	61(608-17-AR
ANNU	JAL REPORT OF
	AL GAS UTILITIES OFFICIAL COPY Public Service Commission Do Not Remove From This Offi
(EXAC)	T NAME OF RESPONDENT)
702 1	N. Franklin Street
Tam	pa, Florida 33602
(ADD	RESS OF RESPONDENT)
	TO THE
FLORIDA PUE	BLIC SERVICE COMMISSION
	FOR THE
YEAR ENDE	D DECEMBER 31, 2017
	2018 APR 30 ACCOUNTING A
	AH IO: SO
Officer or other person to whom corresponde Name Jeffrey S. Chronister	ence should be addressed concerning this report: 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 Auditors

To the Board of Directors of Tampa Electric Company:

We have audited the accompanying financial statements of Peoples Gas System (a wholly-owned subsidiary of Tampa Electric Company), which comprise the balance sheets as of December 31, 2017 and December 31, 2016, 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.

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peoples Gas System as of December 31, 2017 and December 31, 2016, 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.

Basis of Accounting

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 Peoples 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.

Restriction of Use

This 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.

Kritenaterhand opers LLP

PricewaterhouseCoopers LLP Certified Public Accountants Tampa, Florida April 27, 2018

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. <u>Btu per cubic foot -</u> 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. <u>Respondent -</u> The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

Page i

ANNUAL REPORT OF NATU		TIES
Exact Legal Name of Respondent		02 Year of Report
Peoples Gas System, a Division of Tampa Electric Company		2017
Previous Name and Date of Change (if name changed during year)		
Address of Principal Office at End of Year (Street, City, State, Zip Cod	e)	· · · · · · · · · · · · · · · · · · ·
702 N. Franklin Street Tampa, Florida 33602		
Name of Contact Person	06 Title of	Contact Person
Jeffrey S. Chronister Address of Contact Person (Street, City, State, Zip Code)	Controller	
P.O Box 2562 Tampa, Florida 33601-2562		
Telephone of Contact Person, Including Area Code		09 Date of Report (Mo., Day, Yr)
(813) 228 - 1609		Dec. 31, 2017
ATTESTATI	ION	
I certify that I am the responsible	e accounting officer	of
	e accounting officer	0.
Peoples Gas System that I have examined the following report; t	that to the best of my	; knowledge
information, and belief, all statements of fa		
and the said report is a correct statement of	of the business and a	ffairs of the above-
named respondent in respect to each and		therein during the
period from January 1, 2017 to December	31, 2017, inclusive.	
I also certify that all affiliated transfe	r prices and affiliated	cost allocations
were determined consistent with the method	ods reported to this C	ommission on the
appropriate forms included in this report.		
I am aware that Section 837.06, Flo	rida Statutes, provide	s:
Whoever knowingly makes a fa	lse statement in writin	a
with the intent to mislead a publ		.9
performance of his or her officia		
misdemeanor of the second deg S. 775.082 and S. 775.083.	gree, punishable as p	rovided in
G. 170.002 and G. 170.000.		
MU A latelle		
A Motor	4/27/18	
Signature	Date	
Jeffrey S. Chronister	Controller	
Name	Title	
Page 1		

lame of Respondent		For the Year Ended	
eoples Gas System		Dec. 31, 2017	
		CONTENTS	
Title of Schedule (a)	Page No. (b)	Title of Schedule (a)	Page No (b)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS		INCOME ACCOUNT SUPPORTING SCHEDULES	
Control Over Respondent Corporations Controlled By Respondent Officers Directors Security Holders and Voting Powers Inportant Changes During the Year Comparative Balance Sheet Statement of Income Statement of Retained Earnings Jotes to Financial Statements	3 4 4 5 6-7 8-9 10 11	Gas Operating Revenues Gas Operation and Maintenance Expenses Number of Gas Department Employees Gas Purchases Gas Used in Utility Operations - Credit Regulatory Commission Expenses Miscellaneous General Expenses - Gas Distribution of Salaries and Wages Charges for Outside Prof. and Other Consultative Serv Particulars Concerning Certain Income Deduction and Interest Charges Accounts	
BALANCE SHEET SUPPORTING SCHEDULES (Assets And Other Debits)		REGULATORY ASSESSMENT FEE Reconciliation of Gross Operating Revenues - Annual Report versus Regulatory Assessment Fee Return	34
Summary of Utility Plant and Accum. Prov. for Depreciation, Amortization, and Depletion Sas Plant in Service Accumulated Depreciation & Amortization Construction Work in Progress - Gas Construction Overheads - Gas Prepayments Extraordinary Property Losses Inrecovered Plant and Regulatory Study Costs Other Regulatory Assets Itiscellaneous Deferred Debits (Liabilities and Other Credits)	12 13-14 15-16 17 17 18 18 18 18 19 19	DIVERSIFICATION ACTIVITY Corporate Structure Summary of Affiliated Transfers and Cost Allocations New or Amended Contracts with Affiliated Companies Individual Affiliated Transactions in Excess of \$25,000 Assets or Rights Purchased from or Sold to Affiliates Employee Transfers	
Accumulated Deferred Income Taxes Reconciliation of Reported Net Income With Taxable Income for Federal Income Taxes	20 20 21 21 22 22 22 23 23 23 23 24 25		

Name of Respondent	For the Year Ended
Peoples Gas System	Dec. 31, 2017
CONTR	ROL OVER RESPONDENT
1. If any corporation, business trust, or similar organization or	organization. If control was held by a trustee(s), state name of
combination of such organizations jointly held control over the	trustee(s).
respondent at end of year, state name of controlling corporation	If the above required information is available from the SEC
or organization, manner in which control was held, and extent of	10K Report Form filing, a specific reference to the report form
control. If control was in a holding company organization, show	(i.e. year and company title) may be listed provided the fiscal
the chain of ownership or control to the main parent company or	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.

On July 1, 2016, TECO Energy and Emera completed the Merger contemplated by the Merger Agreement entered into on September 4, 2015. As a result of the Merger, the Merger Sub Company merged with and into TECO Energy with TECO Energy continuing as the surviving corporation and becoming a wholly owned indirect subsidiary of Emera. The acquisition method of accounting was not pushed down to TECO Energy or its subsidiaries, including TEC (PGS).

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

Name of Respondent For the Year Ended Peoples Gas System Dec. 31, 2017 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 Name of Officer Salary for Year (a) (b) (c) President Peoples Gas System T. Szelistowski \$ 290,700 Vice President Marketing and Sales J. Wehle \$ 84,265 effective March 2017 Vice President Gas Operations R. Wall \$ 177,252 effective March 2017 President Tampa Electric & Florida Ops G. Gillette \$ 172,088 retired November 30, 2017 Vice President State & Community C. Hinson \$ 37,860 Relations Vice President Customer Experience M. Whiting \$ 69,600 Vice President Business Development T. O'Conner 186,000 \$ Salaries for the year represent the Peoples Gas System share of individual salaries.

	DIREC			
Report below the information called for ector of the respondent who held office ar. Include in column (a) abbreviated titl o are officers of the respondent.	at any time during the	2. Designate men asterisk and the C a double asterisk	bers of the Executive chairman of the Execu	Committee by an tive Committee by
Name (and Title) of Director (a)	Principal Busi (t		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, 2016
SECURITY HOLDERS	AND VOTING POWERS
1. Give the names and addresses of the 10 security holders of the respondents who, at the date of the latest closing of the stock book or compilation of the list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of the trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders in the other 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.	 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. 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. 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

2. If any security other than stock carries voting rights, explain in a supplemental statement of circumstances whereby such security became

VOTING SECURITIES Number of votes as of (date): Name (Title) and Address of Security Holder **Total Votes** Common Stock Preferred Stock Other (a) (b) (c) (d) (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 were held by its parent, TECO Energy, Inc. As disclosed on page 3, on July 1, 2016, TECO Energy and Emera completed the Merger contemplated by the Merger Agreement entered into on September 4, 2015. Therefore, TEC continues to be a wholly owned subsidiary of TECO Energy and became an indirect wholly owned subsidiary of Emera as of July 1, 2016. Pursuant to the Merger Agreement, upon the closing of the Merger, each issued and outstanding share of TECO Energy common stock was cancelled and converted automatically into the right to receive \$27.55 in cash, without interest.

IMPORTANT CHANGES DURING THE YEAR

Ci.	-	tiouters (details) concerning the methods indicated below. Make the	2 Important extension or reduction of transmission or distribution	-
	•	ticulars (details) concerning the matters indicated below. Make the	•	
		nts explicit and precise, and number them in accordance with the	system: State territory added or relinquished and date operations	
inq	uires.	Each inquiry should be answered. Enter "none" "not applicable,"	began or ceased also the approximate number of customers added	
or "	NA" ۱	where applicable. If information which answers an inquiry is given	or lost and approximate annual revenues of each class of service.	
leise	ewhe	re in the report, make a reference to the schedule in which it	4. State briefly the status of any materially important legal	
	ears	• •	proceedings pending at the end of the year, and the results	
		sition of ownership in other companies by reorganization, merger,	of any such proceedings culminated during the year.	
		lidation with other companies: Give name of companies involved,	5. State briefly the status of any materially important transactions of	
F		rs concerning the transactions.	the respondent not disclosed elsewhere in this report in which an	
2.	Purch	ase or sale of an operating unit or system: Give brief description	officer, director, security holder, voting trustee, associated	
of t	he pr	operty, and of the transactions relating thereto, and reference to	company or known associate of any of these persons was a party	
Cor	nmis	sion authorization, if any was required.	or in which any such person had a material interest.	
1	1	None		
	2	None		
1 · ·	3	None		
1 1				
ł		Places are the Commitments and Contingencies section of the in-	aluded Netes to the Einspeiel Statements	
F	4	Please see the Commitments and Contingencies section of the inc	ciudeu Notes to the Financial Statements - page 11-v and 11-vv.	
1	5	None		
1.1				
1				
1		• • • • • • • • • • • • • • • • • • • •		

			Fo	r the Year Endeo
eoples	Gas System		De	c. 31, 2017
	COMPARATIVE BALANCE SHEET (ASS	ETS AND OTHER	DEBITS)	0. 01, 2017
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year
2	UTILITY PLANT			(d)
3	Utility Plant (101-106, 114) Construction Work in Progress (107)	12	1,514,407,157	1,620,123,0
4	TOTAL Utility Plant Total of lines 2 and 3)	12	27,484,715	22,182,2
5	(Less) Accum. Prov. for Depr., Amort., Depl. & Acq. Adj. (108, 111, 1		1,541,891,872	1,642,305,3
6	Net Utility Plant (Total of line 4 less 5)	15) 12	691,618,215	719,063,0
7	Utility Plant Adjustments (116)		850,273,657	923,242,2
8	Gas Stored (117.1, 117.2, 117.3, 117.4)	- 11		
9	OTHER PROPERTY AND INVESTMENTS			
10	Nonutility Property (121)	-		
11	(Less) Accum. Prov. for Depr. and Amort, (122)			
12	Investments in Associated Companies (123)	_	1,676,408	1,715,67
13	Investment in Subsidiary Companies (123.1)		.,070,100	1,710,01
	Other Investments (124)			
15	Special Funds (125, 126, 128)	-		
16	TOTAL Other Property and Investments (Total of lines 10 through 15)		1,676,408	1,715,67
17 18	CURRENT AND ACCRUED ASSETS			
	Cash (131) Special Deposits (132-134)	-	2,842,485	9,677,34
	Working Funds (135)		25,000	25,00
	Temporary Cash Investments (136)		2,950	2,95
	Notes Receivable (141)			
	Customer Accounts Receivable (142)		20 407 142	20 500 50
	Other Accounts Receivable (143)		20,407,143	29,589,58
	(Less) Accumulated Provision for Uncollectible Accounts-Credit (144)		(113,419)	4,383,60 (302,18
	Notes Receivable from Associated Companies (145)		(113,419)	(302,10
	Accounts Receivable from Associated Companies (146)		503,313	1,710,03
28	Fuel Stock (151)	-		
	Fuel Stock Expense Undistributed (152)	-		
30	Residuals (Electric) and Extracted Products (Gas) (153)	-		
	Plant Material and Operating Supplies (154)	-	1,700,702	1,887,69
	Merchandise (155)	-		
33	Other Material and Supplies (156)			
	Stores Expenses Undistributed (163)		070 100	
35 36	Gas Stored Underground & LNG Stored (164.1-164.3) Prepayments (165)		376,420	1 540 05
	Advances for Gas (166-167)	18	2,571,948	1,546,85
_	Interest and Dividends Receivable (171)			
	Rents Receivable (172)			- <u></u>
	Accrued Utility Revenues (173)		10,736,588	12,037,76
	Miscellaneous Current and Accrued Assets (174)	-	1,989,240	
42	TOTAL Current and Accrued Assets (Total of lines 18 through 41)		48,929,002	60,558,64
43	DEFERRED DEBITS			
	Unamortized Debt Expense (181)	T	1,143,428	1,046,30
	Extraordinary Property Losses (182.1)	18		
	Unrecovered Plant and Regulatory Study Costs (182.2)	18		
	Other Regulatory Assets (182.3)	19	68,195,766	65,563,69
	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)			
	Clearing Accounts (184) Temporary Facilities (185)			
	Miscellaneous Deferred Debits (186)	19	3,182,526	5,867,4
	Deferred Losses from Disposition of Utility Plant. (187)			0,001,4
	Research, Development and Demonstration Expenditures (188)	-		- <u></u>
	Unamortized Loss on Reacquired Debt (189)	20		
55	Accumulated Deferred Income Taxes (190)	24	47,861,884	48,257,58
	Unrecovered Purchased Gas Costs (191)	-	(2,176,669)	2,834,66
57	TOTAL Deferred Debits (Total of lines 44 through 56)		118,206,935	123,569,65
58	TOTAL Assets and other Debits (Total of lines 6, 7, 8, 16, 42, 57)		1,019,086,002	1,109,086,22

People	s Gas System		I	For the Year Ende
copic				Dec. 31, 2017
	COMPARATIVE BALANCE SHEET (LIABILITIES	S AND OTHER	CREDITS)	
Line	Title of Account	Ref.	Balance at	Balance at
No.	(a)	Page No.	Beginning of Year	End of Year
1		(b)	(c)	(d)
2	Common Stock (201, 202, 203, 205, 206, 207)			<u> </u>
3	Preferred Stock Issued (204)			
4	Other Paid-In Capital (208-214)	-		
5	Retained Earnings (215, 216)	-	235,550,169	275,550,16
6	Other Comprehensive Income (219)	10	112,749,467	117,313,12
7	Unappropriated Undiatelibrited October 1		(826,510)	(508,00
8	Unappropriated Undistributed Subsidiary Earnings (216.1)	10	1,525,689	1,266,98
9	(Less) Reacquired Capital Stock (217)	-		1,200,00
10	TOTAL Proprietary Capital (Total of lines 2 through 8)		348,998,815	393,622,22
	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	261,764,680	261,764,68
15	Unamortized Premium on Long-Term Debt (225)	21		201,704,00
16	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	21	(407,139)	(386,68
17	TOTAL Long-Term Debt (Total of lines 11 through 16)	┼────┴─	261,357,541	261,377,99
18	OTHER NONCURRENT LIABILITIES	+	201,007,041	201,377,99
19	Obligations Under Capital Leases - Noncurrent (227)			
20	Accumulated Provision for Property Insurance (228.1)	+	333,019	25.00
21	Accumulated Provision for Injuries and Damages (228.2)	++-		35,99
22	Accumulated Provision for Pensions and Benefits (228.3)	┼───┼╴	2,917,369	2,684,16
23	Accumulated Miscellaneous Operating Provisions (228.4)	++-	28,103,859	24,177,69
24	Accumulated Provision for Rate Refunds (229)		47,680	47,68
25	TOTAL Other Noncurrent Liabilities (Total of lines 19 through 24)	+	24 404 007	00.045.50
26	CURRENT AND ACCRUED LIABILITIES	km	31,401,927	26,945,53
27	Notes Payable (231)			
28	Accounts Payable (232)	++-	30,050,000	5,000,000
29		<u> </u>	30,523,948	35,329,912
30	Notes Payable to Associated Companies (233)	<u> </u>		52,684,30
	Accounts Payable to Associated Companies (234)	· · ·	8,167,329	8,001,424
31	Customer Deposits (235)		28,903,718	26,514,398
32	Taxes Accrued (236)		3,323,403	9,211,12
33	Interest Accrued (237)		1,610,349	1,610,110
34	Dividends Declared (238)	-		
35	Matured Long-Term Debt (239)	-		
36	Matured Interest (240)	-		
37	Tax Collections Payable (241)	-	650,854	737,29
38	Miscellaneous Current and Accrued Liabilities (242)	22	36,435,391	35,093,010
39	Obligations Under Capital Leases-Current (243)	-		
40	Derivative Liabilities (245)		-	181,06
41	TOTAL Current and Accrued Liabilities (Total of lines 27 through 40)		139,664,992	174,362,63
42	DEFERRED CREDITS			
43	Customer Advances for Construction (252)	1 · · - · · ·	12,639,678	9,607,066
44	Other Deferred Credits (253)	22	2,012,057	2,441,204
45	Other Regulatory Liabilities (254)	22	11,190,658	94,566,71
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	211,820,335	146,162,85
50	TOTAL Deferred Credits (Total of lines 43 through 49)		237,662,728	252,777,84
51	TOTAL Liabilities and Other Credits (Total of lines 9, 17, 25, 41 and 50)		1,019,086,003	1,109,086,22

	ne of Respondent			For the Year Endeo
Peo	ples Gas System			Doc 21 2017
	STATEMENT	OF INCOME		Dec. 31, 2017
of in 2. (cant 3. E	Use page 11 for important notes regarding the statement come or any account thereof. Give concise explanations on page 11 concerning signifi- amounts of any refunds made or received during the year. Inter on page 11 a concise explanation of only changes in accounting methods made during the year	allocations preceding y of such cha 4. Explain	an effect on net income, and apportionments from rear. Also give the appro inges. in a footnote if the previo t from that reported in pr	n those used in the oximate dollar effect ous year's figures
		Ref.	Total	Total
Line No.	Account	Page No.	Gas Utility Current Year	Gas Utility Previous Year
110.	(a)	(b)	(c)	(d)
1	UTILITY OPERATING INCOME Operating Revenues (400)	00		
	Operating Expenses	26	417,590,367	421,986,96
4		27-29	250 802 146	252 408 64
5	Maintenance Expenses (402)	27-29	250,803,146	252,408,64
6	Depreciation Expense (403)	15-16	8,527,883 44,247,186	10,603,59 41,388,82
7	Amortization & Depletion of Utility Plant (404-405)	- 10-10	1,892,256	1,843,270
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		-		
11	Regulatory Debits (407.3)	-	6,752,822	18,676,24
12	(Less) Regulatory Credits (407.4)	-	(7,389,998)	(4,628,424
13	Taxes Other Than Income Taxes (408.1)	23	35,888,280	36,312,79
14	Income Taxes - Federal (409.1)	-	2,622,877	6,030,024
15	- Other (409.1)	-	(23,468)	1,063,110
16	Provision for Deferred Income Taxes (410.1)	24	22,604,092	12,926,59
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)	-	1,442,424	630,97
	TOTAL Utility Operating Expenses (Total of lines 4 -21)		364,631,798	376,142,85
23 24	Net Utility Operating Income (Total of line 2 less 22) (Carry forward to page 9, line 25)		52,958,569	45,844,11

Peop	les Gas System			For the Year End
	STATEMENT OF INCOME (Co	ntinued		Dec. 31, 2017
Line	Account	Ref.		
No.		Page No.	TOT Current Year	
25	(a) Net Utility Operating Income (Carried forward from page 8)	(b)	(c)	Previous Year
26	Uther Income and Deduction		52,958,569	(d) 45,844,1
27	other mcome			<u> </u>
28	Nonutility Operating Income			
29	Revenues From Merchandising Johning 1			
30			400	12.4/
31			66,844	<u>13,16</u> (50,70
32	(Less) Expenses of Nonutility Operations (417.1)			(50,7)
33	Nonoperating Rental Income (419)			
34	Equity in Earnings of Subsidiary Companies (419.4)			
35	Interest and Dividend Income (419)	10	3,145,062	3,189,90
36	Allowance for Other Funds Used During Construction (419.1)		170,434	460,26
37	miscenarieous Nonoperating Income (421)	++		
38 39	Gain on Disposition of Property (421 1)	++	41,375	959,78
_	IOTAL Other Income (Total of lines 29 through 20)	++-	2,140,586	1,070,29
40	Other Income Deductions		5,564,701	5,642,71
41	Loss on Disposition of Property (421.2)	₽		
42	Miscellaneous Amortization (425)	+ <u>-</u>		
43	Miscellaneous Income Deductions (426.1-426.5)	33		
14	TOTAL Other Income Deductions (Total of lines 41 through 40)		267,276	1,589,55
15	Taxes Applicable to Other Income and Deductions		267,276	1,589,551
16 17	Taxes Other Than Income Taxes (408.2)	+		
8	Income Taxes - Federal (409.2)	+		
9	Income Taxes - Other (409.2)	+	4,227	262,287
0	Provision for Deferred Income Taxes (410.2)	24	703	43,615
1	(Less) Provision for Deferred Income Taxes - Credit (411.2)	24	7	(7
2	Investment Tax Credit Adjustment - Net (411.5)			
2	(Less) Investment Tax Credits (420)			
4	TOTAL Taxes on Other Inc. and Ded. (Total of 46 through 52)		4,937	
	Net Other Income and Deductions (Total of lines 39,44,53)		5,292,488	305,895
5	Interest Charges			3,747,272
6	Interest on Long-Term Debt (427)			
<u></u>	Amortization of Debt Discount and Expense (428)	21	13,240,293	13,230,043
5 4	Amortization of Loss on Reacquired Debt (428.1)		544,140	544,140
	(Less) Amortization of Premium on Debt - Credit (429)	21		
<u>4 (</u>	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)			
4	Interest on Debt to Associated Companies (430)	33		······································
	Other Interest Expense (431)	33	1,441,524	050.000
	Less) Allowance for Borrowed Funds Used During ConstCredit (432)		1,441,024	956,600
	Net interest Charges (1 otal of lines 56 through 63)		15,225,957	14 720 700
	ncome Before Extraordinary Items (Total of lines 25, 54 and 64)		43,025,100	14,730,783
	Extraordinary Items			34,860,605
	Extraordinary Income (434)			
(Less) Extraordinary Deductions (435)			
	Net Extraordinary Items (Total of line 67 less line 68)			
1	ncome Taxes - Federal and Other (409.3)			
<u>⊢ </u>	xtraordinary Items After Taxes (Total of line 69 less line 70)			
- N	let Income (Total of lines 65 and 71)			

For the Year Ended Name of Respondent Dec. 31, 2017 Peoples Gas System STATEMENT OF RETAINED EARNINGS 5. Show dividends for each class and series of capital stock. 1. Report all changes in appropriated retained earnings, and 6. Show separately the state and federal income tax effect unappropriated retained earnings for the year. of items shown in account 439, Adjustments to Retained 2. Each credit and debit during the year should be identified Earnings. as to the retained earnings account in which recorded 7. Explain in a footnote the basis for determining the (Accounts 433, 436-439 inclusive). Show the contra primary amount reserved or appropriated. If such reservations or account affected in column (b). appropriation is to be recurrent, state the number and annual 3. State the purpose and amount for each reservation or amounts to be reserved or appropriated as well as the totals appropriation of retained earnings. eventually to be accumulated. 4. List first Account 439, Adjustments to Retained Earnings, 8. If any notes appearing in the report to stockholders are reflecting adjustments to the opening balance of retained applicable to this statement attach them at page 11. earnings. Follow by credit, then debit items, in that order. Contra Primary Account Amount Affected Line Item (C) (b) No. (a) **UNAPPROPRIATED RETAINED EARNINGS (Account 216)** 113,448,646 Balance - Beginning of Year 1 Changes (Identify by prescribed retained earnings accounts) 2 Adjustments to Retained Earnings (Account 439): 3 Credit: 4 5 Credit: TOTAL Credits to Retained Earnings (Account 439) (Total of lines 4 and 5) 6 7 Debit: Debit: 8 TOTAL Debits to Retained Earnings (Account 439) (Total of lines 7 and 8) 9 39,880,038 10 Balance Transferred from Income (Account 433 less Account 418.1) Appropriations of Retained Earnings (Account 436) TOTAL 11 12 Dividends Declared - Preferred Stock (Account 437) TOTAL (38,720,144) 13 Dividends Declared - Common Stock (Account 438) TOTAL 3,145,062 14 Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings 15 FAS 133 Other Comprehensive Income 318,449 118,072,051 16 Balance - End of Year (Total of lines 01, 6, 9, 10, 11, 12, 13, 14 and 15) **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) 118,072,051

Name of Respondent

Peoples Gas System

NOTES TO THE FINANCIAL STATEMENTS ON A CONSOLIDATED BASIS

 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.

 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.
 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.

Dec. 31, 2017

DEFINITIONS

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

Torm	Meaning
Term ABS	asset-backed security
AFUDC	allowance for funds used during construction
AFUDC-debt	debt component of allowance for funds used during construction
AFUDC-equity	equity component of allowance for funds used during construction
AOCI	accumulated other comprehensive income
APBO	accumulated postretirement benefit obligation
ARO	asset retirement obligation
ASC	Accounting Standards Codification
BACT	Best Available Control Technology
CAD	Canadian dollars
CAIR	Clean Air Interstate Rule
CCRs	coal combustion residuals
CMO	collateralized mortgage obligation
CNG	compressed natural gas
CPI	consumer price index
CSAPR	Cross State Air Pollution Rule
CO2	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, Canada
EPA	U.S. Environmental Protection Agency
ERISA	Employee Retirement Income Security Act
EROA	expected return on plan assets
EUSHI	Emera US Holdings Inc., a wholly owned subsidiary of Emera, which is the sole shareholder of TECO
	Energy's common stock
FASB	Financial Accounting Standards Board
FDEP	Florida Department of Environmental Protection
FERC	Federal Energy Regulatory Commission
FPSC	Florida Public Service Commission
GHG	greenhouse gas(es)
HAFTA	Highway and Transportation Funding Act
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)
kWac	kilowatt on an alternating current basis
MAP-21 MBS	Moving Ahead for Progress in the 21st Century Act mortgage-backed securities
MD&A	the section of this report entitled Management's Discussion and Analysis of Financial Condition and Results
MDCA	of Operations
Merger	Merger of Merger Sub Company with and into TECO Energy, with TECO Energy as the surviving
inter Bol	corporation
MGP	manufactured gas plant
Merger Agreement	Agreement and Plan of Merger dated September 4, 2015, by and among TECO Energy, Emera and Merger
	Sub Company
Merger Sub Company	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
Note	Note to consolidated financial statements
NOx	nitrogen oxide
NPNS	normal purchase normal sale
NYMEX	New York Mercantile Exchange
O&M expenses	operations and maintenance expenses
OCI	other comprehensive income
OPC	Office of Public Counsel
OPEB	other postretirement benefits
OTC	over-the-counter
PBGC	Pension Benefit Guarantee Corporation
PBO	postretirement benefit obligation
PGA	purchased gas adjustment
PGS	Peoples Gas System, the gas division of Tampa Electric Company
PPA	power purchase agreement
PRP	potentially responsible party
R&D	research and development
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
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
SoBRAs	solar base rate adjustments
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
TECO Energy	TECO Energy, Inc., the direct parent company of Tampa Electric Company
TSI	TECO Services, Inc.
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, (8) the presentation of plant leased to others under capital leases, and (9) 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

Description of Business

TEC has two operating segments. Its Tampa Electric division provides retail electric services in West Central Florida, and PGS, its natural gas division, 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:

Principles of Consolidation and Basis of Presentation

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 use of estimates is inherent in the preparation of financial statements in accordance with U.S. GAAP. Actual results could differ from these estimates.

TEC is a wholly-owned subsidiary of TECO Energy, Inc. and contains electric and natural gas divisions. Intercompany balances and transactions within the divisions have been eliminated in consolidation.

On July 1, 2016, TECO Energy and Emera completed the Merger contemplated by the Merger Agreement entered into on September 4, 2015, and TECO Energy became a wholly owned indirect subsidiary of Emera. Therefore, TEC became an indirect, wholly owned subsidiary of Emera as of July 1, 2016. The acquisition method of accounting was not pushed down to TECO Energy or its subsidiaries, including TEC. See Note 8 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-ofproperty 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.

Property, plant and equipment consisted of the following assets:

(millions)	Estimated Useful Lives		mber 31, 2017			
Electric generation	21-56 years	\$	4,766	\$	4,102	
Electric transmission	28-77 years		859		837	
Electric distribution	14-56 years		2,437	•	2,331	
Gas transmission and distribution	15-77 years		1,534		1,429	
General plant and other	8-43 years	· ·	579		438	
Total cost		-	10,175		9,137	
Less accumulated depreciation			(2,994)		(2,826)	
Construction work in progress			263		892	
Total property, plant and equipment, net		\$	7,444	\$	7,203	

Depreciation

The provision for total regulated utility plant in service, expressed as a percentage of the original cost of depreciable property, was 3.7%, 3.5% and 3.7% for 2017, 2016 and 2015, respectively. Construction work in progress is not depreciated until the asset is completed or placed in service. Total depreciation expense for the years ended December 31, 2017, 2016 and 2015 was \$332 million, \$304 million and \$306 million, respectively. See Note 3 for information regarding an agreement approved by the FPSC that, among other things, reduced PGS's annual depreciation expense by \$16 million beginning in 2016.

Tampa Electric and PGS compute depreciation and amortization 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.

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. In 2017, 2016 and 2015, the rate was 6.46%. Total AFUDC for the years ended December 31, 2017, 2016 and 2015 was \$2 million, \$36 million and \$26 million, respectively. The decrease in 2017 and increase in 2016 is a result of the Polk Power Station conversion project, which was completed in January 2017.

Inventory

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

Regulatory Assets and Liabilities

Tampa Electric and PGS are subject to accounting guidance for the effects of certain types of regulation (see Note 3). 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.

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 enacted 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. See **Note 4** for additional details, including the impacts of tax reform.

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. As of December 31, 2017 and 2016, ITCs were \$22 million and \$11 million, respectively.

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.

Tampa Electric's and PGS's 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 TEC.

The regulated utilities accrue base revenues for services rendered but unbilled to provide for matching of revenues and expenses (see Note 3). As of December 31, 2017 and 2016, unbilled revenues of \$66 million and \$54 million, respectively, are included in the "Receivables" line item on TEC's Consolidated Balance Sheets.

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

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.

Tampa Electric purchases power on a regular basis primarily to meet the needs of its retail customers. Tampa Electric purchased power from non-affiliates at a cost of \$46 million, \$104 million and \$79 million, for the years ended December 31, 2017, 2016 and 2015, 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 Franchise Fees and Gross Receipts Taxes

TEC is allowed to recover certain costs incurred on a dollar-for-dollar basis from customers through rates 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 are included as an expense on the Consolidated Statements of Income in "Taxes, other than income". These amounts totaled \$113 million, \$117 million and \$117 million for the years ended December 31, 2017, 2016 and 2015, respectively.

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), asset retirement obligations (see Note 16), 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 December 31, 2017 and 2016 ranged from 2.74% to 4.00% and 2.69% to 4.00%, 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.

Reclassifications

Certain reclassifications were made to prior year amounts to conform to current period presentation. None of the reclassifications affected TEC's net income or financial position in any period.

2. New Accounting Pronouncements

Change in Accounting Policy

The new U.S. GAAP accounting policies that are applicable to, and adopted by TEC in 2017, are described as follows:

Classification of Certain Cash Receipts and Cash Payments on the Statement of Cash Flows

In August 2016, the FASB issued Accounting Standard Update (ASU) 2016-15, Classification of Certain Cash Receipts and Cash Payments on the Statement of Cash Flows. The standard provides guidance regarding the classification of certain cash receipts and and cash payments on the statement of cash flows, where specific guidance is provided for issues not previously addressed. This guidance is effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2017, with early adoption permitted, and is required to be applied on a retrospective approach. TEC has early adopted the standard, with no impact on the consolidated financial statements as a result of implementation of this standard.

Future Accounting Pronouncements

TEC considers the applicability and impact of all ASUs issued by FASB. The following updates have been issued by FASB, but have not yet been adopted by TEC. Any ASUs not included below were assessed and determined to be either not applicable to TEC or have insignificant impact on the consolidated financial statements.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which creates a new, principle-based revenue recognition framework, codified as ASC Topic 606. The FASB issued amendments to ASC Topic 606 during 2016 to clarify certain implementation guidance and to reflect scope improvements and practical expedients. The guidance will require additional disclosures regarding the nature, amount, timing and uncertainty of revenue and related cash flows arising from contracts with customers. This guidance will be effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2017 and will allow for either full retrospective adoption or modified retrospective adoption. TEC will adopt this guidance effective January 1, 2018, using the modified retrospective approach.

TEC implemented a revenue recognition project plan in 2016. In the first quarter of 2017, TEC concluded that the accounting for contributions in aid of construction will be out of the scope of the new standard. In the second quarter of 2017, TEC completed an analysis of material regulated revenue streams and collectibility risk and concluded that there will be no material changes on adoption of this standard.

In the third quarter of 2017, TEC completed an analysis of material unregulated revenue streams and concluded that there will be no material changes on adoption of this standard. TEC also evaluated the disclosure requirements and determined that the disaggregation of revenue information required by the new standard will not have a significant impact on TEC's information gathering processes and procedures as the revenue information required by the standard is consistent with historical revenue information gathered by TEC for financial reporting purposes. TEC continues to monitor the assessment of ASC Topic 606 by the AICPA Power and Utilities Revenue Recognition Task Force for developments.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Recognition and Measurement of Financial Assets and Financial Liabilities. The standard provides guidance for the recognition, measurement, presentation and disclosure of financial assets and liabilities. This guidance will be effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2017. TEC will adopt this guidance effective January 1, 2018 and does not expect an impact on the consolidated financial statements as a result of implementation of this standard.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases. The standard, codified as ASC Topic 842, increases transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet for leases with terms of more than 12 months. Under the existing guidance, operating leases are not recorded as assets and liabilities on the balance sheet. The effect of leases on the Consolidated Statements of Income and the Consolidated Statements of Cash Flows is largely unchanged. The guidance will require additional disclosures regarding key information about leasing arrangements. This guidance is effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2018. Early adoption is permitted and is required to be applied using a modified retrospective approach.

In January 2018, the FASB issued an amendment to ASC Topic 842 which permits companies to elect an optional transition practical expedient to not evaluate existing land easements under the new standard if the land easements were not previously accounted for under existing lease guidance. In November 2017, the FASB voted to amend ASC Topic 842 to allow companies to

elect not to restate their comparative periods in the period of adoption when transitioning to the standard. The amendment is expected to be finalized in the first quarter of 2018.

TEC is in the process of evaluating the impact of adoption of this standard on its financial statements and disclosures. In the third quarter of 2017, TEC implemented a project plan. In the fourth quarter of 2017, TEC began execution of the project plan, arrangements. This includes evaluating the available practical expedients, calculating the lease asset and liability balances associated with individual contractual arrangements and assessing the disclosure requirements. TEC continues to monitor FASB amendments to

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. The standard provides guidance regarding the measurement of credit losses for financial assets and certain other instruments that are not accounted for at fair value through net income, including trade and other receivables, debt securities, net investment in leases, and off-balance sheet credit exposures. The new guidance requires companies to replace the current incurred loss impairment methodology with a methodology that measures all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance expands the disclosure requirements regarding credit losses, including the credit loss methodology and credit quality indicators.

This guidance will be effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2019. Early adoption is permitted for annual reporting periods, including interim periods after December 15, 2018 and will be applied using a modified retrospective approach. TEC is currently evaluating the impact of adoption of this standard on its consolidated financial statements.

Clarifying the Definition of a Business

In January 2017, the FASB issued ASU 2017-01, Clarifying the Definition of a Business. The standard provides guidance to assist entities with evaluating when a set of transferred assets and activities is a business. This guidance will be effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2017, with early adoption permitted and is required to be applied prospectively. The adoption of this standard will not have an impact on TEC's consolidated financial statements.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, the FASB issued ASU 2017-07, Compensation – Retirement Benefits (Topic 715): *Improving the Presentation* of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. The guidance requires the service cost component of defined benefit pension or other postretirement benefit plans to be reported in the same line items as other compensation costs. The other components of net benefit cost are required to be presented in the Consolidated Statements of Income outside of income from operations. Only the service cost component will be eligible for capitalization as property, plant and equipment under this guidance. This guidance will be effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2017. TEC is a participant in the comprehensive retirement plans of TECO Energy and applies multiemployer accounting. This new guidance will not impact accounting for multiemployer plans, therefore, it will not impact TEC's financial statements.

Targeted Improvements to Accounting for Hedging Activities

In August 2017, the FASB issued ASU 2017-12, *Targeted Improvements to Accounting for Hedging Activities*, which amends the hedge accounting recognition and presentation requirements in ASC Topic 815. This standard improves the transparency and understandability of information about an entity's risk management activities by better aligning the entity's financial reporting for hedging relationships with those risk management activities and simplifies the application of hedge accounting. The standard will make more financial and nonfinancial hedging strategies eligible for hedge accounting, amends the presentation and disclosure requirements for hedging activities and changes how entities assess hedge effectiveness. This guidance will be effective for annual reporting periods, including interim reporting within those periods, beginning after December 15, 2018, with early adoption permitted, and is required to be applied using a modified retrospective approach. TEC is currently evaluating the impact of the adoption of this standard on the consolidated financial statements and does not expect the impact to be significant.

3. Regulatory

Tampa Electric's retail business and PGS are regulated separately by the FPSC. 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. The FPSC sets rates based on a cost of service methodology which allows utilities to collect total revenues (revenue requirements) equal to their cost of providing service, plus a reasonable return on invested capital.

Tampa Electric Base Rates-2013 Agreement

Tampa Electric's results for the past three years reflect the stipulation and settlement agreement entered into on September 6, 2013, which resolved all matters in Tampa Electric's 2013 base rate proceeding.

This agreement provided for the following revenue increases: \$58 million effective November 1, 2013, an additional \$8 million effective November 1, 2014, an additional \$5 million effective November 1, 2015, and an additional \$110 million effective the date that the expansion of Tampa Electric's Polk Power Station went into service, which was January 16, 2017. The agreement provided for Tampa Electric's allowed regulatory ROE to be a mid-point of 10.25% with a range of plus or minus 1%. The agreement provided that Tampa Electric could not file for additional base rate increases to be effective sooner than January 1, 2018, unless its earned ROE were to fall below 9.25% before that time. If its earned ROE were to rise above 11.25%, 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 beginning on January 1, 2013.

Tampa Electric Base Rates-2017 Agreement

On September 27, 2017, Tampa Electric filed with the FPSC an amended and restated settlement agreement that replaced the existing 2013 base rate settlement agreement described above and extended it another four years through 2021. The FPSC approved the agreement on November 6, 2017.

The amended agreement provides for SoBRAs for TEC's substantial investments in solar generation. It includes the following potential revenue adjustments for the SoBRAs: \$31 million for 150 MWs effective September 1, 2018, \$51 million for 250 MWs effective January 1, 2019, \$31 million for 150 MWs effective January 1, 2020, and an additional \$10 million for 50 MWs effective on January 1, 2021. In order for each tranche of SoBRAs to take effect, Tampa Electric must show they are cost-effective and each individual project has a cost cap of \$1,500/kWac. Additionally, in order to receive a SoBRA for the last tranche of 50 MWs, the first two tranches of 400 MW must be constructed at or below \$1,475/kWac. The agreement includes a sharing provision that allows customers to benefit from 75% of any cost savings for projects below \$1,500/kWac. Tampa Electric plans to invest approximately \$850 million in these solar projects during the period from 2017 to 2021 and will accrue AFUDC during construction.

On December 12, 2017, TEC filed its petition along with supporting tariffs demonstrating the cost-effectiveness of the September 1, 2018 SoBRA representing 145 MW and \$26 million in estimated revenue requirements. A decision by the FPSC to approve the tariffs on the first SoBRA filing is anticipated in the spring of 2018.

The agreement further maintains Tampa Electric's allowed regulatory ROE and allowed equity in the capital structure and extends the rate freeze date from January 1, 2018 to December 31, 2021, subject to the same ROE thresholds. The agreement further contains a provision whereby Tampa Electric agrees to quantify the impact of tax reform on net operating income and neutralize the impact of tax reform through a reduction in base revenues within 120 days of when tax reform becomes law. Additionally, any effects of tax reform between the effective date and the date the base rates are adjusted would be refunded through a one-time clause refund in 2019. An asset optimization provision that allows Tampa Electric to share in the savings for optimization of its system once certain thresholds are crossed is also included, and Tampa Electric agreed to a financial hedging moratorium for natural gas ending on December 31, 2022 and that it will make no investments in gas reserves.

Tampa Electric Storm Restoration Cost Recovery

Prior to the September 6, 2013 stipulation and settlement agreement, Tampa Electric was accruing \$8 million annually to an FPSC-approved self-insured storm reserve. Effective November 1, 2013, Tampa Electric ceased accruing for this storm 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 million, the level of the reserve as of October 31, 2013. As of December 31, 2016, the balance of the self-insured storm reserve was \$56 million.

As a result of several named storms, including Tropical Storm Colin, Tropical Storm Erika, Hurricane Hermine and Hurricane Matthew, Tampa Electric incurred \$10 million of storm costs in 2016. In the first quarter of 2017, Tampa Electric applied the \$10 million of storm costs to the storm reserve. This resulted in a storm reserve balance of \$46 million as of March 31, 2017. Tampa Electric was impacted by Hurricane Irma in the third quarter of 2017 and has currently estimated the cost of restoration to be approximately \$105 million, of which \$93 million was charged to the storm reserve, \$4 million was charged to Co&M expense, and \$8 million was charged to capital expenditures. This reflects an update from the estimated cost of restoration of \$70 million at September 30, 2017, primarily due to higher than expected mutual assistance and contractor costs. At December 31, 2017, the amount of \$93 million charged to the storm reserve exceeded the \$46 million balance by \$47 million, which is currently recorded as a regulatory asset on the balance sheet. Based on an FPSC order, if the charges to the storm reserve exceed the account balance, the excess is to be carried as a regulatory asset. Tampa Electric petitioned the FPSC on December 28, 2017 for recovery of estimated storm costs in

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excess of the reserve and to replenish the balance in the reserve to the \$56 million level that existed as of October 31, 2013. An amended petition was filed with the FPSC on January 30, 2018. See the Regulatory Assets and Liabilities table below.

Tampa Electric Implementation Settlement

On January 30, 2018, Tampa Electric filed a settlement agreement with the FPSC that addresses both the recovery of storm costs and the return of tax reform benefits to customers (see Note 4) while keeping customer rates stable in 2018. If approved by the FPSC, the agreement authorizes Tampa Electric to net the estimated amount of storm cost recovery against Tampa Electric's estimated 2018 tax reform benefits. Tampa Electric's final storm costs and final impact of tax reform on Tampa Electric's base rates pursuant to the 2017 agreement will be determined in separate regulatory proceedings. Any difference will be trued up and recovered from or returned to customers in 2019. In addition, beginning in January 2019, Tampa Electric will reflect the full impact of tax reform on its base rates, provided that the FPSC's determinations have been finalized. A decision is expected in March 2018.

PGS Base Rates

PGS's base rates were established in May 2009 and reflect an allowed ROE range of 9.75% to 11.75% with base rates set at the middle of the range of 10.75%. The allowed equity in capital structure is 54.7% from all investor sources of capital.

On June 28, 2016, PGS filed its depreciation study with the FPSC seeking approval for new depreciation rates. After communications with the FPSC staff, on December 15, 2016, PGS and OPC filed a settlement with the FPSC agreeing to new depreciation rates that reduce annual depreciation expense by \$16 million, accelerate the amortization of the regulatory asset associated with environmental remediation costs as described below, include obsolete plastic pipe replacements through the existing cast iron and bare steel replacement rider, and decrease the bottom of the ROE range from 9.75% to 9.25%. The settlement agreement provided that the bottom of the range will remain until the earlier of new base rates established in PGS's next general base rate proceeding or December 31, 2020. The top of the range will continue to be 11.75%, and the ROE of 10.75% will continue to be used for the calculation of return on investment for clauses and riders. On February 7, 2017, the FPSC approved the settlement agreement. No change in customer rates resulted from this agreement.

As part of the settlement, PGS and OPC agreed that at least \$32 million of PGS's regulatory asset associated with the environmental liability for current and future remediation costs related to former MGP sites, to the extent expenses are reasonably and prudently incurred, will be amortized over the period 2016 through 2020. At least \$21 million of that amount would be amortized over a two-year recovery period beginning in 2016. In 2017 and 2016, PGS recorded \$5 million and \$16 million, respectively, of this amortization expense. This additional amortization expense in 2017 and 2016 was offset by the decrease in depreciation expense as discussed above.

The PGS settlement does not contain a provision for tax reform. On January 9, 2018, the Florida Office of Public Counsel filed a generic docket requesting the FPSC to address tax reform benefits for all utilities in Florida without an existing tax reform settlement provision, including PGS.

Regulatory Assets and Liabilities

Tampa Electric and PGS apply the FASB's accounting standards for regulated operations. Areas of applicability include: 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 restoration or the future removal of property.

Details of the regulatory assets and liabilities as of December 31, 2017 and 2016 are presented in the following table:

Regulatory Assets and Liabilities

(millions)	 nber 31, 017	December 31, 2016	
Regulatory assets:			
Regulatory tax asset ⁽¹⁾	\$ 45	\$	86
Cost-recovery clauses - deferred balances ⁽²⁾	12		8
Cost-recovery clauses - offsets to derivative liabilities ⁽²⁾	1		0
Environmental remediation ⁽³⁾	33		37
Postretirement benefits ⁽⁴⁾	272		272
Storm reserve ⁽⁵⁾	47		0
Other	23		18
Total regulatory assets	 433		421
Less: Current portion	 77		28
Long-term regulatory assets	\$ 356	\$	393
Regulatory liabilities:			
Regulatory tax liability ⁽⁶⁾	\$ 730	\$	6
Cost-recovery clauses ⁽²⁾	32		112
Cost-recovery clauses - offsets to derivative assets ⁽²⁾	0		17
Storm reserve ⁽⁵⁾	0		56
Accumulated reserve—cost of removal ⁽⁷⁾	518		547
Other	5		7
Total regulatory liabilities	 1,285		745
Less: Current portion	58		154
Long-term regulatory liabilities	\$ 1,227	\$	591

- (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. The regulatory tax asset balance reflects the impact of the federal tax rate reduction.
- (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. In the case of the regulatory liability related to derivative assets, refund occurs in the year following the settlement of the derivative position.
- (3) This asset is related to costs associated with environmental remediation primarily at MGP 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 based on a settlement agreement approved by the FPSC.
- (4) This asset is related to the deferred costs of postretirement benefits and it is amortized over the remaining service life of plan participants. Deferred costs of postretirement benefits that are included in expense are recognized as cost of service for ratemaking purposes as permitted by the FPSC.
- (5) See the Tampa Electric Storm Restoration Cost Recovery section above for information regarding this reserve. The regulatory asset is included in rate base and earns a rate of return as permitted by the FPSC. The asset will be recovered within a 12-month period.
- (6) The increase in the regulatory tax liability is primarily related to the revaluation of TEC's deferred income tax balances at the lower income tax rate. As of December 31, 2017, all of the liability has been classified as non-current due to uncertainties around the timing and other regulatory decisions that will affect the amount of regulatory tax liability amortized and returned to customers through rate reductions or other revenue offsets in 2018. See Note 4 for further information.
- (7) This item represents the non-ARO cost of removal in the accumulated reserve for depreciation. AROs are costs for legally required removal of property, plant and equipment. Non-ARO cost of removal represents estimated funds received from customers through depreciation rates to cover future non-legally required cost of removal of property, plant and equipment, net of salvage value upon retirement, which reduces rate base for ratemaking purposes. This liability is reduced as costs of removal are incurred.

4. Income Taxes

On December 22, 2017, the U.S. Tax Cuts and Jobs Act of 2017 (the Act) was signed into legislation. The Act includes a broad range of tax reform proposals affecting businesses, effective January 1, 2018 which provide a corporate federal tax rate reduction from 35% to 21%, 100% asset expensing, limitation of interest deduction, the repeal of section 199 domestic production deduction and the preservation of the existing normalization rules. The Act also provides that regulated electric and gas companies are exempt from the 100% asset expensing and interest expense deduction limitation. In accordance with U.S. accounting standards, TEC is required to revalue its deferred income tax assets and liabilities based on the new 21% federal tax rate. Additionally, under FPSC rules TEC is required to adjust deferred income tax assets and liabilities for changes in tax rates with a corresponding regulatory liability for the excess deferred taxes generated by the tax rate differential. See Note 3.

TEC has provisionally revalued all deferred tax assets and liabilities, \$199 million and \$1,024 million, respectively, based on the rates at which they are expected to reverse in the future, which is 21% for federal tax purposes. TEC is still analyzing certain aspects of the Act, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts. Provisional amounts primarily relate to the uncertainty of the application of 100% asset expensing rules after September 27, 2017. Further adjustments, if any, will be recorded by TEC during the measurement period in 2018 as permitted by SEC Staff Accounting Bulletin 118, *Income tax Accounting Implications of the Tax Cuts and Jobs Act*.

Income Tax Expense

Effective July 1, 2016 and due to the Merger with Emera, TEC is included in a consolidated U.S. federal income tax return with EUSHI and its subsidiaries. Prior to the Merger, TEC was included in the filing of a consolidated federal income tax return with TECO Energy and its subsidiaries. TEC's income tax expense is based upon a separate return method, modified for the benefits-for-loss allocation in accordance with respective tax sharing agreements of TECO Energy and EUSHI. To the extent that TEC's cash tax positions are settled differently than the amount reported as realized under the tax sharing agreement, the difference is accounted for as either a capital contribution or a distribution.

In 2017, 2016 and 2015, TEC recorded net tax provisions of \$197 million, \$152 million and \$166 million, respectively.

Income tax expense consists of the following components:

Income Tax Expense (Benefit)

(millions)					
For the year ended December 31,	2	2017	2016		 2015
Current income taxes					
Federal	\$	(1)	\$	53	\$ 38
State		6		12	8
Deferred income taxes					
Federal		170		76	105
State		23		11	15
Investment tax credits, net of amortization		(1)		0	0
Total income tax expense	\$	197	\$	152	\$ 166

For the three years presented, the overall effective tax rate differs from the 35% U.S. federal statutory rate as presented below:

Effective Income Tax Rate

(millions)						
For the year ended December 31,	-	20)17	20	016	 2015
Income before provision for income taxes		\$	513	\$	438	\$ 442
Federal statutory income tax rates			35%		35%	35%
Income taxes, at statutory income tax rate			180		153	155
Increase (decrease) due to		1				
State income tax, net of federal income tax			19		15	15
AFUDC-equity			(1)		(8)	(6)
Tax credits			(3)		(7)	0
Other			2		(1)	2
Total income tax expense on consolidated statements of	income	\$	197	\$	152	\$ 166
Income tax expense as a percent of income from continu before income taxes	ing operations,		38.4%	· · ·	34.8%	37.5%

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)		2017		2016
As of December 31, Deferred tax liabilities ⁽¹⁾	\$	924	\$	1,549
Property related	Φ	57	•	105
Pension and postretirement benefits		43		69
Pension		1,024		1,723
Total deferred tax liabilities				
Deferred tax assets (1)		91		91
Loss and credit carryforwards ⁽²⁾		24		47
Medical benefits		(5)		27
Insurance reserves		57		105
Pension and postretirement benefits		13		23
Capitalized energy conservation assistance costs		19		23
Other		199		316
Total deferred tax assets			¢	1,407
Total deferred tax liability, net	2	825	<u>•</u>	1,407

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

Deferred tax assets for net operating loss and tax credit carryforwards have been reduced by unrecognized tax benefits of \$8 (2) million.

As a result of tax reform, Tampa Electric recorded a change in net deferred taxes with an offset to a regulatory tax liability in the amount of \$755 million, subject to refund to customers over time as required by order of the FPSC. At December 31, 2017, TEC had cumulative unused federal and Florida NOLs for income tax purposes of \$345 million and \$273 million, respectively, expiring between 2033 and 2037. TEC has unused general business credits of \$23 million, expiring between 2028 and 2037. As a result of the Merger with Emera, TECO Energy's NOLs and credits will be utilized by EUSHI, in accordance with the benefits-for-loss allocation which provide that tax attributes are utilized by the consolidated tax return group of EUSHI.

Unrecognized Tax Benefits

TEC accounts for uncertain tax positions as required by U.S. GAAP. 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. Authoritative guidance related to accounting for uncertainty in income taxes requires an enterprise to recognize in its financial statements the best estimate of the impact of a tax position by determining if the weight of the available evidence indicates that it is more likely than not, based solely on the technical merits, that the position will be sustained upon examination, including resolution of any related appeals and litigation processes.

The following table provides details of the change in unrecognized tax benefits as follows:

(millions)	 2017	2016	2015
Balance at January 1,	\$ 7	\$ 0	\$ 0
Increases due to tax positions related to current year	1	7	0
Balance at December 31	<u>\$8</u>	<u>\$7</u>	<u>\$0</u>

As of December 31, 2017 and 2016, TEC's uncertain tax positions for federal R&D tax credits were \$8 million and \$7 million, respectively, all of which was recorded as a reduction of deferred income tax assets for tax credit carryforwards. TEC believes that the total unrecognized tax benefits will decrease and be recognized within the next twelve months due to the ongoing audit examination of TECO Energy's consolidated federal income tax return for the short tax year ending June 30, 2016. TEC had \$8 million of unrecognized tax benefits at December 31, 2017, that, if recognized, would reduce TEC's effective tax rate.

TEC recognizes interest accruals related to uncertain tax positions in "Other income" or "Interest expense", as applicable, and penalties in "Operation and maintenance other expense" in the Consolidated Statements of Income. In 2017, 2016 and 2015, TEC did not recognize any pre-tax charges (benefits) for interest. Additionally, TEC did not have any accrued interest at December 31, 2017, 2016 and 2015. No amounts have been recorded for penalties.

The IRS concluded its examination of TECO Energy's 2015 consolidated federal income tax return in March 2017 with no changes required. The U.S. federal statute of limitations remains open for the year 2014 and forward. The short tax year ending June 30, 2016 is currently under examination by the IRS under its Compliance Assurance Program (CAP). Prior to July 1, 2016, TEC was included in a consolidated U.S. federal income tax return with TECO Energy and subsidiaries. Due to the Merger with Emera, TECO Energy is only able to participate in the CAP through its short tax year ending June 30, 2016. 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.

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, which 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. TECO Energy 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.

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. TEC is amortizing the regulatory asset over the remaining average service life at the time 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 2020, whereby premiums paid over a prescribed threshold will be taxed at a 40% rate. TECO Energy and its affiliates do not currently believe the excise tax or other provisions of the Health Care Reform Acts will materially increase the 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 January 1, 2013, TECO Energy 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 TECO Energy under Medicare Part D for its post-65 retiree prescription drug plan. Effective January 1, 2015, TECO Energy changed its post-65 retiree coverage for medical benefits to a Medicare Advantage plan insured by Aetna. This will result in a lower claims cost by taking advantage of the government subsidies available for that plan.

Obligations and Funded Status

TEC recognizes in its statement of financial position the over-funded or under-funded status of its allocated portion of TECO Energy's 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 TECO Energy's Florida-based other postretirement benefit plan (other benefits).

TECO Energy	Pension Benefits			Other Benefits (2)				
Obligations and Funded Status (millions)				2016		2017	ciiciii	2016
Change in benefit obligation								2010
Net benefit obligation at beginning of year	\$	770	\$	733	\$	175	\$	172
Service cost		20		19	•	2	•	2
Interest cost		31		31		7		- 7
Plan participants' contributions		0		0		3		3
Plan amendments		0		1		0		0
Plan curtailment		(1)		1		. 0		Ő
Plan settlement		(26)		(2)		0		Ő
Benefits paid		(51)		(69)		(16)		(14)
Actuarial loss (gain)		69		56		22		5
Net benefit obligation at end of year	\$	812	\$	770	\$	193	\$	175
Change in plan assets								
Fair value of plan assets at beginning of year	\$	649	\$	625	\$	0	\$	0
Actual return on plan assets		122		55		0		0
Employer contributions		46		38		(3)		(3)
Employer direct benefit payments		27		3		16		14
Plan participants' contributions		0		0		3		3
Plan settlement		(26)		(2)		0		0
Benefits paid		(51)		(69)		(16)		(14)
Direct benefit payments		(1)		(1)		0		0
Fair value of plan assets at end of year ⁽¹⁾	\$	766	\$	649	\$	0	\$	0

(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.

(2) Represent amounts for TECO Energy's Florida-based other postretirement benefit plan.

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

TECO Energy	Pension Benefits					Other Benefits (1)				
Funded Status										
(millions)	2	017	2	2016	_	2017		2016		
Benefit obligation (PBO/APBO)	\$	812	\$	770	\$	193	\$	175		
Less: Fair value of plan assets		766		649		0		0		
Funded status at end of year	\$	(46)	\$	(121)	\$	(193)	\$	(175)		

(1) Represent amounts for TECO Energy's Florida-based other postretirement benefit plan.

The accumulated benefit obligation for TECO Energy consolidated defined benefit pension plans was \$762 million at December 31, 2017 and \$724 million at December 31, 2016.

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

TEC Amounts recognized in balance sheet	Pensic	on Benefits	Other Benefits			
(millions)	2017	2016	2017	2016		
Accrued benefit costs and other current liabilities	\$ (7	7) \$ (1)	\$ (10)			
Deferred credits and other liabilities	(30		(154)	(139)		
	<u>\$(3</u> *	<u>/) \$(81</u>)	<u>\$ (164</u>)	<u>\$ (148)</u>		

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.

TEC Amounts recognized in regulatory assets	Pension Benefits					Other I	Benefits	
(millions)	2017 2016		2	2017		2016		
Net actuarial loss (gain)	\$	215	\$	236	\$	70	\$	50
Prior service cost (credit)		I		1		(13)	•	(15)
Amount recognized	\$	216	\$	237	\$	57	\$	35

Assumptions used to determine benefit obligations at December 31:

	Pension Ber	efits	Other Benefits			
	2017	2016	2017	2016		
Discount rate	3.62%	4.11%	3.70%	4.28%		
Rate of compensation increase-weighted average	3.32%	2.57%	3.31%	2.48%		
Healthcare cost trend rate						
Immediate rate	n/a	n/a	6.58%	6.83%		
Ultimate rate	n/a	n/a	4.50%	4.50%		
Year rate reaches ultimate	n/a	n/a	2038	2038		

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 PBO	\$	7 :	\$ (6)

The discount rate assumption used to determine the December 31, 2017 and 2016 benefit obligation was based on a cash flow matching technique that matches yields from high-quality (AA-rated, non-callable) corporate bonds to TECO Energy's projected cash flows for the plans to develop a present value that is converted to a discount rate assumption. The discount rate assumption used to determine the December 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 constructed 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 calculated all possible bond portfolios that produce adequate cash flows to pay the yearly benefits and then selected the portfolio with the highest yield and used that yield as the recommended discount rate. The change in the discount rate approach was a result of the Merger and done to align methodologies with Emera. The change in discount rate resulting from the different methodology used to select a discount rate did not have a material impact on TEC's financial statements and provides consistency with Emera's method for selecting a discount rate.

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

TECO Energy	Pension Benefits							Other Benefits ⁽¹⁾					
(millions)	2	2017		2016		2015		2017		2016		2015	
Service cost	\$	20	\$	19	\$	21	\$	2	\$	2	¢	•	
Interest cost		31	•	31	Ŧ	30	Ψ	2	Φ	2	\$	2	
Expected return on plan assets		(48)		(46)		(43)		0		/		/	
Amortization of:		()		(40)		(45)		0		0		0	
Actuarial loss		17		16		15		0		0		0	
Prior service (benefit) cost		0		0		0		•		•		0	
Curtailment loss (gain)		Ö		1		ò		(2) 0		(2) 0		(3)	
Settlement loss ⁽²⁾		7		î		0		0		0		0	
Net periodic benefit cost	\$	27	\$	22	\$	23	\$		\$	7	\$	6	
	<u> </u>		Ť=		Ě		Ě-		<u> </u>		-		
New prior service cost		0		1	\$	0	\$	0	\$	0	\$	0	
Net loss (gain) arising during the year		(5)		47		75		22	•	5	•	0	
Amounts recognized as component of net periodic benefit cost:										-		-	
Amortization or curtailment recognition of prior													
service (benefit) cost		0		0		0		2		2		3	
Amortization or settlement of actuarial gain (loss)		(24)		(17)		(15)		0		0		0	
Total recognized in OCI and regulatory assets	\$		\$	31	\$	60	\$	24	\$	7	\$	3	
Total recognized in net periodic benefit cost, OCI									_				
and regulatory assets	\$	(2)	\$	53	<u>\$</u>	83	<u>\$</u>	31	\$	14	<u>\$</u>	9	

(1) Represents amounts for TECO Energy's Florida-based other postretirement benefit plan

(2) Represents TECO Energy's SERP settlement charge as a result of retirements that occurred subsequent to the Merger with Emera. The charge did not impact TEC's financial statements.

TEC's portion of the net periodic benefit costs for pension benefits was \$14 million, \$13 million and \$14 million for 2017, 2016 and 2015, respectively. TEC's portion of the net periodic benefit costs for other benefits was \$6 million, \$6 million and \$6 million for 2017, 2016 and 2015, 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 is \$14 million. There are no prior service credits to be amortized from regulatory assets into net periodic benefit cost in 2018 for the other postretirement benefit plan.

TEC's postretirement benefit plans were not explicitly impacted by the Merger. However, as a result of the Merger, TECO Energy remeasured its postretirement benefits plans on the Merger effective date, July 1, 2016. As a result of the remeasurements, TEC's net periodic benefit cost increased by \$1 million for pension benefits and \$0 million for other postretirement plan benefits for the six months ended December 31, 2016. Additionally, a curtailment loss for the SERP of \$1 million was recognized by TECO Energy in 2016 as a result of retirements due to the Merger. In addition, TECO Energy recognized a settlement charge related to the SERP of \$7 million in 2017 due to retirements that have occurred as a result of the Merger. TEC was not impacted by the curtailment loss or settlement charge.

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

	Pen	sion Benefits		Other Benefits				
Discount rate	<u>2017</u>	2016	2015	2017	2016	2015		
Expected long-term return on plan assets	4.110%	4.688%	4.258%		4.667%/3.85%	4.206%		
Rate of compensation increase	7.00%	7.00%	7.00%		N/A	N/A		
Healthcare cost trend rate	2.57%	2.59%	3.87%		2.50%	3.86%		
Initial rate	n/a	n/a	n/a	6.83%	7.05%	7.00%		
Ultimate rate	n/a	n/a	n/a	4.50%	4.50%	4.50%		
Year rate reaches ultimate	n/a	n/a	n/a	2038	2038	2025		

The discount rate assumption used to determine the benefit cost for 2017 and from the Merger date to December 31, 2016 was based on the same technique that was used to determine the December 31, 2017 and 2016 benefit obligation as discussed above. The discount rate assumption used to determine the January 1, 2016 through June 30, 2016 and the 2015 benefit cost was based on the same technique that was used to determine the December 31, 2015 benefit obligation as discussed above. The change in the discount rate approach was a result of the Merger and done to align methodologies with Emera. The change in discount rate resulting from the different methodology used to select a discount rate did not have a material impact on TEC's financial statements and provides consistency with Emera's method for selecting a 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 December 31, 2017, TECO Energy's pension plan's assets increased approximately 19%.

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 a less than \$1 million effect on net periodic benefit cost.

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.

TECO Energy		2017 Target		
		Allocation	Actual Allocation	i, End of Year
Asset Category			2017	2016
Equity securities		47%-53%	51%	56%
Fixed income securities		47%-53%	<u> </u>	44%
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). Investments are valued using quoted market prices on an exchange when available. Such investments are classified Level 1. In some cases where a market exchange price is available but the investments are traded in a secondary market, acceptable practical expedients are used to calculate fair value.

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

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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 December 31, 2017 and 2016.

Pension Plan Investments

TECO	Energy
(millior	

At Fair	Value as of	December 31,	2017

(millions)										
	Level 1		Le	vel 2	Level 3		NAV (1)		Total	
Cash	\$	3	\$	0	\$	0	\$	0	\$	3
Accounts receivable		14		0		0	•	Õ	÷	14
Accounts payable		(43)		0		0		Ő		(43)
Short-term investment funds (STIFs)		14		0		0		Ő		14
Common stocks		44		0		Õ		Ő		44
Real estate investment trusts (REITs)		4		0		Ő		ŏ		44
Mutual funds		196		0		Õ		õ		196
Municipal bonds		0		2		0		Ő		2
Government bonds		0		55		0		Ő		55
Corporate bonds		0		45		0		Ő		45
Mortgage-backed securities (MBS)		0		(1)		0		0		(1)
Collateralized mortgage obligations (CMOs)		0		ĺ		0		0		1
Swaps		0		4		0		0		4
Purchase options (swaptions)		0		1		0		0		1
Written options (swaptions)		0		(2)		0		0		(2)
Investments not utilizing the practical					<u> </u>					
expedient		232		105		0		0		337
Common and collective trusts ⁽¹⁾		0		0		0		326		326
Mutual fund (1)		0		0		0		103		103
Total investments	\$	232	\$	105	\$	0	\$	429	\$	766

(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.

TECO Energy	At Fair Value as of December 31, 2016											
TECO Energy												
(millions)	Lev	/el 1	Le	vel 2	_Level	3	NA	<u>V(I)</u>		Total		
Cash Accounts receivable	\$	2 27 (59)	\$	0	\$	0 0 0	\$	0 0 0	\$	2 27 (59)		
Accounts payable Cash collateral		1		0		0		0 0		1 12		
STIFs Common stocks		12 44		0		0		0		44 3		
REITs Mutual funds		3 181		0 0		0		0		181		
Municipal bonds Government bonds		0 0		3 32		0 0		0 0		3 32		
Corporate bonds		0		39 9		0 0		0 0		39 9		
MBS CMOs		0		1		0		0		1		
Swaps Purchase options (swaptions)		0		2		0		0 0		2		
Written options (swaptions) Investments not utilizing the practical		0		(2)		0		0		(2)		
expedient Common and collective trusts ⁽¹⁾		211 0		85 0		0 0		0 270		296 270		
Mutual fund ⁽¹⁾ Total investments	\$	<u>0</u> 211	\$	0 85	\$	0	\$	<u>83</u> 353	\$	<u>83</u> 649		
i otar mycolmento	φ	211	¥	05	÷		Ψ	555	Ě.			

(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 following list details the pricing inputs and methodologies used to value the investments in the pension plan:

- Cash collateral is valued at cash posted due to its short-term nature.
- The STIF is valued at net asset value (NAV). The fund is an open-end investment, resulting in a readily-determinable fair value. 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. These factors make the STIF a level 1 asset.
- The primary pricing inputs in determining the fair value of the Common stocks and REITs are closing quoted prices in active markets.
- The primary pricing inputs in determining the level 1 mutual funds are the mutual funds' NAVs. The funds are registered open-ended mutual funds and the NAVs are validated with purchases and sales at NAV. Since the fair values are determined and published, they are considered readily-determinable fair values and therefore Level 1 assets.
- The primary pricing inputs in determining the fair value of Municipal bonds are benchmark yields, historical spreads, sector curves, rating updates, and prepayment schedules. The primary pricing inputs in determining the fair value of Government bonds are the U.S. treasury curve, CPI, and broker quotes, if available. The primary pricing inputs in determining the fair value of Corporate bonds are the U.S. treasury curve, base spreads, YTM, and benchmark quotes. ABS and CMOs are priced using to-be-announced (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.
- 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 primary pricing input in determining the fair value of the mutual fund utilizing the practical expedient is its NAV. It is an unregistered open-ended mutual fund. The fund holds primarily corporate bonds, debt securities and other similar instruments issued by U.S. and non-U.S. public- or private-sector entities. The fund may purchase or sell securities on a when-issued basis. These transactions are made conditionally because a security has not yet been issued in the market, although it is authorized. A commitment is made regarding these transactions to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. Since this mutual fund is a closed-end mutual fund and the prices are not published to an external source, it uses NAV as a practical expedient. There were no unfunded commitments as of December 31, 2017.

- The common collective trusts are private funds valued at NAV. The NAVs are calculated based on bid prices of the underlying securities. Since the prices are not published to external sources, NAV is used as a practical expedient. Certain funds invest primarily in equity securities of domestic and foreign issuers while others invest 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 redemption frequency of the funds ranges from daily to weekly and the redemption notice period ranges from 1 business day to 5 business days. There were no unfunded commitments as of December 31, 2017.
- Discounted notes are valued at amortized cost.
- Treasury bills are valued using benchmark yields, reported trades, broker dealer quotes, and benchmark securities.
- Futures are valued using futures data, cash rate data, swap rates, and cash flow analyses.

Additionally, the non-qualified SERP had \$17 million and \$41 million of assets as of December 31, 2017 and 2016, respectively. Since the plan is non-qualified, its assets are included in the "Deferred charges and other assets" line item in TEC's Consolidated Balance Sheets rather than being netted with the related liability. The non-qualified trust holds investments in a money market fund. The fund is an open-end investment, resulting in a readily-determinable fair value. 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. These factors make it a level 1 asset. The SERP was fully funded as of December 31, 2017 and 2016.

Other Postretirement Benefit Plan Assets

There are no assets associated with TECO Energy's Florida-based other postretirement benefits plan.

Contributions

The Pension Protection Act became effective January 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 December 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, HAFTA was signed into law, 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 Bipartisan Budget Act of 2015 was signed into law, which extended pension funding relief of MAP-21 and HAFTA through 2022.

The qualified pension plan's actuarial value of assets, including credit balance, was 118.1% of the Pension Protection Act funded target as of January 1, 2017 and is estimated at 117.9% of the Pension Protection Act funded target as of January 1, 2018.

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. TEC's contribution is first set equal to its service cost. If a contribution in excess of service cost for the year is made, TEC's portion is based on TEC's proportion of the TECO Energy unfunded liability. TECO Energy made contributions to this plan in 2017, 2016 and 2015, which met the minimum funding requirements for 2017, 2016 and 2015. TEC's portion of the contribution in 2017 was \$36 million and in 2016 was \$31 million. These amounts are reflected in the "Other" line on the Consolidated Statements of Cash Flows. TEC estimates its portion of the 2018 contribution to be \$37 million. TEC estimates its portion of annual contributions from 2019 to 2022 will range from \$6 million to \$17 million per year based on current assumptions. The amounts TECO Energy expects to make are in excess of the minimum funding required under ERISA guidelines.

TEC's portion of the contributions to the SERP in 2017, 2016 and 2015 were zero, zero and \$15 million, respectively. TEC's contribution in 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. The fully-funded amount is equal to the aggregate present value of all benefits then in pay status under the SERP plus the current value of benefits that would become payable under the SERP to current participants. Since the SERP is fully funded, TECO Energy does not expect to make significant contributions to this plan in 2018.

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 January 1, 1990 and June 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 2018, TEC expects to make a contribution of about \$10 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

	Other Postretirement Benefits		
		¢	12
\$		Э	
			12
	56		12
	59		12
	61		12
	323		61
		56 56 59 61	Pension BenefitsPostret Ben\$58\$\$56565656596161

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 January 1, 2017, the employer matching contributions increased from 70% to 75% with an additional incentive match of up to 25% of eligible participant contributions based on the achievement of certain operating company financial goals. During the period of January 2015 to December 2016, the employer matching contributions based on the achievement of certain operaticipant contributions with additional incentive match of up to 30% of eligible participant contributions based on the achievement of certain operating company financial goals. For the years ended December 31, 2017, 2016 and 2015, TEC's portion of expense totaled \$11 million, \$8 million and \$8 million, respectively, related to the matching contributions made to this plan.

6. Short-Term Debt

Credit Facilities

	December 31, 2017							December 31, 2016				
	Letters											ters
	Credit		Credit Borrowings		of Credit		Credit		Borrowings		of Credit	
(millions)	Facilities		Outstanding (1)		Outstanding		Facilities		Outstanding (1)		Outstanding	
5-year facility ⁽²⁾	\$	325	\$	5	\$	1	\$	325	\$	40	\$	1
3-year accounts receivable facility ⁽³⁾		150		0		0		150		130		0
1-year term facility ⁽⁴⁾		300		300		0		0		0		0
Total	\$	775	\$	305	\$	1	\$	475	\$	170	\$	1

(1) Borrowings outstanding are reported as notes payable.

(2) This 5-year facility matures March 22, 2022.

(3) This 3-year facility matures March 23, 2018.

(4) This 1-year facility matures on November 1, 2018.

At December 31, 2017, these credit facilities required commitment fees ranging from 12.5 to 30.0 basis points. The weightedaverage interest rate on borrowings outstanding under the credit facilities at December 31, 2017 and 2016 was 2.07% and 1.49%, respectively.

Tampa Electric Company Credit Agreement

On November 2, 2017, TEC entered into a 364-day, \$300 million credit agreement with a consortium of banks. The credit agreement has a maturity date of November 1, 2018; contains customary representations and

warranties, events of default, and financial and other covenants; and provides for interest to accrue at variable rates based on either the London interbank deposit rate, Wells Fargo Bank's prime rate, or the federal funds rate, plus a margin.

Tampa Electric Company Accounts Receivable Facility

On March 24, 2015, TEC amended its \$150 million accounts receivable collateralized borrowing facility in order to appoint a new program agent; add new lenders; and extend the scheduled termination date to March 23, 2018, by entering into (a) an Amended and Restated Purchase and Contribution Agreement and (b) a Loan and Servicing Agreement, among TEC, certain lenders and the program agent (the Loan Agreement). TEC will pay program and liquidity fees, which total 65 basis points as of December 31, 2017. 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 either the BTMU's prime rate, the federal funds rate, or the London interbank deposit rate, plus a margin. In the case of default, as defined under the terms of the Loan Agreement, TEC has pledged as collateral a pool of receivables equal to the borrowings outstanding. TEC continues to service, administer and collect the pledged receivables, which are classified as receivables on the balance sheet. As of December 31, 2017, TEC was in compliance with the requirements of the Loan Agreement.

Amendment of Tampa Electric Company Credit Facility

On March 22, 2017, TEC amended its \$325 million bank credit facility, entering into a Fifth Amended and Restated Credit Agreement. The amendment extended the maturity date of the credit facility from December 17, 2018 to March 22, 2022 (subject to further extension with the consent of each lender); provides for an interest rate based on either the London interbank deposit rate, Wells Fargo Bank's prime rate, or the federal funds rate, plus a margin; 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; continues to allow TEC to request the lenders to increase their commitments under the credit facility by up to \$175 million in the aggregate; includes a \$50 million letter of credit facility; and made 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). Until November 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 November 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.

Purchase in Lieu of Redemption of Revenue Refunding Bonds

At December 31, 2017 and 2016, \$233 million of tax-exempt bonds purchased in lieu of redemption were held by the trustee at the direction of Tampa Electric to provide an opportunity to evaluate refinancing alternatives including \$20 million variable-rate bonds due 2020, \$52 million term-rate refunding bonds due 2025, \$75 million term-rate bonds due 2030, and \$86 million term-rate refunding bonds due 2034.

8. Merger with Emera

As disclosed in Note 1, TEC is a wholly owned subsidiary of TECO Energy. On July 1, 2016, TECO Energy and Emera completed the Merger contemplated by the Merger Agreement entered into on September 4, 2015. Therefore, TEC continues to be a wholly owned subsidiary of TECO Energy and became an indirect wholly owned subsidiary of Emera as of July 1, 2016.

Pursuant to the Merger Agreement, upon the closing of the Merger, each issued and outstanding share of TECO Energy common stock was cancelled and converted automatically into the right to receive \$27.55 in cash, without interest. This represents an aggregate purchase price of approximately \$10.7 billion including Emera's purchase price allocation for debt of approximately \$4.2 billion (of which TEC's portion of debt was \$2.3 billion).

The Merger Agreement requires Emera, among other things, (i) to maintain TECO Energy's historic levels of community involvement and charitable contributions and support in TECO Energy's existing service territories, (ii) to maintain TECO Energy's and TEC's headquarters in Tampa, Florida, (iii) to honor current union contracts in accordance with their terms and (iv) to provide each continuing non-union employee, for a period of two years following the closing of the Merger, with a base salary or wage rate no less favorable than, and incentive compensation and employee benefits, respectively, substantially comparable in the aggregate to those that they received as of immediately prior to the closing.

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 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.

Tampa Electric Legal Proceeding

As a result of a tragic industrial accident at Big Bend Power Station on June 29, 2017, five workers (including one Tampa Electric employee and four contract workers) were killed and one other worker sustained serious injuries. Tampa Electric believes that any costs associated with the damages, injuries, fatalities and other losses related to the incident are substantially covered by insurance. Tampa Electric recorded any accruals for all material insured and non-insured costs and related insurance recoveries resulting from the incident.

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 MGP sites. While the joint and several liability associated with these sites presents the potential for significant response costs, as of December 31, 2017, TEC has estimated its ultimate financial liability to be \$30 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 are expected to be paid over many years.

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. See Note 3 for information regarding an agreement approved by the FPSC to accelerate the amortization of the regulated asset associated with this liability.

Long-Term Commitments

TEC has commitments for purchased power and long-term leases, primarily for land, 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 December 31, 2017, 2016 and 2015, totaled \$2 million, \$2 million and \$4 million, respectively. TEC also has other purchase obligations for long-term service agreements and capital projects. In addition, TEC has payment obligations under contractual agreements for fuel, fuel transportation and power purchases that are recovered from customers under regulatory clauses. The following is a schedule of future payments under PPAs, minimum lease payments with non-cancelable lease terms in excess of one year, and other net purchase obligations/commitments at December 31, 2017:

(millions) Year ended December 31:		rchased Power	0	Dperating Leases	Agreem	erm Service pents/Capital rojects		e Recoverable mmitments	Total	
2018	\$	10	\$	2	\$	303	\$	444	\$	759
2019		0		2		74	Ψ		φ	
2020		Ő		2		/4		230		306
2021		U		2		7		177		186
		0		2		7		147		156
2022		0		2		7		141		150
Thereafter		0		36		18				
Total future minimum payments	¢		e					1,029		1,083
i otar ruture minimum payments	2	10	\$	46	<u>\$</u>	416	\$	2,168	\$	2,640

Financial Covenants

TEC must meet certain financial tests, including a debt to capital ratio, as defined in the applicable banking agreements. TEC has certain restrictive covenants in specific agreements and debt instruments. At December 31, 2017, 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)	2	017	2016	2015
Natural gas sales to/(from) affiliates	\$	(4)	\$ 0	\$ 1
Services received from affiliates		67	66	69
Dividends to TECO Energy		292	289	268
Equity contributions from TECO Energy		190	150	175

Services received from affiliates primarily include shared services provided to TEC from TSI, TECO Energy's centralized services company subsidiary, beginning on January 1, 2015. Through TSI, TECO Energy provided TEC with specialized services at cost, including information technology, procurement, human resources, legal, risk management, financial, and administrative services. TSI's costs are directly charged or allocated to TEC based on cost-causative allocation methods or the Modified Massachusetts Formula.

Amounts due from or to affiliates at December 31,

(millions)		 	2017	2016
Accounts receivable (1)			\$ 2	\$ 7
Accounts payable (1)			.19	18
Taxes receivable (2)	and the second		3	0
Taxes payable ⁽²⁾		· · · · · · · ·	2	7

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

(2) Taxes receivable were due from EUSHI and taxes payable were due to EUSHI. See Note 4 for additional information.

11. Segment Information

Segments are determined based on how management evaluates, measures and makes decisions with respect to the operations of the entity. Management reports segments based on each segment's contribution of revenues, net income and total assets as required by the accounting guidance for disclosures about segments of an enterprise and related information. All significant intercompany transactions are eliminated in the Consolidated Financial Statements of TEC, but are included in determining reportable segments.

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 approximately 750,000 customers in West Central Florida. Its PGS division is engaged in the purchase, distribution and marketing of natural gas for approximately 375,000 residential, commercial, industrial and electric power generation customers in the State of Florida.

		Гатра		200			TEC
(millions)	E	Electric		PGS	EIn	minations	IEC
2017	•	0.050	¢	418	\$	0 \$	2,470
Revenues - external	\$	2,052	\$	418 20	Ф	(22)	2,470
Sales to affiliates		2				(22)	2,470
Total revenues		2,054		438		0	350
Depreciation and amortization		300		50		0	119
Total interest charges		104		15		0	197
Provision for income taxes		171		26		0	316
Net income		273		43		(555) ⁽¹⁾	8,364
Total assets		7,635		1,284		0	640
Capital expenditures	1	518		122		<u> </u>	
2016	•	1.0(4	¢	432	\$	0\$	2,396
Revenues - external	\$	1,964	\$	432 7	Φ	(8)	_,0
Sales to affiliates		1 0/5		439		(8)	2,396
Total revenues		1,965		4 <i>39</i> 60		0	328
Depreciation and amortization		268		15		0	106
Total interest charges		91 120		22		0	152
Provision for income taxes		130 251		35		0	286
Net income				1,191		(465)(1)	8,083
Total assets		7,357		133		0	727
Capital expenditures		594		100			
2015	\$	2,018	\$	401	\$	0 \$	2,419
Revenues - external	Ф	2,010	Ψ	6		(6)	0
Sales to affiliates		2,018		407		(6)	2,419
Total revenues		2,010		57		0	313
Depreciation and amortization		250 95		15		0	110
Total interest charges		144		22		0	166
Provision for income taxes		241		35		0	276
Net income		7,004		1,136		(431)(1)	7,709
Total assets		593		94		0	687
Capital expenditures							1 4 4 4 4

Amounts relate to consolidated deferred tax reclassifications. Deferred tax assets are reclassified and netted with deferred tax (1)

liabilities upon consolidation.

12. Other Comprehensive Income

TEC reported the following OCI related to the amortization of prior settled amounts and changes in the fair value of cash flow hedges:

Other Comprehensive Income

(millions) 2017	Gross	Tax	Net
Unrealized gain on cash flow hedges Reclassification from AOCI to net income	\$ 0	\$0	\$0
Gain on cash flow hedges Total other comprehensive income	1	0 0	1
2016	<u>\$1</u>	\$0	\$ <u>1</u>
Unrealized gain on cash flow hedges Reclassification from AOCI to net income Gain on cash flow hedges	\$ 0 1	\$ 0 0 0	\$ 0 1
Total other comprehensive income 2015	<u>\$1</u>	\$0	<u>\$ 1</u>
Unrealized gain on cash flow hedges Reclassification from AOCI to net income	\$ 4 2	\$ (1) (1)	\$ 3 1
Gain on cash flow hedges Total other comprehensive income	6 \$ 6	(2) (2) (2)	4 \$4
Accumulated Other Comprehensive Loss			
(millions) As of December 31, Net unrealized losses from cash flow hedges ⁽¹⁾	<u>\$</u>	<u>2017</u> (2) \$	<u>2016</u> (3)
Total accumulated other comprehensive loss	\$	(2) \$	(3)

(1) Net of tax benefit of \$1 million and \$2 million as of December 31, 2017 and 2016, respectively.

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 customers.

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.

In November 2016, Tampa Electric and the other major electric IOUs in Florida signed a stipulation agreement approved by the FPSC calling for a one-year moratorium on hedging of natural gas purchases. In September 2017, Tampa Electric filed with the FPSC an amended and restated settlement agreement, which replaces the existing 2013 base rate settlement agreement and includes a provision for a five-year moratorium on hedging of natural gas purchases ending on December 31, 2022. The FPSC approved the agreement on November 6, 2017 (see Note 3).

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 December 31, 2016, all of TEC's physical contracts qualify for the NPNS exception, which has been elected.

The derivatives that are designated as cash flow hedges at December 31, 2017 and 2016 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 zero and \$17 million derivative assets as of December 31, 2017 and 2016, respectively. There were \$1 million and zero derivative liabilities as of December 31, 2017 and 2016, respectively. There are minor offset amount differences between the gross derivative assets and liabilities and the net amounts included in the Consolidated Balance Sheets. There was no collateral posted with or received from any counterparties at December 31, 2017 and 2016.

All of the derivative asset and liabilities at December 31, 2017 and 2016 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 December 31, 2017, net pre-tax reductions of \$1 million are expected to be reclassified from regulatory assets or liabilities to the Consolidated Statements of Income within the next twelve months.

The December 31, 2017 and 2016 balance in AOCI related to the cash flow hedges and interest rate swaps (unsettled and previously settled) is presented in Note 12.

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 December 31, 2017, 2016 and 2015, 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 December 31, 2017, 2016 and 2015 is presented in Note 12. 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 November 30, 2018 for financial natural gas contracts. The following table presents TEC's derivative volumes that, as of December 31, 2017, are expected to settle during the 2018 fiscal year:

					Natural	Gas Contracts
(millions)					(M	MBTUs)
Year					Physical	Financial
2018	•	1. A. M.			C	7

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 December 31, 2017, 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 a basis for considering assumptions that market participants would use in pricing an asset or liability, 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.

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 December 31, 2017 and 2016.

Recurring Derivative Fair Value Measures

					As o	f Decen	nber :	31, 2017				
(millions)			Level 1		Level	2		Level 3			Total	
<u>Liabilities</u> Natural gas swaps	:	\$	0	:	6	1	\$		0	\$		1
		•			As o	f Decen	nber .	31, 2016				
(millions)			Level 1		Level	2		Level 3		· · ·	Total	
<u>Assets</u> Natural gas swaps		\$	0		6	17	\$		0	\$		17

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 December 31, 2017 and 2016, the fair value of derivatives was not materially affected by nonperformance risk. There were no Level 3 assets or liabilities for the periods presented.

As of December 31, 2017 and 2016, the fair value of TEC's short-term debt was not materially different from the carrying value due to the short-term nature of the instruments and because the stated rates approximate market rates. The fair value of TEC's short-term debt is determined using Level 2 measurements.

See Notes 5 and Consolidated Statements of Capitalization for information regarding the fair value of the pension plan investments and long-term debt, respectively.

15. Variable Interest Entities

A VIE is an entity that a company has a controlling financial interest in, and that controlling interest is determined through means other than a majority voting interest. 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 or the right to receive benefits from the entity that could potentially be significant to the VIE.

Tampa Electric 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 121 MW to 250 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. Tampa Electric 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. As a result, Tampa Electric is not the primary beneficiary and is not required to consolidate any of these entities. Tampa Electric purchased \$16 million, \$62 million and \$34 million, under these PPAs for the three years ended December 31, 2017, 2016 and 2015, 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. Excluding the payments for energy under these contracts, TEC's involvement with these VIEs does not affect its Consolidated Balance Sheets, Statements of Income or Cash Flows.

16. Asset Retirement Obligations

TEC accounts for AROs at fair value at inception of the obligation if there is a legal obligation under applicable law, 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 ARO estimates are reviewed quarterly. Any updates are revalued 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.

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:

				December 31	
(millions)	100 C		2017	7	2016
Beginning balance			\$	45 \$	6
Additional liabilities (1)				I	36
Liabilities settled				(1)	0
Revisions to estimated cash flows				0	3
Other ⁽²⁾				2	0
Ending balance			\$	47 \$	45

(1) Tampa Electric produces ash and other by-products, collectively known as CCRs, at its Big Bend and Polk power stations. The increase in the ARO in 2016 is to achieve compliance with the EPA's CCR rule, which contains design and operating standards for CCR management units. In 2016, the FPSC approved Tampa Electric's proposed CCR compliance program for

cost recovery through the ECRC. However, additional petitions will be submitted for recovery of future project expense based on engineering studies currently being performed.

(2) Includes accretion recorded as a deferred regulatory asset.

17. Stock-Based Compensation

Performance Share Unit Plan

Emera has a performance share unit (PSU) plan, and TEC employees started participating in the plan in 2017. The PSU liability is marked-to-market at the end of each period based on the common share price in CAD at the end of the period. Emera common shares are traded on the Toronto Stock Exchange under the symbol EMA.

Under the PSU plan, executive and senior employees are eligible for long-term incentives payable through the PSU plan. PSUs are granted annually for three-year overlapping performance cycles. PSUs are granted based on the average of Emera's stock closing price for the fifty trading days prior to a given calculation date. Dividend equivalents are awarded and are used to purchase additional PSUs, also referred to as the Dividend Reinvestment Plan (DRIP). The PSU value varies according to the Emera common share market price and corporate performance.

PSUs vest at the end of the three-year cycle and will be calculated and approved by the Emera Management Resources and Compensation Committee early in the following year. The value of the payout considers actual service over the performance cycle and will be pro-rated in the case of retirement, disability or death.

A summary of the activity related to TEC employee PSUs for the year ended December 31, 2017 is presented in the following table:

	Number of Units (Thousands)	Weighted Average Grant Date Fair Value (Per Unit)	 Aggregate Intrinsic Value (Millions)
Outstanding as of December 31, 2016	0	\$ 0	\$ 0
Granted including DRIP	144	45.40	6
Exercised	(5)	30.57	0
Forfeited	(17)	45.41	(1)
Transferred	11	38.51	1
Outstanding as of December 31, 2017	133	\$ 45.11	\$ 6

Compensation cost recognized for the PSU plan for the year ended December 31, 2017 was \$2 million. Tax benefits related to this compensation cost for share units realized for the year ended December 31, 2017 were \$1 million. As of December 31, 2017, there was \$4 million of unrecognized compensation cost related to non-vested PSUs that is expected to be recognized over a weighted-average period of two years.

18. Difference between Uniform System of Accounts and GAAP

In accordance with the PSC/AFD 020-G page 11 instructions, these notes are a replica of those included in the Company's published annual reports which may include reclassifications not made for PSC/AFD 020-G reporting purposes. These financial statements are prepared in accordance with the accounting requirements as set forth in the applicable FERC Uniform System of Accounts for Natural Gas Companies 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 plant leased to others under capital leases,
- 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 the FERC Uniform System of Accounts for Natural Gas Companies, except for the application of ASC 740-10-25 Accounting for Uncertainty in Income Taxes.

For the Year Ended

Name of Respondent

Dec. 31, 2017

Peoples Gas System

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

Line	Item	Total	Gas
No.	(a)	(b)	(c)
1	UTILITY PLANT		
2	In Service		
3	101 Plant in Service (Classified)	1,454,809,795	1,454,809,795
4	101.1 Property Under Capital Leases		-
5	102 Plant Purchased or Sold	· _	-
6	106 Completed Construction not Classified	146,308,566	146,308,566
7	103 Experimental Plant Unclassified	-	-
8	104 Leased to Others	12,033,286	12,033,286
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)	1,620,123,096	1,620,123,096
12	107 Construction Work in Progress	22,182,235	22,182,235
13	Accum. Provision for Depreciation, Amortization, & Depletion	719,063,088	719,063,088
14	Net Utility Plant (Total of lines 11 plus 12	923,242,243	923,242,243
	less line 13)		
15	DETAIL OF ACCUMULATED PROVISIONS FOR		
	DEPRECIATION, AMORTIZATION AND DEPLETION		
16	In Service:		
17	108 Depreciation	713,614,938	713,614,938
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)	713,614,938	713,614,938
22	Leased to Others		
23	108 Depreciation	888,957	888,957
24	111 Amortization and Depletion	-	
25	TOTAL Leased to Others (Total of lines 23 and 24)	888,957	888,957
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)	•	<u> </u>
31	115 Amortization of Plant Acquisition Adjustment	4,559,192	4,559,192
32	TOTAL Accum. Provisions (Should agree with line 14 above)		
	(Total of lines 21, 25, 29, 30, and 31)	719,063,088	719,063,088
L	Pogo 12		l

•	y: Peoples Gas System							P	age 1 of 2
Acct.	Year Ended December 31, 2017 Account	Depr.	Beginning						Ending Balance*
No.	Description	Rate	Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Balance
mortiza	able General Plant Assets:								40.00
30100	Organization	0	12,620	-	-	-	-	-	12,62
30200		4	-	-	-	-	-	-	815,3
30300		0	815,325	-	-	• •	-	-	26,943,0
30301		6.7	26,658,297	404,638	(119,866)	-	-	-	6,235,3
37402		1.3	3,801,988	2,433,319	-	-	-	-	134,1
39002	• • • • • •	2.5	134,160		-				34,140,4
	Subtotal		31,422,390	2,837,957	(119,866)	-	-		34, 140,4
	ble Assets:	1 0 1	14,119,349	1,422,968	(2,196)	1		!	15,540,1
	Land Distribution Structures & Improvements	2.5	22.099.196	844,183	(19,345)			-	22,924,0
37500 37600		2.5	411,104,075	26,406,205	(2,476,063)	_	-	-	435,034,2
37600		2.4	435,401,138	33,167,844	(2,232,796)	(229,519)	-	-	466,106,
378002	Mean & Reg Station Eqp Gen	3.3	15.025.163	1,353,247	(399,642)	(220,010)	-	-	15,978,7
37900		3.3	40,651,278	9,913,197	(58,098)	-	-	-	50,506,3
38000		3.7	48,875,414	2,568,227	(381,692)	-	-	-	51,061,9
38002		3.3	267,724,116	27.599.057	(604,050)	-	-	-	294,719,1
38100		5.9	65,602,367	5.099.075	(5,379,721)	-	-	-	65,321,
38200		4.5	52,470,256	3,366,335	(174,265)	-	-	-	55,662,
38300		3.6	15,136,254	698.935	(81,929)	-	-	-	15,753,
38400		4.4	20,984,728	1,101,245	(48,988)	-	-	-	22,036,
38500		3.1	9,636,187	354	(244)	-	-	-	9,636,
38700		6.3	6,446,798	1,194,981	(8,048)	-	- 1	-	7,633,
39000		2.5	28,184	-	-	-	- 1		28,
39100		6.7	1,725,995	94,807	(148,249)	-	-	-	1,672,
39101		12.3	4,241,703	7,846	(1,052,914)	-	- 1	-	3,196,
39102		6.7	867,112	477,137	(14,760)	-	- 1	-	1,329,
39201		11.4	8,489,032	689,502	(440,796)	-	-	1 - 1	8,737,
39202		13	7,141,456	1,159,540	(705,208)	-	-	-	7,595,
39204		4	1,161,161	93,016	(6,854)	-	-	-	1,247, 1,925,
39205	Vehicles over 1 Ton	7.5	1,825,151	100,005	-	-	- 1		
39300	Stores Equipment	3.9	1,283	-	· -	-	-	-	1,
39400		6.7	6,388,355	259,376	(104,357)		-		6,551,
39401		5	16,914	11,989	-	(7,721)	-	-	21,
39500		5	-	-	-	-	-	-	0 700
39600	Power Operated Equipment	6.3	2,835,371	88,106	(154,272)	- 1	-	-	2,769
39700	Communication Equipment	8.2	3,571,471	150,684	(14,713)		-	-	3,707
39800	Miscellaneous Equipment	6	410,528	(3,294)	(127,996)	- 1	-	-	279
39900	Other Tangible Property	. 0	-	-	-	-	-		

Compa	Annual Status Report alysis of Plant in Service Accounts ny: Peoples Gas System								
000000000000000	Year Ended December 31, 2017							~~~~~	Page 2 of 2
Acct. No.	Description	Depr. Rate	Beginning Balance*	Additions	Retirements	Reclass.	Adjustments	Transfers	Ending Balance*
(Contin	ued)								
1									
1.1	•								
ľ									
• · ·									
1									
1. 1. 1.									
1.1	· · · · · · · · · · · · · · · · · · ·								
Capital	Recovery Schedules:								
Total Ac	ccount 101 and 106*		1,495,402,422	120,702,523	(14,757,065)	(229,519)			1,601,118,361
			1,400,402,422	120,702,020	(14,707,000)	(220,010)			1,001110100
	Lease to Others	0.0	12,033,286	-	-	-	-	-	12,033,286
10500		0.0	1,939,552	(229,519)	-	229,519	-	-	1,939,552
11400		3.0	5,031,897	-	··	-			5,031,897
Total 114	Subtotal		19,004,735	(229,519)	(14 757 065)	229,519	·	<u> </u>	19,004,73
Total Ut	ility Plant **		1,514,407,157	120,473,004	(14,757,065)	-	-		1,020,123,090

Note: * The total of ending balances must agree to acct. 101,106, 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, 2017

Acct. Account	Beginning	Depreciation	1	Cost of					Page 1 of 2 Ending
No. Description	Balance*	Accruals	Retirements	Removal	Salvage	Reclass.	Adjustments	Transfers	Balance*
mortizable General Plant Assets:									
30100 Organization	O O	-	-	-	-	-	_	_	
30200 Franchise & Consents	0	-	(-	-	-		-	
30300 Misc Intangible Plant	700,615	32,613	-	-	-			-	700 0
30301 Custom Intangible Plant	9,482,676	1,783,374	(119,866)	-	-	-		-	733,2
37402 Land Rights	631,762	72,915	-	-	-	_		-	11,146,1
39002 Structures & Improve Leases	13,331	3,354	-	-	-	· _		-	704,6
Subtotal 108 - 404 *	10,828,385	1,892,256	(119,866)	-	-				16,6
									12,000,7
ems necessary to reconcile the total an	nortization accrual	amount to Acct. 404	4.3, Amortization Ex	pense, shown on Lin	e 7, Page 8.				
epreciable Assets:									
37400 Land Distribution	-	-	(2,196)	(13,268)	-	-	-	-	(15,4
37500 Structures & Improvements	4,878,745	563,544	(19,345)	(1,127)	-	-		_	5,421,8
37600 Mains Steel	187,892,635	9,283,935	(2,476,063)	(2,896,000)	17,636			1,626,119	193,448,2
37602 Mains Plastic	164,166,792	10,744,540	(2,232,796)	(713,916)	20,285		-	15,656,532	187,641,4
37800 Meas & Reg Station Eqp Gen	3,134,694	509,617	(399,642)	(447,220)	-	- }	-	10,000,002	2,797,4
37900 Meas & Reg Station Eqp City	7,670,362	1,429,977	(58,098)	(12,113)	-	-	-	-	
38000 Services Steel	57,924,202	1,843,589	(381,692)	(1,346,846)	(668)	-	-	(18,681,052)	9,030,1 39,357,5
38002 Services Plastic	158,419,522	9,261,474	(604,050)	(804,334)	7,355	-	-	1,398,401	167 670 /
38100 Meters	22,035,909	3,812,407	(5,379,721)	(15,201)	12,329	-	-	1,000,401	167,678,3
38200 Meter Installations	27,308,863	2,423,126	(174,265)	(118,799)	-	- 1	-		20,465,7
38300 House Regulators	6,381,588	556,518	(81,929)	-	-	-	-	-	29,438,9
38400 House Regulator Installs	10,671,559	947,834	(48,988)	(119,932)	-	-	-	-	6,856,1
38500 Meas & Reg Station Eqp Ind	5,649,616	298,726	(244)	(51)	-	-	.		11,450,4
38700 Other Equipment	2,521,376	432,295	(8,048)	- 1	-	-	.	-	5,948,0
39000 Structures & Improvements	11,388	705	- 1	-	-	-	-	-	2,945,6
39100 Office Furniture	943,979	111,189	(148,249)	-	-	-	-		12,0
39101 Computer Equipment	3,139,470	424,447	(1,052,914)	-	-	-	-	-	906,9
39102 Office Equipment	383,791	84,220	(14,760)	14	250	-			2,511,0
39201 Vehicles up to 1/2 Tons	3,386,327	987,579	(440,796)	9,236	40.802	- 1			453,5
39202 Vehicles from 1/2 - 1 Tons	3,268,818	945,748	(705,208)	14,172	123,015	-		-	3,983,1
39204 Trailers & Other	254,843	46,507	(6,854)		4,675	· -		-	3,646,5
39205 Vehicles over 1 Ton	743,800	143,762		-	.,	-		-	299,1
39300 Stores Equipment	230	50		-			-	-	887,5
39400 Tools, Shop & Garage Equip	1,728,214	499,737	(104,357)		2,000	(107,201)		-	2
39400 Tools, Shop & Galage Equip	(16,156)	959	(10-1,001)		2,000	(107,201)	-	-	2,018,3
39500 Laboratory Equipment	(10,100)	303				-	-	-	(15,1
39600 Power Operated Equipment	1,373,623	177,554	(154,272)		27,462	-	-	-	
39700 Communication Equipment	1,977,496	292,116	(14,713)	-	21,402	-	-	-	1,424,3
20800 Missellaneous Equipment	276,253	18,715	(127,996)	-	-	-	-	-	2,254,89
39800 Miscellaneous Equipment 39900 Other Tangible Property	210,255	10,715	(127,390)	-	-	-		-	166,97
		-	-	-	-	-	- 1	- 1	

Acct.	Account	Beginning	Depreciation		Cost of	1			1 	Page 2 of 2 Ending
No. Continu	Description	Balance*	Accruals	Retirements	Removal	Salvage	Reclass.	Adjustments	Transfers	Balance*
, on the						ļ				
]				
		1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -								
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		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1								
	and the second second	·								
			-	-	-	-	•	-	-	-
apital	Recovery Schedules:									
	Subtotal 108-403 * acessary to reconcile the total de	686,956,323	47,733,128	(14,757,065)	(6,465,386)	255,140	(107,201)		-	713,614,938
ems ne	cessary to reconcile the total de	preciation and amo	rtization accruar an	IDUITE TO ACCE 403,	Depreciation Expense	e, snown on i	Line 6, Page	8		
10400	Lease to Others	251,846	529,910	-	-	_	107,201			000.05
	Property Held for Future Use	-	-	-	-	-	-	_	-	888,957
	Acquisition Adjustment	4,410,046	149,146	-	-	-	-	-	-	4,559,192
	Subtotal	4,661,892	679,056	-	-	-	107,201	-		5,448,149
	cumulated Reserve**	691,618,215	48,412,184	(14,757,065)	(6,465,386)	255,140	-		-	719,063,088

For the Year Ended

Dec. 31, 2017

Peoples Gas System

CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)

 Report below descriptions and balances at end of year of projects in process of construction (107).
 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

	projecte last, ander a capiton Research,	grouped	
		Construction Work	Estimated
	Description of Project	in Progress-Gas	Additional
Line		(Account 107)	Cost of Project
No.	(a)	(b)	(c)
	Cast Iron/Bare Steel Main Replacements	729,116	1,390,287
	Bare Steel Repl - I275 & 66th St - St Petersburg	777,087	340,000
	Cathodic Protection	336,371	· -
	Distribution System Improvements	1,701,460	1,124,784
	Improvements to Property	47,234	-
6	Gas Main Replacements	1,767,735	2,345,282
7	Main Replacement - Orient Road - Tampa	860,084	40,443
8	Main Repl - Sandlake & International - Orlando	540,770	417,000
9	Measuring & Regulating Station & Equipment	559,197	3,252,149
10	JEA Northside Metering Station Rebuild - Jax	1,487,456	11,000
11	Miami Main Gate Rebuild	843,170	241,000
12	Wildwood Sabal Trail Gate Station	801,757	5,000
13	Orlando Main Gate Rebuild	648,434	115,600
14	Miscellaneous - Non Revenue Projects	84,706	-
15	TOTAL (Continued on 17b)	11,184,577	9,282,545

	CONSTRUCTIO	N OVERHEADS-GAS			
	t in column (a) the kinds of overheads according to	and the amounts of engineering, supervision, and			
the tit	les used by the respondent. Charges for outside	administrative costs, et	c. which are directly		
profes	ssional services for engineering fees and manage-	charged to construction	l.		
ment	or supervision fees capitalized should be shown	Enter on this page er	ngineering, supervision,		
as se	parate items.	administrative,, and allo	owance for funds used during		
2. A r	espondent should not report "none" to this page if	construction, etc. which	are first assigned to a		
no ov	erhead apportionments are made, but rather should	blanket work order and	then prorated to construction		
explai	in the accounting procedures employed	jobs.	-		
	· · ·		Total Cost of Construction		
		Total Amount	to Which Overheads Were		
Line	Description of Overhead	Charged	Charged (Exclusive of		
No.		for the Year Overhead Charge			
	(a)	(b)			
1	<u>(a)</u>	(b)			
1 2	<u>(a)</u>	(b)			
3	<u>(a)</u>	(b)			
3		(b)			
3 4 5	(a) See Page 17b	(b)			
3 4 5 6		(b)			
3 4 5		(b)			
3 4 5 6 7 8		(b)			
3 4 5 6 7		(b)			
3 4 5 6 7 8		(b)			
3 4 5 6 7 8 9		(b)			

Name of Respondent For the Year Ended Peoples Gas System Dec. 31, 2017 **CONSTRUCTION WORK IN PROGRESS-GAS (Account 107)** 1. Report below descriptions and balances at end Development, and Demonstration (see Account 107 of year of projects in process of construction (107). of the Uniform System of Accounts). 2. Show items relating to "research, development, and 3. Minor projects (less than \$500,000) may be demonstration" projects last, under a caption Research, grouped. **Construction Work** Estimated Description of Project in Progress-Gas Additional Line (Account 107) Cost of Project No. (a) (b) (c) 1 Governmental/Municipal Improvements 1,354,876 1,799,489 2 Sandlake Rd SR 482 Main Replacement 678,529 3 New Revenue Gas Main Extensions 4,061,480 6,555,018 4 Wildwood Expansion - 8" Steel - Ocala 742,931 991.500 5 Office Equipment - Software 303,308 2,934,106 6 Power Operated Equipment 14,456 Problematic Plastic Pipe Replacements 7 200,414 372,175 8 Williamsburg Subdivision - Orlando 2,407,161 2,370,000 9 Service Lines 136,008 10 Testing and Measuring Equipment 15,071 350,000 11 Tools and Shop Equipment 291,228 504,370 12 Transportation Vehicles 792,196 315,250 13 14 15 TOTAL (including pg 17) 22,182,235 25,474,453

	CONSTRUCTION	N OVERHEADS-GAS	
	in column (a) the kinds of overheads according to	and the amounts of eng	ineering, supervision, and
	es used by the respondent. Charges for outside	administrative costs, etc	. which are directly
	sional services for engineering fees and manage-	charged to construction.	
ment	or supervision fees capitalized should be shown	Enter on this page en	gineering, supervision,
as se	parate items.	administrative,, and allow	wance for funds used during
	espondent should not report "none" to this page if	construction, etc. which	
	erhead apportionments are made, but rather should	blanket work order and t	then prorated to construction
explai	n the accounting procedures employed	jobs.	
			Total Cost of Construction
		Total Amount	to Which Overheads Were
Line	Description of Overhead	Charged	Charged (Exclusive of
No.		for the Year	Overhead Charges)
	(a)	(b)	(c)
	Supervision and Management		
	(These costs are allocated to WIP as outlined		
3	in instruction 3 above)	7,390,053	111,280,705
4			
5	Corporate G&A	5,000,399	118,670,758
6			
7	4		
.8			
9			
10			
11	ΤΟΤΑΙ	· · · · · · · · · · · · · · · · · · ·	
12	TOTAL		

Nome	of Doppendent					
Iname	of Respondent	For the Year Ended				
Peopl	Peoples Gas System					
	PREPAYMENTS (Account 165)					
1. Re	eport below the particulars (details) on each prepayment.					
		Balance at End of				
Line	Nature of Prepayment	Year (In Dollars)				
No.	(a)	(b)				
1	Prepaid Insurance	879,740				
2	Line of Credit	303,586				
3	Health Savings Account (H.S.A.)	189,500				
4	Software/Technology Maint.	174,026				
5						
6						
7						
8	TOTAL	1,546,852				

	EXTRAORDI	NARY PROPE	RTY LOSSES (Account 18	2.1)	
	Description of Extraordinary Loss				ITEN OFF	
	[Include in the description the date of loss, the date of Commission authoriza- tion to use Account 182.1 and period of	Total Amount of Loss	Losses Recognized During Year	Account Charged	Amount	Balance at End of Year
Line No.	amortization (mo, yr, to mo, yr).] (a)	(b)	(c)	(d)	(e)	(f)
1 2	n/a		(7			
4 5	iva		5			
6 7 8						
9 10	TOTAL					

	UNRECOVERED P	LANT AND RE	GULATORY ST	UDY COST	S (182.2)	
	Description of Unrecovered Plant and Regulatory Study Costs	Total		WRIT	TEN OFF NG YEAR	
Line	[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).]	Amount of Charges	Costs Recognized During Year	Account Charged	Amount (e)	Balance at End of Year (f)
No.	(a)	(b)	(C)	(d)	(e)	
1 2						
3 4	n/a					
5 6						
7		· · · ·				
9 10						
11 12						
13	TOTAL					

Peoples Gas System

For the Year Ended

Dec. 31, 2017

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

includi	ble in other amounts).					
				C	redits	
		Balance		•		
	Description and Purpose of	Beginning		Account	1	Balance
Line	Other Regulatory Assets	of Year	Debits	Charged	Amounts	End of Year
No.	(a)	(b)	(c)	(d)	(e)	(f)
1	Cast Iron Bare Steel Replacement Rider		1,045,073	407	14,521	1,030,552
2	bast non bare oteen teplacement much		.,		ŀ	
	Competitive Rate Adjustment	2,726,753	3,215,438	142/4XX	3,056,713	2,885,478
	Competitive Rate Adjustment	2,120,100	0,210,100		-,,	
4	FAS 158 - Current portion	1,086,987	_	242	-	1,086,987
	rAS 156 - Current portion	1,000,907	-	276		1,000,001
6			40 672 205	245	40,492,330	181,065
7	Current Derivative Asset - Regulatory	-	40,673,395	245	40,492,550	101,000
8		100.017	0 007 504	107	200 700	2 409 429
9	Energy Conservation (ECCR)	189,617	2,637,591	407	328,780	2,498,428
10						
11	FAS 158 - Non-current portion	27,242,785	7,325,140	228	9,369,050	25,198,875
12						
13	Environmental MGP - Current	5,386,295	3,621,733	232/407	6,365,001	2,643,027
14						
15	Environmental Liability	31,563,329	60,430,096	242	61,954,141	30,039,284
16	-			1 1		
17						
18						
19				1		
20	TOTAL	68,195,766	118,948,466		121,580,536	65,563,696

	MISCE	LLANEOUS DEFE	RRED DEBITS (Ac	count 186)		
	port below the particulars (details) called				s than \$25,000) may	/ be
	concerning miscellaneous deferred de		grouped by class	ses.		
2. For	any deferred debit being amortized, sh	wo				
ļ	period of amortization in column (a).					
	Description of Miscellaneous	Beginning		Account		Balance
Line	Deferred Debit	of Year	Debits	Charged	Amount	End of Year
No.	(a)	(b)	(c)	(d)	(e)	(f)
1						
2	Deferred Debit SERP Trust	2,950,896	-	228	584,286	2,366,610
3						1
4	Contract Amortization (167 months)		3,000,000	495	215,569	2,784,431
5	Voluntary MGP clean up tax credit		500.000	100		500 000
	voluntary MGP clean up tax credit		500,000	182	en an the second	500,000
8						
9						
10						
11				1	-	
12					1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -	
13						
14						-
15						
16	Misc. Work in Progress	231,630				216,368
17	Deferred Regulatory Comm. Expenses					-
18	TOTAL	3,182,526				5,867,409

Name of Respondent	Tor the Tear Ended
Peoples Gas System	Dec. 31, 2017
SECURITIES ISSU	
SECURITIES REFUNDED OR RETI	RED DURING THE YEAR
 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. 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.
and gains or losses relating to securities retired or refunded.	method.
<u>Securities Retired</u> None Total Retired	<u>\$0</u>
Securities Issued	
Total Issued	\$0

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

 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.
 In column (c) show the principal amount of bonds or other long-term debt reacquired.
 In column (d) show the net gain or net loss realized on General Instruction 17 of the Uniform Systems of Accounts 4. Show loss amounts by enclosing the figures in parentheses.

For the Year Ended

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.

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

Peoples Gas System

Dec. 31, 2017

For the Year Ended

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 Include in cel ------

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.

demar	nd notes as such. Include in column (a) names of a	ssociated					
	•	Nominal		Original	Intere	st for Year	
	Class and Series of Obligation	Date	Date of	Amount	Rate		Total Amount
Line	S	of issue	Maturity	Issued	(in %)	Amount	Outstanding
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Other Long Term Debt - Acct 224						
	outer Long Term Bebt - Abot 224						
2							
1 2	Nate leaved by Tenne Electric	05/45/07	05/45/07	000 000 000	0.45	2 600 000	60,000,000
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
1 1	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	840,000	20,000,000
12							
13							
14		1 1					
15			. 1				
16							
17							
18							
19							
20	TOTAL					12 240 202	. 261 764 690
20			******	261,764,680		13,240,293	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, 5. Furnish in a footnote particulars (details) regarding the

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.

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.

10 110	amount of bonus of other long-term of	ebt originally is			Premium on Debt -	cieuii.		
			Total	Amorti	zation Period	Balance		
		Principal	Expense			at	Debits	Balance
	Designation of	Amount	Premium	Date	Date	beginning	(Credits)	at
	Long-Term Debt	of Debt	or	From	То	of	During	End of
Line	Long-Term Debt			rion	10			
		issued	Discount			Year	Year	Year
No.	(a)	(b)	(c)	. (d)	(e)	(f)	(g)	(h)
1					the second second			
2	Unamortized Debt Exp-Acct 181		1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -					· .
3			· ·					
4								
5				· · · ·				
6	36-Note/Tampa Electric 6.15%	60,000,000	347,571	05-2007	05-2037	236,347	(11,586)	224,761
7	37-Note/Tampa Electric 6.10%	50,000,000	378,502	05-2008	05-2018	52,045		
8	39-Note/Tampa Electric 4.10%	50,000,000					(37,850)	14,195
9			513,521	06-2012	06-2042	435,067	(17,117)	417,950
-	40-Note/Tampa Electric 2.60%	25,000,000	196,352	12-2012	09-2022	112,903	(19,635)	93,268
10		10,000,000	108,129	05-2014	05-2044	98,668	(3,604)	95,064
11	28-Note/Tampa Electric 4.20%	20,000,000	220,028	05-2015	05-2045	208,398	(7,334)	201,064
12		· · ·				1,143,428	(97,126)	1,046,302
13		1. S. 1.	1 A A		1		(/	
14								
15								
16						•		
17							(07.400)	1 0 10 000
						1,143,428	(97,126)	1,046,302
18								100 C 100 C

Dec. 31, 2017

Peoples Gas System

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.

deman	d notes as such. Include in column (a) names of a						
		Nominal		Original	Interes	t for Year	
1 1	Class and Series of Obligation	Date	Date of	Amount	Rate		Total Amount
Line	clube and conce of obligation	of Issue	Maturity	Issued	(in %)	Amount	Outstanding
Line							Outstanding
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1							
2	blank						
3						1 /	
1 1		1					
5							
6						1	
7			•				
8							
9							
10							
11							
12							
13						l l	
14							
						[]	
15							
16							
17							
18						•	
19							
20	TOTAL			0		0	0
20				0			

	UNAMORTIZED DEBT E	XPENSE, PF	REMIUM AND	DISCOUNT	ON LONG-TERM	DEBT (Accou	nts 181, 225, 22	6)			
1. Re	port under separate subheadings for U	Inamortized D	ebt Expense,		5. Furnish in a foot	note particulars	(details) regardin	g the			
Uname	ortized Premium on Long-Term Debt a	nd Unamortiz	ed Discount		treatment of unamor			discount			
	ng-Term Debt, particulars (details) of e				associated with issues redeemed during the year.						
	nt applicable to each class and series				Identify separate			e to			
	ow premium amounts by enclosing the				issues which were re						
3. In	column (b) show the principal amount	of bonds or of	ther long-term		Explain any deb						
	riginally issued.				debited to Account 4						
	column (c) show the expense, premiu				Expense, or credited		9, Amortization of				
to the	amount of bonds or other long-term de	ebt originally is			Premium on Debt - (
			Total	Amorti	zation Period	Balance					
		Principal	Expense		- · · ·	at	Debits	Balance			
	Designation of	Amount	Premium	Date	Date	beginning	(Credits)	_at			
	Long-Term Debt	of Debt	or	From	То	of	During	End of			
Line		issued	Discount			Year	Year	Year			
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)			
1	Unamortized Debt Disc - Acct 226										
2						·		010.000			
3	36-Note/Tampa Electric 6.15%	60,000,000	340,200	05-2007	05-2037	231,336	(11,340)	219,996			
4	39-Note/Tampa Electric 4.10%	50,000,000	138,000	06-2012	06-2042	116,917	(4,600)	112,317			
5	40-Note/Tampa Electric 2.60%	25,000,000	30,500	12-2012	09-2022	17,537	(3,050)	14,487			
6	27-Note/Tampa Electric 4.35%	10,000,000	6,700	05-2014	05-2044	6,114	(223)	5,891 33,995			
	28-Note/Tampa Electric 4.20%	20,000,000	37,200	05-2015	05-2045	35,235 407,139	(1,240) (20,453)	386,686			
8						407,139	(20,453)	300,000			
10				1. A.			1997 - A.	0			
11						407,139	(20,453)	386,686			
	Unamortized Debt Disc/Prem - OC					407,100	(20,400)	000,000			
13	37-Note/Tampa Electric 6.10%	50,000,000	3,935,734	05-2008	05-2018	541,165	(393,574)	147,591			
13	(Interest Rate Settlement)	50,000,000	3,935,734	05-2008	00-2010		(000,074)	147,001			
15	39-Note/Tampa Electric 4.10%	50.000.000	1,326,300	06-2012	06-2042	1,123,670	(44,210)	1,079,460			
16	27-Note/Tampa Electric 4.35%	10,000,000	10,356	05-2012	05-2042	9,450	(345)	9,105			
17	28-Note/Tampa Electric 4.35%	20,000,000	(347,040)	05-2014	05-2044	(328,724)		(317,156)			
18		20,000,000	(0+7,040)	00-2010	00-2040	(020,124)		(011,100)			
10	(interest rate betachtenty						L				

Page 21b

Marrie	(Percenter)	For the Year Ended
Name o	of Respondent	D 01 0017
People	s Gas System	Dec. 31, 2017
	MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)	he around
1. Des	scribe and report the amount of other current and 2. Minor items (less than \$50,000) may	be grouped
accru	ed liabilities at the end of year. under appropriate title.	Balance at
Line	li	End of Year
No.	Item	
1	Vacation Liability	3,123,156
3	SERP Liability FAS 158 - Current	388,457
5 6	FAS 106 Liability FAS 158 - Current	825,877
7		
8	Manufactured Gas Plant Estimated Environmental Liability	30,039,284
9 10	Unclaimed Funds	418,234
11	Other	298,000
13	TOTAL	35,093,009
-انتخب ا		

	OTHER DEFERRED CREDITS (Account 253)											
1. Rep	port below the particulars (details) of	called for concerning	other defer	red credits.								
2. For	any deferred credit being amortize	d, show the period	of amortization	on.								
3. Mir	nor Items (less than \$25,000) may	be grouped by clas										
Balance DEBITS												
Line	Description of Other	Beginning	Contra			Balance						
No.	Deferred Credit	of Year	Account	Amount	Credits	End of Year						
	(a)	(b)	(c)	(d)	(e)	(f)						
1	Contractor Retention	983,591	CWIP	1,228,346	1,196,703	951,948						
2 3 4	MacDill Deferred Credit	153,852	CWIP	31,392		122,460						
5 6	Deferred Billing Credit-JEA	187,917	488	205,000	205,000	187,917						
7	Long term incentive	286,698	926	282,536	1,175,512	1,179,674						
8	Deferred Billing Credit -LNG	400,000	131	400,000		-						
9 10	Other	-		809	14	(795)						
11	TOTAL	2,012,058		2,148,083	2,577,229	2,441,204						

OTHER REGULATORY LIABILITIES (Account 254)									
1. Reporting below the particulars (details)	called for	2. For regulat	ory liabilities bein	g amortized, show pe	eriod				
concerning other regulatory liabilities which	h are created	of amortizatio	n in column (a).						
through the ratemaking actions of regulato		3. Minor items	s (5% of the Bala	nce at End of Year for	Account				
(and not includable in other amounts).		254 or amounts less than \$50,000, whichever is less) may							
		be grouped by classes.							
	Balance		Debits						
Line Departmention and Dumpers of	Desimples	Contro	1	· · · · ·	Belenée				

		Dalance		DCDIG		
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Beginning of Year (b)	Contra Account (b)	Amount (c)	Credits (d)	Balance End of Year (e)
1 2 3	FAS 106 Tax	-	282 283	-	89,215,248	89,215,248
4	Gas Technology Research		930	385,989	385,990	1
567	Derivative Regulatory Liability - Long Term	267,425	219	14,397,045	14,129,620	
9 10	Derivative Regulatory Liability - Current	1,721,815	219	84,415,830	82,694,015	-
12 13	Property Sale-Gain Amortization (4 year amort.)	7,492,050	421.1	2,140,586	-	5,351,464
14	Cast Iron Bare Steel Rider	1,709,368	407	1,732,850	23,482	-
15	TOTAL	11,190,658		103,072,300	186,448,355	94,566,713

lame of Respondent									For the Yea	r Ended
eoples Gas System	· · · ·								Dec. 31, 20	17
					TAXES (Acco	ount 408.1)				
Name of Taying Authority	Real	Tangible Personal	Intangible Personal	FICA, SUTA,	Gross	Regulatory	Environ-			
Name of Taxing Authority	Property	Property	Property	FUTA	Receipts	Assessment Fees	mental, Excise	Franchise	Other*	Total
1 Various FL Counties	9,379,356									9,379,3
2 Internal Revenue Service (FICA)				2,903,120						2,903,1
3 FL Public Service Commission						1,830,626				1,830,6
4 FL Dept of Revenue					13,111,025				35	13,111,0
5 Various FL Municipalities								9,656,689	22,999	9,679,6
6 Internal Revenue Svc (FUTA)				24,489						24,4
7 Internal Revenue Svc (SUTA)				13,876					1	13,8
8 Various FL Counties (tags)										
9 Various FL Municipalities									17,980	17,9
10 Federal			· · ·				3,837			3,8
11 Out of state franchise									(50,000)	(50,00
12										-
13 Less:charged to other revenue (495)						(61,183)				(61,18
14 Less: Charged to Construction				(702,464)						(702,46
15 Less: Charged to clearing, jobbing, AR				(259,138)		(2,968)				(262,10
16 TOTAL Taxes Charged During Yea	r									
(Lines 1-15) to Account 408.1	9,379,356	-	-	1,979,883	13,111,025	1,766,475	3,837	9,656,689	(8,986)	35,888,27
Note: *List separately each item	in excess of \$	500.								

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

opl	es Gas System										For the Year End
		ACC	UMULATED DEF	ERRED INCOME	TAXES (Accou	nt 190)					Dec. 31, 2017
At	Other (Specify), include deferrals relating to other income and	deductions.			2. In the space significant items	provided below, i for which deferre	dentify by	amount and cla	assification	ז,	
					During Ye	ar	d laxes af	e being provid A d i i	<u>ed.</u> ustmen	ts	
ne lo.		Balance at Beginning	Amounts Debited to	Amounts Credited to	Amounts Debited to	Amounts		Debits		Credits	Balance at
10.		of Year	Account 410.1	Account 411.1		Credited to Account 411.2	Account No.	Amount	Account No.		End
1	GAS						1.10.	Anoun		Amount	of Year
	FAS 158	10,965,512						-	190	518,029	10,447
-	FAS 133	1,286,398							190	566,394	720
4	Gas	31,594,006	1,611,264			+					
	NOL	3,171,791	318,719			+	<u> </u>				33,205
	Tax Credit	905,521				+			190		3,490
8	Valuation Allowance	(61,344)	-				190	61,344	130	511,204	394,
9											
10		47.004.004	1 000 000								
11		47,861,884	1,929,983			<u> </u>		61,344		1,595,627	48,257,
13		47,861,884	1,929,983					61,344			
tes		Federal	State	Total			L	01,344		1,595,627	48,257,
	Deferred Income Tax Other Adjustments Includes:	(443,483)	(122,911)	(566,394)	FAS 133						
		(405,614)	(112,415)	(518,029)							
		(33,032)	94,376		Valuation Allowa						
		275,263	(786,467)		Federal Benefit o	of State on Volunt	ary Cleanu	p Credit			
_		(606,866)	(927,417)	(1,534,283)							
		ACCUMUL	ATED DEFERRE	D INCOME TAX	ES (Accounts 28	1, 282, 283)					
				O h a s a s	Burnet and Mar	1	_				
ne				Changes	During Ye	ar		Adju	stment		
		Balance at Beginning	Amounts Debited to	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account	Adju ebits	Cre	s edits	Balance at
ne lo.	Account 281 - Accelerated Amortization Property	Balance at	Amounts	Changes Amounts	During Ye Amounts	a r Amounts		Adju ebits Amount			Balance at End of Year
ło. 1	Account 281 - Accelerated Amortization Property	Balance at Beginning	Amounts Debited to	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account	ebits	Cre Account	edits	End
1 2 3	Electric Gas	Balance at Beginning	Amounts Debited to	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account	ebits	Cre Account	edits	End
10. 12 34	Electric Gas Other	Balance at Beginning	Amounts Debited to	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account	ebits	Cre Account	edits	End
0. 1 2 3 4 5	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4)	Balance at Beginning of Year	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account	ebits	Cre Account	edits	End
12345	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property	Balance at Beginning	Amounts Debited to	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account	ebits	Cre Account	edits	End
0. 12345 678	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas	Balance at Beginning of Year	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account No.	ebits	Cre Account	edits	End of Year
0. 12345 6789	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other	Balance at Beginning of Year 190,658,408	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account	Amount 	Cre Account	edits	End of Year 213,114,7
0. 12345 678910	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9)	Balance at Beginning of Year	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account No.	Amount	Cre Account	edits	End of Year 213,114,7 (66,603,6
0. 12345 67890 10	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other	Balance at Beginning of Year 190,658,408	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account No.	Amount 	Cre Account	edits	End of Year 213,114,7 (66,603,6
0. 1 2 3 4 5 6 7 8 9 10 11 2 3	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Gas	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account No.	Amount Amount 66,603,644 66,603,644	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,11
0. 1 2 3 4 5 6 7 8 9 10 1 1 1 2 3 4 5 6 7 8 9 10 1 1 1 2 3 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other Other	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263)	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to	a r Amounts Credited to	Account No.	66,603,644 66,603,644 66,603,644 976,311 22,611,604	Cre Account	edits	End of Year 213,114,7 (66,603,6 146,511,11 22,538,6
0. 12345 678910 112345 112345	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14)	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to	During Ye Amounts Debited to	a r Amounts Credited to	Account No. 282 283	Amount Amount 66,603,644 66,603,644 976,311	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,11 22,538,6 (22,886,86
0. 12345 678910 1121345 16	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to	a r Amounts Credited to	Account No.	66,603,644 66,603,644 66,603,644 22,611,604 23,587,915	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,11 22,538,6 (22,886,86 (348,22
0. 12345 678910 1121345 167	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14)	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263)	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to	a r Amounts Credited to	Account No. 282 283	66,603,644 66,603,644 66,603,644 22,611,604 23,587,915 85,072,856	Cre Account	Amount	End of Year 213,114,7 (66,803,6 146,511,11 22,538,6 (22,886,86 (348,25 123,648,31
0. 1 2 3 4 5 6 7 8 9 0 11 12 13 4 5 16 7 8 9 10 11 12 13 4 5 16 17 18 19	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764 23,754,570	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to	a r Amounts Credited to	Account No. 282 283 283 283 283	66,603,644 66,603,644 66,603,644 976,311 22,611,604 23,587,915 85,072,856 5,118,703	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,1 22,538,6 (22,886,84 (348,21 123,648,31
0. 12345 678910 112345 1678920	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19)	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to	a r Amounts Credited to	Account No. 282 283 283 283 283	66,603,644 66,603,644 66,603,644 22,611,604 23,587,915 85,072,856	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,11 22,538,6 (22,886,86 (348,21 123,648,31 123,648,31 22,514,54
0. 12345 67890 1112345 167892 21	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19) OTHER	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764 23,754,570	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to	a r Amounts Credited to	Account No. 282 283 283 283 283	66,603,644 66,603,644 66,603,644 976,311 22,611,604 23,587,915 85,072,856 5,118,703	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,11
0. 12345 67890 112345 167890 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 21 20 20 21 20 20 20 20 20 20 20 20 20 20 20 20 20	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax TOTAL, Gas (Lines 17 thru 19) OTHER Federal Income Tax	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764 23,754,570	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to	a r Amounts Credited to	Account No. 282 283 283 283 283	66,603,644 66,603,644 66,603,644 976,311 22,611,604 23,587,915 85,072,856 5,118,703	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,11 22,538,6 (22,886,86 (348,21 123,648,31 123,648,31 22,514,54
	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL Other (Lines 22 and 23)	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764 23,754,570 211,820,334	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to	a r Amounts Credited to	Account No. 282 283 283 283 283	Amount Amount 66,603,644 66,603,644 66,603,644 976,311 22,611,604 23,587,915 85,072,856 5,118,703 90,191,559	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,11 22,538,6 (22,886,86 (348,21 123,648,31 123,648,31 22,514,54
	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax TOTAL, Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL, Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL, Gas (Lines 17 thru 19) OTHER Federal Income Tax TOTAL Other (Lines 22 and 23) TOTAL Other (Lines 5, 10 and 15)	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764 23,754,570 211,820,334	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to	a r Amounts Credited to	Account No. 282 283 283 283 283	66,603,644 66,603,644 66,603,644 976,311 22,611,604 23,587,915 85,072,856 5,118,703	Cre Account	Amount	End of Year 213,114,7 (66,603,6 (46,511,11 22,538,6 (22,886,88 (348,22 (348,22 (348,22 (348,22) 123,648,33 22,514,54 - 146,162,85
	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL Other (Lines 22 and 23)	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764 23,754,570 211,820,334 0 211,820,334 Federal	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to Account 410.2	a r Amounts Credited to	Account No. 282 283 283 283 283	Amount Amount 66,603,644 66,603,644 66,603,644 976,311 22,611,604 23,587,915 85,072,856 5,118,703 90,191,559	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,11 22,538,6 (22,886,86 (348,21 123,648,31 123,648,31 22,514,54
	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL Other (Lines 22 and 23) TOTAL Other (Lines 5, 10 and 15) S:	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764 23,754,570 211,820,334 0 211,820,334 Federal 358,832	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to Account 410.2	a r Amounts Credited to	Account No. 282 283 283 283 283	Amount Amount 66,603,644 66,603,644 66,603,644 976,311 22,611,604 23,587,915 85,072,856 5,118,703 90,191,559	Cre Account	Amount	End of Year 213,114,7 (66,603,6 (46,511,11 22,538,6 (22,886,88 (348,22 (348,22 (348,22 (348,22) 123,648,33 22,514,54 - 146,162,85
	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL Other (Lines 22 and 23) TOTAL Other (Lines 5, 10 and 15) S:	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764 23,754,570 211,820,334 <u>Cederal</u> 358,832 405,614	Amounts Debited to Account 410.1	<u>C h a n g e s</u> Amounts Credited to Account 411.1.	During Ye Amounts Debited to Account 410.2	a r Amounts Credited to	Account No. 282 283 283 283 283	Amount Amount 66,603,644 66,603,644 66,603,644 976,311 22,611,604 23,587,915 85,072,856 5,118,703 90,191,559	Cre Account	Amount	End of Year 213,114,7 (66,603,6 (46,511,11 22,538,6 (22,886,88 (348,22 (348,22 (348,22 (348,22) 123,648,33 22,514,54 - 146,162,85
	Electric Gas Other TOTAL Account 281 (Lines 2 thru 4) Account 282 - Other Property Electric Gas Other TOTAL Account 282 (Lines 7 thru 9) Account 283 - Other Electric Gas Other TOTAL Account 283 - Other (Lines 12 thru 14) GAS Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL Gas (Lines 17 thru 19) OTHER Federal Income Tax State Income Tax TOTAL Other (Lines 22 and 23) TOTAL Other (Lines 5, 10 and 15) S:	Balance at Beginning of Year 190,658,408 190,658,408 21,437,189 (275,263) 21,161,926 188,065,764 23,754,570 211,820,334 0 211,820,334 Federal 358,832	Amounts Debited to Account 410.1	C h a n g e s Amounts Credited to Account 411.1	During Ye Amounts Debited to Account 410.2	a r Amounts Credited to	Account No. 282 283 283 283 283	Amount Amount 66,603,644 66,603,644 66,603,644 976,311 22,611,604 23,587,915 85,072,856 5,118,703 90,191,559	Cre Account	Amount	End of Year 213,114,7 (66,603,6 146,511,1 22,538,6 (22,886,84 (348,22 123,648,3 22,514,54 146,162,85

For the Year Ended

Peoples Gas System

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

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

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

Line	Particulars (Details)	A
No.	(a)	Amount
1	Net Income for the Year (Page 9)	(b)
2	Reconciling Items for the Year	43,025,100
3	Federal Income Tax	
4	Taxable Income Not Reported on Books	
5	Workers Compensation	533,009
6		533,009
7		
8	Deductions Recorded on Books Not Deducted for Return	
9	Capitalized Interest (Sec. 263)	438,233
	Capitalized ECA Costs Tax Amortization	4,972,712
	Federal Income Tax	2,627,105
12	Whole Pricing Interest Component	523,764
	Penalties	1,023
14	Deferred Taxes	22,604,100
- F	Environmental Disposal Costs	2,743,268
	Bad Debts	188,768
- F	Other	3,247,947
	Income Recorded on Books Not Included in Return	
	Equity Earnings of Subsidiaries	3,145,062
	Energy Conservation Revenue	2,308,811
21	5,	
22		
	Deductions on Return Not Charged Against Book Income	
	Cost of Removal	6,465,386
	Deferred Fuel	2,834,666
	Depreciation - Excess Over Books	29,697,274
	Repairs Capitalized on Books	19,047,127
28		
29	Other	7,392,897
30		
31		
32		
33		
34	Federal Taxable Net Income	10,013,806
35	Show Computation of Tax:	
	Federal Taxable Net Income	10,013,806
	Federal Income Tax @ 35%	3,504,832
	Prior Year True-up Provision to Actual Per Return and NOL Reclass to Deferred	(877,727)
L	Federal Income Tax	2,627,105
40	Federal Income Tax Allocation to Other Income	4,227

NAME OF RESPONDENT:

Peoples Gas System This Report is an Original

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:

Emera US Holdings Inc. Bangor Var Co., Inc Bangor Fiber Company **Emera Maine** Bangor Line Co. BHE Holdings Inc. **Clean Power Northeast Development** Emera Energy Generation Inc. Emera CNG Holdings, Inc. Rumford Power Inc. EUSHI Finance, Inc. EUSHI Finance Assist, Inc. TECO Energy Inc. 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.

Peoples Gas System

For the Year Ended

Dec. 31, 2017

GAS OPERATING REVENUES (Account 400)

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 human forumes at the close of each month 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 increasing in a fortnate.

Lin		Operati Arnount	ng Revenues Amount for	Therms of	Natural Gas Sold	Avg. No. of M Customers	Natural Gas	
No	- I Due of Account	for Year	Previous Yea	Current	Previous	Current	Previous	•
	(8)	(b)	(C)		Year	Year	Year	
			(6/	(d)	(e)	(1)	(g)	l
	2 Firm Sales Service 3 480 Residential RS1 - RS3						19/	
	4 480 Residential GS1	129,957,04	4 131,662,52	3 62,506,91	00 700 (7			ĺ
	5 480 Residential GS1	4,635,48	4,521,49	5 3,727,04				l
6	6 480 Residential GS3	595,98:	3 741,57	2 535,46				
	481 Commercial Street Lighting	188,728	00,10	4 92,20				
8	3 481 Small General Service	38,297	11,00	7 37,62				
9	481 General Service 1	7,315,348		4,359,82	7 4 564 459	7,339	11	
10	481 General Service 2	15,860,145			4 12,715,033		7,496	
11	481 General Service 3	9,109,654	-1020,102		1 8,188,204		558	
12	481 General Service 4	1,038,096	-100 1101 0			44	47	
13		1,210,573	1100,000			2	5	
14		90					2	
15			2,382		3,958	-	2	
16		494,145	629,205	498,468				
17		322,274				1	1	
<u>18</u> 19	Lot interreptible Lg. Vot - Z	(118,972)	(510,514					
20	481 Interruptible Contract Service	(946,960)						
21	481 Mutually Beneficial	1,513,817	425,981		1,041,440			
22	481 Off System Sales	68,280,012	72,277,057	196,866,830	244,095,670	2		
23	Firm Transportation Service 489 Res-General Svc 1					9	9	
24	489 Res-General Svc 1	693,347	683,970	1,844,701	1,843,783	382	363	
25	489 Res-General Svc 3	1,437,277	1,352,176	5,175,993	4,862,650	247	237	
26	489 Commercial Street Lighting	658,082	693,964	2,646,585	2,815,576	42	41	
27	489 Natural Gas Vehicles	100,936	102,368	515,797	523,111	-	27	
28	489 Small General Service	<u>11,818</u> 2,787,206	25,332	42,390	102,980	4	4	
29	489 General Service 1	23,952,663	2,560,037 23,523,280	4,208,710	3,934,783	3,991	3,613	
30	489 General Service 2	33,888,920	34,293,442	65,267,505 120,228,487	64,238,078	12,167	11,958	
31	489 General Service 3	16,945,177	17,873,548	71,639,251	121,504,077	6,567	6,567	
32	489 General Service 4	11,368,028	11,305,530	69,643,708	75,771,556 69,153,992	726	749	
33	489 General Service 5	14,815,489	14,295,000	121,946,734	119,098,516	<u>166</u>	167	
34	489 Interruptible Contract Serv.Trans.	8,799,353	0	813,990,244	0	9	129	
35 36	489 Small Interruptible Transp	5,052,465	5,277,433	65,223,227	65,677,031		30	
37	489 Interruptible Transp LG - 1 489 Interruptible Transp LG - 2	6,156,416	8,043,897	156,159,315	217,912,749	13	15	
38	482 Other Sales to Public Authorities	433,681	5,295,187	43,402,740	794,706,081	1	5	
39	484 Flex Rate - Refund							
40	TOTAL Sales to Ultimate Consumers	370,241,829	270 740 005					
41	483 Sales for Resale	1,281,662	<u>372,713,365</u> 1,353,766	1,843,486,842	1,887,986,007	373,606	370,258	
42	Off-System Sales			3,556,009	3,542,681	9	15	
43	TOTAL Nat. Gas Service Revenues TOTAL Gas Service Revenues	371,523,491	374,067,131					
45	Other Operating Revenues	371,523,491	374,067,131					
46	485 Intracompany Transfers					. · · · ·		
47	487 Forfeited Discounts	1,222,571	942,280					
48	488 Misc. Service Revenues 488	4,120,667	4,409,440					
50	488 Individual Transp Charge	559,168	Francis					
51	489 Rev. from Trans. of Gas of Others	339,108	550,512					
52	not included in above rate schedules)							
53 54	493 Rent from Gas Property	375,105	379,811					
55	494 Interdepartmental Rents 495 Other Gas Revenues						1	
56	Gross Recpts Tax/Franch Fee Coll	22,592,052						
57		22,002,002	23,121,777					
	Reconnect for Cause			~~~~	***************************************			
58	Collection in lieu of disconnect							
58 59	Collection in lieu of disconnect Returned Check	47 407 044						
58	Collection in lieu of disconnect Returned Check Other	17,197,313	18,516,016					
58 59 60 61 62	Collection in lieu of disconnect Returned Check Other 495.1 Overrecoveries Purchased Gas TOTAL Other Operating Revenues							
58 59 60 61 62 63	Collection in lieu of disconnect Returned Check Other 495.1 Overrecoveries Purchased Gas TOTAL Other Operating Revenues TOTAL Gas Operating Revenues	17,197,313 46,066,876 416,308,705	18,516,016 47,919,836 420,633,201					
58 59 60 61 62 63 64	Collection in lieu of disconnect Returned Check Other 495.1 Overrecoveries Purchased Gas TOTAL Other Operating Revenues TOTAL Gas Operating Revenues (Less) 496 Provision for Rate Refunds	46,066,876	47,919,836					
58 59 60 61 62 63	Collection in lieu of disconnect Returned Check Other 495.1 Overrecoveries Purchased Gas TOTAL Other Operating Revenues TOTAL Gas Operating Revenues (Less) 496 Provision for Rate Refunds TOTAL Gas Operating Revenues	46,066,876 416,308,705	47,919,836 420,633,201					
58 59 60 61 62 63 64 65 65 66 67	Collection in lieu of disconnect Returned Check Other 495.1 Overrecoveries Purchased Gas TOTAL Other Operating Revenues TOTAL Gas Operating Revenues (Less) 496 Provision for Rate Refunds TOTAL Gas Operating Revenues Net of Provision for Refunds Sales for Resale	46,066,876 416,308,705 416,308,705	47,919,836 420,633,201 420,633,201					
58 59 60 61 62 63 64 65 66 67 68	Collection in lieu of disconnect Returned Check Other 495.1 Overrecoveries Purchased Gas TOTAL Other Operating Revenues TOTAL Gas Operating Revenues (Less) 496 Provision for Rate Refunds TOTAL Gas Operating Revenues Net of Provision for Refunds Sales for Resale Other Sales to Public Authority	46,066,876 416,308,705	47,919,836 420,633,201					
58 59 60 61 62 63 64 65 65 66 67	Collection in lieu of disconnect Returned Check Other 495.1 Overrecoveries Purchased Gas TOTAL Other Operating Revenues TOTAL Gas Operating Revenues (Less) 496 Provision for Rate Refunds TOTAL Gas Operating Revenues Net of Provision for Refunds Sales for Resale	46,066,876 416,308,705 416,308,705	47,919,836 420,633,201 420,633,201					

Peoples Gas System

GAS OPERATION AND MAINTENANCE EXPENSES

Dec. 31, 2017

For the Year Ended

	GAS OPERATION AND MAINTENANCE EXPENSE		
	If the amount for previous year is not derived from previously reported figures, expl	Amount for	Amount for
Line No.	Account	Current Year	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	93,735,011	96,594,129
11	802 Natural Gas Gasoline Plant Outlet Purchases		
12	803 Natural Gas Transmission Line Purchases		
13	804 Natural Gas City Gate Purchases	67,690,679	58,321,924
14	804.1 Liquefied Natural Gas Purchases		
15	805 Other Gas Purchases		
16	805.1 Purchased Gas Cost Adjustments - Debit/(Credit)	(5,041,112)	6,908,757
17	TOTAL Purchased Gas (Total of Lines 8 to 16)	156,384,578	161,824,810
18	806 Exchange Gas		
19	Purchased Gas Expenses		
20	807.1 Well ExpensesPurchased 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 StorageDebit	684,605	(106,848)
27	(Less) 808.2 Gas Delivered to StorageCredit	(308,183)	(110,946)
28	809.1 Withdrawals of Liquefied Natural Gas for ProcessingDebit	1	
29	(Less) 809.2 Deliveries of Natural Gas for ProcessingCredit		
30	Gas Used in Utility OperationsCredit		
31	810 Gas Used for Compressor Station FuelCredit		
32	811 Gas Used for Products ExtractionCredit		
33	812 Gas Used for Other Utility OperationsCredit	(233,004)	(254,164)
- 34	TOTAL Gas Used in Utility OperationsCredit (Lines 31 through 33)	(233,004)	(254,164)
35	813 Other Gas Supply Expenses		
36	TOTAL Other Gas Supply Exp. (Total of Lines 17,18,25,26 through 29,34,35)	156,527,996	161,352,852
37	TOTAL Production Expenses (Total of Lines 2,3,4,5 and 36)	156,527,996	161,352,852
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			
	Page 27		

Name	of Respondent	For th	e Year Ended
Peopl	es Gas System		31, 2017
	GAS OPERATION AND MAINTENANCE EXPENSES (Co	Amount for	Amount for
Line		Current Year	Previous Year
No.	Account	Cullent lear	110003100
47	4. Distribution Expenses		
48	Operation		
49	870 Operation Supervision and Engineering	933,551	723,176
50	871 Distribution Load Dispatching	409,096	457,226 891
51	872 Compressor Station Labor and Expenses	3,948 17,247	4,517
52	873 Compressor Station Fuel and Power	7,760,746	8,068,944
53	874 Mains and Services Expenses	31,643	32,207
54	875 Measuring and Regulating Station ExpensesGeneral	48,309	50,796
55		63,961	74,147
56	877 Measuring and Regulating Station ExpensesCity Gate Check Station 878 Meter and House Regulator Expenses	5,269,844	4,639,507
57 58		1,894,354	1,991,979
59		1,506,965	1,758,688
60		214,254	250,300
61	TOTAL Operation (Total of lines 49 through 60)	18,153,918	18,052,378
62	Maintenance		
63		30,865	36,016
64		176,959	161,208
65		2,964,203	4,605,713
66		112,428	145,434
67		626,099	644,191
68	890 Maintenance of Meas. and Reg. Sta. Equip Industrial	504,005	599,577
69		1,387,385	1,585,514
70		1,734,767	1,689,939
71	893 Maintenance of Meters and House Regulators	642,622	679,913
72		91,028	55,377
73		8,270,361	10,202,882
74		26,424,279	28,255,260
75			
76			
77			
78		1,276,806	1,208,631
79		11,358,003	7,168,296
80		1,607,968	(71,406
81			
82		14,242,777	8,305,521
83			
84			
85			
86		13,413,700	12,226,630
87		1,124,980	1,119,087
88			
89		44 500 000	10 0 15 -1-
	(Total of Lines 85 through 88)	14,538,680	13,345,717
90			
91			
92			
93		7,558,948	7,827,333
•••		136,087	269,417
94	916 Miscellaneous Sales Expenses	34,950	63,075
95			
	TOTAL Sales Expenses (Total of lines 92 through 95)	7,729,985	8,159,825

For the Year Ended

Dec. 31, 2017

Peoples Gas System

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	9,313,027	8,678,969
101	921 Office Supplies and Expenses	2,948,529	3,633,659
102	(Less) (922) Administrative Expenses TransferredCredit	(4,699,998)	(3,399,996)
103	923 Outside Services Employed	1,788,486	3,095,253
104	924 Property Insurance	103,257	124,024
105	925 Injuries and Damages	2,794,514	3,321,769
106	926 Employee Pensions and Benefits	7,110,238	9,033,856
107	927 Franchise Requirements		
108	928 Regulatory Commission Expenses		
109	(Less) (929) Duplicate ChargesCredit		
110	930.1 General Advertising Expenses	13,406	20,017
111	930.2 Miscellaneous General Expenses	19,754,939	18,211,400
112	931 Rents	483,392	473,403
113	TOTAL Operation (Total of lines 100 through 112)	39,609,790	43,192,354
114	Maintenance		
115	935 Maintenance of General Plant	257,522	400,715
116	TOTAL Administrative and General Expense (Total of lines 113 and 115)	39,867,312	43,593,069
117			
118	TOTAL Gas O&M Expenses (Lines 37, 42, 44, 74, 82, 89, 96, and 116)	259,331,029	263,012,244
119			
120			

	NUMBER OF GAS DEPARTMENT EMPLOYEES				
	 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. 				
	 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. 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) 12/31/2017				
3	2. Total Regular Full-Time Employees 551				
4	3. Total Part-Time and Temporary Employees				
5	4. Total Employees				
6					
7					
8					
9					
10					
11					
12					
13					

	(Developt			For the Year Ended
	fRespondent			Dec. 31, 2017
People	s Gas System	004 002 902 904 80	4 1 805 805 1 808 1 808	2)
	GAS PURCHASES (Accounts 800, 800.1	, 801, 802, 803, 804, 80	plumns (b) and (c) should a	pree with
- 1	. Provide totals for the following accounts:	the backs of account	Reconcile any differences i	n a looulole.
	800 - Natural Gas Well Head Purchases	 State in column (b) 	the volume of purchased g	as as finally
	800.1- Natural Gas Well Head Purchases	2. State in column (b)	bose of determining the amo	ount payable
	Intracompany Transfers	for the gas include C	urrent year receipts of make	up gas
	801 - Natural Gas Field Line Purchases	that was naid for in nr	ior vears	
	802 - Natural Gas Gasoline Plant Outlet Purchases	2 State in column (c)	the dollar amount (omit cer	nts) paid
	803 - Natural Gas Transmission Line Purchases	and previously haid fo	or the volumes of das snowr	
	804 - Natural Gas City Gate Purchases	4 State in column (d)	the average cost per inerr	n to the
	804.1- Liquefied Natural Gas Purchases 805 - Other Gas Purchases	nearest hundredth of	a cent. (Average means co	lumn (c)
	805 - Other Gas Purchases 805.1- Purchases Gas Cost Adjustments	divided by column (b)	multiplied by 100.)	
	808.1- Gas Withdrawn from Storage-Debit			
	808.2 Gas Delivered to Storage-Credit			
<u> </u>	600.2 Gas Denvered to etologe eredit	Gas Purchased-		Average Cost Per
		Therms	Cost of Gas	Therm
Line	Account Title	(14.73 psia 60 F)	(in dollars)	(To nearest .01 of a cent)
No.	(a)	(b)	(c) \$93,735,011	(d)
- 1	801 - Natural Gas Field Line Purchases			
2	808.1 - Gas Withdrawn from Storage-Debit		\$684,606	
3	808.2 - Gas Delivered to Storage-Credit		(\$308,183)	
4	804 - Natural Gas City Gate Purchases-Commodity		\$67,690,679 (\$5,041,112)	
5	805.1 - Purchased Gas Cost Adjustments		(\$5,041,112)	
6				
7				
8				
9				
10	TOTAL (Total of lines 1 through 10)	317.645.318	\$156,761,001	49.35
- 11	Notes	to Gas Purchases		

GAS USED IN UTILITY OPERATIONS - CREDIT (Accounts 812)				
 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. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas. If the reported Therms for any use is an estimated quantity, state such fact in a footnote. 	was not made to the a list separately in colum in columns (d) and (e). 5. Report pressure bas 14.73 psia at 60 degre	se of measurement of gas les F.	ense or other account, used, omitting entries s volumes at	
Burness for Which Gas Mos Used	Account	Therms	Natural Gas	

Line No.	Purpose for Which Gas Was Used (a)	Charged (b)	of Gas Used (c)	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	20,483	18,237
4				
5	Transportation Clearing Account CNG	184	7,102	5,905
6				
7	Other Income Deductions	426	25,251	20,834
8				
9	Administrative Use	921	-	•
10	× ·			
11	Sales Tax Account	241	N/A	(1,149)
12				
13	Gas Lost - Damaged Facilities	143	N/A	189,177
14				
15			•	
16				
17				
18	TOTAL		52,836	233,004

								For the Ye	ar Ended
Name	of Respondent								
People	es Gas System							Dec. 31	, 2017
	REGULATORY COMMISSION EXPENSES (Account 928)								
1 Re	. Report particulars (details) of regulatory commission expenses incurred during a surrent year (or incurred in previous years if being amortized) relating to formal a surrent year (or incurred in previous years if being amortized) relating to formal								
the cu	rrent year (or incurred in previous years if b	eing amortized	d) relating to to	rmal	totals shown a	t the bottom of	page 19 fo	or Account 186	a voor which
rases	before a regulatory body, or cases in which	n such a body '	was a party.		4. List in Colu	ımn (d) and (e)	expenses	incurred during	g year which
2. SI	now in column (h) any expenses incurred in	prior years wh	nich are being		were charged	currently to inco	ome, plant	, or other accord	ums.
amort	zed. List in column (a) the period of amort	ization.		-	5. Minor items	(less than \$25	,000) may	De grouped.	
	Description		Deferred in		d Currently to	Deferred to	Amortize	d During Year	Deferred in
•	Name of regulatory commission, the docke	Total Expenses	Account 186 Beginning	Account		Account 186	Contra	a bannig roun	Account 186
Line	number, and a description of the case.)	to Date	of Year	No.	Amount		Account	Amount	End of Year
No.	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
	Florida Public Service Commission								
<u> </u>									
<u> </u>	Docket 080318-GU - rate case.	· · · · · · · · · · · ·							
	Four year amortization of \$684,500								-
	beginning June 2009 - fully amortized 2014								
5	N/A			<u> </u>					
6				<u> </u>					
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17	TOTAL								

	MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)	
Line	Description	Amount
No.	(a)	(b)
1	Industry Association Dues	719,869
2	Experimental and General Research Expenses:	-
	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.	-
	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	Emera Services - Management	238,780
6	Direct Software/Hardware Maintenance	1,021,989
7	Registration Fees	7,064
8	Bank and Letter of Credit Fees	229,271
. 9	PGS charges to TECO Partners and SeaCoast	(244,000)
10	Net Tampa Electric and TECO Services Intercompany activity	4,894,425
11	New Mexico Gas Company (NMGC) - I.T. charges	118,039
12	Tampa Electric (TEC) - Telecom	505,628
13	Tampa Electric (TEC) - Facilities Charge	565,007
14	TECO Services (TSI) - A&G Allocation	3,787,082
15	TECO Services (TSI) - Human Resources	1,078,952
16	TECO Services (TSI) - I.T.	4,603,876
17	TECO Services (TSI) - Procurement Department	572,023
18	TECO Services (TSI) - Services	1,325,329
19	Tampa Electric (TEC) - Asset Usage	331,606
20	TOTAL Bree 21	19,754,938

Peoples Gas System

For the Year Ended

DISTRIBUTION OF SALARIES AND WAGES

Dec. 31, 2017

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	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	Electric			(u)
<u>2</u> 3	TOTAL Operation and Maintenance - Electric			
-	Gas Operation			
5	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other			
	Gas Supply; Storage, LNG, Terminaling & Processing	284,823		
6	Transmission	204,023		
7	Distribution	11,380,030		
	Customer Accounts	1,473,918		
	Customer Service and Informational	242,218		
	Sales	-		
	Administrative and General	10,006,136		
12	TOTAL Operation (Total of lines 5 through 11) Maintenance	23,387,125		
	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other			
17	Gas Supply; Storage, LNG, Terminaling & Processing	_		
15	Transmission			
16	Distribution	4,819,629		
17	Administrative and General	17,118		
18	TOTAL Maintenance (Total of lines 14 through 17)	4,836,746		
	Total Operation and Maintenance	28,223,871		
20	Production - Manuftd. Gas & Nat.Gas (inc. Expl. and Dev.); Other			
	Gas Supply; Storage, LNG, Terminaling & Processing	284,823		
	Transmission (Enter Total of lines 6 and 15)	-		
	Distribution (Total of lines 7 and 16)	16,199,659		
	Customer Accounts (Transcribe from line 8) Customer Service and Informational (Transcribe from line 9)	<u>1,473,918</u> 242,218		
	Sales (Transcribe from line 10)			
	Administrative and General (Total of lines 11 and 17)	10,023,254		
27	TOTAL Operation and Maint. (Total of lines 20 through 26)	28,223,871		28,223,871
28	Other Utility Departments			
29 (Operation and Maintenance			
30	TOTAL All Utility Dept. (Total of lines 2, 27, and 29)	28,223,871	-	28,223,871
31	Utility Plant			
32 0	Construction (By Utility Departments) Electric Plant			
	Gas Plant	8,843,631		8,843,631
	Other			
36	TOTAL Construction (Total of lines 33 through 35)	8,843,631	-	8,843,631
<u>37 F</u>	Plant Removal (By Utility Department)			
	Electric Plant Gas Plant	516,745		516,745
	Other	510,110		
41	TOTAL Plant Removal (Total of lines 38 through 40)	516,745	-	516,745
42				
43 (Other Accounts (Specify):			· · · · · · · · · · · · · · · · · · ·
44				-
46 /	Accounts Receivable - Associated Companies	3,027,616		3,027,616
	Aisc Deferred Debits/Credits	162,890		162,890
	Merchandise / Jobbing	3,208		3,208
49 50				
51				
52				A 100 E11
	TOTAL Other Accounts	3,193,714	-	3,193,714
54	TOTAL SALARIES AND WAGES	40,777,960	-	40,777,960

Name of Resp	ondent		
Peoples Cas C		•	For the Year Ended
Peoples Gas S			_
	CHARGES FOR OUTSIDE PROFESSION. formation specified below for all charges made during the		Dec. 31, 2017
 Report the in 	formation specified below for all charges made during the	AL AND OTHER CONSULTATIVE SER	VICES
	any account (including plant accounts) (payments for legislative services excer	t those which
		Should be reported in Account 426 A	
		Certain Civic, Political and Related Activ	vities.
		 (a) Name of person or organization rer (b) description of services received, 	ndering services,
		(c) basis of charges,	
corporation parts	ate payments were made during the year to any hership, organization of any kind, or individual [other	(d) total charges for the year, detailing	account charged
than for services	as an employee or for payments made for medical	FUT driv services which are of a cont	tinuing nature give
and related servi	ces] amounting to more than \$25,000, including	the date and term of contract.	-
		Designate with an asterisk associate	ed companies.
1	Description		Amount
2 Arcadis U	S Inc.		
3 Ayres Ass		182-environmental services	1,158,299
4 Bajocuva		107 - capital	123,058
5 Baker & H		925-legal services	426,743
	cobs & Adams PA	182/923-legal services	135,925
	Consulting Group LTD	923-legal services	79,264
8 Brandmari	Advertising, Inc.	vanous-engineering services	174,821
9 Cardinal S	olutions Group	913-advertising services	376,728
10 Cleveland	Integrity Services, Inc.	107 - capital	50,220
11 Daniel P Y	ardlev	various-engineering services	1,520,000
12 Daniels En	pineering Inc	921/923-consulting services	72,830
13 Direct APP	Sinc dba Direct Technology	various-engineering services	304,159
14 Dive-tech I	International Inc.	908-consulting services	38,075
	ansactions and Business	various-engineering services	45,387
16 Equifax Inf	ormation Services LLC	923-business consultant	153,244
17 FGE Engin		903-Customer Records	28,219
18 Geosyntec		880/various-engineering services 182-environmental services	425,797
19 HBK Engin			529,938
20 HCBeck LT		107 - capital various-engineering services	161,581
21 Heath Con		various-engineering services	2,075,404
22 J R Griese		887-various engineering/integrity mgmt	893,219 133,228
23 John D Cer		various-engineering services	146,566
24 Jones Day		804/multi-legal services	467.052
25 Kleinfelder		107 - capital	257.147
	Pieper, Conley & McCreadie PA	925-legal services	174.030
27 Macfarlane	Ferguson	182/923-legal services	183,516
28 Mai Engine		various-engineering services	533,027
	liver Services Inc	various-engineering/inspection svcs	5,163,555
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

 (a) Miscellaneous Amortization (Account 425) - Describe the nature of nature of nature of the instruction 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.

	ltem	Amount
3	Account 426.1 - Donations Account 426.3 - Other Penalties Account 426.4 - Lobbying	226,094 1,023 40,137
. 5		267,254
6		
8		
9	Account 431 - Other Interest Expense	
10	Energy Conservation Cost Recovery Clause	5,775
11 12	Other Credit Facility	7,989 685,474
13	Customer Deposits	691,748
14	Intercompany	28,430
15	Cast Iron Bare Steel Rider PGA True - Up	6,176 15,932
16 17	FOA The - Op	1,441,523
18		
19		
20		
20 21 22 23		
24	Page 33a	

Name	e of Respondent		
Deen			For the Year Ended
Реор	les Gas System		_
	CHARGES FOR OUTSIDE PROFESSION		Dec. 31, 2017
1. Re	CHARGES FOR OUTSIDE PROFESSION eport the information specified below for all charges made during the	AL AND OTHER CONSULTATIVE SER	VICES
	cluded in any account (including plant accounts) (in auto thing the	payments for legislative services excer	t those which
		Should be reported in Account 426 A	Synondikuraa faa
manay	CITCHL CONSTRUCTION ENGINEERING Research financial water	Certain Civic, Political and Related Activ	vitios
ugui, i	www.ununu.pulchasing.agvenising jabor relations, and mutit-	 (a) Name of person or organization ren (b) description of services received, 	idering services,
Clauor	13, ICIUCICO (DE lespondent linder written or oral arrestations)	(c) basis of charges,	
CORDOR	ch aggregate payments were made during the year to any	(d) total charges for the year detailing	account charged
han fo	ation, partnership, organization of any kind, or individual (other or services as an employee or for payments made for medical	2. For any services which are of a cont	
and rel	ated services) amounting to more than \$25,000, including	the date and term of contract.	•
		3. Designate with an asterisk associate	d companies.
1	continued from page 33a Description		Amount
1	McKim&Creed		
	McCarter & English	various-engineering services	90,589
3	Morning Star Fleet Services	923/various - legal services	127,962
4	NDT and Inspections Inc.	921/923-consulting services	35,439
5	Nopetro-CH4 Holdings LLC	various-engineering services	134,254
		413-lease eqmt maint.	531,660
	Project Consulting Services Inc	925-safety database	48,875
		107 - capital	56,662
9		867-engineering services	176,280
•	Squire Patton Boggs LLP	925-legal services	79,817
11	StrategiTech, LLC	923/various - legal services	183,887
12	The Paradigm Alliance, Inc	various-operations services	1,200,052
13	Atmospheric Corrosion Specialists (ACS)	925-pipeline awareness	204,272
	Versa Integrity Group	various-engineering services	545,120
15	Vimocity LLC	107 - capital	83,309
	The Fiorentino Group	923 - health consultant	158,069
	The Goldstein Environmental Law	921/923-consulting services	50,000
	World Wide Nondestructive Testing	182/923-legal services	37,767
	Yuro and Associates LLC	various-operations services and 107 various-engineering services	30,902
	Robert A. Ellis	107 - Capital - Survey	319,375
	Engineering Mapping Solutions	107 - Capital - Survey 107 - Capital - GIS	26,064 35,000
22		ior - Capitar - Gio	35,000
	Teco Partners*	912/107-marketing	7,869,240
	Tampa Electric*	930- various	13,644,984
	Teco Services*	930- various	11,877,639
	New Mexico Gas Company*	930-I.T. Support services	117,830
	Emera US Sub #1*	930-Management Service	226,371
28		ere munagement oor noe	220,077

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

(a) Miscellaneous Amortization (Account 425) - Describe the fature 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					
6	Blank section - see 33a				
7 8 9					
10 11 12		•			
14 15 16 17	and the second				
17 18 19					
18 19 20 21 22 23 24					
23	1		Page 33b		

Nam	e of Respondent					For the Year Ended
Реор	les Gas System					Dec. 31, 2017
		Reconciliation	n of Gross Operating	Revenues		
		Annual Report versu	s Regulatory Assess	ment Fee Return		
or th	e current year, reconcile the gross operating reve	nues as reported on Page	26 of this report with the	gross operating revenue	s as reported on the	
itinty.	s regulatory assessment fee return. Explain and (a)		ween the reported gross			
	(a)	(b) Gross Operating	(C)	(d) Adjusted Intrastate	(e) Intrastate Gross	(f)
Line No.	Description	Revenues per Page 26	Sales for Resale Adjustments	Gross Operating Revenues	Operating Revenues per RAF Return	Difference (d) - (e)
1	Total Sales to Ultimate Customers (480-482, 484)	243,140,970		243,140,970	243,140,970	-
2	Sales for Resale (483)	1,281,662		1,281,662	1,281,662	-
3	Total Natural Gas Service Revenues					
4	Total Other Operating Revenues (485-495)	244,422,632 173,167,735		244,422,632 173,167,735	244,422,632 173,167,735	
5	Total Gas Operating Revenues	417,590,367		417,590,367	417,590,367	•
6	Revenue from Property Leased to Other (412)				2,152,215	(2,152,215
7	Provision for Rate Refunds (496)	-				
8	Wholesale Sales & Wholesale Transport Adj.				(1,281,662)	1,281,662
9	Mutually Beneficial Wholesale Adjustment				(1,513,817)	1,513,817
10	Unbilled Revenue Adjustment				(1,301,175)	1,301,175
11	Off System Sales for Resale Adjustment				(49,520,747)	49,520,747
12	Total Gross Operating Revenues	417.590.367		417,590,367	366,125,181	51,465,186

Column F differences are due to RAF return adjustments for exempt revenue, and addition of revenue from property leased to others (CNG station).

Peoples Gas System

For the Year Ended

Dec. 31, 2017

CORPORATE STRUCTURE

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

Effective Date: Dec. 31, 2017

Emera US Holdings Inc. **TECO Energy, Inc. TECO Services**, Inc. Tampa Electric Company TEC Receivables Corp. TECO Partners, Inc. SLA 75, LLC New Mexico Gas Intermediate, Inc. New Mexico Gas Company, Inc. TECO Finance, Inc. TECO Oil & Gas, Inc. **TECO Diversified, Inc.** TECO Coalbed Methane Florida, Inc. **TECO Properties Corporation** 7116 Davis Island, LLC 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**

Peoples Gas System

For the Year Ended

Dec. 31, 2017

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.

			Total Charge for Year		je for Year
	Type of Service	Relevant Contract	"p"		
Name of	and/or	or Agreement and	or	Account	Dollar
Affiliate	Name of Product	Effective Date	"s"	Number	Amount
(a)	(b)	(c)	(d)	(e)	(f)
TECO Partners, Inc	Real property sublease		s	146	224,831
	G&A Allocation		s	146	165,000
	Labor services		s	146	153,233
	Marketing		р	912	7,351,917
	Marketing Service		р	107	500,000
	Other service/labor		р	930/multi	11,123
Tampa Electric Co.	Real property sublease		s	146	14,475
	Labor & Other Services		s	146	5,003,620
	Natural Gas sales		s	146	19,890,478
	Real property sublease		р	931	714,948
	Labor services		p	930/multi	9,658,508
	Natural Gas purchases		p	801	228,352
	Meter Reading		p	902	259,794
	IT, Telecom, Facilities		p	930/multi	3,011,734
TECO Energy Inc.	Labor services		s	146	220,224
TECO Services Inc.	Direct Services		p	930.2/107	1,443,045
	Overhead Allocation		D	930.2	3,787,082
	IT Services		p	930.2	3,763,560
	Other Indirect Services		p	930.2	1,064,755
	TSI Services		p	930.2	1,247,176
	Procurement Services		p	930.2	572,021
TECO Energy Source	Natural Gas Sales		s	146	38,161
	Natural Gas Purchases		p	801	69,490
SeaCoast Gas Transmission	Labor services		s	146	160,404
	G&A Allocation		s	146	79,000
	Natural Gas Sales		s	146	15,923
	Natural Gas Purchases		p	801	339,360
New Mexico Gas Company	Labor - IT Services	· · · · · · · · · · · ·	р	930.2	117,830
Emera Energy Services Inc.	Natural Gas Sales		s	146	1,268
	Natural Gas Purchases		p	801	2,088,091
Emera Energy US Sub1	Labor-Services		D	930.2	226,371

•		For the Yea	
Peoples Gas System		Dec. 3	31, 201
	NEW OR AMENDED CONTRACTS WITH AFFILIATED COM	IPANIES	
Provide a synopsis of e	each new or amended contract, agreement, or arrangement with a	ffiliated companies for the	
	land, goods, or services (excluding tariffed items). The synopsis	shall include, at a minimum,	
	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 (Par		
	retained Partners to market and sell services for and on behalf of Peoples to present a	and potential	
	customers of Peoples, including but not limited to: Energy Services, Energy Conservation Program Services, Promotional Se	ervices	
	Payment to Partners under the agreement is targeted at \$6,500,000 annually - increa		
	The agreement was entered into effective January 1, 2008 and renews annually.		
Tampa Electric Company	Service agreements effective April 2017 through March 2018. Peoples Gas System monthly gas meter reading in the Tampa division, the Lakeland division, and the Brow		
	Amended and Restated Services Agreement effective January 1, 2013 (renews annu-	ally).	
TECO Services, Inc.	Services Agreement effective January 1, 2014 (renews annually).		
Emera Energy US Sub No. 1	Secondment Agreement by and among, Emera Energy US Sub No. 1 and Peoples G	as System.	
New Mexico Gas Company, Inc.	Affiliate Addendum effective July 1, 2016 to Amended & Restated Service Agreement Gas Company, Inc. provide selected services such as Information Technology		
	INDIVIDUAL AFFILIATED TRANSACTIONS IN EXCESS OF		
	ing individual affiliated transactions in excess of \$25,000. Recurring	ng monthly affiliated transactions	s
which exceed \$25,000 per	ing individual affiliated transactions in excess of \$25,000. Recurrine month should be reported annually in the aggregate. However, ear	ng monthly affiliated transactions ich land or property sales	S
which exceed \$25,000 per transaction even though sin	ing individual affiliated transactions in excess of \$25,000. Recurrine month should be reported annually in the aggregate. However, ea nilar sales recur, should be reported as a "non-recurring" item for t	ng monthly affiliated transactions ich land or property sales the period in which it occurs.	s
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which exceed \$25,000 per transaction even though site Name of Affiliate	ing individual affiliated transactions in excess of \$25,000. Recurrin month should be reported annually in the aggregate. However, ea nilar sales recur, should be reported as a "non-recurring" item for t Description of Transaction Real property sublease G&A Allocation	ng monthly affiliated transactions ich land or property sales the period in which it occurs.	224,8 165,0
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which exceed \$25,000 per transaction even though sin Name of Affiliate TECO Partners, Inc.	ing individual affiliated transactions in excess of \$25,000. Recurrin month should be reported annually in the aggregate. However, ea nilar sales recur, should be reported as a "non-recurring" item for t Description of Transaction Real property sublease G&A Allocation Labor services Marketing Labor & other services	ng monthly affiliated transactions ich land or property sales the period in which it occurs. Dollar Amount (7	224,8 165,0 153,2 7,851,9 5,003,6
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which exceed \$25,000 per transaction even though sin Name of Affiliate TECO Partners, Inc. Tampa Electric Co TECO Energy Inc. TECO Services Inc. SeaCoast Gas Transmission	ing individual affiliated transactions in excess of \$25,000. Recurrin month should be reported annually in the aggregate. However, ea milar sales recur, should be reported as a "non-recurring" item for t Description of Transaction Real property sublease G&A Allocation Labor services Marketing Labor & other services Natural Gas sales Real property sublease Labor services Natural Gas purchases IT, Telecom, Facilities Meter Reading Labor services Corporate Overhead/Allocation IT Services Other Indirect Services TSI Services TSI Procurement Services Labor services G&A Allocation Natural Gas Purchases Natural Gas Purchases Natural Gas Purchases Natural Gas Purchases Natural Gas Purchases Natural Gas Purchases	ng monthly affiliated transactions ich land or property sales the period in which it occurs. Dollar Amount (7 5 19 (9 (3 (3 (3 (1 (2	224,8; 165,00 153,2; 7,851,9 5,003,6; 9,890,47 (714,9 9,658,56 (228,3; 3,011,7; (259,7; 220,2; 3,787,00 3,763,51 1,064,7; 2,690,2; (572,0) 160,44 79,0 (339,3) 38,11 (69,4 2,088,0
which exceed \$25,000 per transaction even though sin Name of Affiliate TECO Partners, Inc. Tampa Electric Co TECO Energy Inc. TECO Services Inc. SeaCoast Gas Transmission TECO Energy Source	ing individual affiliated transactions in excess of \$25,000. Recurrin month should be reported annually in the aggregate. However, ea nilar sales recur, should be reported as a "non-recurring" item for t Description of Transaction Real property sublease G&A Allocation Labor services Marketing Labor services Natural Gas sales Real property sublease Labor services Natural Gas purchases IT, Telecom, Facilities Meter Reading Labor services Corporate Overhead/Allocation IT Services Other Indirect Services TSI Procurement Services TSI Procurement Services Labor services G&A Allocation Natural Gas Purchases Natural Gas Purchases Natural Gas Purchases Natural Gas Purchases	ng monthly affiliated transactions ich land or property sales the period in which it occurs. Dollar Amount (7 5 19 (9 (3 (3 (3 (1 (2	224,8 165,00 153,2 7,851,9 5,003,6 9,890,4 (714,9 9,658,50 (228,3 3,011,7 (259,7 (259,7 (259,7) 220,2 3,787,0 3,763,5 1,064,7 7,00,2 (572,0) 160,4 79,0 (339,3 38,1 (69,4

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For the Year Ended

Peoples Gas System

Dec. 31, 2017

ASSETS OR RIGHTS PURCHASED FROM OR SOLD TO AFFILIATES

ASSETS OK KIGHTS FORCHASED TROM OK SOLD TO AFTILIATES							
Provide a summary of affiliated transactions involving asset transfers or the right to use assets.							
	Description						Title
	of Asset	Cost/Orig.	Accumulated	Net Book	Fair Market	Purchase	Passed
Name of Affiliate	or Right	Cost	Depreciation	Value	Value	Price	Yes/No
Purchases from Affiliates:		\$	\$	\$	\$	\$	
None		-	0	-	N/A	-	
Total							
Sales to Affiliates:	None	\$	\$	\$	\$	Sales Price	
None							
Total						\$	
Total		L	L			Ψ	

		EMPLOYEE TRANSF	EDS	
List employees ear	ning more than \$50,000		he utility to/from an affiliate comp	any
Company	Company	Old	New	Transfer Permanent
Transferred	Transferred	Job	Job	or Temporary
From	То	Assignment	Assignment	and Duration
Peoples Gas	Tampa Electric	Gas Supply Ops Adm Sr	Gas Supply Ops Adm Sr	Permanent
Peoples Gas	Tampa Electric	Director While Bus Develop	Director While Bus Develop	Permanent
Peoples Gas	Tampa Electric	Mngng Dir Fuels&Whise Pwr	Mngng Dir Fuels&Whlse Pwr	Permanent
Peoples Gas	Tampa Electric	Utility Technician	Damage Prev Locator	Permanent
Peoples Gas	Tampa Electric	Lead CSP	Cust Billing Data Specialist	Permanent
Peoples Gas	Tampa Electric	Customer Svc Prof V	B&I Acct Specialist	Permanent
Peoples Gas	Tampa Electric	Customer Svc Prof IV	CRB Business Support Spec 1	Permanent
Peoples Gas	Tampa Electric	Gas Portfolio Analyst	Gas Portfolio Analyst	Permanent
Peoples Gas	Tampa Electric	Cust Service Prof IV	Dispatcher/Planner Analyst	Permanent
Tampa Electric	Peoples Gas	Mgr Portfolio Analytics	Mangr Gas Portfolio Analytic	Permanent
Tampa Electric	Peoples Gas	Dir Marketing&Fuel Planning	VP Marketing & Sales	Permanent
Tampa Electric	Peoples Gas	Mgr Training&Environ	Mngr Technical Training PGS	Permanent
Tampa Electric	Peoples Gas	Admin Specialist Sr	One Call Work Coordinator	Permanent
Tampa Electric	Peoples Gas	Market Services Analyst	Market Services Analyst	Permanent
Tampa Electric	Peoples Gas	Plant Operator	Gas Control Analyst I	Permanent
Tampa Electric	Peoples Gas	Cust Service Prof IV	Gas Design Tech	Permanent
Tampa Electric	Peoples Gas	Gas Supply Operations Adm	Coord Contractor Safety & Stds (Permanent
Tampa Electric	Peoples Gas	Environmental Technician	Engineer Assoc	Permanent
Tampa Electric	Peoples Gas	Technology Analyst Sr	Project Implementn Specialist	Permanent
TECO Partners	Peoples Gas	Mgr National Accts&Bus Dev	Senior Manager Mkting Services	Permanent