

**AUSLEY & MCMULLEN**

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27

August 18, 1997

HAND DELIVERED

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

971060-EI

Re: Application of Tampa Electric Company to issue and sell up to \$400 million in long-term debt and preferred equity securities and have outstanding a maximum of \$400 million in short-term unsecured promissory notes during the twelve months ending November 30, 1998

Dear Ms. Bayo:

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

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

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
Enclosures

RECEIVED & FILED

  
DIVISION OF RECORDS

DOCUMENT NUMBER-DATE

08286 AUG 18 97

FPSC-RECORDS/REPORTING

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

|   |   |                 |
|---|---|-----------------|
| In re: Application of Tampa Electric Company to issue and sell up to \$400 million in long-term debt and preferred equity securities and have outstanding a maximum of \$400 million in short-term unsecured promissory notes during the twelve months ending November 30, 1998 | ) | DOCKET NO.      |
|   | ) | Submitted for   |
|   | ) | filing on       |
|   | ) | August 18, 1997 |
|   | ) |                 |
|   | ) |                 |

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

Tampa Electric Company ("the company") files this, its Application under Rule 25-8.001, et seq., Florida Administrative Code, for authority to issue and/or sell securities during the twelve months ending November 30, 1998, and says:

1. The exact name of the company and the address of its principal business office are as follows: Tampa Electric Company, 702 North Franklin Street, Tampa, Florida, 33602.
2. The company, a Florida corporation, was incorporated in 1899 and was reincorporated in 1949.

3. The names and addresses of persons authorized to receive notices and communications with respect to this Application are as follows:

L. L. Willis  
J. D. Beasley  
Ausley & McMullen  
P. O. Box 391  
Tallahassee, FL 32302

A. L. Llewellyn  
Regulatory Specialist  
Tampa Electric Company  
P. O. Box 111  
Tampa, FL 33601

4. As of June 30, 1997, the date of the balance sheet submitted with this Application, the following information is shown for each class and series of capital stock:

Common Stock

- (a) Brief description: Common Stock, without par value
- (b) Authorized (face value and number of shares):  
25,000,000 shares, without par value
- (c) Outstanding (exclusive of any amount held in treasury):  
10 shares
- (d) Held as reacquired securities: None
- (e) Pledged by applicant: None
- (f) Owned by affiliated corporations:  
10 shares
- (g) Held in any fund: None

Tampa Electric - Preferred Stock

(a) Brief description: Preferred Stock

(b) Authorized: 2,500,000 shares-- No par value  
per share, none  
outstanding

1,500,000 shares-- \$100 par value  
per share

(c) Outstanding:<sup>(1)</sup> 49,600 shares-- 4.32% Series A,  
\$100 par value  
per share

50,000 shares-- 4.16% Series B,  
\$100 par value  
per share

100,000 shares-- 4.58% Series D,  
\$100 par value  
per share

(d) Held as reacquired securities: None

(e) Pledged by applicant: None

(f) Owned by affiliated corporation: None

(g) Held in any fund: None

Tampa Electric - Preference Stock

(a) Brief description: Preference Stock-- Subordinated  
preferred stock

(b) Authorized: 2,500,000 shares--No par value

(c) Outstanding: None

(d) Held as reacquired securities: None

(e) Pledged by applicant: None

(f) Owned by affiliated corporation: None

(g) Held in any fund: None

Note (1): On July 16, 1997, the company retired all of its  
outstanding shares of cumulative preferred stock (i.e.,  
Series A, B and D) at the applicable per share redemption  
prices of \$103.75 for Series A, \$102.875 for Series B and  
\$101.00 for Series D.

**Funded Debt** <sup>(3)</sup>

| <b>Brief<br/>Description</b> | <b>Authorized<br/>and<br/>Outstanding</b> | <b>Reacquired</b> | <b>Pledged</b> | <b>Owned by<br/>Affiliates</b> | <b>In<br/>Sinking<br/>and<br/>Other<br/>Funds</b> |
|------------------------------|---|-------------------|----------------|--------------------------------|---|
|------------------------------|---|-------------------|----------------|--------------------------------|---|

**Electric division**

|  |                      |      |      |      |      |
|--|----------------------|------|------|------|------|
| First Mortgage <sup>(2)</sup><br>Bonds, 5-3/4%<br>Series due 2000  | \$ 80,000,000        | none | none | none | none |
| First Mortgage <sup>(2)</sup><br>Bonds, 6-1/8%<br>Series, due 2003 | 75,000,000           | "    | "    | "    | "    |
| First Mortgage <sup>(2)</sup><br>Bonds, 7-3/4%<br>Series, due 2022 | 75,000,000           | "    | "    | "    | "    |
| Total electric<br>division   | <u>\$230,000,000</u> |      |      |      |      |

**Peoples Gas division**

|                                       |                      |      |      |      |      |
|---------------------------------------|----------------------|------|------|------|------|
| Senior Term Note,<br>10.35%, due 2007 | \$ 8,000,000         | none | none | none | none |
| Senior Term Note,<br>10.33%, due 2008 | 9,400,000            | "    | "    | "    | "    |
| Senior Term Note,<br>10.30%, due 2009 | 9,600,000            | "    | "    | "    | "    |
| Senior Term Note,<br>9.93%, due 2010  | 9,800,000            | "    | "    | "    | "    |
| Senior Term Note,<br>8.00%, due 2012  | 35,000,000           | "    | "    | "    | "    |
| Total Peoples Gas<br>division         | <u>\$ 71,800,000</u> |      |      |      |      |



The company filed a shelf registration statement with the Securities and Exchange Commission, which became effective on May 4, 1993, for the sale of up to \$200 million of first mortgage bonds. On May 24, 1993, the company issued \$80 million of bonds due in 2000 at a 5.75 percent interest rate. Under this shelf registration statement, \$120 million remains available for issuance.

Note (2): First mortgage bonds of these series and bonds of any series may be issued by the company, subject to the restrictions in the Indenture of Mortgage dated Aug. 1, 1946, as supplemented, without limit in amount except as from time to time limited by law or by the Restated Articles of Incorporation of the company. Such Restated Articles of Incorporation currently have no limit as to the amount of funded debt that the company may have outstanding at any time.

Note (3): Does not include obligations with respect to Pollution Control Revenue Bonds under the following contracts:

Hillsborough County Industrial Development Authority (HCIDA)

| <u>Type of Contract</u>                    | <u>Series</u>        | <u>Dated as of</u> | <u>Interest Rate</u> | <u>Amount</u> |
|--|----------------------|--------------------|----------------------|---------------|
| <u>Outstanding</u>                         |                      |                    |                      |               |
| <u>Electric division</u>                   |                      |                    |                      |               |
| Installment Purchase and Security Contract | 1972                 | 3/1/72             | 5 3/4%               | \$ 23,840,000 |
| Installment Purchase Contract              | 1994 Refunding Bonds | 12/1/94            | 6.25%                | 85,950,000    |
| Installment Purchase Contract              | 1990 Refunding Bonds | 9/27/90            | Var <sup>(a)</sup>   | 51,605,000    |
| Installment Purchase Contract              | 1992 Refunding Bonds | 10/27/92           | Var <sup>(b)</sup>   | 54,200,000    |

|                                  |                            |         |                    |   |
|----------------------------------|----------------------------|---------|--------------------|---|
| Installment<br>Purchase Contract | 1991<br>Refunding<br>Bonds | 6/3/91  | 7 7/8%             | 25,000,000                                |
| Installment<br>Purchase Contract | 1992<br>Refunding<br>Bonds | 3/10/92 | 8.0%               | 100,000,000                               |
| Installment Purchase<br>Contract | 1993                       | 6/21/93 | Var <sup>(c)</sup> | <u>20,000,000</u><br><u>\$360,595,000</u> |

Note (a): Composite interest rate of 3.49% for the twelve months ended June 30, 1997.

Note (b): Composite interest rate of 3.40% for the twelve months ended June 30, 1997.

Note (c): Composite interest rate of 3.61% for the twelve months ended June 30, 1997.

Polk County Industrial Development Authority

| Type of Contract                 | Series | Dated<br>as of | Interest<br>Rate | Amount               |
|----------------------------------|--------|----------------|------------------|----------------------|
| <u>Outstanding</u>               |        |                |                  |                      |
| <u>Electric division</u>         |        |                |                  |                      |
| Installment Purchase<br>Contract | 1996   | 12/12/96       | 5.85%            | <u>\$ 75,000,000</u> |

5. Statement of Proposed Transactions:

- (a) The company seeks the authority to issue and/or sell equity securities and long-term debt securities, as well as issue and/or sell short-term unsecured promissory notes, during the period covered by this Application.

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

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

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



The short-term unsecured promissory notes may be sold through the commercial paper market. Notes sold in the commercial paper market may bear an interest rate as determined by the market price at the date of issuance, including discount and broker-dealer commissions. The short-term unsecured promissory notes sold through the commercial paper market will mature not more than nine months from the date of issuance. The issuance of short-term notes may include the issuance of short-term tax-exempt notes.

(b) The amount of all new equity and new long-term debt securities will not exceed \$400 million during the period covered by this Application, including any amounts issued to retire existing long-term debt securities. The maximum amount of short-term unsecured promissory notes outstanding at any one time will be \$400 million.

(c) The present estimate of the interest rate for the aforementioned debt securities, based upon 90-day dealer paper as published in The Wall Street Journal on August 8, 1997, was 5.56%.

- (d) Any actual dividend rate and actual interest rates will be determined at the time of the issuance and/or sale of the applicable securities.

**6. Purpose of Issuance:**

The net proceeds to be received from any sale of additional securities will be added to the company's general funds and will be used for working capital requirements and for other general business purposes, including the financing of the company's construction program or the acquisition of additional properties or businesses. The net proceeds received from any sale of these securities may also be used to repay short-term unsecured promissory notes or for the purchase or repayment of securities of the company.

**(a) Construction**

The electric division of the company has estimated that construction expenditures during the twelve months ending November 30, 1998 will be \$121 million.

The Peoples Gas division of the company has estimated that construction expenditures during the twelve months ending November 30, 1998 will be \$64 million.

(b) Reimbursement of the Treasury

Among the general business purposes for which the net proceeds may be used is the reimbursement of the treasury for expenditures by the company subsequent to the date of this Application against which securities will not have been issued in advance. At this time no expenditures have been made for which securities must be issued to reimburse the treasury.

(c) Refunding Obligations

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

In addition, the company is continuing to monitor and evaluate market conditions in anticipation of refunding long-term obligations where it is legally and economically feasible to do so. Recognizing that changes in market conditions could make such refunding transactions feasible,

the company is requesting authority to issue long-term debt and/or preferred stock within a limitation that provides the company with sufficient flexibility to respond to refunding opportunities.

7. The company submits that the proposed issuance and sale of securities is for lawful objectives within the corporate purposes of the company, is necessary for the proper performance by the company as a public utility, is compatible with the public interest and is reasonable, necessary and appropriate. The facts relied upon by the company in support of such statement are set out in Paragraphs 4 through 6 above.
8. The names and addresses of counsel who will pass upon the legality of the proposed issuance are: Sheila M. McDevitt, Vice President-Assistant General Counsel, TECO Energy, Inc., Tampa, Florida; Holland & Knight, Tampa, Florida; and/or Palmer & Dodge, Boston, Massachusetts.
9. A Registration Statement with respect to each public sale of securities hereunder that is subject to and not exempt from the registration requirements of the Securities Act

of 1933, as amended, will be filed with the Securities and Exchange Commission, 450 Fifth St. N.W., Washington, D.C. 20549.

10. There is no measure of control or ownership exercised by or over the company as to any other public utility except as noted below. On April 14, 1981, the company's shareholders approved a restructuring plan under which the company and its subsidiaries became separate wholly owned subsidiaries of a holding company, TECO Energy, Inc., which is exempt from the requirements of registration as a holding company under the Public Utility Holding Company Act of 1935. TECO Power Services Corporation, a subsidiary of TECO Energy, Inc., is engaged, through its subsidiaries, in the business of independent power generation.

On June 16, 1997, TECO Energy, Inc., completed its merger with Lykes Energy, Inc. Concurrent with this merger, Lykes Energy's regulated gas distribution utility, Peoples Gas System, Inc., was merged with and into Tampa Electric Company and now operates as the Peoples Gas division of the company.



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

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

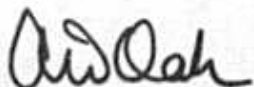
Exhibit A: Financial Statements (balance sheets; summary of utility plant and accumulated provision for depreciation and amortization; income statement; statement of retained earnings; statement of known contingent liabilities)

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

WHEREFORE, Tampa Electric Company respectfully requests that the Commission enter its Order approving this Application for authority to issue and sell securities during the twelve-month period ending November 30, 1998.

DATED this 15th day of August, 1997.

TAMPA ELECTRIC COMPANY

By:   
A. D. Oak  
Vice President, Treasurer  
and Chief Financial Officer

702 North Franklin Street  
Tampa, Florida 33602

Post Office Box 111  
Tampa, Florida 33601

TAMPA ELECTRIC COMPANY  
ELECTRIC DIVISION  
BALANCE SHEETS  
ASSETS AND OTHER DEBITS  
(THOUSANDS)

|                                       | JUNE 30,<br>1997    | DEC. 31,<br>1996    |
|---------------------------------------|---------------------|---------------------|
| <b>UTILITY PLANT</b>                  |                     |                     |
| 101                                   | \$ 2,970,732        | \$ 2,926,307        |
| 105                                   | 32,952              | 33,128              |
| 106                                   | 603,562             | 604,332             |
| 107                                   | 6,884               | 7,074               |
| 108                                   | (1,356,363)         | (1,296,108)         |
| 111                                   | (2,057)             | (2,388)             |
| 114                                   | 5,814               | 5,914               |
|                                       | <u>2,261,544</u>    | <u>2,278,279</u>    |
| <b>OTHER PROPERTY AND INVESTMENTS</b> |                     |                     |
| 121                                   | 6,390               | 6,298               |
| 122                                   | (309)               | (292)               |
| 123                                   | 106                 | 20                  |
|                                       | <u>6,187</u>        | <u>6,026</u>        |
| <b>CURRENT AND ACCRUED ASSETS</b>     |                     |                     |
| 131                                   | 2,772               | 31                  |
| 134                                   | 20,667              | 123                 |
| 135                                   | 72                  | 77                  |
| 136                                   | 16,037              | --                  |
| 142                                   | 83,490              | 70,937              |
| 143                                   | 11,082              | 32,231              |
| 144                                   | (1,200)             | (1,050)             |
| 146                                   | 2,831               | 2,338               |
| 151                                   | 64,530              | 56,616              |
| 152                                   | --                  | --                  |
| 154                                   | 42,948              | 41,220              |
| 158                                   | 1,994               | 352                 |
| 163                                   | (1)                 | --                  |
| 165                                   | 5,259               | 3,480               |
| 171                                   | 50                  | 41                  |
| 173                                   | 26,404              | 24,161              |
|                                       | <u>276,915</u>      | <u>230,557</u>      |
| <b>DEFERRED DEBITS</b>                |                     |                     |
| 181                                   | 7,278               | 7,491               |
| 182                                   | 88,715              | 93,644              |
| 183                                   | 2,151               | 2,210               |
| 184                                   | 268                 | 247                 |
| 186                                   | 22,731              | 1,646               |
| 188                                   | 216                 | 217                 |
| 190                                   | 104,524             | 102,914             |
|                                       | <u>225,883</u>      | <u>208,369</u>      |
|                                       | <u>\$ 2,770,549</u> | <u>\$ 2,721,231</u> |

TAMPA ELECTRIC COMPANY  
ELECTRIC DIVISION  
BALANCE SHEETS  
LIABILITIES AND OTHER CREDITS  
(THOUSANDS)

|  | JUNE 30,<br>1997    | DEC. 31,<br>1996    |
|--|---------------------|---------------------|
| <b>PROPRIETARY CAPITAL</b>   |                     |                     |
| 201 Common Stock Issued--10 Shares Outstanding                           | \$ 119,697          | \$ 119,697          |
| 204 Preferred Stock Issued--Redemption Not Required                      | 19,960              | 19,960              |
| 207 Premium on Capital Stock   | 19                  | 19                  |
| 211 Miscellaneous Paid-in Capital  | 816,579             | 816,579             |
| 214 Capital Stock Expense  | (812)               | (778)               |
| 216 Unappropriated Retained Earnings                                     | <u>192,108</u>      | <u>191,662</u>      |
|  | <u>1,147,751</u>    | <u>1,147,139</u>    |
| <b>LONG-TERM DEBT</b>  |                     |                     |
| 221 Bonds  | 665,595             | 665,890             |
| 225 Unamortized Premium on Long-Term Debt                                | --                  | --                  |
| 226 Unamortized Discount on Long-Term Debt                               | <u>(3,620)</u>      | <u>(3,742)</u>      |
|  | <u>661,975</u>      | <u>662,148</u>      |
| <b>CURRENT AND ACCRUED LIABILITIES</b>                                   |                     |                     |
| 231 Notes Payable  | 139,000             | 98,600              |
| 232 Accounts Payable   | 63,995              | 60,732              |
| 234 Accounts Payable to Associated Companies                             | 20,152              | 17,667              |
| 235 Customer Deposits  | 52,220              | 52,866              |
| 236 Taxes Accrued  | 32,150              | 7,399               |
| 237 Interest Accrued   | 14,907              | 12,070              |
| 241/246 Tax Collections Payable  | 3,525               | 2,709               |
| 242 Miscellaneous Current and Accrued Liabilities                        | <u>16,142</u>       | <u>27,811</u>       |
|  | <u>342,091</u>      | <u>279,854</u>      |
| <b>DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES</b>                 |                     |                     |
| 228.1 Accumulated Provision for Property Insurance                       | 14,000              | 12,000              |
| 228.2 Accumulated Provision for Injuries and Damages                     | 4,779               | 5,407               |
| 228.3 Accumulated Provision for Pensions and Benefits                    | 46,123              | 42,584              |
| 253 Other Deferred Credits   | 14,855              | 18,229              |
| 254 Other Regulatory Liabilities   | 126,907             | 142,365             |
| 255 Accumulated Deferred Investment Tax Credits                          | 51,544              | 53,837              |
| 256 Deferred Gains from Disposition of Utility Plant                     | 257                 | 150                 |
| 257 Unamortized Gain on Reacquired Debt                                  | <u>20</u>           | <u>21</u>           |
|  | <u>258,485</u>      | <u>274,591</u>      |
| <b>ACCUMULATED DEFERRED INCOME TAXES</b>                                 |                     |                     |
| 281 Accumulated Deferred Income Taxes--Accelerated Amortization Property | 8,290               | 8,254               |
| 282 Accumulated Deferred Income Taxes--Other Property                    | 392,359             | 394,644             |
| 283 Accumulated Deferred Income Taxes--Other                             | <u>(40,402)</u>     | <u>(43,401)</u>     |
|  | <u>360,247</u>      | <u>359,497</u>      |
|  | <u>\$ 2,770,549</u> | <u>\$ 2,723,231</u> |

TAMPA ELECTRIC COMPANY  
ELECTRIC DIVISION  
SUMMARY OF UTILITY PLANT  
(THOUSANDS)

|     |   | JUNE 30,<br><u>1997</u> | DEC. 31,<br><u>1996</u> |
|-----|---|-------------------------|-------------------------|
| 101 | Electric Plant in Service                           | \$ 2,970,732            | \$ 2,936,307            |
| 105 | Electric Plant Held for Future Use                  | 32,952                  | 33,128                  |
| 106 | Completed Construction Not Classified--<br>Electric | 603,562                 | 604,332                 |
| 107 | Construction Work in Progress--Electric             | 6,884                   | 7,074                   |
| 114 | Acquisition Adjustment                              | <u>5,834</u>            | <u>5,934</u>            |
|     |   | <u>\$ 3,619,964</u>     | <u>\$ 3,576,775</u>     |

TAMPA ELECTRIC COMPANY  
ELECTRIC DIVISION  
STATEMENT OF PROVISION FOR DEPRECIATION  
AND AMORTIZATION OF PROPERTY  
(THOUSANDS)

|     |   | JUNE 30,<br><u>1997</u> | DEC. 31,<br><u>1996</u> |
|-----|---|-------------------------|-------------------------|
| 108 | Accumulated Provision for Depreciation<br>of Electric Utility Plant | \$ (1,356,363)          | \$ (1,296,108)          |
| 111 | Accumulated Provision for Amortization of<br>Electric Utility Plant | <u>(2,057)</u>          | <u>(2,388)</u>          |
|     |   | <u>\$ (1,358,420)</u>   | <u>\$ (1,298,496)</u>   |



TAMPA ELECTRIC COMPANY  
ELECTRIC DIVISION  
INCOME STATEMENT  
(THOUSANDS)

|                                 | 12 MONTHS ENDED<br>JUNE 30, 1997   | YEAR ENDED<br>DEC. 31, 1996 |                   |
|---------------------------------|--|-----------------------------|-------------------|
| <b>UTILITY OPERATING INCOME</b> |  |                             |                   |
| 400                             | Operating Revenues   | \$ 1,169,997                | \$ 1,123,714      |
|                                 | Operating Expenses:  |                             |                   |
| 401                             | Operation Expense  | 599,385                     | 602,222           |
| 402                             | Maintenance Expense  | 71,388                      | 65,519            |
| 403                             | Depreciation Expense   | 131,688                     | 119,573           |
| 404                             | Amortization of Limited Term Electric Plant  | 763                         | 821               |
| 406                             | Amortization of Electric Plant<br>Acquisition Adjustments                          | (242)                       | (242)             |
| 407                             | Amortization of Property Losses, Unrecoverable<br>Plant and Regulatory Study Costs | 6,620                       | 4,908             |
| 408.1                           | Taxes Other Than Income Taxes, Utility<br>Operating Income                         | 89,437                      | 86,966            |
| 409.1                           | Income Taxes, Utility Operating Income   | 68,746                      | 68,423            |
| 410.1                           | Provision for Deferred Income Taxes,<br>Utility Operating Income                   | 74,352                      | 63,414            |
| 411.1                           | Provision for Deferred Income Taxes--<br>Credit, Utility Operating Income          | (58,917)                    | (55,814)          |
| 411.4                           | Investment Tax Credit Adjustments,<br>Utility Operations                           | (4,623)                     | (4,661)           |
| 411.6                           | Gain on Disposition of Utility Plant   | (44)                        | (44)              |
|                                 | Total Operating Expenses   | <u>978,553</u>              | <u>951,085</u>    |
|                                 | Operating Income   | <u>191,444</u>              | <u>172,629</u>    |
| <b>OTHER INCOME</b>             |  |                             |                   |
| 415                             | Revenues from Merchandising,<br>Jobbing & Contract Work                            | 298                         | 301               |
| 416                             | Costs and Expenses of Merchandising,<br>Jobbing, and Contract Work                 | (232)                       | (182)             |
| 418                             | Nonoperating Rental Income   | (436)                       | (598)             |
| 419                             | Interest and Dividend Income   | 6,374                       | 16,780            |
| 421                             | Miscellaneous Nonoperating Income  | 216                         | 314               |
| <b>OTHER INCOME DEDUCTIONS</b>  |  |                             |                   |
| 426.1-.5                        | Other Deductions   | (1,659)                     | (385)             |
| 408.2                           | Taxes Other than Income Taxes, Other<br>Income and Deductions                      | (145)                       | (140)             |
| 409.2                           | Income Taxes, Other Income and Deductions  | 237                         | 182               |
| 410.2                           | Provision for Deferred Income Taxes, Other<br>Income and Deductions                | (102)                       | (54)              |
| 411.2                           | Provision for Deferred Income Taxes, Other<br>Income and Deductions                | 48                          | 61                |
| 411.5                           | Investment Tax Credit Adjustments,<br>Nonutility Operations                        | 1                           | 1                 |
|                                 | Total Other Income (Loss) -- Net   | <u>4,600</u>                | <u>16,280</u>     |
|                                 | Income Before Interest Charges   | <u>196,044</u>              | <u>188,909</u>    |
| <b>INTEREST EXPENSE</b>         |  |                             |                   |
| 427                             | Interest on Long-Term Debt   | 39,505                      | 37,475            |
| 428                             | Amortization of Debt Discount and Expense  | 1,782                       | 1,772             |
| 429                             | Amortization of Premium on Debt--Credit  | (2)                         | (4)               |
| 431                             | Other Interest Expense   | 13,431                      | 14,421            |
| 432                             | Allowance for Borrowed Funds<br>Used During Construction--Credit                   | (2,137)                     | (6,371)           |
|                                 | Total Interest Expense   | <u>52,579</u>               | <u>47,293</u>     |
|                                 | Net Income   | <u>\$ 143,465</u>           | <u>\$ 141,616</u> |

TAMPA ELECTRIC COMPANY  
ELECTRIC DIVISION  
STATEMENT OF RETAINED EARNINGS  
(THOUSANDS)

|         |   | 12 MONTHS ENDED      | YEAR ENDED           |
|---------|---|----------------------|----------------------|
|         |   | <u>JUNE 30, 1997</u> | <u>DEC. 31, 1996</u> |
| CREDITS |   |                      |                      |
| 216     | Unappropriated Retained Earnings (at beginning of period) | \$ 185,045           | \$ 188,191           |
| 433     | Balance Transferred from Income                           | <u>143,465</u>       | <u>141,616</u>       |
|         |   | <u>328,510</u>       | <u>329,807</u>       |
| DEBITS  |   |                      |                      |
| 437     | Dividends Declared--Preferred Stock                       | 880                  | 2,098                |
| 438     | Dividends Declared--Common Stock                          | 135,322              | 134,986              |
| 439     | Adjustments to Retained Earnings (1)                      | <u>--</u>            | <u>1,062</u>         |
|         |   | <u>136,202</u>       | <u>138,145</u>       |
| 216     | Unappropriated Retained Earnings (at end of period)       | <u>\$ 192,308</u>    | <u>\$ 191,662</u>    |

Note (1): The \$1.1 million adjustment to Retained Earnings includes \$.5 million of call premiums and \$.6 million of Capital Stock issuance expense related to the retirement of Series E and Series F preferred stock on April 29, 1996.

TAMPA ELECTRIC COMPANY  
ELECTRIC DIVISION  
CONTINGENT LIABILITIES

Tampa Electric's electric division has made certain commitments in connection with its continuing construction program. Total construction expenditures are estimated to be \$121 million for the twelve months ended Nov. 30, 1998.

TAMPA ELECTRIC COMPANY  
PEOPLES GAS DIVISION  
BALANCE SHEETS  
ASSETS AND OTHER DEBITS  
(THOUSANDS)

|   | JUNE 30,<br>1997  | DEC. 31,<br>1996  |
|---|-------------------|-------------------|
| <b>UTILITY PLANT</b>  |                   |                   |
| 101 Gas Plant in Service  | \$ 444,935        | \$ 399,967        |
| 105 Gas Plant Held for Future Use   | 229               | 229               |
| 107 Const'uction Work in Progress--Gas  | 8,799             | 8,106             |
| 108 Accumulated Provision for Depreciation<br>of Gas Utility Plant            | (173,533)         | (156,589)         |
| 111 Accumulated Provision for Amortization<br>of Gas Utility Plant            | (1,230)           | (1,038)           |
| 114 Acquisition Adjustment  | 5,249             | 2,302             |
| 115 Accumulated Provision for Amortization<br>of Plant Acquisition Adjustment | (1,629)           | (561)             |
|   | <u>282,820</u>    | <u>252,416</u>    |
| <b>CURRENT AND ACCRUED ASSETS</b>   |                   |                   |
| 131 Cash  | 1,200             | 3,302             |
| 134 Other Special Deposits  | 8,133             | 7,453             |
| 135 Working Funds   | (588)             | 74                |
| 136 Temporary Cash Investments  | 5,194             | --                |
| 142 Customer Accounts Receivable  | 13,857            | 24,288            |
| 143 Other Accounts Receivable   | 507               | 110               |
| 144 Accumulated Provision for Uncollectible<br>Accounts                       | (133)             | (107)             |
| 146 Accounts Receivable from Associated<br>Companies                          | 11,250            | --                |
| 154 Plant Materials and Operating Supplies                                    | 1,680             | 1,677             |
| 163 Stores Expense Undistributed  | (105)             | 35                |
| 165 Prepayments   | 690               | 1,462             |
| 171 Interest and Dividends Receivable   | 7                 | --                |
| 173 Accrued Utility Revenues  | 9,631             | 8,863             |
|   | <u>51,325</u>     | <u>47,157</u>     |
| <b>DEFERRED DEBITS</b>  |                   |                   |
| 181 Unamortized Debt Expense  | 1,632             | 886               |
| 184 Clearing Accounts   | 2                 | 1                 |
| 186 Miscellaneous Deferred Debits   | 962               | 2,101             |
| 191 Unrecovered Purchased Gas Cost  | 1,375             | (1,257)           |
|   | <u>3,971</u>      | <u>1,731</u>      |
|   | <u>\$ 338,116</u> | <u>\$ 301,304</u> |

TAMPA ELECTRIC COMPANY  
PEOPLES GAS DIVISION  
BALANCE SHEETS  
LIABILITIES AND OTHER CREDITS  
(THOUSANDS)

|   | JUNE 30,<br>1997  | DEC. 31,<br>1996  |
|---|-------------------|-------------------|
| <b>PROPRIETARY CAPITAL</b>                                |                   |                   |
| 201 Common Stock  | \$ 6,369          | \$ 6,369          |
| 207 Premium on Capital Stock                              | 5,575             | 5,575             |
| 211 Miscellaneous Paid-in Capital                         | 24,606            | 14,212            |
| 216 Unappropriated Retained Earnings                      | <u>106,145</u>    | <u>94,106</u>     |
|   | <u>142,695</u>    | <u>120,262</u>    |
| <b>LONG-TERM DEBT</b>                                     |                   |                   |
| 224 Other Long-Term Debt                                  | <u>71,800</u>     | <u>81,800</u>     |
| <b>CURRENT AND ACCRUED LIABILITIES</b>                    |                   |                   |
| 231 Notes Payable   | 24,000            | --                |
| 232 Accounts Payable                                      | 19,869            | 19,106            |
| 234 Accounts Payable to Associated Companies              | --                | 8,530             |
| 235 Customer Deposits                                     | 24,622            | 24,212            |
| 236 Taxes Accrued   | 6,170             | 2,603             |
| 237 Interest Accrued                                      | 4,600             | 3,806             |
| 241/246 Tax Collections Payable                           | 1,666             | 1,919             |
| 242 Miscellaneous Current and<br>Accrued Liabilities      | <u>8,263</u>      | <u>8,547</u>      |
|   | <u>89,190</u>     | <u>68,723</u>     |
| <b>DEFERRED CREDITS AND OTHER NONCURRENT LIABILITIES</b>  |                   |                   |
| 228.3 Accumulated Provision for<br>Pensions and Benefits  | 5,629             | 5,278             |
| 252 Customer Advances for Construction                    | 715               | 668               |
| 253 Other Deferred Credits                                | 1,893             | 1,402             |
| 254 Other Regulatory Liabilities                          | 260               | 260               |
| 255 Accumulated Deferred Investment Tax Credits           | <u>471</u>        | <u>4</u>          |
|   | <u>8,968</u>      | <u>7,612</u>      |
| <b>ACCUMULATED DEFERRED INCOME TAXES</b>                  |                   |                   |
| 282 Accumulated Deferred Income Taxes--<br>Other Property | <u>25,463</u>     | <u>22,907</u>     |
|   | <u>\$ 138,116</u> | <u>\$ 101,304</u> |

TAMPA ELECTRIC COMPANY  
PEOPLES GAS DIVISION  
SUMMARY OF UTILITY PLANT  
(THOUSANDS)

|     |                                    | <u>JUNE 30,</u><br>1997 | <u>DEC. 31,</u><br>1996 |
|-----|------------------------------------|-------------------------|-------------------------|
| 101 | Gas Plant in Service               | \$ 444,935              | \$ 399,967              |
| 105 | Gas Plant Held for Future Use      | 229                     | 229                     |
| 107 | Construction Work in Progress--Gas | 8,799                   | 8,106                   |
| 114 | Acquisition Adjustment             | <u>5,249</u>            | <u>2,302</u>            |
|     |                                    | <u>\$ 459,212</u>       | <u>\$ 410,604</u>       |

TAMPA ELECTRIC COMPANY  
PEOPLES GAS DIVISION  
STATEMENT OF PROVISION FOR DEPRECIATION  
AND AMORTIZATION OF PROPERTY  
(THOUSANDS)

|     |   | <u>JUNE 30,</u><br>1997 | <u>DEC. 31,</u><br>1996 |
|-----|---|-------------------------|-------------------------|
| 108 | Accumulated Provision for Depreciation<br>of Gas Utility Plant            | \$ (173,533)            | \$ (156,589)            |
| 111 | Accumulated Provision for Amortization of<br>Gas Utility Plant            | (1,230)                 | (1,038)                 |
| 115 | Accumulated Provision for Amortization of<br>Plant Acquisition Adjustment | <u>(1,629)</u>          | <u>(561)</u>            |
|     |   | <u>\$ (176,392)</u>     | <u>\$ (158,188)</u>     |



TAMPA ELECTRIC COMPANY  
PEOPLES GAS DIVISION  
INCOME STATEMENT  
(THOUSANDS)

|                                 | 12 MONTHS ENDED<br><u>JUNE 30, 1997 (1)</u> | YEAR ENDED<br><u>DEC. 31, 1996</u> |
|---------------------------------|---|------------------------------------|
| <b>UTILITY OPERATING INCOME</b> |   |                                    |
| 400                             | \$ 243,840                                  | \$ 258,672                         |
| Operating Revenues              |   |                                    |
| Operating Expenses:             |   |                                    |
| 401                             | 167,017                                     | 182,845                            |
| 402                             | 4,908                                       | 4,828                              |
| 403                             | 18,513                                      | 17,089                             |
| 404                             | 63  | 74                                 |
| 406                             | 77  | 77                                 |
| 407.3                           | 34  | --                                 |
| 408.1                           | 20,417                                      | 21,730                             |
| 409.1                           | 6,907                                       | 6,686                              |
| 410.1                           | 1,767                                       | 1,843                              |
| 411.4                           | (7)   | (7)                                |
|                                 | <u>219,696</u>                              | <u>235,165</u>                     |
|                                 | <u>24,144</u>                               | <u>23,507</u>                      |
| <b>OTHER INCOME</b>             |   |                                    |
| 419                             | 5   | 1                                  |
| 421                             | 556   | 94                                 |
| <b>OTHER INCOME DEDUCTIONS</b>  |   |                                    |
| 425                             | --  | 417                                |
| 426.1-.5                        | (344)                                       | (311)                              |
| 409.2                           | (82)  | (77)                               |
|                                 | <u>135</u>                                  | <u>124</u>                         |
|                                 | <u>24,279</u>                               | <u>23,631</u>                      |
| <b>INTEREST EXPENSE</b>         |   |                                    |
| 427                             | 7,815                                       | 7,201                              |
| 428                             | 86  | 87                                 |
| 431                             | 2,202                                       | 2,474                              |
|                                 | <u>10,103</u>                               | <u>9,762</u>                       |
|                                 | <u>\$ 14,176</u>                            | <u>\$ 13,869</u>                   |

(1) Includes the results of operations of West Florida Natural Gas Company for the period Jan. 1, 1997 through June 30, 1997. See the discussion of this merger on page 13.

TAMPA ELECTRIC COMPANY  
PEOPLES GAS DIVISION  
STATEMENT OF RETAINED EARNINGS  
(THOUSANDS)

|                |   | 12 MONTHS ENDED      | YEAR ENDED           |
|----------------|---|----------------------|----------------------|
|                |   | <u>JUNE 30, 1997</u> | <u>DEC. 31, 1996</u> |
| <b>CREDITS</b> |   |                      |                      |
| 216            | Unappropriated Retained Earnings (at beginning of period)                     | \$ 93,689            | \$ 90,237            |
|                | Add: West Florida Natural Gas Company's Retained Earnings as of Dec. 31, 1996 | <u>2,280</u>         | <u>--</u>            |
|                | Adjusted Unappropriated retained Earnings (at beginning of period)            | 95,969               | 90,237               |
| 433            | Balance Transferred from Income   | <u>14,176</u>        | <u>13,869</u>        |
|                |   | 110,145              | 104,106              |
| <b>DEBITS</b>  |   |                      |                      |
| 438            | Dividends Declared  | <u>4,000</u>         | <u>10,000</u>        |
| 216            | Unappropriated Retained Earnings (at end of period)                           | <u>\$ 106,145</u>    | <u>\$ 94,106</u>     |

TAMPA ELECTRIC COMPANY  
PEOPLES GAS DIVISION  
CONTINGENT LIABILITIES

Tampa Electric's Peoples Gas division has made certain commitments in connection with its continuing construction program. Total construction expenditures are estimated to be \$64 million for the twelve months ended Nov. 30, 1998.

TAMPA ELECTRIC COMPANY  
ELECTRIC DIVISION  
PROJECTED STATEMENT OF SOURCES AND USES OF FUNDS  
FOR THE TWELVE MONTHS ENDED NOV. 30, 1998  
(MILLIONS)

FUNDS PROVIDED BY

Operations:

|                              |             |
|------------------------------|-------------|
| Depreciation                 | \$145       |
| Deferred Income Taxes        | 27          |
| Investment Tax Credit -- Net | (5)         |
| Other                        | <u>(23)</u> |
|                              | 144         |

Financing:

|                            |             |
|----------------------------|-------------|
| Changes in Long-Term Debt  | --          |
| Changes in Short-Term Debt | <u>(23)</u> |

TOTAL FUNDS AVAILABLE

\$121

FUNDS APPLIED TO

|                                |              |
|--------------------------------|--------------|
| Construction (excluding AFUDC) | <u>\$121</u> |
|--------------------------------|--------------|

TOTAL FUNDS APPLIED

\$121

TAMPA ELECTRIC COMPANY  
ELECTRIC DIVISION  
CONSTRUCTION EXPENDITURE FORECAST  
FOR THE TWELVE MONTHS ENDED NOV. 30, 1998  
(MILLIONS)

|   |              |
|---|--------------|
| Transmission  | \$ 8         |
| Distribution  | 51           |
| Production  | 31           |
| General   | <u>30</u>    |
|   | 120          |
| Cost of Removal, Net of Salvage                             | <u>1</u>     |
| Total Projected Construction Expenditures (excluding AFUDC) | <u>\$121</u> |

TAMPA ELECTRIC COMPANY  
PEOPLES GAS DIVISION  
PROJECTED STATEMENT OF SOURCES AND USES OF FUNDS  
FOR THE TWELVE MONTHS ENDED NOV. 30, 1998  
(MILLIONS)

FUNDS PROVIDED BY

Operations:

|                              |           |
|------------------------------|-----------|
| Depreciation                 | \$ 22     |
| Deferred Income Taxes        | 1         |
| Investment Tax Credit -- Net | --        |
| Other                        | <u>24</u> |
|                              | 47        |

Financing:

|                            |           |
|----------------------------|-----------|
| Changes in Long-Term Debt  | (4)       |
| Changes in Short-Term Debt | <u>21</u> |

TOTAL FUNDS AVAILABLE

\$ 64

FUNDS APPLIED TO

Construction

\$ 64

TOTAL FUNDS APPLIED

\$ 64

TAMPA ELECTRIC COMPANY  
PEOPLES GAS DIVISION  
CONSTRUCTION EXPENDITURE FORECAST  
FOR THE TWELVE MONTHS ENDED NOV. 30, 1998  
(MILLIONS)

Total Projected Construction  
Expenditures--Distribution System

\$ 64