



2015  
CORPORATE  
SUSTAINABILITY  
EXECUTIVE  
SUMMARY



Growth and  
Innovation



TECO Energy is an investor-owned public utility holding company with regulated electric and gas utilities in Florida and New Mexico. We are a proud member of the New York Stock Exchange Century Club, which recognizes companies that have been publicly traded – contributing to economic and social progress – for more than a century.

Through our gas and electric utilities, TECO Energy has been providing safe, reliable utility service to customers for nearly 120 years.



### On the Cover

A photo collage representing TECO Energy's 2014 focus on **growth and innovation**, highlights some of the company's key projects.

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*We believe our journey is one of growth and innovation, with long-lasting impacts that improve the quality of life for all of our stakeholders.*

– John Ramil

President and Chief Executive Officer

## To Our Stakeholders

Sustainability plays an essential role in TECO Energy's journey and future. It is about growing our business without compromising the needs of future generations. It promotes long-term planning, strategic thinking, and values-based decision making. We have incorporated these principles throughout our nearly 120-year history, resulting in a demonstrated ability to grow and innovate while providing value to our customers, shareholders and communities.

I am pleased to share this overview of our annual Corporate Sustainability Report, which is available in its entirety online at [tecoenergy.com/csr](http://tecoenergy.com/csr). You'll read about the challenges we face as an energy provider, opportunities that are arising from those challenges, and many of our accomplishments – like winning the 2015 Edison Award for our regional reclaimed water project at Polk Power Station.

We believe our journey is one of growth and innovation, with long-lasting impacts that improve the quality of life for all of our stakeholders. We are well-positioned to continue on this journey and are proud to be powering the future.

A handwritten signature in blue ink that reads "John B. Ramil".

**John B. Ramil**, President and Chief Executive Officer

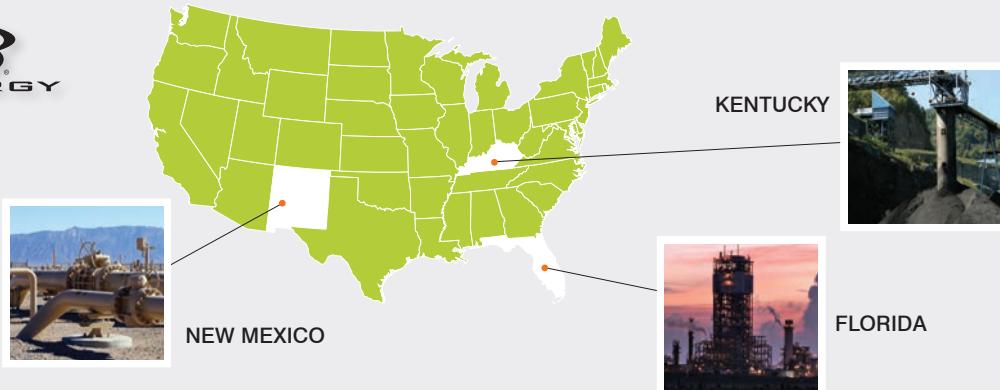
# Our Business

**Tampa Electric** is a regulated electric utility with nearly 4,700 megawatts of capacity. We deliver reliable power to more than 706,000 residential, commercial and industrial customers across a 2,000-square-mile service area in the West Central Florida counties of Hillsborough, Polk, Pasco and Pinellas.

**Peoples Gas** is Florida's leading provider of regulated natural gas distribution services, with a presence in most of the state's metropolitan areas. Peoples Gas delivers reliable, clean energy to nearly 354,000 residential, commercial and industrial customers.

**New Mexico Gas Co.**, the largest natural gas distribution utility in New Mexico, serves almost 513,000 primarily residential customers in 23 of the state's 33 counties. New Mexico Gas Co. maintains more than 12,000 miles of transmission and distribution pipe and has unique proximity to two major gas-producing areas – the Permian and San Juan basins.

**TECO Coal** owns and operates low-sulfur coal mines and coal-production facilities in Kentucky, Tennessee and Virginia. TECO Coal mines, processes and ships coal to domestic utilities, industrial customers and the steel industry in the United States, Asia and Europe. TECO Energy is actively pursuing the sale of TECO Coal.



# Our Vision, Mission and Values

## VISION

Become a values-driven, financially successful Fortune 500 company

## MISSION

Delivering value to energy customers, shareholders, team members and communities

## VALUES

Safety First, Integrity Always, Respect and Concern for Others, Achievement with a Sense of Urgency, and Customer Service

## Our Culture

In the spirit of coming together as team members, we recognize and reinforce the vision, mission and values that unify us under one common TECO Energy umbrella. We believe that by agreeing on, practicing and reinforcing these values at all levels, we will become a stronger and more unified organization as we grow and innovate.

# Governance

Our shareholder-elected board of directors governs TECO Energy and oversees the management and operation of our businesses. Together with our management, the board reviews and approves

business and financial strategies and other major corporate actions. The board assesses the major risks facing our businesses and monitors the mitigation of those risks.

In 2015, **Women on Boards** recognized TECO Energy for having a board of directors comprised of greater than

**20%**  
women



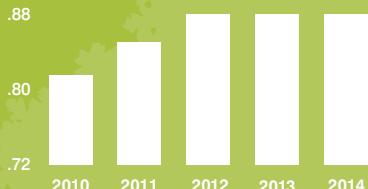
**TECO Energy Board of Directors**

*Front: James Ferman, Evelyn Follit, John Ramil, Loretta Penn*

*Back: William Rockford, Joseph Lacher, Sherrill Hudson, Paul Whiting, Tom Rankin*

# PERFORMANCE

## 5-year Shareholder Dividend Growth



Our reliable dividends combined with a strong dividend yield

**PROVIDE VALUE** to our investors and **a foundation for** our utilities' economic viability

**1.6M**  
regulated  
utility customers

closed acquisition of  
**NMGC** |   
[ New Mexico Gas Co.]

WE BELIEVE WE CAN DELIVER

**5-7%**  
rate base  
growth

with a goal  
of translating  
that into a

**5-7%**  
earnings  
growth



**91**  
consecutive years  
cash dividends

**100%**  
of earnings from  
regulated utilities

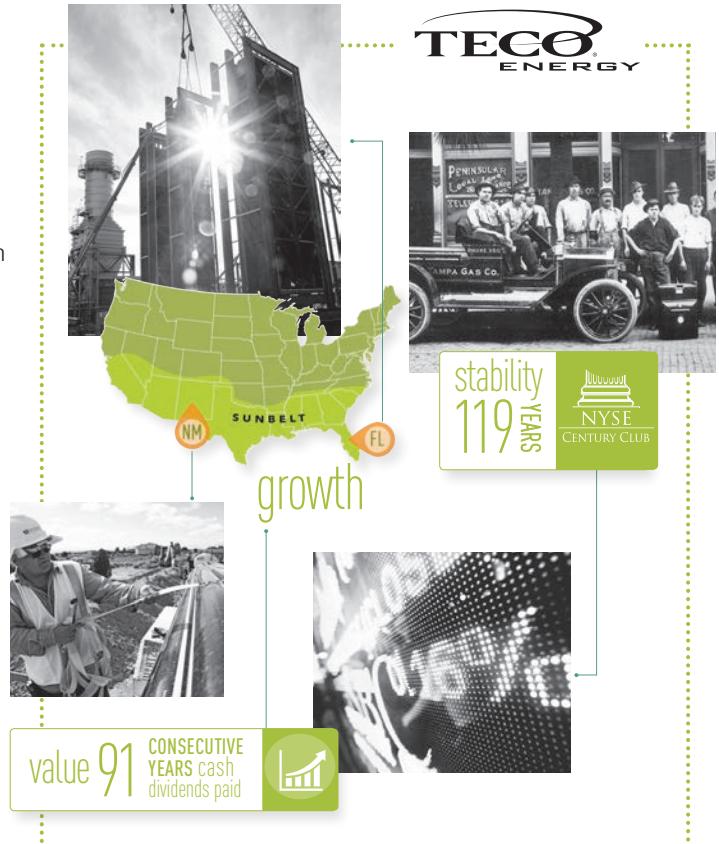
# Delivering on Our Commitment

In 2014, TECO Energy provided shareholder value and grew our business with a focus on our regulated utilities. Through the acquisition of New Mexico Gas Co., we grew our customer base and became a multi-state utility serving nearly 1.6 million customers. Our Florida utilities earned above the mid-range of their authorized allowed returns on equity, delivering more than 15 percent growth in earnings. And, we continued paying dividends

to shareholders – our 91<sup>st</sup> straight year. Tampa Electric is growing through innovation, with construction beginning on the Polk Power Station conversion of Units 2 through 5 to a single combined-cycle unit, and our first large-scale solar project at Tampa International Airport. Peoples Gas continued to see solid growth in the market for compressed natural gas (CNG) fleets, even in a low-oil-price environment.

**“We have grown our business through our classic approach: operational excellence, a disciplined approach to growth and a commitment to build shareholder value.**

– John Ramil, President and Chief Executive Officer



# 2014 Regulated Utilities Highlights

## 2013 Tampa Electric Rate Case Settlement



**\$180M total base rate increase**  
including rates for Polk Power Station expansion

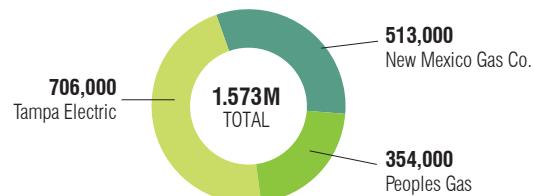
## Authorized Returns on Equity Midpoints

**Peoples Gas** **10.75%** | **10.25%\***

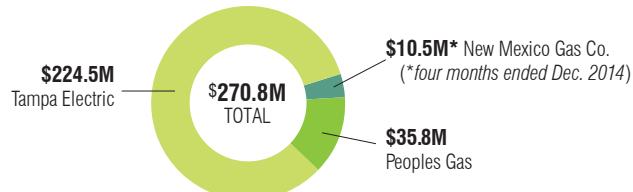
**Tampa Electric**

\*Potential to increase to 10.5% if U.S. Treasury bond yields exceed a specified threshold

## 2014 Customers (includes residential, commercial & industrial)



## 2014 Utility Net Income



# 2014 Regulated Utilities Highlights CONTINUED



## REVENUES

## ENERGY SALES



TAMPA ELECTRIC  
**\$2,021 M**



PEOPLES GAS  
**\$399.6 M**



NEW MEXICO GAS CO.  
**\$137.5 M\***



TAMPA ELECTRIC  
**18,785 GWh**



PEOPLES GAS  
**1,543 M Therms**



NEW MEXICO GAS CO.  
**275 M Therms\***

\*Four months ended Dec. 2014

# Growth Indicators

## Unemployment Rates

STATE	MARCH 2015	MARCH 2014
Florida	5.7%	6.5%
New Mexico	6.1%	6.8%



### TAMPA AREA HOUSING MARKET

**5,100+**

Single-family building permits  
[ 12 months ended Feb. 2015 ]

**6.9% increase  
in home prices**

year-over-year, stronger than  
the national average of 4.5%

**4 months  
of inventory\***



### NEW MEXICO HOUSING MARKET

**4,500+**

Building permits issued in 2014

Albuquerque existing home  
re-sales

**18% higher  
than 2014\***

**5.3 months  
of inventory\***

\* March 2015

## Jobs Added Year-Over-Year

LOCATION	
Florida	284,000
Tampa Metropolitan Area	34,000
New Mexico	13,000

# Driving Strategy



Question Improve Grow Achieve

.....

This is a transformational time for the energy industry and regulated utilities. Changes in industry trends are being driven by innovative technologies, governmental policies and changing customer preferences. FOCUS is the name we have given a process designed to help us concentrate on value-added activities with full engagement from the entire organization. Our companies are united under this strategy to turn challenges into

opportunities, when it makes good business sense. Our FOCUS strategy centers on three foundational priorities: to deliver superior, sustainable financial performance; to optimize value with our customers and constituents; and to strengthen our foundation. Through FOCUS, we communicate our goals throughout the organization and track our progress and successes.



# Addressing Industry Trends, Challenges and Opportunities

## **CHALLENGE:** **Increasing customer-owned distributed generation**

**OPPORTUNITIES:** Piloting smart meters; studying effects of distributed generation on our system; planning for two-way power flow and exploring utility-owned distributed solar

## **CHALLENGE:** **Increasing customer expectations**

**OPPORTUNITIES:** Modernizing our approach to customer service through new systems and increased communication; investing in system reliability improvements; providing conservation rebates, services and solutions

## **CHALLENGE:** **Slower demand growth**

### **OPPORTUNITIES:**

Converting fleets to CNG and investing in CNG fueling stations; promoting electric vehicles; participating in economic development; identifying inorganic growth opportunities

## **CHALLENGE:** **Increased reliance on natural gas**

**OPPORTUNITIES:** Converting large commercial and industrial Peoples Gas customers to natural gas from petroleum and propane; acquisition of New Mexico Gas Co.



## **CHALLENGE:** **Cleaner generation portfolios**

### **OPPORTUNITIES:**

Investing in large-scale solar photovoltaic generation; investing in innovative energy technology center; expanding natural gas generation at Polk Power Station

## **CHALLENGE:** **Continued environmental pressure**

**OPPORTUNITIES:** Evaluating and executing paths for compliance; retrofitting coal boilers with natural gas co-firing capability; continuing to be well-positioned to comply with mercury and cross-state air pollution regulations; engaged in EPA's Clean Power Plan



## A Disciplined Approach to Growth

### Strategic Growth in New Mexico

We welcomed New Mexico Gas Co. into the TECO Energy family in 2014, immediately transforming our company by adding almost 513,000 customers and diversifying our operating footprint. We now own and operate the largest natural gas distribution company in New Mexico, serving approximately 60 percent of the state's population through more than 12,000 miles of transmission and distribution pipe. This strategic acquisition provides

TECO Energy with more opportunities for organic growth and other benefits, including:

- A high-quality and well-run system
- A growing service area
- Opportunities to share best practices and successful marketing and economic development strategies
- A service area close to two major gas-producing areas – the Permian and San Juan basins.

New Mexico Gas Co. is a proud sponsor of the *Albuquerque International Balloon Fiesta*, where hundreds of balloons take flight each October.

## Tampa Electric's Innovative Generation Growth

In 2014, Tampa Electric began construction on converting Polk Power Station simple-cycle units 2 through 5 to a more efficient combined-cycle unit. This innovative project will increase the capacity of the existing combustion turbines through increased efficiency and grow our generating capacity by about 460 megawatts, or enough to power more than 100,000 homes. It will also add 30 miles of transmission lines and provide a \$110-million base rate increase when it goes into service in January 2017.

The nearly \$700-million project will deliver benefits

to all of our stakeholders, including our customers, our community and the environment, by:

- Allowing Tampa Electric to significantly increase the output of the gas-fired units – by 70 percent
- Providing greater flexibility to comply with future carbon regulations
- Improving transmission reliability
- Creating about 500 local jobs at the peak of construction
- Reducing our system's air emissions over time, including carbon dioxide.



Crews install one of four heat-recovery steam generators at the Polk Power Station. Waste heat from the four simple-cycle units will be captured and used to make additional electricity, creating a more efficient combined-cycle generating unit.

# A Disciplined Approach to Growth

CONTINUED

## Organic Growth at Peoples Gas

Peoples Gas has established itself as a leader in the CNG market by developing strategies that help fleets transition from petroleum-based fuels. We continue to see rapid growth in this area. In 2014, the Florida Public Service Commission approved a tariff rate that allows Peoples Gas to design, build, own and maintain CNG stations. This, along with the Florida Legislature's 2013 approval of CNG rebates and tax incentives, provides a constructive policy framework for more fleet conversions.

The number of CNG stations served by Peoples Gas grew by 50 percent – from 21 to 31 – in 2014. In early 2015, we announced a 15-year agreement to serve a large fueling station in Orlando

through an extension of our distribution system. While open to the public, the station will mainly serve the Central Florida Regional Transportation Authority's fleet of 300 buses that will be converted to CNG. Also in Orlando, Peoples Gas entered into an agreement with the city's solid waste department to build, own and maintain a CNG station serving a fleet of 35 vehicles under the new tariff rate.

More than 1,000 vehicles have converted to CNG on our system and, in 2015, these vehicles will consume almost 20 million therms – the equivalent consumption of more than 75,000 typical Florida residential customers. This represents a displacement of 11 million



*As the first public transit agency in Florida to transition its fleet, Hillsborough Area Regional Transit is operating 28 vans and 12 buses on CNG, and will eventually have nearly 230 natural gas vans and buses.*

gallons of petroleum-based fuels and 62 million pounds of carbon dioxide.

## Sustainable Solar Generation

Tampa Electric announced its first-ever large-scale solar project in 2014. The 2-megawatt solar photovoltaic system will be located at Tampa International Airport and will serve Tampa Electric customers and allow us to study the effects of large-scale solar energy on our system. The solar panels will be installed on the top floor of the airport's south economy parking garage, offering shade over parked cars. The project is expected to be in service by the end of 2015.

We currently own seven small-scale distributed solar photovoltaic arrays totaling 135 kilowatts, and more than 700 of our customers own rooftop arrays.

We continue to explore further investments in utility-owned large-scale and smaller distributed solar arrays, as well as technologies to help the grid deal with the impacts.



## 2015 Tampa Electric Solar Generation

**2.135 MW<sub>Dc</sub>** **Utility-Owned Solar PV**

**9 MW<sub>Dc</sub>** **Customer-Owned Solar PV**



*At 2 megawatts, the solar installation at Tampa International Airport will be Tampa Electric's largest solar photovoltaic installation and will produce enough electricity to power up to 250 homes.*

# COMMUNITY

Our energy experts performed more than **10,000** energy audits in 2014



**18,800** Community Service Hours in 2014

Since 2012: **16,066 homes** have received weatherization measures

**2,271,000** in Florida

OUR CONTACT CENTERS RECEIVED

**2,938,000** CALLS in 2014

**667,000** in New Mexico

Partnering with the city of Tampa to install **8,400 streetlights** for the Bright Lights, Safe Nights initiative by 2017

Since 2013: **5,200** streetlights installed **800** are LEDs



# Sharing Prosperity

We honor a long-term commitment to the communities we serve. Having grown together for nearly 120 years, our heritage is a shared one.



*Tampa Electric platform truck  
circa 1921.*

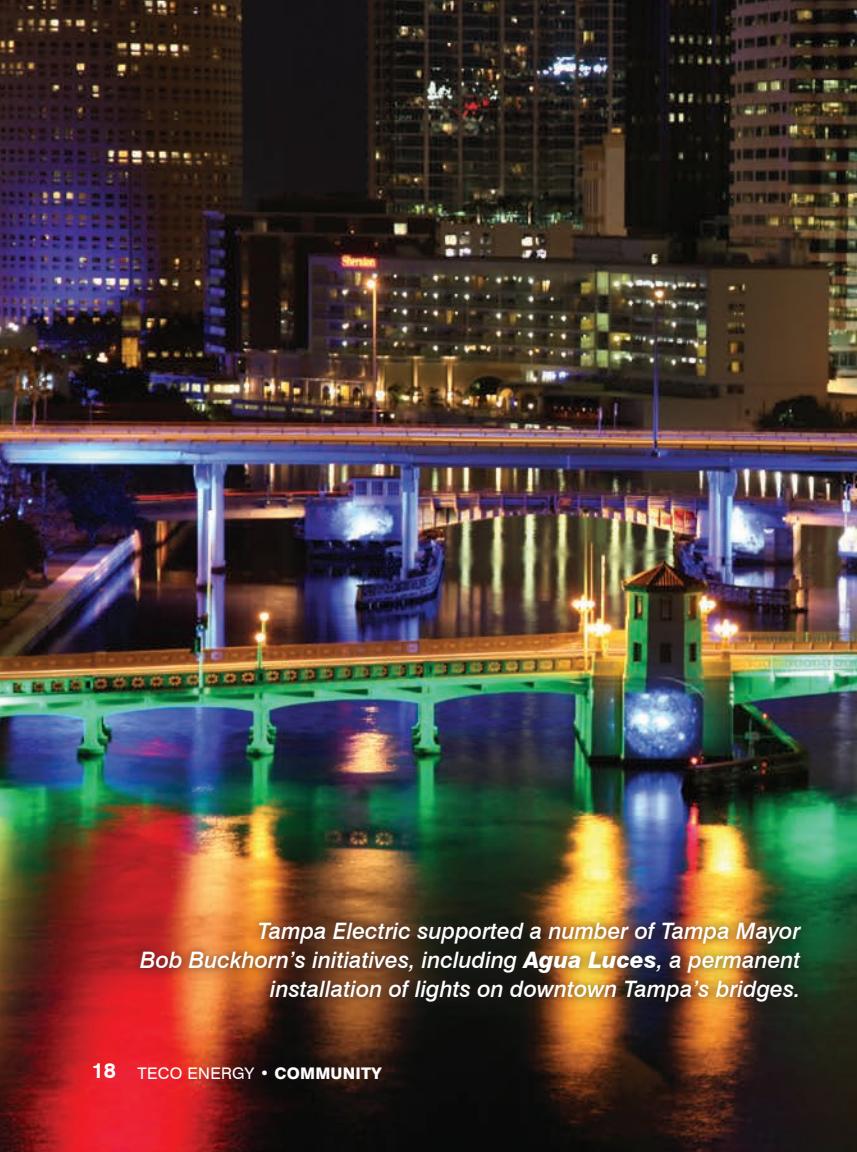
Our success depends on local prosperity, and we are proud to be directly involved in our communities not only through the delivery of safe, reliable and affordable energy, but also through economic development, support and community service.

We also recognize that our communities are our customers, and we continue to enhance their experience through improved technology, communication, and reliability.



*Above: TECO Energy is headquartered in Tampa.*

*Below: New Mexico Gas Co. is headquartered in Albuquerque.*



*Tampa Electric supported a number of Tampa Mayor Bob Buckhorn's initiatives, including **Agua Luces**, a permanent installation of lights on downtown Tampa's bridges.*

## Economic Development

### Investing in the Future

There is a buzz in Tampa like never before – the community is energized about growth emanating from and around the downtown core. And TECO Energy is an active partner in the progress through multiple levels of participation – including leadership positions – in local economic development organizations, chambers of commerce and our relationships with the cities and counties we serve.

Over the next 10 years, downtown Tampa will undergo a massive transformation. Tampa Bay Lightning owner Jeff Vinik is planning a \$1 billion project to add 3 million square feet of commercial space to 25 acres in need

of revitalization on the south end of downtown. At the same time, a blank 43-acre parcel north of downtown, in Tampa Heights, will be redeveloped into a mixed-use neighborhood featuring commercial and residential projects.

Other areas of the Tampa Electric and Peoples Gas service territories are developing as well. There are opportunities for natural gas transportation at ports in Jacksonville and Tampa. A CSX railroad spur in Winter Haven is fueling industrial development in surrounding areas. Peoples Gas is seeing growth in the Jacksonville and Fort Myers residential gas markets, as well as CNG for fleets and fueling stations statewide.

## Collaborating for Success

By proactively collaborating with economic development organizations in our service areas, Tampa Electric, Peoples Gas and New Mexico Gas Co. help build the customer base and economic strength of our communities. We also help with site selection, technical expertise and competitive rates for businesses looking to relocate to our communities.



Recent successes in Florida include an Amazon fulfillment center in Ruskin, a Bristol-Myers Squibb capability center in Tampa and the James Hardie Building Products manufacturing center expansion in Plant City. In fact, the Tampa Hillsborough Economic Development Corporation alone facilitated the creation of more than 4,500 new jobs

and \$614 million in capital investment in Hillsborough County.

In New Mexico, we are actively engaging with communities and economic development organizations throughout our service territory and supporting initiatives such as small business incubators, development along the Mexican border in Santa Teresa, and natural gas vehicle and CNG development. Additionally, we continue to foster productive relationships with the Native American nations, pueblos and tribes of New Mexico.

New Mexico Gas Co. supports **small business incubators** in and around Albuquerque.

## Tampa Electric Rate Credits

for eligible businesses

**YEAR 1 - 20%**

**YEAR 2 - 15%**

**YEAR 3 - 10%**

**YEAR 4 - 5%**

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### Economic Development Rate Highlights

#### QUALIFYING NEW BUSINESS

Use a minimum of 350 kilowatts and retain at least 25 full-time employees for five consecutive years at one electricity delivery point

#### QUALIFYING EXISTING BUSINESS

Must reach an incremental 350 kilowatts and retain an incremental 25 full-time employees

# Meeting Customer Needs

## Growing through Giving

It is important for the communities we serve to grow and thrive. But to us, it is more than that – we, too, are part of these communities and we believe supporting them is simply the right thing to do. In 2014, our team members volunteered more than 18,800 hours to support local community organizations. We are actively involved with various not-for-profit organizations, from youth programs and the arts, to crisis support and the environment. Through our Share programs in Florida, co-sponsored by the Salvation Army, and HEAT New Mexico program, we help our customers who need it most pay their energy bills. Our team members and other

customers help, too, with tax-deductible contributions. And, Peoples Gas and Tampa Electric match the Florida Share contributions up to a combined \$500,000 each year, and New Mexico Gas Co. matches HEAT New Mexico contributions up to \$150,000.



**TECO volunteers install** weatherization measures inside homes throughout Sulphur Springs in Tampa, helping customers use energy wisely.

## Advancing Customer Solutions

In today's fast-moving world, our customers expect us to meet their needs in new ways. We're working hard to provide tomorrow's customer service experience today. In 2014, Tampa Electric and Peoples Gas launched new interactive automated phone systems, smart enough to predict why a customer might be contacting us. This year, we installed an enhancement to the systems – virtual hold, which allows customers to request a callback from our Customer Care center rather than spending time waiting for a representative. New Mexico Gas Co. is already experiencing improved customer satisfaction with virtual hold.



## Communicating is key to Customer Service

- *Our customers are on social media and so are we – providing helpful tips and information, solving account-related issues and more, on Facebook, Twitter and by email.*
- *With our online Outage Map and Power Updates<sup>SM</sup> texts, we're keeping Tampa Electric customers informed about outages while they are on the go.*

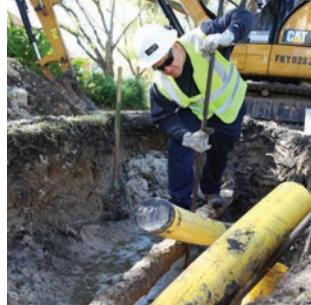
## Providing Value

The most important way we support the communities we serve is by providing safe, reliable and affordable energy.

Tampa Electric is investing more than \$40 million this year to strengthen and upgrade our system and reduce “flickers,” or momentary power outages. We are installing recloser devices on power poles across our service area – focusing on neighborhoods with the most “flickers” – to stop power interruptions before they travel downstream to more customers.

We are investing \$100 million a year to upgrade and extend the Peoples Gas system. This includes \$8 million annually in our 10-year program to replace nearly 150 miles of cast-iron pipe and about 400 miles of bare steel pipe – which together comprise about 4 percent of our system.

In New Mexico, we are investing over \$40 million to expand and upgrade the system. This includes initiatives to replace PVC and bare steel pipe as well as projects designed to meet current and future New Mexico Gas Co. customer growth.



*Tampa Electric, Peoples Gas and New Mexico Gas Co. are dedicated to providing reliable service through strengthening and upgrading our systems.*

## Investing in Reliability



Tampa Electric  
**\$40 million** to reduce “flickers”



Peoples Gas  
**\$80 million** to replace old pipe



New Mexico Gas Co.  
**\$40 million** to expand and upgrade

# Meeting Customer Needs

CONTINUED

## Promoting Energy Efficiency

Since the early 1980s, we have led the industry in encouraging our residential, commercial and industrial customers to use energy wisely and therefore become more successful and sustainable.

Tampa Electric is proud to be Florida's first investor-owned utility to offer energy efficiency programs like Energy Planner<sup>SM</sup>, rebates and incentives. In 2014, our nationally recognized and certified energy experts

performed more than 10,000 energy audits of area homes and businesses.

Peoples Gas offers conservation programs that include rebates for residential customers installing natural gas equipment or converting

electric appliances and equipment to efficient gas technologies. In 2014, we added additional rebate programs for commercial customers.

New Mexico Gas Co. offers customers rebates

## We help our customers achieve Energy Efficiency

### TAMPA ELECTRIC

**\$47 million**

each year on programs like Energy Planner, rebates & incentives

### PEOPLES GAS

**\$11 million**

each year on programs and rebates for installing natural gas equipment

### NEW MEXICO GAS CO.

**\$4.1 million**

each year on programs and rebates for installing high-efficiency natural gas equipment

New Mexico Gas Co.  
**2015**  
Energy Star Partner  
of the Year



for the installation of high-efficiency gas equipment. The U.S. Environmental Protection Agency and the U.S. Department of Energy honored New Mexico Gas Co. for our commitment to saving energy and protecting the environment through superior energy-efficiency achievements.

### Achieving with a Sense of Urgency

We take our corporate values to heart when we safely and quickly restore service during a crisis. Our year-round preparations and investments enable crews to handle the potential impacts of hurricanes and widespread power outages.

As a member of the Southeastern Electric Exchange, Tampa Electric is

part of a network of utilities who pledge to help each other in case of storms or other emergencies. Peoples Gas and New Mexico Gas Co. are also ready to send crews to assist utilities who need help. Through the Mutual Assistance Routing System, we use virtual technology to handle customer calls from other utilities during severe weather or other urgent situations. It's a shared sense of community – not just in our own backyard, but throughout the nation – that drives us to help others.

*Our new mobile command center is a self-contained vehicle that can travel into the heart of storm damage or other crises.*

## We're prepared

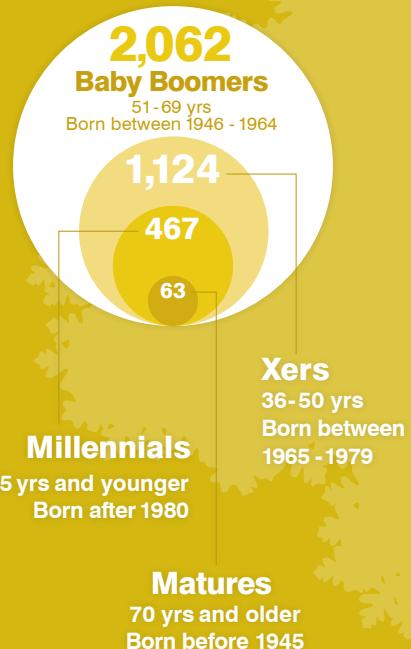
In 2014, we spent a total of **\$56 million** to harden our electric system. We:

- Inspected **52,000** wooden poles
- Replaced **720 transmission structures** and **6,030 distribution poles**
- Trimmed trees along **7,600 miles** of power lines



# WORKFORCE

## Generations



### AVERAGE YEARS OF SERVICE



**Tampa Electric and  
New Mexico Gas Co:  
BOTH RECIPIENTS OF THE  
Top Workplaces Award**



**12,308**  
Potential safety risks  
identified and  
addressed in 2014

**\$30,000 total  
tuition reimbursement**  
per eligible team member

**Career Planning**  
Team member job description  
database and transparent  
succession planning

# Attracting and Cultivating Talent

TECO Energy employs a dedicated, high-caliber workforce with years of experience. We provide an attractive work environment that fosters respect, open-minded thinking and creativity. We present challenging opportunities to team members, encourage transparent career development, and offer job skills-based training and competitive benefits that help our team members remain engaged and fulfilled.

In 2014, the Tampa Bay Times recognized TECO Energy as one of the Top Workplaces in the Tampa Bay area, and in 2013, the Albuquerque Journal

recognized New Mexico Gas Co. as one of the Top Workplaces in New Mexico. Business leaders and others in the community highly regard these awards because they reflect employee sentiments on what makes their workplace rewarding and represent team member engagement.

In support of our transparent culture, we initiated a team member survey early in 2015 and received an encouraging response rate of almost 87 percent. Data from the survey will be used to design new ways to maintain and increase team member engagement across all of our companies.

## An Award-Winning Place to Work



Tampa Bay Times  
[tampabay.com](http://tampabay.com)



ALBUQUERQUE JOURNAL

*Fostering an **engaged workforce** is a top priority for TECO Energy.*

# Attracting and Cultivating Talent

CONTINUED

## Fostering Career Development

TECO Energy has a long history of developing our people and fostering their careers. We have used individual development plans for years to help our team members work toward their career goals. In 2014 and 2015, we expanded our efforts by taking steps to make career development as transparent as possible. We opened up our job



*Team members are embracing innovation – even creating apps to increase efficiency.*

description database to all team members to facilitate advancement planning. And our new requirement for all performance coaches to discuss succession planning with their direct reports helps everyone understand the future direction of their areas. In early 2014, we installed a robust cloud-based system that not only offers new functionality and provides team members with full access to their career history at TECO Energy, but also simplifies the internal process of applying for jobs and provides access to internal training opportunities. In addition, this solution enhances recruitment through targeted marketing of new team members and an easier online application process.

Our behavior-based learning model is centered on a 70/20/10 formula:

**70%**

of learning comes from life and on-the-job experiences, tasks and problem solving

**20%**

comes from feedback and observing and working with role models

**10%**

comes from formal training

## Building for the Future

Responding to changes in the energy industry is a must for any utility, and TECO Energy is dedicated to growing and maintaining a team ready for innovation.

We pride ourselves on being a “learning organization” by providing in-house training opportunities, an online database of skills-based training tools, and collaborations with local colleges and universities.

We encourage on-the-job training, support career transitions and utilize rotation programs for certain job classifications. Through projects like the solar installation at Tampa International Airport, we

also offer team members a chance to see first-hand how new technologies will fit into our business of tomorrow.

Investing in team member innovation has paid off for TECO Energy as our team members create innovative solutions to challenges. Some examples include a team-member-created and patented app that makes pole inspections more efficient; migration of linemen training to mobile platforms; and the evaluation of using cutting-edge technologies to reduce outage times for commercial and residential customers.

*TECO team members celebrate graduating from Hillsborough Community College's **collaborative degree program**.*



# Keeping Safety Top of Mind

## Living Our #1 Value

TECO Energy prioritizes team member safety above all other considerations. Our 2014 achievements include:

- A record number of operational divisions achieved zero OSHA-recordable accidents and zero preventable vehicle accidents in 2014
- A Tampa Electric incidence rate of 1.10 personal injuries per 100 employees, significantly lower than the industry average of 3.30
- The fifth consecutive year of Peoples Gas receiving recognition for a safety performance rate better than industry average from the American Gas Association
- A commitment from New Mexico Gas Co. to meet or exceed our Florida utilities' safety goals within three years
- 12,308 potential hazards proactively identified and addressed through team member submission of near-miss reports.



**Substation apprentice training** on the proper use of a multimeter to troubleshoot control voltage in a distribution substation.

# ENVIRONMENT

## TAMPA ELECTRIC EMISSIONS

**CO<sub>2</sub>**  
CARBON DIOXIDE

YEAR	1M TONS/YR
1998	20
2014	16



DOWN  
20%

Electricity Generation  
UP 11%

**SO<sub>2</sub>**  
SULFUR DIOXIDE

YEAR	1K TONS/YR
1998	175
2014	12



DOWN  
93%

**NO<sub>x</sub>**  
NITROGEN OXIDE

YEAR	1K TONS/YR
1998	69
2014	6



DOWN  
91%

**Manatee Viewing Center**

**4,300,000**  
visitors  
since 1986



**Tampa Bay seagrass acreage**  
at highest level  
since 1956

# A History of Environmental Innovation

TECO Energy is committed to innovative solutions for improving the environmental sustainability of our operations, and we are seeing tangible benefits of our actions.

Our environmental stewardship includes the support and adoption of new technologies, recycle and reuse programs, and habitat restoration. Our efforts include:

- Building and operating the award-winning Polk Power Station Regional Reclaimed Water Project, which will reduce groundwater withdrawals while removing a significant source of nitrogen discharge to Tampa Bay

- Transforming our fleet by shutting down the coal-fired Gannon Power Station and building the natural-gas-fired Bayside Power Station – significantly reducing air emissions including sulfur dioxide,

nitrogen oxide, particulate matter, mercury and carbon dioxide

- Reducing sulfur dioxide and particulate emissions further by optimizing existing control

technologies on all four coal-fired units at Big Bend Power Station

- Installing selective catalytic reduction technology to reduce nitrogen oxide emissions at Big Bend
- Replacing Big Bend and Polk Power Station's oil-fired startup systems with cleaner and less carbon-intensive natural gas systems, reducing carbon dioxide emissions
- Leading the industry in reuse of coal-combustion byproducts, including fly ash for cement and gypsum for wallboard
- Maximizing recycled water to reduce overall water use
- Restoring and utilizing land in innovative ways.



*Located on Tampa Bay, the H.L. Culbreath Bayside Power Station provides approximately 2,080 megawatts of natural-gas-fueled electricity.*

# Partnering for a Sustainable Future

## **Polk Power Station Regional Reclaimed Water Project**

With the Polk Power Station expansion, the plant will play a vital role in the future of our generation fleet. Currently, the plant requires about 3 million gallons of groundwater daily to cool its five units. Once the \$700 million expansion is complete, more water will be needed. Tampa Electric sought a unique approach to securing additional supplies of water while protecting the Floridan Aquifer – we engaged with multiple stakeholders to find a solution: the Polk Power Station Regional Reclaimed Water Partnership.

This innovative public-private partnership allows us to collect reclaimed water from the city of Lakeland

now and others later. After treatment that includes rapid clarification and reverse osmosis filtration, there are two water streams. The clean water – nearly drinking-water quality – goes into the



plant's cooling reservoir and is used to cool the plant. The disposal stream is concentrated with impurities and is sent more than 1.5 miles underground via two underground wastewater injection wells – underneath

a 1,000-foot-thick layer of impervious limestone, ensuring the disposal stream does not reach the Floridan Aquifer. Our injection wells were the first wells permitted and dug in Central Florida since the 1970s and significantly contributed to the understanding of Florida's geology in the region.

The \$120-million water project, which came online in March, is a cooperative partnership between Tampa Electric and the Southwest Florida Water Management District, who are jointly funding it, and the cities of Lakeland and Mulberry and Polk County.

*Built in Mulberry in 1996, Polk Power Station sits on land that was formerly mined for phosphate.*



# Partnering for a Sustainable Future

CONTINUED

Benefits of the reclaimed water project include:

- Helping to clean Tampa Bay by diverting previously discharged nitrogen-heavy wastewater, causing sea grasses to be healthier and populations of small fish, crabs and oysters to flourish



Initially, the system is transporting and treating 5 million gallons of reclaimed water a day, with the ability to expand to 17 million gallons per day.

*Wastewater at Polk Power Station is treated through reverse osmosis.*

- Minimizing any future groundwater withdrawals to cool Polk Power Station
- Allowing the cities of Lakeland and Mulberry and Polk County the flexibility to manage their water resources
- Providing water resources for Polk Power Station in a future where water is becoming a scarcer commodity.



## The 2015 Edison Award

*In recognition of this innovative project, the Edison Electric Institute named Tampa Electric the winner of the 2015 Edison Award, the electric industry's most prestigious honor.*

*From left, TECO's John Ramil and Gordon Gillette celebrate the 2015 Edison Award with project partners Robert Beltran from the Southwest Florida Water Management District and Doug Thomas of the city of Lakeland.*



## Improving our Water

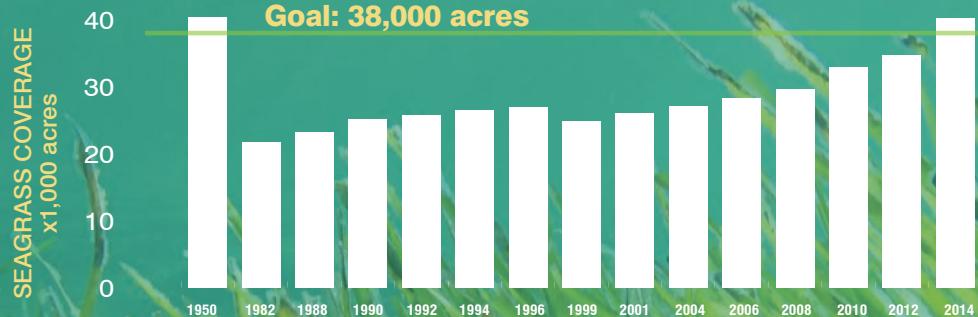
In 2010, Tampa Electric completed construction of selective catalytic reduction technology on all four coal-fired units at Big Bend Power Station, significantly reducing Big Bend's nitrogen oxide (NO<sub>x</sub>) emissions. These reductions, along with the results of shutting down

coal-fired Gannon Power Station, have resulted in an 92 percent reduction in NO<sub>x</sub> emissions since 1998. NO<sub>x</sub> emissions contribute to nitrogen in waterways when they are deposited on the water surface and become food for algae blooms. Algae blooms then block sunlight from reaching

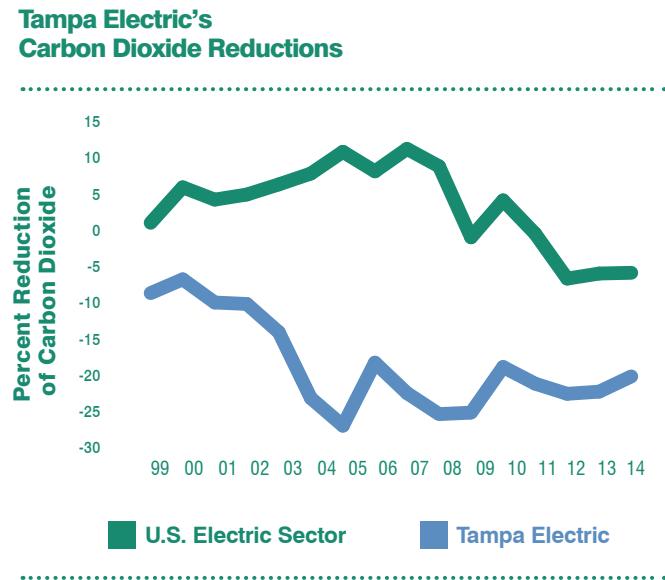
plants and animals in the water, resulting in habitat loss and significant loss of sea grasses and other plant life. We have also invested in water treatment that has allowed us to reduce total nitrogen in surface water discharges to Tampa Bay by more than 50 percent. In May 2015, we realized

the success of our NO<sub>x</sub> and nitrogen reductions when Tampa Bay's sea grasses reached acreages not seen since 1956. The Tampa Bay Estuary Program credits our efforts with helping to reduce algae blooms in the bay, revitalizing sea grasses and improving Tampa Bay's health.

## Tampa Bay Seagrass Coverage Recovery



# Innovating for a Low-Carbon World



Tampa Electric is one of the cleanest utilities with coal-fired generation in the nation. We continue to outperform the U.S. electric sector in carbon emissions reductions – a direct result of our early action. Since 1998, we have reduced our carbon emissions by 20 percent and we continue early action on greenhouse gas emissions by:

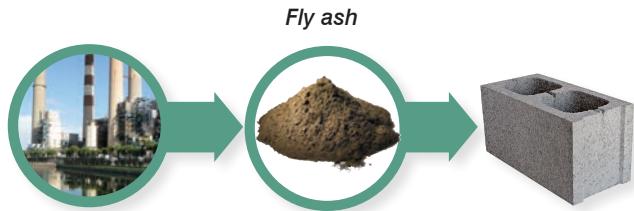
- Partnering with the U.S. Department of Energy on a carbon-capture demonstration project at Polk Power Station Unit 1. This will allow the company to explore the viability of carbon-capture to meet greenhouse gas reductions
- Replacing cast-iron and bare steel pipe in Peoples
- Gas' distribution system, which reduces fugitive methane emissions, a greenhouse gas
- Starting the replacement of Big Bend's oil-fired startup system with a cleaner and less carbon-intensive natural gas system, reducing Big Bend's carbon dioxide emissions
- Replacing Polk Power Station's oil-fired startup and backup systems with a cleaner and less carbon-intensive natural gas system, reducing Unit 1's carbon dioxide emissions by 5 percent
- Investing in Tampa Electric's largest renewable energy project – the 2-megawatt solar array at Tampa International Airport.

# Reusing and Recycling

Tampa Electric is a leader in the electric sector when it comes to reusing coal combustion byproducts. These byproducts include fly ash used in cement and other concrete products, slag used in roofing shingles and asphalt paving, gypsum used in wallboard, and sulfuric acid used in fertilizer and water purification. Industries important to the local economy utilize these byproducts, and our reuse of such materials supports our commitment

to our communities and the environment. Also, revenue generated from these byproducts lowers electricity prices for our customers.

Tampa Electric's byproducts handling system includes temporary surface impoundments, all of which are lined, eliminating any groundwater impacts to the environment from our recycling operations.



**95%** of combustion byproducts were marketed for **beneficial reuse in 2014**

Since 1991, reuse of Tampa Electric **fly ash** in the cement industry has offset CO<sub>2</sub> emissions by over **6 million metric tons**

# Preserving the Land

In a nationally-recognized effort and with the help of several partners, Tampa Electric placed a conservation easement over 100 acres of an

environmentally sensitive area next to Big Bend Power Station and continues to restore it to its natural state. In fact, the restored land is currently being used by

the U.S. Geological Survey and the Tampa Bay Estuary Program to study how created wetlands can handle the impacts of rising sea levels.



TECO team members plant **native Florida grasses** as part of the restoration efforts of the coastal habitat along Newman Branch Creek.

Tampa Electric placed a conservation easement over  
**100 acres**  
of an environmentally sensitive area and continues to restore it to its natural state



Visitors to the **Manatee Viewing Center** enjoy the view of Apollo Beach and Tampa Bay from the wildlife observation tower.



Florida: Roseate spoonbills and egrets thrive along the shore of **restored wetlands**.

Critical to our success is our commitment to balance reliable service with protecting the lands where we operate, and this was a consideration in the New Mexico Gas Co. acquisition. New Mexico Gas Co. is a

clean-operating utility and does not have significant environmental issues or former manufactured gas plant sites. We strive to meet our customers' energy needs today without compromising



New Mexico: Signs of autumn near the **Sandia Mountains**.

the environment, and we work closely with governmental and environmental entities to design our facilities to ensure sensitive areas are protected for generations to come.



## Showcasing Innovation and the Environment

Built on more than 500 acres next to Tampa Electric's Manatee Viewing Center in Apollo Beach, the Florida Conservation and Technology Center (FCTC) will be a nexus for recreation, learning and conservation, as well as research and technology.

The 20-acre Center for Conservation, jointly managed by the Florida Aquarium and Florida Fish and Wildlife Conservation Commission, currently hosts three doctoral students from the University of Florida and the University of Queensland performing research on coral, sea turtles, and alligators. Two University

of Florida professors and staff members from the Florida Aquarium and the Florida Fish and Wildlife Conservation Commission also are participating in the research.

The Marine Youth Conservation Center, currently under construction, will be part of the Florida Wildlife Conservation Commission's Florida Youth Conservation Centers Network, providing unique learning experiences that immerse students of all ages in hands-on exploration of Florida's natural environment.

*The 50-foot-high wildlife observation tower was built partially from recycled materials and is located on a habitat trail between Tampa Electric's Manatee Viewing Center and the Florida Conservation and Technology Center.*



Breaking ground in 2016, the Animal Rescue, Research and Holding Facility will feature the Florida Aquarium's rescue and rehabilitation programs for endangered species, such as sea turtles and river otters, and facilities for research initiatives like the coral reef restoration project. The site will be an official Association of Zoos and Aquariums rescue facility. Tampa Electric will host an Energy Technology Center,

currently in the design phase, featuring outdoor exhibits demonstrating state-of-the-art energy technologies. The center will generate enough electricity to power all activities at the FCTC campus, and will serve as an important research facility, allowing for the study of emerging technologies while providing operating and maintenance data and valuable experience for Tampa Electric team members, researchers and the community.

*Researchers from the Florida Aquarium at the Florida Conservation and Technology Center study long-spine black urchins, which play a critical role in controlling algae in coral reefs.*



Tampa Electric's **Manatee Viewing Center** – which will celebrate its 30th anniversary in 2016 – welcomed its 4,300,000th visitor in the 2014–2015 season.



# Sustainability Matters to Us

TECO Energy is committed to providing value to our stakeholders, and sustainability plays an integral role with long-lasting impacts.

In 2014, we focused heavily on material issues – harnessing new technologies, understanding the impact of increased solar generation on our system, improving our relationship with our customers, and modernizing our human resources platforms – all while growing our business.

Like other utilities, we are facing transformational change in responding to matters such as technological innovation, environmental regulations, exponential growth in shale gas, and evolving workforce



demographics. Through a risk-based approach, we continue to evaluate current trends and forces at work to determine how best to adapt our business strategies for growth.

We are well-positioned for the future. We continue to educate ourselves and our stakeholders on emerging issues as we work hard to keep the lights on and the gas flowing each and every day.

## ABOUT THIS REPORT

This document summarizes TECO Energy's financial, social and environmental responsibilities, successes and opportunities for the corporation and its subsidiaries.

The report follows the guidelines of the Global Reporting Initiative, or GRI, which seeks to provide consistency among corporations reporting social responsibility. It is organized to highlight the company's key stakeholders and dedication to operating in a socially and environmentally conscious manner.

For the complete report, visit the TECO Energy Corporate Sustainability website at [tecoenergy.com/csr/](http://tecoenergy.com/csr/).

## FORWARD-LOOKING STATEMENTS

*This report contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. Actual results may differ materially from those forecasted. Forward-looking statements in this report are based on our current expectations, and we do not undertake to update or revise such forward-looking statements, except as may be required by applicable law. These forward-looking statements include references to earnings growth, our projected emissions levels, planned environmental and productivity improvements, and other plans and expectations. The company's ability to achieve projections, plans and expectations is dependent upon many factors. Important factors that could cause actual results to differ materially from those projected in these forward-looking statements include: regulatory actions by federal, state or local authorities; general economic conditions affecting customer growth and energy sales at the utility companies; economic conditions affecting the Florida and New Mexico economies; weather variations and customer energy usage patterns affecting sales and operating costs at the utilities and the effect of weather conditions on energy consumption; future baseload generation or other changes impacting emissions levels; the ability to construct and operate equipment as planned and use fuel with the characteristics assumed; and the impact of future environmental requirements resulting from federal, state or local legislative or regulatory actions, which may be different than those contemplated in the scenarios referred to in this report. Additional information is contained under Risk Factors in the TECO Energy, Inc. Annual Report on Form 10-K for the period ended Dec. 31, 2014, and as updated in subsequent filings with the Securities and Exchange Commission.*



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