property produced or property acquired for resale under section 263A or allocated to long-term contracts under section 460. Mark "N/A" in a box if those costs are not incurred by the applicant. If a box is not checked, it is assumed that those costs are not fully included to the extent required. Attach an explanation for boxes that are not checked.

		Present method	Proposed method
1	Direct material		
2	Direct labor		
3	Indirect labor		
4	Officers' compensation (not including selling activities)		
5	Pension and other related costs		
6	Employee benefits		
7	Indirect materials and supplies		
8	Purchasing costs		
9	Handling, processing, assembly, and repackaging costs		
10	Offsite storage and warehousing costs		
11	Depreciation, amortization, and cost recovery allowance for equipment and facilities placed in service and not temporarily idle		
12	Depletion		
13	Rent		
14	Taxes other than state, local, and foreign income taxes		
15	Insurance		
16	Utilities		
17	Maintenance and repairs that relate to a production, resale, or long-term contract activity		
18	Engineering and design costs (not including section 174 research and experimental expenses)		
19	Rework labor, scrap, and spoilage		
20	Tools and equipment		
21	Quality control and inspection		
22	Bidding expenses incurred in the solicitation of contracts awarded to the applicant		
23	Licensing and franchise costs		
24	Capitalizable service costs (including mixed service costs)		
25	Administrative costs (not including any costs of selling or any return on capital)		
26	Research and experimental expenses attributable to long-term contracts		
27	Interest		
28	Other costs (Attach a list of these costs.)		

Part III Method of Cost Allocation (see instructions) (continued)

N/A

Section C—Other Costs Not Required To Be Allocated (Complete Section C only if the applicant is requesting to change its method for these costs.)

N/A

Table with 3 columns: Line number, Description of cost, Present method, Proposed method. Rows include Marketing, selling, advertising, and distribution expenses; Research and experimental expenses; Bidding expenses; General and administrative costs; Income taxes; Cost of strikes; Warranty and product liability costs; Section 179 costs; On-site storage; Depreciation, amortization, and cost recovery allowance; Other costs.

Schedule E—Change in Depreciation or Amortization (see instructions)

N/A

Applicants requesting approval to change their method of accounting for depreciation or amortization complete this section.

Applicants must provide this information for each item or class of property for which a change is requested.

Note: See the List of Automatic Accounting Method Changes in the instructions for information regarding automatic changes under sections 56, 167, 168, 197, 1400I, 1400L, or former section 168. Do not file Form 3115 with respect to certain late elections and election revocations (see instructions).

- 1 Is depreciation for the property determined under Regulations section 1.167(a)-11 (CLADR)?
2 Is any of the depreciation or amortization required to be capitalized under any Code section (e.g., section 263A)?
3 Has a depreciation, amortization, or expense election been made for the property (e.g., the election under sections 168(f)(1), 179, or 179C)?
4a To the extent not already provided, attach a statement describing the property being changed.
b If the property is residential rental property, did the applicant live in the property before renting it?
c Is the property public utility property?
5 To the extent not already provided in the applicant's description of its present method, attach a statement explaining how the property is treated under the applicant's present method.
6 If the property is not currently treated as depreciable or amortizable property, attach a statement of the facts supporting the proposed change.
7 If the property is currently treated and/or will be treated as depreciable or amortizable property, provide the following information for both the present (if applicable) and proposed methods:
a The Code section under which the property is or will be depreciated or amortized.
b The applicable asset class from Rev. Proc. 87-56, 1987-2 C.B. 674, for each asset depreciated under section 168 (MACRS) or under section 1400L; the applicable asset class from Rev. Proc. 83-35, 1983-1 C.B. 745, for each asset depreciated under former section 168 (ACRS); an explanation why no asset class is identified for each asset for which an asset class has not been identified by the applicant.
c The facts to support the asset class for the proposed method.
d The depreciation or amortization method of the property, including the applicable Code section (e.g., 200% declining balance method under section 168(b)(1)).
e The useful life, recovery period, or amortization period of the property.
f The applicable convention of the property.
g A statement of whether or not the additional first-year special depreciation allowance (for example, as provided by section 168(k), 168(l), 168(m), 168(n), 1400L(b), or 1400N(d)) was or will be claimed for the property. If not, also provide an explanation as to why no special depreciation allowance was or will be claimed.

Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24

Page 1, Name of Applicant

TECO Energy, Inc. & Consolidated Subsidiaries (EIN: 59-2052286), the parent of a group of affiliated corporations that files a consolidated tax return, is requesting to make this change in accounting method on behalf of the following trades or businesses (unless otherwise specified, hereinafter collectively, the "Applicant").

Entity	EIN	Principal Business Code
Tampa Electric Company	59-0475140	221100

Request for Faxed Documents:

In accordance with the procedures set forth in section 9.04(3) of Rev. Proc. 2014-1, the Taxpayer requests that a copy of any document related to this request (e.g., a request for additional information) be provided to the Taxpayer and Taxpayer's representatives via fax at the numbers below:

Taxpayer's Fax Number: Valerie Strickland (813) 228-4262
Authorized Representatives' Fax Numbers: Susan M. Grais (866) 758-2561

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

Page 2, Part II, Lines 4a-f

The Taxpayer is currently participating in the Compliance Assurance Process (CAP) program. As part of the CAP process, the Taxpayer has been discussing and reviewing this issue with the current IRS exam team (prior to the filing of the proposed method change). As such, this issue may be regarded as an issue under consideration.

However, the scope limitations in section 4.02 of Rev. Proc. 2011-14 do not apply to an eligible taxpayer that changes to the method of accounting provided in Rev. Proc. 2013-24 for its first, second, or third taxable year ending after December 30, 2012. The Taxpayer satisfies these requirements and is thus not subject to the scope limitations in section 4.02 of Rev. Proc. 2011-14 for the tax year ending December 31, 2013.

As required by section 6.02(3)(c) of Rev. Proc. 2011-14, the name and telephone number of the examining agent are:

<u>Examining Agent Name</u>	<u>Telephone Number</u>
Will Scott (Team Coordinator)	(727) 568-2409

Page 2, Part II, Line 6

Taxpayer Name: TECO Energy, Inc. & Consolidated Subsidiaries
EIN: 59-2052286
Address: 702 N. Franklin Street
Tampa, FL 33602

The Taxpayer is under examination for the tax year ended December 31, 2013.

Page 2, Part II, Line 9b and 10b

The Taxpayer or a related party has requested or made the following changes in method of accounting within the last five years (including concurrent requests):

Applicant	Description of Change	Consent Obtained	Year Ending
TECO Energy EIN: 59-2052286	General Asset Account Election	Yes – Automatic	12/31/2013

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

Peoples Gas System - Natural Gas Distribution EIN: 59-0967302	Gas Distribution Repair and Maintenance Costs Under 263(a)	Yes – Automatic	12/31/2010
Peoples Gas System - Natural Gas Distribution EIN: 59-0967302	Gas Distribution Asset Retirements Under Section 165, 167 and 168	Yes – Automatic	12/31/2010
Tampa Electric Company – Electric Power Generation, Transmission & Distribution EIN: 59-0475140	T&D Repair and Maintenance Costs Under 263(a)	Yes – Automatic	12/31/2010
Tampa Electric Company – Electric Power Generation, Transmission & Distribution EIN: 59-0475140	T&D Asset Retirements Under Section 165, 167 and 168	Yes – Automatic	12/31/2010
Tampa Electric Company – Electric Power Generation, Transmission & Distribution EIN: 59-0475140	Generation Repair and Maintenance Costs Under 263(a)	Yes – Automatic	12/31/2009
Tampa Electric Company – Electric Power Generation, Transmission & Distribution EIN: 59-0475140	Generation Asset Retirements Under Section 165, 167 and 168	Yes – Automatic	12/31/2009

Page 3, Part II, Line 12

a) The items being changed:

The Taxpayer is requesting a change in its method of accounting in defining units of property and major components for generation property, as provided in Rev. Proc. 2013-24, to determine whether expenditures to maintain, replace, or improve steam or electric generation property must be capitalized under Sec. 263(a). Specifically, the Taxpayer

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

requests to change its unit of property determinations of depreciable tangible property associated with its electric generation plants, including steam, combined cycle, simple cycle, and others. This method change request does not include any of the Taxpayer's electric transmission and distribution assets.

b) The applicant's present method for the item being changed:

Under the present method, the Taxpayer determines its units of property for its power generation assets based on relevant tax principles in place prior to the issuance of Rev. Proc. 2013-24. The principles at the time generally defined the unit of property using a concept of functional interdependence and generally further broken down into major, discrete functions. Relying on this concept, the Taxpayer presently determines its units of property in alignment with the FERC Uniform System of Accounts.

For more detail regarding the Taxpayer's present method, please refer to the response to Line 12(b) found in the Taxpayer's Form 3115 for its Repair and Maintenance change for its generation property for its tax year ended December 31, 2009.

c) The applicant's proposed method for the item being changed:

Under the Taxpayer's proposed method of accounting, the Taxpayer will determine its units of property for generation property as provided in Rev. Proc. 2013-24, Appendix A. As required by Section 5.02 of Rev. Proc. 2013-24, the Taxpayer will also use the major component definition(s) listed in Appendix A for each unit of property. In addition, as required in the same section, the Taxpayer will comply with the condition that it may not rely on a major component definition without using the corresponding unit of property definition.

The Taxpayer will define the unit of property for its generation property as follows:

Coal-Fired Power Stations – The Taxpayer proposes to adopt all the coal-fired power station units of property and major component definitions in Rev. Proc. 2013-24, Appendix A, Section 2 for purposes of the application of Sec. 263(a).

Natural Gas or Oil Fired Power Stations - The Taxpayer proposes to adopt all the natural gas or oil fired power station units of property and major component definitions in Rev. Proc. 2013-24, Appendix A, Section 3 for purposes of the application of Sec. 263(a).

Integrated Gasification Combined Cycle - Rev. Proc. 2013-24, Appendix A, did not identify units of property and major components of the Integrated Gasification Combined Cycle facilities due to the low number of these facilities in the United States. In response, TECO worked with its lead generation engineer to develop units of properties and major components that are believed to be in line with the general approach of Rev. Proc. 2013-24. As a result, in addition to the units of property defined by Rev. Proc. 2013-24, the Taxpayer is proposing units of property and major components for its

Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24

Integrated Gasification Combined Cycle facility that are similar to other generation units of property.

The following table is a list of units of property for all generation types:

UOP ID	Unit of Property	Major Component(s)
UNITS OF PROPERTY FOR COAL-FIRED POWER STATIONS		
202	Station Property	Station Property
202A	Station Property	Turbine Building crane
202B	Station Property	All other overhead cranes
202C	Station Property	All compressed air systems
203	Main Boiler	Main Boiler
203A	Main Boiler	Primary furnace
203B	Main Boiler	Economizer
203C	Main Boiler	Steam Drum
203D	Main Boiler	Reheater
203E	Main Boiler	Superheater
203F	Main Boiler	Convection Pass
203G	Main Boiler	Complete burner system
203H	Main Boiler	Instrumentation & Controls
204	Auxiliary Boiler	Auxiliary Boiler
205	Combustion Air System	Combustion Air System
205A	Combustion Air System	Forced draft fan
205B	Combustion Air System	Induced draft fan
205C	Combustion Air System	Induced draft booster fan
205D	Combustion Air System	All ductwork (including FGD)
205E	Combustion Air System	Air preheater
205F	Combustion Air System	Instrumentation & Controls
206	FGD & SO2 System	FGD & SO2 System
206A	FGD & SO2 System	FGD Sorbent
206B	FGD & SO2 System	Sorbent delivery system
206C	FGD & SO2 System	FGD Vessel
206D	FGD & SO2 System	Scrubber circulating pumps
206E	FGD & SO2 System	Scrubber wastewater removal system
206G	FGD & SO2 System	Instrumentation & Controls
207	Nox Removal System	Nox Removal System
207A	Nox Removal System	Selective catalytic reducer box
207B	Nox Removal System	Ammonia System
207C	Nox Removal System	Instrumentation & Controls

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

208	Activated Carbon handling and injection system	Activated Carbon handling and injection system
208A	Activated Carbon handling and injection system	Instrumentation & Controls
209	Continuous Emissions Monitoring Systems (CEMS)	Continuous Emissions Monitoring Systems (CEMS)
209A	Continuous Emissions Monitoring Systems (CEMS)	Instrumentation & Controls
210	Condensate/Feedwater System	Condensate/Feedwater System
210A	Condensate/Feedwater System	Boiler feedwater pump turbine
210B	Condensate/Feedwater System	Each boiler feedwater pump
210C	Condensate/Feedwater System	Deaerator System
210D	Condensate/Feedwater System	Primary condensate pump
210E	Condensate/Feedwater System	Water conveyance system
210F	Condensate/Feedwater System	Evaporator System
210G	Condensate/Feedwater System	Instrumentation & Controls
211	Turbine	Turbine
211A	Turbine	Shell and casing
211B	Turbine	Instrumentation & Controls
211C	Turbine	Low Pressure Blades
211D	Turbine	Intermediate Pressure Blades
211E	Turbine	High Pressure Blades
211F	Turbine	Low Pressure Shaft
211G	Turbine	Intermediate Pressure Shaft
211H	Turbine	High Pressure Shaft
212	Generator	Generator
212A	Generator	Stator
212B	Generator	Rotor
212C	Generator	Instrumentation & Controls
213	Condenser Cooling Water System	Condenser Cooling Water System
213A	Condenser Cooling Water System	Condenser
213B	Condenser Cooling Water System	Cooling Tower
213C	Condenser Cooling Water System	Water conveyance system
213D	Condenser Cooling Water System	Primary circulating water pump
213E	Condenser Cooling Water System	Instrumentation & Controls
214	Water Treatment System	Water Treatment System
214A	Water Treatment System	Filtration System
214B	Water Treatment System	Desalination System
214C	Water Treatment System	Deminerlization System
214D	Water Treatment System	Disinfection System (including Chlorine)

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

214E	Water Treatment System	Sedimentation System
214F	Water Treatment System	Instrumentation & Controls
215	Water Supply System	Water Supply System
215A	Water Supply System	Each Storage Tank
215B	Water Supply System	Water conveyance system
215C	Water Supply System	Instrumentation & Controls
216	Wastewater System	Wastewater System
216A	Wastewater System	Each Treatment Tank
216B	Wastewater System	Wastewater conveyance system
216C	Wastewater System	Instrumentation & Controls
217	Fuel Storage Handling System	Fuel Storage Handling System
217A	Fuel Storage Handling System	Coal handling system
217B	Fuel Storage Handling System	Coal conveyors
217C	Fuel Storage Handling System	Each silo/bunker
217D	Fuel Storage Handling System	Coal handling stations
217E	Fuel Storage Handling System	Instrumentation & Controls
218	Pulverizer	Pulverizer
219	Ash Handling System	Ash Handling System
219A	Ash Handling System	Each fly ash pond
219B	Ash Handling System	Bottom ash handling system
219C	Ash Handling System	Electrostatic Precipitator
219D	Ash Handling System	Baghouse, including bags
219E	Ash Handling System	Flyash Handling System
219F	Ash Handling System	Instrumentation & Controls
220	Auxiliary Power System	Auxiliary Power System
220A	Auxiliary Power System	Each Auxiliary Generator
221	Simulator	Simulator
222	Main Step-up Transformer	Main Step-up Transformer
223	Ventilation System	Ventilation System
224	Station Electrical Delivery	Station Electrical Delivery
225	Safety System	Safety System
226	Fire Protection System	Fire Protection System
227	Accessory Buildings	Accessory Buildings
UNITS OF PROPERTY FOR NATURAL GAS OR OIL FIRED POWER STATIONS		
302	Station Property	Station Property
302A	Station Property	Turbine Building crane

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

302B	Station Property	All other overhead cranes
302C	Station Property	All compressed air systems
303	Main Boiler	Main Boiler
303A	Main Boiler	Primary furnace
303B	Main Boiler	Economizer
303C	Main Boiler	Steam Drum
303D	Main Boiler	Reheater
303E	Main Boiler	Superheater
303F	Main Boiler	Convection Pass
303G	Main Boiler	Complete burner system
303H	Main Boiler	I&C
304	Auxiliary Boiler	Auxiliary Boiler
305	Combustion Air System	Combustion Air System
305A	Combustion Air System	Forced draft fan
305B	Combustion Air System	Induced draft fan
305C	Combustion Air System	All ductwork
305D	Combustion Air System	Air preheater
305E	Combustion Air System	I&C
306	Nox Removal System	Nox Removal System
306A	Nox Removal System	Selective catalytic reducer box
306B	Nox Removal System	Ammonia/Urea System
306C	Nox Removal System	I&C
307	Continuous Emissions Monitoring Systems (CEMS)	Continuous Emissions Monitoring Systems (CEMS)
307A	Continuous Emissions Monitoring Systems (CEMS)	I&C
308	Condensate/Feedwater System	Condensate/Feedwater System
308A	Condensate/Feedwater System	Boiler feedwater pump electric motor
308B	Condensate/Feedwater System	Each boiler feedwater pump
308C	Condensate/Feedwater System	Deaerator System
308D	Condensate/Feedwater System	Primary condensate pump
308E	Condensate/Feedwater System	Water conveyance system
308F	Condensate/Feedwater System	Evaporator System
308G	Condensate/Feedwater System	I&C
309	Turbine	Turbine
309A	Turbine	Shell and casing
309B	Turbine	I&C
309C	Turbine	LP Blades
309D	Turbine	IP Blades
309E	Turbine	HP Blades

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

309F	Turbine	LP Shaft
309G	Turbine	IP Shaft
309H	Turbine	HP Shaft
310	Generator	Generator
310A	Generator	Stator
310B	Generator	Rotor
310C	Generator	I&C
311	Condenser Cooling Water System	Condenser Cooling Water System
311A	Condenser Cooling Water System	Condenser
311B	Condenser Cooling Water System	Cooling Tower
311C	Condenser Cooling Water System	Water conveyance system
311D	Condenser Cooling Water System	Primary circulating water pump
311E	Condenser Cooling Water System	I&C
312	Water Treatment System	Water Treatment System
312A	Water Treatment System	Filtration System
312B	Water Treatment System	RO System
312C	Water Treatment System	Demineralization System
312D	Water Treatment System	Disinfection System (including Chlorine)
312E	Water Treatment System	Sedimentation System
312F	Water Treatment System	I&C
313	Water Supply System	Water Supply System
313A	Water Supply System	Each Storage Tank
313B	Water Supply System	Water conveyance system
313C	Water Supply System	I&C
314	Wastewater System	Wastewater System
314A	Wastewater System	Each Treatment Tank
314B	Wastewater System	Wastewater conveyance system
314C	Wastewater System	I&C
315	Fuel Storage Handling System	Fuel Storage Handling System
315A	Fuel Storage Handling System	Each fuel storage tank
315B	Fuel Storage Handling System	fuel transport system- Plant NG piping
315C	Fuel Storage Handling System	I&C
316	Auxiliary Power System	Auxiliary Power System
316A	Auxiliary Power System	Each Auxiliary Generator
317	Simulator	Simulator
318	Main Step-up Transformer	Main Step-up Transformer
319	Ventilation System	Ventilation System

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

320	Station Electrical Delivery	Station Electrical Delivery
321	Safety System	Safety System
322	Fire Protection System	Fire Protection System
323	Combustion Turbine	Combustion Turbine
323A	Combustion Turbine	Compressor Section
323B	Combustion Turbine	Combustion Section
323C	Combustion Turbine	Drive Section
323D	Combustion Turbine	Shaft
323E	Combustion Turbine	Shell and casing
323F	Combustion Turbine	Instruments and Controls
324	Heat Recovery Steam Generator	Heat Recovery Steam Generator
324A	Heat Recovery Steam Generator	Ductwork
324B	Heat Recovery Steam Generator	Deaerator
324C	Heat Recovery Steam Generator	Economizer
324D	Heat Recovery Steam Generator	Evaporator
324E	Heat Recovery Steam Generator	Superheater
324F	Heat Recovery Steam Generator	Instruments and Controls
325	Accessory Buildings	Accessory Buildings
UNITS OF PROPERTY FOR INTEGRATED GAS COMBINED CYCLE POWER STATIONS		
601	Station Property	Station Property
601A	Station Property	Turbine Building crane
601B	Station Property	All other overhead cranes
601C	Station Property	All compressed air systems
602	Gasification System	Gasification System
602A	Gasification System	Gasifier
602B	Gasification System	Radiant Syngas Cooler
602C	Gasification System	Convective Syngas Cooler
602D	Gasification System	Syngas Scrubber
602E	Gasification System	Low Temp Gas cooling System
602F	Gasification System	COS System
602G	Gasification System	Acid Gas Removal System
602H	Gasification System	Feedwater/Condensate System
602I	Gasification System	Instrumentation & Controls
603	Auxillary Boiler	Auxiliary Boiler
604	Air Separation Unit (ASU)	Air Separation Unit (ASU)
604A	Air Separation Unit (ASU)	Main Air Compressor (MAC)
604B	Air Separation Unit (ASU)	Diluent Gaseous Nitrogen (DGAN)

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

604C	Air Separation Unit (ASU)	High Pressure Gaseous Nitrogen Compressor (HP GAN)
604D	Air Separation Unit (ASU)	Gaseous Oxygen Compressor(GOX)
604E	Air Separation Unit (ASU)	Cold Box Heat Exchanger
604F	Air Separation Unit (ASU)	Distillation Column
604G	Air Separation Unit (ASU)	Absorbers
604H	Air Separation Unit (ASU)	Instrumentation & Controls
605	Sulfuric Acid Plant (SAP)	Sulfuric Acid Plant (SAP)
605A	Sulfuric Acid Plant (SAP)	Decomposition Furnace
605B	Sulfuric Acid Plant (SAP)	Reverse Jet Quench (RJQ)
605C	Sulfuric Acid Plant (SAP)	SO2 to SO3 Converter System
605D	Sulfuric Acid Plant (SAP)	SAP Compressor
605E	Sulfuric Acid Plant (SAP)	Absorption Towers System
605F	Sulfuric Acid Plant (SAP)	Product Tank and Delivery System
605G	Sulfuric Acid Plant (SAP)	Instrumentation & Controls
606	Nox Removal System	Nox Removal System
606A	Nox Removal System	Saturator System
606B	Nox Removal System	Instrumentation & Controls
607	Continuous Emissions Monitoring Systems (CEMS)	Continuous Emissions Monitoring Systems (CEMS)
607A	Continuous Emissions Monitoring Systems (CEMS)	Instrumentation & Controls
608	Condensate/Feedwater System	Condensate/Feedwater System
608A	Condensate/Feedwater System	Boiler feedwater pump motor
608B	Condensate/Feedwater System	Boiler feedwater pumps
608C	Condensate/Feedwater System	Primary condensate pump
608D	Condensate/Feedwater System	Water conveyance system
608E	Condensate/Feedwater System	Instrumentation & Controls
609	Turbine	Turbine
609A	Turbine	Shell and casing
609B	Turbine	Instrumentation & Controls
609C	Turbine	Low Pressure Blades
609D	Turbine	Intermediate Pressure Blades
609E	Turbine	High Pressure Blades
609F	Turbine	Low Pressure Shaft
609G	Turbine	Intermediate Pressure Shaft
609H	Turbine	High Pressure Shaft
610	Generator	Generator
610A	Generator	Stator
610B	Generator	Rotor
610C	Generator	Instrumentation & Controls

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

611	Condenser Cooling Water System	Condenser Cooling Water System
611A	Condenser Cooling Water System	Condenser
611B	Condenser Cooling Water System	Water conveyance system
611C	Condenser Cooling Water System	Primary circulating water pump
611D	Condenser Cooling Water System	Instrumentation & Controls
612	Water Treatment System	Water Treatment System
612A	Water Treatment System	Filtration System
612B	Water Treatment System	Demineralization System
612C	Water Treatment System	Sedimentation System
612D	Water Treatment System	Boiler Water Chemistry Treatment System
612E	Water Treatment System	Instrumentation & Controls
613	Water Supply System	Water Supply System
613A	Water Supply System	Wells and Storage Tank
613B	Water Supply System	Water conveyance system
613C	Water Supply System	Instrumentation & Controls
614	Wastewater System	Wastewater System
614A	Wastewater System	Each Treatment Tank
614B	Wastewater System	Grey water system
614C	Wastewater System	Brine Concentrator
614D	Wastewater System	Wastewater conveyance system
614E	Wastewater System	Instrumentation & Controls
615	Fuel Storage Handling System	Fuel Storage Handling System
615A	Fuel Storage Handling System	Coal handling system
615B	Fuel Storage Handling System	Coal conveyors
615C	Fuel Storage Handling System	Each silo
615D	Fuel Storage Handling System	Slurry Prep System
615E	Fuel Storage Handling System	Instrumentation & Controls
616	Ash Handling System	Ash Handling System
616A	Ash Handling System	Each fly ash pond (Slag pile and pond system)
616B	Ash Handling System	Slag handling system
616C	Ash Handling System	Instrumentation & Controls
617	Auxiliary Power System	Auxiliary Power System
617A	Auxiliary Power System	Each Auxiliary Generator
618	Simulator	Simulator
619	Main Step-up Transformer	Main Step-up Transformer
620	Ventilation System	Ventilation System
621	Station Electrical Delivery	Station Electrical Delivery

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
 Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

622	Safety System	Safety System
623	Fire Protection System	Fire Protection System
624	Accessory Buildings	Accessory Buildings
625	Reclaimed Water Treatment System	Reclaimed Water Treatment System
625A	Reclaimed Water Treatment System	Pump Station
625B	Reclaimed Water Treatment System	Pipeline/conveyance system
625C	Reclaimed Water Treatment System	Densadeg
625D	Reclaimed Water Treatment System	Filtration
625E	Reclaimed Water Treatment System	RO system
625F	Reclaimed Water Treatment System	Storage tanks/system
625G	Reclaimed Water Treatment System	Chemical Treatment Systems
625H	Reclaimed Water Treatment System	Instrument and controls
625I	Reclaimed Water Treatment System	accessory buildings
625J	Reclaimed Water Treatment System	Deep Well Injection system.
626	Combustion Turbine	Combustion Turbine
626A	Combustion Turbine	Compressor Section
626B	Combustion Turbine	Combustion Section
626C	Combustion Turbine	Drive Section - Power Turbine
626D	Combustion Turbine	Shaft
626E	Combustion Turbine	Shell and casing
626F	Combustion Turbine	Instruments and Controls
627	CT Generator	CT Generator
627A	CT Generator	Stator
627B	CT Generator	Rotor
627C	CT Generator	Instrumentation & Controls
628	Heat Recovery Steam Generator	Heat Recovery Steam Generator
628A	Heat Recovery Steam Generator	Ductwork
628B	Heat Recovery Steam Generator	Deaerator
628C	Heat Recovery Steam Generator	Economizer
628D	Heat Recovery Steam Generator	Evaporator
628E	Heat Recovery Steam Generator	Superheater
628E	Heat Recovery Steam Generator	Instruments and Controls
629	Steam Turbine	Steam Turbine
629A	Steam Turbine	Shell and casing
629B	Steam Turbine	Instrumentation & Controls
629C	Steam Turbine	Low Pressure Blades
629D	Steam Turbine	Intermediate Pressure Blades
629E	Steam Turbine	High Pressure Blades

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

629F	Steam Turbine	Low Pressure Shaft
629G	Steam Turbine	Intermediate Pressure Shaft
629H	Steam Turbine	High Pressure Shaft
630	ST Generator	ST Generator
630A	ST Generator	Stator
630B	ST Generator	Rotor
630C	ST Generator	Instrumentation & Controls

d) The applicant's present overall method of accounting:

The Taxpayer's present overall method of accounting is the accrual method.

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The Taxpayer is an electric utility principally engaged in the business of the production, transmission, distribution, and sale of electric energy. Its Principal Business Activity Code is 221100. The Taxpayer has a single trade or business as defined in Treas. Reg. §1.446-1(d).

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The Taxpayer will not use the proposed method of accounting for its books and records and financial reporting purposes. The proposed method of accounting may not conform to U.S. Generally Accepted Accounting Principles. However, the proposed method clearly reflects income for federal income tax purposes. Additionally, this request for change in method of accounting is not being made in connection with any adoption of the international financial reporting standards (IFRS) for financial statement purposes.

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If it is tentatively determined that the Taxpayer has changed its method of accounting without complying with all the applicable provisions of Rev. Proc. 2011-14 (for example, the Taxpayer changed to a method of accounting that varies from the applicable accounting method described in Rev. Proc. 2013-24 or the Taxpayer is outside the scope of Rev. Proc. 2011-14), the privilege of a conference is hereby requested. To arrange the time and place of such a conference, please contact the Taxpayer's representative:

Susan Grais
(202) 327-8782 (Phone)
(866) 260-9004 (Fax)

Ernst & Young, LLP

TECO Energy & Subsidiaries
EIN: 59-2052286

Tax Year Ending December 31, 2013

Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24

1101 New York Avenue, N.W.
Washington, DC 20005

**Repairs and Maintenance Expenses for Steam or Electric Power Generation Property
Under Appendix §3.20 of Rev. Proc. 2011-14, as modified by §6.03 of Rev. Proc. 2013-24**

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Taxpayer	Section 481(a) adjustment
Tampa Electric Company	-332,245,774
Difference (Negative Section 481(a) Adjustment)	-332,245,774

The Taxpayer incurred expenses for repairs and maintenance that were previously capitalized and depreciated over recovery periods up to twenty years for assets placed in service beginning January 1, 1993 through December 31, 2013. Under the proposed method, the amounts would have been expensed during the tax year incurred. The difference between the present method and proposed method is the remaining basis in the capitalized repairs and maintenance and other costs reflected above. This computation results in a negative section 481(a) adjustment, which will be recognized in full in the year of change. The effect of Sec. 263A is reflected in the Taxpayer's Sec. 481(a) adjustment.

In determining the §481(a) adjustment, the Taxpayer computed a repair deduction percentage using specific data for the taxable years beginning January 1, 2009 through December 31, 2013 and extrapolated this repair deduction percentage to the taxable years beginning January 1, 1993 through December 31, 2008 following guidance provided within Appendix B to Rev. Proc. 2013-24. Additionally, the §481(a) adjustment does not include any amount attributable to property for which the Taxpayer elected to apply the repair allowance under §1.167(a)-11(d)(2) for any taxable year in which the election was made.