ANNUAL REPORT OF

NATURAL GAS UTILITIES

PEOPLES GAS SYSTEM
(EXACT NAME OF RESPONDENT)

702 N. Franklin Street
Tampa, Florida 33602
(ADDRESS OF RESPONDENT)

TO THE

FLORIDA PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2015

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

Name Jeffrey S. Chronister	Title Controller	
Address P.O Box 2562	City Tampa	State FL 33601-2562
Telephone No. (813) 228-1609		PSC/AFD 020-G (12/03)

pwc

Report of Independent Certified Public Accountants

To the Board of Directors of Tampa Electric Company:

We have audited the accompanying financial statements of People's Gas System (a wholly-owned subsidiary of Tampa Electric Company), which comprise the balance sheets as of December 31, 2015 and December 31, 2014 and the related statements of income and retained earnings for the years then ended, included on pages 6 through 10 of the accompanying Annual Report filed with the Florida Public Service Commission as required by Rule 25-7.135 (2).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People's Gas System as of December 31, 2015 and December 31, 2014, and the results of its operations for the years then ended in accordance with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases described in Note 1.

Emphasis of Matter

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

Other Matter

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

PricewaterhouseCoopers LLP

Tampa, Florida
April 28, 2016

INSTRUCTIONS FOR FILING THE
ANNUAL REPORT OF NATURAL GAS UTILITIES

GENERAL INSTRUCTIONS

I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.

II. Enter in whole numbers (dollars or Mcf) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.

III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.

IV. For any page that is not applicable to the respondent, enter the words "Not Applicable" on the particular page.

V. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement to the page being supplemented on 8 1/2 by 11 inch paper. Provide the appropriate identification information on the supplemental page, including the title of the page and the page number. Do not change the page numbers.

VI. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.

VII. Wherever schedule pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why different figures were used.

VIII. Report all gas volumes on a pressure base of 14.73 psia and a temperature base of 60° F.

DEFINITIONS

I. Btu per cubic foot - The total heating value expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60° F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32° F, and under standard gravitational force (980.665 cm per sec. ^{2}) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)

II. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

ANNUAL REPORT OF NATURAL GAS UTILITIES

IDENTIFICATION

01 Exact Legal Name of Respondent Peoples Gas System, a Division of Tampa Electric Company	02 Year of Report 2015
03 Previous Name and Date of Change (if name changed during year)	
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 702 N. Franklin Street Tampa, Florida 33602	
05 Name of Contact Person Jeffrey S. Chronister	06 Title of Contact Person Controller
07 Address of Contact Person (Street, City, State, Zip Code) P.O Box 2562 Tampa, Florida 33601-2562	
08 Telephone of Contact Person, Including Area Code (813) 228 - 1609	09 Date of Report (Mo., Day, Yr) Dec. 31, 2015

ATTESTATION

I certify that I am the responsible accounting officer of

Peoples Gas System ;

that I have examined the following report; that to the best of my knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2015 to December 31, 2015, inclusive.

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

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

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

Signature: [signature] Date: 4/27/16

Name: Jeffrey S. Chronister Title: Controller

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Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporatio or organization, manner in which control was held, and extent c control. If control was in a holding company organization, shov the chain of ownership or control to the main parent company c organization. If control was held by a trustee(s), state name of trustee(s).
2. If the above required information is available from the SEC 10K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

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

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.
4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
TECO Partners	Marketing Services	100%	

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policymaking functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

Title (a)	Name of Officer (b)	Salary for Year (c)
President Tampa Electric & PGS *	G. Gillette	$ 163,800.00
Senior Vice President Energy Delivery *	W. Whale	$ 107,686.50
Vice President Customer Care & Fuels Management *	B. Narzissenfeld	$ 76,714.40
Vice President State & Comm Relations *	C. Hinson	$ 35,330.25
*Salary for the year shown represents the Peoples Gas System allocation of individual salaries.		

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Peoples Gas System, as a division of Tampa Electric Company, has no Directors.			

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

SECURITY HOLDERS AND VOTING POWERS

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

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

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

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

	VOTING SECURITIES			
	Number of votes as of (date):			
Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
TOTAL votes of all voting securities				
TOTAL number of security holders				
TOTAL votes of security holders listed below				
Peoples Gas System, as a division of Tampa Electric Company, has no outstanding shares of common stock. All outstanding shares of Tampa Electric Company common stock are held by its parent, TECO Energy, Inc.				

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquires. Each inquiry should be answered. Enter "none" "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions.
2. Purchase or sale of an operating unit or system: Give brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required.
3. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased also the approximate number of customers added or lost and approximate annual revenues of each class of service.
4. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
5. State briefly the status of any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.

1 Please see the Mergers and Acquisitions section of the included Notes to the Financial Statements - page 11-BB.
2 None
3 None
4 Please see the Commitments and Contingencies section of the included Notes to the Financial Statements - page 11-V.
Subsequent to the filing of the Notes to the Financial Statements, PGS, OPC and the FPSC Staff reached a settlement to resolve the issues on April 18, 2016. The settlement agreement will require Commission approval which is currently scheduled for May 5, 2016.
5 None

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	12	1,310,949,587	1,399,219,444
3	Construction Work in Progress (107)	12	46,635,955	32,173,445
4	TOTAL Utility Plant Total of lines 2 and 3)		1,357,585,542	1,431,392,889
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 115)	12	630,525,978	668,596,875
6	Net Utility Plant (Total of line 4 less 5)		727,059,564	762,796,014
7	Utility Plant Adjustments (116)	11		
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	-		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-		
11	(Less) Accum. Prov. for Depr. and Amort. (122)	-		
12	Investments in Associated Companies (123)	-	1,026,666	1,550,191
13	Investment in Subsidiary Companies (123.1)	-		
14	Other Investments (124)	-		
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		1,026,666	1,550,191
17	CURRENT AND ACCRUED ASSETS			
18	Cash (131)	-	3,821,071	4,118,325
19	Special Deposits (132-134)	-	25,000	25,000
20	Working Funds (135)	-	3,450	2,950
21	Temporary Cash Investments (136)	-		
22	Notes Receivable (141)	-		
23	Customer Accounts Receivable (142)	-	26,034,826	23,370,305
24	Other Accounts Receivable (143)	-	15,706,679	20,173,951
25	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)	-	(716,180)	(849,690)
26	Notes Receivable from Associated Companies (145)	-		4,500,000
27	Accounts Receivable from Associated Companies (146)	-	4,052,631	1,457,299
28	Fuel Stock (151)	-		
29	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
31	Plant Material and Operating Supplies (154)	-	1,799,639	1,914,662
32	Merchandise (155)	-		
33	Other Material and Supplies (156)	-		
34	Stores Expenses Undistributed (163)	-		
35	Gas Stored Underground & LNG Stored (164.1-164.3)	-		158,626
36	Prepayments (165)	18	1,647,949	1,885,907
37	Advances for Gas (166-167)	-		
38	Interest and Dividends Receivable (171)	-		
39	Rents Receivable (172)	-		
40	Accrued Utility Revenues (173)	-	12,160,508	10,568,472
41	Miscellaneous Current and Accrued Assets (174)	-	-	-
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		64,535,573	67,325,807
43	DEFERRED DEBITS			
44	Unamortized Debt Expense (181)	-	1,114,615	1,240,554
45	Extraordinary Property Losses (182.1)	18		
46	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
47	Other Regulatory Assets (182.3)	19	84,175,273	88,101,087
48	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)	-		
49	Clearing Accounts (184)	-		
50	Temporary Facilities (185)	-		
51	Miscellaneous Deferred Debits (186)	19	68,875	3,094,263
52	Deferred Losses from Disposition of Utility Plant. (187)	-		
53	Research, Development and Demonstration Expenditures (188)	-		
54	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24	35,824,576	38,423,222
56	Unrecovered Purchased Gas Costs (191)	-	822,722	4,817,531
57	TOTAL Deferred Debits (Total of lines 44 through 56)		122,006,061	135,676,657
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		914,627,864	967,348,669

Name of Respondent

Peoples Gas System

For the Year Ended

Dec. 31, 2015

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock (201, 202, 203, 205, 206, 207)	-		
3	Preferred Stock Issued (204)	-		
4	Other Paid-In Capital (208-214)	-	210,550,169	235,550,169
5	Retained Earnings (215, 216)	10	113,647,896	111,596,654
6	Other Comprehensive Income (219)		(1,566,669)	(1,088,525)
7	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	875,947	1,399,473
8	(Less) Reacquired Capital Stock (217)	-		
9	TOTAL Proprietary Capital (Total of lines 2 through 8)		323,507,343	347,457,771
10	LONG-TERM DEBT			
11	Bonds (221)	21		
12	(Less) Reacquired Bonds (222)	21		
13	Advances from Associated Companies (223)	21		
14	Other Long-Term Debt (224)	21	241,764,680	261,764,680
15	Unamortized Premium on Long-Term Debt (225)	21		
16	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21	(410,331)	(427,593)
17	TOTAL Long-Term Debt (Total of lines 11 through 16)		241,354,349	261,337,087
18	OTHER NONCURRENT LIABILITIES			
19	Obligations Under Capital Leases - Noncurrent (227)	-		
20	Accumulated Provision for Property Insurance (228.1)	-	321,042	378,542
21	Accumulated Provision for Injuries and Damages (228.2)	-	3,351,701	2,797,092
22	Accumulated Provision for Pensions and Benefits (228.3)	-	22,191,238	25,678,876
23	Accumulated Miscellaneous Operating Provisions (228.4)	-	155,254	116,639
24	Accumulated Provision for Rate Refunds (229)	-		
25	TOTAL Other Noncurrent Liabilities (Total of lines 19 through 24)		26,019,235	28,971,149
26	CURRENT AND ACCRUED LIABILITIES			
27	Notes Payable (231)	-	12,900,000	-
28	Accounts Payable (232)	-	26,863,282	23,441,337
29	Notes Payable to Associated Companies (233)	-		
30	Accounts Payable to Associated Companies (234)	-	6,974,328	8,403,205
31	Customer Deposits (235)	-	40,677,812	41,965,313
32	Taxes Accrued (236)	-	3,125,458	3,120,656
33	Interest Accrued (237)	-	1,844,902	1,626,905
34	Dividends Declared (238)	-		
35	Matured Long-Term Debt (239)	-		
36	Matured Interest (240)	-		
37	Tax Collections Payable (241)	-	705,383	673,853
38	Miscellaneous Current and Accrued Liabilities (242)	22	37,665,637	39,216,611
39	Obligations Under Capital Leases-Current (243)	-		
40	Derivative Liabilities (245)		8,985,490	6,345,955
41	TOTAL Current and Accrued Liabilities (Total of lines 27 through 40)		139,742,292	124,793,835
42	DEFERRED CREDITS			
43	Customer Advances for Construction (252)	-	9,842,365	11,625,386
44	Other Deferred Credits (253)	22	3,429,205	1,253,943
45	Other Regulatory Liabilities (254)	22	1,275,396	2,618,954
46	Accumulated Deferred Investment Tax Credits (255)	23		
47	Deferred Gains from Disposition of Utility Plant (256)	-		
48	Unamortized Gain on Reacquired Debt (257)	20		
49	Accumulated Deferred Income Taxes (281-283)	24	169,457,679	189,290,544
50	TOTAL Deferred Credits (Total of lines 43 through 49)		184,004,645	204,788,827
51	TOTAL Liabilities and Other Credits (Total of lines 9, 17, 25, 41 and 50)		914,627,864	967,348,669

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

STATEMENT OF INCOME

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

Line No.	Account (a)	Ref. Page No. (b)	Total Gas Utility Current Year (c)	Total Gas Utility Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	26	394,608,113	389,430,887
3	Operating Expenses			
4	Operation Expenses (401)	27-29	223,655,392	220,283,403
5	Maintenance Expenses (402)	27-29	10,261,108	9,885,113
6	Depreciation Expense (403)	15-16	54,137,912	51,342,070
7	Amortization & Depletion of Utility Plant (404-405)	-	1,765,463	1,816,541
8	Amortization of Utility Plant Acquisition Adjustment (406)	-	149,146	149,146
9	Amortization of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)	-		
10	Amortization of Conversion Expenses (407.2)	-		
11	Regulatory Debits (407.3)	-	4,547,540	4,140,443
12	(Less) Regulatory Credits (407.4)	-	(1,706,704)	(1,486,760)
13	Taxes Other Than Income Taxes (408.1)	23	35,344,618	35,112,214
14	Income Taxes - Federal (409.1)	-	2,146,056	5,333,379
15	- Other (409.1)	-	762,890	685,659
16	Provision for Deferred Income Taxes (410.1)	24	16,933,944	15,066,032
17	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	24		
18	Investment Tax Credit Adjustment - Net (411.4)	23		
19	(Less) Gains from Disposition of Utility Plant (411.6)	-		
20	Losses from Disposition of Utility Plant (411.7)	-		
21	Other Operating Income (412-414)	-		
22	TOTAL Utility Operating Expenses (Total of lines 4 -21)		347,997,365	342,327,240
23	Net Utility Operating Income (Total of line 2 less 22)			
24	(Carry forward to page 9, line 25)		46,610,748	47,103,647

STATEMENT OF INCOME (Continued)

Line No.	Account (a)	Ref. Page No. (b)	TOTAL Current Year (c)	TOTAL Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 8)		46,610,748	47,103,647
26	**Other Income and Deductions**			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)	-	10,322	13,535
30	(Less) Costs and Exp. of Merchandising, Job & Contract Work (416)	-	(54,597)	(145,099)
31	Revenues From Nonutility Operations (417)	-		
32	(Less) Expenses of Nonutility Operations (417.1)	-		
33	Nonoperating Rental Income (418)	-		
34	Equity in Earnings of Subsidiary Companies (418.1)	10	2,881,866	2,635,845
35	Interest and Dividend Income (419)	-	296,463	284,061
36	Allowance for Other Funds Used During Construction (419.1)	-		
37	Miscellaneous Nonoperating Income (421)	-	692,482	8,263
38	Gain on Disposition of Property (421.1)	-		
39	TOTAL Other Income (Total of lines 29 through 38)		3,826,536	2,796,605
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)	-		
42	Miscellaneous Amortization (425)	33		
43	Miscellaneous Income Deductions (426.1-426.5)	33	478,214	328,609
44	TOTAL Other Income Deductions (Total of lines 41 through 43)		478,214	328,609
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	-		
47	Income Taxes - Federal (409.2)	-	154,280	(55,517)
48	Income Taxes - Other (409.2)	-	25,655	(9,232)
49	Provision for Deferred Income Taxes (410.2)	24		
50	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24		
51	Investment Tax Credit Adjustment - Net (411.5)	-		
52	(Less) Investment Tax Credits (420)	-		
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		179,935	(64,749)
54	Net Other Income and Deductions (Total of lines 39,44,53)		3,168,387	2,532,745
55	**Interest Charges**			
56	Interest on Long-Term Debt (427)	-	12,922,959	12,237,168
57	Amortization of Debt Discount and Expense (428)	21	545,407	545,620
58	Amortization of Loss on Reacquired Debt (428.1)	-		
59	(Less) Amortization of Premium on Debt - Credit (429)	21		
60	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	-		
61	Interest on Debt to Associated Companies (430)	33		
62	Other Interest Expense (431)	33	1,045,499	1,019,502
63	(Less) Allowance for Borrowed Funds Used During Const.-Credit (432)	-		
64	Net Interest Charges (Total of lines 56 through 63)		14,513,865	13,802,290
65	Income Before Extraordinary Items (Total of lines 25, 54 and 64)		35,265,270	35,834,102
66	**Extraordinary Items**			
67	Extraordinary Income (434)	-		
68	(Less) Extraordinary Deductions (435)	-		
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes - Federal and Other (409.3)	-		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71)		35,265,270	35,834,102

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

STATEMENT OF RETAINED EARNINGS

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance - Beginning of Year		112,957,173
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439):		
4	Credit:		
5	Credit:		
6	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5)		
7	Debit:		
8	Debit:		
9	TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8)		
10	Balance Transferred from Income (Account 433 less Account 418.1)		32,383,404
11	Appropriations of Retained Earnings (Account 436) TOTAL		
12	Dividends Declared - Preferred Stock (Account 437) TOTAL		
13	Dividends Declared - Common Stock (Account 438) TOTAL		36,792,987
14	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		2,881,867
15	FAS 133 Other Comprehensive Income		478,145
16	Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15)		111,907,602
	APPROPRIATED RETAINED EARNINGS (Account 215)		
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
17			
18			
19			
20			
21			
22			
23	TOTAL Appropriated Retained Earnings (Account 215)		
	TOTAL Retained Earnings (Account 215 and 216) (Total of lines 16 and 23)		111,907,602

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Changes in Financial Position, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 8-10, such notes may be attached hereto.

DEFINITIONS

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

Term	Meaning
AFUDC	allowance for funds used during construction
AFUDC-debt	debt component of allowance for funds used during construction
AFUDC-equity	equity component of allowance for funds used during construction
AMT	alternative minimum tax
AOCI	accumulated other comprehensive income
APBO	accumulated postretirement benefit obligation
ARO	asset retirement obligation
BACT	Best Available Control Technology
BTU	British Thermal Unit
CAA	Federal Clean Air Act
CAIR	Clean Air Interstate Rule
capacity clause	capacity cost-recovery clause, as established by the FPSC
CCRs	coal combustion residuals
CNG	compressed natural gas
company	TECO Energy, Inc.
CPI	consumer price index
CSAPR	Cross State Air Pollution Rule
CO_2	carbon dioxide
CT	combustion turbine
ECRC	environmental cost recovery clause
EEI	Edison Electric Institute
EGWP	Employee Group Waiver Plan
Emera	Emera Inc., a geographically diverse energy and services company headquartered in Nova Scotia
EPA	U.S. Environmental Protection Agency
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
GCBF	gas cost billing factor
GHG	greenhouse gas(es)
HAFTA	Highway and Transportation Funding Act
HCIDA	Hillsborough County Industrial Development Authority
IASB	International Accounting Standards Board
IGCC	integrated gasification combined-cycle
IOU	investor owned utility
IRS	Internal Revenue Service
ISDA	International Swaps and Derivatives Association
ITCs	investment tax credits
KW	kilowatt(s)
KWH	kilowatt-hour(s)
LIBOR	London Interbank Offered Rate
MAP-21	Moving Ahead for Progress in the 21st Century Act
Merger	Merger of Merger Sub with and into TECO Energy, with TECO Energy as the surviving corporation
Merger Agreement	Agreement and Plan of Merger dated Sept. 4, 2015, by and among TECO Energy, Emera and Merger Sub
Merger Sub	Emera US Inc., a Florida corporation
MMA	The Medicare Prescription Drug, Improvement and Modernization Act of 2003
MMBTU	one million British Thermal Units
MRV	market-related value
MW	megawatt(s)
MWH	megawatt-hour(s)

Term	Meaning
NAESB	North American Energy Standards Board
NAV	net asset value
NOL	net operating loss
Note	Note to consolidated financial statements
NO_x	nitrogen oxide
NPNS	normal purchase normal sale
NYMEX	New York Mercantile Exchange
O&M expenses	operations and maintenance expenses
OCI	other comprehensive income
OPEB	other postretirement benefits
OTC	over-the-counter
Parent	TECO Energy (the holding company, excluding subsidiaries)
PBGC	Pension Benefit Guarantee Corporation
PBO	postretirement benefit obligation
PCIDA	Polk County Industrial Development Authority
PGA	purchased gas adjustment
PGS	Peoples Gas System, the gas division of Tampa Electric Company
PM	particulate matter
PPA	power purchase agreement
PPSA	Power Plant Siting Act
PRP	potentially responsible party
PUHCA 2005	Public Utility Holding Company Act of 2005
REIT	real estate investment trust
RFP	request for proposal
ROE	return on common equity
Regulatory ROE	return on common equity as determined for regulatory purposes
RPS	renewable portfolio standards
ROW	rights-of-way
S&P	Standard and Poor's
SCR	selective catalytic reduction
SEC	U.S. Securities and Exchange Commission
SO_2	sulfur dioxide
SERP	Supplemental Executive Retirement Plan
STIF	short-term investment fund
Tampa Electric	Tampa Electric, the electric division of Tampa Electric Company
TEC	Tampa Electric Company, the principal subsidiary of TECO Energy, Inc.
TECO Energy	TECO Energy, Inc.
TRC	TEC Receivables Company
TSI	TECO Services, Inc.
USACE	U.S. Army Corps of Engineers
U.S. GAAP	generally accepted accounting principles in the United States
VIE	variable interest entity
WRERA	The Worker, Retiree and Employer Recovery Act of 2008

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

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

TAMPA ELECTRIC COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

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

Basis of Accounting

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

The impact of the accounting guidance for the effects of certain types of regulation has been minimal in the company's experience, but when cost recovery is ordered over a period longer than a fiscal year, costs are recognized in the period that the regulatory agency recognizes them in accordance with this guidance (see **Note 3** for additional details).

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

Principles of Consolidation

TEC is a wholly-owned subsidiary of TECO Energy, Inc., and is comprised of the Electric division, generally referred to as Tampa Electric, and the Natural Gas division, PGS. Intercompany balances and intercompany transactions have been eliminated in consolidation. The use of estimates is inherent in the preparation of financial statements in accordance with U.S. GAAP. Actual results could differ from these estimates.

For entities that are determined to meet the definition of a VIE, TEC obtains information, where possible, to determine if it is the primary beneficiary of the VIE. If TEC is determined to be the primary beneficiary, then the VIE is consolidated and a minority interest is recognized for any other third-party interests. If TEC is not the primary beneficiary, then the VIE is accounted for using the equity or cost method of accounting. In certain circumstances this can result in TEC consolidating entities in which it has less than a 50% equity investment and deconsolidating entities in which it has a majority equity interest (see **Note 15**).

On Sept. 4, 2015, TECO Energy and Emera entered into the Merger Agreement. Upon closing, TECO Energy will become a wholly owned subsidiary of Emera. See **Note 16** for further information.

Cash Equivalents

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

Property, Plant and Equipment

Property, plant and equipment is stated at original cost, which includes labor, material, applicable taxes, overhead and AFUDC. Concurrent with a planned major maintenance outage or with new construction, the cost of adding or replacing retirement units-of-property is capitalized in conformity with the regulations of FERC and FPSC. The cost of maintenance, repairs and replacement of minor items of property is expensed as incurred.

In general, when regulated depreciable property is retired or disposed, its original cost less salvage is charged to accumulated depreciation. For other property dispositions, the cost and accumulated depreciation are removed from the balance sheet and a gain or loss is recognized.

Depreciation

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

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

The provision for total regulated utility plant in service, expressed as a percentage of the original cost of depreciable property, was 3.7% for 2015, 2014 and 2013. Construction work in progress is not depreciated until the asset is completed or placed in service. Total depreciation expense for the years ended Dec. 31, 2015, 2014 and 2013 was \$306.0 million, \$295.8 million and \$284.2 million, respectively.

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

Allowance for Funds Used During Construction

AFUDC is a non-cash credit to income with a corresponding charge to utility plant which represents the cost of borrowed funds and a reasonable return on other funds used for construction. The FPSC approved rate used to calculate AFUDC is revised periodically to reflect significant changes in Tampa Electric's cost of capital. The rate was 8.16% for May 2009 through December 2013. In March 2014, the rate was revised to 6.46% effective Jan. 1, 2014. Total AFUDC for the years ended Dec. 31, 2015, 2014 and 2013 was \$25.5 million, \$15.6 million and \$9.9 million, respectively.

Inventory

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

Deferred Income Taxes

TEC uses the asset and liability method in the measurement of deferred income taxes. Under the asset and liability method, the temporary differences between the financial statement and tax bases of assets and liabilities are reported as deferred taxes measured at current tax rates. Tampa Electric and PGS are regulated, and their books and records reflect approved regulatory treatment, including certain adjustments to accumulated deferred income taxes and the establishment of a corresponding regulatory tax liability reflecting the amount payable to customers through future rates.

Investment Tax Credits

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

Revenue Recognition

TEC recognizes revenues consistent with accounting standards for revenue recognition. Except as discussed below, TEC recognizes revenues on a gross basis when earned for the physical delivery of products or services and the risks and rewards of ownership have transferred to the buyer.

The regulated utilities' (Tampa Electric and PGS) retail businesses and the prices charged to customers are regulated by the FPSC. Tampa Electric's wholesale business is regulated by the FERC. See **Note 3** for a discussion of significant regulatory matters and the applicability of the accounting guidance for certain types of regulation to the company.

Revenues and Cost Recovery

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

Certain other costs incurred by the regulated utilities are allowed to be recovered from customers through prices approved in the regulatory process. These costs are recognized as the associated revenues are billed. The regulated utilities accrue base revenues for services rendered but unbilled to provide for a closer matching of revenues and expenses (see **Note 3**). As of Dec. 31, 2015 and 2014, unbilled revenues of $53.7 million and $49.3 million, respectively, are included in the "Receivables" line item on TEC's Consolidated Balance Sheets.

Tampa Electric purchases power on a regular basis primarily to meet the needs of its retail customers. Tampa Electric purchased power from non-TECO Energy affiliates at a cost of $78.9 million, $71.4 million and $64.7 million, for the years ended Dec. 31, 2015, 2014 and 2013, respectively. The prudently incurred purchased power costs at Tampa Electric have historically been recovered through an FPSC-approved cost-recovery clause.

Receivables and Allowance for Uncollectible Accounts

Receivables consist of services billed to residential, commercial, industrial and other customers. An allowance for uncollectible accounts is established based on TEC's collection experience. Circumstances that could affect Tampa Electric's and PGS's estimates of uncollectible receivables include, but are not limited to, customer credit issues, the level of natural gas prices, customer deposits and general economic conditions. Accounts are written off once they are deemed to be uncollectible.

Accounting for Excise Taxes, Franchise Fees and Gross Receipts

TEC is allowed to recover certain costs on a dollar-for-dollar basis incurred from customers through prices approved by the FPSC. The amounts included in customers' bills for franchise fees and gross receipt taxes are included as revenues on the Consolidated Statements of Income. Franchise fees and gross receipt taxes payable by the regulated utilities are included as an expense on the Consolidated Statements of Income in "Taxes, other than income". These amounts totaled $116.9 million, $113.9 million and $108.5 million for the years ended Dec. 31, 2015, 2014 and 2013, respectively. Excise taxes paid by the regulated utilities are not material and are expensed as incurred.

Deferred Credits and Other Liabilities

Other deferred credits primarily include the accrued postretirement and pension liabilities (see **Note 5**), MGP environmental remediation liability (see **Note 9**), and medical and general liability claims incurred but not reported. TECO Energy and its subsidiaries, including TEC, have a self-insurance program supplemented by excess insurance coverage for the cost of claims whose ultimate value exceeds the company's retention amounts. TEC estimates its liabilities for auto, general and workers' compensation using discount rates mandated by statute or otherwise deemed appropriate for the circumstances. Discount rates used in estimating these other self-insurance liabilities at Dec. 31, 2015 and 2014 ranged from 2.92% to 4.0% and 2.71% to 3.86%, 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, the cash inflows and outflows are included in the operating section of the Consolidated Statements of Cash Flows. 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 Statements of Cash Flows.

2. New Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued guidance regarding the accounting for revenue from contracts with customers. The standard is principle-based and provides a five-step model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In addition, the guidance will require additional disclosures regarding the nature, amount, timing and uncertainty of revenue arising from contracts with customers. This guidance will be effective for TEC beginning in 2018, with early adoption permitted in 2017, and will allow for either full retrospective adoption or modified retrospective adoption. TEC expects to adopt this guidance effective Jan. 1, 2018, and is continuing to evaluate the available adoption methods and the impact of the adoption of this guidance on its financial statements, but does not expect the impact to be significant.

Presentation of Debt Issuance Costs

In April 2015, the FASB issued guidance regarding the presentation of debt issuance costs on the balance sheet. Under the new guidance, an entity is required to present debt issuance costs as a direct deduction from the carrying amount of the related debt liability rather than as a deferred charge (i.e., as an asset) under current guidance. In August 2015, the FASB amended the guidance to include an SEC staff announcement that it will not object to a company presenting debt issuance costs related to line-of-credit arrangements as an asset, regardless of whether a balance is outstanding. This guidance will be effective for TEC beginning in 2016 and will be required to be applied on a retrospective basis for all periods presented. As of Dec. 31, 2015, $18.1 million of debt issuance costs, which does not include costs for line-of-credit arrangements, are included in "Deferred debits" on TEC's Consolidated Condensed Balance Sheet. The guidance will not affect TEC's results of operations or cash flows.

Disclosure of Investments Using Net Asset Value

In May 2015, the FASB issued guidance stating that investments for which fair value is measured using the NAV per share practical expedient should not be categorized in the fair value hierarchy but should be provided to reconcile to total investments on the balance sheet. In addition, the guidance clarifies that a plan sponsor's pension assets are eligible to be measured at NAV as a practical expedient and that those investments should also not be categorized in the fair value hierarchy. TECO Energy's pension plan, in which TEC participates, has such investments as disclosed in **Note 5**. This standard will be required for TEC beginning in 2016. As early adoption is permitted, TEC adopted the standard for its 2015 fiscal year and applied the presentation on a retrospective basis for all periods presented in the pension plan assets fair value hierarchy. The guidance did not affect TEC's balance sheets, results of operations or cash flows.

Measurement Period Adjustments in Business Combinations

In September 2015, the FASB issued guidance requiring an acquirer in a business combination to account for measurement period adjustments during the reporting period in which the adjustment is determined, rather than retrospectively. When measurements are incomplete as of the end of the reporting period covering a business combination, an acquirer may record adjustments to provisional amounts based on events and circumstances that existed as of the acquisition date during the period from the date of acquisition to the date information is received, not to exceed one year. The guidance will be effective for TEC beginning in 2016 and will be applied prospectively. The guidance will not affect TEC's current financial statements. However, TEC will assess the potential impact of the guidance on future acquisitions.

Balance Sheet Classification of Deferred Taxes

In November 2015, the FASB issued guidance regarding the classification of deferred taxes on the balance sheet. To simplify the presentation of deferred income taxes, the new guidance requires that all deferred tax assets and liabilities be classified as noncurrent on the balance sheet rather than be classified as current or noncurrent under current guidance. The guidance will be required for TEC beginning in 2017 and may be applied on a prospective or retrospective basis. As early adoption is permitted, TEC adopted the standard in December 2015 and applied the balance sheet presentation on a prospective basis. Therefore, prior period balance sheets were not retrospectively adjusted. The guidance did not affect TEC's results of operations or cash flows.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued guidance related to accounting for financial instruments, including equity investments, financial liabilities under the fair value option, valuation allowances for available-for-sale debt securities, and the presentation and disclosure requirements for financial instruments. TEC does not have equity investments or available-for-sale debt securities and it does not record financial liabilities under the fair value option. However, it is evaluating the impact of the adoption of this guidance on its financial statement disclosures, including those regarding the fair value of its long-term debt, but it does not expect the impact to be significant. The guidance will be effective for TEC beginning in 2018.

3. Regulatory

Tampa Electric's retail business and PGS are regulated by the FPSC. Tampa Electric is also subject to regulation by the FERC. The operations of PGS are regulated by the FPSC separately from the operations of Tampa Electric. The FPSC has jurisdiction over rates, service, issuance of securities, safety, accounting and depreciation practices and other matters. In general, the FPSC sets rates at a level that allows utilities such as Tampa Electric and PGS to collect total revenues (revenue requirements) equal to their cost of providing service, plus a reasonable return on invested capital.

Base Rates-Tampa Electric

Tampa Electric's results for the first ten months of 2013 reflect base rates established in March 2009, when the FPSC awarded $104 million higher revenue requirements effective in May 2009 that authorized an ROE midpoint of 11.25%, 54.0% equity in the capital structure and 2009 13-month average rate base of $3.4 billion. In a series of subsequent decisions in 2009 and 2010, related to a calculation error and a step increase for CTs and rail unloading facilities that entered service before the end of 2009, base rates increased an additional $33.5 million.

Tampa Electric's results for 2015, 2014 and the last two months of 2013 reflect the results of a Stipulation and Settlement Agreement entered on Sept. 6, 2013, between TEC and all of the intervenors in its Tampa Electric division base rate proceeding, which resolved all matters in Tampa Electric's 2013 base rate proceeding. On Sept. 11, 2013, the FPSC unanimously voted to approve the stipulation and settlement agreement.

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

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

Storm Damage Cost Recovery

Prior to the above-mentioned stipulation and settlement agreement, Tampa Electric was accruing $8.0 million annually to a FPSC-approved self-insured storm damage reserve. This reserve was created after Florida's IOUs were unable to obtain transmission and distribution insurance coverage due to destructive acts of nature. Effective Nov. 1, 2013, Tampa Electric ceased accruing for this storm damage reserve as a result of the 2013 rate case settlement. However, in the event of a named storm that results in damage to its system, Tampa Electric can petition the FPSC to seek recovery of those costs over a 12-month period or longer as determined by the FPSC, as well as replenish its reserve to $56.1 million; the level it was as of Oct. 31, 2013. Tampa Electric's storm reserve remained $56.1 million at both Dec. 31, 2015 and 2014.

Base Rates-PGS

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

Regulatory Assets and Liabilities

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

Details of the regulatory assets and liabilities as of Dec. 31, 2015 and 2014 are presented in the following table:

Regulatory Assets and Liabilities

(millions)	*Dec. 31, 2015*	*Dec. 31, 2014*
Regulatory assets:		
Regulatory tax asset (1)	$ 74.6	$ 69.2
Cost-recovery clauses - deferred balances (2)	5.2	0.9
Cost-recovery clauses - offsets to derivative liabilities (2)	26.2	42.7
Environmental remediation (3)	54.0	53.1
Postretirement benefits (4)	238.3	187.8
Deferred bond refinancing costs (5)	6.5	7.2
Competitive rate adjustment (2)	2.6	2.8
Other	10.7	8.0
Total regulatory assets	418.1	371.7
Less: Current portion	44.3	52.1
Long-term regulatory assets	$ 373.8	$ 319.6
Regulatory liabilities:		
Regulatory tax liability	$ 5.7	$ 5.1
Cost-recovery clauses (2)	54.2	23.5
Transmission and delivery storm reserve	56.1	56.1
Accumulated reserve—cost of removal (6)	570.0	591.5
Other	0.7	1.9
Total regulatory liabilities	686.7	678.1
Less: Current portion	83.2	54.7
Long-term regulatory liabilities	$ 603.5	$ 623.4

(1) The regulatory tax asset is primarily associated with the depreciation and recovery of AFUDC-equity. This asset does not earn a return but rather is included in capital structure, which is used in the calculation of the weighted cost of capital used to determine revenue requirements. It will be recovered over the expected life of the related assets.

(2) These assets and liabilities are related to FPSC clauses and riders. They are recovered or refunded through cost-recovery mechanisms approved by the FPSC on a dollar-for-dollar basis in the next year. In the case of the regulatory asset related to derivative liabilities, recovery occurs in the year following the settlement of the derivative position.

(3) This asset is related to costs associated with environmental remediation primarily at manufactured gas plant sites. The balance is included in rate base, partially offsetting the related liability, and earns a rate of return as permitted by the FPSC. The timing of recovery is impacted by the timing of the expenditures related to remediation.

(4) This asset is related to the deferred costs of postretirement benefits. It is included in rate base and earns a rate of return as permitted by the FPSC. It is amortized over the remaining service life of plan participants.

(5) This asset represents the past costs associated with refinancing debt. It does not earn a return but rather is included in capital structure, which is used in the calculation of the weighted cost of capital used to determine revenue requirements. It will be amortized over the term of the related debt instruments.

(6) This item represents the non-ARO cost of removal in the accumulated reserve for depreciation.

4. Income Taxes

Income Tax Expense

TEC is included in the filing of a consolidated federal income tax return with TECO Energy and its affiliates. TEC's income tax expense is based upon a separate return computation. For the three years presented, TEC's effective tax rate differs from the statutory rate principally due to state income taxes.

Income tax expense consists of the following components:

Income Tax Expense (Benefit)

(millions) *For the year ending Dec. 31,*	*2015*	*2014*	*2013*
Current income taxes			
Federal	$ 38.2	$ 54.8	$ 19.4
State	8.4	8.9	1.3
Deferred income taxes			
Federal	102.9	79.0	99.8
State	14.5	13.5	18.6
Amortization of investment tax credits	1.5	(0.3)	(0.3)
Total income tax expense	$ 165.5	$ 155.9	$ 138.8

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

Effective Income Tax Rate

(millions) *For the years ended Dec. 31,*	*2015*	*2014*	*2013*
Income tax expense at the federal statutory rate of 35%	$ 154.6	$ 145.7	$ 127.5
Increase (decrease) due to			
State income tax, net of federal income tax	14.8	14.5	13.0
Other	(3.9)	(4.3)	(1.7)
Total income tax expense on consolidated statements of income	$ 165.5	$ 155.9	$ 138.8
Income tax expense as a percent of income from continuing operations, before income taxes	37.5%	37.5%	38.1%

Deferred Income Taxes

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

(millions) *As of Dec. 31,*	*2015*	*2014*
Deferred tax liabilities [(1)]		
Property related	$ 1,431.9	$ 1,328.8
Pension and postretirement benefits	92.0	72.5
Pension	71.1	51.8
Total deferred tax liabilities	1,595.0	1,453.1
Deferred tax assets [(1)]		
Loss and credit carryforwards	80.0	77.7
Medical benefits	47.7	51.0
Insurance reserves	27.6	29.0
Pension and postretirement benefits	92.0	72.5
Capitalized energy conservation assistance costs	21.4	20.3
Other	17.5	18.3
Total deferred tax assets	286.2	268.8
Total deferred tax liability, net	1,308.8	1,184.3
Less: Current portion of deferred tax asset	0.0	(24.8)
Long-term portion of deferred tax liability, net	$ 1,308.8	$ 1,209.1

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

At Dec. 31, 2015, TEC had cumulative unused federal and Florida NOLs for income tax purposes of $194.1 million and $268.5 million, respectively, expiring in 2033. In addition, TEC has unused general business credits of $1.9 million, expiring between 2028 and 2035.

Unrecognized Tax Benefits

TEC accounts for uncertain tax positions as required by FASB accounting guidance. This guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under the guidance, TEC may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The guidance also provides standards on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.

As of Dec. 31, 2015 and 2014, TEC does not have a liability for unrecognized tax benefits. Based on current information, TEC does not anticipate that this will change materially in 2016. As of Dec. 31, 2015 and 2014, TEC does not have a liability recorded for payment of interest and penalties associated with uncertain tax positions.

The IRS concluded its examination of TECO Energy's 2014 consolidated federal income tax return in December 2015. The U.S. federal statute of limitations remains open for the year 2012 and onward. Years 2015 and 2016 are currently under examination by the IRS under its Compliance Assurance Program. Florida's statute of limitations is three years from the filing of an income tax return. The state impact of any federal changes remains subject to examination by various states for a period of up to one year after formal notification to the states. Years still open to examination by Florida's tax authorities include 2005 and forward as a result of TECO Energy's consolidated Florida net operating loss still being utilized. TEC does not expect the settlement of audit examinations to significantly change the total amount of unrecognized tax benefits within the next 12 months.

5. Employee Postretirement Benefits

Pension Benefits

TEC is a participant in the comprehensive retirement plans of TECO Energy, including a qualified, non-contributory defined benefit retirement plan that covers substantially all employees. Benefits are based on the employees' age, years of service and final average earnings. Where appropriate and reasonably determinable, the portion of expenses, income, gains or losses allocable to TEC are presented. Otherwise, such amounts presented reflect the amount allocable to all participants of the TECO Energy retirement plans.

Amounts disclosed for pension benefits in the following tables and discussion also include the fully-funded obligations for the SERP. This is a non-qualified, non-contributory defined benefit retirement plan available to certain members of senior management.

Other Postretirement Benefits

TECO Energy and its subsidiaries currently provide certain postretirement health care and life insurance benefits (Other Benefits) for most employees retiring after age 50 meeting certain service requirements. Where appropriate and reasonably determinable, the portion of expenses, income, gains or losses allocable to TEC are presented. Otherwise, such amounts presented reflect the amount allocable to all participants of the TECO Energy postretirement health care and life insurance plans. Postretirement benefit levels are substantially unrelated to salary. TECO Energy reserves the right to terminate or modify the plans in whole or in part at any time.

MMA added prescription drug coverage to Medicare, with a 28% tax-free subsidy to encourage employers to retain their prescription drug programs for retirees, along with other key provisions. TECO Energy's current retiree medical program for those eligible for Medicare (generally over age 65) includes coverage for prescription drugs. The company has determined that prescription drug benefits available to certain Medicare-eligible participants under its defined-dollar-benefit postretirement health care plan are at least "actuarially equivalent" to the standard drug benefits that are offered under Medicare Part D.

The FASB issued accounting guidance and disclosure requirements related to the MMA. The guidance requires (a) that the effects of the federal subsidy be considered an actuarial gain and recognized in the same manner as other actuarial gains and losses and (b) certain disclosures for employers that sponsor postretirement health care plans that provide prescription drug benefits.

In March 2010, the Patient Protection and Affordable Care Act and a companion bill, the Health Care and Education Reconciliation Act, collectively referred to as the Health Care Reform Acts, were signed into law. Among other things, both acts reduced the tax benefits available to an employer that receives the Medicare Part D subsidy, resulting in a write-off of any associated deferred tax asset. As a result, TEC reduced its deferred tax asset and recorded a corresponding regulatory asset in 2010. This amount was trued up in 2013. TEC is amortizing the regulatory asset over the remaining average service life of 12 years. Additionally, the Health Care Reform Acts contain other provisions that may impact TECO Energy's obligation for retiree medical benefits. In particular, the Health Care Reform Acts include a provision that imposes an excise tax on certain high-cost plans beginning in 2018, whereby premiums paid over a prescribed threshold will be taxed at a 40% rate. TECO Energy does not currently believe the excise tax or other provisions of the Health Care Reform Acts will materially increase its PBO. TECO Energy will continue to monitor and assess the impact of the Health Care Reform Acts, including any clarifying regulations issued to address how the provisions are to be implemented, on its future results of operations, cash flows or financial position.

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

Obligations and Funded Status

TEC recognizes in its statement of financial position the over-funded or under-funded status of its postretirement benefit plans. This status is measured as the difference between the fair value of plan assets and the PBO in the case of its defined benefit plan, or the APBO in the case of its other postretirement benefit plan. Changes in the funded status are reflected, net of estimated tax benefits, in benefit liabilities and regulatory assets. The results of operations are not impacted.

The following table provides a detail of the change in TECO Energy's benefit obligations and change in plan assets for combined pension plans (pension benefits) and combined other postretirement benefit plans (other benefits).

TECO Energy **Obligations and Funded Status** *(millions)*	**Pension Benefits**		**Other Benefits**	
	2015	*2014*	*2015*	*2014*
Change in benefit obligation				
Net benefit obligation at beginning of year	$ 728.9	$ 666.0	$ 201.5	$ 208.1
Service cost	20.9	18.3	2.2	2.5
Interest cost	30.3	32.0	8.2	10.8
Plan participants' contributions	0.0	0.0	2.0	2.8
Plan amendments	0.0	0.0	(3.7)	(23.2)
Actuarial loss (gain)	5.8	48.3	(0.4)	1.5
Benefits paid	(53.0)	(39.9)	(14.6)	(16.0)
Transfer in due to the effect of business combination	0.0	0.0	0.0	26.7
Plan curtailment	0.0	4.0	0.0	(11.7)
Special termination benefit	0.0	0.2	0.0	0.0
Settlements	0.0	0.0	0.0	0.0
Federal subsidy on benefits paid	n/a	n/a	0.0	0.0
Net benefit obligation at end of year	$ 732.9	$ 728.9	$ 195.2	$ 201.5
Change in plan assets				
Fair value of plan assets at beginning of year	$ 648.0	$ 593.0	$ 18.8	$ 0.0
Actual return on plan assets	(25.5)	46.4	(0.6)	0.1
Employer contributions	55.0	47.5	1.5	(1.0)
Employer direct benefit payments	0.9	1.0	13.5	16.0
Plan participants' contributions	0.0	0.0	2.0	2.8
Transfer in due to acquisition	0.0	0.0	0.0	16.9
Settlements	0.0	0.0	0.0	0.0
Benefits paid	(53.0)	(39.9)	(14.6)	(16.0)
Fair value of plan assets at end of year [(1)]	$ 625.4	$ 648.0	$ 20.6	18.8

(1) The MRV of plan assets is used as the basis for calculating the EROA component of periodic pension expense. MRV reflects the fair value of plan assets adjusted for experience gains and losses (i.e. the differences between actual investment returns and expected returns) spread over five years.

At Dec. 31, the aggregate financial position for TECO Energy pension plans and other postretirement plans with benefit obligations in excess of plan assets was as follows:

Funded Status *(millions)*	Pension Benefits 2015	Pension Benefits 2014	Other Benefits 2015	Other Benefits 2014
Benefit obligation (PBO/APBO)	$ 732.9	$ 728.9	$ 195.2	$ 201.5
Less: Fair value of plan assets	625.4	648.0	20.6	18.8
Funded status at end of year	$ (107.5)	$ (80.9)	$ (174.6)	$ (182.7)

The accumulated benefit obligation for TECO Energy consolidated defined benefit pension plans was $686.9 million at Dec. 31, 2015 and $685.0 million at Dec. 31, 2014.

The amounts recognized in TEC's Consolidated Balance Sheets for pension and other postretirement benefit obligations, plan assets, and unrecognized costs at Dec. 31 were as follows:

Tampa Electric Company **Amounts recognized in balance sheet** *(millions)*	Pension Benefits 2015	Pension Benefits 2014	Other Benefits 2015	Other Benefits 2014
Regulatory assets	$ 208.2	$ 167.4	$ 30.2	$ 20.4
Accrued benefit costs and other current liabilities	(0.6)	(0.6)	(9.2)	(9.1)
Deferred credits and other liabilities	(69.3)	(53.5)	(142.3)	(137.1)
	$ 138.3	$ 113.3	$ (121.3)	$ (125.8)

Unrecognized gains and losses and prior service credits and costs are recorded in regulatory assets for TEC. The following table provides a detail of the unrecognized gains and losses and prior service credits and costs.

Amounts recognized in regulatory assets *(millions)*	Pension Benefits 2015	Pension Benefits 2014	Other Benefits 2015	Other Benefits 2014
Net actuarial loss (gain)	$ 208.2	$ 167.7	$ 47.2	$ 39.5
Prior service cost (credit)	0.0	(0.3)	(17.0)	(19.1)
Amount recognized	$ 208.2	$ 167.4	$ 30.2	$ 20.4

Assumptions used to determine benefit obligations at Dec. 31:

	Pension Benefits 2015	Pension Benefits 2014	Other Benefits 2015	Other Benefits 2014
Discount rate	4.688%	4.258%	4.669%	4.211%
Rate of compensation increase-weighted average	3.87%	3.87%	2.50%	3.86%
Healthcare cost trend rate				
Immediate rate	n/a	n/a	7.05%	7.09%
Ultimate rate	n/a	n/a	4.50%	4.57%
Year rate reaches ultimate	n/a	n/a	2038	2025

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

(millions)	1% Increase	1 % Decrease
Effect on postretirement benefit obligation	$ 6.1	$ (5.2)

The discount rate assumption used to determine the Dec. 31, 2015 benefit obligation was based on a cash flow matching technique developed by outside actuaries and a review of current economic conditions. This technique constructs hypothetical bond portfolios using high-quality (AA or better by S&P) corporate bonds available from the Barclays Capital database at the measurement date to meet the plan's year-by-year projected cash flows. The technique calculates all possible bond portfolios that produce adequate cash flows to pay the yearly benefits and then selects the portfolio with the highest yield and uses that yield as the recommended discount rate.

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

TECO Energy	**Pension Benefits**			**Other Benefits**		
(millions)	*2015*	*2014*	*2013*	*2015*	*2014*	*2013*
Service cost	$ 20.9	$ 18.3	$ 18.2	$ 2.2	$ 2.5	$ 2.5
Interest cost	30.3	32.0	28.9	8.2	10.8	9.3
Expected return on plan assets	(43.3)	(41.8)	(38.4)	(1.1)	(0.3)	0.0
Amortization of:						
Actuarial loss	15.1	13.5	20.5	0.0	0.2	1.0
Prior service (benefit) cost	(0.2)	(0.4)	(0.4)	(2.4)	(0.2)	(0.4)
Curtailment loss (gain)	0.0	3.9	0.0	0.0	(0.2)	0.0
Special termination benefit	0.0	0.2	0.0	0.0	0.0	0.0
Settlement loss	0.0	0.0	1.0	0.0	0.0	0.0
Net periodic benefit cost	$ 22.8	$ 25.7	$ 29.8	$ 6.9	$ 12.8	$ 12.4
New prior service cost	$ 0.0	$ 0.0	$ 0.0	$ (3.7)	$ (23.6)	$ 0.0
Net loss (gain) arising during the year	74.5	44.1	(75.7)	1.3	(9.9)	(15.6)
Unrecognized costs in regulated asset acquired in business combination	0.0	0.0	0.0	0.0	6.4	0.0
Amounts recognized as component of net periodic benefit cost:						
Amortization of actuarial gain (loss)	(15.1)	(13.5)	(21.5)	0.0	(0.2)	(1.0)
Amortization of prior service (benefit) cost	0.2	0.4	0.4	2.4	0.2	0.3
Total recognized in OCI and regulatory assets	$ 59.6	$ 31.0	$ (96.8)	$ 0.0	$ (27.1)	$ (16.3)
Total recognized in net periodic benefit cost, OCI and regulatory assets	$ 82.4	$ 56.7	$ (67.0)	$ 6.9	$ (14.3)	$ (3.9)

TEC's portion of the net periodic benefit costs for pension benefits was $13.5 million, $14.8 million and $21.7 million for 2015, 2014 and 2013, respectively. TEC's portion of the net periodic benefit costs for other benefits was $5.7 million, $10.4 million and $10.0 million for 2015, 2014 and 2013, respectively.

The estimated net loss for the defined benefit pension plans that will be amortized by TEC from regulatory assets into net periodic benefit cost over the next fiscal year are $9.8 million. There will be an estimated $1.9 million prior service credit that will be amortized from regulatory assets into net periodic benefit cost over the next fiscal year for the other postretirement benefit plan.

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

	Pension Benefits			Other Benefits		
	2015	*2014* [1]	*2013*	*2015*	*2014*	*2013*
Discount rate	4.258%	5.118%/4.277%/4.331%	4.196%	4.211%	5.096%	4.180%
Expected long-term return on plan assets	7.00%	7.25%/7.00%/7.00%	7.50%	5.75	5.75	n/a
Rate of compensation increase	3.87%	3.73%	3.76%	3.86%	3.71%	3.74%
Healthcare cost trend rate						
Initial rate	n/a	n/a	n/a	7.09%	7.25%	7.50%
Ultimate rate	n/a	n/a	n/a	4.57%	4.50%	4.50%
Year rate reaches ultimate	n/a	n/a	n/a	2025	2025	2025

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

The discount rate assumption used to determine the 2015 benefit cost was based on a cash flow matching technique developed by outside actuaries and a review of current economic conditions. This technique constructs hypothetical bond portfolios using high-quality (AA or better by S&P) corporate bonds available from the Barclays Capital database at the measurement date to meet the plan's year-by-year projected cash flows. The technique calculates all possible bond portfolios that produce adequate cash flows to pay the yearly benefits and then selects the portfolio with the highest yield and uses that yield as the recommended discount rate.

The expected return on assets assumption was based on historical returns, fixed income spreads and equity premiums consistent with the portfolio and asset allocation. A change in asset allocations could have a significant impact on the expected return on assets. Additionally, expectations of long-term inflation, real growth in the economy and a provision for active management and expenses paid were incorporated in the assumption. For the year ended Dec. 31, 2015, TECO Energy's pension plan's assets decreased approximately 3.5%.

The compensation increase assumption was based on the same underlying expectation of long-term inflation together with assumptions regarding real growth in wages and company-specific merit and promotion increases.

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

(millions)	1% Increase	1% Decrease
Effect on periodic cost	$ 0.2	$ (0.2)

Pension Plan Assets

Pension plan assets (plan assets) are invested in a mix of equity and fixed income securities. TECO Energy's investment objective is to obtain above-average returns while minimizing volatility of expected returns and funding requirements over the long term. TECO Energy's strategy is to hire proven managers and allocate assets to reflect a mix of investment styles, emphasize preservation of principal to minimize the impact of declining markets, and stay fully invested except for cash to meet benefit payment obligations and plan expenses.

Asset Category	Target Allocation	Actual Allocation, End of Year *2015*	*2014*
Equity securities	47%-53%	53%	50%
Fixed income securities	47%-53%	47%	50%
Total	100%	100%	100%

TECO Energy reviews the plan's asset allocation periodically and re-balances the investment mix to maximize asset returns, optimize the matching of investment yields with the plan's expected benefit obligations, and minimize pension cost and funding. TECO Energy, Inc. expects to take additional steps to more closely match plan assets with plan liabilities.

The plan's investments are held by a trust fund administered by JP Morgan Chase Bank, N.A. (JP Morgan). JP Morgan measures fair value using the procedures set forth below for all investments. When available, JP Morgan uses quoted market prices on investments traded on an exchange to determine fair value and classifies such items as Level 1. In some cases where a market exchange price is available, but the investments are traded in a secondary market, JP Morgan makes use of acceptable practical expedients to calculate fair value, and the company classifies these items as Level 2.

If observable transactions and other market data are not available, fair value is based upon third-party developed models that use, when available, current market-based or independently-sourced market parameters such as interest rates, currency rates or option volatilities. Items valued using third-party generated models are classified according to the lowest level input or value driver that is most significant to the valuation. Thus, an item may be classified in Level 3 even though there may be significant inputs that are readily observable.

As required by the fair value accounting standards, the investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The plan's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. For cash equivalents, the cost approach was used in determining fair value. For bonds and U.S. government agencies, the income approach was used. For other investments, the market approach was used. The following table sets forth by level within the fair value hierarchy the plan's investments as of Dec. 31, 2015 and 2014.

Pension Plan Investments

(millions)	At Fair Value as of Dec. 31, 2015			
	Level 1	Level 2	Level 3	Total
Net Cash				
Cash	$ 1.9	$ 0.0	$ 0.0	$ 1.9
Accounts receivable	14.3	0.0	0.0	14.3
Accounts payable	(27.2)	0.0	0.0	(27.2)
Total net cash	(11.0)	0.0	0.0	(11.0)
Cash equivalents				
Money markets	0.0	0.2	0.0	0.2
Discounted notes	0.0	0.7	0.0	0.7
Short term investment funds (STIFs) [(1)]				12.4
Total cash equivalents	0.0	0.9	0.0	13.3
Equity securities				
Common stocks	90.9	0.0	0.0	90.9
American depository receipts (ADRs)	5.7	0.0	0.0	5.7
Real estate investment trusts (REITs)	4.8	0.0	0.0	4.8
Commingled fund	0.0	53.7	0.0	53.7
Mutual funds [(1)]				175.6
Total equity securities	101.4	53.7	0.0	330.7
Fixed income securities				
Municipal bonds	0.0	5.0	0.0	5.0
Government bonds	0.0	56.2	0.0	56.2
Corporate bonds	0.0	32.2	0.0	32.2
Asset backed securities (ABS)	0.0	0.3	0.0	0.3
Mortgage-backed securities (MBS), net short sales	0.0	8.7	0.0	8.7
Collateralized mortgage obligations (CMOs)	0.0	1.5	0.0	1.5
Commingled fund				117.9
Mutual fund [(1)]				71.3
Total fixed income securities	0.0	103.9	0.0	293.1
Derivatives				
Swaps	0.0	(0.9)	0.0	(0.90)
Purchased options (swaptions)	0.0	1.1	0.0	1.1
Written options (swaptions)	0.0	(1.0)	0.0	(1.0)
Total derivatives	0.0	(0.8)	0.0	(0.8)
Miscellaneous	0.0	0.1	0.0	0.1
Total	$ 90.4	$ 157.8	$ 0.0	$ 625.4

(1) In accordance with accounting standards, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are to permit reconciliation of the fair value hierarchy to amounts presented in the Consolidated Balance Sheet.

(millions)	At Fair Value as of Dec. 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash	$ 0.4	$ 0.0	$ 0.0	$ 0.4
Accounts receivable	1.4	0.0	0.0	1.4
Accounts payable	(5.3)	0.0	0.0	(5.3)
Cash equivalents				
Treasury bills (T bills)	0.0	0.2	0.0	0.2
Discounted notes	0.0	8.8	0.0	8.8
Short term investment funds (STIFs) (1)				7.6
Total cash equivalents	0.0	9.0	0.0	16.6
Equity securities				
Common stocks	98.0	0.0	0.0	98.0
American depository receipts (ADRs)	1.3	0.0	0.0	1.3
Real estate investment trusts (REITs)	2.5	0.0	0.0	2.5
Preferred stock	0.8	0.0	0.0	0.8
Commingled fund	0.0	45.6	0.0	45.6
Mutual funds (1)				171.3
Total equity securities	102.6	45.6	0.0	319.5
Fixed income securities				
Municipal bonds	0.0	6.1	0.0	6.1
Government bonds	0.0	47.9	0.0	47.9
Corporate bonds	0.0	22.0	0.0	22.0
Asset backed securities (ABS)	0.0	0.3	0.0	0.3
Mortgage-backed securities (MBS), net short sales	0.0	9.6	0.0	9.6
Collateralized mortgage obligations (CMOs)	0.0	2.0	0.0	2.0
Commingled fund	0.0	129.2	0.0	129.2
Mutual fund (1)				98.6
Total fixed income securities	0.0	217.1	0.0	315.7
Derivatives				
Short futures	0.0	(0.3)	0.0	(0.3)
Purchased options (swaptions)	0.0	0.7	0.0	0.7
Written options (swaptions)	0.0	(0.8)	0.0	(0.8)
Total derivatives	0.0	(0.4)	0.0	(0.4)
Miscellaneous	0.0	0.1	0.0	0.1
Total	$ 99.1	$ 271.4	$ 0.0	$ 648.0

(1) In accordance with accounting standards, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts in this table are to permit reconciliation of the fair value hierarchy to amounts presented in the Consolidated Balance Sheet.

- The primary pricing inputs in determining the fair value of the Level 1 assets are closing quoted prices in active markets.
- The methodology and inputs used to value the investment in the equity commingled fund are broker dealer quotes sourced by State Street Custody System. The fund holds primarily international equity securities that are actively traded in over-the-counter markets. The fund honors subscription and redemption activity on an "as of" basis.
- The money markets are valued at cost due to their short term nature. Discounted notes are valued at amortized cost.
- The primary pricing inputs in determining the fair value Level 2 municipal bonds are benchmark yields, historical spreads, sector curves, rating updates, and prepayment schedules. The primary pricing inputs in determining the fair value of government bonds are the U.S. treasury curve, CPI, and broker quotes, if available. The primary pricing inputs in determining the fair value of corporate bonds are the U.S. treasury curve, base spreads, YTM, and benchmark quotes. ABS and CMO are priced using TBA prices, treasury curves, swap curves, cash flow information, and bids and offers as inputs. MBS are priced using TBA prices, treasury curves, average lives, spreads, and cash flow information.
- Futures are valued using futures data, cash rate data, swap rates, and cash flow analyses.
- Swaps are valued using benchmark yields, swap curves, and cash flow analyses.
- Options are valued using the bid-ask spread and the last price.

- The STIF is valued at NAV as determined by JP Morgan. The funds are open-end investments. Additionally, shares may be redeemed any business day at the NAV calculated after the order is accepted. The NAV is validated with purchases and sales at NAV.
- The primary pricing inputs in determining the equity mutual funds are the mutual funds' NAVs. The funds are registered open-ended mutual funds and the NAVs are validated with purchases and sales at NAV.
- The primary pricing input in determining the fair value of the fixed asset mutual fund is its NAV. It is an unregistered open-ended mutual fund.
- The fixed income commingled fund is a private fund valued at NAV. The fund invests in long duration U.S. investment-grade fixed income assets and seeks to increase return through active management of interest rate and credit risks. The NAV is calculated based on bid prices of the underlying securities. The fund honors subscription activity on the first business day of the month and the first business day following the 15th calendar day of the month. Redemptions are honored on the 15th or last business day of the month, providing written notice is given at least ten business days prior to withdrawal date.

Additionally, the unqualified SERP had $43.5 million and $0.9 million of assets as of Dec. 31, 2015 and 2014, respectively. Since the plan is unqualified, its assets are included in the "Deferred charges and other assets" line item in TECO Energy's Consolidated Balance Sheets rather than being netted with the related liability. The fund holds investments in a money market fund, which is valued at cost due to its short-term nature, making this a level 2 asset. The plan was fully funded as of Dec. 31, 2015.

Other Postretirement Benefit Plan Assets

There are no assets associated with TECO Energy's other postretirement benefits plan. Asset amounts shown in the tables above relate to a separate NMGC other postretirement benefit plan.

Contributions

The Pension Protection Act became effective Jan. 1, 2008 and requires companies to, among other things, maintain certain defined minimum funding thresholds (or face plan benefit restrictions), pay higher premiums to the PBGC if they sponsor defined benefit plans, amend plan documents and provide additional plan disclosures in regulatory filings and to plan participants.

WRERA was signed into law on Dec. 23, 2008. WRERA grants plan sponsors relief from certain funding requirements and benefits restrictions, and also provides some technical corrections to the Pension Protection Act. There are two primary provisions that impact funding results for TECO Energy. First, for plans funded less than 100%, required shortfall contributions will be based on a percentage of the funding target until 2013, rather than the funding target of 100%. Second, one of the technical corrections, referred to as asset smoothing, allows the use of asset averaging subject to certain limitations in the determination of funding requirements. TECO Energy utilizes asset smoothing in determining funding requirements.

In August 2014, the President signed into law HAFTA, which modified MAP-21. HAFTA and MAP-21 provide funding relief for pension plan sponsors by stabilizing discount rates used in calculating the required minimum pension contributions and increasing PBGC premium rates to be paid by plan sponsors. TECO Energy expects the required minimum pension contributions to be lower than the levels previously projected; however, TECO Energy plans on funding at levels above the required minimum pension contributions under HAFTA and MAP-21. In November 2015, the President signed into law the Bipartisan Budget Act of 2015 that extended pension funding relief of MAP-21 and HAFTA through 2022.

The qualified pension plan's actuarial value of assets, including credit balance, was 123.1% of the Pension Protection Act funded target as of Jan. 1, 2015 and is estimated at 114.1% of the Pension Protection Act funded target as of Jan. 1, 2016.

TECO Energy's policy is to fund the qualified pension plan at or above amounts determined by its actuaries to meet ERISA guidelines for minimum annual contributions and minimize PBGC premiums paid by the plan. TECO Energy made $55.0 million of contributions to this plan in 2015 and $47.5 million in 2014, which met the minimum funding requirements for both 2015 and 2014. TEC's portion of the contribution in 2015 was $43.9 million and in 2014 was $38.2 million. These amounts are reflected in the "Other" line on the Consolidated Statements of Cash Flows. TECO Energy estimates its contribution in 2016 to be $37.4 million, with TEC's portion being $30.9 million. TECO Energy estimates it will make annual contributions from 2017 to 2020 ranging from $12.2 to $44.6 million per year based on current assumptions, with TEC's portion to range from $8.0 million to $35.0 million. These amounts are in excess of the minimum funding required under ERISA guidelines.

The SERP is funded periodically to meet the benefit obligations. TECO Energy made contributions of $43.4 million and $1.2 million to this plan in 2015 and 2014, respectively. TEC's portion of the contributions in 2015 and 2014 were $14.9 million and $0.8 million, respectively. TECO Energy's contribution in October 2015 to the SERP's trust was made in order to fully fund its SERP obligation following the signing of the Merger Agreement with Emera. The execution of the Merger Agreement constituted a potential change in control under the trust; therefore, TECO Energy is required to maintain such funding as of the end of each calendar year, including 2015. The fully funded amount is equal to the aggregate present value of all benefits then in pay status under the SERP plus all benefits that would become payable under the SERP to current participants. In 2016, TECO Energy expects to make a contribution of about $10.5 million to this plan. TEC's portion of the expected contribution is about $0.6 million.

The other postretirement benefits are funded annually to meet benefit obligations. TECO Energy's contribution toward health care coverage for most employees who retired after the age of 55 between Jan. 1, 1990 and Jun. 30, 2001 is limited to a defined dollar benefit based on service. TECO Energy's contribution toward pre-65 and post-65 health care coverage for most employees retiring on or after July 1, 2001 is limited to a defined dollar benefit based on an age and service schedule. In 2016, TECO Energy expects to make a contribution of about $14.3 million. TEC's portion of the expected contribution is $9.3 million. Postretirement benefit levels are substantially unrelated to salary.

Benefit Payments

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

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

(millions)	Pension Benefits	Other Postretirement Benefits
2016	$ 77.8	$ 11.5
2017	49.5	11.9
2018	52.7	12.5
2019	59.2	13.0
2020	54.9	13.3
2021-2025	299.1	68.6

Defined Contribution Plan

TECO Energy has a defined contribution savings plan covering substantially all employees of TECO Energy and its subsidiaries that enables participants to save a portion of their compensation up to the limits allowed by IRS guidelines. TECO Energy and its subsidiaries match up to 6% of the participant's payroll savings deductions. Effective Jan. 1, 2015, the employer matching contributions were 70% of eligible participant contributions with additional incentive match of up to 30% [of eligible participant contributions based on the achievement of certain operating company financial goals]. During the period from April 2013 to December 2014, employer matching contributions were 65% of eligible participant contributions with additional incentive match of up to 35% of eligible participant contributions based on the achievement of certain operating company financial goals. Prior to this, the employer matching contributions were 60% of eligible participant contributions with additional incentive match of up to 40%. For the years ended Dec. 31, 2015, 2014 and 2013, TECO Energy and its subsidiaries recognized expense totaling $11.1 million, $13.1 million and $11.3 million, respectively, related to the matching contributions made to this plan. TEC's portion of expense totaled $7.5 million, $10.2 million and $9.1 million for 2015, 2014 and 2013, respectively.

6. Short-Term Debt

At Dec. 31, 2015 and 2014, the following credit facilities and related borrowings existed:

Credit Facilities

	Dec. 31, 2015			*Dec. 31, 2014*		
(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	$ 0.5	$ 325.0	$ 12.0	$ 0.6
3-year accounts receivable facility [(3)]	150.0	61.0	0.0	150.0	46.0	0.0
Total	$ 475.0	$ 61.0	$ 0.5	$ 475.0	$ 58.0	$ 0.6

(1) Borrowings outstanding are reported as notes payable.
(2) This 5-year facility matures Dec. 17, 2018.
(3) Prior to Mar. 24, 2015, this was a 1-year facility. This 3-year facility matures Mar. 23, 2018.

At Dec. 31, 2015, these credit facilities required commitment fees ranging from 12.5 to 30.0 basis points. The weighted-average interest rate on borrowings outstanding under the credit facilities at Dec. 31, 2015 and 2014 was 0.89% and 0.7%, respectively.

Tampa Electric Company Accounts Receivable Facility

On Mar. 24, 2015, TEC and TRC amended and restated their $150 million accounts receivable collateralized borrowing facility in order to (i) appoint The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch (BTMU), as Program Agent, replacing the previous Program Agent, Citibank, N.A., (ii) add new lenders, and (iii) extend the scheduled termination date from Apr. 14, 2015 to Mar. 23, 2018, by entering into (a) an Amended and Restated Purchase and Contribution Agreement dated as of Mar. 24, 2015 between TEC and TRC and (b) a Loan and Servicing Agreement dated as of Mar. 24, 2015, among TEC as Servicer, TRC as Borrower, certain lenders named therein and BTMU, as Program Agent (the Loan Agreement). Pursuant to the Loan Agreement, TRC will pay program and liquidity fees, which total 65 basis points as of Dec. 31, 2015. Interest rates on the borrowings are 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 the BTMU's prime rate (or the federal funds rate plus 50 basis points, if higher) or a rate based on the London interbank deposit rate (if available) plus a margin. In addition, under the terms of the Loan Agreement, TEC has pledged as collateral a pool of receivables equal to the borrowings outstanding in the case of default. TEC continues to service, administer and collect the pledged receivables, which are classified as receivables on the balance sheet. As of Dec. 31, 2015, TEC and TRC were in compliance with the requirements of the Loan Agreement.

Amendment of Tampa Electric Company Credit Facility

On Dec. 17, 2013, TEC amended and restated its $325 million bank credit facility, entering into a Fourth Amended and Restated Credit Agreement. The amendment (i) extended the maturity date of the credit facility from Oct. 25, 2016 to Dec. 17, 2018 (subject to further extension with the consent of each lender); (ii) continues to allow TEC, as borrower, to borrow funds at a rate equal to the London interbank deposit rate plus a margin; (iii) as an alternative to the above interest rate, allows TEC to borrow funds at an interest rate equal to a margin plus the higher of Citibank's prime rate, the federal funds rate plus 50 basis points, or the London interbank deposit rate plus 1.00%; (iv) allows TEC to borrow funds on a same-day basis under a swingline loan provision, which loans mature on the fourth banking day after which any such loans are made and bear interest at an interest rate as agreed by the borrower and the relevant swingline lender prior to the making of any such loans; (v) continues to allow TEC to request the lenders to increase their commitments under the credit facility by up to $175 million in the aggregate; (vi) includes a $200 million letter of credit facility; and (vii) made other technical changes.

On Sept. 30, 2014, TEC entered into an amendment of its $325 million bank credit facility, which reallocated commitments among the lenders and made certain other technical changes.

7. Long-Term Debt

A substantial part of Tampa Electric's tangible assets are pledged as collateral to secure its first mortgage bonds. There are currently no bonds outstanding under Tampa Electric's first mortgage bond indenture, and Tampa Electric could cause the lien associated with this indenture to be released at any time.

Issuance of Tampa Electric Company 4.20% Notes due 2045

On May 20, 2015, TEC completed an offering of $250 million aggregate principal amount of 4.20% Notes due May 15, 2045 (the TEC 2015 Notes). The TEC 2015 Notes were sold at 99.814% of par. The offering resulted in net proceeds to TEC (after deducting underwriting discounts, commissions, estimated offering expenses and before settlement of interest rate swaps) of approximately $246.8 million. Net proceeds were used to repay short-term debt and for general corporate purposes. Until Nov. 15, 2044, TEC may redeem all or any part of the TEC 2015 Notes at its option at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the TEC 2015 Notes to be redeemed or (ii) the sum of the present value of the remaining payments of principal and interest on the TEC 2015 Notes to be redeemed, discounted at an applicable treasury rate (as defined in the indenture), plus 20 basis points; in either case, the redemption price would include accrued and unpaid interest to the redemption date. At any time on or after Nov. 15, 2044, TEC may, at its option, redeem the TEC 2015 Notes, in whole or in part, at 100% of the principal amount of the TEC 2015 Notes being redeemed plus accrued and unpaid interest thereon to but excluding the date of redemption.

Issuance of Tampa Electric Company 4.35% Notes due 2044

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

Purchase in Lieu of Redemption of Revenue Refunding Bonds

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

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

As of Dec. 31, 2015, $232.6 million of bonds purchased in lieu of redemption were held by the trustee at the direction of TEC to provide an opportunity to evaluate refinancing alternatives.

8. Other Comprehensive Income

TEC reported the following OCI (loss) for the years ended Dec. 31, 2015, 2014 and 2013, related to the amortization of prior settled amounts and changes in the fair value of cash flow hedges:

Other Comprehensive Income

(millions)	Gross	Tax	Net
2015			
Unrealized gain (loss) on cash flow hedges	$ 4.3	$ (1.5)	$ 2.8
Reclassification from AOCI to net income	1.4	(0.7)	0.7
Gain (Loss) on cash flow hedges	5.7	(2.2)	3.5
Total other comprehensive income (loss)	$ 5.7	$ (2.2)	$ 3.5
2014			
Unrealized gain (loss) on cash flow hedges	$ 0.0	$ 0.0	$ 0.0
Reclassification from AOCI to net income	1.1	(0.4)	0.7
Gain (Loss) on cash flow hedges	1.1	(0.4)	0.7
Total other comprehensive income (loss)	$ 1.1	$ (0.4)	$ 0.7
2013			
Unrealized gain (loss) on cash flow hedges	$ 0.0	$ 0.0	$ 0.0
Reclassification from AOCI to net income	1.4	(0.5)	0.9
Gain (Loss) on cash flow hedges	1.4	(0.5)	0.9
Total other comprehensive income (loss)	$ 1.4	$ (0.5)	$ 0.9

Accumulated Other Comprehensive Loss

(millions) As of Dec. 31,	*2015*	*2014*
Net unrealized losses from cash flow hedges (1)	$ (3.6)	$ (7.1)
Total accumulated other comprehensive loss	$ (3.6)	$ (7.1)

(1) Net of tax benefit of $2.3 million and $4.5 million as of Dec. 31, 2015 and 2014, respectively.

9. Commitments and Contingencies

Legal Contingencies

From time to time, TEC and its subsidiaries are involved in various legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies in the ordinary course of its business. Where appropriate, accruals are made in accordance with accounting standards for contingencies to provide for matters that are probable of resulting in an estimable loss. The company believes the claims in the pending actions described below are without merit and intends to defend the matters vigorously. TEC is unable at this time to estimate the possible loss or range of loss with respect to these matters. While the outcome of such proceedings is uncertain, management does not believe that their ultimate resolution will have a material adverse effect on the PGS's results of operations, financial condition or cash flows.

Tampa Electric Legal Proceedings

A 36-year-old man died from mesothelioma in March 2014. His estate and his family sued Tampa Electric as a result. The man allegedly suffered exposure to asbestos dust brought home by his father and grandfather, both of whom had been employed as insulators and worked at various job sites throughout the Tampa area. Plaintiff's case against Tampa Electric and 14 other defendants had alleged, among other things, negligence, strict liability, household exposure, loss of consortium, and wrongful death. Tampa Electric has agreed to a settlement which resolved the case in its entirety. The settlement is not material to the company's financial position as of Dec. 31, 2015.

A 33-year-old man made contact with a primary line in June 2013, suffering severe burns. He and his wife sued Tampa Electric as a result. The man apparently made contact with the line as he was attempting to trim a tree at a local residence. Plaintiffs' case against Tampa Electric alleged, among other things, negligence and loss of consortium. Tampa Electric has agreed to a settlement which resolved the case in its entirety. The settlement is not material to the company's financial position as of Dec. 31, 2015.

Peoples Gas Legal Proceedings

In November 2010, heavy equipment operated at a road construction site being conducted by Posen Construction, Inc. struck a natural gas line causing a rupture and ignition of the gas and an outage in the natural gas service to Lee and Collier counties, Florida. PGS filed suit in April 2011 against Posen Construction, Inc. in Federal Court for the Middle District of Florida to recover damages for repair and restoration relating to the incident and Posen Construction, Inc. counter-claimed against PGS alleging negligence. In the first quarter of 2014, the parties entered into a settlement agreement that resolves the claims of the parties. In addition, the suit filed in November 2011 by the Posen Construction, Inc. employee operating the heavy equipment involved in the incident in Lee County Circuit Court against PGS and a PGS contractor involved in the project, seeking damages for his injuries, remains pending, with a trial currently expected in late 2016.

PGS Compliance Matter

In 2015, FPSC staff presented PGS with a summary of alleged safety rule violations, many of which were identified during PGS' implementation of an action plan it instituted as a result of audit findings cited by FPSC audit staff in 2013. Following the 2013 audit and 2015 discussions with FPSC staff, PGS took immediate and significant corrective actions. The FPSC audit staff published a follow-up audit report that acknowledged the progress that had been made and found that further improvements were needed. As a result of this report, the Office of Public Counsel (OPC) filed a petition with the FPSC pointing to the violations of rules for safety inspections seeking fines or possible refunds to customers by PGS. On Feb. 25, 2016, the FPSC staff issued a notice informing PGS that the staff would be making a recommendation to the FPSC to initiate a show cause proceeding against PGS for alleged safety rule violations, with total potential penalties of up to $3.9 million. PGS is continuing to work with the OPC and FPSC staff to resolve the issues.

Superfund and Former Manufactured Gas Plant Sites

TEC, through its Tampa Electric and Peoples Gas divisions, is a PRP for certain superfund sites and, through its Peoples Gas division, for certain former manufactured gas plant sites. While the joint and several liability associated with these sites presents the potential for significant response costs, as of Dec. 31, 2015, TEC has estimated its ultimate financial liability to be $33.9 million, primarily at PGS. This amount has been accrued and is primarily reflected in the long-term liability section under "Deferred credits and other 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 rates.

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

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

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

Long-Term Commitments

TEC has commitments for capacity payments and long-term leases, primarily for building space, vehicles, office equipment and heavy equipment. Rental expense for these leases included in "Regulated operations & maintenance – Other" on the Consolidated Statements of Income for the years ended Dec. 31, 2015, 2014 and 2013, totaled $3.8 million, $4.1 million and $2.3 million, respectively. In addition, Tampa Electric has other purchase obligations, including its outstanding commitments for major projects and long-term capitalized maintenance agreements for its combustion turbines. The following is a schedule of future minimum lease payments with non-cancelable lease terms in excess of one year, capacity payments under PPAs, and other net purchase obligations/commitments at Dec. 31, 2015:

(millions)	*Capacity Payments*	*Operating Leases*(1)	*Net Purchase Obligations/Commitments*(1)	*Total*
Year ended Dec. 31:				
2016	$ 14.6	$ 5.7	$ 218.3	$ 238.6
2017	9.9	5.2	21.5	36.6
2018	10.1	4.7	9.6	24.4
2019	0.0	4.4	9.7	14.1
2020	0.0	4.1	4.7	8.8
Thereafter	0.0	14.5	20.0	34.5
Total future minimum payments	$ 34.6	$ 38.6	$ 283.8	$ 357.0

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

Guarantees and Letters of Credit

At Dec. 31, 2015, TEC was not obligated under guarantees, but had the following letters of credit outstanding.

(millions)	Year of Expiration			*Maximum*	
			After (1)	*Theoretical*	*Liabilities Recognized*
Letter of Credit for the Benefit of:	*2016*	*2017-2020*	*2020*	*Obligation*	*at Dec. 31, 2015* (2)
TEC	$ 0.0	$ 0.0	$ 0.5	$ 0.5	$ 0.1

(1) These letters of credit and guarantees renew annually and are shown on the basis that they will continue to renew beyond 2020.
(2) The amounts shown are the maximum theoretical amounts guaranteed under current agreements. Liabilities recognized represent the associated obligation under these agreements at Dec. 31, 2015. The obligations under these letters of credit include certain accrued injuries and damages when a letter of credit covers the failure to pay these claims.

Financial Covenants

In order to utilize their respective bank credit facilities, TEC must meet certain financial tests as defined in the applicable agreements. In addition, TEC has certain restrictive covenants in specific agreements and debt instruments. At Dec. 31, 2015, TEC was in compliance with all required financial covenants.

10. Related Party Transactions

A summary of activities between TEC and its affiliates follows:

Net transactions with affiliates:

(millions)	*2015*	*2014*	*2013*
Natural gas sales, net	$ 0.8	$ 0.3	$ 18.3
Administrative and general, net(1)	$ 69.4	$ 22.5	$ 27.2

(1) The 2015 increase in transactions with affiliates is attributable to shared services being provided to TEC from TSI, TECO Energy's centralized services company subsidiary, beginning in Jan. 1, 2015.

Amounts due from or to affiliates at Dec. 31,

(millions)	*2015*	*2014*
Accounts receivable[1]	$ 2.3	$ 2.4
Accounts payable[1]	15.9	9.7
Taxes receivable[2]	61.3	43.3
Taxes payable[2]	1.0	0.0

(1) Accounts receivable and accounts payable were incurred in the ordinary course of business and do not bear interest.
(2) Taxes receivable are due from and taxes payable are due to TECO Energy.

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

11. Segment Information

TEC is a public utility operating within the State of Florida. Through its Tampa Electric division, it is engaged in the generation, purchase, transmission, distribution and sale of electric energy to almost 719,000 customers in West Central Florida. Its PGS division is engaged in the purchase, distribution and marketing of natural gas for approximately 361,000 residential, commercial, industrial and electric power generation customers in the State of Florida.

(millions)	Tampa Electric	PGS	Eliminations	TEC
2015				
Revenues - external	$ 2,017.7	$ 401.5	$ 0.0	$ 2,419.2
Sales to affiliates	0.6	6.0	(6.6)	0.0
Total revenues	2,018.3	407.5	(6.6)	2,419.2
Depreciation and amortization	256.7	56.8	0.0	313.5
Total interest charges	95.1	14.5	0.0	109.6
Provision for income taxes	143.6	21.9	0.0	165.5
Net income	241.0	35.3	0.0	276.3
Total assets	6,637.1	1,099.0	(9.4)	7,726.7
Capital expenditures	592.6	94.0	0.0	686.6
2014				
Revenues - external	$ 2,020.5	$ 398.5	$ 0.0	$ 2,419.0
Sales to affiliates	0.5	1.1	(1.6)	0.0
Total revenues	2,021.0	399.6	(1.6)	2,419.0
Depreciation and amortization	248.6	54.0	0.0	302.6
Total interest charges	92.8	13.8	0.0	106.6
Provision for income taxes	133.2	22.7	0.0	155.9
Net income	224.5	35.8	0.0	260.3
Total assets	6,234.4	1,047.0	(7.1)	7,274.3
Capital expenditures	582.1	88.9	0.0	671.0
2013				
Revenues - external	$ 1,950.1	$ 392.7	$ 0.0	$ 2,342.8
Sales to affiliates	0.4	0.8	(1.2)	0.0
Total revenues	1,950.5	393.5	(1.2)	2,342.8
Depreciation and amortization	238.8	51.5	0.0	290.3
Total interest charges	91.8	13.5	0.0	105.3
Provision for income taxes	116.9	21.9	0.0	138.8
Net income	190.9	34.7	0.0	225.6
Total assets	5,895.4	989.3	(8.9)	6,875.8
Capital expenditures	422.3	79.0	0.0	501.3

12. Asset Retirement Obligations

TEC accounts for AROs under the applicable accounting standards. An ARO for a long-lived asset is recognized at fair value at inception of the obligation if there is a legal obligation under an existing or enacted law or statute, a written or oral contract or by legal construction under the doctrine of promissory estoppel. Retirement obligations are recognized only if the legal obligation exists in connection with or as a result of the permanent retirement, abandonment or sale of a long-lived asset.

When the liability is initially recorded, the carrying amount of the related long-lived asset is correspondingly increased. Over time, the liability is accreted to its estimated future value. The corresponding amount capitalized at inception is depreciated over the remaining useful life of the asset. The liability must be revalued each period based on current market prices.

As regulated utilities, Tampa Electric and PGS must file depreciation and dismantlement studies periodically and receive approval from the FPSC before implementing new depreciation rates. Included in approved depreciation rates is either an implicit net salvage factor or a cost of removal factor, expressed as a percentage. The net salvage factor is principally comprised of two components—a salvage factor and a cost of removal or dismantlement factor. TEC uses current cost of removal or dismantlement factors as part of the estimation method to approximate the amount of cost of removal in accumulated depreciation.

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

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

	Dec. 31,	
(millions)	*2015*	*2014*
Beginning balance	$ 5.3	$ 4.8
Additional liabilities	0.9	0.1
Revisions to estimated cash flows	(0.5)	0.2
Other (1)	0.3	0.2
Ending balance	$ 6.0	$ 5.3

(1) Accretion recorded as a deferred regulatory asset.

13. Accounting for Derivative Instruments and Hedging Activities

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

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

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

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

TEC applies the accounting standards for derivative instruments and hedging activities. These standards require companies to recognize derivatives as either assets or liabilities in the financial statements, to measure those instruments at fair value and to reflect the changes in the fair value of those instruments as either components of OCI or in net income, depending on the designation of those instruments (see **Note 14**). The changes in fair value that are recorded in OCI are not immediately recognized in current net income. As the underlying hedged transaction matures or the physical commodity is delivered, the deferred gain or loss on the related hedging instrument must be reclassified from OCI to earnings based on its value at the time of the instrument's settlement. For effective hedge transactions, the amount reclassified from OCI to earnings is offset in net income by the market change of the amount paid or received on the underlying physical transaction.

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

TEC's physical contracts qualify for the NPNS exception to derivative accounting rules, provided they meet certain criteria. Generally, NPNS applies if TEC deems the counterparty creditworthy, if the counterparty owns or controls resources within the proximity to allow for physical delivery of the commodity, if TEC intends to receive physical delivery and if the transaction is reasonable in relation to TEC's business needs. As of Dec. 31, 2015, all of TEC's physical contracts qualify for the NPNS exception.

The derivatives that are designated as cash flow hedges at Dec. 31, 2015 and 2014 are reflected on TEC's Consolidated Balance Sheets and classified accordingly as current and long term assets and liabilities on a net basis as permitted by their respective master netting agreements. There were no derivative assets as of Dec. 31, 2015 and 2014. Derivative liabilities totaled $26.2 million and $42.7 million as of Dec. 31, 2015 and 2014, respectively. There are minor offset amount differences between the gross derivative assets and liabilities and the net amounts presented on the Consolidated Balance Sheets. There was no collateral posted with or received from any counterparties.

All of the derivative asset and liabilities at Dec. 31, 2015 and 2014 are designated as hedging instruments, which primarily are derivative hedges of natural gas contracts to limit the exposure to changes in market price for natural gas used to produce energy and natural gas purchased for resale to customers. The corresponding effect of these natural gas related derivatives on the regulated utilities' fuel recovery clause mechanism is reflected on the Consolidated Balance Sheets as current and long term regulatory assets and liabilities. Based on the fair value of the instruments at Dec. 31, 2015, net pretax losses of $24.1 million are expected to be reclassified from regulatory assets or liabilities to the Consolidated Statements of Income within the next twelve months.

The Dec. 31, 2015 and 2014 balance in AOCI related to the cash flow hedges and interest rate swaps (unsettled and previously settled) is presented in **Note 8**.

For derivative instruments that meet cash flow hedge criteria, the effective portion of the gain or loss on the derivative is reported as a component of OCI and reclassified into earnings in the same period or period during which the hedged transaction affects earnings. Gains and losses on the derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. For the years ended Dec. 31, 2015, 2014 and 2013, all hedges were effective. The derivative after-tax effect on OCI and the amount of after-tax gain or loss reclassified from AOCI into earnings for the years ended Dec. 31, 2015, 2014 and 2013 is presented in **Note 8**. Gains and losses were the result of interest rate contracts and the reclassifications to income were reflected in Interest expense.

The maximum length of time over which TEC is hedging its exposure to the variability in future cash flows extends to Nov. 30, 2017 for financial natural gas contracts. The following table presents TEC's derivative volumes that, as of Dec. 31, 2015, are expected to settle during the 2016 and 2017 fiscal years:

(millions)	Natural Gas Contracts (MMBTUs)	
Year	Physical	Financial
2016	0.0	27.6
2017	0.0	5.0
Total	0.0	32.6

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

It is possible that volatility in commodity prices could cause TEC to have material credit risk exposures with one or more counterparties. If such counterparties fail to perform their obligations under one or more agreements, TEC could suffer a material financial loss. However, as of Dec. 31, 2015, substantially all of the counterparties with transaction amounts outstanding in TEC's energy portfolio were rated investment grade by the major rating agencies. TEC assesses credit risk internally for counterparties that are not rated.

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

TEC has implemented procedures to monitor the creditworthiness of its counterparties and to consider nonperformance risk in determining the fair value of counterparty positions. Net liability positions generally do not require a nonperformance risk adjustment as TEC uses derivative transactions as hedges and has the ability and intent to perform under each of these contracts. In the instance of net asset positions, TEC considers general market conditions and the observable financial health and outlook of specific counterparties in evaluating the potential impact of nonperformance risk to derivative positions.

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 demand immediate and ongoing full overnight collateralization on derivative instruments in net liability positions. TEC has no other contingent risk features associated with any derivative instruments.

14. Fair Value Measurements

Items Measured at Fair Value on a Recurring Basis

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

Level 1: Observable inputs, such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

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

(A) Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

(B) Cost approach: Amount that would be required to replace the service capacity of an asset (replacement cost); and

(C) Income approach: Techniques to convert future amounts to a single present amount based upon market expectations (including present value techniques, option-pricing and excess earnings models).

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

The following table sets forth by level within the fair value hierarchy TEC's financial assets and liabilities that were accounted for at fair value on a recurring basis as of Dec. 31, 2015 and 2014. 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.

Recurring Derivative Fair Value Measures

	As of Dec. 31, 2015			
(millions)	*Level 1*	*Level 2*	*Level 3*	*Total*
Liabilities				
Natural gas swaps	$ 0.0	$ 26.2	$ 0.0	$ 26.2

	As of Dec. 31, 2014			
(millions)	*Level 1*	*Level 2*	*Level 3*	*Total*
Liabilities				
Natural gas swaps	$ 0.0	$ 42.7	$ 0.0	$ 42.7

Natural gas swaps are OTC swap instruments. The fair value of the swaps is estimated utilizing the market approach. The price of swaps is calculated using observable NYMEX quoted closing prices of exchange-traded futures. These prices are applied to the notional quantities of active positions to determine the reported fair value (see **Note 13**).

TEC considered the impact of nonperformance risk in determining the fair value of derivatives. TEC considered the net position with each counterparty, past performance of both parties, the intent of the parties, indications of credit deterioration and whether the markets in which TEC transacts have experienced dislocation. At Dec. 31, 2015, the fair value of derivatives was not materially affected by nonperformance risk. There were no Level 3 assets or liabilities for the periods presented.

15. Variable Interest Entities

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

TEC has entered into multiple PPAs with wholesale energy providers in Florida to ensure the ability to meet customer energy demand and to provide lower cost options in the meeting of this demand. These agreements range in size from 117 MW to 157 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 variable interests. 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, and have 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 \$33.6 million, \$25.7 million and \$22.1 million, under these PPAs for the three years ended Dec. 31, 2015, 2014 and 2013, respectively.

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

16. Mergers and Acquisitions

Pending Merger with Emera Inc.

On Sept. 4, 2015, TECO Energy and Emera entered into the Merger Agreement. Upon closing of the Merger, TECO Energy will become a wholly owned subsidiary of Emera.

Upon the terms and subject to the conditions set forth in the Merger Agreement, which was unanimously approved and adopted by the board of directors of TECO Energy, at the effective time, Merger Sub will merge with and into TECO Energy with TECO Energy continuing as the surviving corporation.

Pursuant to the Merger Agreement, upon the closing of the Merger, which is expected to occur by summer 2016, each issued and outstanding share of TECO Energy common stock will be cancelled and converted automatically into the right to receive \$27.55 in cash, without interest (Merger Consideration). This represents an aggregate purchase price of approximately \$10.4 billion including assumption of approximately \$3.9 billion of debt (of which TEC's portion of debt was \$2.3 billion).

The closing of the Merger is subject to certain conditions, including, among others, (i) approval of TECO Energy shareholders representing a majority of the outstanding shares of TECO Energy common stock (which approval was obtained at the special meeting of shareholders held on Dec. 3, 2015), (ii) expiration or termination of the applicable Hart-Scott-Rodino Act waiting period (which expired on Feb. 5, 2016), (iii) receipt of all required regulatory approvals, including from the FERC, the NMPRC and the Committee on Foreign Investment in the United States (which, with respect to the FERC, was obtained on Jan. 20, 2016), (iv) the absence of any law or judgment that prevents, makes illegal or prohibits the closing of the Merger, (v) the absence of any material adverse effect with respect to TECO Energy and (vi) subject to certain exceptions, the accuracy of the representations and warranties of, and compliance with covenants by, each of the parties to the Merger Agreement.

TECO Energy is also subject to a "no shop" restriction that limits its ability to solicit alternative acquisition proposals or provide nonpublic information to, and engage in discussion with, third parties.

The Merger Agreement contains certain termination rights for both TECO Energy and Emera. Either party may terminate the Merger Agreement if (i) the closing of the Merger has not occurred by Sept. 30, 2016 (subject to a 6-month extension if required to obtain necessary regulatory approvals), (ii) a law or judgment preventing or prohibiting the closing of the Merger has become final, (iii) TECO Energy's shareholders do not approve the Merger or (iv) TECO Energy's board of directors changes its recommendation so that it is no longer in favor of the Merger. If either party terminates the Merger Agreement because TECO Energy's board of directors changes its recommendation, TECO Energy must pay Emera a termination fee of \$212.5 million. If the Merger Agreement is terminated under certain other circumstances, including the failure to obtain required regulatory approvals, Emera must pay TECO Energy a termination fee of \$326.9 million.

17. Difference between Uniform System of Accounts and GAAP

In accordance with the FERC Form 1 instructions, these notes are a replica of those included in the Company's published annual reports which may include reclassifications not made for FERC reporting purposes. These financial statements are prepared in accordance with the accounting requirements of the FERC as set forth in the applicable Uniform System of Accounts and published accounting releases. This is a comprehensive basis of accounting consistent with GAAP, except for:

- the balance sheet classification of cost of removal collections from customers,
- the balance sheet classification of ASC 740-10-45 deferred income tax credits, and
- the income statement classification of buy for resale transactions.

This is a comprehensive basis of accounting consistent with FERC, except for the application of ASC 740-10-25 Accounting for Uncertainty in Income Taxes.

Name of Respondent | For the Year Ended

Peoples Gas System | Dec. 31, 2015

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Line No.	Item (a)	Total (b)	Gas (c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	1,306,055,753	1,306,055,753
4	101.1 Property Under Capital Leases	-	-
5	102 Plant Purchased or Sold	-	-
6	106 Completed Construction not Classified	86,192,243	86,192,243
7	103 Experimental Plant Unclassified	-	-
8	104 Leased to Others	-	-
9	105 Held for Future Use	1,939,552	1,939,552
10	114 Acquisition Adjustments	5,031,897	5,031,897
11	TOTAL Utility Plant (Total of lines 3 through 10)	1,399,219,444	1,399,219,444
12	107 Construction Work in Progress	32,173,445	32,173,445
13	Accum. Provision for Depreciation, Amortization, & Depletion	668,596,875	668,596,875
14	Net Utility Plant (Total of lines 11 plus 12 less line 13)	762,796,014	762,796,014
15	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	664,335,975	664,335,975
18	111 Amort. and Depl. of Producing Nat. Gas Land & Land Rights	-	-
19	111 Amort. of Underground Storage Land and Land Rights	-	-
20	119 Amortization of Other Utility Plant	-	-
21	TOTAL in Service (Total of lines 17 through 20)	664,335,975	664,335,975
22	Leased to Others		
23	108 Depreciation	-	-
24	111 Amortization and Depletion	-	-
25	TOTAL Leased to Others (Total of lines 23 and 24)	-	-
26	Held for Future Use		
27	108 Depreciation	-	-
28	111 Amortization	-	-
29	TOTAL Held for Future Use (Enter. Tot. of lines 27 and 28)	-	-
30	111 Abandonment of Leases (Natural Gas)	-	-
31	115 Amortization of Plant Acquisition Adjustment	4,260,900	4,260,900
32	TOTAL Accum. Provisions (Should agree with line 14 above) (Total of lines 21, 25, 29, 30, and 31)	668,596,875	668,596,875

Annual Status Report

Analysis of Plant in Service Accounts

Company: Peoples Gas System

For the Year Ended December 31, 2015

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:									
30100	Organization	0	12,620	-	-	-	-	-	12,620
30200	Franchise & Consents	4	-	-	-	-	-	-	-
30300	Misc Intangible Plant	4	815,325	-	-	-	-	-	815,325
30301	Custom Intangible Plant	6.7	27,122,221	4,449,609	(5,854,250)	-	-	-	25,717,580
37402	Land Rights	1.3	1,931,351	905,062	-	-	-	-	2,836,412
39002	Structures & Improve Leases	2.5	121,764	12,396	-	-	-	-	134,160
	Subtotal		30,003,281	5,367,067	(5,854,250)	-	-	-	29,516,097
Depreciable Assets:									
37400	Land Distribution	0	6,922,116	7,216,783	-	-	-	-	14,138,899
37500	Structures & Improvements	2.5	18,841,526	574,457	-	-	-	-	19,415,983
37600	Mains Steel	4.2	377,052,867	10,535,829	(2,271,521)	-	-	-	385,317,174
37602	Mains Plastic	3.1	359,055,148	42,798,084	(543,219)	-	-	-	401,310,012
37800	Meas & Reg Station Eqp Gen	3.4	11,408,585	1,592,633	(76,233)	-	-	-	12,924,984
37900	Meas & Reg Station Eqp City	3.4	32,871,598	1,720,641	(6,131)	-	-	-	34,586,108
38000	Services Steel	6.6	44,850,041	1,824,234	(297,928)	-	-	-	46,376,347
38002	Services Plastic	5	231,188,304	16,713,523	(396,792)	-	-	-	247,505,036
38100	Meters	5.9	59,751,725	4,357,357	(1,076,328)	-	-	-	63,032,755
38200	Meter Installations	4.5	47,030,785	2,463,695	(319,303)	-	-	-	49,175,177
38300	House Regulators	3.6	14,143,687	554,220	(64,582)	-	-	-	14,633,325
38400	House Regulator Installs	4.5	19,104,105	889,418	(78,463)	-	-	-	19,915,060
38500	Meas & Reg Station Eqp Ind	3.1	9,112,797	-	(23,703)	-	-	-	9,089,094
38700	Other Equipment	6.3	5,161,567	727,592	-	-	-	-	5,889,159
39000	Structures & Improvements	2.5	9,582	6,209	-	-	-	-	15,791
39100	Office Furniture	6.7	1,953,233	93,011	(576,000)	-	-	-	1,470,244
39101	Computer Equipment	12.5	6,029,978	197,659	(933,953)	-	-	-	5,293,685
39102	Office Equipment	6.7	842,480	79,596	-	-	-	-	922,076
39201	Vehicles up to 1/2 Tons	11.2	6,939,055	1,344,887	(248,255)	-	-	-	8,035,686
39202	Vehicles from 1/2 - 1 Tons	12.7	6,453,705	541,006	(425,515)	-	-	-	6,569,197
39203	Airplane	1.7	-	-	-	-	-	-	-
39204	Trailers & Other	4	1,150,048	5,739	(2,293)	-	-	-	1,153,494
39205	Vehicles over 1 Ton	7.4	1,229,801	572,827	(32,789)	-	-	-	1,769,839
39300	Stores Equipment	4	-	1,283	-	-	-	-	1,283
39400	Tools, Shop & Garage Equip	6.6	3,703,104	2,405,997	(10,941)	-	-	-	6,098,159
39401	CNG Stations	6.6	-	7,721	-				7,721
39500	Laboratory Equipment	5	-	-	-	-	-	-	-
39600	Power Operated Equipment	6.4	2,656,740	118,928	-	-	-	-	2,775,668
39700	Communication Equipment	8.4	5,024,054	42,035	(224,381)	-	-	-	4,841,709
39800	Miscellaneous Equipment	5.9	443,146	45,560	(20,472)	-	-	-	468,234
39900	Other Tangible Property	0	-	-	-	-	-	-	-

Annual Status Report
Analysis of Plant in Service Accounts
Company:
For the Year Ended December 31, 2015

Acct. No.	Account Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)									
Capital Recovery Schedules:									
Total Account 101 and 106*			1,302,933,057	102,797,991	(13,483,052)	-	-	-	1,392,247,996
10500	Property Held for Future Use	0.0	2,984,634	(1,045,083)	-	-	-	-	1,939,551
11400	Acquisition Adjustment	3.0	5,031,897	-	-	-	-	-	5,031,897
	Subtotal		8,016,531	(1,045,083)	-	-	-	-	6,971,448
Total Utility Plant **			1,310,949,588	101,752,908	(13,483,052)	-	-	-	1,399,219,444

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

Note: ** The total of ending balances must agree to Line 11, Page 12.

Annual Status Report

Analysis of Entries in Accumulated Depreciation & Amortization

Company: Peoples Gas System

For the Year Ended December 31, 2015

Acct. No. Account Description	Beginning Balance*	Depreciation Accruals	Retirements	Cost of Removal	Salvage	Reclass.	Adjustments	Transfers	Ending Balance*
Amortizable General Plant Assets:									
30100 Organization	3,116	-	-	-	-	-	-	-	3,116
30200 Franchise & Consents	0	-	-	-	-	-	-	-	0
30300 Misc Intangible Plant	724,878	32,613	-	-	-	-	-	-	757,491
30301 Custom Intangible Plant	16,495,213	1,696,895	(5,854,250)	-	-	-	-	-	12,337,858
37402 Land Rights	621,780	32,886	-	-	-	-	-	-	654,666
39002 Structures & Improve Leases	7,067	3,070	-	-	-	-	-	-	10,137
Subtotal 108 - 404 *	17,852,054	1,765,463	(5,854,250)	-	-	-	-	-	13,763,268
Items necessary to reconcile the total amortization accrual amount to Acct. 404.3, Amortization Expense, shown on Line 7, Page 8.									
Depreciable Assets:									
37400 Land Distribution	-	-	-	-	-	-	-	-	-
37500 Structures & Improvements	7,452,718	476,023	-	-	(4,872)	-	-	-	7,923,869
37600 Mains Steel	206,745,844	15,969,078	(2,271,521)	(2,412,467)	(11,928)	-	-	-	218,019,006
37602 Mains Plastic	126,680,259	11,723,953	(543,219)	(677,922)	7,411	-	-	-	137,190,481
37800 Meas & Reg Station Eqp Gen	2,786,057	401,586	(76,233)	(31,075)	-	-	-	-	3,080,334
37900 Meas & Reg Station Eqp City	6,507,150	1,142,582	(6,131)	(5,882)	(699)	-	-	-	7,637,020
38000 Services Steel	50,389,426	3,006,009	(297,928)	(1,613,138)	(3,604)	-	-	-	51,480,764
38002 Services Plastic	124,309,897	11,878,741	(396,792)	(1,313,550)	5,221	-	-	-	134,483,517
38100 Meters	19,327,065	3,582,097	(1,076,328)	(24,118)	66,485	-	-	-	21,875,201
38200 Meter Installations	24,199,188	2,159,999	(319,303)	(210,018)	-	-	-	-	25,829,866
38300 House Regulators	6,065,954	516,510	(64,582)	-	-	-	-	-	6,517,882
38400 House Regulator Installs	9,270,617	879,123	(78,463)	(167,548)	-	-	-	-	9,903,729
38500 Meas & Reg Station Eqp Ind	5,169,258	282,189	(23,703)	(730)	-	-	-	-	5,427,013
38700 Other Equipment	1,837,412	351,230	-	-	-	-	-	-	2,188,642
39000 Structures & Improvements	10,590	296	-	-	-	-	-	-	10,886
39100 Office Furniture	1,156,788	101,696	(576,000)	-	-	-	-	-	682,484
39101 Computer Equipment	4,470,520	667,907	(933,953)	-	-	-	-	-	4,204,474
39102 Office Equipment	231,711	57,656	-	-	(427)	-	-	-	288,940
39201 Vehicles up to 1/2 Tons	2,596,486	795,656	(248,255)	(5,200)	57,669	-	-	-	3,196,356
39202 Vehicles from 1/2 - 1 Tons	3,435,959	808,623	(425,515)	(2,970)	83,653	-	-	-	3,899,750
39203 Airplane	(0)	-	-	-	-	-	-	-	(0)
39204 Trailers & Other	167,461	46,002	(2,293)	-	50	-	-	-	211,220
39205 Vehicles over 1 Ton	585,830	116,292	(32,789)	-	515	-	-	-	669,848
39300 Stores Equipment	(4,615)	47	-	-	-	-	-	-	(4,568)
39400 Tools, Shop & Garage Equip	850,578	335,371	(10,941)	-	-	-	-	-	1,175,008
39401 CNG Stations	-	467	-	-	-				467
39500 Laboratory Equipment	(14,417)	-	-	-	-	-	-	-	(14,417)
39600 Power Operated Equipment	1,138,250	171,999	-	-	-	-	-	-	1,310,249
39700 Communication Equipment	2,881,688	407,238	(224,381)	-	-	-	-	-	3,064,545
39800 Miscellaneous Equipment	314,496	26,115	(20,472)	-	-	-	-	-	320,139
39900 Other Tangible Property	-	-	-	-	-	-	-	-	-

Annual Status Report
Analysis of Entries in Accumulated Depreciation & Amortization

Company: Peoples Gas System

For the Year Ended December 31, 2015

Acct. No.	Account Description	Beginning Balance*	Depreciation Accruals	Retirements	Cost of Removal	Salvage	Reclass.	Adjustments	Transfers	Ending Balance*
(Continued)										
		-	-	-	-	-	-	-	-	-
Capital Recovery Schedules:										
	Subtotal 108-403 *	626,414,223	57,669,949	(13,483,052)	(6,464,618)	199,473	-	-	-	664,335,975
Items necessary to reconcile the total depreciation and amortization accrual amount to Acct. 403, Depreciation Expense, shown on Line 6, Page 8.										
10500	Property Held for Future Use	-	-	-	-	-	-	-	-	-
11400	Acquisition Adjustment	4,111,754	149,146	-	-	-	-	-	-	4,260,900
	Subtotal	4,111,754	149,146	-	-	-	-	-	-	4,260,900
Total Accumulated Reserve**		630,525,978	57,819,095	(13,483,052)	(6,464,618)	199,473	-	-	-	668,596,875

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

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

Per rule 25-7.045(9), there has been no change of plans or utility experience requiring a change of rates, amortization or capital recovery schedule.

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than $500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Alternative Fueling Stations	179,992	241,338
2	CNG Station - City of Orlando Refuse	1,420,342	-
3	Cast Iron/Bare Steel Main Replacement	2,194,098	9,756,609
4	CI/BS Replacement - Winter Park South	876,053	-
5	Cathodic Protection	109,467	26,543
6	Communicationis Equipment	223,270	364,098
7	Distribution System Improvements	1,286,037	2,984,227
8	Dist Syst Imprvmnt - Venetian Crossings	1,048,913	500,000
9	Dist Syst Imprvmnt - Ulmerton Rd & 49th St S	511,932	-
10	Improvements to Property	606,726	5,195,238
11	Industrial Installations	3,368	-
12	Main Replacements	744,987	4,955,600
13	Main Replacements - Heckscher & I-295	862,768	-
14	Measuring and Regulating Station Equipment	1,203,109	6,638,400
15	**TOTAL (Continued on 17b)**	11,271,062	30,662,053

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.
3. Enter on this page engineering, supervision, administrative,, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1			
2			
3			
4			
5	**See Page 17c**		
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than $500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	City Gate Station - NoPetro LYNX Gate Station	1,109,523	441,051
2	Miscellaneous - Non Revenue Producing	83,449	-
3	Miscellaneous - Revenue Producing	14,419	9,081
4	Municipal / Governmental Improvements	2,101,116	11,411,618
5	Municpal - Bruce B Downs Blvd Widening	644,768	248,921
6	New Revenue Main Extension Projects	8,954,659	44,329,476
7	20" Pipeline - Cypress to Ford Road	1,693,308	1,286,441
8	6" Steel Main - NoPetro LYNX CNG Station	961,535	670,146
9	Duval County - Pivotal, Carmuese, and FPUC	813,573	1,635,737
10	Lee County - Estero Blvd 4" PE extension	592,821	-
11	Collier County - 4" Steel to CNG at Waste Mngmnt	537,108	-
12	Office Equipment / Software	333,075	2,508,593
13	Windows OS Upgrade to Windows 10	900,295	608,121
14	ERT Upgrade to 10 digit	516,397	-
15	**TOTAL (including pg 17)**	30,527,108	93,811,238

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.
3. Enter on this page engineering, supervision, administrative,, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1			
2			
3			-
4			
5	**See Page 17c**		-
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than $500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Power Operated Equipment	49,442	-
2	Service Lines	302,695	-
3	Testing, Measuring & Detection Equipment	63,202	24,702
4	Tools, Shop & Garage Equimpent	148,192	108,124
5	Transportation Vehicles	500,461	3,001,632
6	Rebuild Pasco County Cogen Metering Station	582,345	2,828
7			
8			
9			
10			
11			
12			
13			
14			
15	**TOTAL (including pg 17)**	32,173,445	96,948,524

CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
2. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain the accounting procedures employed and the amounts of engineering, supervision, and administrative costs, etc. which are directly charged to construction.
3. Enter on this page engineering, supervision, administrative,, and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Supervision and Management		
2	(These costs are allocated to WIP as outlined		
3	in instruction 3 above)	2,559,936	89,272,831
4			
5	Corporate G & A	3,999,996	91,832,767
6			
7			
8			
9			
10			
11			
12	TOTAL		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

PREPAYMENTS (Account 165)

1. Report below the particulars (details) on each prepayment.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	796,661
2	Line of Credit	264,001
3	Health Savings Account (H.S.A.)	192,900
4	Dues	391,851
5	Software Maint.	240,494
6		
7		
8	TOTAL	1,885,907

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

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

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

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

Name of Respondent Peoples Gas System	For the Year Ended Dec. 31, 2015

OTHER REGULATORY ASSETS (Account 182.3)

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

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

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance Beginning of Year (b)	Debits (c)	Credits: Account Charged (d)	Credits: Amounts (e)	Balance End of Year (f)
1	Cast Iron Bare Steel Replacement Rider	-	98,325	407		98,325
2						
3	Competitive Rate Adjustment	2,791,258	2,075,309	142/4XX	2,250,148	2,616,418
4						
5	FAS 158 - Current portion	1,110,915		242		1,110,915
6						
7	Current Derivative Asset - Regulatory	7,392,240	437,317,165	245	439,032,290	5,677,115
8						
9	Environmental MGP - Current	640,000	6,803,629	232/407	6,803,629	640,000
10						
11	Environmental MGP - Non-current	19,130,863	1,938,865	182.3	1,717,732	19,351,997
12						
13	FAS 158 - Non-current portion	18,221,183	9,069,349	228	3,291,131	23,999,401
14						
15	Long Term Derivative liability	1,593,250	116,725,380	245	117,649,790	668,840
16						
17	Environmental Liability	33,295,565	33,938,077	242	33,295,565	33,938,077
18	TOTAL	84,175,274	607,966,099		604,040,286	88,101,088

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).

3. Minor items (amounts less than $25,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debit (a)	Balance Beginning of Year (b)	Debits (c)	Account Charged (d)	Amount (e)	Balance End of Year (f)
1						
2	Deferred Debit SERP Trust	-	2,935,168	228		2,935,168
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17	Misc. Work in Progress	68,875				159,095
18	Deferred Regulatory Comm. Expenses					
19	TOTAL	68,875				3,094,263

SECURITIES ISSUED AND SECURITIES REFUNDED OR RETIRED DURING THE YEAR

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses.
2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded.
3. Included in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares.
4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

Securities Retired

None

	Total Retired	$0

Securities Issued

Long Term Debt 4.2%	Due 2045	20,000,000
	Total Issued	$20,000,000

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

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

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1						
2						
3	None					
4						
5						-
6						
7						
8						-
9						
10						
11						-
12					-	
13						-

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year Rate (in %) (e)	Interest for Year Amount (f)	Total Amount Outstanding (g)
1	Other Long Term Debt - Acct 224						
2							
3							
4							
5	Note Issued by Tampa Electric	05/15/07	05/15/37	60,000,000	6.15	3,690,000	60,000,000
6	Note Issued by Tampa Electric	05/15/08	05/15/18	50,000,000	6.10	3,050,000	50,000,000
7	Note Issued by Tampa Electric	12/09/10	05/15/21	46,764,680	5.40	2,525,293	46,764,680
8	Note Issued by Tampa Electric	06/05/12	06/15/42	50,000,000	4.10	2,050,000	50,000,000
9	Note Issued by Tampa Electric	09/28/12	09/15/22	25,000,000	2.60	650,000	25,000,000
10	Note Issued by Tampa Electric	05/15/14	05/15/44	10,000,000	4.35	435,000	10,000,000
11	Note Issued by Tampa Electric	05/20/15	05/20/45	20,000,000	4.20	490,000	20,000,000
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			261,764,680		12,890,293	261,764,680

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.
6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period Date From (d)	Amortization Period Date To (e)	Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
1								
2	Unamortized Debt Exp-Acct 181							
3								
4								
5								
6	36-Note/Tampa Electric 6.15%	60,000,000	347,571	05-2007	05-2037	259,519	(11,586)	247,933
7	37-Note/Tampa Electric 6.10%	50,000,000	378,502	05-2008	05-2018	127,745	(37,850)	89,895
8	39-Note/Tampa Electric 4.10%	50,000,000	513,521	06-2012	06-2042	469,301	(17,117)	452,184
9	40-Note/Tampa Electric 2.60%	25,000,000	196,352	12-2012	09-2022	152,173	(19,635)	132,538
10	27-Note/Tampa Electric 4.35%	10,000,000	108,129	05-2014	05-2044	105,876	(3,604)	102,272
11	28-Note/Tampa Electric 4.20%	20,000,000	220,028	05-2015	05-2045	-	(4,295)	(4,295)
12						1,114,614	(94,088)	1,020,526
13	2015 Charge to 181							
14	28-Note/Tampa Electric 4.20%	20,000,000	220,028	05-2015	05-2045	-	220,028	220,028
15							-	-
16								
17						0		1,240,554
18								

Name of Respondent

Peoples Gas System

For the Year Ended

Dec. 31, 2015

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form Filing, a specific reference to the report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
3. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
4. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Original Amount Issued (d)	Interest for Year: Rate (in %) (e)	Interest for Year: Amount (f)	Total Amount Outstanding (g)
1							
2	blank						
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20	TOTAL			0		0	0

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year.
6. Identify separately indisposed amounts applicable to issues which were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount and Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt issued (b)	Total Expense Premium or Discount (c)	Amortization Period: Date From (d)	Amortization Period: Date To (e)	Balance at beginning of Year (f)	Debits (Credits) During Year (g)	Balance at End of Year (h)
1	Unamortized Debt Disc - Acct 226							
2								
3	36-Note/Tampa Electric 6.15%	60,000,000	340,200	05-2007	05-2037	254,016	(11,340)	242,676
4	39-Note/Tampa Electric 4.10%	50,000,000	138,000	06-2012	06-2042	126,117	(4,600)	121,517
5	40-Note/Tampa Electric 2.60%	25,000,000	30,500	12-2012	09-2022	23,637	(3,050)	20,587
6	27-Note/Tampa Electric 4.35%	10,000,000	6,700	05-2014	05-2044	6,560	(223)	6,337
7	28-Note/Tampa Electric 4.20%	20,000,000	37,200	05-2015	05-2045	-	(725)	(725)
8						410,330	(19,938)	390,392
9								
10	28-Note/Tampa Electric 4.20%	20,000,000	37,200	05-2015	05-2045	-	37,200	37,200
11						410,330	17,262	427,592
12	Unamortized Debt Disc/Prem - OCI							
13	37-Note/Tampa Electric 6.10%	50,000,000	3,935,734	05-2008	05-2018	1,328,311	(393,573)	934,738
14	(Interest Rate Settlement)							
15	39-Note/Tampa Electric 4.10%	50,000,000	1,326,300	06-2012	06-2042	1,212,091	(44,210)	1,167,881
16	27-Note/Tampa Electric 4.35%	10,000,000	10,356	05-2014	05-2044	10,140	(345)	9,795
17	28-Note/Tampa Electric 4.20%	20,000,000	(347,040)	05-2015	05-2045	0	6,748	6,748
18	(Interest Rate Settlement)							

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Describe and report the amount of other current and accrued liabilities at the end of year.
2. Minor items (less than $50,000) may be grouped under appropriate title.

Line No.	Item	Balance at End of Year
1		
2	Vacation Liability	2,614,756
3		
4	SERP Liability FAS 158 - Current	450,241
5		
6	FAS 106 Liability FAS 158 - Current	684,602
7		
8	Manufactured Gas Plant Estimated Environmental Liability	33,938,077
9		
10	Proceeding Reserve Accrual	1,000,000
11		
12	Other	528,936
13	TOTAL	39,216,612

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor Items (less than $25,000) may be grouped by classes.

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	DEBITS Contra Account (c)	DEBITS Amount (d)	Credits (e)	Balance End of Year (f)
1	Contractor Retention	878,831	CWIP	1,156,529	828,480	550,782
2						
3	Environmental Insurance	1,737,324	182	1,737,324		0
4						
5	MacDill Deferred Credit	197,634	CWIP	12,390		185,244
6						
7	Deferred Billing Credit-JEA	187,917	488	205,000	205,000	187,917
8						
9	Baygas	427,500	804	897,750	470,250	-
10						
11	Deferred Billing Credit -LNG	-	131	-	330,000	330,000
12						
13	TOTAL	3,429,206		4,008,992	1,833,730	1,253,943

OTHER REGULATORY LIABILITIES (Account 254)

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than $50,000, whichever is less) may be grouped by classes.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance Beginning of Year (b)	Debits Contra Account (b)	Debits Amount (c)	Credits (d)	Balance End of Year (e)
1						
2	Energy Conservation Cost Rec.	309,544	407	892,754	2,719,671	2,136,461
3						
4	Gas Technology Research	929,327	930	478,018	31,184	482,493
5						
6	Derivative Regulatory Liability -	-	219	135,840	135,840	-
7	Long Term					
8						
9	Cast Iron Bare Steel Rider	36,525	407	535,790	499,265	-
10						
11						
12						
13	TOTAL	1,275,396		2,042,401	3,385,960	2,618,954

TAXES OTHER THAN INCOME TAXES (Account 408.1)

	Name of Taxing Authority	Real Property	Tangible Personal Property	Intangible Personal Property	FICA, SUTA, FUTA	Gross Receipts	Regulatory Assessment Fees	Environ-mental, Excise	Franchise	Other*	Total
1	Various FL Counties	9,243,826									9,243,826
2	Internal Revenue Service (FICA)				2,684,883						2,684,883
3	FL Public Service Commission						1,849,575				1,849,575
4	FL Dept of Revenue					13,412,911				35	13,412,946
5	Various FL Municipalities								8,841,919		8,841,919
6	Internal Revenue Svc (FUTA)				24,809						24,809
7	Internal Revenue Svc (SUTA)				35,991						35,991
8	Various FL Counties (tags)									11,207	11,207
9	Various FL Municipalities									-	-
10	Federal							7,827			7,827
11	Out of state franchise									50,000	50,000
12					-						-
13	Less:charged to other revenue (495)						(70,628)				(70,628)
14	Less: Charged to Construction				(518,389)		-				(518,389)
15	Less: Charged to clearing, jobbing, AR				(119,061)		(110,287)				(229,348)
16	TOTAL Taxes Charged During Year (Lines 1-15) to Account 408.1	9,243,826	-	-	2,108,233	13,412,911	1,668,660	7,827	8,841,919	61,242	35,344,618

Note: *List separately each item in excess of $500.

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below the information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (f).

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

Notes

Name of Respondent

Peoples Gas System

For the Year Ended

Dec. 31, 2015

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. At Other (Specify), include deferrals relating to other income and deductions.

2. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided.

Line No.		Balance at Beginning of Year	Changes During Year: Amounts Debited to Account 410.1	Changes During Year: Amounts Credited to Account 411.1	Changes During Year: Amounts Debited to Account 410.2	Changes During Year: Amounts Credited to Account 411.2	Adjustments: Debits: Account No.	Adjustments: Debits: Amount	Adjustments: Credits: Account No.	Adjustments: Credits: Amount	Balance at End of Year
1	GAS										
2	FAS 158	7,494,659					283	2,228,948			9,723,607
3	FAS 133	4,450,024						-	283	1,318,477	3,131,547
4											
5	Gas	23,775,045	901,708								24,676,753
6											
7	Tax Credit	104,848	786467								891,315
8											
9											
10											
11	TOTAL Gas (Lines 2 - 10)	35,824,576	1,688,175					2,228,948		1,318,477	38,423,222
12	Other (Specify)										
13	TOTAL (Account 190) (Total of lines 11 and 12)	35,824,576	1,688,175					2,228,948		1,318,477	38,423,222

Notes

	Federal	State	Total	
Deferred Income Tax Other Adjustments Includes:	(1,130,490)	(187,987)	(1,318,477)	FAS 133
	1,911,146	317,802	2,228,948	FAS 158
	780,656	129,815	910,471	

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

Line No.		Balance at Beginning of Year	Changes During Year: Amounts Debited to Account 410.1	Changes During Year: Amounts Credited to Account 411.1	Changes During Year: Amounts Debited to Account 410.2	Changes During Year: Amounts Credited to Account 411.2	Adjustments: Debits: Account No.	Adjustments: Debits: Amount	Adjustments: Credits: Account No.	Adjustments: Credits: Amount	Balance at End of Year
1	Account 281 - Accelerated Amortization Property										
2	Electric										
3	Gas										
4	Other										
5	TOTAL Account 281 (Lines 2 thru 4)										
6	Account 282 - Other Property										
7	Electric										
8	Gas	148,714,334	16,423,385								165,137,719
9	Other										
10	TOTAL Account 282 (Lines 7 thru 9)	148,714,334	16,423,385								165,137,719
11	Account 283 - Other										
12	Electric										
13	Gas	20,743,345	2,198,734					-	190/219	1,210,746	24,152,825
14	Other										-
15	TOTAL Account 283 - Other (Lines 12 thru 14)	20,743,345	2,198,734					-		1,210,746	24,152,825
16	GAS										
17	Federal Income Tax	151,113,248	16,353,190							1,038,118	168,504,556
18	State Income Tax	18,344,431	2,268,929							172,628	20,785,988
19											-
20	TOTAL Gas (Lines 17 thru 19)	169,457,679	18,622,119					-		1,210,746	189,290,544
21	OTHER										
22	Federal Income Tax										
23	State Income Tax										
24	TOTAL Other (Lines 22 and 23)	0									
25	TOTAL (Total of lines 5, 10 and 15)	169,457,679	18,622,119					-		1,210,746	189,290,544

NOTES:

	Federal	State	Total	
Deferred income tax adjustment includes:				
	873,028	145,174	1,018,202	FAS 133
	(1,911,146)	(317,802)	(2,228,948)	FAS 158
Total 283	(1,038,118)	(172,628)	(1,210,746)	

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 9)	35,265,270
2	Reconciling Items for the Year	
3	Federal Income Tax	
4	*Taxable Income Not Reported on Books*	
5	CIAC and AIAC	3,115,984
6	Competitive Rate Adjustment	174,839
7	Energy Conservation Revenue	1,826,917
8	*Deductions Recorded on Books Not Deducted for Return*	
9	Capitalized Interest (Sec. 263)	360,968
10	Capitalized ECA Costs Tax Amortization	2,983,446
11	Federal Income Tax	2,300,337
12	Whole Pricing Interest Component	523,764
13	Hedges	429,759
14	Deferred Taxes	16,933,944
15	Bad Debts	133,510
16	SERP	226,532
17	Other	2,001,378
18	*Income Recorded on Books Not Included in Return*	
19	Deferred Revenue	427,500
20	Equity Earnings of Subsidiaries	2,881,866
21		0
22		0
23	*Deductions on Return Not Charged Against Book Income*	
24	Bonus	976,432
25	Cost of Removal	6,464,618
26	Deferred Fuel	3,994,809
27	Depreciation - Excess Over Books	24,863,812
28	Environmental Disposal Costs	1,958,457
29	Pension	1,771,695
30	Repairs Capitalized on Books	15,381,759
31	Other	1,599,261
32		
33		
34	Federal Taxable Net Income	5,956,439
35	*Show Computation of Tax:*	
36	Federal Taxable Net Income	5,956,439
37	Federal Income Tax @ 35%	2,084,754
38	Prior Year True-up Provision to Actual Per Return and FAS 109 Adjustment	215,583
39	Federal Income Tax	2,300,337
40	Federal Income Tax Allocation to Other Income	154,280

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME
FOR FEDERAL INCOME TAXES

Additional information in response to Question 2, Page 25a:

The consolidated federal income tax liability is currently being apportioned in accordance with Internal Revenue Service Regulations Section 1.1552-1(a)(2). These regulations provide for allocation of the consolidated tax liability on the basis of the percentage of the total tax to the tax which each member would bear if the tax were computed on a separate return basis. The tax liability allocated to each company cannot exceed the tax liability computed as if each had filed a separate return.

Peoples Gas System participates in the filing of a consolidated federal income tax return.

Affiliates included in the consolidated return are:

New Mexico Gas Intermediate, Inc.
New Mexico Gas Company, Inc.
Peoples Gas System (Florida), Inc.
Tampa Electric Company
TECO Coalbed Methane Florida, Inc.
TECO Clean Advantage Corporation
TECO Diversified, Inc.
TECO EnergySource, Inc.
TECO Finance, Inc.
TECO Gemstone, Inc.
TECO Guatemala, Inc.
TECO Oil & Gas, Inc.
TECO Partners, Inc.
TECO Pipeline Holding Company, LLC
TECO Properties Corporation
TEC Receivables Corporation
TECO Services, Inc.
TECO Wholesale Generation, Inc.

Name of Respondent

Peoples Gas System

For the Year Ended

Dec. 31, 2015

GAS OPERATING REVENUES (Account 400)

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

Line No.	Title of Account (a)	Operating Revenues: Amount for Year (b)	Operating Revenues: Amount for Previous Year (c)	Therms of Natural Gas Sold: Current Year (d)	Therms of Natural Gas Sold: Previous Year (e)	Avg. No. of Natural Gas Customers Per Mo.: Current Year (f)	Avg. No. of Natural Gas Customers Per Mo.: Previous Year (g)
1	Gas Service Revenues						
2	Firm Sales Service						
3	480 Residential RS1 - RS3	129,769,532	135,982,327	62,009,111	66,878,141	324,790	318,285
4	480 Residential GS1	3,911,410	4,451,003	3,198,729	3,644,679	1,192	1,188
5	480 Residential GS2	870,976	1,157,409	816,208	1,065,508	57	70
6	480 Residential GS3	22,997	21,531	22,622	20,887	-	1
7	481 Commercial Street Lighting	48,227	59,724	48,605	59,118	12	15
8	481 Small General Service	7,661,332	8,299,309	4,744,970	5,172,066	7,606	7,772
9	481 General Service 1	16,745,354	18,761,977	14,070,079	15,519,457	4,166	4,555
10	481 General Service 2	10,157,372	11,883,361	9,562,510	10,980,685	578	663
11	481 General Service 3	3,209,879	3,309,618	3,141,635	3,174,114	48	53
12	481 General Service 4	1,324,295	736,604	1,410,048	763,891	3	4
13	481 General Service 5	862,891	359,433	971,265	403,756	4	3
14	481 Natural Gas Vehicle Sales	12,242	52,796	7,898	45,867	3	4
15	Interruptible Sales Service						
16	481 Small Interruptible Service	315,226	430,711	447,592	530,163	1	1
17	481 Interruptible Lg. Vol - 1	75,921	279,480	200,826	539,376		
18	481 Interruptible Lg. Vol - 2	(460,833)	(499,760)	541,185	294,273		-
19	Off System Sales Service						-
20	481 Mutually Beneficial	400,176	7,935,213	1,137,530	16,165,920	2	4
21	481 Off System Sales	49,421,862	31,422,707	165,292,820	67,860,550	10	8
22	Firm Transportation Service						
23	489 Res-General Svc 1	550,805	557,891	1,456,675	1,520,952	329	306
24	489 Res-General Svc 2	1,186,980	1,216,206	4,361,408	4,521,051	226	219
25	489 Res-General Svc 3	711,478	730,501	3,027,339	3,123,639	42	42
26	489 Commercial Street Lighting	110,537	109,031	552,637	544,092	27	28
27	489 Natural Gas Vehicles	42,997	38,776	179,473	157,280	9	10
28	489 Small General Service	2,385,087	2,150,180	3,872,240	3,477,090	3,266	2,941
29	489 General Service 1	21,798,043	20,700,874	60,413,496	57,777,287	11,308	10,550
30	489 General Service 2	32,152,886	31,076,455	117,636,723	114,304,886	6,400	6,085
31	489 General Service 3	17,237,787	17,458,759	75,921,541	76,942,918	753	754
32	489 General Service 4	10,420,760	9,753,475	62,639,247	58,372,477	160	155
33	489 General Service 5	13,413,841	13,029,568	112,229,851	109,406,350	121	119
34	Interruptible Transportation Serv.						
35	489 Small Interruptible Transp	5,270,098	5,566,366	50,659,375	53,854,152	30	32
36	489 Interruptible Transp LG - 1	8,000,245	7,530,803	206,749,381	187,535,795	15	16
37	489 Interruptible Transp LG - 2	6,975,310	6,588,287	788,658,753	675,040,849	5	6
38	482 Other Sales to Public Authorities						
39	484 Flex Rate - Refund						
40	TOTAL Sales to Ultimate Consumers	344,605,713	341,150,614	1,755,981,772	1,539,697,269	361,163	353,889
41	483 Sales for Resale	1,217,736	1,294,808	3,374,905	3,408,292	15	14
42	Off-System Sales						
43	TOTAL Nat. Gas Service Revenues	345,823,449	342,445,422				
44	TOTAL Gas Service Revenues	345,823,449	342,445,422				
45	Other Operating Revenues						
46	485 Intracompany Transfers						
47	487 Forfeited Discounts	882,389	923,253				
48	488 Misc. Service Revenues	4,662,259	4,885,498				
49	488						
50	488 Individual Transp Charge	548,928	551,232				
51	489 Rev. from Trans. of Gas of Others						
52	not included in above rate schedules)						
53	493 Rent from Gas Property	365,487	395,941				
54	494 Interdepartmental Rents						
55	495 Other Gas Revenues						
56	Gross Recpts Tax/Franch Fee Coll	22,254,830	21,610,203				
57	Reconnect for Cause						
58	Collection in lieu of disconnect						
59	Returned Check						
60	Other	20,070,771	18,619,338				
61	495.1 Overrecoveries Purchased Gas						
62	TOTAL Other Operating Revenues	48,784,664	46,985,465				
63	TOTAL Gas Operating Revenues	393,390,377	388,136,079				
64	(Less) 496 Provision for Rate Refunds						
65	TOTAL Gas Operating Revenues						
66	Net of Provision for Refunds	393,390,377	388,136,079				
67	Sales for Resale	1,217,736	1,294,808				
68	Other Sales to Public Authority						
69	Interdepartmental Sales						
70	TOTAL	394,608,113	389,430,887				

Name of Respondent Peoples Gas System		For the Year Ended Dec. 31, 2015

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account	Amount for Current Year	Amount for Previous Year
1	**1. Production Expenses**		
2	A. TOTAL Manufactured Gas Production (Total of Accounts 700-742)		
3	B. TOTAL Natural Gas Prod. and Gathering (Total of Accts. 750 - 769)		
4	C. TOTAL Products Extraction (Total of Accounts 770 through 791)		
5	D. TOTAL Exploration and Development (Total of Accts. 795 through 798)		
6	E. Other Gas Supply Expenses		
7	Operation		
8	800 Natural Gas Well Head Purchases		
9	800.1 Natural Gas Well Head Purchases, Intracompany Transfers		
10	801 Natural Gas Field Line Purchases	80,333,268	84,051,606
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	62,767,658	53,560,711
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)	(4,072,332)	2,114,115
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	139,028,594	139,726,432
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well Expenses--Purchased Gas		
21	807.2 Operation of Purchased Gas Measuring Stations		
22	807.3 Maintenance of Purchased Gas Measuring Stations		
23	807.4 Purchased Gas Calculations Expenses		
24	807.5 Other Purchased Gas Expenses		
25	TOTAL Purchased Gas Expenses (Total of lines 20 through 24)		
26	808.1 Gas Withdrawn from Storage--Debit	379,263	1,122,125
27	(Less) 808.2 Gas Delivered to Storage--Credit	(537,889)	(1,122,125)
28	809.1 Withdrawals of Liquefied Natural Gas for Processing--Debit		
29	(Less) 809.2 Deliveries of Natural Gas for Processing--Credit		
30	Gas Used in Utility Operations--Credit		
31	810 Gas Used for Compressor Station Fuel--Credit		
32	811 Gas Used for Products Extraction--Credit		
33	812 Gas Used for Other Utility Operations--Credit	(134,856)	(123,350)
34	TOTAL Gas Used in Utility Operations--Credit (Lines 31 through 33)	(134,856)	(123,350)
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	138,735,112	139,603,082
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	138,735,112	139,603,082
38	**2. Natural Gas Storage, Terminaling and Processing Expenses**		
39	A. TOTAL Underground Storage Expenses (Total of Accounts 814 through 837)	-	-
40	B. TOTAL Other Storage Expenses (Total of Accounts 840 through 843.9)	-	-
41	C. TOTAL Liquefied Nat Gas Terminaling & Processing Expenses (Total of Accounts 844.1 through 847.8)		
42	TOTAL Natural Gas Storage (Total of lines 39, 40, and 41)	-	-
43	**3. Transmission Expenses**		
44	TOTAL Transmission Expenses (Total of Accounts 850 through 867)	-	-
45			
46			

Name of Respondent		For the Year Ended
Peoples Gas System		Dec. 31, 2015

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
47	**4. Distribution Expenses**		
48	Operation		
49	870 Operation Supervision and Engineering	557,584	655,620
50	871 Distribution Load Dispatching	431,852	288,409
51	872 Compressor Station Labor and Expenses	1,746	429
52	873 Compressor Station Fuel and Power	5,123	88
53	874 Mains and Services Expenses	7,050,396	6,658,716
54	875 Measuring and Regulating Station Expenses--General	72,688	66,388
55	876 Measuring and Regulating Station Expenses--Industrial	37,303	47,843
56	877 Measuring and Regulating Station Expenses--City Gate Check Station	64,884	117,423
57	878 Meter and House Regulator Expenses	4,270,073	4,178,096
58	879 Customer Installations Expenses	1,946,069	2,040,191
59	880 Other Expenses	1,515,913	1,826,325
60	881 Rents	205,731	167,598
61	TOTAL Operation (Total of lines 49 through 60)	16,159,362	16,047,126
62	Maintenance		
63	885 Maintenance Supervision and Engineering	3,137	912
64	886 Maintenance of Structures and Improvements	142,858	120,757
65	887 Maintenance of Mains	4,476,846	4,973,682
66	888 Maintenance of Compressor Station Equipment	109,922	3,214
67	889 Maintenance of Meas. and Reg. Sta. Equip.--General	728,828	783,119
68	890 Maintenance of Meas. and Reg. Sta. Equip.--Industrial	593,151	570,704
69	891 Maintenance of Meas. and Reg. Sta. Equip.--City Gate Check Station	1,488,693	883,929
70	892 Maintenance of Services	1,740,647	1,502,502
71	893 Maintenance of Meters and House Regulators	587,575	688,866
72	894 Maintenance of Other Equipment	100,729	113,129
73	TOTAL Maintenance (Total of Lines 63 through 72)	9,972,386	9,640,814
74	TOTAL Distribution Expenses (Total of Lines 61 and 73)	26,131,748	25,687,940
75	**5. Customer Accounts Expenses**		
76	Operation		
77	901 Supervision		
78	902 Meter Reading Expenses	1,105,277	1,203,949
79	903 Customer Records and Collection Expenses	6,285,326	6,364,667
80	904 Uncollectible Accounts	806,613	808,516
81	905 Miscellaneous Customer Accounts Expenses		
82	TOTAL Customer Accounts Expenses (Total of Lines 77 through 81)	8,197,216	8,377,132
83	**6. Customer Service and Informational Expenses**		
84	Operation		
85	907 Supervision		
86	908 Customer Assistance Expenses	11,214,015	9,979,237
87	909 Informational and Instructional Expenses	1,119,500	1,249,467
88	910 Miscellaneous Customer Service and Informational Expenses		
89	TOTAL Customer Service and Informational Expenses (Total of Lines 85 through 88)	12,333,515	11,228,704
90	**7. Sales Expenses**		
91	Operation		
92	911 Supervision		
93	912 Demonstrating and Selling Expenses	7,529,580	7,537,467
94	913 Advertising Expenses	451,320	479,693
95	916 Miscellaneous Sales Expenses	133,698	77,109
96	TOTAL Sales Expenses (Total of lines 92 through 95)	8,114,598	8,094,269
97			

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account	Amount for Current Year	Amount for Previous Year
98	**8. Administrative and General Expenses**		
99	Operation		
100	920 Administrative and General Salaries	6,833,177	8,658,897
101	921 Office Supplies and Expenses	3,328,065	5,339,220
102	(Less) (922) Administrative Expenses Transferred--Credit	(3,399,996)	(3,855,996)
103	923 Outside Services Employed	2,566,991	1,081,961
104	924 Property Insurance	135,729	151,687
105	925 Injuries and Damages	2,928,605	526,862
106	926 Employee Pensions and Benefits	8,638,086	11,582,244
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses	-	-
109	(Less) (929) Duplicate Charges--Credit		
110	930.1 General Advertising Expenses	13,420	-
111	930.2 Miscellaneous General Expenses	18,525,941	12,988,686
112	931 Rents	545,571	459,529
113	TOTAL Operation (Total of lines 100 through 112)	40,115,589	36,933,090
114	Maintenance		
115	935 Maintenance of General Plant	288,722	244,299
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	40,404,311	37,177,389
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	233,916,500	230,168,516
119			
120			

NUMBER OF GAS DEPARTMENT EMPLOYEES

1. The data on number of employees should be reported for payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.
3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1		
2	1. Payroll Period Ended (Date)	12/31/2015
3	2. Total Regular Full-Time Employees	532
4	3. Total Part-Time and Temporary Employees	
5	4. Total Employees	532
6		
7		
8		
9		
10		
11		
12		
13		

Name of Respondent

Peoples Gas System

For the Year Ended

Dec. 31, 2015

GAS PURCHASES (Accounts 800, 800.1, 801, 802, 803, 804, 804.1, 805, 805.1, 808.1, 808.2)

1. Provide totals for the following accounts:
   - 800 - Natural Gas Well Head Purchases
   - 800.1- Natural Gas Well Head Purchases Intracompany Transfers
   - 801 - Natural Gas Field Line Purchases
   - 802 - Natural Gas Gasoline Plant Outlet Purchases
   - 803 - Natural Gas Transmission Line Purchases
   - 804 - Natural Gas City Gate Purchases
   - 804.1- Liquefied Natural Gas Purchases
   - 805 - Other Gas Purchases
   - 805.1- Purchases Gas Cost Adjustments
   - 808.1- Gas Withdrawn from Storage-Debit
   - 808.2 Gas Delivered to Storage-Credit

The totals shown in columns (b) and (c) should agree with the books of account. Reconcile any differences in a footnote.
2. State in column (b) the volume of purchased gas as finally measured for the purpose of determining the amount payable for the gas. Include current year receipts of makeup gas that was paid for in prior years.
3. State in column (c) the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in column (b).
4. State in column (d) the average cost per Therm to the nearest hundredth of a cent. (Average means column (c) divided by column (b) multiplied by 100.)

Line No.	Account Title (a)	Gas Purchased-Therms (14.73 psia 60 F) (b)	Cost of Gas (In dollars) (c)	Average Cost Per Therm (To nearest .01 of a cent) (d)
1	801 - Natural Gas Field Line Purchases		$80,333,268	
2	808.1 - Gas Withdrawn from Storage-Debit		$379,263	
3	808.2 - Gas Delivered to Storage-Credit		($537,889)	
4	804 - Natural Gas City Gate Purchases-Commodity		$62,767,658	
5	805.1 - Purchased Gas Cost Adjustments		($4,072,332)	
6				
7				
8				
9				
10				
11	TOTAL (Total of lines 1 through 10)	278,592,327	$138,869,968	49.85

Notes to Gas Purchases

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)

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

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Therms of Gas Used (c)	Natural Gas Amount of Credit (d)
1	812 Gas used for Other Utility Operations Credit (Report separately for each principal uses. Group minor uses.)			
2				
3	Operations Expense	880	23,719	20,350
4				
5	Transportation Clearing Account CNG	184	5,976	4,788
6				
7	Other Income Deductions	426	18,675	14,939
8				
9	Administrative Use	921	-	-
10				
11	Sales Tax Account	241	N/A	(1,294)
12				
13	Gas Lost - Damaged Facilities	143	N/A	96,073
14				
15				
16				
17				
18	TOTAL		48,370	134,856

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

REGULATORY COMMISSION EXPENSES (Account 928)

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.
2. Show in column (h) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
3. The totals of columns (c), (f), (h), and (i) must agree with the totals shown at the bottom of page 19 for Account 186
4. List in Column (d) and (e) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than $25,000) may be grouped.

Line No.	Description (Name of regulatory commission, the docke number, and a description of the case.) (a)	Total Expenses to Date (b)	Deferred in Account 186 Beginning of Year (c)	Expenses Incurred During Year: Charged Currently to: Account No. (d)	Expenses Incurred During Year: Charged Currently to: Amount (e)	Expenses Incurred During Year: Deferred to Account 186 (f)	Amortized During Year: Contra Account (g)	Amortized During Year: Amount (h)	Deferred in Account 186 End of Year (i)
1	Florida Public Service Commission								
2	Docket 080318-GU - rate case.								
3	Four year amortization of $684,500								
4	beginning June 2009 - fully amortized 201	-	-					-	-
5	N/A								
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	TOTAL								

MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)

Line No.	Description (a)	Amount (b)
1	Industry Association Dues	468,283
2	Experimental and General Research Expenses:	-
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the Respondent.	-
4	Other expenses (items of $5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than $5,000 may be grouped by classes if the number of items so grouped is shown.)	
5		
6	Proceeding Reserve Accrual	1,000,000
7	Outside Services - Contractor Costs	761,815
8	Bank Fees	110,781
9	Direct Software/Hardware Maintenance	1,315,673
10	Net Tampa Electric and TECO Services Intercompany activity	3,075,607
11		-
12	Tampa Electric Telecom allocation	303,708
13	Tampa Electric Facilities allocation	194,026
14	TECO Services (TSI) A&G Allocation	4,588,765
15	TECO Services (TSI)- HR Allocation	1,101,780
16	TECO Services (TSI) - IT Allocation	3,886,441
17	TECO Services (TSI) - Procurement Allocation	570,385
18	TECO Services (TSI) - Services Allocation	1,148,677
19		
20	TOTAL	18,525,941

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

DISTRIBUTION OF SALARIES AND WAGES

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

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	**Electric**			
2	TOTAL Operation and Maintenance - Electric			
3	**Gas**			
4	Operation			
5	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
6	Transmission			
7	Distribution	11,249,162		
8	Customer Accounts	3,179,488		
9	Customer Service and Informational	171,459		
10	Sales	-		
11	Administrative and General	8,444,126		
12	TOTAL Operation (Total of lines 5 through 11)	23,044,235		
13	Maintenance			
14	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing	-		
15	Transmission	-		
16	Distribution	4,565,348		
17	Administrative and General	14,428		
18	TOTAL Maintenance (Total of lines 14 through 17)	4,579,776		
19	Total Operation and Maintenance	27,624,011		
20	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other Gas Supply; Storage, LNG, Terminaling & Processing			
21	Transmission (Enter Total of lines 6 and 15)			
22	Distribution (Total of lines 7 and 16)	15,814,510		
23	Customer Accounts (Transcribe from line 8)	3,179,488		
24	Customer Service and Informational (Transcribe from line 9)	171,459		
25	Sales (Transcribe from line 10)	-		
26	Administrative and General (Total of lines 11 and 17)	8,458,553		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	27,624,011		27,624,011
28	**Other Utility Departments**			
29	Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	27,624,011	-	27,624,011
31	**Utility Plant**			
32	Construction (By Utility Departments)			
33	Electric Plant			
34	Gas Plant	6,025,319		6,025,319
35	Other			
36	TOTAL Construction (Total of lines 33 through 35)	6,025,319	-	6,025,319
37	Plant Removal (By Utility Department)			
38	Electric Plant			
39	Gas Plant	1,147,680		1,147,680
40	Other			
41	TOTAL Plant Removal (Total of lines 38 through 40)	1,147,680	-	1,147,680
42				
43	Other Accounts (Specify):			
44				
45				-
46	Accounts Receivable - Associated Companies	1,417,393		1,417,393
47	Other Work in Progress			-
48	Merchandise / Jobbing	14,931		14,931
49	Miscellaneous			-
50				
51				
52				
53	TOTAL Other Accounts	1,432,325	-	1,432,325
54	TOTAL SALARIES AND WAGES	36,229,334	-	36,229,334

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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

	Description		Amount
1	APC Workforce Solutions LLC	various A&G	410,113
2	Arcadis US Inc.	182-environmental services	195,759
3	Arena Advertising & Sport Marketing	925-injuries and damages	30,000
4	Ausley & McMullen PA	923-legal services	26,438
5	Bajocuva PA	925-legal services	557,438
6	Baker & Hosteleter LLP	182/923-legal services	163,646
7	Black & Veatch Corporation	804-consulting services	90,390
8	Brandmark Advertising, Inc.	913-advertising services	226,712
9	Brown and Caldwell Inc.	182-engineering services	69,032
10	C Edward Mills	921/923-consulting services	96,049
11	ConnXus Inc.	921/923-consulting services	31,000
12	Certified Testing Laboratories	various-engineering services	32,118
13	Cleveland Integrity Services, Inc.	various-engineering services	1,039,552
14	Daniels Engineering, Inc.	various-engineering services	293,129
15	David R Custin & Associates Inc	426.4-consultant services	30,000
16	Enviro Tek Inc	182-environmental services	61,436
17	FGE Engineering, Inc.	880/various-engineering services	520,620
18	George Young	various-engineering services	100,897
19	Geosyntec	182-environmental services	2,202,273
20	Gideon Group Consulting	921-HR Services	95,467
21	Gladstein Neandross & Associates	921-CNG consulting services	85,544
22	IRI Consultants	921-HR Services	31,540
23	J R Griese (JRGO)	887-various engineering/integrity mgmt	1,998,231
24	John D Cerrato	various-engineering services	121,950
25	Jones Day	804/multi-legal services	294,705
26	KPMG LLC	921-Audit service	209,452
27	Lau, Lane, Pieper, Conley	925-legal services	80,116
28	Lau, Lane, Pieper, Conley & McCreadie PA	925-legal services	119,025
29	Macfarlane Ferguson	182/923-legal services	298,188
30			

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

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

	Item	Amount
1		
2	Account 426.1 - Donations	274,748
3	Account 426.4 - Lobbying	203,466
4		478,214
5		
6		
7		
8		
9	Account 431 - Other Interest Expense	
10	Energy Conservation Cost Recovery Clause	2,179
11	Other	-
12	Credit Facility	12,168
13	Customer Deposits	1,029,659
14	Miscellaneous	1,055
15	Cast Iron Bare Steel Rider	269
16	PGA True - Up	169
17		1,045,499
18		
19		
20		
21		
22		
23		
24		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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

	Description		Amount
1	continued from page 33a		
2			
3	Magnolia River Services	various-engineering/inspection svcs	2,188,423
4	Mai Engineering Services, Inc.	various-engineering services	355,133
5	McKim&Creed	various-engineering services	99,198
6	NDT and Inspections Inc.	various-engineering services	44,527
7	Neil R Thomson PHD, Peng	182-environmental services	46,100
8	Pierpont and McLelland LLC	921-consulting services	85,035
9	Phoenix Energy Corp	various-engineering services	125,978
10	Renegade Testing & Inspection Inc	various-engineering services	56,464
11	Robert A. Ellis	various-engineering services	28,955
12	Smoak & Chistolini LLC	925-legal services	75,414
13	Southeast Corrosion & Eng.	various-engineering services	48,859
14	Southern Cathodic Protection	887-engineering services	113,630
15	StrategiTech, LLC	various-operations services	663,204
16	Tanktek Inc. DBA Enviro Tek Inc.	182-environmental services and other	103,017
17	The Ash Group	various-engineering services	137,345
18	Thompson Sizemore & Gonzalez PS	923/various - legal services	61,549
19	Veriforce LLC	921/923-consulting services	134,763
20	Teco Partners*	912/107-marketing	7,770,132
21	Tampa Electric*	930- various	6,411,090
22	Teco Services*	930- various	12,561,403
23	New Mexico Gas Company*	930-I.T. Support services	97,890
24	William J Greer	various-construction management	105,640
25	XDD LLC	182-environmental services	75,942
26	Yuro and Associates LLC	various-engineering services	281,291
27			
28			
29			
30			

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

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

	Item	Amount
1		
2		
3		
4		
5	Blank section - see 33a	
6		
7		
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Name of Respondent | For the Year Ended

Peoples Gas System | Dec. 31, 2015

Reconciliation of Gross Operating Revenues
Annual Report versus Regulatory Assessment Fee Return

For the current year, reconcile the gross operating revenues as reported on Page 26 of this report with the gross operating revenues as reported on the utility's regulatory assessment fee return. Explain and justify any differences between the reported gross operating revenues in column (f).

Line No.	(a) Description	(b) Gross Operating Revenues per Page 26	(c) Interstate and Sales for Resale Adjustments	(d) Adjusted Intrastate Gross Operating Revenues	(e) Intrastate Gross Operating Revenues per RAF Return	(f) Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	224,348,859		224,348,859	224,348,859	-
2	Sales for Resale (483)	1,217,736		1,217,736	1,217,736	-
3	Total Natural Gas Service Revenues	225,566,595		225,566,595	225,566,595	-
4	Total Other Operating Revenues (485-495)	169,041,518		169,041,518	169,041,518	-
5	Total Gas Operating Revenues	394,608,113		394,608,113	394,608,113	-
6	Provision for Rate Refunds (496)					
7	Wholesale Sales & Wholesale Transport Adj.				(1,217,736)	1,217,736
8	Mutually Beneficial Wholesale Adjustment				(400,176)	400,176
9	Unbilled Revenue Adjustment				1,592,036	(1,592,036)
10	Off System Sales for Resale Adjustment				(25,243,975)	25,243,975
11	Total Gross Operating Revenues	394,608,113		394,608,113	369,338,263	25,269,850

Notes:

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

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

CORPORATE STRUCTURE

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

Effective Date: Dec. 31, 2015

- TECO Energy, Inc.
  - TECO Services, Inc.
  - Tampa Electric Company
    - TEC Receivables Corp.
    - TECO Partners, Inc.
  - New Mexico Gas Intermediate, Inc.
    - New Mexico Gas Company, Inc.
  - TECO Investments, Inc.
  - TECO Finance, Inc.
  - TECO Oil & Gas, Inc.
  - TECO Diversified, Inc.
    - TECO Coalbed Methane Florida, Inc.
    - TECO Properties Corporation
    - TECO Gemstone, Inc.
  - Peoples Gas System (Florida), Inc.
  - TECO Energy Foundation, Inc.
  - TECO Pipeline Holding Company, LLC
    - SeaCoast Gas Transmission, LLC
  - TECO EnergySource, Inc.
  - TECO Wholesale Generation, Inc.
    - TECO Guatemala, Inc.
      - TECO Guatemala Holdings, LLC
        - TECO Guatemala Holdings II, LLC
  - TECO Clean Advantage Corporation

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

SUMMARY OF AFFILIATED TRANSFERS AND COST ALLOCATIONS

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

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

Name of Affiliate (a)	Type of Service and/or Name of Product (b)	Relevant Contract or Agreement and Effective Date (c)	Total Charge for Year: "p" or "s" (d)	Total Charge for Year: Account Number (e)	Total Charge for Year: Dollar Amount (f)
TECO Partners, Inc	Real property sublease		s	146	224,831
	G&A Allocation		s	146	185,000
	Labor services		s	146	23,514
	Marketing		p	912	7,263,721
	Marketing Service		p	107	500,004
	Verification Service		p	908	3,570
	Other service/labor		p	930/multi	2,837
Tampa Electric Co.	Real property sublease		s	146	60,047
	Labor services		s	146	2,201,619
	Natural Gas sales		s	146	6,050,242
	Real property sublease		p	931	586,420
	Labor services		p	930/multi	4,420,899
	Natural Gas purchases		p	801	609,757
	Meter Reading		p	902	242,850
	IT, Telecom, Facilities		p	930/multi	1,160,921
TECO Energy Inc.	Labor services		s	146	529,714
TECO Services Inc.	Direct Services		p	930.2	1,265,355
	Overhead Allocation		p	930.2	4,588,765
	IT Services		p	930.2	3,886,441
	Other Indirect Services		p	930.2	1,101,780
	TSI Services		p	930.2	1,148,677
	Procurement Services		p	930.2	570,385
TECO Energy Source	Labor services		s	146	12,574
	Natural Gas Sales		s	146	659,688
	Natural Gas Purchases		p	801	70,981
SeaCoast Gas Transmission	Labor services		s	146	143,692
	G&A Allocation		s	146	94,000
	Natural Gas Sales		s	146	33,266
	Natural Gas Purchases		p	801	95,600
New Mexico Gas Company	Labor Services		s	146	3,237
	Labor Services		p	930/multi	97,890

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2015

NEW OR AMENDED CONTRACTS WITH AFFILIATED COMPANIES

Provide a synopsis of each new or amended contract, agreement, or arrangement with affiliated companies for the purchase, lease, or sale of land, goods, or services (excluding tariffed items). The synopsis shall include, at a minimum, the terms, price, quantity, amount, and duration of the contracts.

Name of Affiliate	Synopsis of Contract
TECO Partners	An agreement entered into between Peoples Gas (Peoples) and TECO Partners (Partners) whereby Peoples retained Partners to market and sell services for and on behalf of Peoples to present and potential customers of Peoples, including but not limited to: - Energy Services - Energy Conservation Program Services - Promotional Services Payment to Partners under the agreement is targeted at $6,500,000 annually - increasing by the previous year's CPI. The agreement was entered into effective January 1, 2008 for a period of six years, renewed for 2015. One year agreements were entered into between Peoples and TECO Partners, whereby TECO Partners lease space in various Peoples buildings in Florida.
Tampa Electric Company	Service agreement effective April 2015 through March 2016. Peoples Gas System contracted Tampa Electric to provide monthly gas meter reading at a price of $0.24 per reading in the Tampa division, $0.56 per reading in the Lakeland division. and $0.88 per reading in the Brooksville area. For 2015, both parties mutually agree to establish the volume for April 2014 - March 2015 at 68,980 meters for Tampa, for Lakeland a volume of 5,863, and for Brooksville a volume of 1,469 reads. An automatic review of billing volumes will occur should a 10% differential exist. Additional terms and prices are provided for under these agreements.

INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF $25,000

Provide information regarding individual affiliated transactions in excess of $25,000. Recurring monthly affiliated transactions which exceed $25,000 per month should be reported annually in the aggregate. However, each land or property sales transaction even though similar sales recur, should be reported as a "non-recurring" item for the period in which it occurs.

Name of Affiliate	Description of Transaction	Dollar Amount
TECO Partners, Inc.	Real property sublease	224,831
	G&A Allocation	185,000
	Marketing	(7,767,295)
Tampa Electric Co	Real property sublease	60,047
	Labor services	2,201,619
	Natural Gas sales	6,050,242
	Real property sublease	(586,420)
	Labor services	(4,420,899)
	Natural Gas purchases	(609,757)
	IT, Telecom, Facilities	(1,160,921)
	Meter Reading	(242,850)
TECO Energy Inc.	Labor services	529,714
TECO Services Inc.	Labor services	(1,265,355)
	Corporate Overhead/Allocation	(4,588,765)
	IT Services	(3,886,441)
	Other Indirect Services	(1,101,780)
	TSI Services	(1,148,677)
	TSI Procurement Services	(570,385)
TECO Energy Source	Natural Gas Sales	659,688
	Natural Gas Purchases	(70,981)
SeaCoast Gas Transmission	Labor services	143,692
	G&A Allocation	94,000
	Natural Gas Sales	33,266
	Natural Gas Purchases	(95,600)
New Mexico Gas Company	Labor services	(97,890)

Name of Respondent						For the Year Ended	
Peoples Gas System						Dec. 31, 2015	

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.

Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
Purchases from Affiliates:		$	$	$	$	$	
None		-	0	-	N/A	-	
Total						-	
Sales to Affiliates:	None	$	$	$	$	Sales Price	
None							
Total						$	

EMPLOYEE TRANSFERS

List employees earning more than $50,000 annually transferred to/from the utility to/from an affiliate company.

Company Transferred From	Company Transferred To	Old Job Assignment	New Job Assignment	Transfer Permanent or Temporary and Duration
Tampa Electric	Peoples Gas	Program Manager	Energy Mgmt Analyst Assoc	Permanent
Peoples Gas	TECO Partners	Senior Engineering Tech	Division Manager	Permanent
Tampa Electric	Peoples Gas	Program Support Asst II	Risk Analyst Systems & Cntl	Permanent
Peoples Gas	TECO Services Inc.	Supvr Contact Center	Project Manager Snr	Permanent
Peoples Gas	TECO Services Inc.	Mgr Energy Settlements	Mgr Energy Settlements	Permanent
Peoples Gas	TECO Services Inc.	Technology Analyst	Technology Analyst	Permanent
Peoples Gas	TECO Services Inc.	Gas Accountant Senior	Settlements Accountant	Permanent
Peoples Gas	TECO Services Inc.	H.R. Generalist	H.R. Generalist	Permanent
Peoples Gas	TECO Services Inc.	Marketing Support Mgr	Marketing Support Mgr	Permanent
Peoples Gas	TECO Services Inc.	Buyer	Contract Administrator	Permanent
Peoples Gas	TECO Services Inc.	Buyer	Inventory Analyst	Permanent
Peoples Gas	TECO Services Inc.	Buyer Senior	Buyer Analyst	Permanent
Peoples Gas	TECO Services Inc.	Coord Accounts Payable	Coord Accounts Payable	Permanent
Peoples Gas	TECO Services Inc.	H.R. Generalist	H.R. Generalist	Permanent