BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130040-EI

IN RE: TAMPA ELECTRIC COMPANY'S
PETITION FOR AN INCREASE IN BASE RATES
AND MISCELLANEOUS SERVICE CHARGES

TECO
TAMPA ELECTRIC

MINIMUM FILING REQUIREMENTS

SCHEDULE F

MISCELLANEOUS

PROJECTED TEST YEAR 2014

VOLUME III OF V

TECO.
TAMPA ELECTRIC

Docket No. 130040-EI
In Re: Tampa Electric Company's
Petition For An Increase In Base Rates
And Miscellaneous Service Charges

MINIMUM FILING REQUIREMENTS INDEX

SCHEDULE F – MISCELLANEOUS

Section 11.3 Extension of Time, Waiver, Etc. At any time prior to the Closing Date, any party may, subject to applicable Law, (a) waive any inaccuracies in the representations and warranties of the other party hereto, (b) extend the time for the performance of any of the obligations or acts of the other party hereto or (c) waive compliance by the other party with any of the agreements contained herein or, except as otherwise provided herein, waive any of such party's conditions. Notwithstanding the foregoing, no failure or delay by the Seller or the Purchaser in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right hereunder. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

Section 11.4 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, (including by operation of Law in connection with a merger, consolidation, sale of all or substantially all of a party's assets or otherwise) by any party without the prior written consent of the other party. Notwithstanding the assignment of this Agreement pursuant to the provisions stated hereinabove, it is understood and agreed that the assignor shall remain responsible for its obligations under this Agreement. Subject to the preceding sentences, this Agreement shall be binding upon, inure to the benefit of and be enforceable by, the parties hereto and their respective successors and permitted assigns. Any purported assignment not permitted under this Section 11.4 shall be null and void.

Section 11.5 Counterparts. This Agreement may be executed in counterparts (each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement) and shall become effective when one or more counterparts have been signed by each party and delivered to the other party. This Agreement may be executed by facsimile signature or by other electronic means, such as portable document format (.pdf) file, which shall constitute a legal and valid signature for purposes hereof.

Section 11.6 Entire Agreement; No Third-Party Beneficiaries. This Agreement, including the Disclosure Schedule, the exhibits hereto and the Confidentiality Agreement (a) constitute the entire agreement and supersede and cancel all other prior agreements, negotiations, correspondence, undertakings, communications and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof, including the Offering Materials and Presentations and (b) except for the provisions of Section 6.7 with respect to the Indemnified Directors and Article X with respect to members of the Seller Group and the Purchaser Group, are not intended to and shall not be construed to confer upon any Person, other than the parties hereto any rights, benefits, privileges or remedies under or by reason of this Agreement.

Section 11.7 Governing Law. This Agreement, including its formation, validity, performance, termination or enforcement, and the parties' relationship in connection therewith, together with any related claims whether sounding in contract, tort or otherwise, shall be governed by and interpreted under the Laws of the State of New York (without regard to its principles of conflicts of Laws which would result in the application of the Laws of another jurisdiction).

Section 11.8 Consent to Jurisdiction; Waiver.

(a) The parties hereto hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located in Miami, Florida for any action, dispute, suit or proceeding arising out of or relating to this Agreement (and the parties agree not to commence any action, suit or proceeding relating thereto except in such court). The parties hereby irrevocably and unconditionally waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such action, dispute, suit or proceeding arising out of or relating to this Agreement in such court, the lack of jurisdiction of such court or any defense of inconvenient forum for the maintenance of such action, dispute, suit or proceeding. Each party hereto agrees that a judgment in any such action, dispute, suit or proceeding may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

(b) Each party hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the delivery of a copy thereof in accordance with the provisions of Section 11.9.

(c) Each party to this Agreement waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect to any action, dispute, suit or proceeding directly or indirectly arising out of, under or in connection with this Agreement or any transaction contemplated in this Agreement. Each party (a) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would seek to avoid that foregoing waiver in the event of any action, dispute, suit or proceeding and (b) acknowledges that it and the other party hereto have been induced to enter into this Agreement, by, among other things, the mutual waivers and certifications in this Section 11.8.

Section 11.9 Notices. All notices, requests and other communications to any party hereunder shall be in writing and shall be deemed given if sent by hand delivery, facsimile, or air courier to the parties at the following addresses:

If to the Purchaser, to:

C.F. Financeco, Ltd.
c/o Ramón Campollo
Madre Tierra
7a Avenida 6-53, Zona 4
4to. Nivel
Edificio El Triángulo
Guatemala, Guatemala, C.A.

If to the Seller, to:

TECO Energy, Inc.
702 N. Franklin Street
Tampa, FL 33602
Attention: General Counsel
Facsimile: (813) 228-4013

with a copy (which shall not constitute notice) to:

Holland & Knight LLP
701 Brickell Avenue, Suite 3000
Miami, FL 33131
Attention: Rodney H. Bell, Esq.
Facsimile: (305) 305-789-7799

or such other address or facsimile number as such party may hereafter specify by like notice to the other party hereto. All such notices, requests and other communications shall be deemed received (a) at the time personally delivered, if delivered by hand with receipt acknowledged, (b) at the time received, if sent by air courier and (c) upon issuance by the transmitting machine of a confirmation slip that the number of pages constituting the notice has been transmitted without error, if sent by facsimile.

Section 11.10 Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms, provisions and conditions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable Law in an acceptable manner to the end that the Transactions are fulfilled to the extent possible.

Section 11.11 Definitions.

(a) As used in this Agreement, the following terms have the meanings ascribed thereto below:

"Acquired Company Interests" shall have the meaning set forth in Section 1.1.

"Acquired Entities" or "Acquired Entity" shall mean International, Power, TEMSA and CGESJ.

"Acquired Subsidiary Interests" means (a) one hundred percent (100%) of the equity interests held by International directly in Power and (b) one hundred percent (100%) of the equity interests held by International directly (and indirectly, through Power) in each of TEMSA and CGESJ.

"Acquisition Transaction" shall mean any merger, liquidation, recapitalization, consolidation or other business combination directly or indirectly involving any Acquired Entity or the direct or indirect acquisition of any capital stock or other securities of any Acquired Entity, or any substantial portion of the assets of any Acquired Entity, or any combination of the foregoing (excluding the transactions contemplated hereby).

"Additional Amount" shall have the meaning set forth in Section 2.3.

"Affiliate" shall mean, as to any Person, any other Person that, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. For this purpose, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

"Aggregate Value" means (i)(a) in the case of a Sale Transaction involving the equity interests of an Operating Entity or any of its subsidiaries, the total fair market value (at the time of execution) of all consideration paid or payable, or otherwise to be distributed, directly or indirectly, in respect of each equity interest in connection with the Sale Transaction multiplied by such Operating Entity's Fully Diluted Shares Outstanding and (b) in the case of a Sale Transaction involving assets of an Operating Entity or any of its subsidiaries, the total fair market value (at the time of execution) of all consideration paid or payable, or otherwise to be distributed, directly or indirectly, to the Operating Entity or its equityholders in connection with the Sale Transaction plus (ii) without duplication, the amount of all indebtedness, preferred stock, capital leases and any other liabilities and obligations directly or indirectly assumed, retired, repaid, redeemed or defeased in connection with the Sale Transaction. For purposes of this definition, consideration includes cash, securities, property, rights (contractual or otherwise), any dividends payable to equityholders of an Operating Entity after the date hereof (other than normal, ordinary course, recurring dividends) and any other form of consideration.

"Agreement" shall mean this Equity Purchase Agreement, as amended from time to time.

"Antitrust Laws" shall have the meaning set forth in Section 6.2(a).

"Bankruptcy and Equity Exception" shall have the meaning set forth in Section 3.2.

"Basket" shall have the meaning set forth in Section 10.6(b).

"Business Day" shall mean a day except (i) a Saturday, a Sunday or (ii) any other day on which banks in the City of New York are authorized or required by Law to be closed.

"CAFTA Claim" shall mean all claims, defenses and rights of offset or counterclaim (at any time or in any manner arising or existing, whether choate or inchoate, known or unknown, contingent or non-contingent) of the Seller and its Affiliates related to or arising out of the events giving rise to that certain arbitration proceeding captioned TECO Guatemala Holdings, LLC v. Republic of Guatemala (ICSID Case No. ARB/10/23) and the underlying matter.

"Cap" shall have the meaning set forth in Section 10.6(a).

"CGESJ" shall have the meaning set forth in the Recitals.

"Closing" shall have the meaning set forth in Section 2.5(a).

"Closing Date" shall have the meaning set forth in Section 2.5(a).

"Code" shall have the meaning set forth in Section 7.3(a).

"Commitment Letters" shall have the meaning set forth in Section 5.5.

"Company Charter Documents" shall have the meaning set forth in Section 4.1.

"Confidentiality Agreement" shall mean that certain letter agreement dated August 11, 2011 between the Purchaser and TECO Guatemala, Inc.

"Contract" shall mean any loan or credit agreement, debenture, note, bond, mortgage, indenture, deed of trust, lease, contract or other agreement.

"Credit Facility" shall mean that certain bank loan contract by and between CGESJ and Banco Industrial, Sociedad Anónima, dated as of December 23, 2010.

"Critical Contract" shall mean (i) the Alstom Agreement, (ii) Power Purchase Agreement by and between Central Generadora Eléctrica San José, Ltda. and Empresa Eléctrica de Guatemala, Sociedad Anónima dated as of November 11, 1996, (iii) Option Agreement by and between Central Generadora Eléctrica San José, Ltda. and Empresa Eléctrica de Guatemala, Sociedad Anónima dated as of August 16, 2001 in connection with Power Purchase Agreement between the parties dated as of November 11, 1996, and (iv) Interpretive Agreement by and between Central Generadora Eléctrica San José, Ltda. and Empresa Eléctrica de Guatemala, Sociedad Anónima dated as of January 31, 2006 in connection with Power Purchase Agreement between the parties dated as of November 11, 1996.

"Damages" shall mean losses, liabilities, claims, damages, fines, fees, penalties, payments, demands, judgments, settlements, costs and expenses (including reasonable costs and expenses of actions, suits, arbitrations or proceedings, amounts paid in connection with any assessments, judgments or settlements relating thereto, interest and penalties recovered by a third party with respect thereto and out-of-pocket expenses and reasonable attorneys', accountants' and other experts' fees and expenses incurred in defending against any such actions, suits, arbitrations or proceedings or in enforcing an Indemnified Party's rights hereunder).

"Disclosure Schedule" shall have the meaning set forth in the preamble to Article III.

"Environmental Law" shall mean any applicable Law relating to (i) the protection of the environment (including air, water, soil and natural reserves, or (ii) the use, storage, handling, release or disposal of Hazardous Substances, in each case as in effect on the date of this Agreement.

"Force Majeure Event" shall mean any events beyond the reasonable control of a Person, including acts of God such as severe adverse weather conditions, earthquakes, floods, hurricanes, tornados or other natural disasters; acts of governmental authority; pandemics; acts of the public enemy or due to terrorism; war (whether declared or undeclared); riot; civil commotion; insurrection; malicious damage; strike; and changes in general political or social conditions, including sabotage, political unrest, change in government, military action or any escalation thereof.

"Financial Statements" shall have the meaning set forth in Section 4.4(b).

"Financial Statements (International and Power)" shall have the meaning set forth in Section 4.4(a)(ii).

"Financial Statements (Operating Entities)" shall have the meaning set forth in Section 4.4(a)(i).

"Financing" shall have the meaning set forth in Section 6.12.

"Fully Diluted Shares Outstanding" means the total number of shares of capital stock or other equity interests outstanding plus the total number of shares of capital stock or other equity interest issuable upon exercise, conversion or exchange of any outstanding securities exercisable, convertible or exchangeable into or for shares of capital stock or other equity interests of an Operating Entity including, without limitation, all outstanding stock options of the Operating Entity calculated in accordance with the treasury stock method.

"Governmental Authority" shall mean any government, court, regulatory or administrative agency, commission or authority or other governmental instrumentality, federal, state or local, domestic, foreign or multinational.

"Guatemalan GAAP" means generally accepted principles used by professional accountants in the Republic of Guatemala.

"Hazardous Substance" shall mean any substance to the extent presently listed, defined, designated or classified as hazardous, toxic or radioactive under any applicable Environmental Law, including petroleum and any derivative or by-products thereof.

"Indemnified Claim" shall have the meaning set forth in Section 10.3(g).

"Indemnified Director" or "Indemnified Directors" shall have the meaning set forth in Section 6.7(b).

"Indemnified Party" shall mean any member of the Seller Group or the Purchaser Group who or which may seek indemnification under this Agreement.

"Indemnifying Party" shall mean a party against whom indemnification may be sought under this Agreement.

"Indemnity Reduction Amount" shall have the meaning set forth in Section 10.4(a).

"International" shall have the meaning set forth in the Recitals.

"IP Rights" shall have the meaning set forth in Section 4.12(a).

"July Financial Statements (International and Power)" shall have the meaning set forth in Section 4.4(a)(ii).

"July Financial Statements (Operating Entities)" shall have the meaning set forth in Section 4.4(a)(i).

"Knowledge" with respect to the Seller, as used in Article IV hereof, shall mean the actual knowledge (without any duty to undertake any investigation concerning any matter), as of the date of this Agreement, of (i) with respect to the Operating Entities, Victor Urrutia, Operations VP and General Manager, Ana Karina Mendizabal, Financial Manager and Rafael Navajas, Commercial Manager and (ii) with respect to International and Power, Terry Schramm, Assistant Controller of TECO Guatemala, Inc., and in no event shall Knowledge include any constructive or imputed knowledge of the Seller or any of its Affiliates (including the Acquired Entities) or any of their respective directors, officers, employees, partners, managers, members or other representatives.

"Laws" shall have the meaning set forth in Section 4.8.

"Letter of Credit" shall have the meaning set forth in Section 2.4(a).

"Liens" shall mean all charges, claims, mortgages, liens, pledges, security interests or encumbrances.

"Management Financial Statements (Operating Entities)" shall have the meaning set forth in Section 4.4(c).

"Material Adverse Effect" shall mean a material adverse effect on the business, financial condition, assets, or operations of the Acquired Entities, taken as a whole, except for any such effect resulting from or arising out of or in connection with:

(a) the public announcement of this Agreement;

(b) the Transactions or any actions taken pursuant to or in accordance with this Agreement;

(c) changes in, or events or conditions affecting, any industry or market in which any of the Acquired Entities operate, provided that such changes do not disproportionately affect the Acquired Entities in any material respect relative to other entities operating in such industry or market;

(d) changes in, or events or conditions affecting, Guatemala or the global economy or capital or financial markets generally, including, changes in interest rates, the availability of financing or the insolvency of any government, provided that such changes do not disproportionately affect the Acquired Entities in any material respect relative to other entities operating businesses similar to the Acquired Entities;

(e) changes in applicable Law or the interpretations thereof by any Governmental Authority;

(f) changes in applicable accounting principles;

(g) Force Majeure Events;

(h) currency exchange rates or any fluctuations thereof;

(i) the taking of any action by the Seller or the Acquired Entities with the prior consent of the Purchaser; or

(j) the failure of the Acquired Entities to meet internal projections or forecasts or revenue or earnings predictions for any period ending on or after the date hereof.

Notwithstanding the foregoing clauses (a) through (j), the following shall constitute a Material Adverse Effect:

(i) any casualty loss to the Real Property and/or associated Structures (collectively, the "Facility Assets") after the date hereof and prior to the Closing Date if (x) the restoration of such Facility Assets to a condition reasonably comparable to their prior condition has not been substantially completed before the Closing Date, or (y) the cost of restoring such Facility Assets to a condition reasonably comparable to their prior condition could reasonably be expected to cost in excess of twenty five percent (25%) of the Purchase Price; and

(ii) the condemnation of any portion of the Facility Assets if (x) the proceeds of such condemnation have not been assigned to the Purchaser at or prior to the Closing, (y) the value of the Facility Assets condemned (including any lost profits as a result of such condemnation) could be reasonably expected to exceed the condemnation proceeds assigned to the Purchaser, or (z) the value of the Facility Assets condemned (including any lost profits as a result of such condemnation) could reasonably be expected to exceed twenty five percent (25%) of the Purchase Price.

"Material Contracts" shall have the meaning set forth in Section 4.13(a).

"Offer Notice" shall mean the written notice of the Purchaser (or any of its successors or assigns) electing to purchase the Acquired Company Interests in accordance with Section 4(a) of the Option Agreement.

"Operating Entities" shall have the meaning set forth in the Recitals.

"Option Agreement" means the Amended and Restated Option Agreement dated as of January 16, 2006, as further amended to date by and among Power, Palm Import and Export Corporation, a British Virgin Island company, Services, International, and the Purchaser.

"Owned Real Property" shall have the meaning set forth in Section 4.11(a).

"Permits" shall have the meaning set forth in Section 4.8.

"Permitted Liens" shall mean (a) Liens for Taxes not yet due and payable, (b) Liens of carriers, warehousemen, mechanics, materialmen and repairmen incurred in the ordinary course of business consistent with past practice and not yet delinquent, (c) with respect to the Owned Real Property, (i) any conditions shown by a current, accurate survey, (ii) easements, encroachments, restrictions, rights of way and any other non-monetary encumbrances which, individually or collectively, do not (A) make title to the Owned Real Property unmarketable as defined by applicable title standards, and/or (B) materially interfere with or otherwise impair the Acquired Entities access to, use of, or operations from any of the Owned Real Property, (iii) the effect of zoning, building codes and other similar land use ordinances, codes, and regulations that apply to real property generally, (iv) leases, subleases, licenses, and similar rental contracts listed on Section 4.11(b) of the Disclosure Schedule, and (v) covenants, conditions and restrictions of record, which, individually or collectively, do not (X) make title to the Owned Real Property unmarketable as defined by applicable title standards, and/or (Y) materially interfere with or otherwise impair the Acquired Entities access to, use of, or operations from any of the Owned Real Property, and (d) Liens reflected on the Financial Statements.

"Person" shall mean an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity, including a Governmental Authority.

"Post-Closing Taxes" means any Taxes of or payable by any of the Acquired Entities with respect to a Post-Closing Tax Period.

"Post-Closing Tax Period" means any Tax period (or portion of any Straddle Period) beginning after the Closing Date.

"Power" shall have the meaning set forth in the Recitals.

"Pre-Closing Taxes" means any Taxes of or payable by any of the Acquired Entities with respect to a Pre-Closing Tax Period.

"Pre-Closing Tax Period" means any Tax period (or portion of any Straddle Period) ending on or before the Closing Date.

"Purchase Price" *shall have the meaning set forth in Section 2.1.*

"Purchaser" shall have the meaning set forth in the Preamble.

"Purchaser Group" shall have the meaning set forth in Section 10.1.

"Purchaser Tax Act" shall have the meaning set forth in Section 10.1(c).

"Restructuring" means the formation of the Seller and the corporate reorganization of the ownership structure of the Acquired Companies undertaken by the Seller and its shareholder prior to the Closing.

"Reverse Termination Fee" shall have the meaning set forth in Section 9.2(b).

"Sale Transaction" shall mean (a) any direct or indirect sale or exchange (whether in one or a series of transactions) of all or the majority of the equity interests of an Operating Entity or of its subsidiaries, whether issued by such Operating Entity or its subsidiaries or sold or transferred by their security holders, (b) any merger, consolidation, joint venture, partnership, spin-off, reverse spin-off, non pro-rata spin-off or other business combination involving an Operating Entity or of its subsidiaries, (c) any sale or other disposition of any of the businesses or material assets of an Operating Entity or of its subsidiaries, (d) any joint venture, licensing arrangement or other agreement which has the effect of transferring or granting perpetual rights in any of the businesses or material assets of an Operating Entity or of its subsidiaries, or (e) any reorganization, recapitalization or other transaction which has the effect of any of the foregoing and results or would result in the transfer to third parties, directly or indirectly, of ownership or control of an Operating Entity, its subsidiaries or their businesses, excluding however, any corporate reorganization, recapitalization, merger, transfer or similar transaction undertaken by the Purchaser if, after the consummation thereof, the Purchaser (and/or its direct and indirect shareholders as of the date of execution hereof) continue to hold and control all or a majority (directly or indirectly) of the equity interests of such Operating Entity or of its subsidiaries.

"Seller" shall have the meaning set forth in the Preamble.

"Seller Group" shall have the meaning set forth in Section 10.2.

"Seller Taxes" shall have the meaning set forth in Section 10.1(d).

"Services" shall mean TECO Guatemala Services, Ltd., an exempted company formed under the Laws of the Cayman Islands.

"Straddle Period" means any Tax period that begins before and ends after the Closing Date.

"Structures" means all structures and all structural, mechanical and other physical systems that constitute part of the Owned Real Property.

"Subsidiary" or "Subsidiaries" means each Person listed on Section 11.11 of the Disclosure Schedule.

"Tax" or "Taxes" shall mean all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees, assessments and charges of any kind and all interest, penalties, fines, additions to tax or additional amounts imposed by any Governmental Authority with respect thereto.

"TECO Marks" means the names and marks "TECO", "TECO Guatemala" (including any variations and derivatives thereof) and related marks, and all other trade names, trademarks and service marks owned by the Seller or any of its Affiliates (other than the Acquired Entities).

"TEMSA" shall have the meaning set forth in the Recitals.

"Third Party Claim" shall have the meaning set forth in Section 10.3(a).

"Third-Party IP Rights" shall have the meaning set forth in Section 4.12(b)(i).

"Transactions" refers collectively to this Agreement and the transactions contemplated hereby.

"Transitional Services Agreement" shall mean that agreement to be entered into by or before the Closing Date by and between Tampa Electric Company, a Florida corporation and Purchaser, substantially in the form of Exhibit B.

"US GAAP" means generally accepted accounting principles consistently applied in the United States.

"Walk-Away Date" shall have the meaning set forth in Section 9.1(b)(i).

"Year End Financial Statements (International and Power)" shall have the meaning set forth in Section 4.4(a)(ii).

"Year-End Financial Statements (Operating Entities)" shall have the meaning set forth in Section 4.4(a)(i).

Section 11.12 Rules of Interpretation. Unless otherwise expressly provided, the following rule of interpretation shall apply:

(a) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, the period in question shall end on the next succeeding Business Day.

(b) Number and Gender. Where the context requires, the use of a singular form herein shall include the plural, the use of the plural shall include the singular and the use of any gender shall include any and all genders.

(c) Headings. The table of contents and the Article, Section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) Herein. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) Including. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation".

(f) Schedules and Exhibits Generally. The Schedules and Exhibits attached to this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

(g) Disclosure Schedule. The parties acknowledge and agree that: (i) any disclosure made with reference to a section of the Disclosure Schedule shall be deemed sufficient for purposes of disclosure in any other section or sections of the Disclosure Schedule that may require disclosure therein to the extent its readily apparent that such disclosure is applicable to such Section or Sections; (ii) the Disclosure Schedule is intended only to qualify and limit the representations, warranties and covenants of the Seller contained in this Agreement and shall not be deemed to expand in any way the scope or effect of any such representations, warranties or covenants; (iii) the disclosures in the Disclosure Schedule may be over-inclusive, considering the materiality standard contained in the section of this Agreement relating to the corresponding section of the Disclosure Schedule and any items or matters disclosed in the Disclosure Schedule are not intended to set or establish standards of materiality different from those set forth in the corresponding section of this Agreement; and (iv) the disclosure of any item or information in the Disclosure Schedule is not an admission that such item or information (or any non-disclosed item or information of comparable or greater significance) is material, required to have been disclosed in the Disclosure Schedule, or is of a nature that would reasonably be expected to have a Material Adverse Effect. Prior to the Closing, the Seller shall have the right from time to time to supplement, modify or update the Disclosure Schedule (each a " Disclosure Schedule Update ") by written notice to the Purchaser to reflect events occurring after the date hereof which, if occurring prior to the date hereof, would have been required to be set forth or described on the Disclosure Schedule. The Seller shall not be deemed to be in breach of any representation or warranty hereunder and no representation or warranty of the Seller shall be deemed to be untrue or inaccurate with respect to the information disclosed in any such Disclosure Schedule Update. Notwithstanding the preceding sentence, if the Seller makes a Disclosure Schedule Update and if the Purchaser determines that the event(s) disclosed in such Disclosure Schedule Update would be reasonably likely to result in Damages to the Acquired Entities in excess of U.S.$3,500,000, then the Purchaser shall have the right exercisable no later than ten (10) Business Days after such Disclosure Schedule Update is delivered to it to terminate this Agreement in accordance with Section 9.1(c)(ii).

(h) References to Articles, Sections, Exhibits or Schedules. When a reference is made in this Agreement to an Article, a Section, Exhibit or Schedule, such reference shall be to an Article of, a Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated.

(i) Defined Terms. All terms defined in this Agreement shall have the defined meanings when used in any document made or delivered pursuant hereto unless otherwise defined therein.

(j) References to a Person. References to a Person are also to its permitted successors and assigns.

(k) Negotiation and Drafting of Agreement. The parties hereto have participated jointly in the negotiation and drafting of this Agreement with the benefit of legal representation and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement or to the extent to which any such party's counsel participated in the drafting of any provision hereof or by virtue of the extent to which any such provision is inconsistent with any prior draft hereof.

Section 11.13 Specific Performance. In the event of any actual or threatened breach by any party of any of the covenants or agreements in this Agreement, the party who is or is to be thereby aggrieved shall have the right to seek specific performance and injunctive relief giving effect to its rights under this Agreement, (without the necessity of proving actual damages, posting a bond or any other undertaking) in addition to any other rights and remedies at Law or in equity, subject to Section 10.7.

Section 11.14 Further Assurances. Each party shall execute and deliver such certificates and other documents and take such other actions as may reasonably be requested by the other party in order to consummate or implement the transactions contemplated hereby.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

C.F. FINANCECO, LTD.

By: /s/ Ramon Campollo

Name: Ramon Campollo
Title: Director

TECO GUATEMALA HOLDINGS II, LLC

By: /s/ Phil L. Barringer

Name: Phil L. Barringer
Title: President

SIGNATURE PAGETO SAN JOSE/TEMSA EQUITY PURCHASE AGREEMENT

GUARANTY

TECO Energy, Inc., a Florida corporation ("Parent"), as primary obligor and not merely as surety, absolutely, irrevocably, and unconditionally guarantees to the Purchaser the due and punctual observance, payment, performance, and discharge of all obligations and liabilities of the Seller pursuant to this Agreement and any other agreement entered into by the Seller in connection with the transactions contemplated hereby up to a maximum aggregate amount equal to the Purchase Price (collectively, the " Guarantied Obligations "); provided however that Parent's obligations under this Guaranty shall terminate and be of no force or effect after the (i) seven (7) year anniversary of the Closing Date in connection with Sections 10.1(c) and 10.1(d), provided , however , that such obligations will not terminate with respect to any Indemnified Claim pursuant to Section 10.1(c) and 10.1(d) as to which the Purchaser shall have, before the expiration of the seven (7) year anniversary, previously made a claim in writing to the Seller and such obligations will continue until the resolution thereof or payment by the Guarantor and (ii) three (3) year anniversary of the Closing Date in connection with all other Guarantied Obligations, provided that such obligations will not terminate with respect to any Indemnified Claim pursuant to such other Guarantied Obligations as to which the Purchaser shall have, before the expiration of the three (3) year anniversary, previously made a claim in writing to the Seller and such obligations will continue until the resolution thereof or payment by the Guarantor. If any Guarantied Obligation is not paid when due or is not otherwise performed or discharged according to its terms, or upon any breach or default by the Seller of or under this Agreement or any other agreement entered into by the Seller in connection with the transactions contemplated hereby, the Purchaser shall be entitled to proceed directly and at once against Parent to enforce such Guarantied Obligation and/or to collect and recover the full amount or any portion of such Guarantied Obligation then due, without first proceeding against the Seller and without joining the Seller in any proceeding against Parent. This guarantee is an absolute and unconditional guarantee of payment and performance and not collection and is not in any way conditioned or contingent upon any attempt to collect from or enforce performance by the Seller or upon any other event or condition whatsoever.

Parent hereby unconditionally waives (i) presentment, promptness, diligence, acceptance of this Guaranty, protest and any and all notices and (ii) any and all defenses to the enforceability of the guarantee provided herein.

TECO ENERGY, INC.

By: ______________________________

Name:
Title:
Date:

SAN JOSE/TEMSA PARENT GUARANTY

Exhibit 10.23

Compensatory Arrangements with Executive Officers

Compensation for executives at TECO Energy, Inc. (the "Corporation") consists of several components. Included among these are base salary and an annual incentive award program.

Base salary information for the Chief Executive Officer, Chief Financial Officer and the other executive officers named in our most recently filed proxy statement who are currently serving as executive offers (together, the "named executive officers") is set forth in the table below.

The Corporation's annual incentive plan, last amended in February 2011, is Exhibit 10.4 to the Corporation's Annual Report on Form 10-K to which this document is an exhibit (the "Report"). The 2013 target award percentages for awards under the annual incentive plan for the named executive officers are set forth in the table below.

Compensatory arrangements relating to other aspects of the Corporation's executive compensation program are included as exhibits to the Report.

Named Executive Officer Salary and Target Award Percentage Information for 2013

Name	Title	Salary	Target Award %
John B. Ramil	President and Chief Executive Officer	$ 765,000	100%
Gordon L. Gillette	President of Tampa Electric Company	$ 535,000	70%
Sandra W. Callahan	Senior Vice President-Finance and Accounting and Chief Financial Officer	$ 460,000	65%

Exhibit 10.24

Compensatory Arrangements with Non-Management Directors

Annual Retainer	$50,000
Additional Annual Retainer for Audit Committee Chair	$10,000
Additional Annual Retainer for Other Committee Chairs	$7,500
Additional Annual Retainer for Chairman of the Board	$150,000
Board Meeting Attendance Fees	$750 per meeting (applicable to TECO Energy, Inc. and Tampa Electric Company Board meetings)
Committee Meeting Attendance Fees	$1,500 per meeting
Restricted Stock	Annual grant of 3,000 shares, which vest in one installment on the first anniversary of the date of grant

TECO Energy, Inc. also pays for or reimburses directors for their meeting-related expenses.

Exhibit 10.39

EXECUTION COPY

AMENDMENT NO. 11
TO
LOAN AND SERVICING AGREEMENT

This AMENDMENT NO. 11 TO LOAN AND SERVICING AGREEMENT (this "Amendment") dated as of February 15, 2013 is by and among Tampa Electric Company (" Tampa "), in its capacity as servicer (in such capacity, the Servicer "), TEC Receivables Corp. (" TEC "), in its capacity as "Borrower" under the Loan Agreement (as defined below) (in such capacity, the " Borrower "), Citibank, N.A. (" Citibank "), in its capacities as Managing Agent and as Program Agent, CAFCO, LLC, in its capacity as "Conduit Lender" (in such capacity, the " Conduit Lender ") and Citibank, in its capacity as the sole committed lender (in such capacity, the " Committed Lender "). Capitalized terms used herein but not specifically defined herein shall have the meanings given to such terms in the Loan Agreement (as defined below).

PRELIMINARY STATEMENTS:

(1) The Servicer, the Borrower, the Conduit Lender, the Committed Lender, the Managing Agent and the Program Agent are parties to that certain Loan and Servicing Agreement dated as of January 6, 2005, as amended by (i) the Omnibus Amendment dated as of June 7, 2005, (ii) Amendment No. 2 dated as of January 5, 2006, (iii) Omnibus Amendment No. 3 dated as of December 22, 2006, (iv) Amendment No. 4 dated as of December 20, 2007, (v) Omnibus Amendment No. 5 dated as of September 26, 2008, (vi) Amendment No. 6 dated as of December 18, 2008, (vii) Amendment No. 7 dated as of December 16, 2009, (viii) Amendment No. 8 dated as of February 19, 2010, (ix) Omnibus Amendment No. 9 dated as of February 18, 2011 and (x) Amendment No. 10 dated as of February 17, 2012 (the " Loan Agreement ").

(2) The parties hereto wish to amend the Loan Agreement upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendments to the Loan Agreement. Effective as of the date hereof and subject to the satisfaction of the condition precedent set forth in Section 2 hereof, the Loan Agreement is hereby amended as follows:

(a) Section 1.01 of the Loan Agreement is hereby amended to delete the definition of "Scheduled Termination Date" and replace it with the following:

"Scheduled Termination Date" means, (i) with respect to the Committed Lenders' Commitments hereunder, February 14, 2014, unless such date is extended pursuant to Section 2.01(c) and (ii) with respect to the Conduit Lenders, February 14, 2014, unless such date is extended with the consent of the parties hereto.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date hereof upon the receipt by the Program Agent of (a) this Amendment duly executed by all of the parties hereto, (b) the Fee Letter dated the date hereof duly executed by the Borrower and the Managing Agent, and (c) the Upfront Fee (as such term is defined in the Fee Letter).

SECTION 3. Representations and Warranties. Each of the parties hereto represents and warrants that this Amendment and the Loan Agreement, as amended by this Amendment, constitute legal, valid and binding obligations of such Person enforceable against such Person in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles.

SECTION 4. Reference to and the Effect on the Loan Agreement.

(a) On and after the effective date of this Amendment, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import referring to the Loan Agreement and each reference to the Loan Agreement in any certificate delivered in connection therewith, shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Each of the parties hereto hereby agrees that, except as specifically amended above, the Loan Agreement is hereby ratified and confirmed and shall continue to be in full force and effect and enforceable, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and general equitable principles.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first above written.

TAMPA ELECTRIC COMPANY, as Servicer

By: /s/ Kim M. Caruso

Name: Kim M. Caruso
Title: Treasurer

TEC RECEIVABLES CORP., as Borrower

By: /s/ Kim M. Caruso

Name: Kim M. Caruso
Title: Treasurer

CITIBANK, N.A., as Program Agent and as Managing Agent

By: /s/ Kosta Karantzoulis

Name: Kosta Karantzoulis
Title: Vice President

CAFCO, LLC, as the Conduit Lender

By: Citibank, N.A.,
as Attorney-in-Fact

By: /s/ Kosta Karantzoulis

Name: Kosta Karantzoulis
Title: Vice President

CITIBANK, N.A., as the sole Committed Lender

By: /s/ Kosta Karantzoulis

Name: Kosta Karantzoulis
Title: Vice President

Signature Page to
Amendment No. 11

Exhibit 12.1

TECO ENERGY, INC.
RATIO OF EARNINGS TO FIXED CHARGES

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

	Year Ended Dec. 31,				
(millions)	2012	2011	2010	2009	2008
Income from continuing operations, before income taxes	$ 383.8	$ 393.5	$ 321.2	$ 268.3	$ 205.1
Add:					
Interest expense	189.6	202.4	221.5	223.4	219.1
Deduct:					
Income from equity investments, net	0.0	0.0	(2.8)	(0.6)	0.4
Earnings before taxes and fixed charges	$ 573.4	$ 595.9	$ 545.5	$ 492.3	$ 423.8
Interest expense	$ 189.6	$ 202.4	$ 221.5	$ 223.4	$ 219.1
Total fixed charges	$ 189.6	$ 202.4	$ 221.5	$ 223.4	$ 219.1
Ratio of earnings to fixed charges	3.02x	2.94x	2.46x	2.20x	1.93x

For the purposes of calculating these ratios, earnings consist of income from continuing operations before income taxes, income or loss from equity investments (net of distributions) and fixed charges. Fixed charges consist of interest expense on indebtedness, amortization of debt premium, and an estimate of the interest component of rentals. Interest expense includes total interest expense, excluding AFUDC, and an estimate of the interest component of rentals. TECO Energy, Inc. does not have any preferred stock outstanding, and there were no preferred stock dividends paid or accrued during the periods presented.

The sale of TECO Guatemala was completed in December 2012 and is considered a discontinued operation at Dec. 31, 2012. Prior periods presented have been adjusted to reflect the classification of TECO Guatemala as discontinued operations.

Exhibit 12.2

TAMPA ELECTRIC COMPANY
RATIO OF EARNINGS TO FIXED CHARGES

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

	Year Ended Dec. 31,				
(millions)	2012	2011	2010	2009	2008
Income from continuing operations, before income tax	$ 368.9	$ 380.7	$ 386.6	$ 303.7	$ 261.9
Interest expense	129.9	141.9	143.9	141.2	135.8
Earnings before taxes and fixed charges	$ 498.8	$ 522.6	$ 530.5	$ 444.9	$ 397.7
Interest expense	$ 129.9	$ 141.9	$ 143.9	$ 141.2	$ 135.8
Total fixed charges	$ 129.9	$ 141.9	$ 143.9	$ 141.2	$ 135.8
Ratio of earnings to fixed charges	3.84x	3.68x	3.69x	3.15x	2.93x

For the purposes of calculating these ratios, earnings consist of income from continuing operations before income taxes and fixed charges. Fixed charges consist of interest expense on indebtedness, amortization of debt premium and an estimate of the interest component of rentals. Interest expense includes total interest expense, excluding AFUDC, and an estimate of the interest component of rentals.

Exhibit 21

SUBSIDIARIES OF TECO ENERGY, INC.

The following is a list of subsidiaries (greater than 50% owned) of TECO Energy, Inc. and their resepctive states or other jurisdictions of incorporation or organization:

Subsidiary Name	State or Other Jurisdiction of Incorporation or Organization
Bear Branch Coal Company	Kentucky
Clintwood Elkhorn Mining Company	Kentucky
Gatliff Coal Company	Kentucky
H Power II, Inc.	Florida
H Power I, Inc.	Florida
Peoples Gas System (Florida), Inc.	Florida
Perry County Coal Corporation	Kentucky
Pike-Letcher Land Company	Kentucky
Premier Elkhorn Coal Company	Kentucky
Raven Rock Development Corporation	Kentucky
Ray Coal Company, Inc.	Kentucky
Rich Mountain Coal Company	Tennessee
SeaCoast Gas Transmission, LLC	Delaware
Tampa Electric Company	Florida
TECO Clean Advantage Corporation	Florida
TECO Coalbed Methane Florida, Inc.	Florida
TECO Coal Corporation	Kentucky
TECO Diversified, Inc.	Florida
TECO Energy Foundation, Inc.	Florida
TECO EnergySource, Inc.	Florida
TECO Finance, Inc.	Florida
TECO Gemstone, Inc.	Florida
TECO Guatemala Holdings II, LLC	Florida
TECO Guatemala Holdings, LLC	Delaware
TECO Guatemala, Inc.	Florida
TECO Investments, Inc.	Florida
TECO Oil & Gas, Inc.	Florida
TECO Partners, Inc.	Florida
TECO Pipeline Holding Company, LLC	Florida
TECO Properties Corporation	Florida
TECO Solutions, Inc.	Florida
TECO Wholesale Generation, Inc.	Florida
TEC Receivables Corp.	Delaware
Triangle Finance Company, LLC	Delaware
Whitaker Coal Corporation	Kentucky

Exhibit 23.1

pwc

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-02563, 333-25563, 333-60776 and 333-115954) and Form S-3 (Nos. 333-110273 and 333-179719) of TECO Energy, Inc. and its subsidiaries of our report dated February 26, 2013 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Tampa, Florida
February 26, 2013

PricewaterhouseCoopers LLP, 4211 West Boy Scout Boulevard, Suite 200, Tampa, FL 33607-5745
T: (813) 229 0221, F: (812) 229 3646, www.pwc.com/us

Exhibit 23.2

pwc

CONSENT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-179719) of Tampa Electric Company and its subsidiaries of our report dated February 26, 2013 relating to the financial statements and the financial statement schedule which appears in this Form 10-K .

/s/ PricewaterhouseCoopers LLP

Tampa, Florida
February 26, 2013

PricewaterhouseCoopers LLP, 4211 West Boy Scout Boulevard, Suite 200, Tampa, FL 33607-5745
T: (813) 229 0221, F: (812) 229 3646, www.pwc.com/us

Exhibit 23.3

CONSENT OF INDEPENDENT EXPERTS

Cardno MM&A. hereby consents to the incorporation by reference into the Registration Statement on Form S-3 (Registration Statement No. 333-179719) of TECO Energy, Inc. (the "Company") of the information contained in our audit report, dated as of February 11, 2013, regarding the coal reserves of the Company's subsidiaries, the results of which audit are reflected in the Company's Annual Report on Form 10-K.

Cardno MM&A

/s/ K. Scott Keim

K. Scott Keim
President

February 25, 2013

Exhibit 31.1

CERTIFICATIONS

I, John B. Ramil, certify that:

1. I have reviewed this annual report on Form 10-K of TECO Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2013

/s/ J. B. RAMIL

J. B. RAMIL
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Sandra W. Callahan, certify that:

1. I have reviewed this annual report on Form 10-K of TECO Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2013

/s/ S.W. CALLAHAN

S.W. CALLAHAN
Senior Vice President-Finance and Accounting
and Chief Financial Officer

(Chief Accounting Officer)
(Principal Financial and Principal Accounting Officer)

Exhibit 31.3

CERTIFICATIONS

I, John B. Ramil, certify that:

1. I have reviewed this annual report on Form 10-K of Tampa Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2013

/s/ J. B. RAMIL

J. B. RAMIL
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.4

CERTIFICATIONS

I, Sandra W. Callahan, certify that:

1. I have reviewed this annual report on Form 10-K of Tampa Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2013

/s/ S.W. CALLAHAN

S.W. CALLAHAN
Vice President-Finance and Accounting and Chief Financial Officer

(Chief Accounting Officer)
(Principal Financial and Principal Accounting Officer)

Exhibit 32.1

TECO ENERGY, INC.

**Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350**

Each of the undersigned officers of TECO Energy, Inc. (the "Company") certifies, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge, the Annual Report on Form 10-K of the Company for the year ended December 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2013

/s/ J. B. RAMIL
J. B. RAMIL
President and Chief Executive Officer
(Principal Executive Officer)

Dated: February 26, 2013

/s/ S.W. CALLAHAN
S.W. CALLAHAN
Senior Vice President-Finance and
Accounting and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Principal Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-K and shall not be considered filed as part of the Form 10-K.

Exhibit 32.2

TAMPA ELECTRIC COMPANY

**Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350**

Each of the undersigned officers of Tampa Electric Company (the "Company") certifies, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge, the Annual Report on Form 10-K of the Company for the year ended December 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2013

/s/ J. B. RAMIL
J. B. RAMIL
Chief Executive Officer
(Principal Executive Officer)

Dated: February 26, 2013

/s/ S.W. CALLAHAN
S.W. CALLAHAN
Vice President-Finance and Accounting and
Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Principal Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-K and shall not be considered filed as part of the Form 10-K.

Exhibit 95

MINE SAFETY DISCLOSURE

TECO Coal's subsidiaries operate mining complexes that are subject to regulation by the Mine Safety and Health Administration (MSHA) under the U.S. Federal Mine Safety and Health Act of 1977 (the Mine Act). MSHA inspects TECO Coal mines on a regular basis and issues various citations and orders when it believes that a violation of the Mine Act, any health or safety standard, or any regulation has occurred. Set forth below is information regarding certain mining safety and health orders and citations issued by MSHA and related assessment and legal actions and mine related fatalities with respect to TECO Coal's mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size and type (underground or surface) of the coal mine, (ii) the number of citations and orders issued will vary from inspector to inspector, and (iii) citations and orders can be contested and appealed, and as part of that process, may be reduced in severity and amount, and are sometimes dismissed.

For purposes of reporting regulatory matters under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the following table sets forth the total number of specific citations and orders issued by MSHA under the Mine Act, along with the total dollar value of the proposed civil penalty assessment, and the total number of fatalities during the current reporting period for each TECO Coal subsidiary that is acting as a coal mine operator, by individual mine. Information relating to the aggregate number of legal actions pending, initiated and resolved during the reporting period is also reported below for each of the mines.

Exhibit 95

For the year ended December 31, 2012[1][2]

Mine ID #	Section 104 Significant & Substantial Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Proposed MSHA Assessments (in thousands)	Fatalities	Pending Legal Actions (3)(4)	Legal Actions Initiated (3)	Legal Actions Resolved During 2012 (3)
Clintwood Elkhorn										
15-16734	2	0	0	0	0	$ 3	0	7	3	2
15-18524	0	0	0	0	0	0	0	0	0	0
15-19396	3	0	0	0	0	0	0	1	1	0
40-07199	12	0	0	0	0	8	0	29	25	0
44-03010	4	0	0	0	0	1	0	14	14	0
44-07108	28	0	0	0	0	30	0	4	0	0
YGX[5]	1	0	0	0	0	0	0	5	5	0
Totals	50	0	0	0	0	$ 42	0	60	48	2
Perry County										
15-05485	21	0	0	0	0	$ 13	0	22	14	5
15-18565[6]	140	1	0	0	0	398	0	263	140	58
15-18662	113	0	0	0	0	1,288	0	386	150	28
15-19015	54	0	0	0	0	117	0	395	71	44
Totals	328	1	0	0	0	$ 1,816	0	1,066	375	135
Premier Elkhorn										
15-16470	12	0	0	0	0	$ 4	0	11	11	26
15-17360	0	0	0	0	0	0	0	2	0	0
15-18784	6	0	0	0	0	14	0	3	1	20
15-18823	0	0	0	0	0	6	0	15	0	0
15-18892	0	0	0	0	0	0	0	0	0	0
15-18946	4	0	0	0	0	7	0	3	0	5
15-19411	0	0	0	0	0	0	0	0	0	0
15-19590	0	0	0	0	0	0	0	0	0	0
15-19622	7	0	0	0	0	3	0	6	6	0
15-19642	0	0	0	0	0	0	0	0	0	0
15-19649	0	0	0	0	0	0	0	0	0	0
15-19650	0	0	0	0	0	0	0	0	0	0
A906[7]	3	0	0	0	0	2	0	20	7	0
Totals	32	0	0	0	0	$ 36	0	60	25	51
Grand Totals	**410**	**1**	**0**	**0**	**0**	**$ 1,894**	**0**	**1,186**	**448**	**188**

1. ***Based on data obtained from MSHA Mine Data Retrieval System as of January 1, 2013.***
2. ***No TECO Coal Coporation mining entity has received written notice that it meets the requirements of a Pattern of Violations (POV) or a Potential Pattern of Violations (PPOV) during the reporting period.***
3. ***All of the Pending Legal Actions identified in this column are based on data contained in the MSHA ine Data Retrieval System (MDRS) at the time of data retrieval for this report.***
4. ***All of the Pending Legal Actions involve citations or orders referenced in Subpart B of 29 C.F.R. Part 2700 that are being contested by a TECO Coal Corporation subsidiary.***
5. ***YGX is the MSHA "Contractor Identification Number" assigned to Clintwood Elkhorn Mining Company for contracted engineering work performed at a mine that is operated by an independent contract mining company for Clintwood Elkhorn Mining Company.***
6. ***The number of Significant & Substantial citations shown includes 1 citation that was subsequently vacated.***
7. ***A-906 is the MSHA "Contractor Identification Number" assigned to Clintwood Elkhorn Mining Company for contracted engineering work performed at a mine that is operated by an independent contract mining company for Premier Elkhorn Coal Company.***

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

FORM 10-K/A
Amendment No. 1

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2012

OR

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from ________ to ________

Commission File No.	Exact name of the Registrant as specified in its charter, state of incorporation, address of principal executive offices, telephone number	I.R.S. Employer Identification Number
1-8180	**TECO ENERGY, INC.** (a Florida corporation) TECO Plaza 702 N. Franklin Street Tampa, Florida 33602 (813) 228-1111	59-2052286

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
TECO Energy, Inc. Common Stock, $1.00 par value	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. YES ☐ NO ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

The aggregate market value of all common stock held by non-affiliates of the registrant as of June 29, 2012 was approximately $3.85 billion based on the closing sale price as reported on the New York Stock Exchange.

The number of shares of TECO Energy, Inc.'s common stock outstanding as of Feb. 15, 2013 was 217,255,694.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement relating to the 2013 Annual Meeting of Shareholders of TECO Energy, Inc. are incorporated by reference into Part III.

EXPLANATORY NOTE

TECO Energy, Inc. is filing this Amendment No. 1 ("Form 10-K/A") to its Annual Report on Form 10-K for the year ended December 31, 2012, originally filed with the Securities and Exchange Commission on February 26, 2013 ("Form 10-K"), solely for the purpose of correcting information contained in Exhibit 95 thereto. Attached to this Form 10-K/A is an amended and restated Exhibit 95.

Except as described above, no other changes have been made to the Form 10-K. This Form 10-K/A does not reflect events occurring after the filing of the Form 10-K or modify, amend or update in any way any financial information or other disclosure contained in the Form 10-K other than as described above.

SIGNATURES

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

TECO ENERGY, INC.

Dated: March 4, 2013

By: /s/ SANDRA W. CALLAHAN
SANDRA W. CALLAHAN

Senior Vice President-Finance and Accounting and
Chief Financial Officer (Chief Accounting Officer)
(Principal Financial and Principal Accounting Officer)

INDEX TO EXHIBITS

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer of TECO Energy, Inc. pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of TECO Energy, Inc. pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes- Oxley Act of 2002.
95	Mine Safety Disclosure.

Exhibit 31.1

CERTIFICATIONS

I, John B. Ramil, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of TECO Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: March 4, 2013

/s/ J. B. RAMIL
J. B. RAMIL
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Sandra W. Callahan, certify that:

1. I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of TECO Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Date: March 4, 2013

/s/ S.W. CALLAHAN
S.W. CALLAHAN
Senior Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Principal Accounting Officer)

Exhibit 95

MINE SAFETY DISCLOSURE

TECO Coal's subsidiaries operate mining complexes that are subject to regulation by the Mine Safety and Health Administration (MSHA) under the U.S. Federal Mine Safety and Health Act of 1977 (the Mine Act). MSHA inspects TECO Coal mines on a regular basis and issues various citations and orders when it believes that a violation of the Mine Act, any health or safety standard, or any regulation has occurred. Set forth below is information regarding certain mining safety and health orders and citations issued by MSHA and related assessment and legal actions and mine related fatalities with respect to TECO Coal's mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size and type (underground or surface) of the coal mine, (ii) the number of citations and orders issued will vary from inspector to inspector, and (iii) citations and orders can be contested and appealed, and as part of that process, may be reduced in severity and amount, and are sometimes dismissed.

For purposes of reporting regulatory matters under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the following table sets forth the total number of specific citations and orders issued by MSHA under the Mine Act, along with the total dollar value of the proposed civil penalty assessment, and the total number of fatalities during the current reporting period for each TECO Coal subsidiary that is acting as a coal mine operator, by individual mine. Information relating to the aggregate number of legal actions pending, initiated and resolved during the reporting period is also reported below for each of the mines.

For the year ended December 31, 2012 [1][2]

Mine ID #	Section 104 Significant & Substantial Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Proposed MSHA Assessments (in thousands)	Fatalities	Pending Legal Actions (3)(4)	Legal Actions Initiated (3)	Legal Actions Resolved During 2012 (3)
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15-16734	2	0	0	0	0	$ 3	0	7	3	7
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15-19396	3 3	0	0	0	0	0	0	1	1	0
44-03010	12	0	0	0	0	8	0	17	14	0
44-07108	0	0	0	0	0	0	0	4	0	0
40-07199	28	0	0	0	0	30	0	29	25	0
YGX[5]	1	0	0	0	0	0	0	5	5	0
Totals	46	0	0	0	0	$ 41	0	63	48	7
Perry County										
15-05485	21	0	0	0	0	$ 13	0	22	14	5
15-18565[6]	139	1	5	0	0	398	0	263	140	58
15-18662	113	0	18	0	0	1,288	0	386	150	28
15-19015	54	0	0	0	0	117	0	395	71	44
Totals	327	1	23	0	0	$ 1,816	0	1,066	375	135
Premier Elkhorn										
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15-17360	0	0	0	0	0	0	0	2	0	0
15-18784	6	0	0	0	0	14	0	3	1	20
15-18823	6	0	0	0	0	6	0	15	10	0
15-18892	0	0	0	0	0	0	0	0	0	0
15-18946	4	0	0	0	0	7	0	3	0	5
15-19411	0	0	0	0	0	0	0	0	0	0
15-19590	0	0	0	0	0	0	0	0	0	0
15-19622	7	0	0	0	0	3	0	6	6	0
15-19642	0	0	0	0	0	0	0	0	0	0
15-19649	0	0	0	0	0	0	0	0	0	0
15-19650	0	0	0	0	0	0	0	0	0	0
A906[7]	3	0	0	0	0	2	0	20	7	0
Totals	38	0	0	0	0	$ 36	0	60	35	51
Grand Totals	411	1	23	0	0	$ 1,893	0	1,189	458	193

1. *Based on data obtained from MSHA Mine Data Retrieval System as of January 1, 2013.*
2. *No TECO Coal Coporation mining entity has received written notice that it meets the requirements of a Pattern of Violations (POV) or a Potential Pattern of Violations (PPOV) during the reporting period.*
3. *All of the Pending Legal Actions identified in this column are based on data contained in the MSHA Mine Data Retrieval System (MDRS) at the time of data retrieval for this report.*
4. *All of the Pending Legal Actions involve citations or orders referenced in Subpart B of 29 C.F.R. Part 2700 that are being contested by a TECO Coal Corporation subsidiary.*
5. *YGX is the MSHA "Contractor Identification Number" assigned to Clintwood Elkhorn Mining Company for contracted engineering work performed at a mine that is operated by an independent contract mining company for Clintwood Elkhorn Mining Company.*
6. *The number of Significant &Substantial citations shown includes 1 citation that was subsequently vacated.*
7. *A-906 is the MSHA "Contractor Identification Number" assigned to Premier Elkhorn Coal Company for contracted engineering work performed at a mine that is operated by an independent contract mining company for Premier Elkhorn Coal Company.*

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

FORM 10-Q

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

For the quarterly period ended March 31, 2012

OR

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

For the transition period from to

Commission File No.	Exact name of each registrant as specified in its charter, state of incorporation, address of principal executive offices, telephone number	I.R.S. Employer Identification Number
1-8180	**TECO ENERGY, INC.** (a Florida corporation) TECO Plaza 702 N. Franklin Street Tampa, Florida 33602 (813) 228-1111	59-2052286
1-5007	**TAMPA ELECTRIC COMPANY** (a Florida corporation) TECO Plaza 702 N. Franklin Street Tampa, Florida 33602 (813) 228-1111	59-0475140

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

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether TECO Energy, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether Tampa Electric Company is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐

Indicate by check mark whether TECO Energy, Inc. is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

Indicate by check mark whether Tampa Electric Company is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The number of shares of TECO Energy, Inc.'s common stock outstanding as of April 27, 2012 was $215,679,828. As of April 27, 2012, there were 10 shares of Tampa Electric Company's common stock issued and outstanding, all of which were held, beneficially and of record, by TECO Energy, Inc.

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

This combined Form 10-Q represents separate filings by TECO Energy, Inc. and Tampa Electric Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Each registrant makes representations only as to information relating to itself and its subsidiaries.

Index to Exhibits appears on page 47.

DEFINITIONS

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

Term	Meaning
ABS	asset-backed security
ADR	American depository receipt
AFUDC	allowance for funds used during construction
AFUDC - debt	debt component of allowance for funds used during construction
AFUDC - equity	equity component of allowance for funds used during construction
AOCI	accumulated other comprehensive income
APBO	accumulated postretirement benefit obligation
ARO	asset retirement obligation
capacity clause	capacity cost-recovery clause, as established by the FPSC
CGESJ	Central Generadora Eléctrica San José, Limitada, owner of the San José Power Station in Guatemala
CMO	collateralized mortgage obligation
CO_2	carbon dioxide
CT	combustion turbine
DECA II	Distribución Eléctrica Centro Americana, II, S.A.
DOE	U.S. Department of Energy
EEGSA	Empresa Eléctrica de Guatemala, S.A., the largest private distribution company in Central America
EEI	Edison Electric Institute
EPA	U.S. Environmental Protection Agency
EPS	earnings per share
ERISA	Employee Retirement Income Security Act
EROA	expected return on plan assets
FASB	Financial Accounting Standards Board
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost-recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles
GHG	greenhouse gas(es)
HCIDA	Hillsborough County Industrial Development Authority
HPP	Hardee Power Partners
IFRS	International Financial Reporting Standards
IGCC	integrated gasification combined-cycle
IOU	investor owned utility
IRS	Internal Revenue Service
ISDA	International Swaps and Derivatives Association
ISO	independent system operator
ITCs	investment tax credits
KW	kilowatt
KWH	kilowatt-hour(s)
LIBOR	London Interbank Offered Rate
MARN	Ministry of Environment, Guatemala
MBS	mortgage-backed securities
MD&A	Management's Discussion and Analysis
MMA	The Medicare Prescription Drug, Improvement and Modernization Act of 2003
MM&A	Marshall Miller & Associates
MMBTU	one million British Thermal Units
MRV	market-related value

MSHA	Mine Safety and Health Administration
MW	megawatt(s)
MWH	megawatt-hour(s)
NAESB	North American Energy Standards Board
NAV	net asset value
NERC	North American Electric Reliability Corporation
NOL	net operating loss
Note__	Note__to consolidated financial statements
NOx	nitrogen oxide
NPNS	normal purchase normal sale
NYMEX	New York Mercantile Exchange
o&m expenses	operations and maintenance expenses
OATT	open access transmission tariff
OCI	other comprehensive income
OTC	over-the-counter
OTTI	other than temporary impairment
PBGC	Pension Benefit Guarantee Corporation
PBO	postretirement benefit obligation
PCI	pulverized coal injection
PCIDA	Polk County Industrial Development Authority
PGA	purchased gas adjustment
PGS	Peoples Gas System, the gas division of Tampa Electric Company
PPA	power purchase agreement
PPSA	Power Plant Siting Act
PRP	potentially responsible party
PUHCA 2005	Public Utility Holding Company Act of 2005
REIT	real estate investment trust
REMIC	real estate mortgage investment conduit
RFP	request for proposal
ROE	return on common equity
Regulatory ROE	return on common equity as determined for regulatory purposes
RPS	renewable portfolio standards
RTO	regional transmission organization
SEC	U.S. Securities and Exchange Commission
SO_2	sulfur dioxide
SERP	Supplemental Executive Retirement Plan
SPA	stock purchase agreement
STIF	short-term investment fund
TCAE	Tampa Centro Americana de Electridad, Limitada, majority owner of the Alborada Power Station
Tampa Electric	Tampa Electric, the electric division of Tampa Electric Company
TEC	Tampa Electric Company, the principal subsidiary of TECO Energy, Inc.
TECO Diversified	TECO Diversified, Inc., a subsidiary of TECO Energy, Inc. and parent of TECO Coal Corporation
TECO Coal	TECO Coal Corporation, a coal producing subsidiary of TECO Diversified
TECO Finance	TECO Finance, Inc., a financing subsidiary for the unregulated businesses of TECO Energy, Inc.
TEMSA	Tecnología Marítima, S.A., a provider of dry bulk and coal unloading services located in Guatemala
TRC	TEC Receivables Company
VIE	variable interest entity
WRERA	The Worker, Retiree and Employer Recovery Act of 2008

PART I. FINANCIAL INFORMATION

Item 1. **CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**

TECO ENERGY, INC.

In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TECO Energy, Inc. and subsidiaries as of March 31, 2012 and Dec. 31, 2011, and the results of their operations and cash flows for the periods ended March 31, 2012 and 2011. The results of operations for the three month period ended March 31, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012. References should be made to the explanatory notes affecting the consolidated financial statements contained in TECO Energy, Inc.'s Annual Report on Form 10-K for the year ended Dec. 31, 2011 and to the notes on pages 10 through 23 of this report.

INDEX TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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

TECO ENERGY, INC.
Consolidated Condensed Balance Sheets
Unaudited

Assets *(millions)*	*Mar. 31, 2012*	*Dec. 31, 2011*
Current assets		
Cash and cash equivalents	$ 59.0	$ 44.0
Restricted cash	8.7	8.7
Receivables, less allowance for uncollectibles of $2.6 at Mar. 31, 2012 and Dec. 31, 2011	278.4	327.7
Inventories, at average cost		
Fuel	146.6	136.8
Materials and supplies	87.0	87.3
Derivative assets	2.1	0.9
Regulatory assets	107.0	87.3
Deferred income taxes	33.2	72.7
Prepayments and other current assets	29.7	31.9
Income tax receivables	0.1	0.6
Total current assets	751.8	797.9
Property, plant and equipment		
Utility plant in service		
Electric	6,767.0	6,731.7
Gas	1,184.7	1,169.9
Construction work in progress	274.0	247.4
Other property	435.3	432.3
Property, plant and equipment, at original costs	8,661.0	8,581.3
Accumulated depreciation	(2,675.4)	(2,613.5)
Total property, plant and equipment, net	5,985.6	5,967.8
Other assets		
Regulatory assets	359.2	364.5
Goodwill	55.4	55.4
Deferred charges and other assets	134.8	136.6
Total other assets	549.4	556.5
Total assets	$ 7,286.8	$ 7,322.2

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

TECO ENERGY, INC.
Consolidated Condensed Balance Sheets – continued
Unaudited

Liabilities and Capital (millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Current liabilities		
Long-term debt due within one year		
Recourse	$ 374.8	$ 374.9
Non-recourse	11.2	11.2
Notes payable	44.0	0.0
Accounts payable	244.5	252.3
Customer deposits	160.9	159.5
Regulatory liabilities	72.3	86.2
Derivative liabilities	70.0	58.4
Interest accrued	59.9	39.3
Taxes accrued	34.1	20.7
Other current liabilities	17.2	17.2
Total current liabilities	1,088.9	1,019.7
Other liabilities		
Deferred income taxes	137.3	150.8
Investment tax credits	10.0	10.0
Regulatory liabilities	644.8	647.8
Derivative liabilities	6.6	8.6
Deferred credits and other liabilities	525.8	530.8
Long-term debt, less amount due within one year		
Recourse	2,579.1	2,665.0
Non-recourse	19.6	22.3
Total other liabilities	3,923.2	4,035.3
Commitments and contingencies (see **Note 10**)		
Capital		
Common equity (400.0 million shares authorized; par value $1; 215.8 million shares outstanding at Mar. 31, 2012 and Dec. 31, 2011)	215.8	215.8
Additional paid in capital	1,556.2	1,553.4
Retained earnings	522.5	519.4
Accumulated other comprehensive loss	(20.4)	(22.0)
TECO Energy stockholders' equity	2,274.1	2,266.6
Noncontrolling interest	0.6	0.6
Total capital	2,274.7	2,267.2
Total liabilities and capital	$ 7,286.8	$ 7,322.2

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Income
Unaudited

(millions, except per share amounts)	*Three months ended Mar. 31,* 2012	2011
Revenues		
Regulated electric and gas (includes franchise fees and gross receipts taxes of $26.1 in 2012 and $28.4 in 2011)	$ 556.3	$ 587.1
Unregulated	173.7	209.0
Total revenues	730.0	796.1
Expenses		
Regulated operations		
Fuel	157.5	144.9
Purchased power	28.2	27.2
Cost of natural gas sold	41.6	82.0
Other	83.3	78.3
Operation other expense		
Mining related costs	89.4	124.0
Guatemalan power generation	19.2	20.1
Other	2.6	1.4
Maintenance	44.0	48.8
Depreciation and amortization	83.0	79.8
Taxes, other than income	56.0	58.7
Total expenses	604.8	665.2
Income from operations	125.2	130.9
Other income		
Allowance for other funds used during construction	0.4	0.3
Other income	2.0	1.5
Total other income	2.4	1.8
Interest charges		
Interest expense	50.6	52.8
Allowance for borrowed funds used during construction	(0.2)	(0.2)
Total interest charges	50.4	52.6
Income before provision for income taxes	77.2	80.1
Provision for income taxes	26.6	28.4
Net income	$ 50.6	$ 51.7
Less: Net income attributable to noncontrolling interest	(0.1)	0.0
Net income attributable to TECO Energy	$ 50.5	$ 51.7
Average common shares outstanding – Basic	213.9	213.0
– Diluted	215.3	215.0
Earnings per share attributable to TECO Energy – Basic	$ 0.24	$ 0.24
– Diluted	$ 0.23	$ 0.24
Dividends paid per common share outstanding	$ 0.220	$ 0.205

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Comprehensive Income
Unaudited

(millions)	*Three months ended Mar. 31,* *2012*	*2011*
Net income	$ 50.6	$ 51.7
Other comprehensive income, net of tax		
Net unrealized gains on cash flow hedges	1.5	2.3
Amortization of unrecognized benefit costs	0.1	0.4
Other comprehensive income, net of tax	1.6	2.7
Comprehensive income	52.2	54.4
Comprehensive income attributable to noncontrolling interest	(0.1)	0.0
Comprehensive income attributable to TECO Energy	$ 52.1	$ 54.4

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Cash Flows
Unaudited

(millions)	*Three months ended Mar. 31, 2012*	*2011*
Cash flows from operating activities		
Net income	$ 50.6	$ 51.7
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	83.0	79.8
Deferred income taxes	24.8	27.2
Investment tax credits	0.0	(0.1)
Allowance for funds used during construction	(0.4)	(0.3)
Non-cash stock compensation	2.5	2.0
Deferred recovery clauses	(20.5)	26.9
Receivables, less allowance for uncollectibles	49.3	36.1
Inventories	(9.5)	4.1
Prepayments and other current assets	2.2	1.9
Taxes accrued	13.9	9.7
Interest accrued	20.6	21.9
Accounts payable	1.7	(51.1)
Other	5.7	20.1
Cash flows from operating activities	223.9	229.9
Cash flows from investing activities		
Capital expenditures	(117.4)	(92.9)
Allowance for funds used during construction	0.4	0.3
Other investing activities	0.0	17.0
Cash flows used in investing activities	(117.0)	(75.6)
Cash flows from financing activities		
Dividends	(47.5)	(44.1)
Proceeds from the sales of common stock	0.3	1.8
Repayment of long-term debt/Purchase in lieu of redemption	(88.7)	(78.0)
Net increase (decrease) in short-term debt	44.0	(12.0)
Cash flows used in financing activities	(91.9)	(132.3)
Net increase in cash and cash equivalents	15.0	22.0
Cash and cash equivalents at beginning of period	44.0	67.5
Cash and cash equivalents at end of period	$ 59.0	$ 89.5

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

TECO ENERGY, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
UNAUDITED

1. Summary of Significant Accounting Policies

The significant accounting policies for both utility and diversified operations include:

Principles of Consolidation and Basis of Presentation

The consolidated condensed financial statements include the accounts of TECO Energy, Inc., its majority-owned and controlled subsidiaries and the accounts of VIEs for which it is the primary beneficiary (TECO Energy or the company). TECO Energy is considered to be the primary beneficiary of VIEs if it has both 1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and 2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE (see **Note 14**).

All significant intercompany balances and intercompany transactions have been eliminated in consolidation. Generally, the equity method of accounting is used to account for investments in partnerships or other arrangements in which TECO Energy is not the primary beneficiary, but is able to exert significant influence. In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TECO Energy, Inc. and its subsidiaries as of March 31, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended March 31, 2012 and 2011. The results of operations for the three month period ended March 31, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012.

The use of estimates is inherent in the preparation of financial statements in accordance with U.S. GAAP. Actual results could differ from these estimates. The year-end consolidated condensed balance sheet data was derived from audited financial statements, however, this quarterly report on Form 10-Q does not include all year-end disclosures required for an annual report on Form 10-K by GAAP in the United States of America.

Revenues

As of March 31, 2012 and Dec. 31, 2011, unbilled revenues of $51.1 million and $50.2 million, respectively, are included in the "Receivables" line item on the Consolidated Condensed Balance Sheets.

Accounting for Excise Taxes, Franchise Fees and Gross Receipts

TECO Coal incurs most of TECO Energy's total excise taxes, which are accrued as an expense and reconciled to the actual cash payment of excise taxes. As general expenses, they are not specifically recovered through revenues. Excise taxes paid by the regulated utilities are not material and are expensed when incurred.

The regulated utilities are allowed to recover certain costs on a dollar-per-dollar basis incurred from customers through prices approved by the FPSC. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Consolidated Condensed Statements of Income. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Consolidated Condensed Statements of Income in "Taxes, other than income". These amounts totaled $26.1 million and $28.4 million for the three months ended March 31, 2012 and 2011, respectively.

Cash Flows Related to Derivatives and Hedging Activities

The company classifies cash inflows and outflows related to derivative and hedging instruments in the appropriate cash flow sections associated with the item being hedged. In the case of diesel fuel swaps, which are used to mitigate the fluctuations in the price of diesel fuel, the cash inflows and outflows are included in the operating section. For natural gas and ongoing interest rate swaps, the cash inflows and outflows are included in the operating section. For interest rate swaps that settle coincident with the debt issuance, the cash inflows and outflows are treated as premiums or discounts and included in the financing section of the Consolidated Condensed Statements of Cash Flows.

2. New Accounting Pronouncements

There have been no accounting pronouncements issued applicable to TECO Energy, Inc. or its subsidiaries since Dec. 31, 2011.

3. Regulatory

Tampa Electric's and PGS's retail businesses are regulated by the FPSC. Tampa Electric is also subject to regulation by the FERC under the PUHCA 2005. However, pursuant to a waiver granted in accordance with the FERC's regulations, TECO Energy is not subject to certain accounting, record-keeping and reporting requirements prescribed by the FERC's regulations under PUHCA 2005. The operations of PGS are regulated by the FPSC separately from the operations of Tampa Electric. The

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

Storm Damage Cost Recovery

Tampa Electric accrues $8.0 million annually to a FERC-authorized and FPSC-approved self-insured storm damage reserve. This reserve was created after Florida's IOUs were unable to obtain transmission and distribution insurance coverage due to destructive acts of nature. Tampa Electric's storm reserve was $45.6 million and $43.6 million as of March 31, 2012 and Dec. 31, 2011, respectively.

Regulatory Assets and Liabilities

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

Tampa Electric and PGS apply the accounting standards for regulated operations. Areas of applicability include: deferral of revenues under approved regulatory agreements; revenue recognition resulting from cost-recovery clauses that provide for monthly billing charges to reflect increases or decreases in fuel, purchased power, conservation and environmental costs; and the deferral of costs as regulatory assets to the period that the regulatory agency recognizes them when cost recovery is ordered over a period longer than a fiscal year.

Details of the regulatory assets and liabilities as of March 31, 2012 and Dec. 31, 2011 are presented in the following table:

Regulatory Assets and Liabilities

(millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Regulatory assets:		
Regulatory tax asset (1)	$ 63.0	$ 63.6
Other:		
Cost-recovery clauses	92.6	73.3
Postretirement benefit asset	248.9	252.4
Deferred bond refinancing costs (2)	10.1	11.1
Environmental remediation	30.6	30.5
Competitive rate adjustment	3.4	3.5
Other	17.6	17.4
Total other regulatory assets	403.2	388.2
Total regulatory assets	466.2	451.8
Less: Current portion	107.0	87.3
Long-term regulatory assets	$359.2	$ 364.5
Regulatory liabilities:		
Regulatory tax liability (1)	$ 15.7	$ 16.0
Other:		
Cost-recovery clauses	47.8	61.4
Environmental remediation	28.4	28.4
Transmission and delivery storm reserve	45.6	43.6
Deferred gain on property sales (3)	4.5	5.0
Provision for stipulation and other	0.9	0.8
Accumulated reserve - cost of removal	574.2	578.8
Total other regulatory liabilities	701.4	718.0
Total regulatory liabilities	717.1	734.0
Less: Current portion	72.3	86.2
Long-term regulatory liabilities	$ 644.8	$ 647.8

(1) Primarily related to plant life and derivative positions.
(2) Amortized over the term of the related debt instruments.
(3) Amortized over a 4- or 5-year period with various ending dates.

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

Regulatory Assets

(millions)	*Mar. 31, 2012*	*Dec 31, 2011*
Clause recoverable (1)	$ 96.0	$ 76.8
Components of rate base (2)	261.8	264.9
Regulatory tax assets (3)	63.0	63.6
Capital structure and other (3)	45.4	46.5
Total	$466.2	$451.8

(1) To be recovered through cost-recovery clauses approved by the FPSC on a dollar-for-dollar basis in the next year.
(2) Primarily reflects allowed working capital, which is included in rate base and earns a rate of return as permitted by the FPSC.
(3) "Regulatory tax assets" and "Capital structure and other" regulatory assets have a recoverable period longer than a fiscal year and are recognized over the period authorized by the regulatory agency. Also included are unamortized loan costs, which are amortized over the life of the related debt instruments. See footnotes 1 and 2 in the prior table for additional information.

4. Income Taxes

The company's U.S. subsidiaries join in the filing of a U.S. federal consolidated income tax return. The IRS concluded its examination of the company's 2010 consolidated federal income tax return during 2011. The U.S. federal statute of limitations remains open for years 2008 and onward. Years 2011 and 2012 are currently under examination by the IRS under their Compliance Assurance Program. TECO Energy does not expect the settlement of current IRS examinations to significantly change the total amount of unrecognized tax benefits by the end of 2012. Foreign and U.S. state jurisdictions have statutes of limitations generally ranging from three to five years from the filing of an income tax return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. Years still open to examination by tax authorities in major state and foreign jurisdictions include 2006 and forward.

The company recognizes interest and penalties associated with uncertain tax positions in "Operation other expense-Other" on the Consolidated Condensed Statements of Income in accordance with standards for accounting for uncertainty in income taxes. During the first quarter of 2012, the company recorded $0.1 million of pretax charges for interest only and an immaterial amount for penalties.

The effective tax rate decreased to 34.5% for the three months ended March 31, 2012 from 35.4% for the same period in 2011. The decrease is principally due to state income taxes.

5. Employee Postretirement Benefits

Included in the table below is the periodic expense for pension and other postretirement benefits offered by the company.

Pension Expense

(millions)	Pension Benefits		Other Postretirement Benefits	
Three months ended Mar. 31,	*2012*	*2011*	*2012*	*2011*
Components of net periodic benefit expense				
Service cost	$ 4.4	$ 4.2	$ 0.7	$ 0.6
Interest cost on projected benefit obligations	7.4	7.8	2.5	2.8
Expected return on assets	(9.6)	(9.7)	0.0	0.0
Amortization of:				
Transition obligation	0.0	0.0	0.4	0.6
Prior service (benefit) cost	(0.1)	(0.1)	0.2	0.2
Actuarial loss	3.7	2.8	0.0	0.1
Net pension expense recognized in the Consolidated Condensed Statements of Income	$ 5.8	$ 5.0	$ 3.8	$ 4.3

For the fiscal 2012 plan year, TECO Energy assumed a long-term EROA of 7.50% and a discount rate of 4.797% for pension benefits under its qualified pension plan, and a discount rate of 4.744% for its other postretirement benefits as of their Jan. 1, 2012 measurement dates. Additionally, TECO Energy made contributions of $12.4 million to its pension plan in the first quarter of 2012.

For the three months ended March 31, 2012, TECO Energy and its subsidiaries reclassed $0.7 million pretax of unamortized transition obligation, prior service cost and actuarial losses from AOCI to net income as part of periodic benefit expense. In addition, during the three months ended March 31, 2012, TEC reclassed $3.5 million of unamortized transition obligation, prior service cost and actuarial losses from regulatory assets to net income as part of periodic benefit expense.

6. Short-Term Debt

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

Credit Facilities

	Mar. 31, 2012			Dec. 31, 2011		
(millions)	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding
Tampa Electric Company:						
5-year facility (2)	$ 325.0	$ 0.0	$ 0.7	$ 325.0	$ 0.0	$ 0.7
1-year accounts receivable facility	150.0	34.0	0.0	150.0	0.0	0.0
TECO Energy/TECO Finance:						
5-year facility (2)(3)	200.0	10.0	0.0	200.0	0.0	0.0
Total	$675.0	$ 44.0	$ 0.7	$675.0	$ 0.0	$ 0.7

(1) Borrowings outstanding are reported as notes payable.
(2) This 5-year facility matures Oct. 25, 2016.
(3) TECO Finance is the borrower and TECO Energy is the guarantor of this facility.

At March 31, 2012, these credit facilities require commitment fees ranging from 17.5 to 30.0 basis points. The weighted-average interest rate on outstanding amounts payable under the credit facilities at March 31, 2012 was 0.65%. There were no outstanding borrowings at Dec. 31, 2011.

Tampa Electric Company Accounts Receivable Facility

On Feb. 17, 2012, TEC and TRC amended their $150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 10 to the Loan and Servicing Agreement with certain lenders named therein and Citibank, N.A. as Program Agent. The amendment (i) extends the maturity date to Feb. 15, 2013, (ii) provides that TRC will pay program and liquidity fees, which will total 60 basis points, (iii) continues to provide that the interest rates on the borrowings will be based on prevailing asset-backed commercial paper rates, unless such rates are not available from conduit lenders, in which case the rates will be at an interest rate equal to, at TEC's option, either Citibank's prime rate (or the federal funds rate plus 50 basis points, if higher) or a rate based on the LIBOR (if available) plus a margin and (iv) makes other technical changes.

7. Long-Term Debt

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

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

On March 1, 2011, TEC purchased in lieu of redemption $75.0 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2010 (the PCIDA Bonds). On Nov. 23, 2010, the PCIDA issued the PCIDA Bonds in a term-rate mode pursuant to the terms of the Loan and Trust Agreement governing those bonds. Proceeds of the PCIDA Bonds were used to redeem $75.0 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007, which previously were in auction rate mode and were held by TEC since March 26, 2008. The PCIDA Bonds bore interest at the initial term rate of 1.50% per annum from Nov. 23, 2010 to March 1, 2011.

On March 26, 2008, TEC purchased in lieu of redemption $20.0 million HCIDA Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007C. After the March 15, 2012 purchase of the HCIDA Bonds, $181.0 million in bonds purchased in lieu of redemption were held by the trustee at the direction of TEC as of March 31, 2012 (the "Held Bonds") to provide an opportunity to evaluate refinancing alternatives. The Held Bonds effectively offset the outstanding debt balances and are presented net on the balance sheet.

Fair Value of Long-Term Debt

At March 31, 2012, total long-term debt had a carrying amount of $2,987.0 million and an estimated fair market value of $3,363.4 million. At Dec. 31, 2011, total long-term debt had a carrying amount of $3,075.8 million and an estimated fair market value of $3,435.3 million. The company uses the market approach in determining fair value. The majority of the outstanding debt is valued using real-time financial market data obtained from Bloomberg Professional Service. The remaining securities are valued using prices obtained from the Municipal Securities Rulemaking Board and by applying estimated credit spreads obtained from a third party to the par value of the security. All debt securities are level 2 instruments.

8. Other Comprehensive Income

TECO Energy reported the following OCI for the three months ended March 31, 2012 and 2011, related to changes in the fair value of cash flow hedges and amortization of unrecognized benefit costs associated with the company's pension plans:

Other Comprehensive Income

(millions)	*Three months ended Mar. 31,* Gross	Tax	Net
2012			
Unrealized gain on cash flow hedges	$ 2.5	$ (0.9)	$ 1.6
Less: Gain reclassified to net income	(0.2)	0.1	(0.1)
Gain on cash flow hedges	2.3	(0.8)	1.5
Amortization of unrecognized benefit costs	0.7	(0.6)	0.1
Total other comprehensive income	$ 3.0	$ (1.4)	$ 1.6
2011			
Unrealized gain on cash flow hedges	$ 4.1	$ (1.5)	$ 2.6
Less: Gain reclassified to net income	(0.5)	0.2	(0.3)
Gain on cash flow hedges	3.6	(1.3)	2.3
Amortization of unrecognized benefit costs	0.6	(0.2)	0.4
Total other comprehensive income	$ 4.2	$ (1.5)	$ 2.7

Accumulated Other Comprehensive Loss

(millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Unrecognized pension loss and prior service credit (1)	$ (31.1)	$ (31.2)
Unrecognized other benefit loss, prior service cost and transition obligation (2)	14.2	14.2
Net unrealized losses from cash flow hedges (3)	(3.5)	(5.0)
Total accumulated other comprehensive loss	$ (20.4)	$ (22.0)

(1) Net of tax benefit of $19.1 million and $19.6 million as of March 31, 2012 and Dec. 31, 2011, respectively.
(2) Net of tax expense of $6.2 million and $6.2 million as of March 31, 2012 and Dec. 31, 2011, respectively.
(3) Net of tax benefit of $2.3 million and $3.2 million as of March 31, 2012 and Dec. 31, 2011, respectively.

9. Earnings Per Share

Earnings Per Share

(millions, except per share amounts)	*Three months ended Mar. 31,* *2012*	*2011*
Basic earnings per share		
Net income	$ 50.6	$ 51.7
Less: Income attributable to noncontrolling interest	(0.1)	0.0
Less: Amount allocated to nonvested participating shareholders	(0.2)	(0.3)
Net income attributable to TECO Energy available to common shareholders - Basic	$ 50.3	$ 51.4
Average common shares outstanding - Basic	213.9	213.0
Earnings per share attributable to TECO Energy available to common shareholders - Basic	$ 0.24	$ 0.24
Diluted earnings per share		
Net income	$ 50.6	$ 51.7
Less: Income attributable to noncontrolling interest	(0.1)	0.0
Less: Amount allocated to nonvested participating shareholders	(0.2)	(0.3)
Net income attributable to TECO Energy available to common shareholders - Diluted	$ 50.3	$ 51.4
Average common shares outstanding - Basic	213.9	213.0
Assumed conversions of stock options, unvested restricted stock and contingent performance shares, net	1.4	2.0
Average common shares outstanding - Diluted	215.3	215.0
Earnings per share attributable to TECO Energy available to common shareholders - Diluted	$ 0.23	$ 0.24
Anti-dilutive shares	1.4	2.4

10. Commitments and Contingencies

Legal Contingencies

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

Merco Group at Aventura Landings v. Peoples Gas System

In a Florida district court case pending in Miami, Merco Group at Aventura Landings I, II and III (Merco) alleged that coal tar from a certain former PGS manufactured gas plant site had been deposited in the early 1960s onto property now owned by Merco. Merco alleged that it incurred approximately $3.9 million in costs associated with the removal of such coal tar and provided testimony claiming approximately $110.0 million plus interest in damages from out-of-pocket development expenses and lost profits due to the delay in its condominium development project allegedly caused by the presence of the coal tar. PGS maintains that it is not liable because the coal tar did not originate from its manufactured gas plant site and filed a third-party complaint against Continental Holdings, Inc., which Merco also added as a defendant in its suit, as the owner at the relevant time of the site that PGS believes was the source of the coal tar on Merco's property. In addition, the court will consider PGS's counterclaim against Merco which claims that, because Merco purchased the property with actual knowledge of the presence of coal tar on the property, Merco should contribute toward any damages resulting from the presence of coal tar. The bench trial in this matter was concluded in February 2012 and the parties are awaiting a ruling by the Judge. Co-defendant Continental Holdings, Inc. reached a settlement with Merco but still remains as a defendant in PGS's third-party complaint.

Superfund and Former Manufactured Gas Plant Sites

TEC, through its Tampa Electric and Peoples Gas divisions, is a PRP for certain superfund sites and, through its Peoples Gas division, for certain former manufactured gas plant sites. While the joint and several liability associated with these sites presents the potential for significant response costs, as of March 31, 2012, TEC has estimated its ultimate financial liability to be $28.5 million, primarily at PGS. This amount has been accrued and is primarily reflected in "Long-term regulatory liabilities" on the company's Consolidated Condensed Balance Sheet. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are not expected to have a significant impact on customer prices.

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

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

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

Potentially Responsible Party Notification

In October 2010, the EPA notified TEC that it is a PRP under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, commonly known as Superfund, for the proposed conduct of a contaminated soil removal action and further clean up, if necessary, at a property owned by TEC in Tampa, Florida. The property owned by TEC is undeveloped except for the location of transmission lines and poles, and is adjacent to an industrial site, not owned by TEC, which the EPA has studied since 1992 or earlier. The EPA has asserted this potential liability due to TEC's ownership of the property described above but, to the knowledge of TEC, this assertion is not based upon any release of hazardous substances by TEC. TEC has responded to the EPA regarding such matter. The scope and extent of its potential liability, if any, and the costs of any required investigation and remediation have not been determined.

Environmental Protection Agency Administrative Order

In December 2010, Clintwood Elkhorn Mining Company, a subsidiary of TECO Coal, received an Administrative Order from the EPA relating to the discharge of wastewater associated with inactive mining operations in Pike County, Kentucky. TECO Coal responded to the EPA on Feb. 14, 2011. The scope and extent of TECO Coal's potential liability, if any, and the costs of any required investigation and remediation related to these inactive mining operations in the area have not been determined.

Guarantees and Letters of Credit

A summary of the face amount or maximum theoretical obligation under TECO Energy's and TEC's letters of credit and guarantees as of March 31, 2012 is as follows:

Guarantees - TECO Energy

(millions) Guarantees for the Benefit of:	*2012*	*2013-2016*	*After(1) 2016*	*Total*	*Liabilities Recognized at Mar. 31, 2012*
TECO Coal					
Fuel purchase related (2)	$0.0	$ 0.0	$ 5.4	$ 5.4	$ 1.2
Other subsidiaries					
Fuel purchase/energy management (2)	0.0	10.0	94.7	104.7	0.4
Total	$0.0	$ 10.0	$100.1	$110.1	$ 1.6

Letters of Credit - Tampa Electric Company

(millions) Letters of Credit for the Benefit of:	*2012*	*2013-2016*	*After(1) 2016*	*Total*	*Liabilities Recognized at Mar. 31, 2012*
Tampa Electric (2)	$0.0	$ 0.0	$ 0.7	$ 0.7	$ 0.2

(1) These letters of credit and guarantees renew annually and are shown on the basis that they will continue to renew beyond 2016.
(2) The amounts shown are the maximum theoretical amounts guaranteed under current agreements. Liabilities recognized represent the associated obligation of TECO Energy under these agreements at March 31, 2012. The obligations under these letters of credit and guarantees include net accounts payable and net derivative liabilities.

Financial Covenants

In order to utilize their respective bank facilities, TECO Energy and its subsidiaries must meet certain financial tests as defined in the applicable agreements. In addition, TECO Energy, TECO Finance, TEC and other operating companies have certain restrictive covenants in specific agreements and debt instruments. At March 31, 2012, TECO Energy, TECO Finance, TEC and the other operating companies were in compliance with all applicable financial covenants.

11. Segment Information

TECO Energy is an electric and gas utility holding company with significant diversified activities. Segments are determined based on how management evaluates, measures and makes decisions with respect to the operations of the entity. The management of TECO Energy reports segments based on each subsidiary's contribution of revenues, net income and total assets as required by the accounting guidance for disclosures about segments of an enterprise and related information. All significant intercompany transactions are eliminated in the Consolidated Condensed Financial Statements of TECO Energy, but are included in determining reportable segments.

Segment Information (1)

(millions) *Three months ended Mar. 31,*	Tampa Electric	Peoples Gas	TECO Coal	TECO Guatemala	Other & Eliminations	TECO Energy
2012						
Revenues - external	$ 446.3	$ 110.0	$ 138.4	$ 32.9	$ 2.4	$ 730.0
Sales to affiliates	0.3	0.2	0.0	0.0	(0.5)	0.0
Total revenues	446.6	110.2	138.4	32.9	1.9	730.0
Depreciation and amortization	57.4	12.6	10.8	1.8	0.4	83.0
Total interest charges(1)	30.0	4.4	1.8	2.1	12.1	50.4
Internally allocated interest (1)	0.0	0.0	1.7	1.8	(3.5)	0.0
Provision (benefit) for income taxes	18.9	6.9	3.1	2.7	(5.0)	26.6
Net income (loss) attributable to TECO Energy	$ 31.4	$ 11.0	$ 9.8	$ 6.6	($ 8.3)	$ 50.5
2011						
Revenues - external	$ 432.9	$ 154.2	$ 173.7	$ 33.6	$ 1.7	$ 796.1
Sales to affiliates	0.3	1.9	0.0	0.0	(2.2)	0.0
Total revenues	433.2	156.1	173.7	33.6	(0.5)	796.1
Depreciation and amortization	54.9	11.8	10.9	1.8	0.4	79.8
Total interest charges(1)	30.9	4.5	1.7	1.9	13.6	52.6
Internally allocated interest (1)	0.0	0.0	1.6	1.5	(3.1)	0.0
Provision (benefit) for income taxes	20.0	9.3	1.6	2.8	(5.3)	28.4
Net income (loss) attributable to TECO Energy	$ 31.6	$ 14.7	$ 8.2	$ 6.3	($ 9.1)	$ 51.7
At Mar. 31, 2012						
Goodwill	0.0	0.0	0.0	55.4	0.0	55.4
Total assets	$5,932.3	$ 947.7	$363.8	$ 314.2	($ 271.2)	$7,286.8
At Dec. 31, 2011						
Goodwill	0.0	0.0	0.0	55.4	0.0	55.4
Total assets	$5,940.9	$ 932.0	$385.2	$ 304.1	($ 240.0)	$ 7,322.2

(1) Segment net income is reported on a basis that includes internally allocated financing costs. Total interest charges include internally allocated interest costs that for January 2012 through March 2012 were at a pretax rate of 6.00% and for 2011 were at a pretax rate of 6.25% based on an average of each subsidiary's equity and indebtedness to TECO Energy assuming a 50/50 debt/equity capital structure.

12. Accounting for Derivative Instruments and Hedging Activities

From time to time, TECO Energy and its affiliates enter into futures, forwards, swaps and option contracts for the following purposes:

- to limit the exposure to price fluctuations for physical purchases and sales of natural gas in the course of normal operations at Tampa Electric and PGS,
- to limit the exposure to interest rate fluctuations on debt securities at TECO Energy and its affiliates, and
- to limit the exposure to price fluctuations for physical purchases of fuel at TECO Coal.

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

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

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

The company applies the accounting standards for regulated operations to financial instruments used to hedge the purchase of natural gas for its regulated companies. These standards, in accordance with the FPSC, permit the changes in fair value of natural gas derivatives to be recorded as regulatory assets or liabilities reflecting the impact of hedging activities on the fuel recovery clause. As a result, these changes are not recorded in OCI (see **Note 3**).

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

The following table presents the derivatives that are designated as cash flow hedges at March 31, 2012 and Dec. 31, 2011:

Total Derivatives(1)

(millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Current assets	$ 2.1	$ 0.9
Long-term assets	0.0	0.0
Total assets	$ 2.1	$ 0.9
Current liabilities	$ 70.0	$ 58.4
Long-term liabilities	6.6	8.6
Total liabilities	$ 76.6	$ 67.0

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

The following table presents the derivative hedges of diesel fuel contracts at March 31, 2012 and Dec. 31, 2011 to limit the exposure to changes in the market price for diesel fuel used in the production of coal:

Diesel Fuel Derivatives

(millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Current assets	$ 2.1	$ 0.9
Long-term assets	0.0	0.0
Total assets	$ 2.1	$ 0.9
Current liabilities	$ 0.0	$ 0.0
Long-term liabilities	0.4	1.2
Total liabilities	$ 0.4	$ 1.2

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

Natural Gas Derivatives

(millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Current assets	$ 0.0	$ 0.0
Long-term assets	0.0	0.0
Total assets	$ 0.0	$ 0.0
Current liabilities	$ 70.0	$ 58.4
Long-term liabilities	6.2	7.4
Total liabilities	$ 76.2	$ 65.8

The ending balance in AOCI related to the cash flow hedges and previously settled interest rate swaps at March 31, 2012 is a net loss of $3.5 million after tax and accumulated amortization. This compares to a net loss of $5.0 million in AOCI after tax and accumulated amortization at Dec. 31, 2011.

The following table presents the fair values and locations of derivative instruments recorded on the balance sheet at March 31, 2012:

Derivatives Designated as Hedging Instruments

(millions)	Asset Derivatives		Liability Derivatives	
Mar. 31, 2012	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity Contracts:				
Diesel fuel derivatives:				
Current	**Derivative assets**	**$2.1**	**Derivative liabilities**	**$ 0.0**
Long-term	Derivative assets	0.0	Derivative liabilities	0.4
Natural gas derivatives:				
Current	Derivative assets	0.0	Derivative liabilities	70.0
Long-term	**Derivative assets**	**0.0**	**Derivative liabilities**	**6.2**
Total derivatives designated as hedging instruments		$2.1		$76.6

The following table presents the effect of energy related derivatives on the fuel recovery clause mechanism in the Consolidated Condensed Balance Sheet as of March 31, 2012:

Energy Related Derivatives

(millions)	Asset Derivatives		Liability Derivatives	
Mar. 31, 2012	Balance Sheet Location (1)	Fair Value	Balance Sheet Location (1)	Fair Value
Commodity Contracts:				
Natural gas derivatives:				
Current	**Regulatory liabilities**	**$0.0**	**Regulatory assets**	**$ 70.0**
Long-term	Regulatory liabilities	0.0	Regulatory assets	6.2
Total		**$0.0**		**$76.2**

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

Based on the fair value of the instruments at March 31, 2012, net pretax losses of $70.0 million are expected to be reclassified from regulatory assets or liabilities to the Consolidated Condensed Statements of Income within the next 12 months.

The following table presents the effect of hedging instruments on OCI and income for the three months ended March 31:

(millions) Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) on Derivatives Recognized in OCI — Effective Portion(1)	Location of Gain/(Loss) Reclassified From AOCI Into Income	Amount of Gain/(Loss) Reclassified From AOCI Into Income — Effective Portion(1)
2012			
Interest rate contracts	$ 0.0	Interest expense	($ 0.1)
Commodity contracts:			
Diesel fuel derivatives	1.6	Mining related costs	0.2
Total	$ 1.6		$ 0.1
2011			
Interest rate contracts	$ 0.0	Interest expense	($ 0.1)
Commodity contracts:			
Diesel fuel derivatives	2.6	Mining related costs	0.4
Total	$ 2.6		$ 0.3

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

For derivative instruments that meet cash flow hedge criteria, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or period during which the hedged transaction affects earnings. Gains and losses on the derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. For the three months ended March 31, 2012 and 2011, all hedges were effective.

The following table presents the derivative activity for instruments classified as qualifying cash flow hedges for the three months ended March 31:

(millions)	Fair Value Asset/ (Liability)	Amount of Gain/(Loss) Recognized in OCI (1)	Amount of Gain/ (Loss) Reclassified From AOCI Into Income
2012			
Interest rate swaps	$ 0.0	$ 0.0	($ 0.1)
Diesel fuel derivatives	1.7	1.6	0.2
Total	$ 1.7	$ 1.6	$ 0.1
2011			
Interest rate swaps	$ 0.0	$ 0.0	($ 0.1)
Diesel fuel derivatives	5.1	2.6	0.4
Total	$ 5.1	$ 2.6	$ 0.3

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

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

(millions)	Diesel Fuel Contracts (Gallons)		Natural Gas Contracts (MMBTUs)	
Year	Physical	Financial	Physical	Financial
2012	0.0	7.4	0.0	30.8
2013	0.0	2.7	0.0	10.7
2014	0.0	1.5	0.0	1.0
Total	0.0	11.6	0.0	42.5

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

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

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

The company has implemented procedures to monitor the creditworthiness of its counterparties and to consider nonperformance in valuing counterparty positions. The company monitors counterparties' credit standings, including those that are experiencing financial problems, have significant swings in credit default swap rates, have credit rating changes by external rating agencies or have changes in ownership. Net liability positions are generally not adjusted as the company uses derivative transactions as hedges and has the ability and intent to perform under each of these contracts. In the instance of net asset positions, the company considers general market conditions and the observable financial health and outlook of specific counterparties, forward-looking data such as credit default swaps, when available, and historical default probabilities from credit rating agencies in evaluating the potential impact of nonperformance risk to derivative positions. As of March 31, 2012, all positions with counterparties are net liabilities.

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

The table below presents the fair value of the overall contractual contingent liability positions for the company's derivative activity at March 31, 2012:

Contingent Features

(millions) *At Mar. 31, 2012*	Fair Value Asset/ (Liability)	Derivative Exposure Asset/ (Liability)	Posted Collateral
Credit Rating	($76.6)	($76.6)	$ 0.0

13. Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis

The following tables set forth by level within the fair value hierarchy the company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 31, 2012 and Dec. 31, 2011. As required by accounting standards for fair value measurements, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. For natural gas and diesel fuel swaps, the market approach was used in determining fair value.

Recurring Fair Value Measures

(millions)	At fair value as of Mar. 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets				
Natural gas swaps	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Diesel fuel swaps	0.0	2.1	0.0	2.1
Total	$ 0.0	$ 2.1	$ 0.0	$ 2.1
Liabilities				
Natural gas swaps	$ 0.0	$76.2	$ 0.0	$76.2
Diesel fuel swaps	0.0	0.4	0.0	0.4
Total	$ 0.0	$76.6	$ 0.0	$76.6

(millions)	At fair value as of Dec. 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Natural gas swaps	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Diesel fuel swaps	0.0	0.9	0.0	0.9
Total	$ 0.0	$ 0.9	$ 0.0	$ 0.9
Liabilities				
Natural gas swaps	$ 0.0	$65.8	$ 0.0	$65.8
Diesel fuel swaps	0.0	1.2	0.0	1.2
Total	$ 0.0	$ 67.0	$ 0.0	$ 67.0

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

The company considered the impact of nonperformance risk in determining the fair value of derivatives. The company considered the net position with each counterparty, past performance of both parties, the intent of the parties, indications of credit deterioration and whether the markets in which the company transacts have experienced dislocation. At March 31, 2012, the fair value of derivatives was not materially affected by nonperformance risk. The company's net positions with substantially all counterparties were liability positions.

14. Variable Interest Entities

Effective Jan. 1, 2010, the accounting standards for consolidation of VIEs were amended. The most significant amendment was the determination of a VIE's primary beneficiary. Under the amended standard, the primary beneficiary is the enterprise that has both 1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and 2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

TEC has entered into multiple PPAs with wholesale energy providers in Florida to ensure the ability to meet customer energy demand and to provide lower cost options in the meeting of this demand. These agreements range in size from 117 MW to 370 MW of available capacity, are with similar entities and contain similar provisions. Because some of these provisions provide for the transfer or sharing of a number of risks inherent in the generation of energy, these agreements meet the definition of being VIEs. These risks include: operating and maintenance, regulatory, credit, commodity/fuel and energy market risk. TEC has reviewed these risks and has determined that the owners of these entities have retained the majority of these risks over the expected life of the underlying generating assets, have the power to direct the most significant activities, the obligation or right to absorb losses or benefits and hence remain the primary beneficiaries. As a result, TEC is not required to consolidate any of these entities. TEC purchased $22.5 million and $15.8 million of capacity pursuant to PPAs for the three months ended March 31, 2012 and 2011, respectively.

In one instance, TEC's agreement with an entity for 370 MW of capacity was entered into prior to Dec. 31, 2003, the effective date of these standards. Under these standards, TEC is required to make an exhaustive effort to obtain sufficient information to determine if this entity is a VIE and which holder of the variable interests is the primary beneficiary. The owners of this entity are not willing to provide the information necessary to make these determinations, have no obligation to do so and the information is not available publicly. As a result, TEC is unable to determine if this entity is a VIE and, if so, which variable interest holder, if any, is the primary beneficiary. TEC has no obligation to this entity beyond the purchase of capacity; therefore, the maximum exposure for TEC is the obligation to pay for such capacity under terms of the PPA at rates that could be unfavorable to the wholesale market. TEC purchased $14.6 million and $7.1 million for the three months ended March 31, 2012 and 2011, respectively, under this PPA.

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

TAMPA ELECTRIC COMPANY

In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TEC and its subsidiaries as of March 31, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended March 31, 2012 and 2011. The results of operations for the three month period ended March 31, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012. References should be made to the explanatory notes affecting the consolidated financial statements contained in TEC's Annual Report on Form 10-K for the year ended Dec. 31, 2011 and to the notes on pages 29 through 38 of this report.

INDEX TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Balance Sheets
Unaudited

Assets *(millions)*	*Mar. 31, 2012*	*Dec. 31, 2011*
Property, plant and equipment		
Utility plant in service		
Electric	$ 6,549.8	$6,516.0
Gas	1,128.3	1,113.5
Construction work in progress	266.2	239.2
Utility plant in service, at original costs	7,944.3	7,868.7
Accumulated depreciation	(2,284.9)	(2,230.3)
	5,659.4	5,638.4
Other property, net	6.4	6.5
Total property, plant and equipment, net	5,665.8	5,644.9
Current assets		
Cash and cash equivalents	10.5	13.9
Receivables, less allowance for uncollectibles of $1.3 at Mar. 31, 2012 and Dec. 31, 2011	204.2	216.8
Inventories, at average cost		
Fuel	83.4	97.9
Materials and supplies	67.0	67.7
Regulatory assets	107.0	87.3
Taxes receivable	0.0	14.6
Deferred income taxes	28.2	30.4
Prepayments and other current assets	9.6	10.5
Total current assets	509.9	539.1
Deferred debits		
Unamortized debt expense	13.3	14.1
Regulatory assets	359.2	364.5
Other	5.5	8.8
Total deferred debits	378.0	387.4
Total assets	$ 6,553.7	$ 6,571.4

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Balance Sheets - continued
Unaudited

Liabilities and Capital (millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Capital		
Common stock	$ 1,852.4	$ 1,852.4
Accumulated other comprehensive loss	(4.5)	(4.6)
Retained earnings	296.6	305.7
Total capital	2,144.5	2,153.5
Long-term debt, less amount due within one year	1,530.5	1,616.3
Total capitalization	3,675.0	3,769.8
Current liabilities		
Long-term debt due within one year	374.9	374.9
Notes payable	34.0	0.0
Accounts payable	187.2	191.3
Customer deposits	160.9	159.5
Regulatory liabilities	72.3	86.2
Derivative liabilities	70.0	58.4
Interest accrued	44.1	25.6
Taxes accrued	21.2	11.9
Other	11.6	11.6
Total current liabilities	976.2	919.4
Deferred credits		
Deferred income taxes	861.6	833.0
Investment tax credits	10.0	10.0
Derivative liabilities	6.2	7.4
Regulatory liabilities	644.8	647.8
Other	379.9	384.0
Total deferred credits	1,902.5	1,882.2
Total liabilities and capital	$6,553.7	$6,571.4

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Statements of Income and Comprehensive Income
Unaudited

(millions)	Three months ended Mar. 31, 2012	Three months ended Mar. 31, 2011
Revenues		
Electric (includes franchise fees and gross receipts taxes of $19.9 in 2012 and $19.3 in 2011)	$ 446.5	$ 433.1
Gas (includes franchise fees and gross receipts taxes of $6.2 in 2012 and $9.1 in 2011)	110.0	154.2
Total revenues	556.5	587.3
Expenses		
Operations		
Fuel	157.5	144.9
Purchased power	28.2	27.2
Cost of natural gas sold	41.6	82.0
Other	83.1	78.2
Maintenance	29.0	31.5
Depreciation and amortization	70.0	66.7
Taxes, federal and state	25.6	29.1
Taxes, other than income	45.4	46.6
Total expenses	480.4	506.2
Income from operations	76.1	81.1
Other income		
Allowance for other funds used during construction	0.4	0.3
Taxes, non-utility federal and state	(0.2)	(0.2)
Other income, net	0.5	0.5
Total other income	0.7	0.6
Interest charges		
Interest on long-term debt	31.7	32.7
Other interest	2.9	2.9
Allowance for borrowed funds used during construction	(0.2)	(0.2)
Total interest charges	34.4	35.4
Net income	42.4	46.3
Other comprehensive income, net of tax		
Net unrealized gains on cash flow hedges	0.1	0.1
Total other comprehensive income, net of tax	0.1	0.1
Comprehensive income	$ 42.5	$ 46.4

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Statements of Cash Flows
Unaudited

(millions)	*Three months ended Mar. 31, 2012*	*2011*
Cash flows from operating activities		
Net income	$ 42.4	$ 46.3
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	70.0	66.7
Deferred income taxes	31.0	27.3
Investment tax credits	0.0	(0.1)
Allowance for funds used during construction	(0.4)	(0.3)
Gain on sale of business/assets, pretax	(0.1)	(0.1)
Deferred recovery clauses	(20.5)	26.9
Receivables, less allowance for uncollectibles	11.2	58.4
Inventories	15.1	5.9
Prepayments	0.9	1.3
Taxes accrued	23.9	37.3
Interest accrued	18.5	18.8
Accounts payable	6.6	(60.4)
Other	5.3	12.4
Cash flows from operating activities	203.9	240.4
Cash flows from investing activities		
Capital expenditures	(104.6)	(78.1)
Allowance for funds used during construction	0.4	0.3
Net proceeds from sale of assets	0.3	2.6
Cash flows used in investing activities	(103.9)	(75.2)
Cash flows from financing activities		
Repayment of long-term debt/Purchase in lieu of redemption	(86.0)	(75.2)
Net increase (decrease) in short-term debt	34.0	(12.0)
Dividends	(51.4)	(54.5)
Cash flows used in financing activities	(103.4)	(141.7)
Net (decrease) increase in cash and cash equivalents	(3.4)	23.5
Cash and cash equivalents at beginning of period	13.9	3.7
Cash and cash equivalents at end of period	$ 10.5	$ 27.2

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

TAMPA ELECTRIC COMPANY
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
UNAUDITED

1. Summary of Significant Accounting Policies

The significant accounting policies for TEC include:

Principles of Consolidation and Basis of Presentation

TEC is a wholly-owned subsidiary of TECO Energy, Inc. For the purposes of its consolidated financial reporting, TEC is comprised of the electric division, generally referred to as Tampa Electric, the natural gas division, generally referred to as PGS, and potentially the accounts of VIEs for which it is the primary beneficiary. TEC is considered to be the primary beneficiary of VIEs if it has both 1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and 2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. For the periods presented, no VIEs have been consolidated (see **Note 13**).

All significant intercompany balances and intercompany transactions have been eliminated in consolidation. In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TEC as of March 31, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended March 31, 2012 and 2011. The results of operations for the three month period ended March 31, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012.

The use of estimates is inherent in the preparation of financial statements in accordance with U.S. GAAP. Actual results could differ from these estimates. The year-end consolidated condensed balance sheet data was derived from audited financial statements, however, this quarterly report on Form 10-Q does not include all year-end disclosures required for an annual report on Form 10-K by GAAP in the United States of America.

Revenues

As of March 31, 2012 and Dec. 31, 2011, unbilled revenues of $51.1 million and $50.2 million, respectively, are included in the "Receivables" line item on the Consolidated Condensed Balance Sheets.

Accounting for Franchise Fees and Gross Receipts

The regulated utilities are allowed to recover certain costs on a dollar-per-dollar basis incurred from customers through prices approved by the FPSC. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Consolidated Condensed Statements of Income. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Consolidated Condensed Statements of Income in "Taxes, other than income". These amounts totaled $26.1 million and $28.4 million for the three months ended March 31, 2012 and 2011, respectively.

Cash Flows Related to Derivatives and Hedging Activities

TEC classifies cash inflows and outflows related to derivative and hedging instruments in the appropriate cash flow sections associated with the item being hedged. For natural gas and ongoing interest rate swaps, the cash inflows and outflows are included in the operating section. For interest rate swaps that settle coincident with the debt issuance, the cash inflows and outflows are treated as premiums or discounts and included in the financing section of the Consolidated Condensed Statements of Cash Flows.

2. New Accounting Pronouncements

There have been no accounting pronouncements issued applicable to TEC or its subsidiaries since Dec. 31, 2011.

3. Regulatory

Tampa Electric's and PGS's retail businesses are regulated by the FPSC. Tampa Electric is also subject to regulation by the FERC under PUHCA 2005. However, pursuant to a waiver granted in accordance with the FERC's regulations, TECO Energy is not subject to certain accounting, record-keeping and reporting requirements prescribed by the FERC's regulations under PUHCA 2005. The operations of PGS are regulated by the FPSC separately from the operations of Tampa Electric. The FPSC has jurisdiction over rates, service, issuance of securities, safety, accounting and depreciation practices and other matters. In general, the FPSC sets rates at a level that allows utilities such as Tampa Electric and PGS to collect total revenues (revenue requirements) equal to their cost of providing service, plus a reasonable return on invested capital.

Storm Damage Cost Recovery

Tampa Electric accrues $8.0 million annually to a FERC-authorized and FPSC-approved self-insured storm damage reserve. This reserve was created after Florida's IOUs were unable to obtain transmission and distribution insurance coverage due to destructive acts of nature. Tampa Electric's storm reserve was $45.6 million and $43.6 million as of March 31, 2012 and Dec. 31, 2011, respectively.

Regulatory Assets and Liabilities

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

Tampa Electric and PGS apply the accounting standards for regulated operations. Areas of applicability include: deferral of revenues under approved regulatory agreements; revenue recognition resulting from cost-recovery clauses that provide for monthly billing charges to reflect increases or decreases in fuel, purchased power, conservation and environmental costs; and the deferral of costs as regulatory assets to the period that the regulatory agency recognizes them when cost recovery is ordered over a period longer than a fiscal year.

Details of the regulatory assets and liabilities as of March 31, 2012 and Dec. 31, 2011 are presented in the following table:

Regulatory Assets and Liabilities

(millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Regulatory assets:		
Regulatory tax asset (1)	$ 63.0	$ 63.6
Other:		
Cost-recovery clauses	92.6	73.3
Postretirement benefit asset	248.9	252.4
Deferred bond refinancing costs (2)	10.1	11.1
Environmental remediation	30.6	30.5
Competitive rate adjustment	3.4	3.5
Other	17.6	17.4
Total other regulatory assets	403.2	388.2
Total regulatory assets	466.2	451.8
Less: Current portion	107.0	87.3
Long-term regulatory assets	$359.2	$364.5
Regulatory liabilities:		
Regulatory tax liability (1)	$ 15.7	$ 16.0
Other:		
Cost-recovery clauses	47.8	61.4
Environmental remediation	28.4	28.4
Transmission and delivery storm reserve	45.6	43.6
Deferred gain on property sales (3)	4.5	5.0
Provision for stipulation and other	0.9	0.8
Accumulated reserve - cost of removal	574.2	578.8
Total other regulatory liabilities	701.4	718.0
Total regulatory liabilities	717.1	734.0
Less: Current portion	72.3	86.2
Long-term regulatory liabilities	$ 644.8	$ 647.8

(1) Primarily related to plant life and derivative positions.
(2) Amortized over the term of the related debt instruments.
(3) Amortized over a 4- or 5-year period with various ending dates.

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

Regulatory Assets

(millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Clause recoverable (1)	$ 96.0	$ 76.8
Components of rate base (2)	261.8	264.9
Regulatory tax assets (3)	63.0	63.6
Capital structure and other (3)	45.4	46.5
Total	$466.2	$451.8

(1) To be recovered through cost-recovery clauses approved by the FPSC on a dollar-for-dollar basis in the next year.
(2) Primarily reflects allowed working capital, which is included in rate base and earns a rate of return as permitted by the FPSC.
(3) "Regulatory tax assets" and "Capital structure and other" regulatory assets have a recoverable period longer than a fiscal year and are recognized over the period authorized by the regulatory agency. Also included are unamortized loan costs, which are amortized over the life of the related debt instruments. See footnotes 1 and 2 in the prior table for additional information.

4. Income Taxes

TEC is included in the filing of a consolidated federal income tax return with TECO Energy and its affiliates. TEC's income tax expense is based upon a separate return computation. TEC's effective tax rates for the three months ended March 31, 2012 and 2011 differ from the statutory rate principally due to state income taxes, the domestic activity production deduction and the AFUDC-equity.

The IRS concluded its examination of the company's 2010 consolidated federal income tax return during 2011. The U.S. federal statute of limitations remains open for the year 2008 and onward. Years 2011 and 2012 are currently under examination by the IRS under the Compliance Assurance Program. TECO Energy does not expect the settlement of current IRS examinations to significantly change the total amount of unrecognized tax benefits by the end of 2012. Florida's statute of limitations is three years from the filing of an income tax return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. Years still open to examination by Florida's tax authorities include 2008 and onward.

5. Employee Postretirement Benefits

TEC is a participant in the comprehensive retirement plans of TECO Energy. Amounts allocable to all participants of the TECO Energy retirement plans are found in **Note 5**, **Employee Postretirement Benefits**, in the TECO Energy, Inc. **Notes to Consolidated Condensed Financial Statements**. TEC's portion of the net pension expense for the three months ended March 31, 2012 and 2011, respectively, was $4.2 million and $3.6 million for pension benefits, and $3.1 million and $3.5 million for other postretirement benefits.

For the fiscal 2012 plan year, TECO Energy assumed a long-term EROA of 7.50% and a discount rate of 4.797% for pension benefits under its qualified pension plan, and a discount rate of 4.744% for its other postretirement benefits as of their Jan. 1, 2012 measurement dates. Additionally, TECO Energy made contributions of $12.4 million to its pension plan in the first quarter of 2012. TEC's portion of the contributions was $9.7 million.

Included in the benefit expenses discussed above, for the three months ended March 31, 2012, TEC reclassed $3.5 million of unamortized transition obligation, prior service cost and actuarial losses from regulatory assets to net income.

6. Short-Term Debt

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

Credit Facilities

	Mar. 31, 2012			Dec. 31, 2011		
(millions)	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding
Tampa Electric Company:						
5-year facility (2)	$325.0	$ 0.0	$ 0.7	$325.0	$ 0.0	$ 0.7
1-year accounts receivable facility	150.0	34.0	0.0	150.0	0.0	0.0
Total	$475.0	$ 34.0	$ 0.7	$475.0	$ 0.0	$ 0.7

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

At March 31, 2012, these credit facilities require commitment fees ranging from 17.5 to 30.0 basis points. The weighted-average interest rate on outstanding amounts payable under the credit facilities at March 31, 2012 was 0.65%. There were no outstanding borrowings at Dec. 31, 2011.

Tampa Electric Company Accounts Receivable Facility

On Feb. 17, 2012, TEC and TRC amended their $150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 10 to the Loan and Servicing Agreement with certain lenders named therein and Citibank, N.A. as Program Agent. The amendment (i) extends the maturity date to Feb. 15, 2013, (ii) provides that TRC will pay program and liquidity fees, which will total 60 basis points, (iii) continues to provide that the interest rates on the borrowings will be based on prevailing asset-backed commercial paper rates, unless such rates are not available from conduit lenders, in which case the rates will be at an interest rate equal to, at TEC's option, either Citibank's prime rate (or the federal funds rate plus 50 basis points, if higher) or a rate based on the LIBOR (if available) plus a margin and (iv) makes other technical changes.

7. Long-Term Debt

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

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

On March 1, 2011, TEC purchased in lieu of redemption $75.0 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2010 (the PCIDA Bonds). On Nov. 23, 2010, the PCIDA issued the PCIDA Bonds in a term-rate mode pursuant to the terms of the Loan and Trust Agreement governing those bonds. Proceeds of the PCIDA Bonds were used to redeem $75.0 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007, which previously were in auction rate mode and were held by TEC since March 26, 2008. The PCIDA Bonds bore interest at the initial term rate of 1.50% per annum from Nov. 23, 2010 to March 1, 2011.

On March 26, 2008, TEC purchased in lieu of redemption $20.0 million HCIDA Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007C. After the March 15, 2012 purchase of the HCIDA Bonds, $181.0 million in bonds purchased in lieu of redemption were held by the trustee at the direction of TEC as of March 31, 2012 (the "Held Bonds") to provide an opportunity to evaluate refinancing alternatives. The Held Bonds effectively offset the outstanding debt balances and are presented net on the balance sheet.

Fair Value of Long-Term Debt

At March 31, 2012, TEC's total long-term debt had a carrying amount of $1,906.3 million and an estimated fair market value of $2,197.2 million. At Dec. 31, 2011, total long-term debt had a carrying amount of $1,992.3 million and an estimated fair market value of $2,291.5 million. TEC uses the market approach in determining fair value. The majority of the outstanding debt is valued using real-time financial market data obtained from Bloomberg Professional Service. The remaining securities are valued using prices obtained from the Municipal Securities Rulemaking Board and by applying estimated credit spreads obtained from a third party to the par value of the security. All debt securities are level 2 instruments.

8. Commitments and Contingencies

Legal Contingencies

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

Merco Group at Aventura Landings v. Peoples Gas System

In a Florida district court case pending in Miami, Merco Group at Aventura Landings I, II and III (Merco) alleged that coal tar from a certain former PGS manufactured gas plant site had been deposited in the early 1960s onto property now owned by Merco. Merco alleged that it incurred approximately $3.9 million in costs associated with the removal of such coal tar and provided testimony claiming approximately $110.0 million plus interest in damages from out-of-pocket development expenses and lost profits due to the delay in its condominium development project allegedly caused by the presence of the coal tar. PGS maintains that it is not liable because the coal tar did not originate from its manufactured gas plant site and filed a third-party complaint against Continental Holdings, Inc., which Merco also added as a defendant in its suit, as the owner at the relevant time of the site that PGS believes was the source of the coal tar on Merco's property. In addition, the court will consider PGS's counterclaim against Merco which claims that, because Merco purchased the property with actual knowledge of the presence of coal tar on the property, Merco should contribute toward any damages resulting from the presence of coal tar. The bench trial in this matter was concluded in February 2012 and the parties are awaiting a ruling by the Judge. Co-defendant Continental Holdings, Inc. reached a settlement with Merco but still remains as a defendant in PGS's third-party complaint.

Superfund and Former Manufactured Gas Plant Sites

TEC, through its Tampa Electric and Peoples Gas divisions, is a PRP for certain superfund sites and, through its Peoples Gas division, for certain former manufactured gas plant sites. While the joint and several liability associated with these sites presents the potential for significant response costs, as of March 31, 2012, TEC has estimated its ultimate financial liability to be $28.5 million, primarily at PGS. This amount has been accrued and is primarily reflected in "Long-term regulatory liabilities" on TEC's Consolidated Condensed Balance Sheet. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are not expected to have a significant impact on customer prices.

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

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

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

Potentially Responsible Party Notification

In October 2010, the EPA notified TEC that it is a PRP under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, commonly known as Superfund, for the proposed conduct of a contaminated soil removal action and further clean up, if necessary, at a property owned by TEC in Tampa, Florida. The property owned by TEC is undeveloped except for the location of transmission lines and poles, and is adjacent to an industrial site, not owned by TEC, which the EPA has studied since 1992 or earlier. The EPA has asserted this potential liability due to TEC's ownership of the property described above but, to the knowledge of TEC, this assertion is not based upon any release of hazardous substances by TEC. TEC has responded to the EPA regarding such matter. The scope and extent of its potential liability, if any, and the costs of any required investigation and remediation have not been determined.

Guarantees and Letters of Credit

A summary of the face amount or maximum theoretical obligation under TEC's letters of credit as of March 31, 2012 are as follows:

Letters of Credit -Tampa Electric Company

(millions)	*2012*	*2013-2016*	*After[1] 2016*	*Total*	*Liabilities Recognized at Mar. 31, 2012*
Letters of Credit for the Benefit of:					
Tampa Electric [2]	$0.0	$ 0.0	$ 0.7	$0.7	$ 0.2

(1) These letters of credit and guarantees renew annually and are shown on the basis that they will continue to renew beyond 2016.
(2) The amounts shown are the maximum theoretical amounts guaranteed under current agreements. Liabilities recognized represent the associated obligation of TEC under these agreements at March 31, 2012. The obligations under these letters of credit and guarantees include net accounts payable and net derivative liabilities.

Financial Covenants

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

9. Segment Information

(millions) *Three months ended Mar. 31,*	Tampa Electric	Peoples Gas	Other & Eliminations	Tampa Electric Company
2012				
Revenues - external	$ 446.4	$ 110.1	$ 0.0	$ 556.5
Sales to affiliates	0.2	0.1	(0.3)	0.0
Total revenues	446.6	110.2	(0.3)	556.5
Depreciation and amortization	57.4	12.6	0.0	70.0
Total interest charges	30.0	4.4	0.0	34.4
Provision for income taxes	18.9	6.9	0.0	25.8
Net income	$ 31.4	$ 11.0	$ 0.0	$ 42.4
2011				
Revenues - external	$ 431.3	$ 156.0	$ 0.0	$ 587.3
Sales to affiliates	1.9	0.1	(2.0)	0.0
Total revenues	433.2	156.1	(2.0)	587.3
Depreciation and amortization	54.9	11.8	0.0	66.7
Total interest charges	30.9	4.5	0.0	35.4
Provision for income taxes	20.0	9.3	0.0	29.3
Net income	$ 31.6	$ 14.7	$ 0.0	$ 46.3
Total assets at Mar. 31, 2012	$5,676.0	$ 904.8	($ 27.1)	$ 6,553.7
Total assets at Dec. 31, 2011	$5,693.0	$ 888.4	($ 10.0)	$ 6,571.4

10. Accounting for Derivative Instruments and Hedging Activities

From time to time, TEC enters into futures, forwards, swaps and option contracts for the following purposes:

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

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

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

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

TEC applies accounting standards for regulated operations to financial instruments used to hedge the purchase of natural gas for the regulated companies. These standards, in accordance with the FPSC, permit the changes in fair value of natural gas derivatives to be recorded as regulatory assets or liabilities reflecting the impact of hedging activities on the fuel recovery clause. As a result, these changes are not recorded in OCI (see **Note 3**).

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

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

Natural Gas Derivatives

(millions)	*Mar. 31, 2012*	*Dec. 31, 2011*
Current assets	$ 0.0	$ 0.0
Long-term assets	0.0	0.0
Total assets	$ 0.0	$ 0.0
Current liabilities (1)	$ 70.0	$ 58.4
Long-term liabilities	6.2	7.4
Total liabilities	$ 76.2	$ 65.8

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

The ending balance in AOCI related to previously settled interest rate swaps at March 31, 2012 is a net loss of $4.5 million after tax and accumulated amortization. This compares to a net loss of $4.6 million in AOCI after tax and accumulated amortization at Dec. 31, 2011.

The following table presents the effect of energy related derivatives on the fuel recovery clause mechanism in the Consolidated Condensed Balance Sheet as of March 31, 2012:

Energy Related Derivatives

(millions)	Asset Derivatives		Liability Derivatives	
Mar. 31, 2012	Balance Sheet Location (1)	Fair Value	Balance Sheet Location (1)	Fair Value
Commodity Contracts:				
Natural gas derivatives:				
Current	Regulatory liabilities	$0.0	Regulatory assets	$ 70.0
Long-term	Regulatory liabilities	0.0	Regulatory assets	6.2
Total		$0.0		$76.2

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

Based on the fair value of the instruments at March 31, 2012, net pretax losses of $70.0 million are expected to be reclassified from regulatory assets to the Consolidated Condensed Statements of Income within the next 12 months.

The following table presents the effect of hedging instruments on OCI and income for the three months ended March 31:

(millions) Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) on Derivatives Recognized in OCI Effective Portion (1)	Location of Gain/(Loss) Reclassified From AOCI Into Income	Amount of Gain/(Loss) Reclassified From AOCI Into Income Effective Portion (1)
2012			
Interest rate contracts	$ 0.0	Interest expense	($ 0.1)
Total	$ 0.0		($ 0.1)
2011			
Interest rate contracts	$ 0.0	Interest expense	($ 0.1)
Total	$ 0.0		($ 0.1)

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

For derivative instruments that meet cash flow hedge criteria, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or period during which the hedged transaction affects earnings. Gains and losses on the derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. For the three months ended March 31, 2012 and 2011, all hedges were effective.

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

(millions)	Natural Gas Contracts (MMBTUs)	
Year	Physical	Financial
2012	0.0	30.8
2013	0.0	10.7
2014	0.0	1.0
Total	0.0	42.5

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

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

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

TEC has implemented procedures to monitor the creditworthiness of its counterparties and to consider nonperformance in valuing counterparty positions. TEC monitors counterparties' credit standings, including those that are experiencing financial problems, have significant swings in credit default swap rates, have credit rating changes by external rating agencies or have changes in ownership. Net liability positions are generally not adjusted as TEC uses derivative transactions as hedges and has the ability and intent to perform under each of these contracts. In the instance of net asset positions, TEC considers general market conditions and the observable financial health and outlook of specific counterparties, forward-looking data such as credit default swaps, when available, and historical default probabilities from credit rating agencies in evaluating the potential impact of nonperformance risk to derivative positions. As of March 31, 2012, all positions with counterparties are net liabilities.

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

The table below presents the fair value of the overall contractual contingent liability positions for TEC's derivative activity at March 31, 2012:

Contingent Features

(millions) *Mar. 31, 2012*	Fair Value Asset/ (Liability)	Derivative Exposure Asset/ (Liability)	Posted Collateral
Credit Rating	($ 76.2)	($ 76.2)	$ 0.0

11. Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis

The following tables set forth by level within the fair value hierarchy TEC's financial assets and liabilities that were accounted for at fair value on a recurring basis as of March 31, 2012 and Dec. 31, 2011. As required by accounting standards for fair value measurements, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. TEC's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. For all assets and liabilities presented below, the market approach was used in determining fair value.

Recurring Derivative Fair Value Measures

	At fair value as of Mar. 31, 2012			
(millions)	Level 1	Level 2	Level 3	Total
Assets				
Natural gas swaps	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Total	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Liabilities				
Natural gas swaps	$ 0.0	$76.2	$ 0.0	$76.2
Total	$ 0.0	$76.2	$ 0.0	$76.2

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

Natural gas swaps are over-the-counter swap instruments. The primary pricing inputs in determining the fair value of natural gas swaps are the NYMEX quoted closing prices of exchange-traded instruments. These prices are applied to the notional amounts of active positions to determine the reported fair value (see **Note 10**).

TEC considered the impact of nonperformance risk in determining the fair value of derivatives. TEC considered the net position with each counterparty, past performance of both parties, the intent of the parties, indications of credit deterioration and whether the markets in which TEC transacts have experienced dislocation. At March 31, 2012, the fair value of derivatives was not materially affected by nonperformance risk. TEC's net positions with substantially all counterparties were liability positions.

12. Other Comprehensive Income

Other Comprehensive Income (millions)	Three months ended Mar. 31, Gross	Tax	Net
2012			
Unrealized gain on cash flow hedges	$ 0.0	$ 0.0	$ 0.0
Plus: Loss reclassified to net income	0.3	(0.2)	0.1
Gain on cash flow hedges	0.3	(0.2)	0.1
Total other comprehensive income (loss)	$ 0.3	($ 0.2)	$ 0.1
2011			
Unrealized gain on cash flow hedges	$ 0.0	$ 0.0	$ 0.0
Plus: Loss reclassified to net income	0.3	(0.2)	0.1
Gain on cash flow hedges	0.3	(0.2)	0.1
Total other comprehensive income (loss)	$ 0.3	($ 0.2)	$ 0.1

Accumulated Other Comprehensive Loss (millions)	Mar. 31, 2012	Dec. 31, 2011
Net unrealized losses from cash flow hedges (1)	($ 4.5)	($ 4.6)
Total accumulated other comprehensive loss	($ 4.5)	($ 4.6)

(1) Net of tax benefit of $2.7 million and $2.9 million as of March 31, 2012 and Dec. 31, 2011, respectively.

13. Variable Interest Entities

Effective Jan. 1, 2010, the accounting standards for consolidation of VIEs were amended. The most significant amendment was the determination of a VIE's primary beneficiary. Under the amended standard, the primary beneficiary is the enterprise that has both 1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and 2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE.

TEC has entered into multiple PPAs with wholesale energy providers in Florida to ensure the ability to meet customer energy demand and to provide lower cost options in the meeting of this demand. These agreements range in size from 117 MW to 370 MW of available capacity, are with similar entities and contain similar provisions. Because some of these provisions provide for the transfer or sharing of a number of risks inherent in the generation of energy, these agreements meet the definition of being VIEs. These risks include: operating and maintenance, regulatory, credit, commodity/fuel and energy market risk. TEC has reviewed these risks and has determined that the owners of these entities have retained the majority of these risks over the expected life of the underlying generating assets, have the power to direct the most significant activities, the obligation or right to absorb losses or benefits and hence remain the primary beneficiaries. As a result, TEC is not required to consolidate any of these entities. TEC purchased $22.5 million and $15.8 million of capacity pursuant to PPAs for the three months ended March 31, 2012 and 2011, respectively.

In one instance, TEC's agreement with an entity for 370 MW of capacity was entered into prior to Dec. 31, 2003, the effective date of these standards. Under these standards, TEC is required to make an exhaustive effort to obtain sufficient information to determine if this entity is a VIE and which holder of the variable interests is the primary beneficiary. The owners of this entity are not willing to provide the information necessary to make these determinations, have no obligation to do so and the information is not available publicly. As a result, TEC is unable to determine if this entity is a VIE and, if so, which variable interest holder, if any, is the primary beneficiary. TEC has no obligation to this entity beyond the purchase of capacity; therefore, the maximum exposure for TEC is the obligation to pay for such capacity under terms of the PPA at rates that could be unfavorable to the wholesale market. TEC purchased $14.6 million and $7.1 million for the three months ended March 31, 2012 and 2011, respectively, under this PPA.

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

Item 2. **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS**

This Management's Discussion & Analysis contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. Actual results may differ materially from those forecasted. The forecasted results are based on the company's current expectations and assumptions, and the company does not undertake to update that information or any other information contained in this Management's Discussion & Analysis, except as may be required by law. Factors that could impact actual results include: regulatory actions by federal, state or local authorities; unexpected capital needs or unanticipated reductions in cash flow that affect liquidity; the ability to access the capital and credit markets when required; the availability of adequate rail transportation capacity for the shipment of TECO Coal's production; general economic conditions affecting energy sales at the utility companies; economic conditions, both national and international, affecting the Florida economy and demand for TECO Coal's production; costs for alternative fuels used for power generation affecting demand for TECO Coal's thermal coal production; weather variations and changes in customer energy usage patterns affecting sales and operating costs at Tampa Electric and Peoples Gas and the effect of extreme weather conditions or hurricanes; operating conditions; commodity prices; operating cost and environmental or safety regulations affecting the production levels and margins at TECO Coal; fuel cost recoveries and related cash at Tampa Electric and natural gas demand at Peoples Gas; the ability to complete the scheduled 2012 outage at the San José Power Station on time and on budget; and the ability of TECO Energy's subsidiaries to operate equipment without undue accidents, breakdowns or failures. Additional information is contained under "Risk Factors" in TECO Energy, Inc.'s Annual Report on Form 10-K for the period ended Dec. 31, 2011.

Earnings Summary - Unaudited

(millions, except per share amounts)	*Three months ended Mar. 31, 2012*	*2011*
Consolidated revenues	$ 730.0	$ 796.1
Net income attributable to TECO Energy	$ 50.5	$ 51.7
Average common shares outstanding		
Basic	213.9	213.0
Diluted	215.3	215.0
Earnings per share - Basic	$ 0.24	$ 0.24
Earnings per share - Diluted	$ 0.23	$ 0.24

Operating Company Results

All amounts included in the operating company and Parent/other results discussions are after tax, unless otherwise noted.

Tampa Electric – Electric Division

Net income for the first quarter was $31.4 million, compared with $31.6 million for the same period in 2011 reflecting slightly higher base revenues offset by higher depreciation expense. Energy sales were higher driven in part by higher industrial volumes. Residential sales were impacted by very mild winter weather in January and February offset by warmer than normal March weather, compared to 2011, when the weather was mild throughout the quarter.

Total heating and cooling degree days were 9% above normal in 2012 and 10% above 2011 levels, driven by warmer than normal March weather. The benefit of above-normal cooling degree days in March was partially offset by heating degree days approximately 50% below normal in the first quarter.

Total net energy for load, which is a calendar measurement of retail energy sales rather than a billing-cycle measurement, increased 3.4% in the first quarter of 2012, compared to the same period in 2011. The first quarter energy sales shown on the statistical summary that follows reflect the higher sales associated with the late December 2010 cold weather that were included in 2011 energy sales due to the timing of billing cycles, and year-to-year variations in the billing cycles. Higher sales to industrial-phosphate customers were driven by an outage on a phosphate customer's own generating unit in the first quarter of 2012 and relocation of large electric-driven mining equipment to Tampa Electric's system. Higher sales to commercial customers reflect improvements in the local economy, and lower sales to the weather-sensitive residential customers are a result of the mild winter weather.

Because the 3.4% increase in energy sales was driven primarily by higher sales to the lower margin interruptible customers, first quarter pretax base revenues were only $1.8 million higher than 2011, reflecting the effects of mild weather on the weather-sensitive residential and small commercial customers. The average number of customers increased 1.0% in the 2012 first quarter as a result of improvements in the Florida economy and Tampa area housing market. First quarter 2012 customer growth was the strongest customer growth since the fourth quarter of 2007.

Operations and maintenance expense, excluding all FPSC-approved cost-recovery clauses, was essentially unchanged in the first quarter of 2012, compared to the same period in 2011, reflecting lower bad debt expense offset by higher other operating costs. Depreciation and amortization expense increased $1.5 million due to additions to facilities to serve customers.

A summary of Tampa Electric's regulated operating statistics for the three months ended March 31, 2012 and 2011 follows:

(millions, except average customers)	*Operating Revenues*			*Kilowatt-hour sales*		
Three months ended Mar. 31,	*2012*	*2011*	*% Change*	*2012*	*2011*	*% Change*
By Customer Type						
Residential	$ 197.3	$225.3	(12.4)	1,725.1	1,973.9	(12.6)
Commercial	139.9	138.8	0.8	1,393.9	1,391.2	0.2
Industrial – Phosphate	18.4	15.5	18.7	222.7	184.3	20.8
Industrial – Other	24.1	23.3	3.4	258.3	251.4	2.7
Other sales of electricity	42.6	43.1	(1.2)	416.1	420.2	(1.0)
Deferred and other revenues (1)	7.5	(33.8)	(122.2)			
Total energy sales	$ 429.8	$ 412.2	4.3	4,016.1	4,221.0	(4.9)
Sales for resale	3.1	6.2	(50.0)	64.7	105.0	(38.4)
Other operating revenue	13.7	14.8	(7.4)	0.0	0.0	0.0
Total revenues	$ 446.6	$ 433.2	3.1	4,080.8	4,326.0	(5.7)
Average customers (thousands)	680.8	674.2	1.0			
Retail net energy for load (kilowatt hours)				4,256.8	4,115.2	3.4

(1) Primarily reflects the timing of environmental and fuel clause recoveries.

Tampa Electric Company – Natural Gas Division (PGS)

PGS reported net income of $11.0 million for the first quarter, compared to $14.7 million in the same period in 2011. The significantly below normal heating degree days in January and February reduced sales to the weather-sensitive residential customers in the first quarter. In 2011, base revenues included a benefit due to the late December 2010 cold weather due to the timing of billing cycles. Quarterly results reflect a 0.9% higher average number of customers due to improvements in the Florida economy and housing markets. Total therm sales increased 12.3%, driven by a 54.1% increase in gas transported for power generation customers as low natural gas prices made it the more attractive fuel for power generation. This increase was partially offset by a 26.2% decrease in sales to weather-sensitive residential customers due to the very mild winter weather in 2012. Lower therm sales to commercial and industrial customers reflect outages at certain large customers partially offset by a previously idled customer returning to service. Off-system sales decreased in 2012 due to the mild winter weather. Non-fuel operations and maintenance expense increased slightly compared to 2011 levels due to higher outside services costs. Results also reflect slightly higher depreciation expense due to routine plant additions.

A summary of PGS's regulated operating statistics for the three months ended March 31, 2012 and 2011 follows:

(millions, except average customers)	*Operating Revenues*			*Therms*		
Three months ended Mar. 31,	*2012*	*2011*	*% Change*	*2012*	*2011*	*% Change*
By Customer Type						
Residential	$ 40.7	$ 56.0	(27.3)	27.0	36.6	(26.2)
Commercial	38.6	45.0	(14.2)	118.3	122.4	(3.3)
Industrial	2.4	2.5	(4.0)	55.7	55.7	0.0
Off system sales	13.2	33.7	(60.8)	44.0	72.7	(39.5)
Power generation	3.4	2.5	36.0	208.6	116.3	79.4
Other revenues	10.0	13.6	(26.5)	0.0	0.0	0.0
Total	$108.3	$153.3	(29.4)	453.6	403.7	12.4
By Sales Type						
System supply	$ 68.6	$110.8	(38.1)	82.7	124.6	(33.6)
Transportation	29.7	28.9	2.8	370.9	279.1	32.9
Other revenues	10.0	13.6	(26.5)	0.0	0.0	0.0
Total	$108.3	$153.3	(29.4)	453.6	403.7	12.4
Average customers (thousands)	342.0	338.9	0.9			

TECO Coal

TECO Coal reported first quarter net income of $9.8 million on sales of 1.4 million tons, compared to $8.2 million, on sales of 2.1 million tons in the same period of 2011. Results reflected an average net per-ton selling price, excluding transportation allowances, of almost $96 per ton, compared to more than $81 per ton in 2011. TECO Coal's pretax margin increased $4 per ton in 2012, compared to 2011.

In the first quarter of 2012, the all-in total per-ton cost of production was $87, compared to $76 per ton in the 2011 period. Costs in the first quarter reflect costs associated with idling a section of a mine and other costs associated with reducing production in January, and thus are at the high end of the 2012 cost range. Compared to 2011, costs also reflect higher surface mining costs due to increased diesel fuel usage as a result of trucking coal and overburden further due to the lack of new surface mine permits; higher royalty and severance fees, which are related to selling costs; and spreading fixed costs over fewer tons. TECO Coal's effective income tax rate in the first quarter of 2012 was 24%, compared to 16% in the 2011 period.

TECO Guatemala

TECO Guatemala reported first quarter net income of $6.6 million in 2012, compared to $6.3 million in 2011. Results reflect lower contract and spot energy sales due to unit availability at the San José Power Station more than offset by higher power prices and lower operating expenses.

Parent / Other

Parent/other cost in the first quarter was $8.3 million, compared to a cost of $9.1 million for the 2011 period. Results in 2012 reflect $0.7 million lower interest expense as a result of the 2011 debt retirement in May of that year.

2012 Guidance and Business Drivers

TECO Energy is maintaining its 2012 earnings per share guidance range between $1.30 and $1.40, excluding charges and gains, and its business drivers are discussed below.

Tampa Electric and Peoples Gas expect to earn within their respective allowed return ranges from customer growth in line with the trends experienced in 2011, and a continued focus on cost management. The guidance assumes normal weather for the remainder of the year for both utilities.

TECO Coal remains at the more than 90% contracted level for its expected 2012 sales of between 7.0 and 7.3 million tons. The average selling price across all products is expected to be more than $96 per ton, which reflects substantially all of the planned 2012 metallurgical sales contracted and priced. The product mix is expected to be about 50% specialty coal, which includes stoker, metallurgical and PCI coals, and the remainder utility steam coal. Metallurgical coal volumes are expected to be at, or slightly above, 2011 levels. The fully-loaded cost of production is expected to be in a range between $83 and $87 per ton. TECO Coal's effective income tax rate is expected to be about 25% for the full year.

The guidance assumes normal operations for the Alborada Power Station in Guatemala. At the San José Power Station an extended steam turbine overhaul outage is planned, which will reduce energy sales primarily in the fourth quarter, and it is expected to reduce net income approximately $4 million compared to 2011.

This guidance is provided in the form of a range that is dependent on important variables, such as the continued economic and housing market recovery in Florida, weather and customer usage at the Florida utilities, and volumes and margins at TECO Coal.

Income Taxes

The provisions for income taxes from continuing operations for the three month periods ended March 31, 2012 and 2011 were $26.6 million and $28.4 million, respectively. The provision for income taxes for the three months ended March 31, 2012 was impacted by lower operating income, decreased state income taxes and decreased depletion at TECO Coal.

Liquidity and Capital Resources

The table below sets forth the March 31, 2012 consolidated liquidity and cash balances, the cash balances at the operating companies and TECO Energy parent, and amounts available under the TECO Energy/TECO Finance and TEC credit facilities.

At Mar. 31, 2012 *(millions)*	Consolidated	Tampa Electric Company	Unregulated Companies	Parent
Credit facilities	$ 675.0	$ 475.0	$ 0.0	$ 200.0
Drawn amounts/Letters of Credit	44.7	34.7	0.0	10.0
Available credit facilities	630.3	440.3	0.0	190.0
Cash and short-term investments	59.0	10.5	35.7	12.8
Total liquidity	$ 689.3	$ 450.8	$ 35.7	$202.8

Covenants in Financing Agreements

In order to utilize their respective bank credit facilities, TECO Energy, TECO Finance and TEC must meet certain financial tests as defined in the applicable agreements (see the **Credit Facilities** section). In addition, TECO Energy, TECO Finance, TEC, and other operating companies have certain restrictive covenants in specific agreements and debt instruments. At March 31, 2012, TECO Energy, TECO Finance, TEC, and the other operating companies were in compliance with all required financial covenants. The table that follows lists the significant financial covenants and the performance relative to them at March 31, 2012. Reference is made to the specific agreements and instruments for more details.

Significant Financial Covenants

(millions, unless otherwise indicated)

Instrument	Financial Covenant(1)	Requirement/Restriction	Calculation at March 31, 2012
TEC			
Credit facility(2)	Debt/capital	Cannot exceed 65%	47.4%
Accounts receivable credit facility(2)	Debt/capital	Cannot exceed 65%	47.4%
6.25% senior notes	Debt/capital	Cannot exceed 60%	47.4%
	Limit on liens(3)	Cannot exceed $700	$0 liens outstanding
TECO Energy/TECO Finance			
Credit facility(2)	Debt/capital	Cannot exceed 65%	56.7%
TECO Energy 6.75% notes and TECO Finance 6.75% notes	Restrictions on secured debt(4)	(5)	(5)

(1) As defined in each applicable instrument.
(2) See **Note 6** to the **TECO Energy, Inc. Consolidated Condensed Financial Statements** for a description of the credit facilities.
(3) If the limitation on liens is exceeded, the company is required to provide ratable security to the holders of these notes.
(4) These restrictions would not apply to first mortgage bonds of TEC if any were outstanding.
(5) The indentures for these notes contain restrictions which limit secured debt of TECO Energy if secured by principal property, capital stock or indebtedness of directly held subsidiaries (with exceptions as defined in the indentures) without equally and ratably securing these notes.

Credit Ratings of Senior Unsecured Debt at March 31, 2012

	Standard & Poor's	Moody's	Fitch
TEC	BBB+	Baa1	A-
TECO Energy/TECO Finance	BBB	Baa3	BBB

Standard & Poor's, Moody's and Fitch describe credit ratings in the BBB or Baa category as representing adequate capacity for payment of financial obligations. Fitch describes credit ratings in the A category as representing strong capacity for payment of financial obligations. The lowest investment grade credit ratings for Standard & Poor's is BBB-, for Moody's is Baa3 and for Fitch is BBB-; thus, all three credit rating agencies assign TECO Energy, TECO Finance and TEC's senior unsecured debt investment grade ratings.

A credit rating agency rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. The company's access to capital markets and cost of financing, including the applicability of restrictive financial covenants, are influenced by the ratings of our securities. In addition, certain of TEC's derivative instruments contain provisions that require TEC's debt to maintain an investment grade credit rating. See **Note 12** to the **TECO Energy, Inc., Consolidated Condensed Financial Statements**. The credit ratings listed above are included in this report in order to provide information that may be relevant to these matters and because downgrades, if any, in credit ratings may affect the company's ability to borrow and may increase financing costs, which may decrease earnings. These credit ratings are not necessarily applicable to any particular security that the company may offer and therefore should not be relied upon for making a decision to buy, sell or hold any of the company's securities.

Fair Value Measurements

All natural gas derivatives were entered into by the regulated utilities to manage the impact of natural gas prices on customers. As a result of applying accounting standards for regulated operations, the changes in value of natural gas derivatives of Tampa Electric and PGS are recorded as regulatory assets or liabilities to reflect the impact of the risks of hedging activities in the fuel recovery clause. Because the amounts are deferred and ultimately collected through the fuel clause, the unrealized gains and losses associated with the valuation of these assets and liabilities do not impact our results of operations.

Diesel fuel hedges are used to mitigate the fluctuations in the price of diesel fuel which is a significant component in the cost of coal production at TECO Coal and its subsidiaries.

The valuation methods used to determine fair value are described in **Notes 7 and 13** to the **TECO Energy, Inc. Consolidated Condensed Financial Statements**. In addition, the company considered the impact of nonperformance risk in determining the fair value of derivatives. The company considered the net position with each counterparty, past performance of both parties and the intent of the parties, indications of credit deterioration and whether the markets in which the company transacts have experienced dislocation. At March 31, 2012, the fair value of derivatives was not materially affected by nonperformance risk. The company's net positions with all counterparties were liability positions.

Critical Accounting Policies and Estimates

The company's critical accounting policies relate to deferred income taxes, employee postretirement benefits, long-lived assets and regulatory accounting. For further discussion of critical accounting policies, see **TECO Energy, Inc.'s Annual Report on Form 10-K** for the year ended Dec. 31, 2011.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Changes in Fair Value of Derivatives

The change in fair value of derivatives is largely due to the decrease in the average market price component of the company's outstanding natural gas swaps of approximately 16% from Dec. 31, 2011 to March 31, 2012. For natural gas, the company maintained a similar volume hedged as of March 31, 2012 from Dec. 31, 2011.

The following tables summarize the changes in and the fair value balances of derivative assets (liabilities) for the 12-month period ended March 31, 2012:

Changes in Fair Value of Derivatives *(millions)*

Net fair value of derivatives as of Dec. 31, 2011	$(66.1)
Additions and net changes in unrealized fair value of derivatives	(30.1)
Changes in valuation techniques and assumptions	0.0
Realized net settlement of derivatives	21.7
Net fair value of derivatives as of March 31, 2012	$ (74.5)
Roll-Forward of Derivative Net Assets (Liabilities) (millions)	
Total derivative net liabilities as of Dec. 31, 2011	$(66.1)
Change in fair value of net derivative assets:	
Recorded as regulatory assets and liabilities or other comprehensive income	(30.1)
Recorded in earnings	0.0
Realized net settlement of derivatives	21.7
Net option premium payments	0.0
Net purchase (sale) of existing contracts	0.0
Net fair value of derivatives as of March 31, 2012	$ (74.5)

Below is a summary table of sources of fair value, by maturity period, for derivative contracts at March 31, 2012:

Maturity and Source of Derivative Contracts Net Assets (Liabilities) *(millions)*

Contracts Maturing in	Current	Non-current	Total Fair Value
Source of fair value			
Actively quoted prices	$ 0.0	$ 0.0	$ 0.0
Other external sources (1)	(67.9)	(6.6)	(74.5)
Model prices (2)	0.0	0.0	0.0
Total	$ (67.9)	$ (6.6)	$ (74.5)

(1) Reflects over-the-counter natural gas or diesel fuel swaps for which the primary pricing inputs in determining fair value are NYMEX quoted closing prices of exchange-traded instruments.

(2) Model prices are used for determining the fair value of energy derivatives where price quotes are infrequent or the market is illiquid. Significant inputs to the models are derived from market-observable data and actual historical experience.

For all unrealized derivative contracts, the valuation is an estimate based on the best available information. Actual cash flows could be materially different from the estimated value upon maturity.

Item 4. CONTROLS AND PROCEDURES

TECO Energy, Inc.

(a) **Evaluation of Disclosure Controls and Procedures**. TECO Energy's management, with the participation of its principal executive officer and principal financial officer, has evaluated the effectiveness of TECO Energy's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this quarterly report (the Evaluation Date). Based on such evaluation, TECO Energy's principal financial officer and principal executive officer have concluded that, as of the Evaluation Date, TECO Energy's disclosure controls and procedures are effective.

(b) **Changes in Internal Controls**. There was no change in TECO Energy's internal control over financial reporting (as defined in Rules 13a–15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of TECO Energy's internal control over financial reporting that occurred during TECO Energy's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, such controls.

Tampa Electric Company

(a) **Evaluation of Disclosure Controls and Procedures**. TEC's is management, with the participation of its principal executive officer and principal financial officer, has evaluated the effectiveness of TEC's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the Evaluation Date. Based on such evaluation, TEC's principal financial officer and principal executive officer have concluded that, as of the Evaluation Date, TEC's disclosure controls and procedures are effective.

(b) **Changes in Internal Controls**. There was no change in TEC's is internal control over financial reporting (as defined in Rules 13a–15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of TEC's internal control over financial reporting that occurred during TEC's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, such controls.

PART II. OTHER INFORMATION

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table shows the number of shares of TECO Energy common stock deemed to have been repurchased by TECO Energy:

	(a) Total Number of Shares (or Units) Purchased (1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Jan. 1, 2012 – Jan. 31, 2012	927	$ 19.03	0.0	$ 0.0
Feb. 1, 2012 – Feb. 29, 2012	7,151	$ 18.11	0.0	$ 0.0
Mar. 1, 2012 – Mar. 31, 2012	2,786	$ 17.57	0.0	$ 0.0
Total 1st Quarter 2012	10,864	$ 18.05	0.0	$ 0.0

(1) These shares were not repurchased through a publicly announced plan or program, but rather relate to compensation or retirement plans of the company. Specifically, these shares represent shares delivered in satisfaction of the exercise price and/or tax withholding obligations by holders of stock options who exercised options (granted under TECO Energy's incentive compensation plans), shares delivered or withheld (under the terms of grants under TECO Energy's incentive compensation plans) to offset tax withholding obligations associated with the vesting of restricted shares and shares purchased by the TECO Energy Group Retirement Savings Plan pursuant to directions from plan participants or dividend reinvestment.

Item 4. MINE SAFETY INFORMATION

TECO Coal is subject to regulation by the Federal MSHA under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in **Exhibit 95** to this quarterly report.

Item 6. EXHIBITS

Exhibits - See index on page 47.

SIGNATURES

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

TECO ENERGY, INC.
(Registrant)

Date: May 4, 2012

By: /s/ S. W. CALLAHAN
S. W. CALLAHAN
Senior Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

TAMPA ELECTRIC COMPANY
(Registrant)

Date: May 4, 2012

By: /s/ S. W. CALLAHAN
S. W. CALLAHAN
Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit No.	Description	
3.1	Articles of Incorporation of TECO Energy, Inc., as amended on Apr. 20, 1993 (Exhibit 3, Form 10-Q for the quarter ended Mar. 31, 1993 of TECO Energy, Inc.).	*
3.2	Bylaws of TECO Energy, Inc., as amended effective May 4, 2011 (Exhibit 3.1, Form 8-K dated May 4, 2011 of TECO Energy, Inc.).	*
3.3	Articles of Incorporation of Tampa Electric Company (Exhibit 3 to Registration Statement No. 2-70653 of Tampa Electric Company).	*
3.4	Bylaws of Tampa Electric Company, as amended effective Feb. 2, 2011 (Exhibit 3.4, Form 10-K for 2010 of TECO Energy, Inc. and Tampa Electric Company).	*
12.1	Ratio of Earnings to Fixed Charges – TECO Energy, Inc.	
12.2	Ratio of Earnings to Fixed Charges – Tampa Electric Company.	
31.1	Certification of the Chief Executive Officer of TECO Energy, Inc. pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2	Certification of the Chief Financial Officer of TECO Energy, Inc. pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.3	Certification of the Chief Executive Officer of Tampa Electric Company pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.4	Certification of the Chief Financial Officer of Tampa Electric Company pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1	Certification of the Chief Executive Officer and Chief Financial Officer of TECO Energy, Inc. pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (1)	
32.2	Certification of the Chief Executive Officer and Chief Financial Officer of Tampa Electric Company pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (1)	
95	Mine Safety Disclosure	
101.INS	XBRL Instance Document	**
101.SCH	XBRL Taxonomy Extension Schema Document	**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	**

(1) This certification accompanies the Quarterly Report on Form 10-Q and is not filed as part of it.

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

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Exhibit 12.1

TECO ENERGY, INC.
RATIO OF EARNINGS TO FIXED CHARGES

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

(millions)	3-months ended Mar. 31, 2012	12-months ended Mar. 31, 2012	Year Ended Dec. 31, 2011	2010	2009	2008	2007
Income from continuing operations, before income taxes	$ 77.1	$ 423.5	$426.5	$ 409.0	$312.5	$256.8	$ 613.1
Add:							
Interest expense	51.7	207.8	210.1	237.4	236.5	234.6	270.1
Deduct:							
Income from equity investments, net	0.0	0.0	0.0	(6.9)	4.3	22.8	18.0
Earnings before taxes and fixed charges	$128.8	$ 631.3	$636.6	$653.3	$ 544.7	$468.6	$865.2
Interest expense	$ 51.7	$ 207.8	$ 210.1	$ 237.4	$236.5	$ 234.6	$ 270.1
Total fixed charges	$ 51.7	$ 207.8	$ 210.1	$ 237.4	$236.5	$ 234.6	$ 270.1
Ratio of earnings to fixed charges	2.49x	3.04x	3.03x	2.75x	2.30x	2.00x	3.20x

For the purposes of calculating these ratios, earnings consist of income from continuing operations before income taxes, income or loss from equity investments (net of distributions) and fixed charges. Fixed charges consist of interest expense on indebtedness, amortization of debt premium and an estimate of the interest component of rentals. Interest expense includes total interest expense, excluding AFUDC, and an estimate of the interest component of rentals. TECO Energy, Inc. does not have any preferred stock outstanding, and there were no preferred stock dividends paid or accrued during the periods presented.

Exhibit 12.2

TAMPA ELECTRIC COMPANY
RATIO OF EARNINGS TO FIXED CHARGES

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

(millions)	3-months ended Mar. 31, 2012	12-months ended Mar. 31, 2012	Year Ended Dec. 31, 2011	2010	2009	2008	2007
Income from continuing operations, before income tax	$ 68.3	$ 373.3	$ 380.7	$386.6	$ 303.7	$261.9	$278.4
Interest expense	35.1	141.0	141.9	143.9	141.2	135.8	131.4
Earnings before taxes and fixed charges	$ 103.4	$ 514.3	$522.6	$ 530.5	$444.9	$ 397.7	$409.8
Interest expense	$ 35.1	$ 141.0	$ 141.9	$ 143.9	$141.2	$ 135.8	$ 131.4
Total fixed charges	$ 35.1	$ 141.0	$ 141.9	$ 143.9	$141.2	$ 135.8	$ 131.4
Ratio of earnings to fixed charges	2.95x	3.65x	3.68x	3.69x	3.15x	2.93x	3.12x

For the purposes of calculating these ratios, earnings consist of income from continuing operations before income taxes and fixed charges. Fixed charges consist of interest expense on indebtedness, amortization of debt premium and an estimate of the interest component of rentals. Interest expense includes total interest expense, excluding AFUDC, and an estimate of the interest component of rentals.

Exhibit 31.1

CERTIFICATIONS

I, John B. Ramil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TECO Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2012

/s/ J. B. RAMIL
J. B. RAMIL
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Sandra W. Callahan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TECO Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2012

/s/ S.W. CALLAHAN

S.W. CALLAHAN
Senior Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

Exhibit 31.3

CERTIFICATIONS

I, John B. Ramil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tampa Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2012

/s/ J. B. RAMIL
J. B. RAMIL
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.4

CERTIFICATIONS

I, Sandra W. Callahan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tampa Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2012

/s/ S. W. CALLAHAN

S. W. CALLAHAN
Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

Exhibit 32.1

TECO ENERGY, INC

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350

Each of the undersigned officers of TECO Energy, Inc. (the "Company") certifies, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2012

/s/ J. B. RAMIL
J. B. RAMIL
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 4, 2012

/s/ S. W. CALLAHAN
S. W. CALLAHAN
Senior Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

Exhibit 32.2

TAMPA ELECTRIC COMPANY

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350

Each of the undersigned officers of Tampa Electric Company (the "Company") certifies, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2012

/s/ J. B. RAMIL
J. B. RAMIL
Chief Executive Officer
(Principal Executive Officer)

Date: May 4, 2012

/s/ S. W. CALLAHAN
S. W. CALLAHAN
Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

Exhibit 95

MINE SAFETY DISCLOSURE

TECO Coal's subsidiaries operate mining complexes that are subject to regulation by the Mine Safety and Health Administration (MSHA) under the U.S. Federal Mine Safety and Health Act of 1977 (the Mine Act). MSHA inspects TECO Coal mines on a regular basis and issues various citations and orders when it believes that a violation of the Mine Act, any health or safety standard, or any regulation has occurred. Set forth below is information regarding certain mining safety and health orders and citations issued by MSHA and related assessment and legal actions and mine related fatalities with respect to TECO Coal's mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size and type (underground or surface) of the coal mine, (ii) the number of citations and orders issued will vary from inspector to inspector, and (iii) citations and orders can be contested and appealed, and as part of that process, may be reduced in severity and amount, and are sometimes dismissed.

For purposes of reporting regulatory matters under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the following table sets forth the total number of specific citations and orders issued by MSHA under the Mine Act, along with the total dollar value of the proposed civil penalty assessment, and the total number of fatalities during the current reporting period for each TECO Coal subsidiary that is acting as a coal mine operator, by individual mine. Information relating to the aggregate number of legal actions pending, initiated and resolved during the reporting period is also reported below for each of the mines.

Exhibit 95

For the three months ended March 31, 2012 (1)

Mine ID #	Significant & Substantial Citations Issued (Section 104)	Failure to Abate Orders (Section 104(b))	Unwarrantable Failure Citations & Orders Issued (Section 104(d))	Flagrant Violations (Section 110(b)(2))	Imminent Danger Orders Issued (Section 107(a))	Proposed MSHA Assessments (in thousands)	Mining Related Fatalities	Pending Legal Actions (2)	Legal Actions Initiated	Legal Actions Resolved
Clintwood Elkhorn										
15-16734	2	0	0	0	0	$ 1.0	0	6	0	1
15-18524	0	0	0	0	0	0.0	0	0	0	0
15-19396	0	0	0	0	0	0.0	0	0	0	0
40-07199	22	0	0	0	0	0.0	0	4	0	0
44-03010	0	0	0	0	0	0.0	0	6	0	0
44-07108	0	0	0	0	0	0.0	0	4	0	0
YGX(3)	1	1	0	0	0	0.0	0	4	0	0
Totals	25	1	0	0	0	$ 1.0	0	24	0	1
Perry County										
15-05485	7	0	0	0	0	$ 0.0	0	13	0	25
15-18565	56	0	4	0	0	38.0	0	170	37	18
15-18662	62	0	18	0	0	70.0	0	257	71	16
15-19015	23	0	0	0	0	24.0	0	314	84	54
Totals	148	0	22	0	0	$ 132.0	0	754	192	113
Premier Elkhorn										
15-16470	1	0	0	0	0	$ 0.0	0	19	0	0
15-17360	0	0	0	0	0	0.0	0	7	0	0
15-18784	3	0	0	0	0	0.0	0	24	0	0
15-18823	2	0	0	0	0	1.0	0	18	8	0
15-18946	1	0	0	0	0	1.0	0	11	0	0
15-19411	0	0	0	0	0	0.0	0	0	0	0
15-19622	5	0	0	0	0	1.0	0	6	6	0
15-19642	0	0	0	0	0	0.0	0	0	0	0
15-19649	0	0	0	0	0	0.0	0	0	0	0
15-19650	0	0	0	0	0	0.0	0	0	0	0
A-906(4)	2	0	0	0	0	1.0	0	13	0	0
Totals	14	0	0	0	0	$ 4.0	0	98	14	0
Grand Totals	187	1	22	0	0	$ 137.0	0	876	206	114

1. ***Based on data obtained from MSHA Mine Data Retrieval System as of April 1, 2012 and internal company MSHA litigation files.***
2. ***All of the pending legal actions involve citations or orders that are being contested by a TECO Coal Corporation subsidiary, one of which is on appeal to the Federal Mine Safety Health Review Commission.***
3. ***YGX is the MSHA "Contractor Identification Number" assigned to Clintwood Elkhorn Mining Company for contracted engineering work performed at a mine that is operated by an independent contract mining company for Clintwood Elkhorn Mining Company.***
4. ***A-906 is the MSHA "Contractor Identification Number" assigned to Premier Elkhorn Mining Company for contracted engineering work performed at a mine that is operated by an independent contract mining company for Premier Elkhorn Coal Company.***

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

FORM 10-Q

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

For the quarterly period ended June 30, 2012

OR

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

For the transition period from to

Commission File No.	Exact name of each registrant as specified in its charter, state of incorporation, address of principal executive offices, telephone number	I.R.S. Employer Identification Number
1-8180	**TECO ENERGY, INC.** (a Florida corporation) TECO Plaza 702 N. Franklin Street Tampa, Florida 33602 (813) 228-1111	59-2052286
1-5007	**TAMPA ELECTRIC COMPANY** (a Florida corporation) TECO Plaza 702 N. Franklin Street Tampa, Florida 33602 (813) 228-1111	59-0475140

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

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether TECO Energy, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether Tampa Electric Company is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐

Indicate by check mark whether TECO Energy, Inc. is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

Indicate by check mark whether Tampa Electric Company is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The number of shares of TECO Energy, Inc.'s common stock outstanding as of July 27, 2012 was 216,583,178. As of July 27, 2012, there were 10 shares of Tampa Electric Company's common stock issued and outstanding, all of which were held, beneficially and of record, by TECO Energy, Inc.

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

This combined Form 10-Q represents separate filings by TECO Energy, Inc. and Tampa Electric Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Each registrant makes representations only as to information relating to itself and its subsidiaries.

Index to Exhibits appears on page 56.

DEFINITIONS

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

Term	Meaning
ABS	asset-backed security
ADR	American depository receipt
AFUDC	allowance for funds used during construction
AFUDC - debt	debt component of allowance for funds used during construction
AFUDC - equity	equity component of allowance for funds used during construction
AOCI	accumulated other comprehensive income
APBO	accumulated postretirement benefit obligation
ARO	asset retirement obligation
capacity clause	capacity cost-recovery clause, as established by the FPSC
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980
CGESJ	Central Generadora Eléctrica San José, Limitada, owner of the San José Power Station in Guatemala
CMO	collateralized mortgage obligation
CO_2	carbon dioxide
CT	combustion turbine
DECA II	Distribución Eléctrica Centro Americana, II, S.A.
DOE	U.S. Department of Energy
EEGSA	Empresa Eléctrica de Guatemala, S.A., the largest private distribution company in Central America
EEI	Edison Electric Institute
EPA	U.S. Environmental Protection Agency
EPS	earnings per share
ERISA	Employee Retirement Income Security Act
EROA	expected return on plan assets
ERP	enterprise resource planning
FASB	Financial Accounting Standards Board
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost-recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles
GHG	greenhouse gas(es)
HCIDA	Hillsborough County Industrial Development Authority
HPP	Hardee Power Partners
IFRS	International Financial Reporting Standards
IGCC	integrated gasification combined-cycle
IOU	investor owned utility
IRS	Internal Revenue Service
ISDA	International Swaps and Derivatives Association
ISO	independent system operator
ITCs	investment tax credits
kW	kilowatt
kWh	kilowatt-hour(s)
LIBOR	London Interbank Offered Rate
MARN	Ministry of Environment, Guatemala
MBS	mortgage-backed securities
MD&A	Management's Discussion and Analysis
MMA	The Medicare Prescription Drug, Improvement and Modernization Act of 2003
MM&A	Marshall Miller & Associates

MMBTU	one million British Thermal Units
MRV	market-related value
MSHA	Mine Safety and Health Administration
MW	megawatt(s)
MWH	megawatt-hour(s)
NAESB	North American Energy Standards Board
NAV	net asset value
NERC	North American Electric Reliability Corporation
NOL	net operating loss
Note	Note__to consolidated financial statements
NOx	nitrogen oxide
NPNS	normal purchase normal sale
NYMEX	New York Mercantile Exchange
o&m expenses	operations and maintenance expenses
OATT	open access transmission tariff
OCI	other comprehensive income
OTC	over-the-counter
OTTI	other than temporary impairment
PBGC	Pension Benefit Guarantee Corporation
PBO	postretirement benefit obligation
PCI	pulverized coal injection
PCIDA	Polk County Industrial Development Authority
PGA	purchased gas adjustment
PGS	Peoples Gas System, the gas division of Tampa Electric Company
PPA	power purchase agreement
PPSA	Power Plant Siting Act
PRP	potentially responsible party
PUHCA 2005	Public Utility Holding Company Act of 2005
REIT	real estate investment trust
REMIC	real estate mortgage investment conduit
RFP	request for proposal
ROE	return on common equity
Regulatory ROE	return on common equity as determined for regulatory purposes
RPS	renewable portfolio standards
RTO	regional transmission organization
SEC	U.S. Securities and Exchange Commission
SO_2	sulfur dioxide
SERP	Supplemental Executive Retirement Plan
SPA	stock purchase agreement
STIF	short-term investment fund
TCAE	Tampa Centro Americana de Electridad, Limitada, majority owner of the Alborada Power Station
Tampa Electric	Tampa Electric, the electric division of Tampa Electric Company
TEC	Tampa Electric Company, the principal subsidiary of TECO Energy, Inc.
TECO Diversified	TECO Diversified, Inc., a subsidiary of TECO Energy, Inc. and parent of TECO Coal Corporation
TECO Coal	TECO Coal Corporation, a coal producing subsidiary of TECO Diversified
TECO Finance	TECO Finance, Inc., a financing subsidiary for the unregulated businesses of TECO Energy, Inc.
TEMSA	Tecnología Marítima, S.A., a provider of dry bulk and coal unloading services located in Guatemala
TRC	TEC Receivables Company
VIE	variable interest entity
WRERA	The Worker, Retiree and Employer Recovery Act of 2008

PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

TECO ENERGY, INC.

In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TECO Energy, Inc. and subsidiaries as of June 30, 2012 and Dec. 31, 2011, and the results of their operations and cash flows for the periods ended June 30, 2012 and 2011. The results of operations for the three month and six month periods ended June 30, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012. References should be made to the explanatory notes affecting the consolidated financial statements contained in TECO Energy, Inc.'s Annual Report on Form 10-K for the year ended Dec. 31, 2011 and to the notes on pages 10 through 29 of this report.

INDEX TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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

TECO ENERGY, INC.
Consolidated Condensed Balance Sheets
Unaudited

Assets *(millions)*	*June 30 2012*	*Dec. 31, 2011*
Current assets		
Cash and cash equivalents	$ 117.4	$ 44.0
Restricted cash	14.2	8.7
Receivables, less allowance for uncollectables of $2.6 at June 30, 2012 and Dec. 31, 2011	330.5	327.7
Inventories, at average cost		
Fuel	166.1	136.8
Materials and supplies	88.8	87.3
Derivative assets	0.7	0.9
Regulatory assets	83.2	87.3
Deferred income taxes	43.1	72.7
Prepayments and other current assets	43.5	31.9
Income tax receivables	0.1	0.6
Total current assets	887.6	797.9
Property, plant and equipment		
Utility plant in service		
Electric	6,821.3	6,731.7
Gas	1,197.2	1,169.9
Construction work in progress	284.0	247.4
Other property	438.4	432.3
Property, plant and equipment, at original costs	8,740.9	8,581.3
Accumulated depreciation	(2,718.3)	(2,613.5)
Total property, plant and equipment, net	6,022.6	5,967.8
Other assets		
Regulatory assets	351.1	364.5
Derivative assets	0.1	0.0
Goodwill	55.4	55.4
Deferred charges and other assets	133.8	136.6
Total other assets	540.4	556.5
Total assets	$ 7,450.6	$ 7,322.2

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

TECO ENERGY, INC.
Consolidated Condensed Balance Sheets – continued
Unaudited

Liabilities and Capital (millions)	*June 30, 2012*	*Dec. 31, 2011*
Current liabilities		
Long-term debt due within one year		
Recourse	$ 256.4	$ 374.9
Non-recourse	11.2	11.2
Notes payable	20.0	0.0
Accounts payable	207.2	252.3
Customer deposits	161.4	159.5
Regulatory liabilities	83.4	86.2
Derivative liabilities	40.5	58.4
Interest accrued	42.8	39.3
Taxes accrued	51.5	20.7
Other current liabilities	17.2	17.2
Total current liabilities	891.6	1,019.7
Other liabilities		
Deferred income taxes	178.9	150.8
Investment tax credits	9.9	10.0
Regulatory liabilities	654.1	647.8
Derivative liabilities	3.9	8.6
Deferred credits and other liabilities	522.4	530.8
Long-term debt, less amount due within one year		
Recourse	2,878.4	2,665.0
Non-recourse	16.7	22.3
Total other liabilities	4,264.3	4,035.3
Commitments and Contingencies (see Note 10)		
Capital		
Common equity (400.0 million shares authorized par value $1; 216.6 million shares and 215.8 million shares outstanding at June 30, 2012 and Dec. 31, 2011, respectively)	216.6	215.8
Additional paid in capital	1,557.1	1,553.4
Retained earnings	547.9	519.4
Accumulated other comprehensive loss	(27.3)	(22.0)
TECO Energy capital	2,294.3	2,266.6
Noncontrolling interest	0.4	0.6
Total capital	2,294.7	2,267.2
Total liabilities and capital	$ 7,450.6	$ 7,322.2

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Income
Unaudited

(millions, except per share amounts)	*Three months ended June 30, 2012*	*2011*
Revenues		
Regulated electric and gas (includes franchise fees and gross receipts taxes of $28.3 in 2012 and $27.1 in 2011)	$ 600.3	$ 656.5
Unregulated	188.1	229.2
Total revenues	788.4	885.7
Expenses		
Regulated operations		
Fuel	167.9	194.2
Purchased power	31.2	43.9
Cost of natural gas sold	36.4	54.1
Other	85.6	82.1
Operation other expense		
Mining related costs	99.1	130.7
Guatemalan power generation	20.4	22.7
Other	1.1	1.7
Maintenance	43.8	48.5
Depreciation and amortization	84.2	81.2
Taxes, other than income	57.1	55.5
Total expenses	626.8	714.6
Income from operations	161.6	171.1
Allowance for other funds used during construction	0.5	0.3
Other income	1.9	1.5
Total other income	2.4	1.8
Interest charges		
Interest expense	50.3	51.3
Allowance for borrowed funds used during construction	(0.3)	(0.1)
Total interest charges	50.0	51.2
Income before provision for income taxes	114.0	121.7
Provision for income taxes	40.9	44.1
Net income	$ 73.1	$ 77.6
Less: Net income attributable to noncontrolling interest	0.0	(0.1)
Net income attributable to TECO Energy	$ 73.1	$ 77.5
Average common shares outstanding – Basic	214.3	213.6
– Diluted	215.2	215.2
Earnings per share attributable to TECO Energy – Basic	$ 0.34	$ 0.36
– Diluted	$ 0.34	$ 0.36
Dividends paid per common share outstanding	$ 0.220	$ 0.215

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Income
Unaudited

(millions, except per share amounts)	*Six months ended June 30, 2012*	*2011*
Revenues		
Regulated electric and gas (includes franchise fees and gross receipts taxes of $54.4 in 2012 and $55.5 in 2011)	$1,156.6	$ 1,243.6
Unregulated	361.8	438.2
Total revenues	1,518.4	1,681.8
Expenses		
Regulated operations		
Fuel	325.4	339.1
Purchased power	59.4	71.1
Cost of natural gas sold	78.0	136.1
Other	168.9	160.4
Operation other expense		
Mining related costs	188.5	254.7
Guatemalan power generation	39.6	42.8
Other	3.7	3.1
Maintenance	87.8	97.3
Depreciation and amortization	167.2	161.0
Taxes, other than income	113.1	114.2
Total expenses	1,231.6	1,379.8
Income from operations	286.8	302.0
Other income		
Allowance for other funds used during construction	0.9	0.6
Other income	3.9	3.0
Total other income	4.8	3.6
Interest charges		
Interest expense	100.9	104.1
Allowance for borrowed funds used during construction	(0.5)	(0.3)
Total interest charges	100.4	103.8
Income before provision for income taxes	191.2	201.8
Provision for income taxes	67.5	72.5
Net income	$ 123.7	$ 129.3
Less: Net income attributable to noncontrolling interest	(0.1)	(0.1)
Net income attributable to TECO Energy	$ 123.6	$ 129.2
Average common shares outstanding – Basic	214.1	213.3
– Diluted	215.3	215.1
Earnings per share attributable to TECO Energy – Basic	$ 0.58	$ 0.60
– Diluted	$ 0.57	$ 0.60
Dividends paid per common share outstanding	$ 0.440	$ 0.420

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Comprehensive Income
Unaudited

(millions)	*Three months ended June 30,* 2012	2011	*Six months ended June 30,* 2012	2011
Net income	$ 73.1	$ 77.6	$ 123.7	$ 129.3
Other comprehensive income (loss), net of tax				
Net unrealized (losses) gains on cash flow hedges	(7.4)	(1.4)	(5.9)	0.9
Amortization of unrecognized benefit costs and other	0.5	0.4	0.6	0.8
Other comprehensive (loss) income, net of tax	(6.9)	(1.0)	(5.3)	1.7
Comprehensive income	66.2	76.6	118.4	131.0
Comprehensive income attributable to noncontrolling interest	0.0	(0.1)	(0.1)	(0.1)
Comprehensive income attributable to TECO Energy, Inc.	$ 66.2	$ 76.5	$ 118.3	$ 130.9

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Cash Flows
Unaudited

(millions)	*Six months ended June 30, 2012*	*2011*
Cash flows from operating activities		
Net income	$ 123.7	$ 129.3
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	167.2	161.0
Deferred income taxes	63.4	69.0
Investment tax credits	(0.1)	(0.2)
Allowance for funds used during construction	(0.9)	(0.6)
Non-cash stock compensation	5.3	4.2
Deferred recovery clauses	(12.9)	6.3
Receivables, less allowance for uncollectibles	(2.8)	(2.0)
Inventories	(30.8)	13.8
Prepayments and other current assets	(11.6)	(3.5)
Taxes accrued	31.3	22.3
Interest accrued	3.5	4.6
Accounts payable	(26.9)	(34.6)
Other	(3.0)	17.2
Cash flows from operating activities	305.4	386.8
Cash flows from investing activities		
Capital expenditures	(240.9)	(200.2)
Allowance for funds used during construction	0.9	0.6
Other investing activities	0.0	17.3
Cash flows used in investing activities	(240.0)	(182.3)
Cash flows from financing activities		
Dividends	(95.1)	(90.4)
Proceeds from the sale of common stock	3.2	5.4
Proceeds from long-term debt issuance	290.3	0.0
Repayment of long-term debt/Purchase in lieu of redemption	(210.1)	(144.6)
Dividend to noncontrolling interest	(0.3)	(0.6)
Net increase in short-term debt	20.0	20.0
Cash flows from (used in) financing activities	8.0	(210.2)
Net increase (decrease) in cash and cash equivalents	73.4	(5.7)
Cash and cash equivalents at beginning of period	44.0	67.5
Cash and cash equivalents at end of period	$ 117.4	$ 61.8

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

**TECO ENERGY, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
UNAUDITED**

1. Summary of Significant Accounting Policies

See the company's 2011 Annual Report on Form 10-K for a complete detailed discussion of accounting policies. The significant accounting policies for both utility and diversified operations include:

Principles of Consolidation and Basis of Presentation

The consolidated condensed financial statements include the accounts of TECO Energy, Inc., its majority-owned and controlled subsidiaries and the accounts of VIEs for which it is the primary beneficiary (TECO Energy or the company). TECO Energy is considered to be the primary beneficiary of VIEs if it has both 1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and 2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. For the periods presented, no VIEs have been consolidated (see **Note 14**).

All significant intercompany balances and intercompany transactions have been eliminated in consolidation. Generally, the equity method of accounting is used to account for investments in partnerships or other arrangements in which TECO Energy is not the primary beneficiary, but is able to exert significant influence. In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TECO Energy, Inc. and its subsidiaries as of June 30, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended June 30, 2012 and 2011. The results of operations for the three and six month periods ended June 30, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012.

The use of estimates is inherent in the preparation of financial statements in accordance with U.S. GAAP. Actual results could differ from these estimates. The year-end consolidated condensed balance sheet data was derived from audited financial statements, however, this quarterly report on Form 10-Q does not include all year-end disclosures required for an annual report on Form 10-K by U.S. GAAP.

Revenues

As of June 30, 2012 and Dec. 31, 2011, unbilled revenues of $54.1 million and $50.2 million, respectively, are included in the "Receivables" line item on the Consolidated Condensed Balance Sheets.

Accounting for Excise Taxes, Franchise Fees and Gross Receipts

TECO Coal incurs most of TECO Energy's total excise taxes, which are accrued as an expense and reconciled to the actual cash payment of excise taxes. As general expenses, they are not specifically recovered through revenues. Excise taxes paid by the regulated utilities are not material and are expensed when incurred.

The regulated utilities are allowed to recover certain costs on a dollar-per-dollar basis incurred from customers through prices approved by the FPSC. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Consolidated Condensed Statements of Income. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Consolidated Condensed Statements of Income in "Taxes, other than income". These amounts totaled $28.3 million and $54.4 million, respectively, for the three and six months ended June 30, 2012, compared to $27.1 million and $55.5 million, respectively, for the three and six months ended June 30, 2011.

Cash Flows Related to Derivatives and Hedging Activities

The company classifies cash inflows and outflows related to derivative and hedging instruments in the appropriate cash flow sections associated with the item being hedged. In the case of diesel fuel swaps, which are used to mitigate the fluctuations in the price of diesel fuel, the cash inflows and outflows are included in the operating section. For natural gas and ongoing interest rate swaps, the cash inflows and outflows are included in the operating section. For interest rate swaps that settle coincident with the debt issuance, the cash inflows and outflows are treated as premiums or discounts and included in the financing section of the Consolidated Condensed Statements of Cash Flows.

2. New Accounting Pronouncements

Offsetting Assets and Liabilities

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

3. Regulatory

Tampa Electric's and PGS's retail businesses are regulated by the FPSC. Tampa Electric also is subject to regulation by the FERC under the PUHCA 2005. However, pursuant to a waiver granted in accordance with the FERC's regulations, TECO Energy is not subject to certain accounting, record-keeping and reporting requirements prescribed by the FERC's regulations under the PUHCA 2005. The operations of PGS are regulated by the FPSC separately from the operations of Tampa Electric. The FPSC has jurisdiction over rates, service, issuance of securities, safety, accounting and depreciation practices and other matters. In general, the FPSC sets rates at a level that allows utilities such as Tampa Electric and PGS to collect total revenues (revenue requirements) equal to their cost of providing service, plus a reasonable return on invested capital.

Storm Damage Cost Recovery

Tampa Electric accrues $8.0 million annually to a FERC-authorized and FPSC-approved self-insured storm damage reserve. This reserve was created after Florida's IOUs were unable to obtain transmission and distribution insurance coverage due to destructive acts of nature. Tampa Electric's storm reserve was $47.6 million and $43.6 million as of June 30, 2012 and Dec. 31, 2011, respectively.

Wholesale and Transmission Rate Cases

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

Regulatory Assets and Liabilities

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

Tampa Electric and PGS apply the accounting standards for regulated operations. Areas of applicability include: deferral of revenues under approved regulatory agreements; revenue recognition resulting from cost-recovery clauses that provide for monthly billing charges to reflect increases or decreases in fuel, purchased power, conservation and environmental costs; and the deferral of costs as regulatory assets to the period that the regulatory agency recognizes them when cost recovery is ordered over a period longer than a fiscal year.

Details of the regulatory assets and liabilities as of June 30, 2012 and Dec. 31, 2011 are presented in the following table:

Regulatory Assets and Liabilities

(millions)	*June 30, 2012*	*Dec. 31, 2011*
Regulatory assets:		
Regulatory tax asset (1)	$ 62.5	$ 63.6
Other:		
Cost-recovery clauses	58.6	73.3
Postretirement benefit asset	245.2	252.4
Deferred bond refinancing costs (2)	9.1	11.1
Environmental remediation	37.7	30.5
Competitive rate adjustment	3.5	3.5
Other	17.7	17.4
Total other regulatory assets	371.8	388.2
Total regulatory assets	434.3	451.8
Less: Current portion	83.2	87.3
Long-term regulatory assets	$ 351.1	$ 364.5
Regulatory liabilities:		
Regulatory tax liability (1)	$ 15.3	$ 16.0
Other:		
Cost-recovery clauses	58.7	61.4
Environmental remediation	28.4	28.4
Transmission and delivery storm reserve	47.6	43.6
Deferred gain on property sales (3)	4.1	5.0
Provision for stipulation and other	1.0	0.8
Accumulated reserve - cost of removal	582.4	578.8
Total other regulatory liabilities	722.2	718.0
Total regulatory liabilities	737.5	734.0
Less: Current portion	83.4	86.2
Long-term regulatory liabilities	$654.1	$ 647.8

(1) Primarily related to plant life and derivative positions.

(2) Amortized over the term of the related debt instruments.

(3) Amortized over a 4- or 5-year period with various ending dates.

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

Regulatory Assets

(millions)	*June 30, 2012*	*Dec 31, 2011*
Clause recoverable (1)	$ 62.1	$ 76.8
Components of rate base (2)	258.5	264.9
Regulatory tax assets (3)	62.5	63.6
Capital structure and other (3)	51.2	46.5
Total	$ 434.3	$ 451.8

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

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

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

4. Income Taxes

The company's U.S. subsidiaries join in the filing of a U.S. federal consolidated income tax return. The IRS concluded its examination of the company's 2010 consolidated federal income tax return during 2011. The U.S. federal statute of limitations remains open for years 2008 and forward. Years 2011 and 2012 are currently under examination by the IRS under their Compliance Assurance Program. TECO Energy does not expect the settlement of current IRS examinations to significantly change the total amount of unrecognized tax benefits by the end of 2012. Foreign and U.S. state jurisdictions have statutes of limitations generally ranging from three to five years from the filing of an income tax return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. Years still open to examination by tax authorities in major state and foreign jurisdictions include 2006 and forward.

The company recognizes interest and penalties associated with uncertain tax positions in "Operation other expense-Other" on the Consolidated Condensed Statements of Income in accordance with standards for accounting for uncertainty in income taxes. For the six months ended June 30, 2012, the company recorded $0.1 million of pretax charges for interest only and an immaterial amount for penalties.

The effective tax rate decreased to 35.29% for the six months ended June 30, 2012 from 35.92% for the same period in 2011. The decrease is principally due to state income taxes.

5. Employee Postretirement Benefits

Included in the table below is the periodic expense for pension and other postretirement benefits offered by the company.

Pension Expense (millions)	Pension Benefits		Other Postretirement Benefits	
Three months ended June 30,	*2012*	*2011*	*2012*	*2011*
Components of net periodic benefit expense				
Service cost	$ 4.1	$ 3.8	$ 0.5	$ 0.5
Interest cost on projected benefit obligations	7.6	7.7	2.6	2.7
Expected return on assets	(8.9)	(9.5)	0.0	0.0
Amortization of:				
Transition obligation	0.0	0.0	0.5	0.6
Prior service (benefit) cost	(0.1)	(0.1)	0.2	0.2
Actuarial loss (gain)	3.9	2.8	0.0	(0.1)
Net pension expense recognized in the TECO Energy Consolidated Condensed Statements of Income	$ 6.6	$ 4.7	$ 3.8	$ 3.9
Six months ended June 30,				
Components of net periodic benefit expense				
Service cost	$ 8.5	$ 8.0	$ 1.2	$ 1.1
Interest cost on projected benefit obligations	15.0	15.5	5.1	5.5
Expected return on assets	(18.5)	(19.2)	0.0	0.0
Amortization of:				
Transition obligation	0.0	0.0	0.9	1.2
Prior service (benefit) cost	(0.2)	(0.2)	0.4	0.4
Actuarial loss	7.6	5.6	0.0	0.0
Net pension expense recognized in the TECO Energy Consolidated Condensed Statements of Income	$ 12.4	$ 9.7	$ 7.6	$ 8.2

For the fiscal 2012 plan year, TECO Energy assumed a long-term EROA of 7.50% and a discount rate of 4.797% for pension benefits under its qualified pension plan, and a discount rate of 4.744% for its other postretirement benefits as of their Jan. 1, 2012 measurement dates. Additionally, TECO Energy made contributions of $20.1 million to its pension plan for the six months ended June 30, 2012.

For the three and six months ended June 30, 2012, TECO Energy and its subsidiaries reclassed $0.8 million and $1.5 million, respectively, of unamortized transition obligation, prior service cost and actuarial losses from AOCI to net income as part of periodic benefit expense. In addition, during the three and six months ended June 30, 2012, TEC reclassed $3.8 million and $7.3 million, respectively, of unamortized transition obligation, prior service cost and actuarial losses from regulatory assets to net income as part of periodic benefit expense.

In July 2012, the President signed into law the Moving Ahead for Progress in the 21st Century Act (MAP-21). MAP-21 provides funding relief for pension plan sponsors by stabilizing discount rates used in calculating the required minimum pension contributions and increasing PBGC premium rates to be paid by plan sponsors. The company is currently evaluating the impact MAP-21 will have on its pension contributions and on future PBGC premiums, and expects the required minimum pension contributions to be lower than the levels previously projected.

6. Short-Term Debt

At June 30, 2012 and Dec. 31, 2011, the following credit facilities and related borrowings existed:

Credit Facilities

(millions)	June 30, 2012			Dec. 31, 2011		
	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding
Tampa Electric Company:						
5-year facility (2)	$ 325.0	$ 0.0	$ 0.7	$ 325.0	$ 0.0	$ 0.7
1-year accounts receivable facility	150.0	0.0	0.0	150.0	0.0	0.0
TECO Energy/TECO Finance:						
5-year facility (2)(3)	200.0	20.0	0.0	200.0	0.0	0.0
Total	$675.0	$ 20.0	$ 0.7	$675.0	$ 0.0	$ 0.7

(1) Borrowings outstanding are reported as notes payable.
(2) This 5-year facility matures Oct. 25, 2016.
(3) TECO Finance is the borrower and TECO Energy is the guarantor of this facility.

At June 30, 2012, these credit facilities require commitment fees ranging from 12.5 to 30.0 basis points. The weighted-average interest rate on outstanding amounts payable under the credit facilities at June 30, 2012 was 1.080%. There were no outstanding borrowings at Dec. 31, 2011.

Tampa Electric Company Accounts Receivable Facility

On Feb. 17, 2012, TEC and TRC amended their $150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 10 to the Loan and Servicing Agreement with certain lenders named therein and Citibank, N.A. as Program Agent. The amendment (i) extends the maturity date to Feb. 15, 2013, (ii) provides that TRC will pay program and liquidity fees, which will total 60 basis points, (iii) continues to provide that the interest rates on the borrowings will be based on prevailing asset-backed commercial paper rates, unless such rates are not available from conduit lenders, in which case the rates will be at an interest rate equal to, at TEC's option, either Citibank's prime rate (or the federal funds rate plus 50 basis points, if higher) or a rate based on the LIBOR (if available) plus a margin and (iv) makes other technical changes.

7. Long-Term Debt

Issuance of Tampa Electric Company 4.10% Notes due 2042

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

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

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

On March 1, 2011, TEC purchased in lieu of redemption $75.0 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2010 (the PCIDA Bonds). On Nov. 23, 2010, the PCIDA issued the PCIDA Bonds in a term-rate mode pursuant to the terms of the Loan and Trust Agreement governing those bonds. Proceeds of the PCIDA Bonds were used to redeem $75.0 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007, which previously were in auction rate mode and were held by TEC since March 26, 2008. The PCIDA Bonds bore interest at the initial term rate of 1.50% per annum from Nov. 23, 2010 to March 1, 2011.

On March 26, 2008, TEC purchased in lieu of redemption $20.0 million HCIDA Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007C. $181.0 million in bonds purchased in lieu of redemption were held by the trustee at the direction of TEC as of June 30, 2012 (the "Held Bonds") to provide an opportunity to evaluate refinancing alternatives. The Held Bonds effectively offset the outstanding debt balances and are presented net on the balance sheet.

Fair Value of Long-Term Debt

At June 30, 2012, total long-term debt had a carrying amount of $3,165.7 million and an estimated fair market value of $3,631.5 million. At Dec. 31, 2011, total long-term debt had a carrying amount of $3,075.8 million and an estimated fair market value of $3,435.3 million. The company uses the market approach in determining fair value. The majority of the outstanding debt is valued using real-time financial market data obtained from Bloomberg Professional Service. The remaining securities are valued using prices obtained from the Municipal Securities Rulemaking Board and by applying estimated credit spreads obtained from a third party to the par value of the security. All debt securities are level 2 instruments.

8. Other Comprehensive Income

TECO Energy reported the following OCI for the three and six months ended June 30, 2012 and 2011, related to changes in the fair value of cash flow hedges and amortization of unrecognized benefit costs associated with the company's postretirement plans:

Other Comprehensive Income

(millions)	*Three months ended June 30,* Gross	Tax	Net	*Six months ended June 30,* Gross	Tax	Net
2012						
Unrealized (loss) gain on cash flow hedges	($ 12.3)	$ 4.7	($ 7.6)	($ 9.7)	$ 3.6	($ 6.1)
Reclassification from AOCI to net income	0.4	(0.2)	0.2	0.3	(0.1)	0.2
(Loss) Gain on cash flow hedges	(11.9)	4.5	(7.4)	(9.4)	3.5	(5.9)
Amortization of unrecognized benefit costs and other	0.8	(0.3)	0.5	1.5	(0.9)	0.6
Total other comprehensive (loss) income	($ 11.1)	$ 4.2	($6.9)	($ 7.9)	$ 2.6	($ 5.3)
2011						
Unrealized (loss) gain on cash flow hedges	($ 1.3)	$ 0.5	($ 0.8)	$ 2.9	($ 1.1)	$ 1.8
Reclassification from AOCI to net income	(0.9)	0.3	(0.6)	(1.4)	0.5	(0.9)
(Loss) Gain on cash flow hedges	(2.2)	0.8	(1.4)	1.5	(0.6)	0.9
Amortization of unrecognized benefit costs and other	0.7	(0.3)	0.4	1.3	(0.5)	0.8
Total other comprehensive (loss) income	($ 1.5)	$ 0.5	($ 1.0)	$ 2.8	($ 1.1)	$ 1.7

Accumulated Other Comprehensive Loss

(millions)	*June 30, 2012*	*Dec. 31, 2011*
Unrecognized pension losses and prior service credits (1)	($ 30.6)	($ 31.2)
Unrecognized other benefit gains, prior service costs and transition obligations (2)	14.2	14.2
Net unrealized losses from cash flow hedges (3)	(10.9)	(5.0)
Total accumulated other comprehensive loss	($ 27.3)	($ 22.0)

(1) Net of tax benefit of $18.8 million and $19.6 million as of June 30, 2012 and Dec. 31, 2011, respectively.
(2) Net of tax expense of $6.2 million and $6.2 million as of June 30, 2012 and Dec. 31, 2011, respectively.
(3) Net of tax benefit of $6.8 million and $3.2 million as of June 30, 2012 and Dec. 31, 2011, respectively.

9. Earnings Per Share

Earnings Per Share

(millions, except per share amounts)	Three months ended June 30, 2012	Three months ended June 30, 2011	Six months ended June 30, 2012	Six months ended June 30, 2011
Basic earnings per share				
Net income	$ 73.1	$ 77.6	$ 123.7	$ 129.3
Less: Income attributable to noncontrolling interest	0.0	(0.1)	(0.1)	(0.1)
Less: Amount allocated to nonvested participating shareholders	(0.3)	(0.4)	(0.5)	(0.7)
Net income attributable to TECO Energy available to common shareholders - Basic	$ 72.8	$ 77.1	$ 123.1	$ 128.5
Average common shares outstanding - Basic	214.3	213.6	214.1	213.3
Earnings per share attributable to TECO Energy available to common shareholders - Basic	$ 0.34	$ 0.36	$ 0.58	$ 0.60
Diluted earnings per share				
Net income	$ 73.1	$ 77.6	$ 123.7	$ 129.3
Less: Income attributable to noncontrolling interest	0.0	(0.1)	(0.1)	(0.1)
Less: Amount allocated to nonvested participating shareholders	(0.3)	(0.4)	(0.5)	(0.7)
Net income attributable to TECO Energy available to common shareholders - Diluted	$ 72.8	$ 77.1	$ 123.1	$ 128.5
Average common shares outstanding - Diluted	214.3	213.6	214.1	213.3
Assumed conversions of stock options, unvested restricted stock and contingent performance shares, net	0.9	1.6	1.2	1.8
Average shares outstanding common - Diluted	215.2	215.2	215.3	215.1
Earnings per share attributable to TECO Energy available to common shareholders - Diluted	$ 0.34	$ 0.36	$ 0.57	$ 0.60
Anti-dilutive shares	0.3	1.6	0.8	2.0

10. Commitments and Contingencies

Legal Contingencies

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

Merco Group at Aventura Landings v. Peoples Gas System

In 2004, Merco Group at Aventura Landings I, II and III (Merco) filed suit against PGS in Dade County Circuit Court alleging that coal tar from a certain former PGS manufactured gas plant site had been deposited in the early 1960s onto property now owned by Merco. Merco was seeking damages for costs associated with the removal of such coal tar and from out-of-pocket development expenses and lost profits due to the delay in its condominium development project allegedly caused by the presence of the coal tar. PGS denied liability on the grounds that the coal tar did not originate from its manufactured gas plant site and filed a third-party complaint against Continental Holdings, Inc., which Merco also added as a defendant in its suit, as the owner at the relevant time of the site that PGS believes was the source of the coal tar on Merco's property. In addition, PGS filed a counterclaim against Merco which claimed that, because Merco purchased the property with actual knowledge of the presence of coal tar on the property, Merco should contribute toward any damages resulting from the presence of coal tar. The bench trial in this matter was concluded in February 2012 and, in June 2012, prior to receiving a ruling by the Judge, PGS and Merco settled the case, and PGS and Continental Holdings, Inc. agreed to a release for their claims against each other in the case. Both agreements have been approved by the court. The settlement is reflected as a regulatory asset at June 30, 2012 and is expected to be recovered through the regulatory process. The settlement did not impact the results of operations for the periods ended June 30, 2012 and is not material to the financial position of TEC or TECO Energy as of June 30, 2012.

Superfund and Former Manufactured Gas Plant Sites

TEC, through its Tampa Electric and Peoples Gas divisions, is a PRP for certain superfund sites and, through its Peoples Gas division, for certain former manufactured gas plant sites. While the joint and several liability associated with these sites presents the potential for significant response costs, as of June 30, 2012, TEC has estimated its ultimate financial liability to be $28.4 million, primarily at PGS. This amount has been accrued and is primarily reflected in long-term "Regulatory liabilities" on the Consolidated Condensed Balance Sheets. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are not expected to have a significant impact on customer prices.

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

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

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

Potentially Responsible Party Notification

In October 2010, the EPA notified TEC that it is a PRP under the CERCLA for the proposed conduct of a contaminated soil removal action, if necessary, at a property owned by TEC in Tampa, Florida. The property owned by TEC is undeveloped except for the location of transmission lines and poles, and is adjacent to an industrial site, not owned by TEC, which the EPA has studied since 1992 or earlier. The EPA has asserted this potential liability due to TEC's ownership of the property described above but, to the knowledge of TEC, this assertion is not based upon any release of hazardous substances by TEC. TEC has been in contact with the EPA to resolve this matter, and on July 10, 2012, TEC received an Enforcement Action Memorandum from the EPA, outlining the remediation actions the EPA is requiring at the site. The estimated costs to remediate the site are not expected to be material to the financial results or financial position of TEC or TECO Energy. TEC expects the remediation to be substantially completed in the third quarter of 2012.

Environmental Protection Agency Administrative Order

In December 2010, Clintwood Elkhorn Mining Company, a subsidiary of TECO Coal, received an Administrative Order from the EPA relating to the discharge of wastewater associated with inactive mining operations in Pike County, Kentucky. TECO Coal responded to the EPA in February 2011, and has been in contact with the EPA to resolve this matter. The company is unable to estimate the possible loss or range of loss with respect to this matter due to the uncertainty regarding the scope and extent of TECO Coal's potential liability, if any, and the costs of any required investigation and remediation related to these inactive mining operations.

Guarantees and Letters of Credit

A summary of the face amount or maximum theoretical obligation under TECO Energy's and TEC's letters of credit and guarantees as of June 30, 2012 is as follows:

Guarantees - TECO Energy

(millions) Guarantees for the Benefit of:	2012	2013-2016	After (1) 2016	Total	Liabilities Recognized at June 30, 2012
TECO Coal					
Fuel purchase related (2)	$0.0	$ 0.0	$ 5.4	$ 5.4	$ 1.2
Other subsidiaries					
Fuel purchase/energy management (2)	0.0	10.0	95.3	105.3	2.8
Total	$0.0	$ 10.0	$100.7	$110.7	$ 4.0

Letters of Credit - Tampa Electric Company

(millions) Letters of Credit for the Benefit of:	2012	2013-2016	After (1) 2016	Total	Liabilities Recognized at June 30, 2012
Tampa Electric (2)	$0.0	$ 0.0	$ 0.7	$ 0.7	$ 0.2

(1) These letters of credit and guarantees renew annually and are shown on the basis that they will continue to renew beyond 2016.

(2) The amounts shown are the maximum theoretical amounts guaranteed under current agreements. Liabilities recognized represent the associated obligation of TECO Energy under these agreements at June 30, 2012. The obligations under these letters of credit and guarantees include net accounts payable and net derivative liabilities.

Financial Covenants

In order to utilize their respective bank facilities, TECO Energy and its subsidiaries must meet certain financial tests as defined in the applicable agreements. In addition, TECO Energy, TECO Finance, TEC and the other operating companies have certain restrictive covenants in specific agreements and debt instruments. At June 30, 2012, TECO Energy, TECO Finance, TEC and the other operating companies were in compliance with all applicable financial covenants.

11. Segment Information

TECO Energy is an electric and gas utility holding company with significant diversified activities. Segments are determined based on how management evaluates, measures and makes decisions with respect to the operations of the entity. The management of TECO Energy reports segments based on each subsidiary's contribution of revenues, net income and total assets as required by the accounting guidance for disclosures about segments of an enterprise and related information. All significant intercompany transactions are eliminated in the Consolidated Condensed Financial Statements of TECO Energy, but are included in determining reportable segments.

Segment Information (1)

(millions)
Three months ended June 30,

	Tampa Electric	Peoples Gas	TECO Coal	TECO Guatemala	Other & Eliminations	TECO Energy
2012						
Revenues - external	$506.6	$ 93.7	$149.7	$ 36.0	$ 2.4	$ 788.4
Sales to affiliates	0.2	1.1	0.0	0.0	(1.3)	0.0
Total revenues	506.8	94.8	149.7	36.0	1.1	788.4
Depreciation and amortization	59.6	12.4	10.0	1.9	0.3	84.2
Total interest charges (1)	29.5	4.5	1.8	2.1	12.1	50.0
Internally allocated interest (1)	0.0	0.0	1.8	1.8	(3.6)	0.0
Provision (benefit) for income taxes	31.9	5.7	4.1	3.4	(4.2)	40.9
Net income (loss) attributable to TECO Energy	$ 52.0	$ 9.0	$ 12.2	$ 7.4	($ 7.5)	$ 73.1
2011						
Revenues - external	$ 546.1	$ 110.4	$191.3	$ 36.1	$ 1.8	$ 885.7
Sales to affiliates	0.4	0.8	0.0	0.0	(1.2)	0.0
Total revenues	546.5	111.2	191.3	36.1	0.6	885.7
Equity earnings of unconsolidated affiliates	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and amortization	55.3	12.0	11.7	1.9	0.3	81.2
Total interest charges (1)	30.4	4.4	1.7	1.9	12.8	51.2
Internally allocated interest (1)	0.0	0.0	1.7	1.6	(3.3)	0.0
Provision (benefit) for income taxes	36.9	3.7	5.0	3.3	(4.8)	44.1
Net income (loss) attributable to TECO Energy	$ 58.4	$ 5.9	$ 15.8	$ 5.6	($ 8.2)	$ 77.5

(millions)
Six months ended June 30,

	Tampa Electric	Peoples Gas	TECO Coal	TECO Guatemala	Other & Eliminations	TECO Energy
2012						
Revenues - external	$952.9	$ 203.7	$288.1	$ 68.9	$ 4.8	$1,518.4
Sales to affiliates	0.5	1.3	0.0	0.0	(1.8)	0.0
Total revenues	953.4	205.0	288.1	68.9	3.0	1,518.4
Depreciation and amortization	117.0	25.0	20.8	3.7	0.7	167.2
Total interest charges (1)	59.5	8.9	3.6	4.2	24.2	100.4
Internally allocated interest (1)	0.0	0.0	3.5	3.6	(7.1)	0.0
Provision (benefit) for income taxes	50.8	12.6	7.2	6.1	(9.2)	67.5
Net income (loss) attributable to TECO Energy	$ 83.4	$ 20.0	$ 22.0	$ 14.0	($ 15.8)	$ 123.6
2011						
Revenues - external	$ 979.0	$264.6	$365.0	$ 69.7	$ 3.5	$1,681.8
Sales to affiliates	0.7	2.7	0.0	0.0	(3.4)	0.0
Total revenues	979.7	267.3	365.0	69.7	0.1	1,681.8
Depreciation and amortization	110.2	23.8	22.6	3.7	0.7	161.0
Total interest charges (1)	61.3	8.9	3.4	3.8	26.4	103.8
Internally allocated interest (1)	0.0	0.0	3.3	3.1	(6.4)	0.0
Provision (benefit) for income taxes	56.9	13.0	6.6	6.1	(10.1)	72.5
Net income (loss) attributable to TECO Energy	$ 90.0	$ 20.6	$ 24.0	$ 11.9	($ 17.3)	$ 129.2

(millions)	Tampa Electric	Peoples Gas	TECO Coal	TECO Guatemala	Other & Eliminations	TECO Energy
At June 30, 2012						
Goodwill	$ 0.0	$ 0.0	$ 0.0	$ 55.4	$ 0.0	$ 55.4
Total assets	$ 6,030.9	$963.6	$376.9	$ 310.3	($ 231.1)	$7,450.6
At Dec. 31, 2011						
Goodwill	$ 0.0	$ 0.0	$ 0.0	$ 55.4	$ 0.0	$ 55.4
Total assets	$5,940.9	$ 932.0	$385.2	$ 304.1	($ 240.0)	$7,322.2

(1) Segment net income is reported on a basis that includes internally allocated financing costs. Total interest charges include internally allocated interest costs that for January 2012 through June 2012 were at a pretax rate of 6.00% and for 2011 were at a pretax rate of 6.25% based on an average of each subsidiary's equity and indebtedness to TECO Energy assuming a 50/50 debt/equity capital structure.

12. Accounting for Derivative Instruments and Hedging Activities

From time to time, TECO Energy and its affiliates enter into futures, forwards, swaps and option contracts for the following purposes:

- to limit the exposure to price fluctuations for physical purchases and sales of natural gas in the course of normal operations at Tampa Electric and PGS,
- to limit the exposure to interest rate fluctuations on debt securities at TECO Energy and its affiliates, and
- to limit the exposure to price fluctuations for physical purchases of fuel at TECO Coal.

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

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

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

The company applies the accounting standards for regulated operations to financial instruments used to hedge the purchase of natural gas for its regulated companies. These standards, in accordance with the FPSC, permit the changes in fair value of natural gas derivatives to be recorded as regulatory assets or liabilities reflecting the impact of hedging activities on the fuel recovery clause. As a result, these changes are not recorded in OCI (see **Note 3**).

A company's physical contracts qualify for the NPNS exception to derivative accounting rules, provided they meet certain criteria. Generally, NPNS applies if the company deems the counterparty creditworthy, if the counterparty owns or controls resources within the proximity to allow for physical delivery of the commodity, if the company intends to receive physical delivery and if the transaction is reasonable in relation to the company's business needs. As of June 30, 2012, all of the company's physical contracts qualify for the NPNS exception.

The following table presents the derivatives that are designated as cash flow hedges at June 30, 2012 and Dec. 31, 2011:

Total Derivatives (1)

(millions)	*June 30, 2012*	*Dec. 31, 2011*
Current assets	$ 0.7	$ 0.9
Long-term assets	0.1	0.0
Total assets	$ 0.8	$ 0.9
Current liabilities	$ 40.5	$ 58.4
Long-term liabilities	3.9	8.6
Total liabilities	$ 44.4	$ 67.0

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

The following table presents the derivative hedges of diesel fuel contracts at June 30, 2012 and Dec. 31, 2011 to limit the exposure to changes in the market price for diesel fuel used in the production of coal:

Diesel Fuel Derivatives

(millions)	*June 30, 2012*	*Dec. 31, 2011*
Current assets	$ 0.3	$ 0.9
Long-term assets	0.0	0.0
Total assets	$ 0.3	$ 0.9
Current liabilities	$ 1.6	$ 0.0
Long-term liabilities	1.3	1.2
Total liabilities	$ 2.9	$ 1.2

The following table presents the derivative hedges of natural gas contracts at June 30, 2012 and Dec. 31, 2011 to limit the exposure to changes in market price for natural gas used to produce energy and natural gas purchased for resale to customers:

Natural Gas Derivatives

(millions)	*June 30, 2012*	*Dec. 31, 2011*
Current assets	$ 0.4	$ 0.0
Long-term assets	0.1	0.0
Total assets	$ 0.5	$ 0.0
Current liabilities	$ 38.9	$ 58.4
Long-term liabilities	2.6	7.4
Total liabilities	$ 41.5	$65.8

The ending balance in AOCI related to the cash flow hedges and previously settled interest rate swaps at June 30, 2012 is a net loss of $10.9 million after tax and accumulated amortization. This compares to a net loss of $5.0 million in AOCI after tax and accumulated amortization at Dec. 31, 2011. The balance at June 30, 2012 is primarily comprised of interest rate swaps settled coincident with debt issued in June of 2008 and 2012 (see **Note 7**). These amounts will be amortized into earnings over the life of the related debt.

The following table presents the fair values and locations of derivative instruments recorded on the balance sheet at June 30, 2012:

Derivatives Designated As Hedging Instruments

	Asset Derivatives		Liability Derivatives	
(millions) at June 30, 2012	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity Contracts:				
Diesel fuel derivatives:				
Current	Derivative assets	$ 0.3	Derivative liabilities	$ 1.6
Long-term	Derivative assets	0.0	Derivative liabilities	1.3
Natural gas derivatives:				
Current	Derivative assets	0.4	Derivative liabilities	38.9
Long-term	Derivative assets	0.1	Derivative liabilities	2.6
Total derivatives designated as hedging instruments		$0.8		$ 44.4

The following table presents the effect of energy related derivatives on the fuel recovery clause mechanism in the Consolidated Condensed Balance Sheets as of June 30, 2012:

Energy Related Derivatives

(millions) *at June 30, 2012*	Asset Derivatives Balance Sheet Location (1)	Asset Derivatives Fair Value	Liability Derivatives Balance Sheet Location (1)	Liability Derivatives Fair Value
Commodity Contracts:				
Natural gas derivatives:				
Current	Regulatory liabilities	$ 0.4	Regulatory assets	$38.9
Long-term	Regulatory liabilities	0.1	Regulatory assets	2.6
Total		$0.5		$41.5

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

Based on the fair value of the instruments at June 30, 2012, net pretax losses of $38.5 million are expected to be reclassified from regulatory assets or liabilities to the Consolidated Condensed Statements of Income within the next 12 months.

The following tables present the effect of hedging instruments on OCI and income for the three and six months ended June 30:

For the three months ended June 30: *(millions)* Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) on Derivatives Recognized in OCI Effective Portion (1)	Location of Gain/(Loss) Reclassified From AOCI Into Income	Amount of Gain/(Loss) Reclassified From AOCI Into Income Effective Portion (1)
2012			
Interest rate contracts	($ 4.9)	Interest expense	($ 0.2)
Commodity contracts:			
Diesel fuel derivatives	(2.7)	Mining related costs	0.0
Total	($ 7.6)		($ 0.2)
2011			
Interest rate contracts	$ 0.0	Interest expense	($ 0.2)
Commodity contracts:			
Diesel fuel derivatives	(0.8)	Mining related costs	0.8
Total	($ 0.8)		$ 0.6

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

For the six months ended June 30: (millions) Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) on Derivatives Recognized in OCI Effective Portion (1)	Location of Gain/(Loss) Reclassified From AOCI Into Income	Amount of Gain/(Loss) Reclassified From AOCI Into Income Effective Portion (1)
2012			
Interest rate contracts	($ 4.9)	Interest expense	($ 0.4)
Commodity contracts:			
Diesel fuel derivatives	(1.2)	Mining related costs	0.2
Total	($ 6.1)		($ 0.2)
2011			
Interest rate contracts	$ 0.0	Interest expense	($ 0.3)
Commodity contracts:			
Diesel fuel derivatives	1.8	Mining related costs	1.2
Total	$ 1.8		$ 0.9

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

For derivative instruments that meet cash flow hedge criteria, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or period during which the hedged transaction affects earnings. Gains and losses on the derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. For the six months ended June 30, 2012 and 2011, all hedges were effective.

The following table presents the derivative activity for instruments classified as qualifying cash flow hedges and their effect on OCI and AOCI for the six months ended June 30:

For the six months ended June 30: (millions)	Fair Value Asset/(Liability)	Amount of Gain/(Loss) Recognized in OCI (1)	Amount of Gain/(Loss) Reclassified From AOCI Into Income
2012			
Interest rate swaps	$ 0.0	($ 4.9)	($ 0.4)
Diesel fuel derivatives	(2.6)	(1.2)	0.2
Total	($ 2.6)	($ 6.1)	($ 0.2)
2011			
Interest rate swaps	$ 0.0	$ 0.0	($ 0.3)
Diesel fuel derivatives	3.1	1.8	1.2
Total	$ 3.1	$ 1.8	$ 0.9

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

The maximum length of time over which the company is hedging its exposure to the variability in future cash flows extends to Dec. 31, 2014 for both financial natural gas and financial diesel fuel contracts. The following table presents by commodity type the company's derivative volumes that, as of June 30, 2012, are expected to settle during the 2012, 2013 and 2014 fiscal years:

(millions)	Diesel Fuel Contracts (Gallons)		Natural Gas Contracts (MMBTUs)	
Year	Physical	Financial	Physical	Financial
2012	0.0	4.9	0.0	20.1
2013	0.0	2.7	0.0	13.4
2014	0.0	1.5	0.0	2.1
Total	0.0	9.1	0.0	35.6

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

It is possible that volatility in commodity prices could cause the company to have material credit risk exposures with one or more counterparties. If such counterparties fail to perform their obligations under one or more agreements, the company could suffer a material financial loss. However, as of June 30, 2012, substantially all of the counterparties with transaction amounts outstanding in the company's energy portfolio are rated investment grade by the major rating agencies. The company assesses credit risk internally for counterparties that are not rated.

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

The company has implemented procedures to monitor the creditworthiness of its counterparties and to consider nonperformance in valuing counterparty positions. The company monitors counterparties' credit standings, including those that are experiencing financial problems, have significant swings in credit default swap rates, have credit rating changes by external rating agencies or have changes in ownership. Net liability positions are generally not adjusted as the company uses derivative transactions as hedges and has the ability and intent to perform under each of these contracts. In the instance of net asset positions, the company considers general market conditions and the observable financial health and outlook of specific counterparties, forward-looking data such as credit default swaps, when available, and historical default probabilities from credit rating agencies in evaluating the potential impact of nonperformance risk to derivative positions. As of June 30, 2012, all positions with counterparties are net liabilities.

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

The table below presents the fair value of the overall contractual contingent liability positions for the company's derivative activity at June 30, 2012:

Contingent Features

(millions) *At June 30, 2012*	Fair Value Asset/ (Liability)	Derivative Exposure Asset/ (Liability)	Posted Collateral
Credit Rating	($ 44.0)	($ 44.0)	$ 0.0

13. Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis

The following tables set forth by level within the fair value hierarchy the company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2012 and Dec. 31, 2011. As required by accounting standards for fair value measurements, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. For natural gas and diesel fuel swaps, the market approach was used in determining fair value. There were no reclassifications between levels for the quarter.

Recurring Fair Value Measures

(millions)	*At fair value as of June 30, 2012* Level 1	Level 2	Level 3	Total
Assets				
Natural gas swaps	$ 0.0	$ 0.5	$ 0.0	$ 0.5
Diesel fuel swaps	0.0	0.3	0.0	0.3
Total	$ 0.0	$ 0.8	$ 0.0	$ 0.8
Liabilities				
Natural gas swaps	$ 0.0	$41.5	$ 0.0	$41.5
Diesel fuel swaps	0.0	2.9	0.0	2.9
Total	$ 0.0	$ 44.4	$ 0.0	$ 44.4

(millions)	*At fair value as of Dec. 31, 2011* Level 1	Level 2	Level 3	Total
Assets				
Natural gas swaps	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Diesel fuel swaps	0.0	0.9	0.0	0.9
Total	$ 0.0	$ 0.9	$ 0.0	$ 0.9
Liabilities				
Natural gas swaps	$ 0.0	$65.8	$ 0.0	$65.8
Diesel fuel swaps	0.0	1.2	0.0	1.2
Total	$ 0.0	$ 67.0	$ 0.0	$ 67.0

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

The company considered the impact of nonperformance risk in determining the fair value of derivatives. The company considered the net position with each counterparty, past performance of both parties, the intent of the parties, indications of credit deterioration and whether the markets in which the company transacts have experienced dislocation. At June 30, 2012, the fair value of derivatives was not materially affected by nonperformance risk. The company's net positions with substantially all counterparties were liability positions.

14. Variable Interest Entities

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

TEC has entered into multiple PPAs with wholesale energy providers in Florida to ensure the ability to meet customer energy demand and to provide lower cost options in the meeting of this demand. These agreements range in size from 117 MW to 370 MW of available capacity, are with similar entities and contain similar provisions. Because some of these provisions provide for the transfer or sharing of a number of risks inherent in the generation of energy, these agreements meet the definition of being VIEs. These risks include: operating and maintenance, regulatory, credit, commodity/fuel and energy market risk. TEC has reviewed these risks and has determined that the owners of these entities have retained the majority of these risks over the expected life of the underlying generating assets, have the power to direct the most significant activities, the obligation or right to absorb losses or benefits and hence remain the primary beneficiaries. As a result, TEC is not required to consolidate any of these entities. TEC purchased \$20.8 million and \$43.3 million pursuant to PPAs for the three and six months ended June 30, 2012, respectively, and \$26.2 million and \$42.0 million for the three and six months ended June 30, 2011, respectively.

In one instance, TEC's agreement with an entity for 370 MW of capacity was entered into prior to Dec. 31, 2003, the effective date of these standards. Under these standards, TEC is required to make an exhaustive effort to obtain sufficient information to determine if this entity is a VIE and which holder of the variable interests is the primary beneficiary. The owners of this entity are not willing to provide the information necessary to make these determinations, have no obligation to do so and the information is not available publicly. As a result, TEC is unable to determine if this entity is a VIE and, if so, which variable interest holder, if any, is the primary beneficiary. TEC has no obligation to this entity beyond the purchase of capacity; therefore, the maximum exposure for TEC is the obligation to pay for such capacity under terms of the PPA at rates that could be unfavorable to the wholesale market. TEC purchased \$10.5 million and \$25.2 million for the three and six months ended June 30, 2012, respectively, and \$5.9 million and \$13.0 million for the three and six months ended June 30, 2011, respectively, under this PPA.

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

15. Subsequent Events

Potentially Responsible Party Notification

In July 2012, TEC received an Enforcement Action Memorandum from the EPA in reference to the previously reported October 2010 EPA PRP notification. This memorandum outlines the remediation actions the EPA is requiring at the aforementioned site. The estimated costs to remediate the site are not expected to be material to the financial results or financial position of TEC or TECO Energy. TEC expects the remediation to be substantially completed in the third quarter of 2012. See **Note 10** for more information.

Wholesale and Transmission Rate Cases

In July 2012, the FERC approved the uncontested settlement that Tampa Electric filed with its customers in its wholesale requirements rate case earlier this year. The approved settlement will take effect in August and Tampa Electric will refund its wholesale requirements' customers the appropriate amounts given the terms of the settlement. See **Note 3** for more information.

TAMPA ELECTRIC COMPANY

In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TEC as of June 30, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended June 30, 2012 and 2011. The results of operations for the three month and six month periods ended June 30, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012. References should be made to the explanatory notes affecting the consolidated financial statements contained in TEC's Annual Report on Form 10-K for the year ended Dec. 31, 2011 and to the notes on pages 36 through 48 of this report.

INDEX TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Balance Sheets
Unaudited

Assets *(millions)*	*June 30, 2012*	*Dec. 31, 2011*
Property, plant and equipment		
Utility plant in service		
Electric	$ 6,603.8	$6,516.0
Gas	1,140.8	1,113.5
Construction work in progress	271.9	239.2
Utility plant in service, at original costs	8,016.5	7,868.7
Accumulated depreciation	(2,318.8)	(2,230.3)
	5,697.7	5,638.4
Other property, net	6.5	6.5
Total property, plant and equipment, net	5,704.2	5,644.9
Current assets		
Cash and cash equivalents	84.4	13.9
Receivables, less allowance for uncollectibles of $1.2 and $1.3 at June 30, 2012 and Dec. 31, 2011, respectively	241.9	216.8
Inventories, at average cost		
Fuel	106.3	97.9
Materials and supplies	68.9	67.7
Regulatory assets	83.2	87.3
Derivative assets	0.4	0.0
Taxes receivable	0.0	14.6
Deferred income taxes	29.6	30.4
Prepayments and other current assets	18.7	10.5
Total current assets	633.4	539.1
Deferred debits		
Unamortized debt expense	15.3	14.1
Regulatory assets	351.1	364.5
Derivative assets	0.1	0.0
Other	2.1	8.8
Total deferred debits	368.6	387.4
Total assets	$ 6,706.2	$ 6,571.4

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Balance Sheets - continued
Unaudited

Liabilities and Capital *(millions)*	*June 30, 2012*	*Dec. 31, 2011*
Capital		
Common stock	$ 1,852.4	$ 1,852.4
Accumulated other comprehensive loss	(9.1)	(4.6)
Retained earnings	314.9	305.7
Total capital	2,158.2	2,153.5
Long-term debt, less amount due within one year	1,829.6	1,616.3
Total capital	3,987.8	3,769.8
Current liabilities		
Long-term debt due within one year	256.4	374.9
Accounts payable	154.7	191.3
Customer deposits	161.4	159.5
Regulatory liabilities	83.4	86.2
Derivative liabilities	38.9	58.4
Interest accrued	29.1	25.6
Taxes accrued	46.4	11.9
Other	11.6	11.6
Total current liabilities	781.9	919.4
Deferred credits		
Deferred income taxes	894.3	833.0
Investment tax credits	9.9	10.0
Derivative liabilities	2.6	7.4
Regulatory liabilities	654.1	647.8
Other	375.6	384.0
Total deferred credits	1,936.5	1,882.2
Commitments and Contingencies (see Note 8)		
Total liabilities and capital	$ 6,706.2	$6,571.4

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Statements of Income and Comprehensive Income
Unaudited

(millions)	Three months ended June 30, 2012	2011
Revenues		
Electric (includes franchise fees and gross receipts taxes of $23.4 in 2012 and $21.3 in 2011)	$ 506.6	$ 546.4
Gas (includes franchise fees and gross receipts taxes of $4.9 in 2012 and $5.8 in 2011)	93.8	110.4
Total revenues	600.4	656.8
Expenses		
Operations		
Fuel	167.9	194.2
Purchased power	31.2	43.9
Cost of natural gas sold	36.5	54.2
Other	85.6	82.0
Maintenance	28.6	31.6
Depreciation and amortization	72.0	67.3
Taxes, federal and state	37.5	40.4
Taxes, other than income	46.9	44.9
Total expenses	506.2	558.5
Income from operations	94.2	98.3
Other income		
Allowance for other funds used during construction	0.5	0.3
Taxes, non-utility federal and state	(0.1)	(0.2)
Other income, net	0.4	0.7
Total other income	0.8	0.8
Interest charges		
Interest on long-term debt	31.3	32.1
Other interest	3.0	2.8
Allowance for borrowed funds used during construction	(0.3)	(0.1)
Total interest charges	34.0	34.8
Net income	61.0	64.3
Other comprehensive income (loss), net of tax		
Net unrealized (loss) gain on cash flow hedges	(4.7)	0.2
Total other comprehensive (loss) income, net of tax	(4.7)	0.2
Comprehensive income	$ 56.3	$ 64.5

TAMPA ELECTRIC COMPANY
Consolidated Condensed Statements of Income and Comprehensive Income
Unaudited

(millions)	*Six months ended June 30,* 2012	2011
Revenues		
Electric (includes franchise fees and gross receipts taxes of $43.3 in 2012 and $40.6 in 2011)	$ 953.2	$ 979.4
Gas (includes franchise fees and gross receipts taxes of $11.1 in 2012 and $14.9 in 2011)	203.7	264.7
Total revenues	1,156.9	1,244.1
Expenses		
Operations		
Fuel	325.4	339.1
Purchased power	59.4	71.1
Cost of natural gas sold	78.1	136.2
Other	168.7	160.2
Maintenance	57.6	63.1
Depreciation and amortization	142.0	134.0
Taxes, federal and state	63.1	69.5
Taxes, other than income	92.3	91.5
Total expenses	986.6	1,064.7
Income from operations	170.3	179.4
Other income		
Allowance for other funds used during construction	0.9	0.6
Taxes, non-utility federal and state	(0.3)	(0.4)
Other income, net	0.9	1.2
Total other income	1.5	1.4
Interest charges		
Interest on long-term debt	63.0	64.8
Other interest	5.9	5.7
Allowance for borrowed funds used during construction	(0.5)	(0.3)
Total interest charges	68.4	70.2
Net income	103.4	110.6
Other comprehensive income (loss), net of tax		
Net unrealized (loss) gain on cash flow hedges	(4.5)	0.3
Total other comprehensive (loss) income, net of tax	(4.5)	0.3
Comprehensive income	$ 98.9	$ 110.9

TAMPA ELECTRIC COMPANY
Consolidated Condensed Statements of Cash Flows
Unaudited

(millions)	*Six months ended June 30, 2012*	*2011*
Cash flows from operating activities		
Net income	$ 103.4	$ 110.6
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	142.0	134.0
Deferred income taxes	65.3	57.5
Investment tax credits, net	(0.1)	(0.2)
Allowance for funds used during construction	(0.9)	(0.6)
Deferred recovery clauses	(12.9)	6.3
Receivables, less allowance for uncollectibles	(26.5)	16.0
Inventories	(9.6)	13.9
Prepayments	(8.2)	(2.4)
Taxes accrued	49.1	39.3
Interest accrued	3.5	5.2
Accounts payable	(17.3)	(38.3)
Gain on sale of assets, pretax	(0.2)	(0.1)
Other	5.7	15.2
Cash flows from operating activities	293.3	356.4
Cash flows from investing activities		
Capital expenditures	(215.6)	(166.3)
Allowance for funds used during construction	0.9	0.6
Net proceeds from sale of assets	0.3	2.6
Cash flows used in investing activities	(214.4)	(163.1)
Cash flows from financing activities		
Proceeds from long-term debt issuance	290.3	0.0
Repayment of long-term debt/Purchase in lieu of redemption	(204.5)	(75.3)
Net (decrease) increase in short-term debt	0.0	(5.0)
Dividends	(94.2)	(105.8)
Cash flows used in financing activities	(8.4)	(186.1)
Net increase in cash and cash equivalents	70.5	7.2
Cash and cash equivalents at beginning of period	13.9	3.7
Cash and cash equivalents at end of period	$ 84.4	$ 10.9

TAMPA ELECTRIC COMPANY
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
UNAUDITED

1. Summary of Significant Accounting Policies

See TEC's 2011 Annual Report on Form 10-K for a complete detailed discussion of accounting policies. The significant accounting policies for TEC include:

Principles of Consolidation and Basis of Presentation

TEC is a wholly-owned subsidiary of TECO Energy, Inc. For the purposes of its consolidated financial reporting, TEC is comprised of the electric division, generally referred to as Tampa Electric, the natural gas division, generally referred to as PGS, and potentially the accounts of VIEs for which it is the primary beneficiary. TEC is considered to be the primary beneficiary of VIEs if it has both 1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and 2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. For the periods presented, no VIEs have been consolidated (see **Note 13**).

All significant intercompany balances and intercompany transactions have been eliminated in consolidation. In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TEC as of June 30, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended June 30, 2012 and 2011. The results of operations for the three and six month periods ended June 30, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012.

The use of estimates is inherent in the preparation of financial statements in accordance with U.S. GAAP. Actual results could differ from these estimates. The year-end consolidated condensed balance sheet data was derived from audited financial statements, however, this quarterly report on Form 10-Q does not include all year-end disclosures required for an annual report on Form 10-K by U.S. GAAP.

Revenues

As of June 30, 2012 and Dec. 31, 2011, unbilled revenues of $54.1 million and $50.2 million, respectively, are included in the "Receivables" line item on the Consolidated Condensed Balance Sheets.

Accounting for Franchise Fees and Gross Receipts

The regulated utilities are allowed to recover certain costs on a dollar-per-dollar basis incurred from customers through prices approved by the FPSC. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Consolidated Condensed Statements of Income. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Consolidated Condensed Statements of Income in "Taxes, other than income". These amounts totaled $28.3 million and $54.4 million, respectively, for the three and six months ended June 30, 2012, compared to $27.1 million and $55.5 million, respectively, for the three and six months ended June 30, 2011.

Cash Flows Related to Derivatives and Hedging Activities

TEC classifies cash inflows and outflows related to derivative and hedging instruments in the appropriate cash flow sections associated with the item being hedged. For natural gas and ongoing interest rate swaps, the cash inflows and outflows are included in the operating section. For interest rate swaps that settle coincident with the debt issuance, the cash inflows and outflows are treated as premiums or discounts and included in the financing section of the Consolidated Condensed Statements of Cash Flows.

2. New Accounting Pronouncements

Offsetting Assets and Liabilities

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

3. Regulatory

Tampa Electric's and PGS's retail businesses are regulated by the FPSC. Tampa Electric is also subject to regulation by the FERC under the PUHCA 2005. However, pursuant to a waiver granted in accordance with the FERC's regulations, TECO Energy is not subject to certain accounting, record-keeping and reporting requirements prescribed by the FERC's regulations under the PUHCA 2005. The operations of PGS are regulated by the FPSC separately from the operations of Tampa Electric. The FPSC has jurisdiction over rates, service, issuance of securities, safety, accounting and depreciation practices and other matters. In general, the FPSC sets rates at a level that allows utilities such as Tampa Electric and PGS to collect total revenues (revenue requirements) equal to their cost of providing service, plus a reasonable return on invested capital.

Storm Damage Cost Recovery

Tampa Electric accrues $8.0 million annually to a FERC-authorized and FPSC-approved self-insured storm damage reserve. This reserve was created after Florida's IOUs were unable to obtain transmission and distribution insurance coverage due to destructive acts of nature. Tampa Electric's storm reserve was $47.6 million and $43.6 million as of June 30, 2012 and Dec. 31, 2011, respectively.

Wholesale and Transmission Rate Cases

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

Regulatory Assets and Liabilities

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

Tampa Electric and PGS apply the accounting standards for regulated operations. Areas of applicability include: deferral of revenues under approved regulatory agreements; revenue recognition resulting from cost-recovery clauses that provide for monthly billing charges to reflect increases or decreases in fuel, purchased power, conservation and environmental costs; and the deferral of costs as regulatory assets to the period that the regulatory agency recognizes them when cost recovery is ordered over a period longer than a fiscal year.

Details of the regulatory assets and liabilities as of June 30, 2012 and Dec. 31, 2011 are presented in the following table:

Regulatory Assets and Liabilities

(millions)	*June 30, 2012*	*Dec. 31, 2011*
Regulatory assets:		
Regulatory tax asset (1)	$ 62.5	$ 63.6
Other:		
Cost-recovery clauses	58.6	73.3
Postretirement benefit asset	245.2	252.4
Deferred bond refinancing costs (2)	9.1	11.1
Environmental remediation	37.7	30.5
Competitive rate adjustment	3.5	3.5
Other	17.7	17.4
Total other regulatory assets	371.8	388.2
Total regulatory assets	434.3	451.8
Less: Current portion	83.2	87.3
Long-term regulatory assets	$ 351.1	$ 364.5
Regulatory liabilities:		
Regulatory tax liability (1)	$ 15.3	$ 16.0
Other:		
Cost-recovery clauses	58.7	61.4
Environmental remediation	28.4	28.4
Transmission and delivery storm reserve	47.6	43.6
Deferred gain on property sales (3)	4.1	5.0
Provision for stipulation and other	1.0	0.8
Accumulated reserve - cost of removal	582.4	578.8
Total other regulatory liabilities	722.2	718.0
Total regulatory liabilities	737.5	734.0
Less: Current portion	83.4	86.2
Long-term regulatory liabilities	$ 654.1	$ 647.8

(1) Primarily related to plant life and derivative positions.
(2) Amortized over the term of the related debt instruments.
(3) Amortized over a 4- or 5-year period with various ending dates.

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

Regulatory Assets

(millions)	*June 30, 2012*	*Dec 31, 2011*
Clause recoverable (1)	$ 62.1	$ 76.8
Components of rate base (2)	258.5	264.9
Regulatory tax assets (3)	62.5	63.6
Capital structure and other (3)	51.2	46.5
Total	$ 434.3	$ 451.8

(1) To be recovered through cost-recovery clauses approved by the FPSC on a dollar-for-dollar basis in the next year.
(2) Primarily reflects allowed working capital, which is included in rate base and earns a rate of return as permitted by the FPSC.
(3) "Regulatory tax assets" and "Capital structure and other" regulatory assets have a recoverable period longer than a fiscal year and are recognized over the period authorized by the regulatory agency. Also included are unamortized loan costs, which are amortized over the life of the related debt instruments. See footnotes 1 and 2 in the prior table for additional information.

4. Income Taxes

TEC is included in the filing of a consolidated federal income tax return with TECO Energy and its affiliates. TEC's income tax expense is based upon a separate return computation. TEC's effective tax rates for the three and six months ended June 30, 2012 and 2011 differ from the statutory rate principally due to state income taxes, the domestic activity production deduction and the AFUDC-equity.

The IRS concluded its examination of the company's 2010 consolidated federal income tax return during 2011. The U.S. federal statute of limitations remains open for the year 2008 and forward. Years 2011 and 2012 are currently under examination by the IRS under the Compliance Assurance Program. TECO Energy does not expect the settlement of current IRS examinations to significantly change the total amount of unrecognized tax benefits by the end of 2012. Florida's statute of limitations is three years from the filing of an income tax return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. Years still open to examination by Florida's tax authorities include 2008 and forward.

5. Employee Postretirement Benefits

TEC is a participant in the comprehensive retirement plans of TECO Energy. Amounts allocable to all participants of the TECO Energy retirement plans are found in **Note 5, Employee Postretirement Benefits**, in the TECO Energy, Inc. **Notes to Consolidated Condensed Financial Statements**. TEC's portion of the net pension expense for the three months ended June 30, 2012 and 2011, respectively, was $5.0 million and $3.1 million for pension benefits, and $3.1 million and $3.2 million for other postretirement benefits. TEC's portion of the net pension expense for the six months ended June 30, 2012 and 2011, respectively, was $9.2 million and $6.7 million for pension benefits, and $6.2 million and $6.7 million for other postretirement benefits.

For the fiscal 2012 plan year, TECO Energy assumed a long-term EROA of 7.50% and a discount rate of 4.797% for pension benefits under its qualified pension plan, and a discount rate of 4.744% for its other postretirement benefits as of their Jan. 1, 2012 measurement dates. Additionally, TECO Energy made contributions of $20.1 million to its pension plan in the six months ended June 30, 2012. TEC's portion of the contributions was $15.7 million.

Included in the benefit expenses discussed above, for the three and six months ended June 30, 2012, TEC reclassed $3.8 million and $7.3 million, respectively, of unamortized transition obligation, prior service cost and actuarial losses from regulatory assets to net income.

In July 2012, the President signed into law the Moving Ahead for Progress in the 21st Century Act (MAP-21). MAP-21 provides funding relief for pension plan sponsors by stabilizing discount rates used in calculating the required minimum pension contributions and increasing PBGC premium rates to be paid by plan sponsors. TEC is currently evaluating the impact MAP-21 will have on its pension contributions and on future PBGC premiums, and expects the required minimum pension contributions to be lower than the levels previously projected.

6. Short-Term Debt

At June 30, 2012 and Dec. 31, 2011, the following credit facilities and related borrowings existed:

Credit Facilities

	June 30, 2012			Dec. 31, 2011		
(millions)	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding
Tampa Electric Company:						
5-year facility (2)	$325.0	$ 0.0	$ 0.7	$325.0	$ 0.0	$ 0.7
1-year accounts receivable facility	150.0	0.0	0.0	150.0	0.0	0.0
Total	$475.0	$ 0.0	$ 0.7	$475.0	$ 0.0	$ 0.7

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

At June 30, 2012, these credit facilities require commitment fees ranging from 12.5 to 30.0 basis points. There were no outstanding borrowings at June 30, 2012 or Dec. 31, 2011.

Tampa Electric Company Accounts Receivable Facility

On Feb. 17, 2012, TEC and TRC amended their $150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 10 to the Loan and Servicing Agreement with certain lenders named therein and Citibank, N.A. as Program Agent. The amendment (i) extends the maturity date to Feb. 15, 2013, (ii) provides that TRC will pay program and liquidity fees, which will total 60 basis points, (iii) continues to provide that the interest rates on the borrowings will be based on prevailing asset-backed commercial paper rates, unless such rates are not available from conduit lenders, in which case the rates will be at an interest rate equal to, at TEC's option, either Citibank's prime rate (or the federal funds rate plus 50 basis points, if higher) or a rate based on the LIBOR (if available) plus a margin and (iv) makes other technical changes.

7. Long-Term Debt

Issuance of Tampa Electric Company 4.10% Notes due 2042

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

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

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

On March 1, 2011, TEC purchased in lieu of redemption $75.0 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2010 (the PCIDA Bonds). On Nov. 23, 2010, the PCIDA issued the PCIDA Bonds in a term-rate mode pursuant to the terms of the Loan and Trust Agreement governing those bonds. Proceeds of the PCIDA Bonds were used to redeem $75.0 million PCIDA Solid Waste Disposal Facility Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007, which previously were in auction rate mode and were held by TEC since March 26, 2008. The PCIDA Bonds bore interest at the initial term rate of 1.50% per annum from Nov. 23, 2010 to March 1, 2011.

On March 26, 2008, TEC purchased in lieu of redemption $20.0 million HCIDA Pollution Control Revenue Refunding Bonds (Tampa Electric Company Project), Series 2007C. $181.0 million in bonds purchased in lieu of redemption were held by the trustee at the direction of TEC as of June 30, 2012 (the "Held Bonds") to provide an opportunity to evaluate refinancing alternatives. The Held Bonds effectively offset the outstanding debt balances and are presented net on the balance sheet.

Fair Value of Long-Term Debt

At June 30, 2012, TEC's total long-term debt had a carrying amount of $2,087.7 million and an estimated fair market value of $2,422.3 million. At Dec. 31, 2011, total long-term debt had a carrying amount of $1,992.3 million and an estimated fair market value of $2,291.5 million. TEC uses the market approach in determining fair value. The majority of the outstanding debt is valued using real-time financial market data obtained from Bloomberg Professional Service. The remaining securities are valued using prices obtained from the Municipal Securities Rulemaking Board and by applying estimated credit spreads obtained from a third party to the par value of the security. All debt securities are level 2 instruments.

8. Commitments and Contingencies

Legal Contingencies

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

Merco Group at Aventura Landings v. Peoples Gas System

In 2004, Merco Group at Aventura Landings I, II and III (Merco) filed suit against PGS in Dade County Circuit Court alleging that coal tar from a certain former PGS manufactured gas plant site had been deposited in the early 1960s onto property now owned by Merco. Merco was seeking damages for costs associated with the removal of such coal tar and from out-of-pocket development expenses and lost profits due to the delay in its condominium development project allegedly caused by the presence of the coal tar. PGS denied liability on the grounds that the coal tar did not originate from its manufactured gas plant site and filed a third-party complaint against Continental Holdings, Inc., which Merco also added as a defendant in its suit, as the owner at the relevant time of the site that PGS believes was the source of the coal tar on Merco's property. In addition, PGS filed a counterclaim against Merco which claimed that, because Merco purchased the property with actual knowledge of the presence of coal tar on the property, Merco should contribute toward any damages resulting from the presence of coal tar. The bench trial in this matter was concluded in February 2012 and, in June 2012, prior to receiving a ruling by the Judge, PGS and Merco settled the case, and PGS and Continental Holdings, Inc. agreed to a release for their claims against each other in the case. Both agreements have been approved by the court. The settlement is reflected as a regulatory asset at June 30, 2012 and is expected to be recovered through the regulatory process. The settlement did not impact the results of operations for the periods ended June 30, 2012 and is not material to the financial position of TEC or TECO Energy as of June 30, 2012.

Superfund and Former Manufactured Gas Plant Sites

TEC, through its Tampa Electric and Peoples Gas divisions, is a PRP for certain superfund sites and, through its Peoples Gas division, for certain former manufactured gas plant sites. While the joint and several liability associated with these sites presents the potential for significant response costs, as of June 30, 2012, TEC has estimated its ultimate financial liability to be $28.4 million, primarily at PGS. This amount has been accrued and is primarily reflected in long-term "Regulatory liabilities" on TEC's Consolidated Condensed Balance Sheets. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are not expected to have a significant impact on customer prices.

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

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

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

Potentially Responsible Party Notification

In October 2010, the EPA notified TEC that it is a PRP under the CERCLA for the proposed conduct of a contaminated soil removal action, if necessary, at a property owned by TEC in Tampa, Florida. The property owned by TEC is undeveloped except for the location of transmission lines and poles, and is adjacent to an industrial site, not owned by TEC, which the EPA has studied since 1992 or earlier. The EPA has asserted this potential liability due to TEC's ownership of the property described above but, to the knowledge of TEC, this assertion is not based upon any release of hazardous substances by TEC. TEC has been in contact with the EPA to resolve this matter, and on July 10, 2012, TEC received an Enforcement Action Memorandum from the EPA, outlining the remediation actions the EPA is requiring at the site. The estimated costs to remediate the site are not expected to be material to the financial results or financial position of TEC or TECO Energy. TEC expects the remediation to be substantially completed in the third quarter of 2012.

Letters of Credit

A summary of the face amount or maximum theoretical obligation under TEC's letters of credit as of June 30, 2012 are as follows:

Letters of Credit - Tampa Electric Company (millions) Letters of Credit for the Benefit of:	2012	2013-2016	After (1) 2016	Total	Liabilities Recognized at June 30, 2012
Tampa Electric (2)	$0.0	$ 0.0	$ 0.7	$0.7	$ 0.2

(1) These letters of credit renew annually and are shown on the basis that they will continue to renew beyond 2016.
(2) The amounts shown are the maximum theoretical amounts guaranteed under current agreements. Liabilities recognized represent the associated obligation of TEC under these agreements at June 30, 2012. The obligations under these letters of credit include net accounts payable and net derivative liabilities.

Financial Covenants

In order to utilize its bank credit facilities, TEC must meet certain financial tests as defined in the applicable agreements. In addition, TEC has certain restrictive covenants in specific agreements and debt instruments. At June 30, 2012, TEC was in compliance with all applicable financial covenants.

9. Segment Information

(millions) *Three months ended June 30,*	Tampa Electric	Peoples Gas	Other & Eliminations	Tampa Electric Company
2012				
Revenues - external	$ 506.6	$ 93.8	$ 0.0	$ 600.4
Sales to affiliates	0.2	1.0	(1.2)	0.0
Total revenues	506.8	94.8	(1.2)	600.4
Depreciation and amortization	59.6	12.4	0.0	72.0
Total interest charges	29.5	4.5	0.0	34.0
Provision for income taxes	31.9	5.7	0.0	37.6
Net income	$ 52.0	$ 9.0	$ 0.0	$ 61.0
2011				
Revenues - external	$ 546.4	$ 110.4	$ 0.0	$ 656.8
Sales to affiliates	0.1	0.8	(0.9)	0.0
Total revenues	546.5	111.2	(0.9)	656.8
Depreciation and amortization	55.3	12.0	0.0	67.3
Total interest charges	30.4	4.4	0.0	34.8
Provision for income taxes	36.9	3.7	0.0	40.6
Net income	$ 58.4	$ 5.9	$ 0.0	$ 64.3
Six months ended June 30,				
2012				
Revenues - external	$ 953.2	$ 203.7	$ 0.0	$ 1,156.9
Sales to affiliates	0.2	1.3	(1.5)	0.0
Total revenues	953.4	205.0	(1.5)	1,156.9
Depreciation and amortization	117.0	25.0	0.0	142.0
Total interest charges	59.5	8.9	0.0	68.4
Provision for income taxes	50.9	12.6	0.0	63.5
Net income	$ 83.4	$ 20.0	$ 0.0	$ 103.4
Total assets at June 30, 2012	$5,782.7	$926.3	($ 2.8)	$ 6,706.2
2011				
Revenues - external	$ 979.4	$ 264.7	$ 0.0	$ 1,244.1
Sales to affiliates	0.3	2.6	(2.9)	0.0
Total revenues	979.7	267.3	(2.9)	1,244.1
Depreciation and amortization	110.2	23.8	0.0	134.0
Total interest charges	61.3	8.9	0.0	70.2
Provision for income taxes	56.9	13.0	0.0	69.9
Net income	$ 90.0	$ 20.6	$ 0.0	$ 110.6
Total assets at Dec. 31, 2011	$5,693.0	$ 888.4	($ 10.0)	$ 6,571.4

10. Accounting for Derivative Instruments and Hedging Activities

From time to time, TEC enters into futures, forwards, swaps and option contracts for the following purposes:

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

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

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

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

TEC applies accounting standards for regulated operations to financial instruments used to hedge the purchase of natural gas for the regulated companies. These standards, in accordance with the FPSC, permit the changes in fair value of natural gas derivatives to be recorded as regulatory assets or liabilities reflecting the impact of hedging activities on the fuel recovery clause. As a result, these changes are not recorded in OCI (see **Note 3**).

A company's physical contracts qualify for the NPNS exception to derivative accounting rules, provided they meet certain criteria. Generally, NPNS applies if the company deems the counterparty creditworthy, if the counterparty owns or controls resources within the proximity to allow for physical delivery of the commodity, if the company intends to receive physical delivery and if the transaction is reasonable in relation to the company's business needs. As of June 30, 2012, all of TEC's physical contracts qualify for the NPNS exception.

The following table presents the derivative hedges of natural gas contracts at June 30, 2012 and Dec. 31, 2011 to limit the exposure to changes in the market price for natural gas used to produce energy and natural gas purchased for resale to customers:

Natural Gas Derivatives

(millions)	*June 30, 2012*	*Dec. 31, 2011*
Current assets	$ 0.4	$ 0.0
Long-term assets	0.1	0.0
Total assets	$ 0.5	$ 0.0
Current liabilities (1)	$ 38.9	$ 58.4
Long-term liabilities	2.6	7.4
Total liabilities	$ 41.5	$ 65.8

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

The ending balance in AOCI related to previously settled interest rate swaps at June 30, 2012 is a net loss of $9.1 million after tax and accumulated amortization. This compares to a net loss of $4.6 million in AOCI after tax and accumulated amortization at Dec. 31, 2011. The balance at June 30, 2012 is comprised of interest rate swaps settled coincident with debt issued in June of 2008 and 2012 (see **Note 7**). These amounts will be amortized into earnings over the life of the related debt.

The following table presents the effect of energy related derivatives on the fuel recovery clause mechanism in the Consolidated Condensed Balance Sheets as of June 30, 2012:

Energy Related Derivatives

(millions)	Asset Derivatives		Liability Derivatives	
at June 30, 2012	Balance Sheet Location (1)	Fair Value	Balance Sheet Location (1)	Fair Value
Commodity Contracts:				
Natural gas derivatives:				
Current	Regulatory liabilities	$ 0.4	Regulatory assets	$38.9
Long-term	Regulatory liabilities	0.1	Regulatory assets	2.6
Total		$0.5		$41.5

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

Based on the fair value of the instruments at June 30, 2012, net pretax losses of $38.5 million are expected to be reclassified from regulatory assets to the Consolidated Condensed Statements of Income within the next 12 months.

The following table presents the effect of hedging instruments on OCI and income for the three and six months ended June 30:

(millions)	Location of Gain/(Loss) Reclassified From AOCI Into Income	Amount of Gain/(Loss) Reclassified From AOCI Into Income	
Derivatives in Cash Flow Hedging Relationships	Effective Portion (1)	*Three months ended June 30:*	*Six months ended June 30:*
2012			
Interest rate contracts:	Interest expense	($ 0.2)	($ 0.4)
Total		($ 0.2)	($ 0.4)
2011			
Interest rate contracts:	Interest expense	($ 0.2)	($ 0.3)
Total		($ 0.2)	($ 0.3)

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

For derivative instruments that meet cash flow hedge criteria, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or period during which the hedged transaction affects earnings. Gains and losses on the derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. For the three and six months ended June 30, 2012 and 2011, all hedges were effective.

The maximum length of time over which TEC is hedging its exposure to the variability in future cash flows extends to Dec. 31, 2014 for the financial natural gas contracts. The following table presents by commodity type TEC's derivative volumes that, as of June 30, 2012, are expected to settle during the 2012, 2013 and 2014 fiscal years:

(millions)	Natural Gas Contracts (MMBTUs)	
Year	Physical	Financial
2012	0.0	20.1
2013	0.0	13.4
2014	0.0	2.1
Total	0.0	35.6

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

It is possible that volatility in commodity prices could cause TEC to have material credit risk exposures with one or more counterparties. If such counterparties fail to perform their obligations under one or more agreements, TEC could suffer a material financial loss. However, as of June 30, 2012, substantially all of the counterparties with transaction amounts outstanding in TEC's energy portfolio are rated investment grade by the major rating agencies. TEC assesses credit risk internally for counterparties that are not rated.

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

TEC has implemented procedures to monitor the creditworthiness of its counterparties and to consider nonperformance in valuing counterparty positions. TEC monitors counterparties' credit standings, including those that are experiencing financial problems, have significant swings in credit default swap rates, have credit rating changes by external rating agencies or have changes in ownership. Net liability positions are generally not adjusted as TEC uses derivative transactions as hedges and has the ability and intent to perform under each of these contracts. In the instance of net asset positions, TEC considers general market conditions and the observable financial health and outlook of specific counterparties, forward-looking data such as credit default swaps, when available, and historical default probabilities from credit rating agencies in evaluating the potential impact of nonperformance risk to derivative positions. As of June 30, 2012, all positions with counterparties are net liabilities.

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

The table below presents the fair value of the overall contractual contingent liability positions for TEC's derivative activity at June 30, 2012:

Contingent Features

(millions) *At June 30, 2012*	Fair Value Asset/ (Liability)	Derivative Exposure Asset/ (Liability)	Posted Collateral
Credit Rating	($ 41.2)	($ 41.2)	$ 0.0

11. Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis

The following tables set forth by level within the fair value hierarchy TEC's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2012 and Dec. 31, 2011. As required by accounting standards for fair value measurements, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. TEC's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. For all assets and liabilities presented below, the market approach was used in determining fair value. There were no reclassifications between levels for the quarter.

Recurring Derivative Fair Value Measures

	At fair value as of June 30, 2012			
(millions)	Level 1	Level 2	Level 3	Total
Assets				
Natural gás swaps	$ 0.0	$ 0.5	$ 0.0	$ 0.5
Total	$ 0.0	$ 0.5	$ 0.0	$ 0.5
Liabilities				
Natural gas swaps	$ 0.0	$41.5	$ 0.0	$41.5
Total	$ 0.0	$41.5	$ 0.0	$41.5

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

Natural gas swaps are over-the-counter swap instruments. The primary pricing inputs in determining the fair value of natural gas swaps are the NYMEX quoted closing prices of exchange-traded instruments. These prices are applied to the notional amounts of active positions to determine the reported fair value (see **Note 10**).

TEC considered the impact of nonperformance risk in determining the fair value of derivatives. TEC considered the net position with each counterparty, past performance of both parties, the intent of the parties, indications of credit deterioration and whether the markets in which TEC transacts have experienced dislocation. At June 30, 2012, the fair value of derivatives was not materially affected by nonperformance risk. TEC's net positions with substantially all counterparties were liability positions.

12. Other Comprehensive Income

Other Comprehensive Income (millions)	Three months ended June 30,			Six months ended June 30,		
	Gross	Tax	Net	Gross	Tax	Net
2012						
Unrealized loss on cash flow hedges	($ 8.0)	$ 3.1	($ 4.9)	($ 8.0)	$ 3.1	($ 4.9)
Reclassification from AOCI to net income	0.3	(0.1)	0.2	0.6	(0.2)	0.4
Loss on cash flow hedges	(7.7)	3.0	(4.7)	(7.4)	2.9	(4.5)
Total other comprehensive loss	($ 7.7)	$ 3.0	($ 4.7)	($ 7.4)	$ 2.9	($ 4.5)
2011						
Unrealized gain on cash flow hedges	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Reclassification from AOCI to net income	0.3	(0.1)	0.2	0.6	(0.3)	0.3
Gain on cash flow hedges	0.3	(0.1)	0.2	0.6	(0.3)	0.3
Total other comprehensive income	$ 0.3	($ 0.1)	$ 0.2	$ 0.6	($ 0.3)	$ 0.3

Accumulated Other Comprehensive Loss (millions)	June 30, 2012	Dec. 31, 2011
Net unrealized losses from cash flow hedges (1)	($ 9.1)	($ 4.6)
Total accumulated other comprehensive loss	($ 9.1)	($ 4.6)

(1) Net of tax benefit of $5.7 million and $2.9 million as of June 30, 2012 and Dec. 31, 2011, respectively.

13. Variable Interest Entities

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

TEC has entered into multiple PPAs with wholesale energy providers in Florida to ensure the ability to meet customer energy demand and to provide lower cost options in the meeting of this demand. These agreements range in size from 117 MW to 370 MW of available capacity, are with similar entities and contain similar provisions. Because some of these provisions provide for the transfer or sharing of a number of risks inherent in the generation of energy, these agreements meet the definition of being VIEs. These risks include: operating and maintenance, regulatory, credit, commodity/fuel and energy market risk. TEC has reviewed these risks and has determined that the owners of these entities have retained the majority of these risks over the expected life of the underlying generating assets, have the power to direct the most significant activities, the obligation or right to absorb losses or benefits and hence remain the primary beneficiaries. As a result, TEC is not required to consolidate any of these entities. TEC purchased $20.8 million and $43.3 million pursuant to PPAs for the three and six months ended June 30, 2012, respectively, and $26.2 million and $42.0 million for the three and six months ended June 30, 2011, respectively.

In one instance, TEC's agreement with an entity for 370 MW of capacity was entered into prior to Dec. 31, 2003, the effective date of these standards. Under these standards, TEC is required to make an exhaustive effort to obtain sufficient information to determine if this entity is a VIE and which holder of the variable interests is the primary beneficiary. The owners of this entity are not willing to provide the information necessary to make these determinations, have no obligation to do so and the information is not available publicly. As a result, TEC is unable to determine if this entity is a VIE and, if so, which variable interest holder, if any, is the primary beneficiary. TEC has no obligation to this entity beyond the purchase of capacity; therefore, the maximum exposure for TEC is the obligation to pay for such capacity under terms of the PPA at rates that could be unfavorable to the wholesale market. TEC purchased $10.5 million and $25.2 million for the three and six months ended June 30, 2012, respectively, and $5.9 million and $13.0 million for the three and six months ended June 30, 2011, respectively, under this PPA.

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

14. Subsequent Events

Potentially Responsible Party Notification

In July 2012, TEC received an Enforcement Action Memorandum from the EPA in reference to the previously reported October 2010 EPA PRP notification. This memorandum outlines the remediation actions the EPA is requiring at the aforementioned site. The estimated costs to remediate the site are not expected to be material to the financial results or financial position of TEC or TECO Energy. TEC expects the remediation to be substantially completed in the third quarter of 2012. See **Note 8** for more information.

Wholesale and Transmission Rate Cases

In July 2012, the FERC approved the uncontested settlement that Tampa Electric filed with its customers in its wholesale requirements rate case earlier this year. The approved settlement will take effect in August and Tampa Electric will refund its wholesale requirements' customers the appropriate amounts given the terms of the settlement. See **Note 3** for more information.

Item 2. MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS OF OPERATIONS

This Management's Discussion & Analysis contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. Actual results may differ materially from those forecasted. The forecasted results are based on the company's current expectations and assumptions, and the company does not undertake to update that information or any other information contained in this Management's Discussion & Analysis, except as may be required by law. Factors that could impact actual results include: regulatory actions by federal, state or local authorities; unexpected capital needs or unanticipated reductions in cash flow that affect liquidity; the ability to access the capital and credit markets when required; the availability of adequate rail transportation capacity for the shipment of TECO Coal's production; general economic conditions affecting energy sales at the utility companies; economic conditions, both national and international, affecting the Florida economy and demand for TECO Coal 's production; costs for alternative fuels used for power generation affecting demand for TECO Coal's thermal coal production; weather variations and changes in customer energy usage patterns affecting sales and operating costs at Tampa Electric and Peoples Gas and the effect of extreme weather conditions or hurricanes; operating conditions; commodity prices; operating cost and environmental or safety regulations affecting the production levels and margins at TECO Coal; fuel cost recoveries and related cash at Tampa Electric and natural gas demand at Peoples Gas; the ability to complete the scheduled 2012 outage at the San José Power Station on time and on budget; and the ability of TECO Energy's subsidiaries to operate equipment without undue accidents, breakdowns or failures. Additional information is contained under "Risk Factors" in TECO Energy, Inc.'s Annual Report on Form 10-K for the period ended Dec. 31, 2011.

Earnings Summary - Unaudited

(millions, except per share amounts)	*Three months ended June 30, 2012*	*Three months ended June 30, 2011*	*Six months ended June 30, 2012*	*Six months ended June 30, 2011*
Consolidated revenues	$ 788.4	$ 885.7	$1,518.4	$1,681.8
Net income attributable to TECO Energy	$ 73.1	$ 77.5	$ 123.6	$ 129.2
Average common shares outstanding				
Basic	214.3	213.6	214.1	213.3
Diluted	215.2	215.2	215.3	215.1
Earnings per share - basic	$ 0.34	$ 0.36	$ 0.58	$ 0.60
Earnings per share - diluted	$ 0.34	$ 0.36	$ 0.57	$ 0.60

Operating Results

Three Months Ended June 30, 2012

TECO Energy, Inc. reported second quarter net income of $73.1 million, or $0.34 per share, compared with $77.5 million, or $0.36 per share, in the second quarter of 2011.

Six Months Ended June 30, 2012

Year-to-date net income and earnings per share were $123.6 million, or $0.58 per share, in 2012, compared with $129.2 million, or $0.60 per share, in the same period in 2011.

Operating Company Results

All amounts included in the operating company and Parent & other results discussions below are after tax, unless otherwise noted.

Tampa Electric Company - Electric Division

Tampa Electric reported net income for the second quarter of $52.0 million, compared with $58.4 million for the same period in 2011. Results for the quarter reflected a 1.3% higher average number of customers, lower base revenues due to milder weather, higher depreciation and operations and maintenance expenses.

Total degree days in Tampa Electric's service area in the second quarter of 2012 were 5% above normal, but 6% below the same period in 2011. Pretax base revenue was approximately $9.0 million lower than in 2011, primarily reflecting the wet and mild June weather after above-normal cooling degree days in April and May. Total net energy for load, which is a calendar measurement of retail energy sales rather than a billing cycle measurement, decreased 2.3% in the second quarter of 2012 compared to the same period in 2011. The quarterly energy sales shown on the statistical summary that accompanies this earnings release reflect the energy sales based on the timing of billing cycles, which can vary period to period. Milder weather in the 2012 period reduced sales to residential customers. Energy sales to industrial-phosphate customers increased due to the transfer of certain load from self-generation to Tampa Electric's system. Sales to commercial and other industrial customers increased due to improvements in the Florida economy.

Operations and maintenance expense, excluding all FPSC-approved cost-recovery clauses, increased $1.6 million, reflecting lower generating system maintenance expenses and lower bad-debt expense more than offset by higher pension and other employee benefit expenses. Depreciation and amortization expense increased $2.7 million due to additions to facilities to serve customers.

Year-to-date net income was $83.4 million, compared with $90.0 million in the 2011 period, driven primarily by lower energy sales due to milder weather, partially offset by 1.1% higher average number of customers, and higher depreciation and operations and maintenance expenses.

Year-to-date total degree days in Tampa Electric's service area were 7% above normal, but slightly below the prior year-to-date period, reflecting mild weather in January, February and June offset by above-normal cooling degree days in March, April and May. Pretax base revenue was $7 million lower than in 2011, primarily reflecting lower sales to residential customers from the milder weather and voluntary conservation that typically occurs during periods without extreme weather.

In the 2012 year-to-date period, total net energy for load was essentially unchanged compared to the same period in 2011. Milder winter weather reduced sales to higher-margin residential customers, while sales to commercial and industrial customers were higher. Sales to interruptible industrial-phosphate customers increased due to the factors described above. Higher sales to commercial and industrial-other customers reflect the improvements in the Florida economy.

Operations and maintenance expenses, excluding all FPSC-approved cost-recovery clauses, increased $1.5 million reflecting the same factors as the second quarter. Compared to the 2011 year-to-date period, depreciation and amortization expense increased $4.2 million, reflecting additions to facilities to serve customers.

A summary of Tampa Electric's operating statistics for the three and six months ended June 30, 2012 and 2011 follows:

(millions, except average customers)	Operating Revenues 2012	Operating Revenues 2011	Operating Revenues % Change	Kilowatt-hour sales 2012	Kilowatt-hour sales 2011	Kilowatt-hour sales % Change
Three months ended June 30,						
By Customer Type						
Residential	$ 248.7	$ 249.9	(0.5)	2,179.5	2,193.1	(0.6)
Commercial	156.8	155.0	1.2	1,588.0	1,569.8	1.2
Industrial - Phosphate	18.8	15.5	21.3	225.8	182.2	23.9
Industrial - Other	26.3	25.4	3.5	284.8	274.5	3.8
Other sales of electricity	46.0	46.7	(1.5)	458.3	462.7	(1.0)
Deferred and other revenues (1)	(7.0)	35.9	(119.5)			
	489.6	528.4	(7.3)	4,736.4	4,682.3	1.2
Sales for resale	3.5	6.2	(43.5)	52.8	85.0	(37.9)
Other operating revenue	13.7	11.9	15.1			
	$ 506.8	$ 546.5	(7.3)	4,789.2	4,767.3	0.5
Average customers (thousands)	684.1	675.5	1.3			
Retail net energy for load (kilowatt hours)				5,068.3	5,188.8	(2.3)
Six months ended June 30,						
By Customer Type						
Residential	$ 445.9	$ 475.2	(6.2)	3,904.6	4,167.0	(6.3)
Commercial	296.7	293.8	1.0	2,981.9	2,961.0	0.7
Industrial - Phosphate	37.2	31.0	20.0	448.5	366.5	22.4
Industrial - Other	50.4	48.6	3.7	543.1	525.9	3.3
Other sales of electricity	88.7	89.8	(1.2)	874.4	882.9	(1.0)
Deferred and other revenues (1)	0.5	2.1	(76.2)			
	919.4	940.5	(2.2)	8,752.5	8,903.3	(1.7)
Sales for resale	6.7	12.5	(46.4)	117.5	190.0	(38.2)
Other operating revenue	27.3	26.7	2.2			
	$ 953.4	$ 979.7	(2.7)	8,870.0	9,093.3	(2.5)
Average customers (thousands)	682.4	674.8	1.1			
Retail net energy for load (kilowatt hours)				9,325.1	9,304.1	0.2

(1) Primarily reflects the timing of environmental and fuel clause recoveries.

Tampa Electric Company - Natural Gas Division (Peoples Gas)

Peoples Gas reported net income of $9.0 million for the second quarter, compared with $5.9 million in the same period in 2011. Quarterly results reflect a 1.2% higher average number of customers, higher sales to residential customers due to customer growth and increased sales volumes to commercial and interruptible industrial customers due to improved economic conditions. Non-fuel operations and maintenance expense decreased $2.5 million compared to the 2011 period, when operations and maintenance expenses included $2.1 million related to legal expenses associated with environmental contamination claims.

Peoples Gas reported net income of $20.0 million for the year-to-date period, compared with $20.6 million in the same period in 2011. Results reflect a 1.0% higher average number of customers, but lower usage by residential customers due to the unusually mild winter weather in the first quarter. Lower off-system sales volumes reflect the addition of new interstate pipeline capacity in 2011. Gas transported for power generation customers increased over the 2011 year-to-date period due to lower natural gas prices, which made it more economical to use natural gas for power generation. Non-fuel operations and maintenance expense decreased $1.7 million compared to the 2011 period, driven primarily by the same factors as in the second quarter.

A summary of PGS's regulated operating statistics for the three and six months ended June 30, 2012 and 2011 follows:

(millions, except average customers)	Operating Revenues 2012	Operating Revenues 2011	% Change	Therms 2012	Therms 2011	% Change
Three months ended June 30,						
By Customer Type						
Residential	$ 28.3	$ 28.6	(1.0)	14.0	13.1	6.9
Commercial	32.1	32.4	(0.9)	100.4	95.0	5.7
Industrial	2.2	2.1	4.8	57.7	49.4	16.8
Off system sales	18.9	33.4	(43.4)	66.3	69.8	(5.0)
Power generation	3.3	3.0	10.0	274.8	179.7	52.9
Other revenues	8.0	9.2	(13.0)			
	$ 92.8	$ 108.7	(14.6)	513.2	407.0	26.1
By Sales Type						
System supply	$ 58.4	$ 75.3	(22.4)	89.1	93.1	(4.3)
Transportation	26.4	24.2	9.1	424.1	313.9	35.1
Other revenues	8.0	9.2	(13.0)			
	$ 92.8	$ 108.7	(14.6)	513.2	407.0	26.1
Average customers (thousands)	343.1	339.2	1.1			
Six months ended June 30,						
By Customer Type						
Residential	$ 68.9	$ 84.7	(18.7)	41.0	49.7	(17.5)
Commercial	70.7	77.4	(8.7)	218.9	217.4	0.7
Industrial	4.6	4.6	—	113.3	105.1	7.8
Off system sales	32.1	67.1	(52.2)	110.3	142.5	(22.6)
Power generation	6.7	5.5	21.8	483.4	296.0	63.3
Other revenues	18.1	22.8	(20.6)			
	$ 201.1	$262.1	(23.3)	966.9	810.7	19.3
By Sales Type						
System supply	$126.9	$186.2	(31.8)	171.9	217.7	(21.0)
Transportation	56.1	53.1	5.6	795.0	593.0	34.1
Other revenues	18.1	22.8	(20.6)			
	$ 201.1	$262.1	(23.3)	966.9	810.7	19.3
Average customers (thousands)	342.6	339.0	1.1			

TECO Coal

TECO Coal achieved second quarter net income of $12.2 million on sales of 1.6 million tons, compared with $15.8 million on sales of 2.1 million tons in the same period in 2011. Lower sales volumes in the 2012 quarter reflect the current coal market conditions and the timing of specialty coal shipments.

In 2012, second quarter results reflect an average net per-ton selling price, excluding transportation allowances, of slightly more than $94 per ton, almost 6% higher than in 2011, but below prior guidance due to a sales mix that was more heavily weighted to steam coal in the quarter due to the timing of metallurgical coal shipments. In the second quarter of 2012, the all-in total per-ton cost of production increased to slightly more than $84 per ton, which is below the middle of the cost guidance range previously provided. Compared with the 2011 period, the increased cost of production in the second quarter was driven by spreading fixed costs over fewer tons and higher surface mining costs due to increased diesel fuel usage as a result of trucking coal and overburden further due to the lack of new surface-mine permits. These factors were partially offset by reduced overtime and lower contract miner costs in 2012. TECO Coal's effective income tax rate in the second quarter of 2012 was 25%, compared with 24% in the 2011 period.

TECO Coal recorded year-to-date net income of $22.0 million on sales of 3.0 million tons in 2012, compared with $24.0 million on sales of 4.1 million tons in the 2011 period. Lower sales volumes in the 2012 year-to-date period reflects the current coal market conditions. The 2012 year-to-date average net per-ton selling price was $95 per ton, compared with $85 per ton in 2011, and the all-in total per-ton cost of production was almost $86 per ton, compared with $78 per ton in 2011. In addition to the same cost factors as the second quarter, the 2012 year-to-date cost of production reflects costs incurred in the first quarter associated with idling a section of a mine and other costs associated with reducing production. TECO Coal's effective income tax rate was 25%, compared with 22% in the 2011 year-to-date period.

TECO Guatemala

TECO Guatemala reported second quarter net income of $7.4 million in 2012, compared with $5.6 million in the 2011 period. Year-to-date 2012 net income was $14.0 million, compared with $11.9 million in the 2011 period. Results in the second quarter reflect higher contract and spot energy sales at the San José Power Station and lower operating expenses. Year-to-date results reflect lower contract and spot energy sales at the San José Power Station due to lower unit availability in the first quarter, but at higher prices than the 2011 period, and lower operating expenses.

Parent & other

The cost for Parent & other in the second quarter of 2012 was $7.5 million, compared with a cost of $8.2 million in the same period in 2011. The year-to-date Parent & other cost was $15.8 million in 2012, compared with $17.3 million in the 2011 period. Results for the 2012 quarter and year-to-date periods reflect lower interest expenses as a result of mid-year 2011 debt retirement, and higher earnings from the SeaCoast Gas Transmission LLC, which are recorded in Parent & other.

2012 Guidance and Business Drivers

Based on year-to-date actual results and expectations for the remainder of the year, TECO Energy is revising its 2012 earnings per share guidance to a range of $1.20 to $1.30, excluding charges and gains, and is updating its business drivers as discussed below.

Tampa Electric and Peoples Gas expect customer growth to continue to be in line with the trends experienced in the first half of 2012, and the forecast assumes normal weather for the remaining five months of the year. Based on the unfavorable effects of mild weather through July, Tampa Electric expects to earn near the bottom of its allowed return on equity range. Due to a new rate design implemented in its 2009 base rate proceeding, Peoples Gas is less weather sensitive and expects to earn near the middle of its allowed return on equity range.

TECO Coal now expects 2012 sales of between 6.0 million and 6.3 million tons at an average selling price across all products of about $96 per ton. The lower coal sales are driven primarily by an expectation that the unsold tons that were included in the previous sales forecast will not be sold. All of the expected 2012 sales are under contract. The selling price will average more than $97 per ton over the remainder of the year due to the timing of metallurgical coal shipments in the second half of the year. The 2012 product mix is now expected to be about 45% specialty coal, reflecting lower PCI coal sales. The cost of production is expected to remain within the previously provided cost range of $83 and $87 per ton as a result of cost-control efforts. TECO Coal's effective income tax rate is expected to be about 25% for the full year.

The guidance assumes normal operations for the Alborada and San José power stations in Guatemala; however, the planned extended outage for a turbine rotor replacement at the San José Power Station, which is expected to reduce 2012 net income about $4 million compared with 2011, is scheduled for the fourth quarter.

This guidance is provided in the form of a range to allow for varying outcomes with respect to important variables, such as continuation of the current conditions in the Florida economy and housing markets, weather and customer usage at the Florida utilities, and the timing of contracted deliveries and production costs at TECO Coal.

Income Taxes

The provisions for income taxes from continuing operations for the six month periods ended June 30, 2012 and 2011 were $67.5 million and $72.5 million, respectively. The provision for income taxes in the six months ended Jun. 30, 2012 was impacted by lower operating income, decreased state income taxes, and decreased depletion at TECO Coal.

Liquidity and Capital Resources

The table below sets forth the June 30, 2012 consolidated liquidity and cash balances, the cash balances at the operating companies and TECO Energy parent, and amounts available under the TECO Energy/TECO Finance and Tampa Electric Company credit facilities.

Balances as of June 30, 2012

(millions)	*Consolidated*	*Tampa Electric Company*	*Other*	*Parent*
Credit facilities	$ 675.0	$ 475.0	$ 0.0	$ 200.0
Drawn amounts / LCs	20.7	0.7	0.0	20.0
Available credit facilities	654.3	474.3	0.0	180.0
Cash and short-term investments	117.4	84.3	25.4	7.7
Total liquidity	$ 771.7	$ 558.6	$25.4	$187.7

Covenants in Financing Agreements

In order to utilize their respective bank credit facilities, TECO Energy, TECO Finance and TEC must meet certain financial tests as defined in the applicable agreements (see the **Credit Facilities** section). In addition, TECO Energy, TECO Finance, TEC, and the other operating companies have certain restrictive covenants in specific agreements and debt instruments. At June 30, 2012, TECO Energy, TECO Finance, TEC, and the other operating companies were in compliance with all required financial covenants. The table that follows lists the significant financial covenants and the performance relative to them at June 30, 2012. Reference is made to the specific agreements and instruments for more details.

Significant Financial Covenants
(millions, unless otherwise indicated)

Instrument	Financial Covenant(1)	Requirement/Restriction	Calculation at June 30, 2012
TEC			
Credit facility(2)	Debt/capital	Cannot exceed 65%	49.1%
Accounts receivable credit facility(2)	Debt/capital	Cannot exceed 65%	49.1%
6.25% senior notes	Debt/capital	Cannot exceed 60%	49.1%
	Limit on liens(3)	Cannot exceed $700	$0 liens outstanding
TECO Energy/TECO Finance			
Credit facility(2)	Debt/capital	Cannot exceed 65%	57.6%
TECO Energy 6.75% notes and TECO Finance 6.75% notes	Restrictions on secured Debt(4)	(5)	(5)

(1) As defined in each applicable instrument.
(2) See **Note 6** to the **TECO Energy, Inc. Consolidated Condensed Financial Statements** for a description of the credit facilities.
(3) If the limitation on liens is exceeded, the company is required to provide ratable security to the holders of these notes.
(4) These restrictions would not apply to first mortgage bonds of TEC if any were outstanding.
(5) The indentures for these notes contain restrictions which limit secured debt of TECO Energy if secured by principal property, capital stock or indebtedness of directly held subsidiaries (with exceptions as defined in the indentures) without equally and ratably securing these notes.

Credit Ratings of Senior Unsecured Debt at June 30, 2012

	Standard & Poor's	Moody's	Fitch
TEC	BBB+	A3	A-
TECO Energy/TECO Finance	BBB	Baa2	BBB

On May 4, 2012, Moody's upgraded the credit ratings of TEC, TECO Finance and TECO Energy to A3, Baa2 and Baa2, respectively, all with stable outlooks. All three credit rating agencies assign TEC, TECO Finance and TECO Energy investment grade ratings.

A credit rating agency rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. The company's access to capital markets and cost of financing, including the applicability of restrictive financial covenants, are influenced by the ratings of the company's securities. In addition, certain of TEC's derivative instruments contain provisions that require TEC's debt to maintain an investment grade credit rating. See **Note 12** to the **TECO Energy, Inc., Consolidated Condensed Financial Statements**. The credit ratings listed above are included in this report in order to provide information that may be relevant to these matters and because downgrades, if any, in credit ratings may affect the company's ability to borrow and may increase financing costs, which may decrease earnings. These credit ratings are not necessarily applicable to any particular security that the company may offer and therefore should not be relied upon for making a decision to buy, sell or hold any of the company's securities.

Fair Value Measurements

All natural gas derivatives were entered into by the regulated utilities to manage the impact of natural gas prices on customers. As a result of applying accounting standards for regulated operations, the changes in value of natural gas derivatives of Tampa Electric and PGS are recorded as regulatory assets or liabilities to reflect the impact of the risks of hedging activities in the fuel recovery clause. Because the amounts are deferred and ultimately collected through the fuel clause, the unrealized gains and losses associated with the valuation of these assets and liabilities do not impact our results of operations.

Diesel fuel hedges are used to mitigate the fluctuations in the price of diesel fuel which is a significant component in the cost of coal production at TECO Coal and its subsidiaries.

The valuation methods used to determine fair value are described in **Notes 7 and 13** to the **TECO Energy, Inc. Consolidated Condensed Financial Statements**. In addition, the company considered the impact of nonperformance risk in determining the fair value of derivatives. The company considered the net position with each counterparty, past performance of both parties and the intent of the parties, indications of credit deterioration and whether the markets in which the company transacts have experienced dislocation. At June 30, 2012, the fair value of derivatives was not materially affected by nonperformance risk. The company's net positions with all counterparties were liability positions.

Critical Accounting Policies and Estimates

The company's critical accounting policies relate to deferred income taxes, employee postretirement benefits, long-lived assets and regulatory accounting. For further discussion of critical accounting policies, see **TECO Energy, Inc.'s Annual Report on Form 10-K** for the year ended Dec. 31, 2011.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We are exposed to changes in interest rates primarily as a result of our borrowing activities. We may enter into futures, swaps and option contracts, in accordance with the approved risk management policies and procedures, to moderate this exposure to interest rate changes and achieve a desired level of fixed and variable rate debt.

Changes in Fair Value of Derivatives

The change in fair value of derivatives is largely due to the decrease in the average market price component of the company's outstanding natural gas swaps of approximately 10% from Dec. 31, 2011 to June 30, 2012. For natural gas, the company maintained a similar volume hedged as of June 30, 2012 from Dec. 31, 2011.

The following tables summarize the changes in and the fair value balances of derivative assets (liabilities) for the 6-month period ended June 30, 2012:

Changes in Fair Value of Derivatives *(millions)*	
Net fair value of derivatives as of Dec. 31, 2011	$(66.1)
Additions and net changes in unrealized fair value of derivatives	(25.5)
Changes in valuation techniques and assumptions	0.0
Realized net settlement of derivatives	48.0
Net fair value of derivatives as of June 30, 2012	$ (43.6)

Roll-Forward of Derivative Net Assets (Liabilities) *(millions)*	
Total derivative net liabilities as of Dec. 31, 2011	$(66.1)
Change in fair value of net derivative assets:	
Recorded as regulatory assets and liabilities or other comprehensive income	(25.5)
Recorded in earnings	0.0
Realized net settlement of derivatives	48.0
Net option premium payments	0.0
Net purchase (sale) of existing contracts	0.0
Net fair value of derivatives as of June 30, 2012	$ (43.6)

Below is a summary table of sources of fair value, by maturity period, for derivative contracts at June 30, 2012:

Maturity and Source of Derivative Contracts Net Assets (Liabilities) *(millions)* Contracts Maturing in	Current	Non-current	Total Fair Value
Source of fair value			
Actively quoted prices	$ 0.0	$ 0.0	$ 0.0
Other external sources (1)	(39.8)	(3.8)	(43.6)
Model prices (2)	0.0	0.0	0.0
Total	$ (39.8)	$ (3.8)	$ (43.6)

(1) Reflects over-the-counter natural gas or diesel fuel swaps for which the primary pricing inputs in determining fair value are NYMEX quoted closing prices of exchange-traded instruments.

(2) Model prices are used for determining the fair value of energy derivatives where price quotes are infrequent or the market is illiquid. Significant inputs to the models are derived from market-observable data and actual historical experience.

For all unrealized derivative contracts, the valuation is an estimate based on the best available information. Actual cash flows could be materially different from the estimated value upon maturity.

Item 4. CONTROLS AND PROCEDURES

TECO Energy, Inc.

(a) **Evaluation of Disclosure Controls and Procedures**. TECO Energy's management, with the participation of its principal executive officer and principal financial officer, has evaluated the effectiveness of TECO Energy's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this quarterly report (the Evaluation Date). Based on such evaluation, TECO Energy's principal financial officer and principal executive officer have concluded that, as of the Evaluation Date, TECO Energy's disclosure controls and procedures are effective.

(b) **Changes in Internal Controls. There was no change in TECO Energy's internal control over financial reporting (as defined in Rules 13a –15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of TECO Energy's internal control over financial reporting that occurred during TECO Energy's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, such controls.**

TECO Energy is in the process of implementing an ERP system, developed by SAP, to replace certain of its legacy computer systems. This system became operational in July 2012 and the company is making appropriate changes to internal controls and procedures as the implementation progresses, as is expected with a major system implementation. Other than the changes required by the implementation of the SAP ERP system, none of which materially impair or significantly alter the effectiveness of the internal controls over financial reporting, there were no material changes in internal controls over financial reporting that occurred during the company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the effectiveness of our internal controls over financial reporting.

Tampa Electric Company

(a) **Evaluation of Disclosure Controls and Procedures**. TEC's management, with the participation of its principal executive officer and principal financial officer, has evaluated the effectiveness of TEC's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the Evaluation Date. Based on such evaluation, TEC's principal financial officer and principal executive officer have concluded that, as of the Evaluation Date, TEC's disclosure controls and procedures are effective.

(b) **Changes in Internal Controls**. There was no change in TEC's internal control over financial reporting (as defined in Rules 13a–15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of TEC's internal control over financial reporting that occurred during TEC's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, such controls.

TEC is in the process of implementing an ERP system, developed by SAP, to replace certain of its legacy computer systems. This system became operational in July 2012 and TEC is making appropriate changes to internal controls and procedures as the implementation progresses, as is expected with a major system implementation. Other than the changes required by the implementation of the SAP ERP system, none of which materially impair or significantly alter the effectiveness of the internal controls over financial reporting, there were no material changes in internal controls over financial reporting that occurred during TEC's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the effectiveness of our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table shows the number of shares of TECO Energy common stock deemed to have been repurchased by TECO Energy.

	(a) Total Number of Shares (or Units) Purchased [1]	*(b)* Average Price Paid per Share (or Unit)	*(c)* Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	*(d)* Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Apr. 1, 2012 – Apr. 30, 2012	227,163	$ 17.63	0.0	$ 0.0
May 1, 2012 – May 31, 2012	7,585	$ 17.54	0.0	$ 0.0
June 1, 2012 – June 30, 2012	762	$ 17.72	0.0	$ 0.0
Total 2nd Quarter 2012	235,510	$ 17.63	0.0	$ 0.0

(1) These shares were not repurchased through a publicly announced plan or program, but rather relate to compensation or retirement plans of the company. Specifically, these shares represent shares delivered in satisfaction of the exercise price and/or tax withholding obligations by holders of stock options who exercised options (granted under TECO Energy's incentive compensation plans), shares delivered or withheld (under the terms of grants under TECO Energy's incentive compensation plans) to offset tax withholding obligations associated with the vesting of restricted shares and shares purchased by the TECO Energy Group Retirement Savings Plan pursuant to directions from plan participants or dividend reinvestment.

Item 4. MINE SAFETY INFORMATION

TECO Coal is subject to regulation by the Federal MSHA under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in **Exhibit 95** to this quarterly report.

Item 6. EXHIBITS

Exhibits - See index on page 56.

SIGNATURES

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

TECO ENERGY, INC.
(Registrant)

Date: August 3, 2012

By: /s/ S. W. CALLAHAN
S. W. CALLAHAN
Senior Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

TAMPA ELECTRIC COMPANY
(Registrant)

Date: August 3, 2012

By: /s/ S. W. CALLAHAN
S. W. CALLAHAN
Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit No.	Description	
3.1	Amended and Restated Articles of Incorporation of TECO Energy, Inc., as filed on May 3, 2012 (Exhibit 3.1, Form 8-K dated May 2, 2012 of TECO Energy, Inc.).	*
3.2	Bylaws of TECO Energy, Inc., as amended effective May 3, 2012 (Exhibit 3.2, Form 8-K dated May 2, 2012 of TECO Energy, Inc.).	*
3.3	Restated Articles of Incorporation of Tampa Electric Company, as amended on Nov. 30, 1982 (Exhibit 3 to Registration Statement No. 2-70653 of Tampa Electric Company).	*
3.4	Bylaws of Tampa Electric Company, as amended effective Feb. 2, 2011 (Exhibit 3.4, Form 10-K for 2010 of TECO Energy, Inc. and Tampa Electric Company).	*
4.1	Ninth Supplemental Indenture dated as of May 31, 2012 between Tampa Electric Company, as issuer, and The Bank of New York Mellon, as trustee (including the form of 4.10% notes due 2042)(Exhibit 4.23, Form 8-K dated June 5, 2012).	*
12.1	Ratio of Earnings to Fixed Charges - TECO Energy, Inc.	
12.2	Ratio of Earnings to Fixed Charges - Tampa Electric Company.	
31.1	Certification of the Chief Executive Officer of TECO Energy, Inc. pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2	Certification of the Chief Financial Officer of TECO Energy, Inc. pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.3	Certification of the Chief Executive Officer of Tampa Electric Company pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.4	Certification of the Chief Financial Officer of Tampa Electric Company pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1	Certification of the Chief Executive Officer and Chief Financial Officer of TECO Energy, Inc. pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (1)	
32.2	Certification of the Chief Executive Officer and Chief Financial Officer of Tampa Electric Company pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (1)	
95	Mine Safety Disclosure	
101.INS	XBRL Instance Document	**
101.SCH	XBRL Taxonomy Extension Schema Document	**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	**

(1) This certification accompanies the Quarterly Report on Form 10-Q and is not filed as part of it.

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

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Exhibit 12.1

TECO ENERGY, INC.
RATIO OF EARNINGS TO FIXED CHARGES

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

	6-months ended June 30,	12-months ended June 30,	Year Ended Dec. 31,				
(millions)	2012	2012	2011	2010	2009	2008	2007
Income from continuing operations, before income taxes	$191.1	$ 415.9	$426.5	$ 409.0	$312.5	$256.8	$ 613.1
Add:							
Interest expense	102.9	206.6	210.1	237.4	236.5	234.6	270.1
Deduct:							
Income from equity investments, net	0.0	0.0	0.0	(6.9)	4.3	22.8	18.0
Earnings before taxes and fixed charges	$ 294.0	$ 622.5	$636.6	$653.3	$ 544.7	$ 468.6	$865.2
Interest expense	$ 102.9	$ 206.6	$ 210.1	$ 237.4	$236.5	$ 234.6	$ 270.1
Total fixed charges	$ 102.9	$ 206.6	$ 210.1	$ 237.4	$236.5	$ 234.6	$ 270.1
Ratio of earnings to fixed charges	2.86x	3.01x	3.03x	2.75x	2.30x	2.00x	3.20x

For the purposes of calculating these ratios, earnings consist of income from continuing operations before income taxes, income or loss from equity investments (net of distributions) and fixed charges. Fixed charges consist of interest expense on indebtedness, amortization of debt premium and an estimate of the interest component of rentals. Interest expense includes total interest expense, excluding AFUDC, and an estimate of the interest component of rentals. TECO Energy, Inc. does not have any preferred stock outstanding, and there were no preferred stock dividends paid or accrued during the periods presented.

Exhibit 12.2

TAMPA ELECTRIC COMPANY
RATIO OF EARNINGS TO FIXED CHARGES

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

	6-months ended June 30,	12-months ended June 30,	Year Ended Dec. 31,				
(millions)	2012	2012	2011	2010	2009	2008	2007
Income from continuing operations, before income tax	$166.8	$ 367.0	$ 380.7	$386.6	$ 303.7	$261.9	$278.4
Interest expense	69.8	140.3	141.9	143.9	141.2	135.8	131.4
Earnings before taxes and fixed charges	$236.6	$ 507.3	$522.6	$530.5	$444.9	$ 397.7	$409.8
Interest expense	$ 69.8	$ 140.3	$ 141.9	$ 143.9	$141.2	$ 135.8	$ 131.4
Total fixed charges	$ 69.8	$ 140.3	$ 141.9	$ 143.9	$141.2	$ 135.8	$ 131.4
Ratio of earnings to fixed charges	3.39x	3.62x	3.68x	3.69x	3.15x	2.93x	3.12x

For the purposes of calculating these ratios, earnings consist of income from continuing operations before income taxes and fixed charges. Fixed charges consist of interest expense on indebtedness, amortization of debt premium and an estimate of the interest component of rentals. Interest expense includes total interest expense, excluding AFUDC, and an estimate of the interest component of rentals.

Exhibit 31.1

CERTIFICATIONS

I, John B. Ramil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TECO Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2012

/s/ J. B. RAMIL
J. B. RAMIL
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Sandra W. Callahan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TECO Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2012

/s/ S.W. CALLAHAN

S.W. CALLAHAN
Senior Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

Exhibit 31.3

CERTIFICATIONS

I, John B. Ramil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tampa Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2012

/s/ J. B. RAMIL
J. B. RAMIL
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.4

CERTIFICATIONS

I, Sandra W. Callahan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tampa Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2012

/s/ S. W. CALLAHAN
S. W. CALLAHAN
Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

Exhibit 32.1

TECO ENERGY, INC

**Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350**

Each of the undersigned officers of TECO Energy, Inc. (the "Company") certifies, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2012

/s/ J. B. RAMIL
J. B. RAMIL
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 3, 2012

/s/ S. W. CALLAHAN
S. W. CALLAHAN
Senior Vice President-Finance and
Accounting and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

Exhibit 32.2

TAMPA ELECTRIC COMPANY

Certification of Periodic Financial Report
Pursuant to 18 U.S.C. Section 1350

Each of the undersigned officers of Tampa Electric Company (the "Company") certifies, under the standards set forth in and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2012 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2012

/s/ J. B. RAMIL
J. B. RAMIL
Chief Executive Officer
(Principal Executive Officer)

Date: August 3, 2012

/s/ S. W. CALLAHAN
S. W. CALLAHAN
Vice President-Finance and Accounting
and Chief Financial Officer
(Chief Accounting Officer)
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

Exhibit 95

MINE SAFETY DISCLOSURE

TECO Coal's subsidiaries operate mining complexes that are subject to regulation by the Mine Safety and Health Administration (MSHA) under the U.S. Federal Mine Safety and Health Act of 1977 (the Mine Act). MSHA inspects TECO Coal mines on a regular basis and issues various citations and orders when it believes that a violation of the Mine Act, any health or safety standard, or any regulation has occurred. Set forth below is information regarding certain mining safety and health orders and citations issued by MSHA and related assessment and legal actions and mine related fatalities with respect to TECO Coal's mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size and type (underground or surface) of the coal mine, (ii) the number of citations and orders issued will vary from inspector to inspector, and (iii) citations and orders can be contested and appealed, and as part of that process, may be reduced in severity and amount, and are sometimes dismissed.

For purposes of reporting regulatory matters under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the following table sets forth the total number of specific citations and orders issued by MSHA under the Mine Act, along with the total dollar value of the proposed civil penalty assessment, and the total number of fatalities during the current reporting period for each TECO Coal subsidiary that is acting as a coal mine operator, by individual mine. Information relating to the aggregate number of legal actions pending, initiated and resolved during the reporting period is also reported below for each of the mines.

Exhibit 95

For the Quarter ended June 30, 2012 (1)

Mine ID #	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Proposed MSHA Assessments (in thousands)	Fatalities	Pending Legal Actions (2)	Legal Actions Initiated	Legal Actions Resolved
Clintwood Elkhorn										
15-16734	0	0	0	0	0	0	0	7	1	0
15-18524	0	0	0	0	0	0	0	0	0	0
15-19396	0	0	0	0	0	0	0	1	0	0
40-07199	6	0	0	0	0	0	0	25	21	0
44-03010	8	0	0	0	0	5	0	17	11	0
44-07108	0	0	0	0	0	0	0	4	0	0
YGX(3)	0	0	0	0	0	0	0	5	0	0
Totals	14	0	0	0	0	5	0	59	33	0
Perry County										
15-05485	8	0	0	0	0	0	0	20	7	0
15-18565	24	0	1	0	0	8	0	213	60	17
15-18662	20	0	1	0	0	46	0	303	72	26
15-19015	13	0	0	0	0	14	0	353	42	3
Totals	65	0	2	0	0	68	0	889	181	46
Premier Elkhorn										
15-16470	4	0	0	0	0	3	0	12	1	8
15-17360	0	0	0	0	0	0	0	6	0	1
15-18784	0	0	0	0	0	0	0	3	1	22
15-18823	0	0	0	0	0	0	0	15	2	5
15-18946	0	0	0	0	0	0	0	11	0	0
15-19411	0	0	0	0	0	0	0	0	0	0
15-19622	0	0	0	0	0	0	0	6	0	0
15-19642	0	0	0	0	0	0	0	0	0	0
15-19649	0	0	0	0	0	0	0	0	0	0
15-19650	0	0	0	0	0	0	0	0	0	0
A906(4)	1	0	0	0	0	0	0	19	6	0
Totals	5	0	0	0	0	3	0	72	10	36
Grand Totals	**84**	**0**	**2**	**0**	**0**	**$ 76**	**0**	**1,020**	**224**	**82**

1. ***Based on data obtained from MSHA Mine Data Retrieval System as of July 5, 2012 and internal Company MSHA litigation files.***
2. ***All of the pending legal actions involve citations or orders that are being contested by a TECO Coal Corporation subsidiary.***
3. ***YGX is the MSHA "Contractor Identification Number" assigned to Clintwood Elkhorn Mining Company for contracted engineering work performed at a mine that is operated by an independent contract mining company for Clintwood Elkhorn Mining Company.***
4. ***A-906 is the MSHA "Contractor Identification Number" assigned to Clintwood Elkhorn Mining Company for contracted engineering work performed at a mine that is operated by an independent contract mining company for Premier Elkhorn Coal Company.***

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

FORM 10-Q

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

For the quarterly period ended Sept. 30, 2012

OR

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

For the transition period from to

Commission File No.	Exact name of each registrant as specified in its charter, state of incorporation, address of principal executive offices, telephone number	I.R.S. Employer Identification Number
1-8180	**TECO ENERGY, INC.** (a Florida corporation) TECO Plaza 702 N. Franklin Street Tampa, Florida 33602 (813) 228-1111	59-2052286
1-5007	**TAMPA ELECTRIC COMPANY** (a Florida corporation) TECO Plaza 702 N. Franklin Street Tampa, Florida 33602 (813) 228-1111	59-0475140

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

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether TECO Energy, Inc. is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether Tampa Electric Company is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐

Indicate by check mark whether TECO Energy, Inc. is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

Indicate by check mark whether Tampa Electric Company is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The number of shares of TECO Energy, Inc.'s common stock outstanding as of October 26, 2012 was 216,584,129. As of October 29, 2012, there were 10 shares of Tampa Electric Company's common stock issued and outstanding, all of which were held, beneficially and of record, by TECO Energy, Inc.

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

This combined Form 10-Q represents separate filings by TECO Energy, Inc. and Tampa Electric Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Each registrant makes representations only as to information relating to itself and its subsidiaries.

Index to Exhibits appears on page 58.

DEFINITIONS

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

Term	Meaning
ABS	asset-backed security
ADR	American depository receipt
AFUDC	allowance for funds used during construction
AFUDC - debt	debt component of allowance for funds used during construction
AFUDC - equity	equity component of allowance for funds used during construction
AOCI	accumulated other comprehensive income
APBO	accumulated postretirement benefit obligation
ARO	asset retirement obligation
capacity clause	capacity cost-recovery clause, as established by the FPSC
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980
CGESJ	Central Generadora Eléctrica San José, Limitada, owner of the San José Power Station in Guatemala
CMO	collateralized mortgage obligation
CO_2	carbon dioxide
CT	combustion turbine
DECA II	Distribución Eléctrica Centro Americana, II, S.A.
DOE	U.S. Department of Energy
EEGSA	Empresa Eléctrica de Guatemala, S.A., the largest private distribution company in Central America
EEI	Edison Electric Institute
EPA	U.S. Environmental Protection Agency
EPS	earnings per share
ERISA	Employee Retirement Income Security Act
EROA	expected return on plan assets
ERP	enterprise resource planning
FASB	Financial Accounting Standards Board
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
FGT	Florida Gas Transmission Company
FPSC	Florida Public Service Commission
fuel clause	fuel and purchased power cost-recovery clause, as established by the FPSC
GAAP	generally accepted accounting principles
GHG	greenhouse gas(es)
HCIDA	Hillsborough County Industrial Development Authority
HPP	Hardee Power Partners
IFRS	International Financial Reporting Standards
IGCC	integrated gasification combined-cycle
IOU	investor owned utility
IRS	Internal Revenue Service
ISDA	International Swaps and Derivatives Association
ISO	independent system operator
ITCs	investment tax credits
kW	Kilowatt
kWh	kilowatt-hour(s)
LIBOR	London Interbank Offered Rate
MAP-21	Moving Ahead for Progress in the 21st Century Act
MARN	Ministry of Environment, Guatemala
MBS	mortgage-backed securities
MD&A	Management's Discussion and Analysis
MMA	The Medicare Prescription Drug, Improvement and Modernization Act of 2003
MM&A	Marshall Miller & Associates

MMBTU	one million British Thermal Units
MRV	market-related value
MSHA	Mine Safety and Health Administration
MW	megawatt(s)
MWH	megawatt-hour(s)
NAESB	North American Energy Standards Board
NAV	net asset value
NERC	North American Electric Reliability Corporation
NOL	net operating loss
Note __	Note __ to consolidated financial statements
NOx	nitrogen oxide
NPNS	normal purchase normal sale
NYMEX	New York Mercantile Exchange
O&M expenses	operations and maintenance expenses
OATT	open access transmission tariff
OCI	other comprehensive income
OTC	over-the-counter
OTTI	other than temporary impairment
PBGC	Pension Benefit Guarantee Corporation
PBO	postretirement benefit obligation
PCI	pulverized coal injection
PCIDA	Polk County Industrial Development Authority
PGA	purchased gas adjustment
PGS	Peoples Gas System, the gas division of Tampa Electric Company
PPA	power purchase agreement
PPSA	Power Plant Siting Act
PRP	potentially responsible party
PUHCA 2005	Public Utility Holding Company Act of 2005
REIT	real estate investment trust
REMIC	real estate mortgage investment conduit
RFP	request for proposal
ROE	return on common equity
Regulatory ROE	return on common equity as determined for regulatory purposes
RPS	renewable portfolio standards
RTO	regional transmission organization
SEC	U.S. Securities and Exchange Commission
SO_2	sulfur dioxide
SERP	Supplemental Executive Retirement Plan
SPA	stock purchase agreement
STIF	short-term investment fund
TCAE	Tampa Centro Americana de Electridad, Limitada, majority owner of the Alborada Power Station
Tampa Electric	Tampa Electric, the electric division of Tampa Electric Company
TEC	Tampa Electric Company, the principal subsidiary of TECO Energy, Inc.
TECO Diversified	TECO Diversified, Inc., a subsidiary of TECO Energy, Inc. and parent of TECO Coal Corporation
TECO Coal	TECO Coal Corporation, a coal producing subsidiary of TECO Diversified
TECO Finance	TECO Finance, Inc., a financing subsidiary for the unregulated businesses of TECO Energy, Inc.
TEMSA	Tecnología Marítima, S.A., a provider of dry bulk and coal unloading services located in Guatemala
TRC	TEC Receivables Company
VIE	variable interest entity
WRERA	The Worker, Retiree and Employer Recovery Act of 2008

PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

TECO ENERGY, INC.

In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TECO Energy, Inc. and subsidiaries as of Sept. 30, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended Sept. 30, 2012 and 2011. The results of operations for the three month and nine month periods ended Sept. 30, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012. References should be made to the explanatory notes affecting the consolidated financial statements contained in TECO Energy, Inc.'s Annual Report on Form 10-K for the year ended Dec. 31, 2011 and to the notes on pages 11 through 29 of this report.

INDEX TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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

TECO ENERGY, INC.
Consolidated Condensed Balance Sheets
Unaudited

Assets *(millions)*	*Sept. 30, 2012*	*Dec. 31, 2011*
Current assets		
Cash and cash equivalents	$ 234.6	$ 44.0
Restricted cash	8.9	8.7
Receivables, less allowance for uncollectables of $2.9 and $2.6 at Sept. 30, 2012 and Dec. 31, 2011, respectively	360.2	327.7
Inventories, at average cost		
Fuel	117.7	136.8
Materials and supplies	81.6	87.3
Derivative assets	2.0	0.9
Regulatory assets	58.8	87.3
Deferred income taxes	52.8	72.7
Prepayments and other current assets	34.2	31.9
Income tax receivables	0.0	0.6
Assets held for sale	59.0	0.0
Total current assets	1,009.8	797.9
Property, plant and equipment		
Utility plant in service		
Electric	6,647.7	6,731.7
Gas	1,216.1	1,169.9
Construction work in progress	299.3	247.4
Other property	445.9	432.3
Property, plant and equipment, at original costs	8,609.0	8,581.3
Accumulated depreciation	(2,673.0)	(2,613.5)
Total property, plant and equipment, net	5,936.0	5,967.8
Other assets		
Regulatory assets	344.7	364.5
Derivative assets	1.1	0.0
Goodwill	0.0	55.4
Deferred charges and other assets	125.3	136.6
Assets held for sale	164.3	0.0
Total other assets	635.4	556.5
Total assets	$7,581.2	$ 7,322.2

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

TECO ENERGY, INC.
Consolidated Condensed Balance Sheets – continued
Unaudited

Liabilities and Capital (millions)	*Sept. 30, 2012*	*Dec. 31, 2011*
Current liabilities		
Long-term debt due within one year		
Recourse	$ 147.1	$ 374.9
Non-recourse	0.0	11.2
Accounts payable	253.6	252.3
Customer deposits	162.1	159.5
Regulatory liabilities	102.2	86.2
Derivative liabilities	14.3	58.4
Interest accrued	62.9	39.3
Taxes accrued	78.1	20.7
Other	17.6	17.2
Liabilities associated with assets held for sale	27.7	0.0
Total current liabilities	865.6	1,019.7
Other liabilities		
Deferred income taxes	241.6	150.8
Investment tax credits	9.8	10.0
Regulatory liabilities	642.5	619.4
Derivative liabilities	1.0	8.6
Deferred credits and other liabilities	537.2	559.2
Liabilities associated with assets held for sale	6.3	0.0
Long-term debt, less amount due within one year		
Recourse	2,981.0	2,665.0
Non-recourse	0.0	22.3
Total other liabilities	4,419.4	4,035.3
Commitments and Contingencies (see Note 10)		
Capital		
Common stock (400.0 million shares authorized par value $1; 216.6 million shares and 215.8 million shares outstanding at Sept. 30, 2012 and Dec. 31, 2011, respectively)	216.6	215.8
Additional paid in capital	1,560.5	1,553.4
Retained earnings	544.2	519.4
Accumulated other comprehensive loss	(25.1)	(22.0)
TECO Energy capital	2,296.2	2,266.6
Noncontrolling interest	0.0	0.6
Total capital	2,296.2	2,267.2
Total liabilities and capital	$7,581.2	$ 7,322.2

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Income
Unaudited

(millions, except per share amounts)	*Three months ended Sept. 30, 2012*	*2011*
Revenues		
Regulated electric and gas (includes franchise fees and gross receipts taxes of $31.0 in 2012 and $28.8 in 2011)	$ 670.1	$ 685.5
Unregulated	188.5	192.3
Total revenues	858.6	877.8
Expenses		
Regulated operations & maintenance		
Fuel	209.1	226.3
Purchased power	25.8	32.1
Cost of natural gas sold	40.5	41.5
Other	115.4	107.9
Operation & maintenance other expense		
Mining related costs	141.5	149.7
Other	1.5	1.8
Depreciation and amortization	83.4	80.5
Taxes, other than income	58.3	56.7
Total expenses	675.5	696.5
Income from continuing operations	183.1	181.3
Other income		
Allowance for other funds used during construction	0.7	0.2
Other income	2.7	2.3
Total other income	3.4	2.5
Interest charges		
Interest expense	45.0	48.9
Allowance for borrowed funds used during construction	(0.4)	(0.1)
Total interest charges	44.6	48.8
Income from continuing operations before provision for income taxes	141.9	135.0
Provision for income taxes	51.7	48.9
Net income from continuing operations	90.2	86.1
Discontinued operations		
Income (loss) from discontinued operations	(27.4)	6.5
Provision for income taxes	18.7	2.3
Income (loss) from discontinued operations, net	(46.1)	4.2
Less: Income from discontinued operations attributable to noncontrolling interest	0.1	0.1
Income (loss) from discontinued operations attributable to TECO Energy, net	(46.2)	4.1
Net income attributable to TECO Energy	$ 44.0	$ 90.2
Average common shares outstanding – Basic	214.5	213.8
– Diluted	215.4	215.3
Earnings per share from continuing operations – Basic	$ 0.42	$ 0.40
– Diluted	$ 0.42	$ 0.40
Earnings per share from discontinued operations attributable to TECO Energy – Basic	$ (0.22)	$ 0.02
– Diluted	$ (0.22)	$ 0.02
Earnings per share attributable to TECO Energy – Basic	$ 0.20	$ 0.42
– Diluted	$ 0.20	$ 0.42
Dividends paid per common share outstanding	$ 0.220	$ 0.215

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Income
Unaudited

(millions, except per share amounts)	*Nine months ended Sept. 30, 2012*	*2011*
Revenues		
Regulated electric and gas (includes franchise fees and gross receipts taxes of $85.4 in 2012 and $84.3 in 2011)	$ 1,826.8	$ 1,929.1
Unregulated	481.4	560.7
Total revenues	2,308.2	2,489.8
Expenses		
Regulated operations & maintenance		
Fuel	534.5	565.4
Purchased power	85.2	103.2
Cost of natural gas sold	118.5	177.6
Other	342.2	331.4
Operation & maintenance other expense		
Mining related costs	358.7	437.2
Other	4.4	4.8
Depreciation and amortization	246.9	237.8
Taxes, other than income	170.8	170.1
Total expenses	1,861.2	2,027.5
Income from operations	447.0	462.3
Other income		
Allowance for other funds used during construction	1.6	0.8
Other income	5.8	4.3
Total other income	7.4	5.1
Interest charges		
Interest expense	141.7	149.2
Allowance for borrowed funds used during construction	(0.9)	(0.4)
Total interest charges	140.8	148.8
Income from continuing operations before provision for income taxes	313.6	318.6
Provision for income taxes	113.2	115.1
Net income from continuing operations	200.4	203.5
Discontinued operations		
Income (loss) from discontinued operations	(7.9)	24.7
Provision for income taxes	24.6	8.6
Income (loss) from discontinued operations, net	(32.5)	16.1
Less: Income from discontinued operations attributable to noncontrolling interest	0.3	0.2
Income (loss) from discontinued operations attributable to TECO Energy, net	(32.8)	15.9
Net income attributable to TECO Energy	$ 167.6	$ 219.4
Average common shares outstanding – Basic	214.2	213.5
– Diluted	215.3	215.1
Earnings per share from continuing operations – Basic	$ 0.93	$ 0.95
– Diluted	$ 0.93	$ 0.95
Earnings per share from discontinued operations attributable to TECO Energy – Basic	$ (0.15)	$ 0.07
– Diluted	$ (0.15)	$ 0.07
Earnings per share attributable to TECO Energy – Basic	$ 0.78	$ 1.02
– Diluted	$ 0.78	$ 1.02
Dividends paid per common share outstanding	$ 0.660	$ 0.635

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Comprehensive Income
Unaudited

(millions)	*Three months ended Sept. 30,* *2012*	*2011*	*Nine months ended Sept. 30,* *2012*	*2011*
Net income attributable to TECO Energy	$ 44.0	$ 90.2	$ 167.6	$ 219.4
Other comprehensive income (loss), net of tax				
Net unrealized gains (losses) on cash flow hedges	1.7	(1.8)	(4.2)	(0.9)
Amortization of unrecognized benefit costs and other	0.5	0.4	1.1	1.2
Other comprehensive (loss) income, net of tax	2.2	(1.4)	(3.1)	0.3
Comprehensive income attributable to TECO Energy	$ 46.2	$ 88.8	$ 164.5	$ 219.7

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

TECO ENERGY, INC.
Consolidated Condensed Statements of Cash Flows
Unaudited

(millions)	*Nine months ended Sept. 30, 2012*	*2011*
Cash flows from operating activities		
Net income attributable to TECO Energy	$ 167.6	$ 219.4
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	253.2	243.4
Deferred income taxes	115.2	117.5
Investment tax credits	(0.3)	(0.3)
Allowance for funds used during construction	(1.6)	(0.8)
Non-cash stock compensation	8.5	6.6
Loss (gain) on sale of business/assets, pretax	14.5	(0.5)
Asset impairment, pretax	17.4	0.0
Deferred recovery clauses	(3.7)	3.6
Receivables, less allowance for uncollectibles	(47.3)	(9.4)
Inventories	7.9	39.7
Prepayments and other current assets	(3.1)	(4.4)
Taxes accrued	58.7	35.2
Interest accrued	23.6	23.2
Accounts payable	22.0	(26.9)
Other	(25.0)	25.3
Cash flows from operating activities	607.6	671.6
Cash flows from investing activities		
Capital expenditures	(355.2)	(298.3)
Allowance for funds used during construction	1.6	0.8
Net proceeds from sale of business/assets	7.4	3.4
Other investing activities	0.0	14.4
Cash flows used in investing activities	(346.2)	(279.7)
Cash flows from financing activities		
Dividends	(142.8)	(136.8)
Proceeds from the sale of common stock	3.2	6.6
Proceeds from long-term debt issuance	538.3	0.0
Repayment of long-term debt/Purchase in lieu of redemption	(469.2)	(150.8)
Dividend to noncontrolling interest	(0.3)	(0.6)
Net decrease in short-term debt	0.0	(12.0)
Cash flows used in financing activities	(70.8)	(293.6)
Net increase in cash and cash equivalents	190.6	98.3
Cash and cash equivalents at beginning of period	44.0	67.5
Cash and cash equivalents at end of period	$ 234.6	$ 165.8

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

TECO ENERGY, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
UNAUDITED

1. Summary of Significant Accounting Policies

See the company's 2011 Annual Report on Form 10-K for a complete detailed discussion of accounting policies. The significant accounting policies for both utility and diversified operations include:

Principles of Consolidation and Basis of Presentation

The consolidated condensed financial statements include the accounts of TECO Energy, Inc., its majority-owned and controlled subsidiaries and the accounts of VIEs for which it is the primary beneficiary (TECO Energy or the company). TECO Energy is considered to be the primary beneficiary of VIEs if it has both 1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and 2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. For the periods presented, no VIEs have been consolidated (see **Note 14**).

All significant intercompany balances and intercompany transactions have been eliminated in consolidation. Generally, the equity method of accounting is used to account for investments in partnerships or other arrangements in which TECO Energy is not the primary beneficiary, but is able to exert significant influence. In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TECO Energy, Inc. and its subsidiaries as of Sept. 30, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended Sept. 30, 2012 and 2011. The results of operations for the three and nine months ended Sept. 30, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012.

The use of estimates is inherent in the preparation of financial statements in accordance with U.S. GAAP. Actual results could differ from these estimates. The year-end consolidated condensed balance sheet data was derived from audited financial statements, however, this quarterly report on Form 10-Q does not include all year-end disclosures required for an annual report on Form 10-K by U.S. GAAP.

Revenues

As of Sept. 30, 2012 and Dec. 31, 2011, unbilled revenues of $52.6 million and $50.2 million, respectively, are included in the "Receivables" line item on the Consolidated Condensed Balance Sheets.

Accounting for Excise Taxes, Franchise Fees and Gross Receipts

TECO Coal incurs most of TECO Energy's total excise taxes, which are accrued as an expense and reconciled to the actual cash payment of excise taxes. As general expenses, they are not specifically recovered through revenues. Excise taxes paid by the regulated utilities are not material and are expensed when incurred.

The regulated utilities are allowed to recover certain costs on a dollar-per-dollar basis incurred from customers through prices approved by the FPSC. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Consolidated Condensed Statements of Income. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Consolidated Condensed Statements of Income in "Taxes, other than income". These amounts totaled $31.0 million and $85.4 million, respectively, for the three and nine months ended Sept. 30, 2012, compared to $28.8 million and $84.3 million, respectively, for the three and nine months ended Sept. 30, 2011.

Cash Flows Related to Derivatives and Hedging Activities

The company classifies cash inflows and outflows related to derivative and hedging instruments in the appropriate cash flow sections associated with the item being hedged. In the case of diesel fuel swaps, which are used to mitigate the fluctuations in the price of diesel fuel, the cash inflows and outflows are included in the operating section. For natural gas and ongoing interest rate swaps, the cash inflows and outflows are included in the operating section. For interest rate swaps that settle coincident with the debt issuance, the cash inflows and outflows are treated as premiums or discounts and included in the financing section of the Consolidated Condensed Statements of Cash Flows.

Reclassifications

Certain reclassifications were made to prior year amounts to conform to current period presentation. None of the reclassifications affected TECO Energy's net income in any period.

2. New Accounting Pronouncements

Intangibles – Goodwill and Other

In July 2012, the FASB issued guidance that allows companies to perform a qualitative analysis as the first step in determining whether it is more likely than not that an indefinite-lived intangible asset is impaired. If it is determined that it is not more likely than not that the asset is impaired, then no further analysis is required. The guidance is effective for interim and annual impairment tests for fiscal years beginning after Sept. 15, 2012. Early adoption is permitted. The company has adopted this guidance early and it has had no effect on the company's results of operations, financial position or cash flows.

Offsetting Assets and Liabilities

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

3. Regulatory

Tampa Electric's and PGS's businesses are regulated by the FPSC. Tampa Electric also is subject to regulation by the FERC under the PUHCA 2005. However, pursuant to a waiver granted in accordance with the FERC's regulations, TECO Energy is not subject to certain accounting, record-keeping and reporting requirements prescribed by the FERC's regulations under the PUHCA 2005. The operations of PGS are regulated by the FPSC separately from the operations of Tampa Electric. The FPSC has jurisdiction over rates, service, issuance of securities, safety, accounting and depreciation practices and other matters. In general, the FPSC sets rates at a level that allows utilities such as Tampa Electric and PGS to collect total revenues (revenue requirements) equal to their cost of providing service, plus a reasonable return on invested capital.

Storm Damage Cost Recovery

Tampa Electric accrues $8.0 million annually to a FERC-authorized and FPSC-approved self-insured storm damage reserve. This reserve was created after Florida's IOUs were unable to obtain transmission and distribution insurance coverage due to destructive acts of nature. Tampa Electric's storm reserve was $48.4 million and $43.6 million as of Sept. 30, 2012 and Dec. 31, 2011, respectively.

Wholesale and Transmission Rate Cases

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

Regulatory Assets and Liabilities

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

Tampa Electric and PGS apply the accounting standards for regulated operations. Areas of applicability include: deferral of revenues under approved regulatory agreements; revenue recognition resulting from cost-recovery clauses that provide for monthly billing charges to reflect increases or decreases in fuel, purchased power, conservation and environmental costs; and the deferral of costs as regulatory assets to the period that the regulatory agency recognizes them when cost recovery is ordered over a period longer than a fiscal year.

Details of the regulatory assets and liabilities as of Sept. 30, 2012 and Dec. 31, 2011 are presented in the following table:

Regulatory Assets and Liabilities

(millions)	*Sept. 30, 2012*	*Dec. 31, 2011*
Regulatory assets:		
Regulatory tax asset (1)	$ 62.1	$ 63.6
Other:		
Cost-recovery clauses	32.3	73.3
Postretirement benefit asset	241.6	252.4
Deferred bond refinancing costs (2)	8.5	11.1
Environmental remediation	37.8	30.5
Competitive rate adjustment	3.5	3.5
Other	17.7	17.4
Total other regulatory assets	341.4	388.2
Total regulatory assets	403.5	451.8
Less: Current portion	58.8	87.3
Long-term regulatory assets	$ 344.7	$ 364.5
Regulatory liabilities:		
Regulatory tax liability (1)	$ 14.9	$ 16.0
Other:		
Cost-recovery clauses	70.6	61.4
Transmission and delivery storm reserve	48.4	43.6
Deferred gain on property sales (3)	3.7	5.0
Provision for stipulation and other	1.0	0.8
Accumulated reserve - cost of removal	606.1	578.8
Total other regulatory liabilities	729.8	689.6
Total regulatory liabilities	744.7	705.6
Less: Current portion	102.2	86.2
Long-term regulatory liabilities	$642.5	$ 619.4

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

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

Regulatory Assets

(millions)	*Sept. 30, 2012*	*Dec 31, 2011*
Clause recoverable (1)	$ 35.8	$ 76.8
Components of rate base (2)	255.4	264.9
Regulatory tax assets (3)	62.1	63.6
Capital structure and other (3)	50.2	46.5
Total	$ 403.5	$ 451.8

(1) To be recovered through cost-recovery clauses approved by the FPSC on a dollar-for-dollar basis in the next year.
(2) Primarily reflects allowed working capital, which is included in rate base and earns a rate of return as permitted by the FPSC.
(3) "Regulatory tax assets" and "Capital structure and other" regulatory assets have a recoverable period longer than a fiscal year and are recognized over the period authorized by the regulatory agency. Also included are unamortized loan costs, which are amortized over the life of the related debt instruments. See footnotes 1 and 2 in the prior table for additional information.

4. Income Taxes

The company's U.S. subsidiaries join in the filing of a U.S. federal consolidated income tax return. The IRS concluded its examination of the company's 2010 consolidated federal income tax return during 2011. The U.S. federal statute of limitations remains open for years 2009 and onward. Years 2011 and 2012 are currently being examined by the IRS under its Compliance Assurance Program. TECO Energy does not expect the settlement of current IRS examinations to significantly change the total amount of unrecognized tax benefits in the next twelve months. U.S. state jurisdictions have statutes of limitations generally ranging from three to four years from the filing of an income tax return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. Years still open to examination by tax authorities in major state jurisdictions include 2008 and forward.

The company recognizes interest and penalties associated with uncertain tax positions in "Operation & maintenance other expense-Other" on the Consolidated Condensed Statements of Income in accordance with standards for accounting for uncertainty in income taxes. For the nine months ended Sept. 30, 2012 and Sept. 30, 2011, the company recorded \$0.1 million and \$0.1 million of interest charges respectively. No amounts were recorded in continuing operations for penalties for the nine months ended Sept. 30, 2012 or Sept. 30, 2011.

During the three months ended Sept. 30, 2012, the company incurred an after tax charge of \$22.6 million for foreign tax credits associated with its Guatemalan operations being reclassified as an asset held for sale. See **Note 15** for more information.

The effective tax rate for continuing operations decreased to 36.09% for the nine months ended Sept. 30, 2012 from 36.13% for the same period in 2011.

5. Employee Postretirement Benefits

Included in the table below is the periodic expense for pension and other postretirement benefits offered by the company.

Pension Expense *(millions)*	Pension Benefits		Other Postretirement Benefits	
Three months ended Sept. 30,	*2012*	*2011*	*2012*	*2011*
Components of net periodic benefit expense				
Service cost	\$ 4.3	\$ 4.0	\$ 0.6	\$ 0.5
Interest cost on projected benefit obligations	7.5	7.7	2.5	2.8
Expected return on assets	(9.3)	(9.6)	0.0	0.0
Amortization of:				
Transition obligation	0.0	0.0	0.4	0.5
Prior service (benefit) cost	(0.1)	(0.1)	0.2	0.2
Actuarial loss	3.9	2.8	0.1	0.1
Net pension expense recognized in the TECO Energy Consolidated Condensed Statements of Income	\$ 6.3	\$ 4.8	\$ 3.8	\$ 4.1
Nine months ended Sept. 30,				
Components of net periodic benefit expense				
Service cost	\$ 12.8	\$ 12.0	\$ 1.8	\$ 1.6
Interest cost on projected benefit obligations	22.5	23.2	7.6	8.3
Expected return on assets	(27.8)	(28.8)	0.0	0.0
Amortization of:				
Transition obligation	0.0	0.0	1.3	1.7
Prior service (benefit) cost	(0.3)	(0.3)	0.6	0.6
Actuarial loss	11.5	8.4	0.1	0.1
Net pension expense recognized in the TECO Energy Consolidated Condensed Statements of Income	\$ 18.7	\$ 14.5	\$ 11.4	\$ 12.3

For the fiscal 2012 plan year, TECO Energy assumed a long-term EROA of 7.50% and a discount rate of 4.797% for its pension benefits under its qualified pension plan, and a discount rate of 4.744% for its other postretirement benefits as of their Jan. 1, 2012 measurement dates. Additionally, TECO Energy made contributions of \$27.8 million to its pension plan for the nine months ended Sept. 30, 2012.

For the three and nine months ended Sept. 30, 2012, TECO Energy and its subsidiaries reclassed $0.8 million and $2.3 million, respectively, of unamortized transition obligation, prior service cost and actuarial losses from AOCI to net income as part of periodic benefit expense. In addition, during the three and nine months ended Sept. 30, 2012, TEC reclassed $3.6 million and $10.9 million, respectively, of unamortized transition obligation, prior service cost and actuarial losses from regulatory assets to net income as part of periodic benefit expense.

In July 2012, the President signed into law the MAP-21. MAP-21 provides funding relief for pension plan sponsors by stabilizing discount rates used in calculating the required minimum pension contributions and increasing PBGC premium rates to be paid by plan sponsors. The company is currently evaluating the impact MAP-21 will have on its pension contributions and on future PBGC premiums, and expects the required minimum pension contributions to be lower than the levels previously projected.

6. Short-Term Debt

At Sept. 30, 2012 and Dec. 31, 2011, the following credit facilities and related borrowings existed:

Credit Facilities

	Sept. 30, 2012			Dec. 31, 2011		
(millions)	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding
Tampa Electric Company:						
5-year facility (2)	$ 325.0	$ 0.0	$ 0.7	$ 325.0	$ 0.0	$ 0.7
1-year accounts receivable facility	150.0	0.0	0.0	150.0	0.0	0.0
TECO Energy/TECO Finance:						
5-year facility (2)(3)	200.0	0.0	0.0	200.0	0.0	0.0
Total	$675.0	$ 0.0	$ 0.7	$675.0	$ 0.0	$ 0.7

(1) Borrowings outstanding are reported as notes payable.
(2) This 5-year facility matures Oct. 25, 2016.
(3) TECO Finance is the borrower and TECO Energy is the guarantor of this facility.

At Sept. 30, 2012, these credit facilities require commitment fees ranging from 12.5 to 30.0 basis points. There were no outstanding borrowings at Sept. 30, 2012 or Dec. 31, 2011.

Tampa Electric Company Accounts Receivable Facility

On Feb. 17, 2012, TEC and TRC amended their $150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 10 to the Loan and Servicing Agreement with certain lenders named therein and Citibank, N.A. as Program Agent. The amendment (i) extends the maturity date to Feb. 15, 2013, (ii) provides that TRC will pay program and liquidity fees, which will total 60 basis points, (iii) continues to provide that the interest rates on the borrowings will be based on prevailing asset-backed commercial paper rates, unless such rates are not available from conduit lenders, in which case the rates will be at an interest rate equal to, at TEC's option, either Citibank's prime rate (or the federal funds rate plus 50 basis points, if higher) or a rate based on the LIBOR (if available) plus a margin and (iv) makes other technical changes.

7. Long-Term Debt

Issuance of Tampa Electric Company 2.60% Notes due 2022

On Sept. 28, 2012, TEC completed an offering of $250 million aggregate principal amount of 2.60% Notes due 2022 (the Notes). The Notes were sold at 99.878% of par. The offering resulted in net proceeds to TEC (after deducting underwriting discounts and commissions and estimated offering expenses) of approximately $247.7 million. Net proceeds were used to repay the Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds, Series 2002 (consisting of 5.10% bonds due 2013 and 5.50% bonds due 2023). The remaining net proceeds will be used to repay short-term debt and for general corporate purposes. See **Note 17** for more information. At any time prior to June 15, 2022, TEC may redeem all or any part of the Notes at its option at a redemption price equal to the greater of (i) 100% of the principal amount of Notes to be redeemed or (ii) the sum of the present values of the remaining payments of principal and interest on the Notes to be redeemed, discounted to the redemption date on a semiannual basis at an applicable treasury rate, plus 15 basis points; in either case, the redemption price would include accrued and unpaid interest to the redemption date. At any time on or after June 15, 2022, TEC may at its option redeem the Notes, in whole or in part, at 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

Issuance of Tampa Electric Company 4.10% Notes due 2042

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

Purchase in Lieu of Redemption of Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds, Series 2006 (Non-AMT) and Polk County Industrial Development Authority Solid Waste Disposal Facility Revenue Refunding Bonds, Series 2010

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

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

On March 26, 2008, TEC purchased in lieu of redemption $20 million HCIDA Pollution Control Revenue Refunding Bonds, Series 2007C. $181 million in bonds purchased in lieu of redemption were held by the trustee at the direction of TEC as of Sept. 30, 2012 (the "Held Bonds") to provide an opportunity to evaluate refinancing alternatives. The Held Bonds effectively offset the outstanding debt balances and are presented net on the balance sheet.

Fair Value of Long-Term Debt

At Sept. 30, 2012, total long-term debt had a carrying amount of $3,128.1 million and an estimated fair market value of $3,612.5 million. Additionally, there is outstanding long-term debt that is classified in current liabilities associated with assets held for sale with a carrying value and fair value of $25.1 million at Sept. 30, 2012. At Dec. 31, 2011, total long-term debt had a carrying amount of $3,075.8 million and an estimated fair market value of $3,435.3 million. The company uses the market approach in determining fair value. The majority of the outstanding debt is valued using real-time financial market data obtained from Bloomberg Professional Service. The remaining securities are valued using prices obtained from the Municipal Securities Rulemaking Board and by applying estimated credit spreads obtained from a third party to the par value of the security. All debt securities are level 2 instruments.

8. Other Comprehensive Income

TECO Energy reported the following OCI for the three and nine months ended Sept. 30, 2012 and 2011, related to changes in the fair value of cash flow hedges and amortization of unrecognized benefit costs associated with the company's postretirement plans:

Other Comprehensive Income

(millions)	*Three months ended Sept. 30,* Gross	Tax	Net	*Nine months ended Sept. 30,* Gross	Tax	Net
2012						
Unrealized gain (loss) on cash flow hedges	$ 2.5	($ 0.9)	$ 1.6	($ 7.2)	$ 2.7	($ 4.5)
Reclassification from AOCI to net income	0.2	(0.1)	0.1	0.5	(0.2)	0.3
Gain (Loss) on cash flow hedges	2.7	(1.0)	1.7	(6.7)	2.5	(4.2)
Amortization of unrecognized benefit costs and other	0.8	(0.3)	0.5	2.3	(1.2)	1.1
Total other comprehensive income (loss)	$ 3.5	($ 1.3)	$ 2.2	($ 4.4)	$ 1.3	($ 3.1)
2011						
Unrealized (loss) gain on cash flow hedges	($ 2.1)	$ 0.8	($ 1.3)	$ 0.8	($ 0.3)	$ 0.5
Reclassification from AOCI to net income	(0.8)	0.3	(0.5)	(2.3)	0.9	(1.4)
Loss on cash flow hedges	(2.9)	1.1	(1.8)	(1.5)	0.6	(0.9)
Amortization of unrecognized benefit costs and other	0.7	(0.3)	0.4	1.9	(0.7)	1.2
Total other comprehensive (loss) income	($ 2.2)	$ 0.8	($ 1.4)	$ 0.4	($ 0.1)	$ 0.3

Accumulated Other Comprehensive Loss

(millions)	*Sept. 30, 2012*	*Dec. 31, 2011*
Unrecognized pension losses and prior service credits (1)	($ 30.2)	($ 31.2)
Unrecognized other benefit gains, prior service costs and transition obligations (2)	14.3	14.2
Net unrealized losses from cash flow hedges (3)	(9.2)	(5.0)
Total accumulated other comprehensive loss	($ 25.1)	($ 22.0)

(1) Net of tax benefit of $18.5 million and $19.6 million as of Sept. 30, 2012 and Dec. 31, 2011, respectively.
(2) Net of tax expense of $6.2 million and $6.2 million as of Sept. 30, 2012 and Dec. 31, 2011, respectively.
(3) Net of tax benefit of $5.8 million and $3.2 million as of Sept. 30, 2012 and Dec. 31, 2011, respectively.

9. Earnings Per Share

(millions, except per share amounts)	Three months ended Sept. 30, *2012*	Three months ended Sept. 30, *2011* (1)	Nine months ended Sept. 30, *2012*	Nine months ended Sept. 30, *2011* (1)
Basic earnings per share				
Net income from continuing operations	$ 90.2	$ 86.1	$ 200.4	$ 203.5
Amount allocated to nonvested participating shareholders	(0.3)	(0.5)	(0.7)	(1.1)
Income before discontinued operations available to common shareholders - Basic	$ 89.9	$ 85.6	$ 199.7	$ 202.4
Income (loss) from discontinued operations attributable to TECO Energy, net	($ 46.2)	$ 4.1	($ 32.8)	$ 15.9
Amount allocated to nonvested participating shareholders	0.1	0.0	0.1	(0.1)
Income (loss) from discontinued operations attributable to TECO Energy available to common shareholders - Basic	($ 46.1)	$ 4.1	($ 32.7)	$ 15.8
Net income attributable to TECO Energy	$ 44.0	$ 90.2	$ 167.6	$ 219.4
Amount allocated to nonvested participating shareholders	(0.2)	(0.5)	(0.6)	(1.2)
Net income attributable to TECO Energy available to common shareholders - Basic	$ 43.8	$ 89.7	$ 167.0	$ 218.2
Average common shares outstanding - Basic	214.5	213.8	214.2	213.5
Earnings per share from continuing operations available to common shareholders - Basic	$ 0.42	$ 0.40	$ 0.93	$ 0.95
Earnings per share from discontinued operations attributable to TECO Energy available to common shareholders - Basic	($ 0.22)	$ 0.02	($ 0.15)	$ 0.07
Earnings per share attributable to TECO Energy available to common shareholders - Basic	**$ 0.20**	**$ 0.42**	**$ 0.78**	**$ 1.02**
Diluted earnings per share				
Net income from continuing operations	$ 90.2	$ 86.1	$ 200.4	$ 203.5
Amount allocated to nonvested participating shareholders	(0.3)	(0.5)	(0.7)	(1.1)
Income before discontinued operations available to common shareholders - Diluted	$ 89.9	$ 85.6	$ 199.7	$ 202.4
Income (loss) from discontinued operations attributable to TECO Energy, net	($ 46.2)	$ 4.1	($ 32.8)	$ 15.9
Amount allocated to nonvested participating shareholders	0.1	0.0	0.1	(0.1)
Income (loss) from discontinued operations attributable to TECO Energy available to common shareholders - Diluted	($ 46.1)	$ 4.1	($ 32.7)	$ 15.8
Net income attributable to TECO Energy	$ 44.0	$ 90.2	$ 167.6	$ 219.4
Amount allocated to nonvested participating shareholders	(0.2)	(0.5)	(0.6)	(1.2)
Net income attributable to TECO Energy available to common shareholders - Diluted	$ 43.8	$ 89.7	$ 167.0	$ 218.2
Unadjusted average common shares outstanding - Diluted	214.5	213.8	214.2	213.5
Assumed conversion of stock options, unvested restricted stock and contingent performance shares, net	0.9	1.5	1.1	1.6
Average common shares outstanding - Diluted	215.4	215.3	215.3	215.1
Earnings per share from continuing operations available to common shareholders - Diluted	$ 0.42	$ 0.40	$ 0.93	$ 0.95
Earnings per share from discontinued operations attributable to TECO Energy available to common shareholders - Diluted	($ 0.22)	$ 0.02	($ 0.15)	$ 0.07
Earnings per share attributable to TECO Energy available to common shareholders - Diluted	**$ 0.20**	**$ 0.42**	**$ 0.78**	**$ 1.02**
Anti-dilutive shares	0.0	1.4	0.6	1.8

(1) All prior periods presented reflect the classification of TECO Guatemala as discontinued operations (see **Note 15**).

10. Commitments and Contingencies

Legal Contingencies

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

Superfund and Former Manufactured Gas Plant Sites

TEC, through its Tampa Electric and Peoples Gas divisions, is a PRP for certain superfund sites and, through its Peoples Gas division, for certain former manufactured gas plant sites. While the joint and several liability associated with these sites presents the potential for significant response costs, as of Sept. 30, 2012, TEC has estimated its ultimate financial liability to be $28.4 million, primarily at PGS. This amount has been accrued and is primarily reflected in the long-term liability section under "Other" on the Consolidated Condensed Balance Sheets. The environmental remediation costs associated with these sites, which are expected to be paid over many years, are not expected to have a significant impact on customer prices.

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

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

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

Potentially Responsible Party Notification

In October 2010, the EPA notified TEC that it is a PRP under the CERCLA for the proposed conduct of a contaminated soil removal action, if necessary, at a property owned by TEC in Tampa, Florida. The property owned by TEC is undeveloped except for the location of transmission lines and poles, and is adjacent to an industrial site, not owned by TEC, which the EPA has studied since 1992 or earlier. The EPA has asserted this potential liability due to TEC's ownership of the property described above but, to the knowledge of TEC, this assertion is not based upon any release of hazardous substances by TEC. TEC has been in contact with the EPA to resolve this matter, and on July 10, 2012, TEC received an Enforcement Action Memorandum from the EPA, outlining the remediation actions the EPA is requiring at the site. The estimated costs to remediate the site are not expected to be material to the financial results or financial position of TEC or TECO Energy. TEC expects the remediation to be substantially completed in the fourth quarter of 2012.

Environmental Protection Agency Administrative Order

In December 2010, Clintwood Elkhorn Mining Company, a subsidiary of TECO Coal, received an Administrative Order from the EPA relating to the discharge of wastewater associated with inactive mining operations in Pike County, Kentucky. TECO Coal responded to the EPA in February 2011, and has been in contact with the EPA to resolve this matter. The company is unable to estimate the possible loss or range of loss with respect to this matter due to the uncertainty regarding the scope and extent of TECO Coal's potential liability, if any, and the costs of any required investigation and remediation related to these inactive mining operations.

Guarantees and Letters of Credit

A summary of the face amount or maximum theoretical obligation under TECO Energy's and TEC's letters of credit and guarantees as of Sept. 30, 2012 is as follows:

Guarantees - TECO Energy

(millions) Guarantees for the Benefit of:	2012	2013-2016	After (1) 2016	Total	Liabilities Recognized at Sept. 30, 2012
TECO Coal					
Fuel purchase related (2)	$0.0	$ 0.0	$ 5.4	$ 5.4	$ 1.6
Other subsidiaries					
Fuel purchase/energy management (2)	0.0	10.0	95.3	105.3	0.8
Guaranty under sale agreement (3)	0.0	4.8	0.0	4.8	4.8
Total	$0.0	$ 14.8	$100.7	$115.5	$ 7.2

Letters of Credit - Tampa Electric Company

(millions) Letters of Credit for the Benefit of:	2012	2013-2016	After (1) 2016	Total	Liabilities Recognized at Sept. 30, 2012
Tampa Electric (2)	$0.0	$ 0.0	$ 0.7	$ 0.7	$ 0.2

(1) These letters of credit and guarantees renew annually and are shown on the basis that they will continue to renew beyond 2016.

(2) The amounts shown are the maximum theoretical amounts guaranteed under current agreements. Liabilities recognized represent the associated obligation of TECO Energy under these agreements at Sept. 30, 2012. The obligations under these letters of credit and guarantees include net accounts payable and net derivative liabilities.

(3) The liability recognized relates to an indemnification provision for an uncertain tax position at TCAE that was provided for in the purchase agreement. See **Note 15** for additional information.

Financial Covenants

In order to utilize their respective bank facilities, TECO Energy and its subsidiaries must meet certain financial tests as defined in the applicable agreements. In addition, TECO Energy, TECO Finance, TEC and the other operating companies have certain restrictive covenants in specific agreements and debt instruments. At Sept. 30, 2012, TECO Energy, TECO Finance, TEC and the other operating companies were in compliance with all applicable financial covenants.

11. Segment Information

TECO Energy is an electric and gas utility holding company with significant diversified activities. Segments are determined based on how management evaluates, measures and makes decisions with respect to the operations of the entity. The management of TECO Energy reports segments based on each subsidiary's contribution of revenues, net income and total assets as required by the accounting guidance for disclosures about segments of an enterprise and related information. All significant intercompany transactions are eliminated in the Consolidated Condensed Financial Statements of TECO Energy, but are included in determining reportable segments.

Segment Information (1)

(millions)
Three months ended Sept. 30,

	Tampa Electric	Peoples Gas	TECO Coal	TECO Guatemala	Other & Eliminations	TECO Energy
2012						
Revenues - external	$ 574.9	$ 95.2	$ 186.0	$ 0.0	$ 2.5	$ 858.6
Sales to affiliates	0.3	0.0	0.0	0.0	(0.3)	0.0
Total revenues	575.2	95.2	186.0	0.0	2.2	858.6
Depreciation and amortization	60.2	12.7	10.2	0.0	0.3	83.4
Total interest charges (1)	26.7	3.7	1.9	0.0	12.3	44.6
Internally allocated interest (1)	0.0	0.0	1.7	0.0	(1.7)	0.0
Provision for income taxes	45.7	4.4	6.0	0.0	(4.4)	51.7
Net income from continuing operations	73.5	7.0	17.4	0.0	(7.7)	90.2
Discontinued operations attributable to TECO, net of tax (2)	0.0	0.0	0.0	(42.6)	(3.6)	(46.2)
Net income attributable to TECO Energy	$ 73.5	$ 7.0	$ 17.4	($ 42.6)	($ 11.3)	$ 44.0
2011						
Revenues - external	$ 591.6	$ 93.9	$ 190.5	$ 0.0	$ 1.8	$ 877.8
Sales to affiliates	0.3	0.3	0.0	0.0	(0.6)	0.0
Total revenues	591.9	94.2	190.5	0.0	1.2	877.8
Depreciation and amortization	56.2	12.2	11.8	0.0	0.3	80.5
Total interest charges (1)	30.3	4.4	1.7	0.0	12.4	48.8
Internally allocated interest (1)	0.0	0.0	1.7	0.0	(1.7)	0.0
Provision for income taxes	47.4	3.0	4.1	0.0	(5.6)	48.9
Net income from continuing operations	75.0	4.8	14.1	0.0	(7.8)	86.1
Discontinued operations attributable to TECO, net of tax (2)	0.0	0.0	0.0	4.4	(0.3)	4.1
Net income attributable to TECO Energy	$ 75.0	$ 4.8	$ 14.1	$ 4.4	($ 8.1)	$ 90.2

(millions)
Nine months ended Sept. 30,

	Tampa Electric	Peoples Gas	TECO Coal	TECO Guatemala	Other & Eliminations	TECO Energy
2012						
Revenues - external	$ 1,527.8	$298.9	$ 474.1	$ 0.0	$ 7.4	$ 2,308.2
Sales to affiliates	0.8	1.3	0.0	0.0	(2.1)	0.0
Total revenues	1,528.6	300.2	474.1	0.0	5.3	2,308.2
Depreciation and amortization	177.2	37.7	31.0	0.0	1.0	246.9
Total interest charges (1)	86.2	12.6	5.5	0.0	36.5	140.8
Internally allocated interest (1)	0.0	0.0	5.2	0.0	(5.2)	0.0
Provision for income taxes	96.5	17.0	13.2	0.0	(13.5)	113.2
Net income from continuing operations	156.9	27.0	39.4	0.0	(22.9)	200.4
Discontinued operations attributable to TECO, net of tax (2)	0.0	0.0	0.0	(28.6)	(4.2)	(32.8)
Net income attributable to TECO Energy	$ 156.9	$ 27.0	$ 39.4	($ 28.6)	($ 27.1)	$ 167.6
2011						
Revenues - external	$ 1,570.6	$358.5	$555.5	$ 0.0	$ 5.2	$2,489.8
Sales to affiliates	1.0	3.0	0.0	0.0	(4.0)	0.0
Total revenues	1,571.6	361.5	555.5	0.0	1.2	2,489.8
Depreciation and amortization	166.4	36.0	34.4	0.0	1.0	237.8
Total interest charges (1)	91.6	13.3	5.1	0.0	38.8	148.8
Internally allocated interest (1)	0.0	0.0	5.0	0.0	(5.0)	0.0
Provision for income taxes	104.3	16.0	10.7	0.0	(15.9)	115.1
Net income from continuing operations	165.0	25.4	38.1	0.0	(25.0)	203.5
Discontinued operations attributable to TECO, net of tax (2)	0.0	0.0	0.0	16.4	(0.5)	15.9
Net income attributable to TECO Energy	$ 165.0	$ 25.4	$ 38.1	$ 16.4	($ 25.5)	$ 219.4

(millions)	Tampa Electric	Peoples Gas	TECO Coal	TECO Guatemala	Other & Eliminations	TECO Energy
At Sept. 30, 2012						
Assets held for sale, current	$ 0.0	$ 0.0	$ 0.0	$ 59.0	$ 0.0	$ 59.0
Assets held for sale, non-current	0.0	0.0	0.0	164.3	0.0	164.3
Total assets	$6,196.7	$978.0	$363.8	$ 243.2	($ 200.5)	$7,581.2
At Dec. 31, 2011						
Goodwill	$ 0.0	$ 0.0	$ 0.0	$ 55.4	$ 0.0	$ 55.4
Total assets	$ 5,940.9	$ 932.0	$385.2	$ 304.1	($ 240.0)	$ 7,322.2

(1) Segment net income is reported on a basis that includes internally allocated financing costs. Total interest charges include internally allocated interest costs that for January 2012 through September 2012 were at a pretax rate of 6.00% and for 2011 were at a pretax rate of 6.25% based on an average of each subsidiary's equity and indebtedness to TECO Energy assuming a 50/50 debt/equity capital structure.

(2) All periods have been adjusted to reflect the reclassification of results from operations to discontinued operations for TECO Guatemala and certain charges at Parent that directly relate to TECO Guatemala. See **Note 15.**

12. Accounting for Derivative Instruments and Hedging Activities

From time to time, TECO Energy and its affiliates enter into futures, forwards, swaps and option contracts for the following purposes:

- to limit the exposure to price fluctuations for physical purchases and sales of natural gas in the course of normal operations at Tampa Electric and PGS,
- to limit the exposure to interest rate fluctuations on debt securities at TECO Energy and its affiliates, and
- to limit the exposure to price fluctuations for physical purchases of fuel at TECO Coal.

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

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

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

The company applies the accounting standards for regulated operations to financial instruments used to hedge the purchase of natural gas for its regulated companies. These standards, in accordance with the FPSC, permit the changes in fair value of natural gas derivatives to be recorded as regulatory assets or liabilities reflecting the impact of hedging activities on the fuel recovery clause. As a result, these changes are not recorded in OCI (see **Note 3**).

A company's physical contracts qualify for the NPNS exception to derivative accounting rules, provided they meet certain criteria. Generally, NPNS applies if the company deems the counterparty creditworthy, if the counterparty owns or controls resources within the proximity to allow for physical delivery of the commodity, if the company intends to receive physical delivery and if the transaction is reasonable in relation to the company's business needs. As of Sept. 30, 2012, all of the company's physical contracts qualify for the NPNS exception.

The company has reviewed the new Commodity Exchange Act (CEA) clearing requirement enacted under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The regulation will require commodity swaps to be submitted to a derivatives clearing organization registered with the Commodity Futures Trading Commission (CFTC) for clearing. The CFTC has further provided that the clearing requirement shall not apply to a swap if one of the counterparties to the swap: (i) is not a financial entity; (ii) is using swaps to hedge or mitigate commercial risk; (iii) notifies the CFTC how it generally meets its financial obligations associated with entering into non-cleared swap; and (iv) information related to whether the electing counterparty is an issuer of securities with board approval to not clear the swaps'(referred to as the end-user exception). The Audit Committee, appointed as the appropriate committee of the Board of Directors, has elected the use of the end-user exception that will allow the company to enter into swaps used to hedge its commercial risk without submitting them for clearing as permitted by the Dodd-Frank Act.

The following table presents the derivatives that are designated as cash flow hedges at Sept. 30, 2012 and Dec. 31, 2011:

Total Derivatives (1)

(millions)	*Sept. 30, 2012*	*Dec. 31, 2011*
Current assets	$ 2.0	$ 0.9
Long-term assets	1.1	0.0
Total assets	$ 3.1	$ 0.9
Current liabilities	$ 14.3	$ 58.4
Long-term liabilities	1.0	8.6
Total liabilities	$ 15.3	$ 67.0

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

The following table presents the derivative hedges of diesel fuel contracts at Sept. 30, 2012 and Dec. 31, 2011 to limit the exposure to changes in the market price for diesel fuel used in the production of coal:

Diesel Fuel Derivatives

(millions)	*Sept. 30, 2012*	*Dec. 31, 2011*
Current assets	$ 0.5	$ 0.9
Long-term assets	0.0	0.0
Total assets	$ 0.5	$ 0.9
Current liabilities	$ 0.2	$ 0.0
Long-term liabilities	0.5	1.2
Total liabilities	$ 0.7	$ 1.2

The following table presents the derivative hedges of natural gas contracts at Sept. 30, 2012 and Dec. 31, 2011 to limit the exposure to changes in market price for natural gas used to produce energy and natural gas purchased for resale to customers:

Natural Gas Derivatives

(millions)	*Sept. 30, 2012*	*Dec. 31, 2011*
Current assets	$ 1.5	$ 0.0
Long-term assets	1.1	0.0
Total assets	$ 2.6	$ 0.0
Current liabilities	$ 14.1	$ 58.4
Long-term liabilities	0.5	7.4
Total liabilities	$ 14.6	$ 65.8

The ending balance in AOCI related to the cash flow hedges and previously settled interest rate swaps at Sept. 30, 2012 is a net loss of $9.2 million after tax and accumulated amortization. This compares to a net loss of $5.0 million in AOCI after tax and accumulated amortization at Dec. 31, 2011. The balance at Sept. 30, 2012 is primarily comprised of interest rate swaps settled coincident with debt issued in June of 2008 and 2012 (see **Note 7**). These amounts will be amortized into earnings over the life of the related debt.

The following table presents the fair values and locations of derivative instruments recorded on the balance sheet at Sept. 30, 2012:

Derivatives Designated As Hedging Instruments

(millions) *at Sept. 30, 2012*	Asset Derivatives Balance Sheet Location	Asset Derivatives Fair Value	Liability Derivatives Balance Sheet Location	Liability Derivatives Fair Value
Commodity Contracts:				
Diesel fuel derivatives:				
Current	Derivative assets	$ 0.5	Derivative liabilities	$ 0.2
Long-term	Derivative assets	0.0	Derivative liabilities	0.5
Natural gas derivatives:				
Current	Derivative assets	1.5	Derivative liabilities	14.1
Long-term	Derivative assets	1.1	Derivative liabilities	0.5
Total derivatives designated as hedging instruments		$ 3.1		$15.3

The following table presents the cumulative amount of pretax net gains or losses on all derivative instruments deferred in regulatory assets and liabilities as of Sept. 30, 2012:

Energy Related Derivatives

(millions) *at Sept. 30, 2012*	Asset Derivatives Balance Sheet Location (1)	Asset Derivatives Fair Value	Liability Derivatives Balance Sheet Location (1)	Liability Derivatives Fair Value
Commodity Contracts:				
Natural gas derivatives:				
Current	Regulatory liabilities	$1.5	Regulatory assets	$ 14.1
Long-term	Regulatory liabilities	1.1	Regulatory assets	0.5
Total		$2.6		$14.6

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

Based on the fair value of the instruments at Sept. 30, 2012, net pretax losses of $12.6 million are expected to be reclassified from regulatory assets or liabilities to the Consolidated Condensed Statements of Income within the next 12 months.

The following tables present the effect of hedging instruments on OCI and income for the three and nine months ended Sept. 30:

Three months ended Sept. 30, *(millions)* Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) on Derivatives Recognized in OCI Effective Portion (1)	Location of Gain/(Loss) Reclassified From AOCI Into Income	Amount of Gain/(Loss) Reclassified From AOCI Into Income Effective Portion (1)
2012			
Interest rate contracts	$ 0.0	Interest expense	($ 0.2)
Diesel fuel derivatives	1.6	Mining related costs	0.1
Total	$ 1.6		($ 0.1)
2011			
Interest rate contracts	$ 0.0	Interest expense	($ 0.2)
Diesel fuel derivatives	(1.3)	Mining related costs	0.7
Total	($ 1.3)		$ 0.5

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

Nine months ended Sept. 30, (millions) Derivatives in Cash Flow Hedging Relationships	Amount of Gain/(Loss) on Derivatives Recognized in OCI Effective Portion (1)	Location of Gain/(Loss) Reclassified From AOCI Into Income	Amount of Gain/(Loss) Reclassified From AOCI Into Income Effective Portion (1)
2012			
Interest rate contracts	($ 4.9)	Interest expense	($ 0.6)
Diesel fuel derivatives	0.4	Mining related costs	0.3
Total	($ 4.5)		($ 0.3)
2011			
Interest rate contracts	$ 0.0	Interest expense	($ 0.5)
Diesel fuel derivatives	0.6	Mining related costs	2.0
Total	$ 0.6		$ 1.5

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

For derivative instruments that meet cash flow hedge criteria, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or period during which the hedged transaction affects earnings. Gains and losses on the derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. For the nine months ended Sept. 30, 2012 and 2011, all hedges were effective.

The following table presents the derivative activity for instruments classified as qualifying cash flow hedges and their effect on OCI and AOCI for the nine months ended Sept. 30:

(millions)	Fair Value Asset/(Liability)	Amount of Gain/(Loss) Recognized in OCI (1)	Amount of Gain/(Loss) Reclassified From AOCI Into Income
2012			
Interest rate swaps	$ 0.0	($ 4.9)	($ 0.6)
Diesel fuel derivatives	(0.2)	0.4	0.3
Total	($ 0.2)	($ 4.5)	($ 0.3)
2011			
Interest rate swaps	$ 0.0	$ 0.0	($ 0.5)
Diesel fuel derivatives	0.0	0.6	2.0
Total	$ 0.0	$ 0.6	$ 1.5

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

The maximum length of time over which the company is hedging its exposure to the variability in future cash flows extends to Dec. 31, 2014 for both financial natural gas and financial diesel fuel contracts. The following table presents by commodity type the company's derivative volumes that, as of Sept. 30, 2012, are expected to settle during the 2012, 2013 and 2014 fiscal years:

(millions)	Diesel Fuel Contracts (Gallons)		Natural Gas Contracts (MMBTUs)	
Year	Physical	Financial	Physical	Financial
2012	0.0	2.5	0.0	9.7
2013	0.0	2.7	0.0	22.7
2014	0.0	1.5	0.0	4.0
Total	0.0	6.7	0.0	36.4

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

It is possible that volatility in commodity prices could cause the company to have material credit risk exposures with one or more counterparties. If such counterparties fail to perform their obligations under one or more agreements, the company could suffer a material financial loss. However, as of Sept. 30, 2012, substantially all of the counterparties with transaction amounts outstanding in the company's energy portfolio are rated investment grade by the major rating agencies. The company assesses credit risk internally for counterparties that are not rated.

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

The company has implemented procedures to monitor the creditworthiness of its counterparties and to consider nonperformance in valuing counterparty positions. The company monitors counterparties' credit standings, including those that are experiencing financial problems, have significant swings in credit default swap rates, have credit rating changes by external rating agencies or have changes in ownership. Net liability positions are generally not adjusted as the company uses derivative transactions as hedges and has the ability and intent to perform under each of these contracts. In the instance of net asset positions, the company considers general market conditions and the observable financial health and outlook of specific counterparties, forward-looking data such as credit default swaps, when available, and historical default probabilities from credit rating agencies in evaluating the potential impact of nonperformance risk to derivative positions. As of Sept. 30, 2012, all positions with counterparties are net liabilities.

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

The table below presents the fair value of the overall contractual contingent liability positions for the company's derivative activity at Sept. 30, 2012:

Contingent Features

(millions) *At Sept. 30, 2012*	Fair Value Asset/ (Liability)	Derivative Exposure Asset/ (Liability)	Posted Collateral
Credit Rating	($ 14.6)	($ 14.6)	$ 0.0

13. Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis

The following tables set forth by level within the fair value hierarchy the company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of Sept. 30, 2012 and Dec. 31, 2011. As required by accounting standards for fair value measurements, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. For natural gas and diesel fuel swaps, the market approach was used in determining fair value. There were no reclassifications between levels for the quarter.

Recurring Fair Value Measures

	At fair value as of Sept. 30, 2012			
(millions)	Level 1	Level 2	Level 3	Total
Assets				
Natural gas swaps	$ 0.0	$ 2.6	$ 0.0	$ 2.6
Diesel fuel swaps	0.0	0.5	0.0	0.5
Total	$ 0.0	$ 3.1	$ 0.0	$ 3.1
Liabilities				
Natural gas swaps	$ 0.0	$14.6	$ 0.0	$14.6
Diesel fuel swaps	0.0	0.7	0.0	0.7
Total	$ 0.0	$15.3	$ 0.0	$15.3

(millions)	At fair value as of Dec. 31, 2011 Level 1	Level 2	Level 3	Total
Assets				
Natural gas swaps	$ 0.0	$ 0.0	$ 0.0	$ 0.0
Diesel fuel swaps	0.0	0.9	0.0	0.9
Total	$ 0.0	$ 0.9	$ 0.0	$ 0.9
Liabilities				
Natural gas swaps	$ 0.0	$65.8	$ 0.0	$65.8
Diesel fuel swaps	0.0	1.2	0.0	1.2
Total	$ 0.0	$ 67.0	$ 0.0	$ 67.0

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

The company considered the impact of nonperformance risk in determining the fair value of derivatives. The company considered the net position with each counterparty, past performance of both parties, the intent of the parties, indications of credit deterioration and whether the markets in which the company transacts have experienced dislocation. At Sept. 30, 2012, the fair value of derivatives was not materially affected by nonperformance risk. The company's net positions with substantially all counterparties were liability positions.

14. Variable Interest Entities

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

TEC has entered into multiple PPAs with wholesale energy providers in Florida to ensure the ability to meet customer energy demand and to provide lower cost options in the meeting of this demand. These agreements range in size from 117 MW to 370 MW of available capacity, are with similar entities and contain similar provisions. Because some of these provisions provide for the transfer or sharing of a number of risks inherent in the generation of energy, these agreements meet the definition of being VIEs. These risks include: operating and maintenance, regulatory, credit, commodity/fuel and energy market risk. TEC has reviewed these risks and has determined that the owners of these entities have retained the majority of these risks over the expected life of the underlying generating assets, have the power to direct the most significant activities, the obligation or right to absorb losses or benefits and hence remain the primary beneficiaries. As a result, TEC is not required to consolidate any of these entities. TEC purchased $19.0 million and $62.3 million pursuant to PPAs for the three and nine months ended Sept. 30, 2012, respectively, and $22.9 million and $64.9 million for the three and nine months ended Sept. 30, 2011, respectively.

In one instance, TEC's agreement with an entity for 370 MW of capacity was entered into prior to Dec. 31, 2003, the effective date of these standards. Under these standards, TEC is required to make an exhaustive effort to obtain sufficient information to determine if this entity is a VIE and which holder of the variable interests is the primary beneficiary. The owners of this entity are not willing to provide the information necessary to make these determinations, have no obligation to do so and the information is not available publicly. As a result, TEC is unable to determine if this entity is a VIE and, if so, which variable interest holder, if any, is the primary beneficiary. TEC has no obligation to this entity beyond the purchase of capacity; therefore, the maximum exposure for TEC is the obligation to pay for such capacity under terms of the PPA at rates that could be unfavorable to the wholesale market. TEC purchased $13.1 million and $38.3 million for the three and nine months ended Sept. 30, 2012, respectively, and $12.0 million and $24.9 million for the three and nine months ended Sept. 30, 2011, respectively, under this PPA.

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

15. Discontinued Operations and Assets Held for Sale

On Aug. 7, 2012, TECO Energy received an offer from Renewable Energy Investments Guatemala Limited (REIN), a wholly-owned subsidiary of Sur Eléctrica Holding Limited (SUR) to purchase the independent power projects in Guatemala and certain affiliated Guatemala companies. SUR and REIN are international business companies organized under the laws of the Commonwealth of the Bahamas. On Sept. 27, 2012, an indirect wholly-owned subsidiary of TECO Energy, Inc., TECO Guatemala Holdings II, LLC (TGH), entered into an equity purchase agreement with SUR, and two equity purchase agreements with REIN (the three equity purchase agreements are collectively referred to herein as the "PAs"). Pursuant to the PA with SUR, TGH agreed to sell all of its ownership interests in TPS Guatemala One, Ltd. (TPS GO) for $12.5 million, and pursuant to the PAs with REIN, it agreed to sell all of its ownership interests in (i) TPS San José International, Inc. (TPS SJI) for $213.5 million and (ii) TECO Guatemala Services, Ltd. (TGS) for $1.5 million (TPS GO, TPS SJI and TGS are collectively referred to herein as the Disposal Group). The companies in the Disposal Group are the ultimate parent companies of TCAE, CGESJ, TEMSA, and TPS Operaciones de Guatemala, Limitada (TPSO), the owner of certain local real estate assets and the employer of the local employees. The total purchase price for the Disposal Group under the PAs is $227.5 million.

The sale of TPS GO, which owns 96.06% of TCAE, closed on Sept. 27, 2012. An affiliate of the party that controls the remaining interest in TCAE (the "noncontrolling interest holder") holds certain contractual rights with respect to TEMSA and CGESJ, including a right of first offer. The noncontrolling interest holder was also granted the opportunity to purchase TGS since the operations of TPSO are integral to the operations of TEMSA and CGESJ. The noncontrolling interest holder exercised the right of first offer for TPS SJI and elected to purchase TGS by executing PAs similar to the PAs with REIN on Oct. 17, 2012 and Oct. 26, 2012, respectively. If the noncontrolling interest holder fails to close on the sales for TPS SJI and TGS within ninety days of exercise and election, REIN will be obligated to close on the PAs of TPS SJI and TGS absent an intervening event causing a material adverse effect, which includes an adverse change in the credit markets, in which case it has the right to terminate the transaction.

As a result of the PAs, the TECO Guatemala segment is accounted for as an asset held for sale and discontinued operation at Sept. 30, 2012. The after-tax loss from discontinued operations reflects an after-tax loss on assets sold and held for sale, including transaction costs, of $31.2 million and an after-tax charge of $22.6 million associated with foreign tax credits. The sale of TPS GO and the pending sale of TPS SJI and TGS eliminate future foreign source income that would be required to utilize these credits. Also included in the loss calculation is $25.1 million of outstanding non-recourse debt held by CGESJ that must be paid by the company concurrent with the closing of the TPS SJI PA.

Pretax amounts recorded and included in pretax loss from discontinued operations include revenues of $31.5 million and $100.4 million for the three and nine months ended Sept. 30, 2012 and $33.6 million and $103.3 million for the three and nine months ended Sept. 30, 2011.

The PAs contain customary representations, warranties and covenants. The PAs also contain indemnification provisions subject to specified limitations as to time and amount, including an indemnification provision related to an uncertain tax position related to TCAE. In addition, each of the two pending PAs contain various closing conditions, including the conditions described above, and are subject to termination by either party if specified closing conditions are not met within the time periods allowed under the PAs.

As part of the PAs, TEC will perform and be paid for certain transitional services related to the sales, including certain engineering and information technology support. These cash flows will continue only while REIN, SUR and the noncontrolling interest holder (as applicable) are integrating the entities into their operations and information systems. Once the transitions to ultimate purchasers are complete, the cash flows from the continuation of activities will cease. Additionally, cash flows will not be material to the previously forecasted cash flows at TGI.

The following table provides a summary of the carrying amounts of the significant assets and liabilities reported in the combined current and non-current "Assets held for sale" and "Liabilities associated with assets held for sale" line items:

Assets held for sale (millions)	Sept. 30, 2012
Current assets (including cash of $26.9 million)	$ 59.0
Property, plant and equipment, net	119.0
Goodwill	39.9
Long-term assets	5.4
Total assets held for sale	$ 223.3

Liabilities associated with assets held for sale (millions)	Sept. 30, 2012
Current liabilities	$ 2.6
Long-term debt due within one year, non-recourse	25.1
Long-term liabilities	6.3
Total liabilities associated with assets held for sale	$ 34.0

16. Goodwill and Asset Impairments

In connection with the sale of TPS GO and anticipated sales of TPS SJI and TGS, the company recorded impairment charges related to goodwill and long-lived assets. Pretax amounts recorded and included in pretax loss from discontinued operations through Sept. 30, 2012 include the following charges related to assets sold and assets held for sale:

		Fair Value Measurements Using:			
(millions)	*Balance as of Sept. 30, 2012*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Pretax Gains (Losses)
Goodwill					
TPS GO	$ 0.0	$ 0.0	$ 0.0	$ 0.0	$ (3.1)
TPS SJI	39.9	0.0	39.9	0.0	(12.4)
Long-lived assets held for sale					
TGS	$ 0.7	$ 0.0	$ 0.7	$ 0.0	$ (1.9)

Goodwill for each reporting unit was written down to its implied fair value calculated using the offers from SUR and REIN. Although these are binding quoted prices, the fair value measurement is considered a Level 2 measurement since the market is not active as defined by accounting standards (i.e. transactions for these assets are too infrequent to provide pricing information on an ongoing basis). Prior to receiving the offers from REIN and SUR, the fair values of TPS GO's and TPS SJI's goodwill amounts were calculated using the discounted cash flows appropriate for the business model of each reporting unit. Discounted cash flows were formerly the best estimates of fair value of the reporting units, since neither a sale nor a similar transaction was readily observed in the marketplace for many years due to an inactive market.

Long-lived assets held for sale for each reporting unit were written down to fair value less estimated costs to sell. The fair values were calculated using the offers from REIN. Although these are binding quoted prices, the fair value measurement is considered a Level 2 measurement since the market is not active as defined by accounting standards (i.e. transactions for these assets are too infrequent to provide pricing information on an ongoing basis).

17. Subsequent Events

Sale of TPS San José International, Inc.

As previously reported in **Note 15**, TGH entered into a PA to sell all of its ownership interests in TPS SJI, Inc. for $213.5 million. Also reported in **Note 15**, a condition precedent to the closing of the PA was that the third party that held a right of first offer with respect to CGESJ and TEMSA, not exercise such right. On Oct. 17, 2012, this third party exercised its right of first offer, and, as a result, TGH entered into a PA with this third party, pursuant to which it agreed to sell all of its ownership interests on the same terms as contained in the original PA. On Oct. 26, 2012, TGH entered into a PA with the third party to sell all of its ownership interests in TGS. If the sales under the third party PAs do not close within ninety days from Oct. 17, 2012, the original party will be obligated to close on their PAs, absent an intervening event causing a material adverse effect, which includes an adverse change in the credit markets, in which case it has the right to terminate the transaction.

Optional Redemption of $147.1 million Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds, Series 2002

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

TAMPA ELECTRIC COMPANY

In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TEC as of Sept. 30, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended Sept. 30, 2012 and 2011. The results of operations for the three month and nine month periods ended Sept. 30, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012. References should be made to the explanatory notes affecting the consolidated financial statements contained in TEC's Annual Report on Form 10-K for the year ended Dec. 31, 2011 and to the notes on pages 36 through 47 of this report.

INDEX TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Balance Sheets
Unaudited

Assets *(millions)*	*Sept. 30, 2012*	*Dec. 31, 2011*
Property, plant and equipment		
Utility plant in service		
Electric	$ 6,645.7	$6,516.0
Gas	1,159.7	1,113.5
Construction work in progress	296.9	239.2
Utility plant in service, at original costs	8,102.3	7,868.7
Accumulated depreciation	(2,352.8)	(2,230.3)
	5,749.5	5,638.4
Other property, net	7.3	6.5
Total property, plant and equipment, net	5,756.8	5,644.9
Current assets		
Cash and cash equivalents	226.6	13.9
Receivables, less allowance for uncollectibles of $1.6 and $1.3 at Sept. 30, 2012 and Dec. 31, 2011, respectively	279.4	216.8
Inventories, at average cost		
Fuel	88.0	97.9
Materials and supplies	71.8	67.7
Regulatory assets	58.8	87.3
Derivative assets	1.5	0.0
Taxes receivable	0.0	14.6
Deferred income taxes	28.6	30.4
Prepayments and other current assets	14.8	10.5
Total current assets	769.5	539.1
Deferred debits		
Unamortized debt expense	16.6	14.1
Regulatory assets	344.7	364.5
Derivative assets	1.1	0.0
Other	3.6	8.8
Total deferred debits	366.0	387.4
Total assets	$ 6,892.3	$ 6,571.4

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Balance Sheets – continued
Unaudited

Liabilities and Capital (millions)	*Sept. 30, 2012*	*Dec. 31, 2011*
Capital		
Common stock	$ 1,905.4	$ 1,852.4
Accumulated other comprehensive loss	(8.9)	(4.6)
Retained earnings	340.1	305.7
Total capital	2,236.6	2,153.5
Long-term debt, less amount due within one year	1,932.2	1,616.3
Total capital	4,168.8	3,769.8
Current liabilities		
Long-term debt due within one year	147.1	374.9
Accounts payable	194.6	191.3
Customer deposits	162.1	159.5
Regulatory liabilities	102.2	86.2
Derivative liabilities	14.1	58.4
Interest accrued	45.0	25.6
Taxes accrued	75.5	11.9
Other	11.7	11.6
Total current liabilities	752.3	919.4
Deferred credits		
Deferred income taxes	920.8	833.0
Investment tax credits	9.8	10.0
Derivative liabilities	0.5	7.4
Regulatory liabilities	642.5	619.4
Other	397.6	412.4
Total deferred credits	1,971.2	1,882.2
Commitments and Contingencies (see Note 8)		
Total liabilities and capital	$6,892.3	$6,571.4

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Statements of Income and Comprehensive Income
Unaudited

(millions)	*Three months ended Sept. 30, 2012*	*2011*
Revenues		
Electric (includes franchise fees and gross receipts taxes of $26.7 in 2012 and $24.7 in 2011)	$ 575.1	$ 591.8
Gas (includes franchise fees and gross receipts taxes of $4.3 in 2012 and $4.1 in 2011)	95.2	93.8
Total revenues	670.3	685.6
Expenses		
Regulated operations & maintenance		
Fuel	209.1	226.3
Purchased power	25.8	32.1
Cost of natural gas sold	40.5	41.4
Other	115.5	107.6
Depreciation and amortization	72.9	68.4
Taxes, other than income	48.3	45.9
Total expenses	512.1	521.7
Income from operations	158.2	163.9
Other income		
Allowance for other funds used during construction	0.7	0.2
Other income, net	2.1	0.8
Total other income	2.8	1.0
Interest charges		
Interest on long-term debt	30.0	31.9
Other interest	0.8	2.9
Allowance for borrowed funds used during construction	(0.4)	(0.1)
Total interest charges	30.4	34.7
Income before provision for income taxes	130.6	130.2
Provision for income taxes	50.1	50.4
Net income	80.5	79.8
Other comprehensive income, net of tax		
Net unrealized gain on cash flow hedges	0.2	0.2
Total other comprehensive income, net of tax	0.2	0.2
Comprehensive income	$ 80.7	$ 80.0

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Statements of Income and Comprehensive Income
Unaudited

(millions)	*Nine months ended Sept. 30,* 2012	2011
Revenues		
Electric (includes franchise fees and gross receipts taxes of $70.0 in 2012 and $65.3 in 2011)	$ 1,528.3	$ 1,571.2
Gas (includes franchise fees and gross receipts taxes of $15.4 in 2012 and $19.0 in 2011)	298.9	358.5
Total revenues	1,827.2	1,929.7
Expenses		
Regulated operations & maintenance		
Fuel	534.5	565.4
Purchased power	85.2	103.2
Cost of natural gas sold	118.6	177.6
Other	341.8	330.9
Depreciation and amortization	214.9	202.4
Taxes, other than income	140.6	137.4
Total expenses	1,435.6	1,516.9
Income from operations	391.6	412.8
Other income		
Allowance for other funds used during construction	1.6	0.8
Other income, net	3.0	2.0
Total other income	4.6	2.8
Interest charges		
Interest on long-term debt	93.0	96.7
Other interest	6.7	8.6
Allowance for borrowed funds used during construction	(0.9)	(0.4)
Total interest charges	98.8	104.9
Income before provision for income taxes	297.4	310.7
Provision for income taxes	113.5	120.3
Net income	183.9	190.4
Other comprehensive (loss) income, net of tax		
Net unrealized (loss) gain on cash flow hedges	(4.3)	0.5
Total other comprehensive (loss) income, net of tax	(4.3)	0.5
Comprehensive income	$ 179.6	$ 190.9

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

TAMPA ELECTRIC COMPANY
Consolidated Condensed Statements of Cash Flows
Unaudited

(millions)	*Nine months ended Sept. 30, 2012*	*2011*
Cash flows from operating activities		
Net income	$ 183.9	$ 190.4
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	214.9	202.4
Deferred income taxes	92.6	79.0
Investment tax credits, net	(0.2)	(0.3)
Allowance for funds used during construction	(1.6)	(0.8)
Deferred recovery clauses	(3.7)	3.6
Receivables, less allowance for uncollectibles	(64.0)	10.9
Inventories	5.8	30.1
Prepayments	(4.3)	(2.7)
Taxes accrued	78.2	81.4
Interest accrued	19.4	21.9
Accounts payable	22.9	(33.6)
Gain on sale of assets, pretax	(0.2)	(0.2)
Other	4.5	20.1
Cash flows from operating activities	548.2	602.2
Cash flows from investing activities		
Capital expenditures	(318.3)	(248.3)
Allowance for funds used during construction	1.6	0.8
Net proceeds from sale of assets	0.3	2.8
Cash flows used in investing activities	(316.4)	(244.7)
Cash flows from financing activities		
Common stock	53.0	0.0
Proceeds from long-term debt issuance	538.3	0.0
Repayment of long-term debt/Purchase in lieu of redemption	(460.9)	(78.8)
Net decrease in short-term debt	0.0	(12.0)
Dividends	(149.5)	(159.3)
Cash flows used in financing activities	(19.1)	(250.1)
Net increase in cash and cash equivalents	212.7	107.4
Cash and cash equivalents at beginning of period	13.9	3.7
Cash and cash equivalents at end of period	$ 226.6	$ 111.1

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

TAMPA ELECTRIC COMPANY
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
UNAUDITED

1. Summary of Significant Accounting Policies

See TEC's 2011 Annual Report on Form 10-K for a complete detailed discussion of accounting policies. The significant accounting policies for TEC include:

Principles of Consolidation and Basis of Presentation

TEC is a wholly-owned subsidiary of TECO Energy, Inc. For the purposes of its consolidated financial reporting, TEC is comprised of the electric division, generally referred to as Tampa Electric, the natural gas division, generally referred to as PGS, and potentially the accounts of VIEs for which it is the primary beneficiary. TEC is considered to be the primary beneficiary of VIEs if it has both 1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and 2) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. For the periods presented, no VIEs have been consolidated (see **Note 13**).

All significant intercompany balances and intercompany transactions have been eliminated in consolidation. In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments that are of a recurring nature and necessary to state fairly the financial position of TEC as of Sept. 30, 2012 and Dec. 31, 2011, and the results of operations and cash flows for the periods ended Sept. 30, 2012 and 2011. The results of operations for the three and nine months ended Sept. 30, 2012 are not necessarily indicative of the results that can be expected for the entire fiscal year ending Dec. 31, 2012.

The use of estimates is inherent in the preparation of financial statements in accordance with U.S. GAAP. Actual results could differ from these estimates. The year-end consolidated condensed balance sheet data was derived from audited financial statements, however, this quarterly report on Form 10-Q does not include all year-end disclosures required for an annual report on Form 10-K by U.S. GAAP.

Revenues

As of Sept. 30, 2012 and Dec. 31, 2011, unbilled revenues of $52.6 million and $50.2 million, respectively, are included in the "Receivables" line item on the Consolidated Condensed Balance Sheets.

Accounting for Franchise Fees and Gross Receipts

The regulated utilities are allowed to recover certain costs on a dollar-per-dollar basis incurred from customers through prices approved by the FPSC. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Consolidated Condensed Statements of Income. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Consolidated Condensed Statements of Income in "Taxes, other than income". These amounts totaled $31.0 million and $85.4 million, respectively, for the three and nine months ended Sept. 30, 2012, compared to $28.8 million and $84.3 million, respectively, for the three and nine months ended Sept. 30, 2011.

Cash Flows Related to Derivatives and Hedging Activities

TEC classifies cash inflows and outflows related to derivative and hedging instruments in the appropriate cash flow sections associated with the item being hedged. For natural gas and ongoing interest rate swaps, the cash inflows and outflows are included in the operating section. For interest rate swaps that settle coincident with the debt issuance, the cash inflows and outflows are treated as premiums or discounts and included in the financing section of the Consolidated Condensed Statements of Cash Flows.

Reclassifications

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

2. New Accounting Pronouncements

Offsetting Assets and Liabilities

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

3. Regulatory

Tampa Electric's and PGS's businesses are regulated by the FPSC. Tampa Electric is also subject to regulation by the FERC under the PUHCA 2005. However, pursuant to a waiver granted in accordance with the FERC's regulations, TECO Energy is not subject to certain accounting, record-keeping and reporting requirements prescribed by the FERC's regulations under the PUHCA 2005. The operations of PGS are regulated by the FPSC separately from the operations of Tampa Electric. The FPSC has jurisdiction over rates, service, issuance of securities, safety, accounting and depreciation practices and other matters. In general, the FPSC sets rates at a level that allows utilities such as Tampa Electric and PGS to collect total revenues (revenue requirements) equal to their cost of providing service, plus a reasonable return on invested capital.

Storm Damage Cost Recovery

Tampa Electric accrues $8.0 million annually to a FERC-authorized and FPSC-approved self-insured storm damage reserve. This reserve was created after Florida's IOUs were unable to obtain transmission and distribution insurance coverage due to destructive acts of nature. Tampa Electric's storm reserve was $48.4 million and $43.6 million as of Sept. 30, 2012 and Dec. 31, 2011, respectively.

Wholesale and Transmission Rate Cases

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

Regulatory Assets and Liabilities

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

Tampa Electric and PGS apply the accounting standards for regulated operations. Areas of applicability include: deferral of revenues under approved regulatory agreements; revenue recognition resulting from cost-recovery clauses that provide for monthly billing charges to reflect increases or decreases in fuel, purchased power, conservation and environmental costs; and the deferral of costs as regulatory assets to the period that the regulatory agency recognizes them when cost recovery is ordered over a period longer than a fiscal year.

Details of the regulatory assets and liabilities as of Sept. 30, 2012 and Dec. 31, 2011 are presented in the following table:

Regulatory Assets and Liabilities

(millions)	*Sept. 30, 2012*	*Dec. 31, 2011*
Regulatory assets:		
Regulatory tax asset (1)	$ 62.1	$ 63.6
Other:		
Cost-recovery clauses	32.3	73.3
Postretirement benefit asset	241.6	252.4
Deferred bond refinancing costs (2)	8.5	11.1
Environmental remediation	37.8	30.5
Competitive rate adjustment	3.5	3.5
Other	17.7	17.4
Total other regulatory assets	341.4	388.2
Total regulatory assets	403.5	451.8
Less: Current portion	58.8	87.3
Long-term regulatory assets	$ 344.7	$ 364.5
Regulatory liabilities:		
Regulatory tax liability (1)	$ 14.9	$ 16.0
Other:		
Cost-recovery clauses	70.6	61.4
Transmission and delivery storm reserve	48.4	43.6
Deferred gain on property sales (3)	3.7	5.0
Provision for stipulation and other	1.0	0.8
Accumulated reserve - cost of removal	606.1	578.8
Total other regulatory liabilities	729.8	689.6
Total regulatory liabilities	744.7	705.6
Less: Current portion	102.2	86.2
Long-term regulatory liabilities	$642.5	$ 619.4

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

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

(millions)	*Sept. 30, 2012*	*Dec 31, 2011*
Clause recoverable (1)	$ 35.8	$ 76.8
Components of rate base (2)	255.4	264.9
Regulatory tax assets (3)	62.1	63.6
Capital structure and other (3)	50.2	46.5
Total	$ 403.5	$ 451.8

(1) To be recovered through cost-recovery clauses approved by the FPSC on a dollar-for-dollar basis in the next year.
(2) Primarily reflects allowed working capital, which is included in rate base and earns a rate of return as permitted by the FPSC.
(3) "Regulatory tax assets" and "Capital structure and other" regulatory assets have a recoverable period longer than a fiscal year and are recognized over the period authorized by the regulatory agency. Also included are unamortized loan costs, which are amortized over the life of the related debt instruments. See footnotes 1 and 2 in the prior table for additional information.

4. Income Taxes

TEC is included in the filing of a consolidated federal income tax return with TECO Energy and its affiliates. TEC's income tax expense is based upon a separate return computation. TEC's effective tax rates for the nine months ended Sept. 30, 2012 and 2011 differ from the statutory rate principally due to state income taxes, the domestic activity production deduction and the AFUDC-equity.

The IRS concluded its examination of the company's 2010 consolidated federal income tax return during 2011. The U.S. federal statute of limitations remains open for the year 2009 and forward. Years 2011 and 2012 are currently under examination by the IRS under the Compliance Assurance Program. TECO Energy does not expect the settlement of current IRS examinations to significantly change the total amount of unrecognized tax benefits in the next twelve months. Florida's statute of limitations is three years from the filing of an income tax return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. Years still open to examination by Florida's tax authorities include 2009 and forward.

5. Employee Postretirement Benefits

TEC is a participant in the comprehensive retirement plans of TECO Energy. Amounts allocable to all participants of the TECO Energy retirement plans are found in **Note 5**, **Employee Postretirement Benefits**, in the TECO Energy, Inc. **Notes to Consolidated Condensed Financial Statements**. TEC's portion of the net pension expense for the three months ended Sept. 30, 2012 and 2011, respectively, was $4.5 million and $3.4 million for pension benefits, and $3.1 million and $3.4 million for other postretirement benefits. TEC's portion of the net pension expense for the nine months ended Sept. 30, 2012 and 2011, respectively, was $13.7 million and $10.1 million for pension benefits, and $9.3 million and $10.1 million for other postretirement benefits.

For the fiscal 2012 plan year, TECO Energy assumed a long-term EROA of 7.50% and a discount rate of 4.797% for its pension benefits under its qualified pension plan, and a discount rate of 4.744% for its other postretirement benefits as of their Jan. 1, 2012 measurement dates. Additionally, TECO Energy made contributions of $27.8 million to its pension plan in the nine months ended Sept. 30, 2012. TEC's portion of the contributions was $21.6 million.

Included in the benefit expenses discussed above, for the three and nine months ended Sept. 30, 2012, TEC reclassed $3.6 million and $10.9 million, respectively, of unamortized transition obligation, prior service cost and actuarial losses from regulatory assets to net income.

In July 2012, the President signed into law the MAP-21. MAP-21 provides funding relief for pension plan sponsors by stabilizing discount rates used in calculating the required minimum pension contributions and increasing PBGC premium rates to be paid by plan sponsors. TEC is currently evaluating the impact MAP-21 will have on its pension contributions and on future PBGC premiums, and expects the required minimum pension contributions to be lower than the levels previously projected.

6. Short-Term Debt

At Sept. 30, 2012 and Dec. 31, 2011, the following credit facilities and related borrowings existed:

Credit Facilities

	Sept. 30, 2012			Dec. 31, 2011		
(millions)	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding	Credit Facilities	Borrowings Outstanding (1)	Letters of Credit Outstanding
Tampa Electric Company:						
5-year facility (2)	$325.0	$ 0.0	$ 0.7	$325.0	$ 0.0	$ 0.7
1-year accounts receivable facility	150.0	0.0	0.0	150.0	0.0	0.0
Total	$475.0	$ 0.0	$ 0.7	$475.0	$ 0.0	$ 0.7

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

At Sept. 30, 2012, these credit facilities require commitment fees ranging from 12.5 to 30.0 basis points. There were no outstanding borrowings at Sept. 30, 2012 or Dec. 31, 2011.

Tampa Electric Company Accounts Receivable Facility

On Feb. 17, 2012, TEC and TRC amended their $150 million accounts receivable collateralized borrowing facility, entering into Amendment No. 10 to the Loan and Servicing Agreement with certain lenders named therein and Citibank, N.A. as Program Agent. The amendment (i) extends the maturity date to Feb. 15, 2013, (ii) provides that TRC will pay program and liquidity fees, which will total 60 basis points, (iii) continues to provide that the interest rates on the borrowings will be based on prevailing asset-backed commercial paper rates, unless such rates are not available from conduit lenders, in which case the rates will be at an interest rate equal to, at TEC's option, either Citibank's prime rate (or the federal funds rate plus 50 basis points, if higher) or a rate based on the LIBOR (if available) plus a margin and (iv) makes other technical changes.

7. Long-Term Debt

Issuance of Tampa Electric Company 2.60% Notes due 2022

On Sept. 28, 2012, TEC completed an offering of $250 million aggregate principal amount of 2.60% Notes due 2022 (the Notes). The Notes were sold at 99.878% of par. The offering resulted in net proceeds to TEC (after deducting underwriting discounts and commissions and estimated offering expenses) of approximately $247.7 million. Net proceeds were used to repay the Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds, Series 2002 (consisting of 5.10% bonds due 2013 and 5.50% bonds due 2023). The remaining net proceeds will be used to repay short-term debt and for general corporate purposes. See **Note 14** for more information. At any time prior to June 15, 2022, TEC may redeem all or any part of the Notes at its option at a redemption price equal to the greater of (i) 100% of the principal amount of Notes to be redeemed or (ii) the sum of the present values of the remaining payments of principal and interest on the Notes to be redeemed, discounted to the redemption date on a semiannual basis at an applicable treasury rate, plus 15 basis points; in either case, the redemption price would include accrued and unpaid interest to the redemption date. At any time on or after June 15, 2022, TEC may at its option redeem the Notes, in whole or in part, at 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

Issuance of Tampa Electric Company 4.10% Notes due 2042

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

Purchase in Lieu of Redemption of Hillsborough County Industrial Development Authority Pollution Control Revenue Refunding Bonds, Series 2006 (Non-AMT) and Polk County Industrial Development Authority Solid Waste Disposal Facility Revenue Refunding Bonds, Series 2010

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

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

On March 26, 2008, TEC purchased in lieu of redemption $20 million HCIDA Pollution Control Revenue Refunding Bonds, Series 2007C. $181 million in bonds purchased in lieu of redemption were held by the trustee at the direction of TEC as of Sept. 30, 2012 (the "Held Bonds") to provide an opportunity to evaluate refinancing alternatives. The Held Bonds effectively offset the outstanding debt balances and are presented net on the balance sheet.

Fair Value of Long-Term Debt

At Sept. 30, 2012, TEC's total long-term debt had a carrying amount of $2,079.3 million and an estimated fair market value of $2,431.0 million. At Dec. 31, 2011, total long-term debt had a carrying amount of $1,992.3 million and an estimated fair market value of $2,291.5 million. TEC uses the market approach in determining fair value. The majority of the outstanding debt is valued using real-time financial market data obtained from Bloomberg Professional Service. The remaining securities are valued using prices obtained from the Municipal Securities Rulemaking Board and by applying estimated credit spreads obtained from a third party to the par value of the security. All debt securities are level 2 instruments.