



FORM 10-K

TECO ENERGY INC – TE

Filed: March 29, 1996 (period: December 31, 1995)

Annual report which provides a comprehensive overview of the company for the past year

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FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 1995
OR
Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period _____ to _____

Commission File Number 1-8180

TECO ENERGY, INC.
(Exact name of registrant as specified in its charter)

FLORIDA	59-2052286
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

TECO Plaza 702 N. Franklin Street Tampa, Florida	33602
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (813) 228-4111

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

Title of each class	Name of each exchange on which registered
Common Stock, \$1.00 par value	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES	X	NO
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 29, 1996 was \$2,924,007,675.

Number of shares of the registrant's common stock outstanding as of February 29, 1996 was 116,960,307.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement relating to the 1996 Annual Meeting of Shareholders of the registrant are incorporated by reference into Part III.

PART I

Item 1. BUSINESS.

TECO ENERGY

TECO Energy, Inc. (TECO Energy) was incorporated in Florida in 1981, as part of a restructuring in which it became the parent corporation of Tampa Electric Company (Tampa Electric).

TECO Energy currently owns no operating assets but holds all of the common stock of Tampa Electric and the other subsidiaries listed below. TECO Energy is a public utility holding company exempt from registration under the Public Utility Holding Company Act of 1935.

TECO Energy has seven principal, directly-owned subsidiaries:

Tampa Electric, a Florida corporation and TECO Energy's largest subsidiary, is an electric utility that serves more than 501,000 retail customers in West Central Florida with a net system generating capability

of 3,404 megawatts (MWs).

TECO Diversified, Inc. (TECO Diversified), a Florida corporation formed in 1987, has four subsidiaries that conduct a substantial portion of the diversified activities of TECO Energy: TECO Coal Corporation (TECO Coal), TECO Coalbed Methane, Inc. (TECO Coalbed Methane), TECO Properties Corporation (TECO Properties) and TECO Transport & Trade Corporation (TECO Transport).

TECO Power Services Corporation (TECO Power Services), a Florida corporation formed in 1987, has subsidiaries that own and operate independent power projects in Florida and in Guatemala. TECO Power Services also seeks other opportunities both in the southeastern United States and Latin America to develop independent power and cogeneration projects.

TECO Investments, Inc. (TECO Investments), a Florida corporation formed in 1987, invests capital in short- and long-term securities and financial instruments.

TECO Finance, Inc. (TECO Finance), a Florida corporation formed in 1987, is a source of debt capital primarily for the diversified activities of TECO Energy.

TECO Gas & Oil, Inc. (TECO Gas & Oil), a Florida corporation formed in 1995, is involved in the exploration and development of conventional gas and oil in the shallow gulf waters off Texas and Louisiana.

TeCom Inc. (TeCom), a Florida corporation (formerly called TECO Energy Management Services Corporation) formed in 1994, is developing an advanced energy management and communications system, and is currently pilot testing this technology.

For financial information regarding TECO Energy's significant business segments see Note J on pages 52 and 53.

TECO Energy and its subsidiaries had 4,465 employees as of Dec. 31, 1995.

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TAMPA ELECTRIC

Tampa Electric was incorporated in Florida in 1899 and was reincorporated in 1949. Tampa Electric is a public utility operating wholly within the state of Florida and is engaged in the generation, purchase, transmission, distribution and sale of electric energy. The retail territory served comprises an area of about 2,000 square miles in West Central Florida, including substantially all of Hillsborough County and parts of Polk, Pasco and Pinellas Counties, and has an estimated population of over one million. The principal communities served are Tampa, Winter Haven, Plant City and Dade City. In addition, the utility engages in wholesale sales to other utilities which consist of broker economy, requirements and other types of service of varying duration and priority. Tampa Electric has three electric generating stations in or near Tampa and two electric generating stations located near Sebring, a city located in Highlands County in South Central Florida.

Tampa Electric had 2,836 employees as of Dec. 31, 1995, of which 1,164 were represented by the International Brotherhood of Electrical Workers (IBEW) and 308 by the Office and Professional Employees International Union.

In 1995, approximately 48 percent of Tampa Electric's total operating revenue was derived from residential sales, 29 percent from commercial sales, 10 percent from industrial sales and 13 percent from other sales including bulk power sales for resale.

The sources of operating revenue for the years indicated were as follows:

(millions)	1995	1994	1993
Residential	\$ 523.3	\$ 505.5	\$ 464.1
Commercial	316.1	316.8	298.3
Industrial-Phosphate	61.7	58.3	55.1
Industrial-Other	45.0	50.0	48.9
Sales for resale	80.0	70.4	76.1
Deferred revenues	(50.8)	--	--
Other	117.0	93.9	98.8
	\$1,092.3	\$1,094.9	\$1,041.3

No material part of Tampa Electric's business is dependent upon a single

customer or a few customers, the loss of any one or more of whom would have a significantly adverse effect on Tampa Electric, except that 8 customers in the phosphate industry accounted for 6 percent of operating revenues in 1995.

Tampa Electric's business is not a seasonal one, but winter peak loads are experienced due to fewer daylight hours and colder temperatures, and summer peak loads are experienced due to use of air conditioning and other cooling equipment.

Regulation

The retail operations of Tampa Electric are regulated by the Florida Public Service Commission (FPSC), which has jurisdiction over retail rates, the quality of service, issuances of securities, planning, siting and construction of facilities, accounting and depreciation practices and other matters. Tampa Electric is also subject to regulation by the Federal Energy Regulatory Commission (FERC) in various respects including wholesale power sales, certain wholesale power purchases, transmission services and accounting and depreciation practices.

Federal, state and local environmental laws and regulations cover air quality, water quality, land use, power plant, substation and transmission line siting, noise and aesthetics, solid waste and other environmental matters. See Environmental Matters on page 7.

TECO Transport, TECO Coal and TECO Power Services subsidiaries sell transportation services, coal, and generating capacity and energy, respectively, to Tampa Electric and to third parties. The transactions between Tampa Electric and these affiliates and the prices paid by Tampa Electric are subject to regulation by the FPSC and FERC, and any charges deemed to be imprudently incurred may not be allowed to be billed to Tampa Electric's customers. See Utility Regulation on pages 27 through 30. Except for transportation services performed by TECO Transport under the U.S. bulk cargo preference program, the prices charged by TECO Transport and TECO Coal subsidiaries to third-party customers are not subject to regulatory oversight. See also TECO Power Services on pages 10 and 11.

Competition

Tampa Electric's retail business is substantially free from direct competition with other electric utilities, municipalities and public agencies. At the present time, the principal form of competition at the retail level consists of natural gas for residences and businesses and the self-generation option available to larger users of electric energy. Such users, and possibly commercial and residential customers as well, may seek to expand their options through legislative and/or regulatory initiatives that would permit competition at the retail level. Tampa Electric intends to take all appropriate actions to retain and expand its retail business, to control costs, and provide high quality service to retail customers. There is presently active competition in the wholesale power markets in Florida, and this is increasing largely as a result of the Energy Policy Act of 1992 and related federal initiatives. This act removed certain regulatory barriers to independent power producers and required utilities to transmit power from such producers, utilities and others to wholesale customers under certain circumstances. Tampa Electric continues its cost reduction efforts to increase its wholesale business, which is dependent in part on access to transmission systems owned by others.

In March 1995 the FERC issued its Notice Of Proposed Rulemaking on Open Access Transmission Services (NOPR). The NOPR would require open access to transmission systems and utilities owning transmission facilities (including Tampa Electric) to provide services to wholesale transmission customers comparable to those they provide to themselves on comparable terms and conditions, including price. Among other things the NOPR would unbundle transmission services from power sales and require owners of transmission systems to take service under their own transmission tariffs.

In November 1995 the FERC accepted for filing Tampa Electric's open access transmission tariffs, which conform to the pro forma tariffs contained in the NOPR, subject to refund and the outcome of the final rule under the NOPR.

Retail Pricing

In general, the FPSC's pricing objective is to set rates at a level that allows the utility to collect total revenues (revenue requirements) equal to its cost of providing service, including a reasonable return on invested capital.

The basic costs, other than fuel and purchased power, of providing electric service are recovered through base rates, which are designed to recover the costs of owning, operating and maintaining the utility system. These costs include operation and maintenance expenses, depreciation and taxes, as well as a return on Tampa Electric's investment in assets used and useful in providing electric service (rate base). The rate of return on rate base, which is intended to approximate Tampa Electric's weighted cost of capital, includes its costs for debt and preferred stock, deferred income taxes at a zero cost rate and an allowed return on common equity. Base prices are determined in FPSC price setting hearings that occur at irregular intervals at the initiative of Tampa Electric, the FPSC or other

parties.

Fuel, Clean Air Act allowances, and certain purchased power costs are recovered through levelized monthly charges established pursuant to the FPSC's fuel adjustment and cost recovery clauses. These charges, which are reset semi-annually in an FPSC hearing, are based on estimated costs of fuel, Clean Air Act allowances and purchased power, and estimated customer

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usage for a specific recovery period, with a true-up adjustment to reflect the variance of actual costs from the projected charges for prior periods.

The FPSC may disallow recovery of any costs that it considers imprudently incurred.

Fuel

About 99 percent of Tampa Electric's generation for 1995 was from its coal-fired units. About the same level is anticipated for 1996.

Tampa Electric's average fuel cost per million BTU and average cost per ton of coal burned have been as follows:

Average cost per million BTU:	1995	1994	1993	1992	1991
Coal	\$ 2.15	\$ 2.22	\$ 2.26	\$ 2.23	\$ 2.22
Oil	\$ 2.76	\$ 2.49	\$ 2.69	\$ 2.76	\$ 3.21
Gas	--	--	\$ 3.52	\$ 2.43	\$ 1.98
Composite	\$ 2.16	\$ 2.22	\$ 2.27	\$ 2.24	\$ 2.25
Average cost per ton of coal burned	\$50.97	\$53.39	\$54.55	\$53.65	\$53.87

Tampa Electric's generating stations burn fuels as follows: Gannon Station burns low-sulfur coal; Big Bend Station burns coal of a somewhat higher sulfur content; Hookers Point Station burns low-sulfur oil; Phillips Station burns oil of a somewhat higher sulfur content; and Dinner Lake Station, which was placed on long-term reserve standby in March 1994, burns natural gas and oil.

Coal. Tampa Electric burned approximately 7.4 million tons of coal during 1995 and estimates that its coal consumption will be 7.3 million tons for 1996. During 1995, Tampa Electric purchased approximately 68 percent of its coal under long-term contracts with six suppliers, including TECO Coal, and 32 percent of its coal in the spot market or under intermediate-term purchase agreements. About 23 percent of Tampa Electric's 1995 coal requirements were supplied by TECO Coal. During December 1995, the average delivered cost of coal (including transportation) was \$47.99 per ton, or \$2.01 per million BTU. Tampa Electric expects to obtain approximately 51 percent of its coal requirements in 1996 under long-term contracts with five suppliers, including TECO Coal, and the remaining 49 percent in the spot market. Tampa Electric's long-term coal contracts provide for revisions in the base price to reflect changes in a wide range of cost factors and for suspension or reduction of deliveries if environmental regulations should prevent Tampa Electric from burning the coal supplied, provided that a good faith effort has been made to continue burning such coal. Tampa Electric estimates that about 19 percent of its 1996 coal requirements will be supplied by TECO Coal. For information concerning transportation services and sales of coal by affiliated companies to Tampa Electric, see TECO Coal on pages 8 and 9 and TECO Transport on pages 9 and 10.

In 1995, about 81 percent of Tampa Electric's coal supply was deep-mined, approximately 18 percent was surface-mined and 1 percent was a processed oil by-product known as petroleum coke. Federal surface-mining laws and regulations have not had any material adverse impact on Tampa Electric's coal supply or results of its operations. Tampa Electric, however, cannot predict the effect on the market price of coal of any future mining laws and regulations. Although there are reserves of surface-mineable coal dedicated by suppliers to Tampa Electric's account, high-quality coal reserves in Kentucky that can be economically surface-mined are being depleted and in the future more coal will be deep-mined. This trend is not expected to result in any significant additional costs to Tampa Electric.

Oil. Tampa Electric has supply agreements through Dec. 31, 1996 for No. 2 fuel oil and No. 6 fuel oil for its four combustion turbine units, Polk Station, Hookers Point Station and Phillips Station at prices based on

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Gulf Coast Cargo spot prices. The price for No. 2 fuel oil deliveries taken in December 1995 was \$24.91 per barrel, or \$4.29 per million BTU. The price for No. 6 fuel oil deliveries taken in December 1995 was \$17.53 per barrel, or \$2.77 per million BTU.

Franchises

Tampa Electric holds franchises and other rights that, together with its charter powers, give it the right to carry on its retail business in the localities it serves. The franchises are irrevocable and are not subject to amendment without the consent of Tampa Electric, although, in certain events, they are subject to forfeiture.

Florida municipalities are prohibited from granting any franchise for a term exceeding 30 years. If a franchise is not renewed by a municipality, the franchisee has the statutory right to require the municipality to purchase any and all property used in connection with the franchise at a valuation to be fixed by arbitration. In addition, all of the municipalities except for the cities of Tampa and Winter Haven have reserved the right to purchase Tampa Electric's property used in the exercise of its franchise, if the franchise is not renewed.

Tampa Electric has franchise agreements with 13 incorporated municipalities within its retail service area. These agreements have various expiration dates ranging from December 2005 to September 2021, including the agreement with the city of Tampa, which expires in August 2006. Tampa Electric has no reason to believe that any of these franchises will not be renewed.

Franchise fees payable by Tampa Electric, which totaled \$20.0 million in 1995, are calculated using a formula based primarily on electric revenues.

Utility operations in Hillsborough, Pasco, Pinellas and Polk Counties outside of incorporated municipalities are conducted in each case under one or more permits to use county rights-of-way granted by the county commissioners of such counties. There is no law limiting the time for which such permits may be granted by counties. There are no fixed expiration dates for the Hillsborough County and Pinellas County agreements. The agreements covering electric operations in Pasco and Polk counties expire in September 2033 and March 2004, respectively.

Environmental Matters

Tampa Electric's operations are subject to county, state and federal environmental regulations. The Hillsborough County Environmental Protection Commission and the Florida Environmental Regulation Commission are responsible for promulgating environmental regulations and coordinating most of the environmental regulation functions performed by the various departments of state government. The Florida Department of Environmental Protection (FDEP) is responsible for the administration and enforcement of the state regulations. The U.S. Environmental Protection Agency (EPA) is the primary federal agency with environmental responsibility.

Tampa Electric has all required environmental permits. In addition, monitoring programs are in place to assure compliance with permit conditions. Tampa Electric has been identified as one of numerous potentially responsible parties (PRP) with respect to seven Superfund Sites. While the total costs of remediation at these sites may be significant, Tampa Electric shares potential liability with other PRPs, many of which have substantial assets. Tampa Electric expects that its liability in connection with these sites will not be significant.

Expenditures. During the five years ended Dec. 31, 1995, Tampa Electric spent \$171.4 million on capital additions to meet environmental requirements, including \$117.7 million for the Polk Power Station project. Environmental expenditures are estimated at \$73 million for 1996, including \$66 million for the Polk Power Station, and \$9 million in total for 1997-2000. These totals exclude amounts required to comply with the 1990 amendments to the Clean Air Act.

Tampa Electric is complying with the Phase I emission limitations imposed by

the Clean Air Act Amendments which became effective Jan. 1, 1995 by using blends of lower-sulfur coal, controlling stack emissions and using purchased emission allowances.

In 1995 Tampa Electric successfully integrated Big Bend Unit Three into the existing scrubber on Big Bend Unit Four. This resulted in an additional scrubbed unit at a fraction of the cost of a new scrubber. Also as part of its Phase I compliance plan, Tampa Electric has a long-term contract for the purchase of low-sulfur coal.

To comply with Phase II emission standards set for 2000 Tampa Electric would potentially have to scrub additional capacity and is evaluating equipment and technologies to accomplish compliance in the most cost-effective manner. Absent capital expenditures for additional scrubbing, Tampa Electric expects to spend \$30 million of capital to comply with Phase II of the Clean Air Act Amendments for nitrogen oxide reductions and emissions monitoring equipment. The cost of compliance with Phase I and Phase II is expected to have little impact on Tampa Electric's prices.

In addition to recovering prudently incurred environmental costs through base rates, Tampa Electric can petition the FPSC for such recoveries on a current basis pursuant to a statutory environmental cost recovery procedure.

TECO DIVERSIFIED

TECO Diversified owns all of the common stock of TECO Coal, TECO Coalbed Methane, TECO Properties and TECO Transport. TECO Diversified and its subsidiaries had 1,482 employees as of Dec. 31, 1995. TECO Diversified is a holding company that owns no operating assets.

TECO Coal

TECO Coal, a Kentucky corporation, owns no operating assets but holds

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all of the common stock of Gatliff Coal Company (Gatliff), Rich Mountain Coal Company (Rich Mountain), Clintwood Elkhorn Mining Company (Clintwood), Pike-Letcher Land Company (Pike-Letcher) and Premier Elkhorn Coal Company (Premier). TECO Coal's subsidiaries own and/or operate surface and underground mines and coal processing and loading facilities in Kentucky and Tennessee. In 1995, TECO Coal subsidiaries sold 5.3 million tons of coal, with approximately 70 percent sold to third parties and 30 percent sold to Tampa Electric. Rich Mountain has no reserves; it mines coal reserves owned by Gatliff. About 68 percent of Gatliff's production and third-party purchases were sold to Tampa Electric. This specialty coal has low-ash fusion temperature and low-sulfur characteristics specifically suited for Tampa Electric's Gannon Station units. The majority of production from Clintwood and Premier is sold to third parties.

Tampa Electric is reducing its specialty coal purchases from Gatliff as a result of its efforts to reduce costs and its successful fluxing of conventional steam coal from other sources. TECO Coal's objective is to more than offset the effects of this reduction by increasing the amount of coal sold to third parties, principally from the reserves being developed by Premier.

Primary competitors of TECO Coal's subsidiaries are other coal suppliers, many of which are located in Central Appalachia.

The operations of underground mines, including all related surface facilities, are subject to the Federal Coal Mine Safety and Health Act of 1977. TECO Coal's subsidiaries are also subject to various Kentucky and Tennessee mining laws that require approval of roof control, ventilation, dust control and other facets of the coal mining business. Federal and state inspectors inspect the mines to ensure compliance with these laws. TECO Coal's subsidiaries are in compliance with the standards of the various enforcement agencies. TECO Coal is unaware of any mining laws or regulations having a prospective effective date that would materially affect the market price of coal sold by its subsidiaries.

TECO Coal's subsidiaries have not experienced difficulty in complying with federal, state and local air and water pollution standards in their mining operations. In 1995, approximately \$1.1 million was spent on environmental protection and reclamation programs. TECO Coal expects to spend about \$1.5 million in 1996 on these programs.

The coal mining operations are also subject to the Surface Mining Control and Reclamation Act of 1977 which places a charge of \$.15 and \$.35 on every net ton mined of underground and surface coal, respectively, to create a fund for reclaiming land and water adversely affected by past coal mining. Other provisions establish standards for the control of environmental effects and reclamation of surface coal mining and the surface effects of underground coal mining, and requirements for federal and state inspections.

TECO Coalbed Methane

TECO Coalbed Methane, an Alabama corporation, participates in the production of natural gas from coalbeds located in Alabama's Black Warrior Basin. TECO Coalbed Methane has invested \$203 million as the principal investor in three joint ventures that control, in the aggregate, approximately 100,000 acres of lease holdings. In the fourth quarter of 1995, TECO Coalbed Methane acquired 5 billion cubic feet of proven reserves in the Black Warrior Basin through its purchase of royalty interests in existing holdings. At the end of 1995, TECO Coalbed Methane had interests in 754 wells that were operational and producing gas for sale. These wells are operated by Taurus Exploration, a unit of Energen Corporation, and, to a much lesser extent, other third-party operators.

A non-conventional fuel tax credit is available on all production through the year 2002. The tax credit, a major economic factor, escalates with inflation and could be limited by domestic oil prices. In 1995, domestic oil prices would have had to exceed \$46 per barrel for this limitation to be effective.

TECO Coalbed Methane's operations are subject to federal, state and local regulations for air, water and waste disposal. Its operations are in substantial compliance with all applicable environmental laws and regulations.

TECO Properties

TECO Properties, a Florida corporation, has \$42.7 million invested in seven projects, solely or as a limited partner, and in undeveloped land in the Tampa area. TECO Properties plans to continue a conservative investment approach.

TECO Transport

TECO Transport, a Florida corporation, owns all of the common stock of four subsidiaries that transport, store and transfer coal and other dry bulk commodities. TECO Transport currently owns no operating assets.

All of TECO Transport's subsidiaries perform substantial services for Tampa Electric. In 1995, approximately 50 percent of TECO Transport's revenues were from third-party customers and 50 percent were from Tampa Electric. The pricing for services performed by TECO Transport's operating companies for Tampa Electric is based on a fixed price per ton, adjusted quarterly for changes in certain fuel and price indices. Most of the third-party utilization of the ocean-going barges is for domestic phosphate movements and domestic and international movements of other dry bulk commodities. Both the terminal and river transport operations handle a variety of dry bulk commodities for third-party customers.

A substantial portion of TECO Transport's business is dependent upon Tampa Electric, industrial phosphate customers, export coal and grain customers, and participation in the U.S. cargo preference program.

Primary competitors of TECO Transport's barge subsidiaries, Gulfcoast Transit Company (Gulfcoast), which transports products in the Gulf of Mexico and worldwide, and Mid-South Towing Company (Mid-South), which operates on the Mississippi and Ohio rivers, are other barge and shipping lines and railroads. There are a number of companies offering transportation services on the waterways served by TECO Transport's subsidiaries. To date, physical and technological improvements have allowed barge operators to maintain competitive rate structures with alternate methods of transporting bulk commodities when the origin and destination of such shipments are contiguous to navigable waterways.

Electro-Coal Transfer Corporation (Electro-Coal) operates a major transfer and storage terminal on the Mississippi River south of New Orleans. Demand for the use of such terminals is dependent upon customers' use of water transportation versus alternate means of moving bulk commodities and the demand for these commodities. Competition consists primarily of mid-stream operators and another land-based terminal located nearby.

The business of TECO Transport's subsidiaries, taken as a whole, is not subject to significant seasonal fluctuation.

The Interstate Commerce Act, as amended in December 1973, exempts from regulation water transportation of dry bulk commodities that were transported in bulk as of June 1, 1939. In 1995, all water transportation by TECO Transport's subsidiaries was within this exemption. TECO Transport's subsidiaries are also subject to the provisions of the Clean Water Act of 1977 that authorize the Coast Guard and the EPA to assess penalties for oil and hazardous substance discharges. Under this Act, these agencies are also empowered to assess clean-up costs for such

discharges. Compliance with this Act has had no material effect on TECO Transport's capital expenditures, earnings or competitive position, and no such effect is anticipated. In 1995, TECO Transport spent \$.5 million for environmental control. Environmental expenditures are estimated at \$.8 million in 1996, primarily for work on solid waste disposal and storm water drainage at the Electro-Coal facility in Louisiana and for fugitive dust emissions at its coal unloading operations in Florida.

TECO POWER SERVICES

TECO Power Services, a Florida corporation, has subsidiaries that own and operate independent power projects in Florida and in Guatemala. TECO Power Services also seeks opportunities to develop other independent power and cogeneration projects. TECO Power Services had 50 employees as of Dec. 31, 1995.

Hardee Power Partners Limited (Hardee Power), a Florida limited partnership whose general and limited partners are wholly owned subsidiaries of TECO Power Services, owns the Hardee Power Station, a 295-MW combined cycle electric generating facility located in Hardee County, Florida, which began commercial operation on Jan. 1, 1993. Hardee Power has 20-year power supply agreements, for all of the capacity and energy of the Hardee Power Station, with Seminole Electric Cooperative (Seminole Electric), a Florida electric cooperative that provides wholesale power to 11 electric distribution cooperatives, and with Tampa Electric. Under the Seminole Electric agreement, Hardee Power has agreed to supply Seminole Electric with an additional 145 MWs of capacity during the first 10 years of the contract, which it is purchasing from Tampa Electric's coal-fired Big Bend Unit Four for resale to Seminole Electric, and at the option of Seminole Electric, to expand the Hardee Power Station's capacity by 145 MWs for the second 10 years of the contract. Tampa Electric also has the right under its agreement to require the expansion of the Hardee Power Station, subordinate to Seminole Electric's expansion option.

The Hardee Power Station is fueled by natural gas or No. 2 fuel oil. Hardee Power has contracted for the supply and transportation of natural gas for the Hardee Power Station through Dec. 31, 2002 with an option to extend the contract through Dec. 31, 2012. Substantially all of Hardee Power Station's generation for 1995 was from natural gas.

Hardee Power's average fuel cost per million BTU has been as follows:

Average cost per million BTU:	1995	1994	1993
Oil	\$ 4.64	\$ 3.68	\$ 4.86
Gas	\$ 2.70	\$ 2.02	\$ 2.51
Composite	\$ 2.71	\$ 2.40	\$ 2.74

The price for natural gas deliveries taken in December 1995 was \$3.91 per thousand cubic feet, or \$3.73 per million BTU. The price for fuel oil deliveries taken in August 1995 was \$24.20 per barrel, or \$4.15 per million BTU. There were no fuel oil deliveries taken in the fourth quarter of 1995.

Through its ownership and operation of a wholesale generating facility in the U.S., TECO Power Services is subject to regulation by the FERC in various respects. Depending upon the nature of the project, FERC may regulate, among other things, the rates, terms and conditions for the sale of electric capacity and energy.

Like Tampa Electric, the U.S. operations of TECO Power Services are subject to federal, state and local environmental laws and regulations covering air quality, water quality, land use, power plant, substation and transmission line siting, noise and aesthetics, solid waste and other environmental matters.

Tampa Centro Americana de Electricidad, Ltd. (TCAE), an entity substantially owned by TPS Guatemala One, Inc. (TPS Guatemala One), a subsidiary of TECO Power Services, has a U.S. dollar-denominated power sales agreement with an electric utility in Guatemala to provide 78 MWs of capacity for 15 years beginning in 1995. The project consists of two combustion turbines with a total cost of approximately \$50 million. At Dec. 31, 1995, TPS Guatemala One owned an 87.5-percent interest in the project, and a prominent Guatemalan business group owned the remaining 12.5-percent

interest. In March 1996, TPS Guatemala One acquired an additional interest in TCAE from the Guatemalan business group, bringing its total interest in TCAE to 98.2 percent. TECO Power Services has obtained insurance from the Overseas Private Investment Corporation (OPIC), an agency of the U.S. government, for political risk, currency inconvertibility, expropriation and political violence covering up to 90 percent of its equity investment and economic returns.

TECO Power Services expects to obtain non-recourse project financing from OPIC for 60 percent of the project's cost by mid-year 1996.

TCAE began commercial operation on Sept. 14, 1995. The power sales agreement that TCAE signed with the power purchaser, Empresa Electrica de Guatemala, S.A. (EEGSA), on Jan. 24, 1995 is primarily comprised of a capacity charge, and operations and maintenance expense components. The capacity charge is subject to adjustment due to output, heat rate and availability. The monthly available capacity is paid for each month in four equal installments. EEGSA, a private distribution and generation company formed in 1894, serves more than 400,000 customers. Approximately 92 percent of this company is owned by the Guatemalan central government through the Ministry of Finance, with the remaining 8 percent owned by private Guatemalan investors. EEGSA's service territory includes Guatemala City. EEGSA is responsible for providing the fuel for the plant with TECO Power Services providing assistance in fuel administration.

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TECO INVESTMENTS

TECO Investments' assets consist of short- and long-term financial investments. The portfolio includes a continuing investment in leveraged leases of \$65 million. At Dec. 31, 1995, the net leveraged lease investment had essentially a zero balance.

TECO FINANCE

TECO Finance raises short- and long-term debt capital primarily for the diversified activities of TECO Energy. It has its own credit ratings, based on a guarantee by TECO Energy. TECO Finance owns no operating assets.

TECO GAS & OIL

TECO Gas & Oil, a Florida corporation formed in 1995, has entered into joint ventures with several partners to explore for conventional gas and oil in the shallow gulf waters off Texas and Louisiana. The joint ventures have successfully bid for a number of offshore lease blocks at federal auctions and have negotiated drilling rights on other blocks. The first two exploratory wells were successfully completed in 1995, with production facilities to be operational in the second quarter of 1996. The company expects to invest \$25 to \$30 million per year for the next few years for exploration and production.

TeCom

TeCom, formerly TECO Energy Management Services, is a Florida corporation formed in 1994. TeCom is pilot testing an advanced energy management and communications system for residential and commercial use and has under development a system for industrial application. Development and testing will continue in 1996 with pilot testing at other utilities expected. The 1996 operating expenses and capital investment for these pilot programs are not expected to be significant.

Item 2. PROPERTIES.

TECO Energy believes that the physical properties of its operating companies are adequate to carry on their businesses as currently conducted. The properties of Tampa Electric and the subsidiaries of TECO Power Services are generally subject to liens securing long-term debt.

TAMPA ELECTRIC

At Dec. 31, 1995, Tampa Electric had four electric generating plants and four combustion turbine units in service with a total net winter generating capability of 3,404 MWs, including Big Bend (1,748-MW capability from four coal units), Gannon (1,206-MW capability from six coal units), Hookers Point (212-MW capability from five oil units), Phillips (34-MW capability from two diesel units) and four combustion turbine units located at the Big Bend and Gannon stations (204 MWs). Capability as used herein represents the demonstrable dependable load carrying abilities of the generating units during winter peak periods as proven under actual operating conditions. Units at Hookers Point went into service from 1948 to

1955, at Gannon from 1957 to 1967, and at Big Bend from 1970 to 1985. In 1991, Tampa Electric purchased two power plants (Dinner Lake and Phillips) from the Sebring Utilities Commission (Sebring). Dinner Lake (11-MW capability from one natural gas unit) and Phillips were placed in service by Sebring in 1966 and 1983, respectively. In March 1994, Dinner Lake Station was placed on long-term reserve standby.

Tampa Electric owns approximately 4,350 acres of land in Polk County, Florida. This site accommodates Polk Unit One, a 250-MW coal gasification generating plant currently being constructed, and can accommodate additional generating capacity in the future. Polk Unit One is discussed

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further under Capital Expenditures on pages 26 and 27.

Tampa Electric owns 178 substations having an aggregate transformer capacity of 15,777,966 KVA. The transmission system consists of approximately 1,197 pole miles of high voltage transmission lines, and the distribution system consists of 6,822 pole miles of overhead lines and 2,444 trench miles of underground lines. As of Dec. 31, 1995, there were 501,909 meters in service. All of the foregoing property is located within Florida.

All plants and important fixed assets are held in fee except that title to some of the properties are subject to easements, leases, contracts, covenants and similar encumbrances and minor defects, of a nature common to properties of the size and character of those of Tampa Electric.

Tampa Electric has easements for rights-of-way adequate for the maintenance and operation of its electrical transmission and distribution lines that are not constructed upon public highways, roads and streets. It has the power of eminent domain under Florida law for the acquisition of any such rights-of-way for the operation of transmission and distribution lines. Transmission and distribution lines located in public ways are maintained under franchises or permits.

Tampa Electric has a long-term lease for the office building in downtown Tampa, Florida, that serves as headquarters for TECO Energy, Tampa Electric and certain other TECO Energy subsidiaries.

TECO COAL

TECO Coal's subsidiary, Gatliff, has 65,000 acres of coal reserves and mining property in Knox and Whitley Counties, Kentucky and Campbell County, Tennessee. Gatliff owns 9,300 acres in fee and leases 59,700 acres under long-term leases. These properties contain estimated proven and probable coal reserves of 45 million tons. This coal, which combines low-sulfur and low-ash fusion temperature characteristics, is found in both deep and surface mines. Gatliff owns and operates a rapid-loading rail tippie and a coal preparation plant near its deep mines.

Clintwood has 5,000 acres of coal reserves held under long-term leases in Pike County, Kentucky. These properties contain estimated proven and probable reserves of 6 million tons. Clintwood owns and operates a rail tippie and a coal preparation plant near the mines.

Rich Mountain operates a surface mine for Gatliff in Campbell County, Tennessee, and does not own any coal reserves. Pike-Letcher controls 43,000 acres in Pike and Letcher Counties, Kentucky. These properties contain estimated proven and probable reserves in excess of 112 million tons.

Premier owns and operates a preparation plant and unit-train loadout facility in Pike County, Kentucky and conducts surface and deep mining operations of reserves, which are leased from Pike-Letcher. Premier does not own any coal reserves.

TECO COALBED METHANE

TECO Coalbed Methane's interest in proven gas reserves at Dec. 31, 1995 was independently estimated to be 184 billion cubic feet for 556 wells. Its interests in proven and probable recoverable gas reserves are estimated by TECO Coalbed Methane at 190 billion cubic feet for a total of 754 wells.

TECO Coalbed Methane's share of production for 1995 was 20.3 billion cubic feet.

TECO TRANSPORT

Electro-Coal's storage and transfer terminal is on a 1,070-acre site fronting on the Mississippi River approximately 40 miles south of New Orleans. Electro-Coal owns 342 of these acres in fee, with the remainder held under long-term leases.

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Mid-South owns and operates a fleet of 14 towboats and 535 river barges, nearly all of which it owns, on the Mississippi and Ohio rivers. Mid-South owns 15 acres of land fronting on the Ohio River at Metropolis, Illinois on which its operating offices, warehouse and repair facilities are located. Fleeting and repair services for its barges and those of other barge lines are performed at this location and on the upper Mississippi River near the mouth of the Kaskaskia River.

Gulfcoast owns and operates a fleet of 12 ocean-going tug/barge units, with a combined cargo capacity of over 329,000 tons.

TECO POWER SERVICES

Hardee Power has a 22-year lease for approximately 1,300 acres of land in Hardee and Polk Counties, Florida on which the Hardee Power Station is located. In addition, a TECO Power Services' subsidiary has a significant interest in a project entity, TCAE, which owns 7 acres in Guatemala on which a 78-MW generating facility is located.

TECO GAS & OIL

At Dec. 31, 1995 aggregate capitalized costs associated with 12 leases acquired at two federal auctions were not significant. Reserves associated with the first two successful wells have yet to be evaluated.

Item 3. LEGAL PROCEEDINGS.

None.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matter was submitted during the fourth quarter of 1995 to a vote of TECO Energy's security holders, through the solicitation of proxies or otherwise.

EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the current executive officers of TECO Energy is as follows:

Name	Age	Current Positions and Principal Occupations During Last Five Years
Timothy L. Guzzle	59	Chairman of the Board and Chief Executive Officer, July 1994 to date; and prior thereto, Chairman of the Board, President and Chief Executive Officer.
Girard F. Anderson	64	President and Chief Operating Officer, July 1994 to date; and prior thereto, Executive Vice President-Utility Operations and President and Chief Operating Officer of Tampa Electric Company.
Keith S. Surgenor	48	President and Chief Operating Officer of Tampa Electric Company, July 1995 to date; Vice President-Human Resources, and President and Chief Operating Officer of Tampa Electric Company, July 1994 to July 1995; and prior thereto,

Roger H. Kessel	59	Vice President-Human Resources. Senior Vice President-General Counsel and Secretary, April 1995 to date; Vice President-General Counsel and Secretary, 1992 to April 1995; and prior thereto, Vice President-General Counsel.
Alan D. Oak	49	Senior Vice President-Finance and Chief Financial Officer, April 1995 to date; and prior thereto, Senior Vice President-Finance, Treasurer and Chief Financial Officer.
Roger A. Dunn	53	Vice President-Human Resources, July 1995 to date; and prior thereto, Senior Vice President-Human Resources and Corporate Affairs of LTV Corporation (steel manufacturer), Cleveland, Ohio.

There is no family relationship between any of the persons named above. The term of office of each officer extends to the meeting of the Board of Directors following the next annual meeting of shareholders, scheduled to be held on April 17, 1996, and until his successor is elected and qualified.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The following table shows the composite high, low and closing sale

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prices for shares of TECO Energy common stock, which is listed on the New York Stock Exchange, and dividends paid per share, per quarter.

	1st	2nd	3rd	4th
1995				
High	\$22 1/8	\$22 3/4	\$23 1/2	\$25 3/4
Low	\$20	\$20 1/2	\$21 1/4	\$23 1/8
Close	\$21	\$22	\$23 1/2	\$25 5/8
Dividend	\$.2525	\$.265	\$.265	\$.265
1994				
High	\$22 5/8	\$20 7/8	\$21	\$21
Low	\$19 1/8	\$18 1/4	\$18 1/8	\$18 1/2
Close	\$19 1/2	\$19 1/8	\$19 1/4	\$20 1/4
Dividend	\$.24	\$.2525	\$.2525	\$.2525

The approximate number of shareholders of record of common stock of TECO Energy as of Feb. 29, 1996 was 31,251.

TECO Energy's primary source of funds is dividends from its operating companies. Tampa Electric's Restated Articles of Incorporation and certain of the supplemental indentures relating to different series of its First Mortgage Bonds contain restrictions as to the payment of dividends on the common stock of Tampa Electric and as to the purchase or retirement of capital stock of Tampa Electric. Substantially all of Tampa Electric's retained earnings were available for dividends throughout 1995.

Item 6. SELECTED FINANCIAL DATA.

Year ended Dec. 31,	1995	1994	1993	1992	1991
Revenues(1)	\$1,392.3	\$1,350.9	\$1,283.9	\$1,183.2	\$1,154.1
Income before cumulative effect of change in accounting principle(1)	186.1	153.2(4)	150.3	149.0	145.3
Cumulative effect of change in accounting principle(1)	--	--	11.2	--	--
Net income(1)	\$ 186.1	\$ 153.2(4)	\$ 161.5	\$ 149.0	\$ 145.3
Earnings per average share outstanding: Before cumulative effect of change in accounting principle (2)	1.60	1.32(4)	1.30	1.30	1.28
Cumulative effect of change in accounting principle(2)	--	--	.10	--	--
Earnings per average common share outstanding(2)	\$ 1.60	\$ 1.32(4)	\$ 1.40	\$ 1.30	\$ 1.28
Common dividends paid per share(2)	\$ 1.0475	\$.9975	\$.9475	\$.8975	\$.8475
Total assets (1)(3)	\$3,473.4	\$3,312.2	\$3,123.3	\$3,020.6	\$2,833.6
Long-term debt(1)(3)	\$ 994.9	\$1,023.9	\$1,038.8	\$1,044.9	\$ 907.9

(1) Millions of dollars.

(2) Restated to reflect a two-for-one stock split on Aug. 30, 1993.

(3) The total asset and long-term debt balances for 1993 and 1992 have been restated to reflect current year presentation.

(4) Includes the effect of a corporate restructuring charge which reduced net income by \$15 million and earnings per share by \$.13. See Note H on page 50.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

EARNINGS SUMMARY

TECO Energy achieved earnings of \$1.60 per share in 1995 compared to reported earnings of \$1.32 in 1994. These 1995 results were achieved after the deferral of \$50.8 million of revenues at Tampa Electric under a plan described in the Utility Regulation section. 1994 earnings were \$1.45 before a 13-cent charge for corporate restructuring.

Earnings growth in 1995 was driven by strong performance at the diversified companies as well as continued growth in energy sales and reduced operating expenses at Tampa Electric. Earnings grew in 1994 on the strength of increased retail energy sales at Tampa Electric and increased third-party business at TECO Coal.

The restructuring charge reduced 1994 reported earnings per share by 13 cents. The restructuring program included a 10-percent reduction in staffing levels and other cost reductions, primarily at Tampa Electric. Approximately 70 percent of the charge represented costs associated with retirement benefits.

Earnings per share	1995	Change	1994	Change	1993
Reported earnings per share	\$ 1.60	21.2%	\$ 1.32	-5.7%	\$ 1.40
Restructuring charge	-	-	.13	-	-
Earnings per share before restructuring charge	\$ 1.60	10.3%	\$ 1.45	3.6%	\$ 1.40
Net income after restructuring charge (millions)	\$186.1	21.5%	\$153.2	-5.1%	\$161.5
Net income before restructuring charge (millions)	\$186.1	10.4%	\$168.6	4.4%	\$161.5
Average common shares outstanding (millions)	116.5	.5%	115.9	.5%	115.3
Return on average common equity	15.5%		14.8%(1)		15.0%

(1) Excludes the effect of a corporate restructuring charge

OPERATING RESULTS

TECO Energy's Operating Results

The strong performance of the diversified companies, particularly TECO Transport & Trade, and continued growth at Tampa Electric led to higher consolidated operating income in 1995. The improved results were achieved even after the deferral of \$50.8 million of revenues at Tampa Electric under a plan described in the Utility Regulation section. Growth in 1994's consolidated operating income resulted from Tampa Electric's 5-percent increase in operating income before the restructuring charge, and from increased third-party business at TECO Coal.

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The following table identifies the unconsolidated revenues and operating income of the significant operating groups.

Contributions by operating group (unconsolidated)

Revenues (millions)	1995	Change	1994	Change	1993
Tampa Electric	\$1,092.3(1)	-.2%	\$1,094.9	5.1%	\$1,041.3
Diversified companies	\$ 505.7	7.4%	\$ 470.9	-.7%	\$ 474.4
Operating income before 1994 restructuring charge					
Tampa Electric	\$229.5	1.6%	\$225.8	5.2%	\$214.6
Diversified companies(2)	\$ 96.6	35.9%	\$ 71.1	-6.3%	\$ 75.9

(1) 1995 Tampa Electric revenues were net of \$50.8 million of revenues deferred under a plan as described in the Utility Regulation section.

(2) Operating income includes items which are reclassified for consolidated financial statement purposes. The principal items are the non-conventional fuels tax credit related to coalbed methane production and interest expense on the non-recourse debt related to the independent power

operations. In the Consolidated Statements of Income, the tax credit is part of the provision for income taxes and the interest is part of interest expense.

Tampa Electric's Operating Results

Tampa Electric's operating income increased almost 2 percent even after the deferral of \$50.8 million of revenues. Two-percent customer growth and favorable weather increased retail energy sales 5 percent. In addition, non-fuel operations and maintenance expenses were 5 percent below last year's levels as Tampa Electric benefited from the 1994 restructuring efforts.

Tampa Electric's 1994 operating income, before the \$21.3-million pretax restructuring charge, increased 5 percent over 1993. Higher base revenues from retail customer growth, increased retail energy usage from an improved economy and a retail price increase effective in January 1994 were partially offset by higher operating expenses.

(millions)	1995	Change	1994	Change	1993
Revenues	\$1,092.3(1)	-.2%	\$1,094.9	5.1%	\$1,041.3
Operating expenses	862.8	-.7%	869.1	5.1%	826.7
Operating income before 1994 restructuring charge	229.5	1.6%	225.8	5.2%	214.6
Restructuring charge	-	-	21.3	-	-

Operating income \$ 229.5 12.2% \$ 204.5 -4.7% \$ 214.6

(1) 1995 Tampa Electric revenues were net of \$50.8 million of revenues deferred under a plan as described in the Utility Regulation section.

Tampa Electric's Operating Revenues

Tampa Electric's 1995 revenues decreased slightly to \$1,092.3 million reflecting the deferral of \$50.8 million of revenues. Tampa Electric's revenues rose in 1994 with retail customer growth of almost 2 percent,

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increased retail energy sales of almost 4 percent and a \$16-million retail price increase effective in January 1994.

The economy in Tampa Electric's service area continued to strengthen in 1995. The combined residential and commercial energy sales grew by more than 5 percent in 1995. Sales to the phosphate industry grew by almost 11 percent in 1995 as these companies continued to experience strong prices and demand for their product. Non-phosphate industrial sales declined in 1995 due to the closure of a steel-making facility in the service area.

Total retail energy sales are projected to increase almost 2 percent annually over the next five years based on continued growth in the local economy. Annual energy sales growth in the residential and commercial sectors is projected at 2 percent to 3 percent for the next five years. Growth in energy sales to non-phosphate industrial customers is projected to be less after a possible decline in 1996.

In 1996 the Tampa Electric service area economy is expected to grow moderately, but at rates higher than the country as a whole. The local economy continues to benefit from a good labor market, available land and good access through airport and port facilities.

Energy sales to the phosphate industry are expected to decline from increased self-generation and as mining activity slowly moves out of Tampa Electric's service area. In 1995 sales to the phosphate customer group represented less than 6 percent of total operating revenues.

Non-fuel revenues from sales to other utilities in 1995 were \$34 million, \$33 million in 1994 and \$34 million in 1993. Energy sold to other utilities increased in 1995 due to generating unit availability and lower fuel cost.

In 1994 energy sold to other utilities declined because of lower-priced oil and gas-fired generation available on other systems. A shift to higher-margin, longer-term wholesale power sales agreements resulted in only a 3-percent decline in 1994 non-fuel revenues despite the 10-percent decline in energy sales to other utilities. Securing additional longer-term wholesale power sales agreements remains a priority. In the past three years, Tampa Electric has added nine bulk power sales contracts of varying size and duration. Competitive pricing of coal-fired generation has allowed Tampa Electric to market available capacity successfully.

Energy Sales:

Megawatt-hour sales (thousands)	1995	Change	1994	Change	1993
Residential	6,352	6.8%	5,947	4.2%	5,706
Commercial	4,710	2.8%	4,583	3.4%	4,432
Industrial	2,362	3.7%	2,278	1.9%	2,236
Other	1,176	4.6%	1,124	4.7%	1,073
Total retail	14,600	4.8%	13,932	3.6%	13,447
Sales for resale	2,706	28.7%	2,102	-9.8%	2,330
Total energy sold	17,306	7.9%	16,034	1.6%	15,777
Retail customers	495,198	2.0%	485,698	1.8%	477,010

Tampa Electric's Operating Expenses

Effective cost management and improved efficiency continue to be principal objectives at Tampa Electric. Operating expenses declined in 1995 from the restructuring actions taken in 1994 and continuing efforts to control costs in all areas of the company.

Operating Expenses:

(millions)	1995	Change	1994	Change	1993
Other operating expenses	\$163.3	-4.8%	\$171.6	8.8%	\$157.7
Maintenance	69.6	-4.5%	72.9	2.1%	71.4
Depreciation	113.3	-1.6%	115.1	2.9%	111.9
Taxes, other than income	87.9	1.3%	86.8	3.9%	83.5
Operating expenses	434.1	-2.8%	446.4	5.2%	424.5
Restructuring charge	-	-	21.3	-	-
Fuel	384.3	-1.3%	389.3	7.2%	363.2
Purchased power	44.4	32.9%	33.4	-14.4%	39.0
Total fuel cost	428.7	1.4%	422.7	5.1%	402.2

Total operating expenses \$862.8 -3.1% \$890.4 7.7% \$826.7

In 1995 non-fuel operations and maintenance expenses declined almost 5 percent from 1994 levels before the restructuring charge. The \$11.6-million reduction was primarily from lower payroll and employee-related expenses as a result of 217 fewer positions than in 1994.

In both 1994 and 1995 Tampa Electric achieved savings from work redesign efforts and equipment redesign and enhancements. In 1995 operating areas of the company achieved lower costs through technology improvements, the streamlining of maintenance programs, and the sharing of manpower resources in power generation facilities.

The savings realized from these efforts will partially offset increased operations and maintenance expenses expected in 1996 from Polk Unit One. During the first two years of operations, when domestic coals will be evaluated for use in the gasifier, Tampa Electric will receive \$20 million from the U. S. Department of Energy for operations, maintenance and fuel expenses.

Total operating expenses in 1994 included the restructuring charge discussed in the Earnings Summary section, a \$4-million annual charge to establish a transmission and distribution property storm-damage reserve in accordance with regulatory directives described in the Utility Regulation section, and the effects of accounting for fuel expense in accordance with Florida Public Service Commission (FPSC) requirements. Absent these three items, total operating expense increased only 4 percent over 1993 principally as a result of higher employee-related expenses, higher accruals for self-insurance liability reserves and increased expenses for regulatory activity. Depreciation expense in 1995 decreased as certain shorter-lived assets were fully amortized. The decrease more than offset the impact of normal additions to plant and equipment. The company's efforts to reduce capital investment in recent years have limited additions to all asset classes, particularly shorter-life asset classes. The increased depreciation expense in 1994 from normal additions to plant and equipment was minimized by these cost-control efforts. Depreciation expense is projected to increase in 1996 as a result of the start of commercial operation of Polk Unit One.

Taxes other than those on income increased each year primarily from higher gross receipts taxes and franchise fees.

Actual system fuel cost was only 4 percent higher than in 1994 despite an 8-percent increase in generation. The success in controlling fuel cost is a result of Tampa Electric's use of lower-priced coals and the mix in operating generating units. Average coal cost, on a cents-per-million BTU basis, declined 3 percent in 1995 after a 2-percent drop in 1994.

Fuel and purchased power cost rose only 1 percent in 1995 despite a 9-

percent increase in coal burned to meet increased generation. This cost increase was partially offset by the normal effects of accounting for deferred fuel expense consistent with the FPSC-approved fuel adjustment clause. Fuel and purchased power cost was 5 percent higher in 1994 than in 1993 primarily from the normal effects of accounting for deferred fuel

expense consistent with the fuel adjustment clause.

In 1995 Tampa Electric purchased more power from both TECO Power Services Hardee Power Station and cogenerators than in 1994, primarily to meet weather-related demand. In 1994 Tampa Electric purchased less energy from other utilities than in 1993 because of the combination of mild weather and higher levels of availability of its own generating units. Substantially all fuel and purchased power expenses were recovered through the fuel adjustment clause.

Nearly all of Tampa Electric's generation in the last three years has been from coal, and the fuel mix will continue to be substantially coal. Coal prices are expected to remain relatively unchanged during the next few years compared to oil or gas prices. The company continues to work to reduce its fuel cost.

Coal Contract Buyout:

In December 1994, Tampa Electric bought out a long-term coal supply contract which would have expired in 2004 for a payment of \$25.5 million and entered into two new contracts with the supplier. The coal supplied under the new contracts is competitive in price with coals of comparable quality.

As a result of this buyout Tampa Electric customers will benefit from anticipated savings of more than \$40 million, net of the buyout costs, through the year 2004. The FPSC has authorized the recovery of the buyout costs plus carrying costs through the fuel adjustment clause during the years 1995 through 2004.

Diversified Companies' Operating Results

The diversified companies achieved operating income of \$96.6 million in 1995 compared with \$71.1 million in 1994 before the restructuring charge and \$75.9 million in 1993.

The increase in 1995 was the result of strong performances at all of the diversified companies, led by TECO Transport & Trade. Increased third-party sales at TECO Coal and TECO Power Services Guatemalan power project also contributed to the improved results.

The decrease in 1994 operating income from the diversified companies reflected the effects of a difficult year for TECO Transport & Trade in the ocean shipping business. TECO Coalbed Methane's operating income was lower, despite a 16-percent increase in production, because of lower gas prices in the second half of 1994. These results were only partially offset by improvements in other diversified businesses.

Diversified Companies Results (unconsolidated)

(millions)	1995	Change	1994	Change	1993
Revenues	\$505.7	7.4%	\$470.9	-.7%	\$474.4
Operating expenses	409.1	2.3%	399.8	.3%	398.5
Operating income before 1994 restructuring charge (1)	96.6	35.9%	71.1	-6.3%	75.9
Restructuring charge	-	-	2.5	-	-
Operating income (1)	\$ 96.6	40.8%	\$ 68.6	-9.6%	\$ 75.9

(1) Operating income includes items which are reclassified for consolidated financial statement purposes. The principal items are the non-conventional fuels tax credit related to coalbed methane production and interest expense on the non-recourse debt related to independent power operations, both of which are included in operating income for the diversified companies. In the Consolidated Statements of Income the tax credit is part of the provision for income taxes and the interest is part of interest expense.

TECO Transport & Trade achieved significantly higher operating income in 1995 through improved results in all of its businesses. The river business in particular had an excellent year as a result of higher volumes and prices. Improved fleet utilization and increased levels of northbound shipments contributed to increased volumes. A strong demand for northbound movements and a record 1994 grain harvest together with a better balance in the supply and demand for barges caused stronger prices throughout the

industry. The transfer facility at the mouth of the Mississippi River handled more coal tonnage for both Tampa Electric and third-party export business. The ocean shipping business benefited from increased shipments of phosphate and higher shipments of coal to Tampa Electric. Lower operating expenses at all the transportation companies also contributed to the improved results.

The conditions affecting favorable pricing and strong demand in 1995 are expected to continue in 1996.

TECO Transport & Trade reported lower operating income in 1994 from reduced overseas grain business, adverse weather early in the year and lower Tampa Electric volumes which more than offset improved utilization of the river fleet. TECO Transport's overseas grain business was adversely impacted by the U. S. Maritime Administration's suspension which was lifted in April 1994, reduced U. S. bulk cargo preference program tonnage, lower grain charter prices and a late start to 1994 movements caused by high grain prices. In addition the loss of an ocean barge in a winter storm off the coast of Louisiana had an adverse impact on fleet utilization in 1994.

TECO Coal's operating income grew in 1995 as a result of increased third-party tonnage and a \$5.2-million pretax gain from the sale of land and mineral rights under a condemnation settlement with the state of Kentucky. The combination of mild winter weather and excess capacity in domestic steam coal production resulted in soft demand and prices in 1995.

Total 1995 tonnage increased more than 8 percent to 5.3 million tons, up from 4.9 million tons in 1994 and 4.6 million tons in 1993. This growth came from sales to third parties which more than offset reduced tonnage to Tampa Electric. The company completed a high-speed unit-train loading facility and a state-of-the-art coal washing and preparation plant in late 1994 at the Premier Elkhorn mines, which supported increased third-party sales.

TECO Coal expects sales to third parties to increase again in 1996 as eastern utilities meet increasing demand with existing coal-fired generating capacity and use low-sulfur coal to comply with the Clean Air Act. In 1996 TECO Coal expects to sell 85 percent of the production from the Premier mines under existing multi-year contracts.

The increased third-party sales in 1995 more than offset a decline in the tonnage sold to Tampa Electric. Sales to Tampa Electric decreased in 1995 and are expected to decrease again in 1996. Tampa Electric is reducing

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its purchases of Gatliff's low-sulfur, low-ash-fusion-temperature coal as a result of its success in burning more conventional lower-cost steam coals. TECO Coal's objective is to more than offset the effects of this reduction by increasing the amount of coal sold to third parties, principally from the reserves being developed by Premier.

TECO Coalbed Methane's operating income increased as production rose to 20.3 billion cubic feet (Bcf) in 1995, up from 19.5 Bcf in 1994 and 16.8 Bcf in 1993. Although gas prices strengthened in the fourth quarter, average gas prices in 1995 were significantly lower than in 1994. 1995's lower gas prices were more than offset by a 5-percent increase in production, a 10-percent reduction in operating costs, and a \$4.4-million pretax settlement related to the termination of a gas sales contract and related agreements. In connection with this settlement, TECO Coalbed Methane entered into replacement contracts providing for the sale of all gas produced at spot prices, similar to the original contract, for the life of the reserves.

In 1994 gas prices declined significantly in the second half of the year, more than offsetting the impact of 16-percent higher production.

In both 1994 and 1995 TECO Coalbed Methane acquired additional reserves in Alabama's Black Warrior Basin through the purchase of royalty interests in wells located on or near TECO Coalbed Methane's existing holdings.

Production from all reserves is eligible for the alternative energy tax credits under Section 29 of the Internal Revenue Code through the year 2002.

Assuming normal operating conditions, production is expected to remain stable in 1996 and then decline gradually in 1997 and beyond.

TECO Power Services' operating income increased in 1995 from the commercial operation of the Alborada Power Station in Guatemala beginning in September. The power station consists of two combustion turbines supplying a combined 78 megawatts of power to a local distribution utility under a 15-year power sales agreement. At Dec. 31, 1995, TECO Power Services, through a wholly owned subsidiary, owned an 87.5-percent interest in the project, and a Guatemalan business group owned the remaining interest. In March 1996, the TECO Power Services' subsidiary acquired an additional interest in the project from the Guatemalan business group, bringing its total interest to 98.2 percent. TECO Power Services expects to secure project debt financing from the Overseas Private Investment Corporation (OPIC), an agency of the U.S. Government, for 60 percent of the project cost by mid-year 1996.

In 1994 operating income for TECO Power Services remained stable relative to 1993, the year TECO Power Services made its initial contribution to operating income from its Hardee Power Station.

Diversified Companies' Operating Revenues

Diversified revenues increased significantly in 1995 from better operating results at all companies. TECO Coal recorded \$5.8 million before

expenses from the sale of land and mineral rights under a condemnation settlement with the state of Kentucky and TECO Coalbed Methane recorded \$4.4 million from the termination of a gas sales contract.

The diversified companies' revenues decreased slightly in 1994 as growth in coal revenues was more than offset by decreased revenues from the water transportation business.

Diversified Companies' Operating Expenses

Diversified operating expenses increased 2 percent in 1995. TECO Power Services incurred higher expenses from increased power generation at the Hardee plant and the new Guatemalan plant. These increases were partially offset by lower operating expenses at other diversified companies.

In 1994 diversified companies' operating expenses increased slightly in line with higher production of coal and natural gas. The diversified companies recorded a charge of \$2.5 million for corporate restructuring in 1994 related to reductions in staffing levels and other costs.

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New Businesses

TECO Energy has expanded its natural gas production business through a new subsidiary, TECO Gas & Oil, Inc., which is participating in joint ventures in exploration and development of conventional gas and oil in the shallow gulf waters off Texas and Louisiana. The joint ventures have successfully bid for several offshore leases at federal auctions and have negotiated drilling rights on other parcels. The first two exploratory wells were successfully completed in 1995 with production facilities planned to be operational in the first half of 1996. The joint ventures are making extensive use of 3-D seismic data to increase the probability of successful exploration efforts. The company expects to invest \$25 million to \$30 million per year for the next few years for exploration and production.

In 1995 TECO Energy organized a new subsidiary, TeCom Inc., formerly named TECO Energy Management Services Corporation, which is pilot testing an advanced energy management and communications system for residential and commercial use, and has under development a system for industrial application. Development and testing will continue in 1996 with pilot testing at other utilities expected. The 1996 operating expenses and capital investment for these pilot programs are not expected to be significant.

NON-OPERATING ITEMS Other Income (Expense)

Other income in 1995 consisted mostly of allowance for funds used during construction (AFUDC) which increased to \$13.7 million from \$3.5 million in 1994 and \$1.6 million in 1993. AFUDC will increase again in 1996 with the additional investment in the construction of Tampa Electric's Polk Unit One and is expected to decline to minimal amounts for several years after the completion of this unit, scheduled for the fourth quarter of 1996. In addition, investment earnings were lower in 1995 primarily because of lower invested balances.

Other income (expense) in 1993 included a one-time \$10-million pretax charge at Tampa Electric associated with an FPSC-approved settlement agreement between Tampa Electric and the Office of Public Counsel as described in the Utility Regulation section. Excluding this \$10-million charge, other income was \$2.9 million in 1993.

Interest Charges

Interest charges were \$83.2 million in 1995, up 8 percent from 1994 due to higher short-term debt balances and rates. In 1995 interest expense included \$1.5 million of interest accrued on Tampa Electric's \$50.8 million of deferred revenues. Savings from long-term debt refinancings accomplished in 1993 substantially offset the impact of rising short-term interest rates in 1994.

Income Taxes

1995 income tax expense increased over 1994 levels primarily from higher pretax income. 1994 income tax expense was below 1993 levels, primarily due to higher Section 29 tax credits related to coalbed methane gas production and lower taxable income because of the restructuring charge. In addition, 1993 income tax expense included a charge for restating deferred income tax balances for the diversified companies to reflect the federal corporate income tax rate increase to 35 percent.

Primarily due to the tax credits related to the production of coalbed methane, income tax expense was 24 percent of pretax income in 1995, 23 percent in 1994 and 26 percent in 1993. Reflecting increased production, these tax credits totaled \$20.6 million in 1995, up from \$19.6 million in 1994 and \$16.6 million in 1993. The tax credit rate was estimated at \$1.03 per thousand cubic feet in 1995, and was \$1.00 in 1994 and 98 cents in 1993. This rate escalates with inflation, and could be limited by domestic oil prices. In 1995, domestic oil prices would have had to exceed \$46 per barrel for this limitation to have been effective. The federal tax credit on production of coalbed methane is available through the year 2002.

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ACCOUNTING STANDARDS

Stock Options

In 1995, the Financial Accounting Standards Board issued FAS 123, Accounting for Stock Options, effective for fiscal years beginning after Dec. 15, 1995. FAS 123 encourages, but does not require, companies to recognize compensation expense based on the fair value of grants of stock, stock options and other equity instruments to employees. Although expense recognition for employee stock-based compensation is not mandatory, FAS 123 requires that companies not adopting must disclose pro forma net income and earnings per share. TECO Energy will continue to apply the prior accounting rules and make pro forma disclosures.

CAPITAL EXPENDITURES

TECO Energy's 1995 capital expenditures of \$433 million consisted of \$335 million for Tampa Electric, which included \$19 million of AFUDC, and \$98 million for the diversified companies.

Tampa Electric spent \$199 million in 1995 on construction of Polk Unit One, a 250-megawatt coal-gasification plant. The capital cost of the plant is estimated at about \$450 million, net of the construction funding from the U.S. Department of Energy under its Clean Coal Technology Program. An estimated \$70 million will be spent in 1996 to complete this project with commercial operation expected in the fourth quarter of 1996.

Tampa Electric spent an additional \$117 million in 1995 for equipment and facilities to meet the company's growing customer base and for generation equipment improvements.

At the diversified companies in 1995 TECO Transport & Trade's capital program of \$32 million included purchasing an ocean barge previously leased, a program of barge enlargement and refurbishment, and normal equipment replacement. TECO Coalbed Methane's additional investment of \$12 million in 1995 included the purchase of the royalty rights to additional reserves in the Black Warrior Basin and enhancements to existing wells. TECO Coal spent \$9 million primarily on the completion of its new coal washing and preparation plant, and the development of new mines. TECO Power Services spent \$38 million for its 87.5-percent share of the 78-megawatt Alborada Power Station in Guatemala.

TECO Energy estimates total capital expenditures for ongoing operations at \$260 million for 1996 and \$779 million for 1997 through 2000, excluding AFUDC.

Tampa Electric expects to spend \$178 million in 1996 and \$569 million during the 1997-2000 period, mainly for distribution facilities to meet customer growth and for Polk Unit One in 1996. At the end of 1995, Tampa Electric had outstanding commitments of about \$72 million for capital programs including the construction of Polk Unit One.

Tampa Electric's capital expenditure projections include about \$30 million over the 1996 to 2000 period to comply with Phase II of the Clean Air Act Amendments for nitrogen oxide reductions and emissions monitoring equipment as described in the Environmental Compliance section.

The diversified companies expect capital expenditures of about \$82 million in 1996 and \$210 million for the 1997 through 2000 period for coal mining equipment, exploration and production of conventional gas and oil, acquisition of river barges and ocean transportation equipment, and normal asset replacement. At the end of 1995, \$12 million had been committed.

ENVIRONMENTAL COMPLIANCE

Tampa Electric is complying with the Phase I emission limitations imposed by the Clean Air Act Amendments which became effective Jan. 1, 1995 by using blends of lower-sulfur coal, controlling stack emissions and emission allowances.

In 1995 Tampa Electric successfully integrated Big Bend Unit Three into the existing scrubber on Big Bend Unit Four. This resulted in an additional scrubbed unit at a fraction of the cost of a new scrubber.

In connection with its Phase I compliance plan, Tampa Electric entered into two long-term contracts effective in mid-1994 for the purchase of low-sulfur coal. In December 1995, one of the sellers ceased operations

at the mine supplying this coal. Tampa Electric believes that there will be no negative impact on its operations because of the availability of alternative sources of supply and the successful scrubber integration of Big Bend Units Three and Four.

To comply with Phase II emission standards set for 2000 Tampa Electric would potentially have to scrub additional capacity and is evaluating equipment and technologies to accomplish compliance in the most cost effective manner. Absent capital expenditures for additional scrubbing, Tampa Electric expects to spend \$30 million of capital to comply with Phase II of the Clean Air Act Amendments for nitrogen oxide reductions and emissions monitoring equipment. The cost of compliance with Phase I and Phase II is expected to have little impact on Tampa Electric's prices.

UTILITY REGULATION

Price Increase

1993 and 1994

The FPSC granted Tampa Electric a \$1.2-million permanent base revenue increase and a \$10.3-million revenue increase primarily associated with

recovery of purchased power capacity payments effective in February 1993. The utility received an additional base revenue increase of \$16 million effective Jan. 1, 1994. The FPSC's decision reflected overall allowed regulatory rates of return of 8.20 percent in 1993 and 8.34 percent in 1994, which included an allowed regulatory rate of return on common equity (ROE) of 12 percent, the midpoint of a range of 11 percent to 13 percent.

Return on Equity Agreements

1994

In March 1994 the FPSC issued an order which changed Tampa Electric's authorized ROE to an 11.35-percent midpoint with a range of 10.35 percent to 12.35 percent, while leaving in effect the rates it had previously established. The FPSC also ordered a \$4-million annual accrual to establish an unfunded storm damage reserve for transmission and distribution property.

In July 1994 the FPSC issued an order approving an agreement between its staff and Tampa Electric to cap the utility's authorized regulatory rate of return on common equity at 12.45 percent for 1994 only with any earnings above that amount to be used to increase the storm damage reserve. Tampa Electric did not exceed the 12.45-percent cap in 1994 and therefore accrued only the \$4.0 million to the storm damage reserve.

1995

Tampa Electric's objective is to place Polk Unit One in service without increasing the total price that its customers pay for electric service. A number of actions, discussed in the Tampa Electric's Operating Expenses section, have been taken to reduce costs. A component of the strategy to accomplish this objective has been the deferral of certain revenues.

In 1995 the FPSC approved a plan submitted by Tampa Electric to defer certain revenues for 1995. Under this plan Tampa Electric's allowed ROE increased to an 11.75-percent midpoint with a range of 10.75 percent to 12.75 percent and Tampa Electric deferred revenues under certain financial circumstances related to these returns. For 1995 a minimum of \$15 million of revenues was deferred as well as 50 percent of actual revenues in excess of an ROE of 11.75 percent up to a net earned ROE of 12.75 percent and all actual revenues above an ROE of 12.75 percent. In 1995 Tampa Electric deferred \$50.8 million of revenues under this plan. The deferred revenues accrue interest at the 30-day commercial paper rate specified in the Florida Administrative Code.

Also as part of this plan the FPSC eliminated Tampa Electric's oil backout tariff effective Jan. 1, 1996, a reduction of about \$12 million of annual revenues.

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1996

On Jan. 3, 1996 the FPSC in a proposed agency action approved a plan by Tampa Electric relating to the deferral in 1996 of revenues under certain circumstances defined by ROE levels. As a result of protests by the Office of Public Counsel and the Florida Industrial Power Users Group, this action did not become effective and there became operative a provision of the order that required Tampa Electric to hold subject to the FPSC's jurisdiction any revenues in 1996 contributing to an ROE in excess of 12.75 percent.

On March 25, 1996 Tampa Electric filed with the FPSC an agreement between Tampa Electric and the two intervenors protesting the January 3 proposed order. If approved by the FPSC in a proposed agency action proceeding and if no protests are filed, the agreement would replace the Jan. 3, 1996 order. This agreement addresses, among other things, Tampa Electric's base rate levels, ROE levels for 1996 through 1998, and regulatory treatment of all accumulated deferred revenues through the period ending Dec. 31, 1998. It provides for Tampa Electric's existing base rates to be frozen at current levels through Dec. 31, 1998; a refund to its customers of \$25 million (\$15 million from 1996 operations and \$10 million from the 1995 deferred revenues) plus interest over a period of one year commencing on Oct. 1, 1996; and for the possibility of an additional refund in 1999.

Under the agreement, for the years 1996 through 1998 Tampa Electric will keep in each year all revenues contributing to an ROE up to 11.75 percent. Any additional revenues will be allocated according to the following formula.

In 1996, 40 percent of any actual revenues that contribute to an ROE in excess of 11.75 percent will be included in 1996 revenues and the remaining 60 percent will be deferred for use in 1997 and 1998. There will also be available for use in 1997 and 1998 about \$41 million of the revenues deferred from 1995, after deducting from 1995 deferred revenues the \$10-million portion of the \$25-million refund.

In 1997, 40 percent of any revenues that contribute to an ROE in excess of 11.75 percent up to 12.75 percent will be included in Tampa Electric's 1997 revenues. The remaining 60 percent will be deferred for use in 1998. Any revenues contributing to an ROE exceeding 12.75 percent will be deferred for use during 1998.

The same 40 percent allocation of revenues will be made in 1998 after taking into account any accumulated deferred revenues not used in previous years. The remaining 60 percent, as well as all revenues contributing to an

ROE in excess of 12.75 percent, if any, will be refunded to Tampa Electric's customers in 1999. No refunds resulting from the 1998 portion of the agreement will commence until a final, non-appealable order has been issued resolving all issues with respect to the calculation of earned ROE during the periods covered by the agreement, including the appropriate regulatory treatment of the Polk Power Station.

Finally, the agreement calls for an expeditious review of the regulatory treatment of Tampa Electric's Polk Power Station. Tampa Electric is optimistic that the FPSC will complete this review in the third quarter of 1996. An objective of the agreement is to maintain price stability by utilizing the 1995, 1996 and 1997 deferred revenues to offset a portion of the revenue requirements associated with the Polk Power Station.

Coal Settlement

In February 1993 the FPSC approved an agreement between Tampa Electric and the Office of Public Counsel that resolved all issues relating to prices for coal purchased in the years 1990 through 1992 by Tampa Electric from its affiliate, Gatliff Coal, a subsidiary of TECO Coal. Tampa Electric agreed to refund \$10 million plus interest to its customers through the fuel adjustment clause over a 12-month period beginning April 1, 1993. Tampa Electric refunded \$7.6 million to its customers in 1993 and the remainder in 1994.

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Utility Competition

Tampa Electric's retail business is substantially free from direct competition with other electric utilities, municipalities and public agencies. At the present time, the principal form of competition at the retail level consists of natural gas for residences and businesses and the self-generation option available to larger users of electric energy. Such users, and possibly commercial and residential customers as well, may seek to expand their options through legislative and/or regulatory initiatives that would permit competition at the retail level. Tampa Electric intends to take all appropriate actions to retain and expand its retail business, to control costs, and provide high quality service to retail customers.

There is presently active competition in the wholesale power markets in Florida, and this is increasing largely as a result of the Energy Policy Act of 1992 and related federal initiatives. This act removed certain regulatory barriers to independent power producers and required utilities to transmit power from such producers, utilities and others to wholesale customers under certain circumstances. Tampa Electric continues its cost reduction efforts to increase its wholesale business, which is dependent on access to transmission systems owned by others.

In March 1995 the Federal Energy Regulatory Commission (FERC) issued its Notice Of Proposed Rulemaking on Open Access Transmission Services (NOPR). The NOPR would require open access to transmission systems and utilities owning transmission facilities (including Tampa Electric) to provide services to wholesale transmission customers comparable to those they provide to themselves on comparable terms and conditions (including price). Among other things the NOPR would unbundle transmission services from power sales and require owners of transmission systems to take service under their own transmission tariffs.

FERC Transmission/Interchange Proceedings

Tampa Electric is one of several utilities that intervened in Florida Power and Light's (FPL) proceeding before the FERC in which FPL has requested to change substantially the terms for providing interchange power and transmission services. In addition to challenging the reasonableness and fairness of many aspects of FPL's filing, Tampa Electric maintains that FPL's transmission tariffs adversely affect competition in the wholesale market and violate FERC's comparability standard governing open access to wholesale transmission.

In December 1995 an Administrative Law Judge appointed by the FERC issued his initial decision which is generally favorable to the positions advocated by Tampa Electric. Briefs on this decision have been filed by the active intervenors, FERC staff and FPL and the case is now fully submitted for a decision by the FERC. Any disposition of transmission issues is expected to reflect FERC action on the NOPR.

Tampa Electric protested transmission tariff filings by Florida Power Corporation (FPC), likewise based principally on their adverse competitive effects on the wholesale power market and failure to comply with the FERC's comparability standard. FPC has withdrawn these tariffs and substituted tariffs which conform to the pro forma tariffs in the NOPR. The ultimate terms of these tariffs will be determined after final action by FERC under the NOPR.

In November 1995 the FERC accepted for filing Tampa Electric's open access transmission tariffs, which conform to the pro forma tariffs contained in the NOPR, subject to refund and the outcome of the final rule under the NOPR.

INVESTMENT ACTIVITY

At Dec. 31, 1995 TECO Energy had \$42.5 million in cash, cash equivalents and short-term investments versus \$136.4 million at year-end 1994. In the first quarter of 1995 the company reduced its short-term

investments and cash equivalents by \$84 million and used the proceeds primarily to reduce short-term debt.

Short-term investments at Dec. 31, 1995 included a \$32.2-million investment in a hedged-equity utility portfolio. The company also had \$86.3

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million in longer-term passive investments, including a continuing investment in leveraged leases of \$64.6 million. At Dec. 31, 1995 the net leveraged lease investment had essentially a zero balance and all leases were performing on a current basis. The company has made no investment in leveraged leases since 1989.

TECO Properties has invested \$43 million of equity in seven projects solely or as a limited partner. In 1995 TECO Properties recorded a \$1.2 million gain from the sale of an apartment complex and established a reserve of \$1.6 million for the expected 1996 sale of another apartment complex. TECO Energy plans to continue its conservative real estate investment approach.

FINANCING ACTIVITY

TECO Energy's 1995 year-end capital structure, excluding the effect of unearned compensation related to its ESOP, was 52 percent debt, 46 percent common equity and 2 percent preferred equity. The company's objective is to maintain a capital structure over time that will support its current credit ratings.

Credit Ratings/Senior Debt

	Duff & Phelps	Moody's	Standard & Poor's
Tampa Electric	AA+	Aa2	AA
TECO Finance/TECO Energy	AA-	A1	AA-

The current ratings reflect actions taken by Duff & Phelps in March 1995 to increase Tampa Electric's senior and subordinate debt ratings one level and by Moody's Investor Services in April to lower Tampa Electric's senior and subordinate debt ratings and TECO Energy's debt rating one level.

In July 1993 Tampa Electric entered into a forward refunding arrangement for \$85.95 million of outstanding Pollution Control Revenue Bonds. Under this arrangement \$85.95 million of new tax-exempt bonds due Dec. 1, 2034 were issued on Dec. 1, 1994, at a 6.25-percent interest rate. The proceeds were used on Feb. 1, 1995 to refund the series having a 9.9-percent interest rate. For accounting and ratemaking purposes Tampa Electric began recording interest expense using a blended rate for the original and refunding bonds. This blended rate was used from July 1993 and will continue to be used through the maturity dates of the original bonds.

TECO Energy raised \$9.4 million of common equity in 1995, \$10.6 million in 1994 and \$8.3 million in 1993 from the sale of common stock through its Dividend Reinvestment and Common Stock Purchase Plan (DRP) implemented in 1992. The company expects to raise a similar amount of equity through this plan in 1996.

As a part of its risk management program TECO Energy has entered into interest rate exchange agreements to moderate its exposure to interest rate changes. The benefit of these agreements are at risk only in the event of non-performance by the other party to the agreement, which the company does not anticipate. The company has no other derivative instruments.

LIQUIDITY, CAPITAL RESOURCES

TECO Energy and its operating companies met cash needs during 1995 largely with internally generated funds with the balance from the sale of certain short-term investments and from equity raised through the DRP.

At Dec. 31, 1995 TECO Energy had bank credit lines of \$370 million, of which \$368 million in credit was available.

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TECO Energy anticipates meeting its capital requirements for ongoing operations in 1996 through 2000 substantially from internally generated funds. In 1996 TECO Power Services expects to secure non-recourse financing for the Guatemalan project as discussed on page 24 and Tampa Electric expects to issue about \$100 million of long-term debt primarily to reduce short-term debt and redeem current maturities.

On March 29, 1996, Tampa Electric issued a notice to call and retire on April 29, 1996, \$35 million aggregate par value Series E and F Preferred Stock at redemption prices of \$102 and \$101, respectively, plus accrued dividends.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Financial Statement Schedules have been omitted since they are not required, are inapplicable or the required information is presented in the financial statements or notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
of TECO Energy, Inc.,

We have audited the consolidated balance sheets of TECO Energy, Inc. and subsidiaries as of Dec. 31, 1995 and 1994, and the related consolidated statements of income, common equity and cash flows for each of the three years in the period ended Dec. 31, 1995. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of TECO Energy, Inc. and subsidiaries as of Dec. 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended Dec. 31, 1995, in conformity with generally accepted accounting principles.

As discussed in Note A to the consolidated financial statements, effective Jan. 1, 1993 the company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

COOPERS & LYBRAND L.L.P.
Certified Public Accountants

Tampa, Florida
Jan. 15, 1996

CONSOLIDATED BALANCE SHEETS
(millions)

Dec. 31,	Assets	1995	1994
Current Assets			
Cash and cash equivalents		\$ 10.3	\$ 35.8
Short-term investments		32.2	100.6
Receivables, less allowance for uncollectibles		163.5	144.6
Inventories, at average cost			
Fuel		76.7	101.8
Materials and supplies		49.0	49.7
Prepayments		9.6	8.6
		341.3	441.1
Property, Plant and Equipment, at Original Cost			
Utility plant in service		3,174.5	3,060.8
Construction work in progress		479.6	286.6
Other property		836.4	748.3
		4,490.5	4,095.7
Less accumulated depreciation		(1,616.2)	(1,475.4)
		2,874.3	2,620.3
Other Assets			
Other investments		86.3	107.0
Deferred income taxes		65.9	52.3
Deferred charges and other assets		105.6	91.5
		257.8	250.8
		\$3,473.4	\$3,312.2
Liabilities and Capital			
Current Liabilities			
Long-term debt due within one year		\$ 31.3	\$ 7.8
Notes payable		361.4	349.9
Accounts payable		146.3	145.3
Customer deposits		51.3	49.5
Interest accrued		13.3	15.4
Taxes accrued		11.7	.2
		615.3	568.1
Other Liabilities			
Deferred income taxes		396.6	390.8
Investment tax credits		61.3	66.6
Regulatory liability-tax related		47.5	57.5
Other deferred credits		136.1	66.1
Long-term debt, less amount due within one year		994.9	1,023.9
Preferred Stock of Tampa Electric			
		55.0	55.0
Capital			
Common equity		1,240.9	1,163.3
Unearned compensation related to ESOP		(74.2)	(79.1)
		\$3,473.4	\$3,312.2

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

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CONSOLIDATED STATEMENTS OF INCOME
(millions)

Year ended Dec. 31,	1995	1994	1993
Revenues	\$ 1,392.3	\$ 1,350.9	\$ 1,283.9
Expenses			
Operation	684.6	670.8	624.9
Maintenance	101.3	101.1	98.9
Restructuring charge and other cost reductions	--	25.0	--
Depreciation	174.7	174.0	165.3
Taxes, other than income	114.0	110.2	104.3
	1,074.6	1,081.1	993.4
Income from Operations	317.7	269.8 (1)	290.5
Other Income (Expense)			
Allowance for other funds used during construction	13.7	3.5	1.6
Other income (expense), net	.6	6.4	(7.1)
Preferred dividend requirements of Tampa Electric	(3.6)	(3.6)	(3.6)
	10.7	6.3	(9.1)
Income Before Interest and Income Taxes	328.4	276.1	281.4
Interest Charges			
Interest expense	88.8	79.3	78.2
Allowance for borrowed funds			

Source: TECO ENERGY INC, 10-K, March 29, 1996

used during construction	(5.6)	(2.2)	(2.1)
	83.2	77.1	76.1
Income Before Provision for			
Income Taxes	245.2	199.0	205.3
Provision for income taxes	59.1	45.8	55.0
Income before cumulative effect			
of change in accounting principle	186.1	153.2	150.3
Cumulative effect of change in			
accounting principle	--	--	11.2
Net Income	\$ 186.1	\$ 153.2 (1)	\$ 161.5
Average common shares			
outstanding during year	116.5	115.9	115.3

Earnings per Average Common Share

Outstanding:			
Before cumulative effect of change			
in accounting principle	\$ 1.60	\$ 1.32	\$ 1.30
Cumulative effect of change in			
accounting principle	--	--	.10
Earnings per average common share			
outstanding	\$ 1.60	\$ 1.32 (1)	\$ 1.40

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

(1) Includes the effect of a corporate restructuring charge which reduced operating income by \$25 million, net income by \$15 million and earnings per share by \$0.13. See Note H.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(millions)

Year ended Dec. 31,	1995	1994	1993
Cash Flows from Operating Activities			
Net income	\$186.1	\$153.2	\$161.5
Adjustments to reconcile net income to net cash			
Depreciation	174.7	174.0	165.3
Deferred income taxes	(17.3)	(12.1)	7.8
Cumulative effect of change in accounting principle	--	--	(11.2)
Restructuring charge and other cost reductions	--	25.0	--
Investment tax credits, net	(5.3)	(6.8)	(5.6)
Allowance for funds used during construction	(19.3)	(5.7)	(3.7)
Amortization of unearned compensation related to ESOP	4.9	5.7	4.2
Deferred revenue	50.8	--	--
Deferred recovery clause	(12.4)	19.9	(10.6)
Fuel cost settlement	--	--	10.0
Refund to customers	--	(2.4)	(7.6)
Coal contract buyout and amortization	2.0	(25.5)	--
Receivables, less allowance for uncollectibles	(18.9)	(10.5)	(2.8)
Inventories	25.8	(23.7)	9.9
Taxes accrued	11.5	(1.0)	(3.9)
Interest accrued	(2.1)	.6	(1.5)
Accounts payable	1.0	30.0	4.2
Other	25.7	17.5	1.4
	407.2	338.2	317.4
Cash Flows from Investing Activities			
Capital expenditures	(432.7)	(309.1)	(270.6)
Allowance for funds used during construction	19.3	5.7	3.7
Investment in short-term investments	68.4	12.5	14.2
Other non-current investments	17.5	(6.0)	(1.4)
	(327.5)	(296.9)	(254.1)
Cash Flows from Financing Activities			
Common stock	11.1	11.1	12.1
Proceeds from long-term debt	.6	.7	15.6
Repayment of long-term debt	(6.5)	(19.0)	(73.2)
Net increase in short-term debt	11.5	84.1	68.6
Dividends	(121.9)	(115.6)	(109.2)
	(105.2)	(38.7)	(86.1)
Net increase (decrease) in cash and cash equivalents	(25.5)	2.6	(22.8)
Cash and cash equivalents at beginning of year	35.8	33.2	56.0
Cash and cash equivalents at end of year	\$ 10.3	\$ 35.8	\$ 33.2
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for:			
Interest (net of amounts capitalized)	\$ 105.4	\$ 85.1	\$ 80.0
Income taxes	\$ 66.5	\$ 69.2	\$ 53.3

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

CONSOLIDATED STATEMENTS OF COMMON EQUITY
(millions)

	Shares(1)	Common Stock(1)	Additional Paid-in Capital(1)	Retained Earnings	Unearned Compensation	Total Common Equity	
Balance, Dec. 31, 1992	115.0	\$ 115.0	\$ 308.5	\$ 621.3	\$ (89.0)	\$ 955.8	
Net income for 1993				161.5		161.5	
Common stock issued	.6	.6	11.5			12.1	
Cash dividends declared (\$.9475 per share)(1)				(109.2)		(109.2)	
Amortization of unearned compensation related to ESOP and stock options			1.0	2.2	4.2	4.2	Tax benefits-ESOP dividends
				3.2		3.2	
Balance, Dec. 31, 1993	115.6	115.6	321.0	675.8	(84.8)	1,027.6	
Net income for 1994				153.2		153.2	
Common stock issued	.6	.6	10.5			11.1	
Cash dividends declared (\$.9975 per share)				(115.6)		(115.6)	
Amortization of unearned							

compensation related to ESOP					5.7	5.7
Tax benefits-ESOP dividends				2.2		2.2
Balance, Dec. 31, 1994	116.2	116.2	331.5	715.6	(79.1)	1,084.2
Net income for 1995				186.1		186.1
Common stock issued	.5	.5	10.6			11.1
Cash dividends declared (\$1.0475 per share)				(121.9)		(121.9)
Amortization of unearned compensation related to ESOP					4.9	4.9
Tax benefits-ESOP dividends and stock options			.1	2.2		2.3
Balance, Dec. 31, 1995	116.7	\$ 116.7	\$ 342.2	\$ 782.0	\$ (74.2)	\$1,166.7

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

(1) Restated to reflect a two-for-one stock split on Aug. 30, 1993.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies

Principles of Consolidation

The significant accounting policies for both utility and diversified operations are as follows:

The consolidated financial statements include the accounts of TECO Energy, Inc. (TECO Energy) and its wholly owned subsidiaries.

The equity method of accounting is used to account for investments in partnership arrangements in which TECO Energy or its subsidiary companies do not have majority ownership or exercise control.

The proportional share of expenses, revenues and assets reflecting TECO Coalbed Methane's and TECO Gas & Oil's undivided interest in joint venture property is included in the consolidated financial statements.

All significant intercompany balances and intercompany transactions have been eliminated in consolidation.

Basis of Accounting

Tampa Electric maintains its accounts in accordance with recognized policies prescribed or permitted by the Florida Public Service Commission (FPSC) and the Federal Energy Regulatory Commission (FERC). These policies conform with generally accepted accounting principles in all material respects.

The impact of Financial Accounting Standard (FAS) No. 71, Accounting for the Effects of Certain Types of Regulation, has been minimal in Tampa Electric's experience, but when cost recovery is ordered over a longer period than a fiscal year, costs are recognized in the period that the regulatory agency recognizes them in accordance with FAS 71.

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

The use of estimates is inherent in the preparation of financial statements in accordance with generally accepted accounting principles.

Revenues and Fuel Costs

Revenues include amounts resulting from cost recovery clauses which provide for monthly billing charges to reflect increases or decreases in fuel, purchased capacity, oil backout and conservation costs. These adjustment factors are based on costs projected by Tampa Electric for a specific recovery period. Any over-recovery or under-recovery of costs plus an interest factor are refunded or billed to customers during the subsequent recovery period. Over-recoveries of costs are recorded as deferred credits and under-recoveries of costs are recorded as deferred debits.

On May 10, 1995, the FPSC approved the termination of the oil backout clause effective Jan. 1, 1996. Any oil backout project costs incurred beginning Jan 1, 1996 will no longer be recovered through the cost recovery clause.

In December 1994, Tampa Electric bought out a long-term coal supply contract which would have expired in 2004 for a lump sum payment of \$25.5 million and entered into two new contracts with the supplier. The coal supplied under the new contracts is competitive in price with coals of comparable quality. As a result of this buyout, Tampa Electric customers will benefit from anticipated net fuel savings of more than \$40 million through the year 2004. In February 1995, the FPSC authorized the recovery of the \$25.5 million buy-out amount plus carrying costs through the Fuel and Purchased Power Cost Recovery Clause over the next ten years beginning April 1, 1995. In 1995, \$2 million of buy-out costs were amortized to expense.

Certain other costs incurred by Tampa Electric are allowed to be recovered from customers through prices approved in the regulatory

process. These costs are recognized as the associated revenues are billed. Tampa Electric accrues base revenues for services rendered but unbilled to provide a closer matching of revenues and expenses.

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In February 1993, the FPSC approved an agreement between Tampa Electric and the Office of Public Counsel which resolved all issues relating to prices for coal purchased in the years 1990 through 1992 by Tampa Electric from its affiliate, Gatliff Coal, a subsidiary of TECO Coal. Tampa Electric recognized a \$10-million liability in February 1993 and agreed to return this amount plus interest during the 12-month period effective April 1, 1993. The \$10-million charge related to this agreement is classified in "Other income (expense)" on the income statement.

Depreciation

TECO Energy provides for depreciation primarily by the straight-line method at annual rates that amortize the original cost, less net salvage, of depreciable property over its estimated service life. The provision for utility plant in service, expressed as a percentage of the original cost of depreciable property, was 3.9% for 1995, and 4.2% for 1994 and 1993.

The original cost of utility plant retired or otherwise disposed of and the cost of removal less salvage are charged to accumulated depreciation.

Foreign operations

The functional currency of TPS Guatemala One, Inc.'s partnership in Guatemala is the U.S. dollar. Transactions conducted in Guatemala in the local currency, the quetzal, are remeasured to the U.S. dollar for financial reporting purposes with aggregate transaction gains or losses included in net income. The aggregate loss included in net income during 1995 was not significant.

The partnership is protected from any significant currency gains or losses by the terms of the power sales agreement where payments are defined in U.S. dollars.

Deferred Income Taxes

Effective Jan. 1, 1993, TECO Energy adopted FAS 109, which changed the requirements for accounting for income taxes. Although FAS 109 retains the concept of comprehensive interperiod income tax allocation, it adopts the liability method in the measurement of deferred income taxes rather than the deferred method. Under the liability method, the temporary differences between the financial statement and tax bases of assets and liabilities are reported as deferred taxes measured at current tax rates. The cumulative effect of adopting FAS 109 increased TECO Energy's earnings by \$11.2 million in 1993. Since Tampa Electric is a regulated enterprise its books and records reflect approved regulatory treatment, the adoption of FAS 109 resulted in certain adjustments to accumulated deferred income taxes and the establishment of a corresponding regulatory tax liability reflecting the amount payable to customers through future rates and had no effect on earnings.

Investment Tax Credits

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

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Allowance for Funds Used During Construction (AFUDC)

AFUDC is a non-cash credit to income with a corresponding charge to utility plant which represents the cost of borrowed funds and a reasonable return on other funds used for construction. The rate used to calculate AFUDC is revised periodically to reflect significant changes in Tampa Electric's cost of capital. The rate was 7.79% for 1995, 7.28% for 1994, and 7.70% for 1993. The base on which AFUDC is calculated excludes construction work in progress which has been included in rate base.

Interest Capitalized

Interest costs for the construction of TECO Coal's preparation plant and loadout facility and TECO Power Services Alborada Power Station were capitalized and will be depreciated over the service lives of the related property. Such interest costs capitalized totaled \$.9 million in 1995 for the Alborada Power Station and \$.9 million in 1994 for TECO Coal's preparation plant.

Cash and Cash Equivalents and Short-Term Investments

Included in cash and cash equivalents and short-term investments at Dec. 31, 1994 are \$20.8 million and \$70.2 million, respectively, of securities classified as available-for-sale. Securities classified as available-for-

sale are highly liquid, high-quality debt instruments purchased with a maturity of three months or less. There are no available-for-sale securities at Dec. 31, 1995.

Short-term investments also include \$32.2 million and \$30.3 million at Dec. 31, 1995 and 1994, respectively of trading securities, which have a cost basis of \$31.4 million and \$29.9 million. The estimated fair market values were based on quoted market prices. Trading securities consist of a hedged equity investment in a utility portfolio. The utility portfolio is comprised of various utility equities, hedged by selling short other utility equities. Realized gains and losses are determined on the specific identification cost basis. In 1994, TECO Energy adopted FAS 115, Accounting for Certain Investments in Debt and Equity Securities, which requires fair value accounting for debt and equity securities. The change in net unrealized gains and losses on trading securities included in earnings in 1995 and 1994 was not significant.

Other Investments

Other investments include longer-term passive investments, primarily leveraged leases.

Coalbed Seam Gas Properties

TECO Coalbed Methane, a subsidiary of TECO Energy, has entered into agreements with others to develop jointly the natural gas potential in a portion of Alabama's Black Warrior Basin.

TECO Coalbed Methane utilizes the successful efforts method to account for its gas operations. Under this method, expenditures for unsuccessful exploration activities are expensed currently.

Capitalized costs are amortized on the unit-of-production method using estimates of proven reserves. Investments in unproven properties and major development projects are not amortized until proven reserves associated with the projects can be determined or until impairment occurs.

Aggregate capitalized costs related to wells producing and under development at Dec. 31, 1995 and 1994 were \$203.3 million and \$190.9 million, respectively. Net proven reserves at Dec. 31, 1995 and 1994 were 184.0 billion cubic feet for 556 wells and 172.7 billion cubic feet for 462 wells, respectively.

Conventional Gas and Oil Properties

TECO Gas & Oil, a subsidiary of TECO Energy formed in 1995, has entered into joint ventures with several partners to explore for conventional gas and oil in the shallow gulf waters off Texas and Louisiana.

TECO Gas & Oil utilizes the successful efforts method to account for its gas and oil operations. Under this method, expenditures for unsuccessful exploration activities are expensed currently.

At Dec. 31, 1995 aggregate capitalized costs were not significant.

Reclassification

Certain 1994 and 1993 amounts were reclassified to conform with current year presentation.

B. Common Equity

Stock Options

The 1980 Stock Option and Appreciation Rights Plan was succeeded by the 1990 Equity Incentive Plan. Under the Equity Incentive Plan, the Compensation Committee of the Board of Directors may grant options to purchase common stock to officers and key employees of TECO Energy and its subsidiaries. The stock options are exercisable at a price not less than the fair market value of the common stock on the date of grant. The plan also provides that the Committee may issue stock appreciation rights. The exercise price of the stock appreciation rights may not be less than the fair market value of the common stock on the date of grant or if issued with a stock option, the exercise price of the related option. Stock appreciation rights provide for the issuance of common stock or the payment of cash or a combination of both equal to the difference between the exercise price of the stock appreciation right and the fair market value of the common stock on the date of exercise.

In January 1996, The Board of Directors adopted the 1996 Equity Incentive Plan (the Plan) as an amendment and restatement of the company's 1990 Equity Incentive Plan (the 1990 Plan). This Plan will be submitted to shareholders for approval at the 1996 Annual Meeting. Upon such approval, the Plan will supersede the 1990 Plan and no additional grants will be made thereunder. The rights of the holders of outstanding options under the 1990 Plan will not be affected. The purpose of the Plan is to attract and retain key employees of the company, to provide an incentive for them to achieve long-range performance goals and to enable them to participate in the long-term growth of the company. The Plan will continue to be administered by the Compensation Committee. The Plan would amend the 1990 Plan to increase the number of shares of Common Stock subject to grants by 3,750,000 shares, expand the types of awards

available to be granted and specify a limit on the maximum number of shares with respect to which stock options and stock appreciation rights may be made to any participant under the Plan.

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Transactions during the last three years under the 1990 Equity Incentive Plan and the 1980 Stock Option and Appreciation Rights Plan are summarized as follows:

Equity Incentive Plan and Stock Option and Appreciation Rights Plan

	Option Shares (thousands)	Option Price
1995		
Outstanding, beginning of year	1,913	\$ 8.6563-\$23.5625
Granted	488	\$20.75 -\$21.625
Exercised	100	\$ 8.6563-\$23.5625
Canceled	38	\$18.8438-\$23.5625
Outstanding, end of year	2,263	\$11.50 -\$23.5625
Exercisable, end of year	2,263	\$11.50 -\$23.5625
Available for grant	1,936	
1994		
Outstanding, beginning of year	1,567	\$ 8.6563-\$23.5625
Granted	401	\$19.4375-\$20.00
Exercised	55	\$10.0469-\$18.8438
Canceled	--	
Outstanding, end of year	1,913	\$ 8.6563-\$23.5625
Exercisable, end of year	1,505	\$ 8.6563-\$19.4375
Available for grant	2,386	
1993		
Outstanding, beginning of year	1,463	\$ 8.6563-\$18.8438
Granted	416	\$23.5625
Exercised	305	\$ 8.6563-\$23.5625
Canceled	7	\$23.5625
Outstanding, end of year	1,567	\$ 8.6563-\$23.5625
Exercisable, end of year	1,567	\$ 8.6563-\$23.5625
Available for grant	2,787	

The 1991 Director Stock Option Plan provides grants of stock options to non-employee directors on the first trading day following each annual meeting of shareholders. This plan provides for an initial grant of options for 10,000 shares to each new director, and an annual grant of options for 2,000 shares thereafter, with an exercise price equal to the fair market value on the date of grant. Transactions during the last three years under the 1991 Director Stock Option Plan are summarized as follows:

Director Stock Option Plan

	Option Shares (thousands)	Option Price
1995		
Outstanding, beginning of year	171	\$17.7188-\$23.4063
Granted	20	\$21.125
Exercised	14	\$17.7188-\$19.8125
Canceled	2	\$23.4063
Outstanding, end of year	175	\$17.7188-\$23.4063
Exercisable, end of year	175	\$17.7188-\$23.4063
Available for grant	286	

1994		
Outstanding, beginning of year	149	\$17.7188-\$23.4063
Granted	22	\$19.8125
Exercised	--	
Outstanding, end of year	171	\$17.7188-\$23.4063
Exercisable, end of year	149	\$17.7188-\$19.8125
Available for grant	304	
1993		
Outstanding, beginning of year	139	\$17.7188-\$18.5313
Granted	22	\$23.4063
Exercised	12	\$17.7188-\$18.5313
Outstanding, end of year	149	\$17.7188-\$23.4063
Exercisable, end of year	149	\$17.7188-\$23.4063
Available for grant	326	

In 1995, the Financial Accounting Standards Board issued FAS 123, Accounting for Stock Options, effective for fiscal years beginning after Dec. 15, 1995. FAS 123 encourages, but does not require, companies to recognize compensation expense based on the fair value of grants of stock, stock options and other equity investments to employees. Although expense recognition for employee stock-based compensation is not mandatory, FAS 123 requires that companies not adopting must disclose pro forma net income and earnings per share. TECO Energy will continue to apply the prior accounting rules and make pro forma disclosures.

Common Stock

The company had 400 million shares of \$1 par value common stock authorized in 1995, 1994 and 1993.

On July 20, 1993, the Board of Directors declared a two-for-one stock split of the corporation's outstanding common stock, effective Aug. 30, 1993, for shareholders of record as of July 30, 1993. All information related to TECO Energy common stock, including shares outstanding and per share amounts, has been calculated as if the stock split had been in effect for all periods presented.

Dividend Reinvestment Plan

In 1992, TECO Energy implemented a Dividend Reinvestment and Common Stock Purchase Plan. TECO Energy raised common equity of \$9.4 million, \$10.6 million and \$8.3 million from this plan in 1995, 1994 and 1993, respectively.

Shareholder Rights Plan

In 1989, TECO Energy declared a distribution of Rights to purchase one additional share of the company's common stock at a price of \$40 per share for each share outstanding. The Rights expire in May 1999. The Rights will become exercisable 10 days after a person acquires 20 percent or more of the company's outstanding common stock or commences a tender offer that would result in such person owning 30 percent or more of such stock or at the time the Board of Directors declares a person who acquired 10 percent or more of such stock to be an "adverse person." If any person acquires 20 percent or more of the outstanding common stock or the Board declares that a person is an adverse person, the rights of holders, other than such acquiring person or adverse person, become rights to buy shares of common stock of the company (or the acquiring company if the company is involved in a merger or other business combination and is not the surviving corporation) having a market value of twice the exercise price of each right.

The company may redeem the Rights at a price of \$.005 per Right until 10 days after a person acquires 20 percent or more of the outstanding common stock but not after the Board has declared a person to be an adverse person.

Employee Stock Ownership Plan

Effective Jan. 1, 1990, TECO Energy amended the TECO Energy Group Retirement Savings Plan, a tax-qualified benefit plan available to substantially all employees, to include an employee stock ownership plan

(ESOP). During 1990, the ESOP purchased 7 million shares of TECO Energy common stock on the open market for \$100 million. The share purchase was financed through a loan from TECO Energy to the ESOP. This loan is at a fixed interest rate of 9.3% and will be repaid from dividends on ESOP shares and from TECO Energy's contributions to the ESOP.

TECO Energy's contributions to the ESOP were \$4.8 million, \$7.6 million and \$3.4 million in 1995, 1994 and 1993, respectively. TECO Energy's annual contribution equals the interest accrued on the loan during the year plus additional principal payments needed to meet the matching allocation requirements under the plan, less dividends received on the ESOP shares. The components of net ESOP expense recognized for the past three years are as follows:

(millions)	1995	1994	1993
Interest expense	\$8.3	\$8.8	\$9.0
Compensation expense	4.9	5.7	4.2
Dividends	(7.1)	(6.9)	(6.6)
Net ESOP expense	\$6.1	\$7.6	\$6.6

Compensation expense was determined by the shares allocated method. At Dec. 31, 1995, the ESOP had 1.5 million allocated shares, .1 million committed-to-be-released shares, and 5.2 million unallocated shares. Shares are released to provide employees with the company match in accordance with the terms of the TECO Energy Group Retirement Savings Plan and in lieu of dividends on allocated ESOP shares. The dividends received by the ESOP are used to pay debt service.

For financial statement purposes, the unallocated shares of TECO Energy stock are reflected as a reduction of common equity, classified as unearned compensation related to ESOP. Dividends on all ESOP shares are recorded as a reduction of retained earnings, as are dividends on all TECO Energy common stock. The tax benefit related to the dividends paid to the ESOP for allocated shares is a reduction of income tax expense and for unallocated shares is an increase in retained earnings. All ESOP shares are considered outstanding for earnings per share computations.

C. Preferred Stock

Preferred Stock of TECO Energy - No Par
10 million shares authorized, none outstanding.
Preferred Stock of Tampa Electric - No Par
2.5 million shares authorized, none outstanding.

Preference Stock of Tampa Electric - No Par
2.5 million shares authorized, none outstanding.

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Preferred Stock of Tampa Electric - \$100 Par Value
1.5 million shares authorized

	Outstanding Dec.31, 1995		Cash Dividends Paid in 1995(1)		
	Current Redemption Price	Shares	Amount(2)	Per Share	Amount(2)
4.32% Cumulative, Series A	\$103.75	49,600	\$ 5.0	\$4.32	\$.2
4.16% Cumulative, Series B	\$102.875	50,000	5.0	\$4.16	.2
4.58% Cumulative, Series D	\$101.00	100,000	10.0	\$4.58	.5
8.00% Cumulative, Series E (3)	\$102.00	149,960	15.0	\$8.00	1.2
7.44% Cumulative, Series F (3)	\$101.00	200,000	20.0	\$7.44	1.5
		549,560	\$55.0		\$3.6

(1) Quarterly dividends paid on Feb. 15, May 15, Aug. 15 and Nov. 15.

(2) Millions.

(3) On March 29, 1996, Tampa Electric issued a notice to call and retire on April 29, 1996, the Series E and F Preferred Stock at redemption prices set forth plus accrued dividends.

At Dec. 31, 1995, preferred stock had a carrying amount of \$55.0 million and an estimated fair market value of \$49.1 million. The estimated fair market value of preferred stock was based on quoted market prices.

D. Short-term Debt

Notes payable consisted primarily of commercial paper with weighted average interest rates of 5.76% and 5.68%, respectively, at Dec. 31, 1995 and Dec. 31, 1994. The carrying amount of notes payable approximated fair market value because of the short maturity of these instruments. Consolidated unused lines of credit at Dec. 31, 1995 were \$368 million. Certain lines of credit require commitment fees ranging from .05% to .1875% on the unused balances.

During 1995, TECO Finance entered into an interest rate exchange agreement to moderate its exposure to interest rate changes. This three-year agreement effectively converted the interest rate on \$100 million of short-term debt from a floating rate to a fixed rate. TECO Finance will pay a fixed rate of 5.8% and will receive a floating rate based on a 30-day commercial paper index. There would not have been a significant loss to terminate this agreement at Dec. 31, 1995. The benefits of this agreement are at risk only in the event of non-performance by the other party to the agreement, which the company does not anticipate. The benefits of this agreement reduced interest expense in 1995.

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E. Long-term Debt

(millions)	Due	Dec. 31,	
		1995	1994
TECO Energy			
Medium-term notes payable: 9.28% for 1995 and 1994(1)	1997-2000	\$ 100.0	\$ 100.0
Tampa Electric			
First mortgage bonds (issuable in series)			
5 1/2%	1996	25.0	25.0
7 3/4%	2022	75.0	75.0
5 3/4%	2000	80.0	80.0
6 1/8%	2003	75.0	75.0
Installment contracts payable(2)			
5 3/4%	2007	24.4	24.7
7 7/8% Refunding bonds(3)	2021	25.0	25.0
8% Refunding bonds(3)	2022	100.0	100.0
6.25% Refunding bonds(4)	2034	86.0	86.0
Variable rate: 3.81% for 1995 and 4.10% for 1994(1)	2025	51.6	51.6
Variable rate: 3.72% for 1995 and 4.02% for 1994(1)	2018	54.2	54.2
Variable rate: 3.90% for 1995 and 4.23% for 1994(1)(5)	2020	16.9	16.3
		613.1	612.8
Diversified Companies			
Dock and wharf bonds, variable rate: 3.74% for 1995 and 3.88% for 1994(1)(2)			
	2007	110.6	110.6
Mortgage notes payable: 7.6%	1996-2003	3.3	4.1
Non-recourse secured facility notes, Series A: 7.8%			
	1996-2012	153.2	157.5
		267.1	272.2
TECO Finance			
Medium-term notes payable, various rates: 7.04% for 1995 and 7.09% for 1994(1)			
	1997-2002	50.0	50.9
Unamortized debt premium (discount), net			
		(4.0)	(4.2)
		1,026.2	1,031.7
Less amount due within one year(6)		31.3	7.8
Total long-term debt		\$ 994.9	\$1,023.9

Substantially all of the property, plant and equipment of Tampa Electric is pledged as collateral.

Maturities and annual sinking fund requirements of long-term debt for the years 1997, 1998, 1999 and 2000 are \$76.7 million, \$6.9 million, \$28.4 million, and \$137.9 million, respectively. Of these amounts \$.8 million per year for 1997 through 2000 may be satisfied by the substitution of property in lieu of cash payments.

- (1) Composite year-end interest rate.
- (2) Tax-exempt securities.
- (3) Proceeds of these bonds were used to refund bonds with interest rates of 11 5/8% - 12 5/8%. For accounting purposes, interest expense has been recorded using blended rates of 8.28%-8.66% on the original and refunding bonds, consistent with regulatory treatment.
- (4) Proceeds of these bonds were used to refund bonds with an interest rate of 9.9% in February 1995. For accounting purposes, interest expense has been recorded using a blended rate of 6.52% on the original and refunding bonds, consistent with regulatory treatment.
- (5) This amount is recorded net of \$3.1 million and \$3.7 million at Dec.

31, 1995 and Dec. 31, 1994, respectively, on deposit with trustee.

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- (6) Of the amount due in 1996, \$.8 million may be satisfied by the substitution of property in lieu of cash payments.

At Dec. 31, 1995, total long-term debt had a carrying amount of \$994.9 million and an estimated fair market value of \$1,076.5 million. The estimated fair market value of long-term debt was based on quoted market prices for the same or similar issues, on the current rates offered for debt of the same remaining maturities, or for long-term debt issues with variable rates that approximate market rates, at carrying amounts. The carrying amount of long-term debt due within one year approximated fair market value because of the short maturity of these instruments.

Tampa Electric entered into an interest rate exchange agreement, which expired Jan. 11, 1996, to reduce the cost of \$100 million of fixed rate long-term debt. The agreement reduced interest expense by \$2.3 million per year in 1995, 1994 and 1993.

F. Retirement Plan

TECO Energy has a non-contributory defined benefit retirement plan which covers substantially all employees. Benefits are based on employees' years of service and average final earnings.

The company's policy is to fund the plan within the guidelines set by ERISA for the minimum annual contribution and the maximum allowable as a tax deduction by the IRS. About 65 percent of plan assets were invested in common stocks and 35 percent in fixed income investments at Dec. 31, 1995.

Components of Net Pension Expense (millions)

	1995	1994	1993
Service cost (benefits earned during the period)	\$ 7.2	\$ 8.8	\$ 7.7
Interest cost on projected benefit obligations	17.3	15.8	15.0
Less: Return on plan assets			
Actual	66.4	(3.7)	30.5
Less net amortization of unrecognized transition asset and deferred return	43.3	(25.8)	10.3
Net return on assets	23.1	22.1	20.2
Net pension expense	1.4	2.5	2.5
Effect of restructuring charge	--	13.3	--
Net pension expense recognized in the Consolidated Statements of Income	\$ 1.4	\$15.8	\$ 2.5

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Reconciliation of the Funded Status of the Retirement Plan and the Accrued Pension Prepayment/(Liability) (millions)

	Dec. 31, 1995	Dec. 31, 1994
Fair market value of plan assets	\$ 286.7	\$ 239.2
Projected benefit obligation	(260.2)	(218.0)
Excess of plan assets over projected benefit obligation	26.5	21.2
Less unrecognized net gain from past experience different from that assumed	33.4	23.8
Less unrecognized prior service cost	(7.1)	(7.7)
Less unrecognized net transition asset (being amortized over 19.5 years)	9.5	10.5
Accrued pension prepayment/(liability)	\$ (9.3)	\$ (5.4)
Accumulated benefit obligation (including vested benefits of \$193.2 for 1995 and \$163.8 for 1994)	\$ 215.2	\$ 183.4

Assumptions Used in Determining Actuarial Valuations

	1995	1994
Discount rate to determine projected benefit obligation	7.3%	8.25%
Rates of increase in compensation levels	3.3-5.3%	3.3-5.3%
Plan asset growth rate through time	9%	9%

G. Postretirement Benefit Plan

TECO Energy and its subsidiaries currently provide certain postretirement health care benefits for substantially all employees retiring after age 55 meeting certain service requirements. The company contribution toward health care coverage for most employees retiring after Jan. 1, 1990 is limited to a defined dollar benefit based on years of service. Postretirement benefit levels are substantially unrelated to salary. The company reserves the right to terminate or modify the plans in whole or in part at any time.

In 1993, the company adopted FAS 106 which requires postretirement benefits be recognized as earned by employees rather than recognized as paid.

Components of Postretirement Benefit Cost (millions)

	1995	1994	1993
Service cost (benefits earned during the period)	\$ 1.9	\$ 2.2	\$ 1.8
Interest cost on projected benefit obligations	6.3	5.3	4.9
Amortization of transition obligation (straight line over 20 years)	2.7	2.8	2.8
Amortization of actuarial (gain)/loss	.2	.2	--
Net periodic postretirement benefit expense	11.1	10.5	9.5
Effect of restructuring charge	--	2.7	--
Net periodic postretirement benefit expense recognized in the Consolidated Statements of Income	\$11.1	\$13.2	\$ 9.5

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Reconciliation of the Funded Status of the Postretirement Benefit Plan and the Accrued Liability (millions)

	Dec. 31, 1995	Dec. 31, 1994
Accumulated postretirement benefit obligation		
Active employees eligible to retire	\$ (4.8)	\$(11.8)
Active employees not eligible to retire	(30.9)	(25.9)
Retirees and surviving spouses	(51.9)	(41.3)
	(87.6)	(79.0)
Less unrecognized net gain/(loss) from past experience	(19.2)	(13.8)
Less unrecognized transition obligation	(46.2)	(48.9)
Liability for accrued postretirement benefit	\$(22.2)	\$(16.3)

Assumptions Used in Determining Actuarial Valuations

	1995	1994
Discount rate to determine projected benefit obligation	7.3%	8.25%

The assumed health care cost trend rate for medical costs prior to age 65, and for certain retirees after age 65, was 11% in 1995 and decreases to 5.75% in 2002 and thereafter. The assumed health care cost trend rate for medical costs after age 65 was 7.5% in 1995 and decreases to 5.75% in 2002 and thereafter.

A 1 percent increase in the medical trend rates would produce an 8 percent (\$.6 million) increase in the aggregate service and interest cost for 1995 and a 7 percent (\$6.4 million) increase in the accumulated postretirement benefit obligation as of Dec. 31, 1995.

H. Restructuring Charge

In 1994, TECO Energy implemented a corporate restructuring program which resulted in a \$25 million charge (\$15 million after tax) and reduced earnings per share by \$.13. The cost of this restructuring program reflects charges for 241 early retirements, the elimination of other positions and other cost control initiatives. Approximately \$1.7 million of this charge was paid in 1994 and \$6.3 million in 1995. The impact on pension cost resulting from the restructuring as determined under the provisions of FAS 88, Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, was approximately \$13.3 million. The impact on postretirement benefits as determined under FAS 106, Accounting for Postretirement Benefits Other

Than Pensions, was approximately \$2.7 million. These amounts are included as part of the total 1994 charge of \$25 million. See Note F and Note G.

I. Income Tax Expense

Income tax expense consists of the following components:			
(millions)	Federal	State	Total
1995			
Currently payable	\$ 68.4	\$ 13.3	\$ 81.7
Deferred	(16.6)	(.7)	(17.3)
Amortization of investment tax credits	(5.3)	--	(5.3)
Total income tax expense	\$ 46.5	\$ 12.6	\$ 59.1

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1994			
Currently payable	\$ 54.7	\$ 10.0	\$ 64.7
Deferred	(8.3)	(3.8)	(12.1)
Investment tax credits	(1.3)	--	(1.3)
Amortization of investment tax credits	(5.5)	--	(5.5)
Total income tax expense	\$ 39.6	\$ 6.2	\$ 45.8
1993			
Currently payable	\$ 44.6	\$ 8.2	\$ 52.8
Deferred	6.5	1.3	7.8
Amortization of investment tax credits	(5.6)	--	(5.6)
Total income tax expense	\$ 45.5	\$ 9.5	\$ 55.0

TECO Energy adopted FAS 109 as of Jan. 1, 1993 and elected not to restate prior years' financial statements. Deferred taxes result from temporary differences in the recognition of certain liabilities or assets for tax and financial reporting purposes. The principal components of the company's deferred tax assets and liabilities recognized in the balance sheet are as follows:

(millions)	Dec. 31, 1995	Dec. 31, 1994
Deferred income tax assets(1)		
Property related	\$ 43.7	\$ 33.5
Other	22.2	18.8
Total deferred income tax assets	65.9	52.3
Deferred income tax liabilities(1)		
Property related	(395.7)	(370.2)
Intangible drilling costs	(26.9)	(25.7)
Revenue deferral plan	19.6	--
Other	6.4	5.1
Total deferred income tax liabilities	(396.6)	(390.8)
Accumulated deferred income taxes	\$(330.7)	\$(338.5)

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

The total income tax provisions differ from amounts computed by applying the federal statutory tax rate to income before income taxes for the following reasons:

(millions)	1995	1994	1993
Net income	\$186.1	\$153.2	\$150.3
Total income tax provision	59.1	45.8	55.0
Preferred dividend requirements	3.6	3.6	3.6
Income before income taxes and preferred dividend requirements	\$248.8	\$202.6	\$208.9
Income taxes on above at federal statutory rate of 35%	\$ 87.1	\$ 70.9	\$ 73.1
Increase (Decrease) due to:			
State income tax, net of federal income tax	8.2	4.0	6.7
Amortization of investment tax credits	(5.3)	(5.5)	(5.6)
Non-conventional fuels tax credit	(20.6)	(19.6)	(16.6)
Equity portion of AFUDC	(4.9)	(1.4)	(.8)
Other	(5.4)	(2.6)	(1.8)
Total income tax provision	\$ 59.1	\$ 45.8	\$ 55.0
Provision for income taxes as a percent of income before income taxes	23.8%	22.6%	26.3%

J. Segment Information

TECO Energy's principal business segment is Energy Services. This segment has been separated into two components: Regulated Electric Utility Services and Other Energy Services which includes the transportation, coal mining, coalbed methane gas and conventional gas and oil production, and independent power generation subsidiaries. All other activities of TECO Energy have been included in Other.

Identifiable assets are those assets used directly in a segment's operations and are presented net of depreciation.

(millions)	Revenues	Income From Operations	Depreciation	Identifiable Assets at Dec. 31,	Capital Expenditures for the Year
1995					
Regulated electric					
utility services	\$1,092.3	\$229.5	\$113.3	\$2,566.7	\$334.5
Other energy services	500.4	93.5 (1)	61.1	838.3	95.8
Eliminations	(205.3)	(8.2)(1)	--	(86.1)	--
Energy services segment	1,387.4	314.8	174.4	3,318.9	430.3
Other and eliminations	4.9	2.9	.3	154.5	2.4
TECO Energy consolidated	\$1,392.3	\$317.7	\$174.7	\$3,473.4	\$432.7
1994					
Regulated electric					
utility services	\$1,094.9	\$204.5	\$115.1	\$2,348.7	\$230.8
Other energy services	465.7	67.3 (1)	58.6	803.2	78.0
Eliminations	(214.5)	(6.9)(1)	--	(19.8)	--
Energy services segment	1,346.1	264.9	173.7	3,132.1	308.8
Other and eliminations	4.8	4.9	.3	180.1	.3
TECO Energy consolidated	\$1,350.9	\$269.8(2)	\$174.0	\$3,312.2	\$309.1
1993					
Regulated electric					
utility services	\$1,041.3	\$214.6	\$111.9	\$2,199.6	\$205.6
Other energy services	470.5	75.2 (1)	53.2	789.0	66.2
Eliminations	(231.4)	(3.9)(1)	--	(19.0)	--
Energy services segment	1,280.4	285.9	165.1	2,969.6	271.8
Other and eliminations	3.5	4.6	.2	158.2	(1.2)
TECO Energy consolidated	\$1,283.9	\$290.5	\$165.3	\$3,127.8	\$270.6

(1) Income from operations includes non-conventional fuels tax credit of \$20.6 million, \$19.6 million and \$16.6 million in 1995, 1994 and 1993, respectively, and interest cost on the non-recourse debt related to independent power operations of \$12.4 million in 1995 and \$12.7 million in 1994 and 1993. In the Consolidated Statements of Income, the tax credit is part of the provision for income taxes and the interest is part of interest expense.

(2) Income from operations includes the effect of a corporate restructuring charge of \$25 million. See Note H.

K. Commitments and Contingencies

TECO Energy has made certain commitments in connection with its continuing capital improvements program. TECO Energy estimates that capital expenditures for ongoing businesses during 1996 will be about \$260 million and approximately \$779 million for the years 1997 through 2000, excluding AFUDC.

Tampa Electric's capital expenditures are estimated to be \$178 million for 1996 and \$569 million for 1997 through 2000 for equipment and facilities to meet customer growth and for construction of additional generating capacity to be placed in service in 1996. Tampa Electric is building a 250-megawatt coal-gasification plant (Polk Unit One) with a capital cost of about \$450 million, net of construction funding from the Department of Energy under its Clean Coal Technology Program. Tampa Electric expects to spend \$70 million to complete this project in 1996. At the end of 1995, Tampa Electric had outstanding commitments of approximately \$72 million primarily for the construction of Polk Unit One. At the diversified companies, future capital expenditures are estimated at \$82 million for 1996 and \$210 million for the years 1997 through 2000, primarily for asset replacement and refurbishment at TECO Transport & Trade and TECO Coal, and development of TECO Gas & Oil. This includes commitments of about \$12 million at the end of 1995.

L. Quarterly Data (unaudited)

Financial data by quarter is as follows:

	Quarter ended			
	March 31	June 30	Sept. 30	Dec. 31
1995				
Revenues(1)	\$ 319.1	\$ 349.7	\$ 389.1	\$ 334.4
Income from operations(1)	\$ 66.0	\$ 80.7	\$ 107.1	\$ 63.9
Net income(1)	\$ 36.5	\$ 46.4	\$ 63.2	\$ 40.0
Earnings per average common share	\$.31	\$.40	\$.55	\$.34
Dividends paid per common share	\$.2525	\$.265	\$.265	\$.265
Stock price per common share(3)				
High	\$ 22 1/8	\$ 22 3/4	\$ 23 1/2	\$ 25 3/4
Low	\$ 20	\$ 20 1/2	\$ 21 1/4	\$ 23 1/8
Close	\$ 21	\$ 22	\$ 23 1/2	\$ 25 5/8
1994				
Revenues(1)	\$ 306.7	\$ 353.3	\$ 366.6	\$ 324.3
Income from operations(1)	\$ 59.9	\$ 75.8	\$ 94.7	\$ 39.4(2)
Net income(1)	\$ 33.6	\$ 41.9	\$ 54.6	\$ 23.1(2)
Earnings per average common share	\$.29	\$.36	\$.47	\$.20(2)
Dividends paid per common share	\$.24	\$.2525	\$.2525	\$.2525
Stock price per common share(3)				
High	\$ 22 5/8	\$ 20 7/8	\$ 21	\$ 21
Low	\$ 19 1/8	\$ 18 1/4	\$ 18 1/8	\$ 18 1/2
Close	\$ 19 1/2	\$ 19 1/8	\$ 19 1/4	\$ 20 1/4

(1) Millions.

(2) Includes the effect of a corporate restructuring charge which reduced operating income by \$25 million, net income by \$15 million and earnings per share by \$0.13. See Note H.

(3) Trading prices for common shares of TECO Energy, Inc.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

During the period Jan. 1, 1994 to the date of this report, TECO Energy has not had and has not filed with the Commission a report as to any changes in or disagreements with accountants on accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

(a) The information required by Item 10 with respect to the directors of the registrant is included under the caption "Election of Directors" on pages 1 through 4 of TECO Energy's definitive proxy statement, dated March 7, 1996, (Proxy Statement) for its Annual Meeting of Shareholders to be held on April 17, 1996, and is incorporated herein by reference.

(b) The information required by Item 10 concerning executive officers of the registrant is included under the caption "Executive Officers of the Registrant" on page 15 of this report.

Item 11. EXECUTIVE COMPENSATION.

The information required by Item 11 is included in the Proxy Statement beginning with the "Summary Compensation Table" on page 9 and ending just before the caption "Approval of the 1996 Equity Incentive Plan" on page 12 and under the caption "Election of Directors-Compensation of Directors" on page 4, and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by Item 12 is included under the caption "Share Ownership" on pages 4 through 5 of the Proxy Statement and is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by Item 13 is included under the caption "Election of Directors" on page 4 of the Proxy Statement and is incorporated herein by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) 1. Financial Statements - See index on page 33.

2. Financial Statement Schedules - See index on page 33.

3. Exhibits

- *3.1 Articles of Incorporation, as amended on April 20, 1993 (Exhibit 3, Form 10-Q for the quarter ended March 31, 1993 of TECO Energy, Inc.).
- *3.2 Bylaws of the Company, as amended effective July 18, 1995 (Exhibit 3, Form 10-Q for the quarter ended June 30, 1995 of TECO Energy, Inc.).
- *4.1 Indenture of Mortgage among Tampa Electric Company, State Street Trust Company and First Savings & Trust Company of Tampa, dated as of Aug. 1, 1946 (Exhibit 7-A to Registration Statement No. 2-6693).
- *4.2 Ninth Supplemental Indenture, dated as of April 1, 1966, to Exhibit 4.1 (Exhibit 4-k, Registration Statement No. 2-28417).
- *4.3 Thirteenth Supplemental Indenture dated as of Jan. 1, 1974, to Exhibit 4.1 (Exhibit 2-g-1, Registration Statement No. 2-51204).
- *4.4 Sixteenth Supplemental Indenture, dated as of Oct. 30, 1992, to Exhibit 4.1 (Exhibit 4.1, Form 10-Q for the quarter ended Sept. 30, 1992 of TECO Energy, Inc.).

- *4.5 Eighteenth Supplemental Indenture, dated as of May 1, 1993, to Exhibit 4.1 (Exhibit 4.1, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).
- *4.6 Installment Purchase and Security Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of March 1, 1972 (Exhibit 4.9, Form 10-K for 1986 of TECO Energy, Inc.).
- *4.7 First Supplemental Installment Purchase and Security Contract, dated as of Dec. 1, 1974 (Exhibit 4.10, Form 10-K for 1986 of TECO Energy, Inc.).
- *4.8 Third Supplemental Installment Purchase Contract, dated as of May 1, 1976 (Exhibit 4.12, Form 10-K for 1986 of TECO Energy, Inc.).
- *4.9 Installment Purchase Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of Aug. 1, 1981 (Exhibit 4.13, Form 10-K for 1986 of TECO Energy, Inc.).
- *4.10 Amendment to Exhibit A of Installment Purchase Contract, dated April 7, 1983 (Exhibit 4.14, Form 10-K for 1989 of TECO Energy, Inc.).
- *4.11 Second Supplemental Installment Purchase Contract, dated as of June 1, 1983 (Exhibit 4.11, Form 10-K for 1994 of TECO Energy, Inc.).
- *4.12 Third Supplemental Installment Purchase Contract, dated as of Aug. 1, 1989 (Exhibit 4.16, Form 10-K for 1989 of TECO Energy, Inc.).
- *4.13 Installment Purchase Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of Jan. 31, 1984 (Exhibit 4.13, Form 10-K for 1993 of TECO Energy, Inc.).
- *4.14 First Supplemental Installment Purchase Contract, dated as of Aug. 2, 1984 (Exhibit 4.14, Form 10-K for 1994 of TECO Energy, Inc.).
- *4.15 Second Supplemental Installment Purchase Contract, dated as of July 1, 1993 (Exhibit 4.3, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).
- *4.16 Loan and Trust Agreement among the Hillsborough County Industrial Development Authority, Tampa Electric Company and

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- NCNB National Bank of Florida, as trustee, dated as of Sept. 24, 1990 (Exhibit 4.1, Form 10-Q for the quarter ended Sept. 30, 1990 for TECO Energy, Inc.).
- *4.17 Loan and Trust Agreement, dated as of Oct. 26, 1992 among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee (Exhibit 4.2, Form 10-Q for the quarter ended Sept. 30, 1992 of TECO Energy, Inc.).
- *4.18 Loan and Trust Agreement, dated as of June 23, 1993, among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee (Exhibit 4.2, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).
- *4.19 Installment Sales Agreement between the Plaquemines Port, Harbor and Terminal District (Louisiana) and Electro-Coal Transfer Corporation, dated as of Sept. 1, 1985 (Exhibit 4.19, Form 10-K for 1986 of TECO Energy, Inc.).
- *4.20 Reimbursement Agreement between TECO Energy, Inc. and Electro-Coal Transfer Corporation, dated as of March 22, 1989 (Exhibit 4.19, Form 10-K for 1988 of TECO Energy, Inc.).
- *4.21 Rights Agreement between TECO Energy, Inc. and The First National Bank of Boston, as Rights Agent, dated as of April 27, 1989 (Exhibit 4, Form 8-K, dated as of May 2, 1989 of TECO Energy, Inc.).
- *4.22 Amendment No. 1 to Rights Agreement dated as of July 20, 1993 between TECO Energy, Inc. and The First National Bank of Boston, as Rights Agent (Exhibit 1.2, Form 8-A/A, dated as of July 27, 1993 of TECO Energy, Inc.).
- *10.1 1980 Stock Option and Appreciation Rights Plan, as amended on July 18, 1989 (Exhibit 28.1, Form 10-Q for quarter ended June 30, 1989 of TECO Energy, Inc.).
- *10.2 Directors' Retirement Plan, as amended effective July 1, 1995 (Exhibit 10.1, Form 10-Q for quarter ended June 30, 1995 of TECO Energy, Inc.).
- *10.3 Supplemental Executive Retirement Plan for H. L. Culbreath, as amended on April 27, 1989 (Exhibit 10.14, Form 10-K for 1989 of TECO Energy, Inc.).
- *10.4 Supplemental Executive Retirement Plan for T. L. Guzzle, as amended on July 20, 1993 (Exhibit 10.1, Form 10-Q for the quarter ended Sept. 30, 1993 of TECO Energy, Inc.), as further amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for T.L. Guzzle, effective as of Oct. 1, 1994 (Exhibit 10.4, Form 10-K for 1994 of TECO Energy, Inc.).
- *10.5 Supplemental Executive Retirement Plan for R. H. Kessel, dated as of Dec. 4, 1989 (Exhibit 10.16, Form 10-K for 1989 of TECO Energy, Inc.), as amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for R.H. Kessel, effective as of Oct. 1, 1994 (Exhibit 10.5, Form

- 10-K for 1994 of TECO Energy, Inc.).
- *10.6 TECO Energy Group Supplemental Executive Retirement Plan, as amended on July 18, 1989 (Exhibit 10.17, Form 10-K for 1989 of TECO Energy, Inc.), as further amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan, effective as of Oct. 1, 1994 (Exhibit 10.6, Form 10-K for 1994 of TECO Energy, Inc.).
- *10.7 TECO Energy, Inc. Group Supplemental Retirement Benefits Trust Agreement Amendment and Restatement, effective July 17, 1995, (Exhibit 10.2, Form 10-Q for the quarter ended June 30, 1995 of TECO Energy, Inc.).
- *10.8 Terms of R. H. Kessel's Employment, dated as of Dec. 1, 1989 (Exhibit 10.20, Form 10-K for 1989 of TECO Energy, Inc.).
- *10.9 Annual Incentive Compensation Plan for TECO Energy and subsidiaries, as revised January 1993 (Exhibit 10.2, Form 10-Q for quarter ended March 31, 1994 of TECO Energy, Inc.).

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- *10.10 TECO Energy, Inc. Group Supplemental Disability Income Plan, dated as of March 20, 1989 (Exhibit 10.22, Form 10-K for 1988 of TECO Energy, Inc.).
- 10.11 Forms of Severance Agreement between TECO Energy, Inc. and certain senior executives, as amended and restated as of March 20, 1996.
- *10.12 Severance Agreement between TECO Energy, Inc. and H.L. Culbreath, dated as of April 28, 1989 (Exhibit 10.24, Form 10-K for 1989 of TECO Energy, Inc.).
- *10.13 Loan and Stock Purchase Agreement between TECO Energy, Inc. and Barnett Banks Trust Company, N.A., as trustee of the TECO Energy Group Savings Plan Trust Agreement (Exhibit 10.3, Form 10-Q for the quarter ended March 31, 1990 for TECO Energy, Inc.).
- *10.14 TECO Energy, Inc. 1990 Equity Incentive Plan (Exhibit 10.1, Form 10-Q for the quarter ended March 31, 1990 of TECO Energy, Inc.).
- *10.15 TECO Energy, Inc. 1991 Director Stock Option Plan as amended on Jan. 21, 1992 (Exhibit 10.26, Form 10-K for 1991 of TECO Energy, Inc.).
- *10.16 Supplemental Executive Retirement Plan for A.D. Oak, as amended on July 20, 1993 (Exhibit 10.2, Form 10-Q for the quarter ended Sept. 30, 1993 of TECO Energy, Inc.), as further amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for A. D. Oak, effective as of Oct. 1, 1994 (Exhibit 10.16, Form 10-K for 1994 of TECO Energy, Inc.).
- *10.17 Supplemental Executive Retirement Plan for K.S. Surgenor, as amended on July 20, 1993 (Exhibit 10.3, Form 10-Q for the quarter ended Sept. 30, 1993 of TECO Energy, Inc.), as further amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for K.S. Surgenor, effective as of Oct. 1, 1994 (Exhibit 10.17, Form 10-K for 1994 of TECO Energy, Inc.).
- *10.18 Terms of T.L. Guzzle's employment, dated as of July 20, 1993 (Exhibit 10, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).
- *10.19 Supplemental Executive Retirement Plan for G.F. Anderson (Exhibit 10.4, Form 10-Q for the quarter ended Sept. 30, 1993 of TECO Energy, Inc.), as amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for G.F. Anderson, effective as of Oct. 1, 1994 (Exhibit 10.19, Form 10-K for 1994 of TECO Energy, Inc.).
- *10.20 TECO Energy Directors' Deferred Compensation Plan, as amended and restated effective April 1, 1994 (Exhibit 10.1, Form 10-Q for the quarter ended March 31, 1994 for TECO Energy, Inc.).
- *10.21 TECO Energy Group Retirement Savings Excess Benefit Plan, as amended and restated effective Aug. 1, 1994 (Exhibit 10.21, Form 10-K for 1994 of TECO Energy, Inc.).
- *10.22 Supplemental Executive Retirement Plan for R. A. Dunn, dated as of July 17, 1995 (Exhibit 10.3, Form 10-Q for the quarter ended June 30, 1995 of TECO Energy, Inc.).
- 11. Computation of earnings per common share.
- 21. Subsidiaries of the Registrant.
- 23. Consent of Independent Accountants.
- 24.1 Power of Attorney.
- 24.2 Certified copy of resolution authorizing Power of Attorney.
- 27. Financial Data Schedule (EDGAR filing only).

* Indicates exhibit previously filed with the Securities and Exchange Commission and incorporated herein by reference. Exhibits filed with periodic reports of TECO Energy, Inc. were filed under Commission File No. 1-8180.

Executive Compensation Plans and Arrangements

Exhibits 10.1 through 10.12 and 10.14 through 10.22 above are management contracts or compensatory plans or arrangements in which executive officers or directors of TECO Energy, Inc. participate.

Certain instruments defining the rights of holders of long-term debt of TECO Energy, Inc. and its consolidated subsidiaries authorizing in each case a total amount of securities not exceeding 10 percent of total asset on a consolidated basis are not filed herewith. TECO Energy, Inc. will furnish copies of such instruments to the Securities and Exchange Commission upon request.

(b) TECO Energy, Inc. filed no reports on Form 8-K during the last quarter of 1995.

The registrant filed a Current Report on Form 8-K dated Jan. 4, 1996 reporting under Item 5. Other Events on a proposed agency action by the FPSC relating to the deferral in 1996 of revenues at Tampa Electric under certain circumstances.

The registrant filed a Current Report on Form 8-K dated Feb. 13, 1996 reporting under Item 5. Other Events on the filings with the FPSC by the Office of Public Counsel and the Florida Industrial Power Users Group, which protest the FPSC's order of proposed agency action on the deferral in 1996 of Tampa Electric revenues under certain circumstances.

The registrant filed a Current Report on Form 8-K dated March 25, 1996 reporting under "Item 5. Other Events" the agreement among Tampa Electric, the Office of Public Counsel and the Florida Industrial Power Users Group on a multi-year base rate freeze, revenue deferral and refund plan for Tampa Electric.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 28th day of March, 1996.

TECO ENERGY, INC.

By T. L. GUZZLE*
T. L. GUZZLE, Chairman of the Board,
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on March 28, 1996:

Signature	Title
T. L. GUZZLE*	Chairman of the Board,
T. L. GUZZLE	Director and Chief Executive Officer

(Principal Executive Officer)

/s/ A. D. OAK A. D. OAK	Senior Vice President- Finance and Chief Financial Officer (Principal Financial and Accounting Officer)
G. F. ANDERSON* G. F. ANDERSON	President, Director and Chief Operating Officer
C. D. AUSLEY* C. D. AUSLEY	Director
S. L. BALDWIN* S. L. BALDWIN	Director
H. L. CULBREATH* H. L. CULBREATH	Director
J. L. FERMAN, JR.* J. L. FERMAN, JR.	Director
E. L. FLOM* E. L. FLOM	Director
H. R. GUILD, JR.* H. R. GUILD, JR.	Director
D. R. HENDRIX* D. R. HENDRIX	Director
R. L. RYAN* R. L. RYAN	Director
W. P. SOVEY* W. P. SOVEY	Director

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J. T. TOUCHTON* J. T. TOUCHTON	Director
J. A. URQUHART* J. A. URQUHART	Director
J. O. WELCH, JR.* J. O. WELCH, JR.	Director

*By: /s/ A. D. OAK
A. D. OAK, Attorney-in-fact

INDEX TO EXHIBITS		
Exhibit No.	Description	Page No.
3.1	Articles of Incorporation, as amended on April 20, 1993 (Exhibit 3, Form 10-Q for the quarter ended March 31, 1993 of TECO Energy, Inc.).	*
3.2	Bylaws of the Company, as amended effective July 18, 1995 (Exhibit 3, Form 10-Q for the quarter ended June 30, 1995 of TECO Energy, Inc.).	*
4.1	Indenture of Mortgage among Tampa Electric Company, State Street Trust Company and First Savings & Trust Company of Tampa, dated as of Aug. 1, 1946 (Exhibit 7-A to Registration Statement No. 2-6693).	*
4.2	Ninth Supplemental Indenture, dated as of April 1, 1966, to Exhibit 4.1 (Exhibit 4-k, Registration Statement No. 2-28417).	*
4.3	Thirteenth Supplemental Indenture dated as of Jan. 1, 1974, to Exhibit 4.1 (Exhibit 2-g-1, Registration Statement No. 2-51204).	*
4.4	Sixteenth Supplemental Indenture, dated as of Oct. 30, 1992, to Exhibit 4.1 (Exhibit 4.1, Form 10-Q for the quarter ended Sept. 30, 1992 of TECO Energy, Inc.).	*
4.5	Eighteenth Supplemental Indenture, dated as of May 1, 1993, to Exhibit 4.1 (Exhibit 4.1, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).	*
4.6	Installment Purchase and Security Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of March 1, 1972 (Exhibit 4.9, Form 10-K for 1986 of TECO Energy, Inc.).	*
4.7	First Supplemental Installment Purchase and Security Contract, dated as of Dec. 1, 1974 (Exhibit 4.10, Form 10-K for 1986 of TECO Energy, Inc.).	*
4.8	Third Supplemental Installment Purchase Contract, dated as of May 1, 1976 (Exhibit 4.12, Form 10-K for 1986 of TECO Energy, Inc.).	*
4.9	Installment Purchase Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of Aug. 1, 1981 (Exhibit 4.13, Form 10-K for 1986 of TECO Energy, Inc.).	*
4.10	Amendment to Exhibit A of Installment Purchase Contract, dated April 7, 1983 (Exhibit 4.14, Form 10-K for 1989 of TECO Energy, Inc.).	*

4.11	Second Supplemental Installment Purchase Contract, dated as of June 1, 1983 (Exhibit 4.11, Form 10-K for 1994 of TECO Energy, Inc.).	*
4.12	Third Supplemental Installment Purchase Contract, dated as of Aug. 1, 1989 (Exhibit 4.16, Form 10-K for 1989 of TECO Energy, Inc.).	*
4.13	Installment Purchase Contract between the Hillsborough County Industrial Development Authority and Tampa Electric Company, dated as of Jan. 31, 1984 (Exhibit 4.13, Form 10-K for 1993 of TECO Energy, Inc.).	*
4.14	First Supplemental Installment Purchase Contract, dated as of Aug. 2, 1984 (Exhibit 4.14, Form 10-K for 1994 of TECO Energy, Inc.).	*
4.15	Second Supplemental Installment Purchase Contract, dated as of July 1, 1993 (Exhibit 4.3, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).	*
4.16	Loan and Trust Agreement among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NCNB National Bank of Florida, as trustee, dated as of Sept. 24, 1990 (Exhibit 4.1, Form 10-Q for the quarter ended Sept. 30, 1990 for TECO Energy, Inc.).	*
4.17	Loan and Trust Agreement, dated as of Oct. 26, 1992 among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee (Exhibit 4.2, Form 10-Q for the quarter ended Sept. 30, 1992 of TECO Energy, Inc.).	*
4.18	Loan and Trust Agreement, dated as of June 23, 1993, among the Hillsborough County Industrial Development Authority, Tampa Electric Company and NationsBank of Florida, N.A., as trustee (Exhibit 4.2, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).	*
4.19	Installment Sales Agreement between the Plaquemines Port, Harbor and Terminal District (Louisiana) and Electro-Coal Transfer Corporation, dated as of Sept. 1, 1985 (Exhibit 4.19, Form 10-K for 1986 of TECO Energy, Inc.).	*
4.20	Reimbursement Agreement between TECO Energy, Inc. and Electro-Coal Transfer Corporation, dated as of March 22, 1989 (Exhibit 4.19, Form 10-K for 1988 of TECO Energy, Inc.).	*
4.21	Rights Agreement between TECO Energy, Inc. and The First National Bank of Boston, as Rights Agent, dated as of April 27, 1989 (Exhibit 4, Form 8-K, dated as of May 2, 1989 of TECO Energy, Inc.).	*
4.22	Amendment No. 1 to Rights Agreement dated as of July 20, 1993 between TECO Energy, Inc. and The First National Bank of Boston, as Rights Agent (Exhibit 1.2, Form 8-A/A, dated as of July 27, 1993 of TECO Energy, Inc.).	*
10.1	1980 Stock Option and Appreciation Rights Plan, as amended on July 18, 1989 (Exhibit 28.1, Form 10-Q for quarter ended June 30, 1989 of TECO Energy, Inc.).	*
10.2	Directors' Retirement Plan, as amended	*

10.3	effective July 1, 1995 (Exhibit 10.1, Form 10-Q for quarter ended June 30, 1995 of TECO Energy, Inc.). Supplemental Executive Retirement Plan for H. L. Culbreath, as amended on April 27, 1989 (Exhibit 10.14, Form 10-K for 1989 of TECO Energy, Inc.).	*
10.4	Supplemental Executive Retirement Plan for T. L. Guzzle, as amended on July 20, 1993 (Exhibit 10.1, Form 10-Q for the quarter ended Sept. 30, 1993 of TECO Energy, Inc.), as further amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for T.L. Guzzle, effective as of Oct. 1, 1994 (Exhibit 10.4, Form 10-K for 1994 of TECO Energy, Inc.).	*
10.5	Supplemental Executive Retirement Plan for R. H. Kessel, dated as of Dec. 4, 1989 (Exhibit 10.16, Form 10-K for 1989 of TECO Energy, Inc.), as amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for R.H. Kessel, effective as of Oct. 1, 1994 (Exhibit 10.5, Form 10-K for 1994 of TECO Energy, Inc.).	*
10.6	TECO Energy Group Supplemental Executive Retirement Plan, as amended on July 18, 1989 (Exhibit 10.17, Form	*

	10-K for 1989 of TECO Energy, Inc.), as further amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan, effective as of Oct. 1, 1994 (Exhibit 10.6, Form 10-K for 1994 of TECO Energy, Inc.).	
10.7	TECO Energy, Inc. Group Supplemental Retirement Benefits Trust Agreement Amendment and Restatement, effective July 17, 1995, (Exhibit 10.2, Form 10-Q for the quarter ended June 30, 1995 of TECO Energy, Inc.).	*
10.8	Terms of R. H. Kessel's Employment, dated as of Dec. 1, 1989 (Exhibit 10.20, Form 10-K for 1989 of TECO Energy, Inc.).	*
10.9	Annual Incentive Compensation Plan for TECO Energy and subsidiaries, as revised January 1993 (Exhibit 10.2, Form 10-Q for quarter ended March 31, 1994 of TECO Energy, Inc.).	*
10.10	TECO Energy, Inc. Group Supplemental Disability Income Plan, dated as of March 20, 1989 (Exhibit 10.22, Form 10-K for 1988 of TECO Energy, Inc.).	*
10.11	Forms of Severance Agreement between TECO Energy, Inc. and certain senior executives, as amended and restated as of March 20, 1996.	67
10.12	Severance Agreement between TECO Energy, Inc. and H.L. Culbreath, dated as of April 28, 1989 (Exhibit 10.24, Form 10-K for 1989 of TECO Energy, Inc.).	*
10.13	Loan and Stock Purchase Agreement between TECO Energy, Inc. and Barnett Banks Trust Company, N.A., as trustee of the TECO Energy Group Savings Plan Trust Agreement (Exhibit 10.3, Form 10-Q for the quarter ended March 31, 1990 for TECO Energy, Inc.).	*
10.14	TECO Energy, Inc. 1990 Equity Incentive Plan (Exhibit 10.1, Form 10-Q for the quarter ended March 31, 1990 of TECO Energy, Inc.)	*
10.15	TECO Energy, Inc. 1991 Director Stock	*

10.16	Option Plan as amended on Jan. 21, 1992 (Exhibit 10.26, Form 10-K for 1991 of TECO Energy, Inc.). Supplemental Executive Retirement Plan for A.D. Oak, as amended on July 20, 1993 (Exhibit 10.2, Form 10-Q for the quarter ended Sept. 30, 1993 of TECO Energy, Inc.), as further amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for A. D. Oak, effective as of Oct. 1, 1994 (Exhibit 10.16, Form 10-K for 1994 of TECO Energy, Inc.).	*
10.17	Supplemental Executive Retirement Plan for K.S. Surgenor, as amended on July 20, 1993 (Exhibit 10.3, Form 10-Q for the quarter ended Sept. 30, 1993 of TECO Energy, Inc.), as further amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for K.S. Surgenor, effective as of Oct. 1, 1994 (Exhibit 10.17, Form 10-K for 1994 of TECO Energy, Inc.).	*
10.18	Terms of T.L. Guzzle's employment, dated as of July 20, 1993 (Exhibit 10, Form 10-Q for the quarter ended June 30, 1993 of TECO Energy, Inc.).	*

10.19	Supplemental Executive Retirement Plan for G.F. Anderson (Exhibit 10.4, Form 10-Q for the quarter ended Sept. 30, 1993 of TECO Energy, Inc.), as amended by the First Amendment to TECO Energy Group Supplemental Executive Retirement Plan for G.F. Anderson, effective as of Oct. 1, 1994 (Exhibit 10.19, Form 10-K for 1994 of TECO Energy, Inc.).	*
10.20	TECO Energy Directors' Deferred Compensation Plan, as amended and restated effective April 1, 1994 (Exhibit 10.1, Form 10-Q for the quarter ended March 31, 1994 for TECO Energy, Inc.).	*
10.21	TECO Energy Group Retirement Savings Excess Benefit Plan, as amended and restated effective Aug. 1, 1994 (Exhibit 10.21, Form 10-K for 1994 of TECO Energy, Inc.).	*
10.22	Supplemental Executive Retirement Plan for R. A. Dunn, dated as of July 17, 1995 (Exhibit 10.3, Form 10-Q for the quarter ended June 30, 1995 of TECO Energy, Inc.).	*
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* Indicates exhibit previously filed with the Securities and Exchange Commission and incorporated herein by reference. Exhibits filed with periodic reports of TECO Energy, Inc. were filed under Commission File No. 1-8180.

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PRIVILEGED AND CONFIDENTIAL

[Date]

Dear :

TECO Energy, Inc. (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. In this connection, the Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Company and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company.

In order to induce you to remain in the employ of the Company and in consideration of your agreement set forth in Subsection 2(iii) hereof, the Company agrees that you shall receive the severance benefits set forth in this letter agreement (the "Agreement") in the event your employment with the Company is terminated subsequent to a "change in control of the Company" (as defined in Section 2(i) hereof) under the circumstances described below. This Agreement amends and restates the letter agreement dated between you and the Company.

Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect through June 30, ; provided, however, that commencing on July 1, and each July 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than March 31 of such year, the Company shall have given notice that it does not wish to extend this Agreement (provided that no such notice may be given during the

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pendency of or within one year following a potential change in control of the Company, as defined in Section 2(ii) hereof); provided, further, if a change in control of the Company shall have occurred during the original or extended term of this Agreement, this Agreement shall continue in effect for a period of thirty-six (36) months beyond the month in which such change in control occurred. Notwithstanding anything provided herein to the contrary, the term of this Agreement shall not extend beyond the end of the month in which you attain "normal retirement age" under the provisions of the TECO Energy Group Retirement Plan (or any successor thereto) or any other tax-qualified retirement plan of the Company or any of its subsidiaries which is designed to provide you with your primary source of retirement income from the Company or its subsidiaries (any such plan being referred to herein as the "Retirement Plan").

1. Change in Control; Potential Change in Control. (i) No benefits shall be payable hereunder unless there shall have been a

change in control of the Company, as set forth below. For purposes of this Agreement, a "change in control of the Company" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is in fact required to comply therewith; provided, that, without limitation, such a change in control shall be deemed to have occurred if:

(A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities;

(B) during any period of twenty-four (24) consecutive months (not including any period prior to the date of this Agreement), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraphs (A), (C) or (D) of this Section 2(i)) whose election by the Board or nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

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(C) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as hereinabove defined) acquires 30% or more of the combined voting power of the Company's then outstanding securities; or

(D) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(ii) For purposes of this Agreement, a "potential change in control of the Company" shall be deemed to have occurred if:

(A) the Company enters into an agreement, the consummation of which would result in the occurrence of a change in control of the Company;

(B) any person (as hereinabove defined), including the Company, publicly announces an intention to take or consider taking actions which if consummated would constitute a change in control of the Company;

(C) any person (as hereinabove defined), other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company (a) is or becomes the beneficial owner, (b) discloses directly or indirectly to the Company or publicly a plan or intention to become the beneficial owner, or (c) makes a filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to securities to become the beneficial owner, directly or indirectly, of securities representing 9.9% or more of the combined voting power of the outstanding voting securities of the Company; or

(D) the Board adopts a resolution to the effect that, for purposes of this Agreement, a potential change in control of the

Company has occurred.

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(iii) You agree that, subject to the terms and conditions of this Agreement, in the event of a potential change in control of the Company, you will remain in the employ of the Company until the earliest of (a) a date which is one (1) year from the occurrence of such potential change in control of the Company, (b) the termination by you of your employment after you attain "normal retirement age" under the provisions of the Retirement Plan or by reason of Disability as defined in Section 3(i), or (c) the date of the occurrence of a change in control of the Company.

2. Termination Following Change in Control. If any of the events described in Subsection 2(i) hereof constituting a change in control of the Company shall have occurred, you shall be entitled to the benefits provided in Subsection 4(iii) hereof upon the subsequent termination of your employment during the term of this Agreement unless such termination is (A) because of your death or Disability, (B) by the Company for Cause, or (C) by you other than for Good Reason. In the event your employment with the Company is terminated for any reason and subsequently a change in control of the Company shall occur, you shall not be entitled to any benefits hereunder.

(i) Disability. If, as a result of your incapacity due to physical or mental illness, you shall have been absent from the full-time performance of your duties with the Company for six (6) consecutive months, and within thirty (30) days after written notice of termination is given you shall not have returned to the full-time performance of your duties, your employment may be terminated for "Disability".

(ii) Cause. Termination by the Company of your employment for "Cause" shall mean termination upon (A) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination by you for Good Reason, as defined in Subsections 3(iv) and 3(iii), respectively) after a written demand for substantial performance is delivered to you by the Board, which demand specifically identifies the manner in which the Board believes that you have not substantially performed your duties, or (B) the willful engaging by you in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this Subsection, no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board called and held for such purpose (after

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reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct set forth above in this Subsection and specifying the particulars thereof in detail.

(iii) Good Reason. You shall be entitled to terminate your employment for Good Reason. For purposes of this Agreement, "Good Reason" shall mean (1) during the nine (9) month period following a change in control of the Company, a good faith determination by you that as a result of such change in control, you are not able to discharge your duties effectively or (2) without your express written consent, the occurrence after a change in control of the Company of any of the following circumstances:

(A) the assignment to you of any duties inconsistent (except in the nature of a promotion) with the position in the Company that you held immediately prior to the change in control or a substantial adverse alteration in the nature or status of your position or responsibilities or the conditions of your employment from those in effect immediately prior to the change

in control of the Company;

(B) a reduction by the Company in your annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(C) the Company's requiring you to be based more than twenty-five (25) miles from the Company's offices at which you were principally employed immediately prior to the date of the change in control of the Company except for required travel on the Company's business to an extent substantially consistent with your present business travel obligations;

(D) the failure by the Company to pay to you any portion of your current compensation or compensation under any deferred compensation program of the Company, within seven (7) days of the date such compensation is due;

(E) the failure by the Company to continue in effect any material compensation or benefit plan in which you participate immediately prior to the change in control of the Company unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue your participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of your participation relative to other participants, than existed at the time of the change in control;

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(F) the failure by the Company to continue to provide you with benefits substantially similar to those enjoyed by you under any of the Company's pension, life insurance, medical, health and accident, or disability plans in which you were participating at the time of the change in control of the Company, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive you of any material fringe benefit enjoyed by you at the time of the change in control of the Company, or the failure by the Company to provide you with the number of paid vacation days to which you are entitled on the basis of your years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the change in control of the Company;

(G) the failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 6 hereof; or

(H) any purported termination of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Subsection (iv) below (and, if applicable, the requirements of Subsection (ii) above), which purported termination shall not be effective for purposes of this Agreement.

Your right to terminate your employment pursuant to this Subsection shall not be affected by your incapacity due to physical or mental illness. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any purported termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 7 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), and (B) if your employment is terminated pursuant to Subsection (ii) or (iii) above or for any other reason (other than Disability), the date specified in the Notice of Termination (which, in the case of a termination pursuant to Subsection (ii) above shall not be less than thirty (30) days, and in

the case of a termination pursuant to Subsection (iii) above shall not be less than fifteen (15) nor more than sixty (60) days, respectively, from the date such Notice of Termination is given; provided that if within fifteen (15) days after any Notice of Termination is given, or, if later, prior to the Date of Termination (as determined without regard to this proviso), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a binding arbitration award; and provided further that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, the Company will continue to pay you your full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue you as a participant in all compensation, benefit and insurance plans in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Subsection. Amounts paid under this Subsection are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

3. Compensation Upon Termination or During Disability.
Following a change in control of the Company, as defined by Subsection 2(i), upon termination of your employment or during a period of disability you shall be entitled to the following benefits:

(i) During any period that you fail to perform your full-time duties with the Company as a result of incapacity due to physical or mental illness, you shall continue to receive your base salary at the rate in effect at the commencement of any such period, together with all compensation payable to you under the Company's disability plan or program or other similar plan during such period, until this Agreement is terminated pursuant to Section 3(i) hereof. Thereafter, or in the event your employment shall be terminated by reason of your death, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs.

(ii) If your employment shall be terminated by the Company for Cause or by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement.

(iii) If your employment by the Company shall be terminated (a) by the Company other than for Cause or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(A) the Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company, at the time such payments are due, except as otherwise provided below:

(B) in lieu of any further salary payments to you for periods subsequent to the Date of Termination, the Company shall pay as severance pay to you a lump sum severance payment (together with the payments provided in paragraphs (D), (E) and (F) below, the "Severance Payments") equal to three (3) or, if less, the number of years, including fractions, from the Date of Termination until you reach your normal retirement age under the Retirement Plan, times the sum of (1) the greater of (a) your annual rate of base salary in effect on the Date of Termination or (b) your annual rate of base salary in effect immediately prior to the change in control of the Company and (2) the greatest of (a) the average of the last two annual bonuses (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding the Date of Termination, (b)

the average of the last two annual bonuses (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding such change in control, (c) the most recent annual bonus (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding the Date of Termination, or (d) the most recent annual bonus (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding such change in control;

(C) the Company shall also pay to you, within five (5) days after any such fees or expenses are incurred, all legal fees and expenses incurred by you as a result of or in connection with such termination, including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement (other than any such fees or expenses incurred in connection with any such claim which is determined by arbitration, in accordance with Section 11 of this Agreement, to be frivolous) or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder;

(D) for a thirty-six (36) month period after such termination, the Company shall arrange to provide you with life, disability, accident and health insurance benefits substantially

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similar to those which you are receiving immediately prior to the Notice of Termination. Benefits otherwise receivable by you pursuant to this Subsection 4(iii)(D) shall be reduced to the extent comparable benefits are actually received by you from a subsequent employer during the thirty-six (36) month period following your termination, and any such benefits actually received by you shall be reported to the Company;

(E) in addition to the retirement benefits to which you are entitled under the Retirement Plan, any supplemental retirement or excess benefit plan maintained by the Company or any of its subsidiaries or any successor plans thereto (hereinafter collectively referred to as the "Pension Plans"), the Company shall pay you in cash a lump sum equal to the excess of (a) the actuarial equivalent of the retirement pension (taking into account any early retirement subsidies associated therewith and determined as a straight life annuity commencing at age sixty-five (65) or any earlier date, but in no event earlier than the third anniversary of the Date of Termination, whichever annuity the actuarial equivalent of which is greatest) which you would have accrued under the terms of the Pension Plans (without regard to the limitations imposed by Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the "Code"), or any amendment to the Pension Plans made subsequent to a change in control of the Company and on or prior to the Date of Termination, which amendment adversely affects in any manner the computation of retirement benefits thereunder), determined as if you were fully vested thereunder and had continued to be employed by the Company (after the Date of Termination) for thirty-six (36) additional months and as if you had accumulated thirty-six (36) additional months of compensation (for purposes of determining your pension benefits thereunder), each in an amount equal to the sum of the amounts determined under clauses (1) and (2) of Section 4(iii)(B) hereof (but in no event shall you be deemed to have continued to be employed by the Company after your normal retirement age) over (b) the actuarial equivalent of the vested retirement pension (taking into account any early retirement subsidies associated therewith and determined as a straight life annuity commencing at age sixty-five (65) or any earlier date, but in no event earlier than the Date of Termination, whichever annuity the actuarial equivalent of which is greatest) which you had then accrued pursuant to the provisions of the Pension Plans. For purposes of this Subsection, "actuarial equivalent" shall be determined using the same actuarial assumptions utilized in determining the amount of alternate forms of benefits under the Retirement Plan immediately prior to the change in control of the Company; and

(F) should you move your residence in order to pursue other business opportunities within one (1) year of the Date of Termination, the Company will pay you, within five (5) days after

any such expenses are incurred, an amount equal to the expenses incurred by you in connection with such relocation (including expenses incurred in selling your home to the extent such expenses were customarily reimbursed by the Company to transferred executives prior to the change in control of the Company) and which are not reimbursed by another employer.

(iv) Except as otherwise specifically provided in paragraph (C) and (F) thereof, the payments provided for in Subsection (iii) shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you payable on the fifth day after demand therefor by the Company (together with interest at the rate provided in section 1274(b)(2)(B) of the Code).

(v) You shall not be required to mitigate the amount of any payment provided for in this Section 4 or Section 5 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 or Section 5 be reduced by any compensation earned by you as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by you to the Company, or otherwise.

4. Certain Additional Payments by the Company.

(i) Whether or not you become entitled to payments under this Agreement, if any of the payments or benefits received or to be received by you in connection with a change in control of the Company or the termination of your employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any person whose actions result in a change in control of the Company or any person affiliated with the Company or such person) (such payments or benefits, including the Severance Payments but excluding the Gross-Up Payment, being hereinafter referred to as the "Total Payments") will be subject to the excise tax imposed by section 4999 of the Code or any interest or penalties are incurred by you with respect to such excise tax (such excise tax, together with any such interest and penalties, being hereinafter referred to as the "Excise Tax"), the Company shall pay to you an additional amount (the "Gross-Up Payment") such that the net amount retained by you, after paying any Excise Tax on the Total Payments and any federal, state and local

income and employment taxes and Excise Tax on the Gross-Up Payment, shall be equal to the Total Payments.

(ii) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (A) all of the Total Payments shall be treated as "parachute payments" (within the meaning of section 280G(b)(2) of the Code) unless, in the opinion of tax counsel ("Tax Counsel") acceptable to you and selected by the accounting firm which was, immediately prior to the change in control of the Company, the Company's independent auditor (the "Auditor"), such payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of section 280G(b)(4)(A) of the Code, (B) all "excess parachute payments" (within the meaning of section 280G(b)(1) of the Code) shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of section 280G(b)(4)(B) of the Code) in excess of the "base amount" (within the meaning of section 280G(b)(3) of the Code) allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (C) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, you shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which

the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(iii) In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of the termination of your employment, you shall repay to the Company, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by you to the extent that such repayment results in a reduction in Excise Tax and/or a federal, state or local income or employment tax deduction) plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of your employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by you

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with respect to such excess) at the time that the amount of such excess is finally determined. You and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

5. Successors; Binding Agreement. (i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment for Good Reason following a change in control of the Company, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(ii) This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

7. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of,

[Date]

or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida, without giving effect to the conflicts of law principles thereof. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law. The obligations of the Company under Sections 4 and 5 shall survive the expiration of the term of this Agreement.

8. Validity. The invalidity or unenforceability or any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

10. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted before a panel of three arbitrators in the State of Florida in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that you shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

11. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and during the term of the Agreement supersedes the provisions of all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto with respect to the subject matter hereof.

12. Effective Date. This Agreement shall become effective as of the date set forth above. If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

[Date]
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Sincerely,
TECO Energy, Inc.

By _____
Name:
Title:

Agreed to this day
of , .

[TECO ENERGY LETTERHEAD]

[Date]

Dear :

TECO Energy, Inc. (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. In this connection, the Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Company and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company.

In order to induce you to remain in the employ of the Company and in consideration of your agreement set forth in Subsection 2(iii) hereof, the Company agrees that you shall receive the severance benefits set forth in this letter agreement (the "Agreement") in the event your employment with the Company is terminated subsequent to a "change in control of the Company" (as defined in Section 2(i) hereof) under the circumstances described below. This Agreement amends and restates the letter agreement dated between you and the Company.

Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect through June 30, ; provided, however, that commencing on July 1, and each July 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than March 31 of such year, the Company shall have given notice that it does not wish to extend this Agreement (provided that no such notice may be given during the

[Date]
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pendency of or within one year following a potential change in control of the Company, as defined in Section 2(ii) hereof); provided, further, if a change in control of the Company shall have occurred during the original or extended term of this Agreement, this Agreement shall continue in effect for a period of twenty-four (24) months beyond the month in which such change in control occurred. Notwithstanding anything provided herein to the contrary, the term of this Agreement shall not extend beyond the end of the month in which you attain "normal retirement age" under the provisions of the TECO Energy Group Retirement Plan (or any successor thereto) or any other tax-qualified retirement plan of the Company or any of its subsidiaries which is designed to provide you with your primary source of retirement income from the Company or its subsidiaries (any such plan being referred to herein as the "Retirement Plan").

1. Change in Control; Potential Change in Control. (i) No benefits shall be payable hereunder unless there shall have been a change in control of the Company, as set forth below. For purposes of this Agreement, a "change in control of the Company" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is in fact required to comply therewith; provided, that, without limitation, such a change in control shall be deemed to have occurred if:

(A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company is or becomes the "beneficial owner" (as defined in Rule 13d-3

under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities;

(B) during any period of twenty-four (24) consecutive months (not including any period prior to the date of this Agreement), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraphs (A), (C) or (D) of this Section 2(i)) whose election by the Board or nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

[Date]
Page 3

(C) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as hereinabove defined) acquires 30% or more of the combined voting power of the Company's then outstanding securities; or

(D) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(ii) For purposes of this Agreement, a "potential change in control of the Company" shall be deemed to have occurred if:

(A) the Company enters into an agreement, the consummation of which would result in the occurrence of a change in control of the Company;

(B) any person (as hereinabove defined), including the Company, publicly announces an intention to take or consider taking actions which if consummated would constitute a change in control of the Company;

(C) any person (as hereinabove defined), other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company (a) is or becomes the beneficial owner, (b) discloses directly or indirectly to the Company or publicly a plan or intention to become the beneficial owner, or (c) makes a filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to securities to become the beneficial owner, directly or indirectly, of securities representing 9.9% or more of the combined voting power of the outstanding voting securities of the Company; or

(D) the Board adopts a resolution to the effect that, for purposes of this Agreement, a potential change in control of the Company has occurred.

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(iii) You agree that, subject to the terms and conditions of this Agreement, in the event of a potential change in control of the Company, you will remain in the employ of the Company until the earliest of (a) a date which is one (1) year from the occurrence of such potential change in control of the Company, (b) the termination by you of your employment after you attain "normal retirement age"

under the provisions of the Retirement Plan or by reason of Disability as defined in Section 3(i), or (c) the date of the occurrence of a change in control of the Company.

2. Termination Following Change in Control. If any of the events described in Subsection 2(i) hereof constituting a change in control of the Company shall have occurred, you shall be entitled to the benefits provided in Subsection 4(iii) hereof upon the subsequent termination of your employment during the term of this Agreement unless such termination is (A) because of your death or Disability, (B) by the Company for Cause, or (C) by you other than for Good Reason. In the event your employment with the Company is terminated for any reason and subsequently a change in control of the Company shall occur, you shall not be entitled to any benefits hereunder.

(i) Disability. If, as a result of your incapacity due to physical or mental illness, you shall have been absent from the full-time performance of your duties with the Company for six (6) consecutive months, and within thirty (30) days after written notice of termination is given you shall not have returned to the full-time performance of your duties, your employment may be terminated for "Disability".

(ii) Cause. Termination by the Company of your employment for "Cause" shall mean termination upon (A) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination by you for Good Reason, as defined in Subsections 3(iv) and 3(iii), respectively) after a written demand for substantial performance is delivered to you by the Board, which demand specifically identifies the manner in which the Board believes that you have not substantially performed your duties, or (B) the willful engaging by you in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this Subsection, no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board called and held for such purpose (after

[Date]
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reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct set forth above in this Subsection and specifying the particulars thereof in detail.

(iii) Good Reason. You shall be entitled to terminate your employment for Good Reason. For purposes of this Agreement, "Good Reason" shall mean, without your express written consent, the occurrence after a change in control of the Company of any of the following circumstances:

(A) the assignment to you of any duties inconsistent (except in the nature of a promotion) with the position in the Company that you held immediately prior to the change in control or a substantial adverse alteration in the nature or status of your position or responsibilities or the conditions of your employment from those in effect immediately prior to the change in control of the Company;

(B) a reduction by the Company in your annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(C) the Company's requiring you to be based more than twenty-five (25) miles from the Company's offices at which you were principally employed immediately prior to the date of the change in control of the Company except for required travel on the Company's business to an extent substantially consistent with your present business travel obligations;

(D) the failure by the Company to pay to you any portion of your current compensation or compensation under any deferred compensation program of the Company, within seven (7) days of the date such compensation is due;

(E) the failure by the Company to continue in effect any

material compensation or benefit plan in which you participate immediately prior to the change in control of the Company unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue your participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of your participation relative to other participants, than existed at the time of the change in control;

(F) the failure by the Company to continue to provide you with benefits substantially similar to those enjoyed by you under any of the Company's pension, life insurance, medical, health and accident, or disability plans in which you were participating at

[Date]
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the time of the change in control of the Company, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive you of any material fringe benefit enjoyed by you at the time of the change in control of the Company, or the failure by the Company to provide you with the number of paid vacation days to which you are entitled on the basis of your years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the change in control of the Company;

(G) the failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 6 hereof; or

(H) any purported termination of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Subsection (iv) below (and, if applicable, the requirements of Subsection (ii) above), which purported termination shall not be effective for purposes of this Agreement.

Your right to terminate your employment pursuant to this Subsection shall not be affected by your incapacity due to physical or mental illness. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any purported termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 7 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), and (B) if your employment is terminated pursuant to Subsection (ii) or (iii) above or for any other reason (other than Disability), the date specified in the Notice of Termination (which, in the case of a termination pursuant to Subsection (ii) above shall not be less than thirty (30) days, and in the case of a termination pursuant to Subsection (iii) above shall not be less than fifteen (15) nor more than sixty (60) days, respectively, from the date such Notice of Termination is given); provided that if within fifteen (15) days after any Notice of Termination is given, or,

[Date]
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if later, prior to the Date of Termination (as determined without regard to this proviso), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a binding arbitration award; and provided further that the Date of Termination shall be extended by a notice of dispute

only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, the Company will continue to pay you your full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue you as a participant in all compensation, benefit and insurance plans in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Subsection. Amounts paid under this Subsection are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

3. Compensation Upon Termination or During Disability.
Following a change in control of the Company, as defined by Subsection 2(i), upon termination of your employment or during a period of disability you shall be entitled to the following benefits:

(i) During any period that you fail to perform your full-time duties with the Company as a result of incapacity due to physical or mental illness, you shall continue to receive your base salary at the rate in effect at the commencement of any such period, together with all compensation payable to you under the Company's disability plan or program or other similar plan during such period, until this Agreement is terminated pursuant to Section 3(i) hereof. Thereafter, or in the event your employment shall be terminated by reason of your death, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs.

(ii) If your employment shall be terminated by the Company for Cause or by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement.

(iii) If your employment by the Company shall be terminated (a) by the Company other than for Cause or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

[Date]
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(A) the Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company, at the time such payments are due, except as otherwise provided below;

(B) in lieu of any further salary payments to you for periods subsequent to the Date of Termination, the Company shall pay as severance pay to you a lump sum severance payment (together with the payments provided in paragraphs (D), (E) and (F) below, the "Severance Payments") equal to two (2) or, if less, the number of years, including fractions, from the Date of Termination until you reach your normal retirement age under the Retirement Plan, times the sum of (1) the greater of (a) your annual rate of base salary in effect on the Date of Termination or (b) your annual rate of base salary in effect immediately prior to the change in control of the Company and (2) the greatest of (a) the average of the last two annual bonuses (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding the Date of Termination, (b) the average of the last two annual bonuses (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding such change in control, (c) the most recent annual bonus (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding the Date of Termination, or (d) the most recent annual bonus (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding such change in control;

(C) the Company shall also pay to you, within five (5) days after any such fees or expenses are incurred, all legal fees and expenses incurred by you as a result of or in connection with such termination, including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement (other than any such fees or expenses incurred in connection with any such claim which is determined by arbitration, in accordance with Section 11 of this Agreement, to

be frivolous) or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder;

(D) for a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, disability, accident and health insurance benefits substantially similar to those which you are receiving immediately prior to the Notice of Termination. Benefits otherwise receivable by you pursuant to this Subsection 4(iii)(D) shall be reduced to the extent comparable benefits are actually received by you from a subsequent employer during the twenty-four (24) month period

[Date]
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following your termination, and any such benefits actually received by you shall be reported to the Company;

(E) in addition to the retirement benefits to which you are entitled under the Retirement Plan, any supplemental retirement or excess benefit plan maintained by the Company or any of its subsidiaries or any successor plans thereto (hereinafter collectively referred to as the "Pension Plans"), the Company shall pay you in cash a lump sum equal to the excess of (a) the actuarial equivalent of the retirement pension (taking into account any early retirement subsidies associated therewith and determined as a straight life annuity commencing at age sixty-five (65) or any earlier date, but in no event earlier than the third anniversary of the Date of Termination, whichever annuity the actuarial equivalent of which is greatest) which you would have accrued under the terms of the Pension Plans (without regard to the limitations imposed by Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the "Code"), or any amendment to the Pension Plans made subsequent to a change in control of the Company and on or prior to the Date of Termination, which amendment adversely affects in any manner the computation of retirement benefits thereunder), determined as if you were fully vested thereunder and had continued to be employed by the Company (after the Date of Termination) for twenty-four (24) additional months and as if you had accumulated twenty-four (24) additional months of compensation (for purposes of determining your pension benefits thereunder), each in an amount equal to the sum of the amounts determined under clauses (1) and (2) of Section 4(iii)(B) hereof (but in no event shall you be deemed to have continued to be employed by the Company after your normal retirement age) over (b) the actuarial equivalent of the vested retirement pension (taking into account any early retirement subsidies associated therewith and determined as a straight life annuity commencing at age sixty-five (65) or any earlier date, but in no event earlier than the Date of Termination, whichever annuity the actuarial equivalent of which is greatest) which you had then accrued pursuant to the provisions of the Pension Plans. For purposes of this Subsection, "actuarial equivalent" shall be determined using the same actuarial assumptions utilized in determining the amount of alternate forms of benefits under the Retirement Plan immediately prior to the change in control of the Company; and

(F) should you move your residence in order to pursue other business opportunities within one (1) year of the Date of Termination, the Company will pay you, within five (5) days after any such expenses are incurred, an amount equal to the expenses incurred by you in connection with such relocation (including expenses incurred in selling your home to the extent such expenses were customarily reimbursed by the Company to

[Date]
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transferred executives prior to the change in control of the Company) and which are not reimbursed by another employer.

(iv) Except as otherwise specifically provided in paragraph (C) and (F) thereof, the payments provided for in Subsection (iii) shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the

remainder of such payments (together with interest at the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you payable on the fifth day after demand therefor by the Company (together with interest at the rate provided in section 1274(b)(2)(B) of the Code).

(v) You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by you as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by you to the Company, or otherwise.

4. Limit on Severance Payments. In the event that (i) any payment or benefit received or to be received by you in connection with a change in control of the Company or the termination of your employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any person whose actions result in a change in control or any person affiliated with the Company or such person) (collectively with the Severance Payments, "Total Payments") would not be deductible (in whole or part) as a result of section 280G of the Code by the Company, an affiliate or other person making such payment or providing such benefit and (ii) the net amount retained by you, after paying the excise tax imposed by section 4999 of the Code and any federal, state and local income and employment taxes on the Total Payments, would not exceed the net amount that would have been retained by you after the reduction of the Severance Payments as set forth below and the payment of any federal, state and local income and employment taxes on the Total Payments as so reduced, the Severance Payments shall be reduced until no portion of the Total Payments is not deductible, or the Severance Payments are reduced to zero. For purposes of this limitation (a) no portion of the Total Payments the receipt or enjoyment of which you shall have effectively waived in writing prior to the date of payment of the Severance Payments shall be taken into account, (b) no portion of the

[Date]
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Total Payments shall be taken into account which in the opinion of tax counsel selected by the Company's independent auditors and acceptable to you does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code, (c) the Severance Payments shall be reduced only to the extent necessary so that the Total Payments (other than those referred to in clauses (a) or (b)) in their entirety constitute reasonable compensation for services actually rendered within the meaning of section 280G(b)(4) of the Code or are otherwise not subject to disallowance as deductions, in the opinion of the tax counsel referred to in clause (b); and (d) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code. For purposes of determining the income taxes on the Total Payments, you shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Total Payments are to be made and local income taxes at the highest marginal rate of taxation in the state and locality of your residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

5. Successors; Binding Agreement. (i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment for Good Reason following a change in control of the Company, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(ii) This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

[Date]
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6. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

7. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida, without giving effect to the conflicts of law principles thereof. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law. The obligations of the Company under Section 4 shall survive the expiration of the term of this Agreement.

8. Validity. The invalidity or unenforceability or any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

10. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted before a panel of three arbitrators in the State of Florida in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that you shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the

[Date]
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pendency of any dispute or controversy arising under or in connection with this Agreement.

11. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and during the term of the Agreement supersedes the provisions of all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto with respect to the subject matter hereof.

12. Effective Date. This Agreement shall become effective as of the date set forth above. If this letter sets forth our agreement on

the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,
TECO Energy, Inc.

By _____
Name:
Title:

Agreed to this day
of , .

[TECO ENERGY LETTERHEAD]

PRIVILEGED AND CONFIDENTIAL

[Date]

Dear :

TECO Energy, Inc. (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. In this connection, the Board of Directors of the Company (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of key management personnel to the detriment of the Company and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control of the Company.

In order to induce you to remain in the employ of the Company and in consideration of your agreement set forth in Subsection 2(iii) hereof, the Company agrees that you shall receive the severance benefits set forth in this letter agreement (the "Agreement") in the event your employment with the Company is terminated subsequent to a "change in control of the Company" (as defined in Section 2(i) hereof) under the circumstances described below.

Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect through June 30, ; provided, however, that commencing on July 1, and each July 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than March 31 of such year, the Company shall have given notice that it does not wish to extend this Agreement (provided that no such notice may be given during the pendency of or within one year following a potential change in control of the Company, as defined in Section 2(ii) hereof); provided,

[Date]
Page 2

further, if a change in control of the Company shall have occurred during the original or extended term of this Agreement, this Agreement

shall continue in effect for a period of twenty-four (24) months beyond the month in which such change in control occurred. Notwithstanding anything provided herein to the contrary, the term of this Agreement shall not extend beyond the end of the month in which you attain "normal retirement age" under the provisions of the TECO Energy Group Retirement Plan (or any successor thereto) or any other tax-qualified retirement plan of the Company or any of its subsidiaries which is designed to provide you with your primary source of retirement income from the Company or its subsidiaries (any such plan being referred to herein as the "Retirement Plan").

1. Change in Control; Potential Change in Control. (i) No benefits shall be payable hereunder unless there shall have been a change in control of the Company, as set forth below. For purposes of this Agreement, a "change in control of the Company" shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is in fact required to comply therewith; provided, that, without limitation, such a change in control shall be deemed to have occurred if:

(A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company's then outstanding securities;

(B) during any period of twenty-four (24) consecutive months (not including any period prior to the date of this Agreement), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraphs (A), (C) or (D) of this Section 2(i)) whose election by the Board or nomination for election by the stockholders of the Company was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

[Date]
Page 3

(C) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as hereinabove defined) acquires 30% or more of the combined voting power of the Company's then outstanding securities; or

(D) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(ii) For purposes of this Agreement, a "potential change in control of the Company" shall be deemed to have occurred if:

(A) the Company enters into an agreement, the consummation of which would result in the occurrence of a change in control of the Company;

(B) any person (as hereinabove defined), including the Company, publicly announces an intention to take or consider taking actions which if consummated would constitute a change in control of the Company;

(C) any person (as hereinabove defined), other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned,

directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company (a) is or becomes the beneficial owner, (b) discloses directly or indirectly to the Company or publicly a plan or intention to become the beneficial owner, or (c) makes a filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to securities to become the beneficial owner, directly or indirectly, of securities representing 9.9% or more of the combined voting power of the outstanding voting securities of the Company; or

(D) the Board adopts a resolution to the effect that, for purposes of this Agreement, a potential change in control of the Company has occurred.

[Date]
Page 4

(iii) You agree that, subject to the terms and conditions of this Agreement, in the event of a potential change in control of the Company, you will remain in the employ of the Company until the earliest of (a) a date which is one (1) year from the occurrence of such potential change in control of the Company, (b) the termination by you of your employment after you attain "normal retirement age" under the provisions of the Retirement Plan or by reason of Disability as defined in Section 3(i), or (c) the date of the occurrence of a change in control of the Company.

2. Termination Following Change in Control. If any of the events described in Subsection 2(i) hereof constituting a change in control of the Company shall have occurred, you shall be entitled to the benefits provided in Subsection 4(iii) hereof upon the subsequent termination of your employment during the term of this Agreement unless such termination is (A) because of your death or Disability, (B) by the Company for Cause, or (C) by you other than for Good Reason. In the event your employment with the Company is terminated for any reason and subsequently a change in control of the Company shall occur, you shall not be entitled to any benefits hereunder.

(i) Disability. If, as a result of your incapacity due to physical or mental illness, you shall have been absent from the full-time performance of your duties with the Company for six (6) consecutive months, and within thirty (30) days after written notice of termination is given you shall not have returned to the full-time performance of your duties, your employment may be terminated for "Disability".

(ii) Cause. Termination by the Company of your employment for "Cause" shall mean termination upon (A) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination by you for Good Reason, as defined in Subsections 3(iv) and 3(iii), respectively) after a written demand for substantial performance is delivered to you by the Board, which demand specifically identifies the manner in which the Board believes that you have not substantially performed your duties, or (B) the willful engaging by you in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this Subsection, no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board called and held for such purpose (after

[Date]
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reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct set forth above in this Subsection and specifying the particulars thereof in detail.

(iii) Good Reason. You shall be entitled to terminate your employment for Good Reason. For purposes of this Agreement, "Good

Reason" shall mean, without your express written consent, the occurrence after a change in control of the Company of any of the following circumstances:

(A) the assignment to you of any duties inconsistent (except in the nature of a promotion) with the position in the Company that you held immediately prior to the change in control or a substantial adverse alteration in the nature or status of your position or responsibilities or the conditions of your employment from those in effect immediately prior to the change in control of the Company;

(B) a reduction by the Company in your annual base salary as in effect on the date hereof or as the same may be increased from time to time;

(C) the Company's requiring you to be based more than twenty-five (25) miles from the Company's offices at which you were principally employed immediately prior to the date of the change in control of the Company except for required travel on the Company's business to an extent substantially consistent with your present business travel obligations;

(D) the failure by the Company to pay to you any portion of your current compensation or compensation under any deferred compensation program of the Company, within seven (7) days of the date such compensation is due;

(E) the failure by the Company to continue in effect any material compensation or benefit plan in which you participate immediately prior to the change in control of the Company unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue your participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of your participation relative to other participants, than existed at the time of the change in control;

(F) the failure by the Company to continue to provide you with benefits substantially similar to those enjoyed by you under any of the Company's pension, life insurance, medical, health and accident, or disability plans in which you were participating at

[Date]
Page 6

the time of the change in control of the Company, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive you of any material fringe benefit enjoyed by you at the time of the change in control of the Company, or the failure by the Company to provide you with the number of paid vacation days to which you are entitled on the basis of your years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the change in control of the Company;

(G) the failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 6 hereof; or

(H) any purported termination of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Subsection (iv) below (and, if applicable, the requirements of Subsection (ii) above), which purported termination shall not be effective for purposes of this Agreement.

Your right to terminate your employment pursuant to this Subsection shall not be affected by your incapacity due to physical or mental illness. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any purported termination of your employment by the Company or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 7 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), and (B) if your employment is terminated pursuant to Subsection (ii) or (iii) above or for any other reason (other than Disability), the date specified in the Notice of Termination (which, in the case of a termination pursuant to Subsection (ii) above shall not be less than thirty (30) days, and in the case of a termination pursuant to Subsection (iii) above shall not be less than fifteen (15) nor more than sixty (60) days, respectively, from the date such Notice of Termination is given); provided that if within fifteen (15) days after any Notice of Termination is given, or,

[Date]
Page 7

if later, prior to the Date of Termination (as determined without regard to this proviso), the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a binding arbitration award; and provided further that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, the Company will continue to pay you your full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue you as a participant in all compensation, benefit and insurance plans in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Subsection. Amounts paid under this Subsection are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

3. Compensation Upon Termination or During Disability.
Following a change in control of the Company, as defined by Subsection 2(i), upon termination of your employment or during a period of disability you shall be entitled to the following benefits:

(i) During any period that you fail to perform your full-time duties with the Company as a result of incapacity due to physical or mental illness, you shall continue to receive your base salary at the rate in effect at the commencement of any such period, together with all compensation payable to you under the Company's disability plan or program or other similar plan during such period, until this Agreement is terminated pursuant to Section 3(i) hereof. Thereafter, or in the event your employment shall be terminated by reason of your death, your benefits shall be determined under the Company's retirement, insurance and other compensation programs then in effect in accordance with the terms of such programs.

(ii) If your employment shall be terminated by the Company for Cause or by you other than for Good Reason, the Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company at the time such payments are due, and the Company shall have no further obligations to you under this Agreement.

(iii) If your employment by the Company shall be terminated (a) by the Company other than for Cause or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

[Date]
Page 8

(A) the Company shall pay you your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company, at the time such payments are due, except as otherwise provided below;

(B) in lieu of any further salary payments to you for periods subsequent to the Date of Termination, the Company shall pay as severance pay to you a lump sum severance payment

(together with the payments provided in paragraphs (D), (E) and (F) below, the "Severance Payments") equal to two (2) or, if less, the number of years, including fractions, from the Date of Termination until you reach your normal retirement age under the Retirement Plan, times the sum of (1) the greater of (a) your annual rate of base salary in effect on the Date of Termination or (b) your annual rate of base salary in effect immediately prior to the change in control of the Company and (2) the greatest of (a) the average of the last two annual bonuses (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding the Date of Termination, (b) the average of the last two annual bonuses (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding such change in control, (c) the most recent annual bonus (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding the Date of Termination, or (d) the most recent annual bonus (annualized in the case of any bonus paid with respect to a partial year) paid to you preceding such change in control;

(C) the Company shall also pay to you, within five (5) days after any such fees or expenses are incurred, all legal fees and expenses incurred by you as a result of or in connection with such termination, including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement (other than any such fees or expenses incurred in connection with any such claim which is determined by arbitration, in accordance with Section 11 of this Agreement, to be frivolous) or in connection with any tax audit or proceeding to the extent attributable to the application of section 4999 of the Code to any payment or benefit provided hereunder;

(D) for a twenty-four (24) month period after such termination, the Company shall arrange to provide you with life, disability, accident and health insurance benefits substantially similar to those which you are receiving immediately prior to the Notice of Termination. Benefits otherwise receivable by you pursuant to this Subsection 4(iii)(D) shall be reduced to the extent comparable benefits are actually received by you from a subsequent employer during the twenty-four (24) month period

[Date]
Page 9

following your termination, and any such benefits actually received by you shall be reported to the Company;

(E) in addition to the retirement benefits to which you are entitled under the Retirement Plan, any supplemental retirement or excess benefit plan maintained by the Company or any of its subsidiaries or any successor plans thereto (hereinafter collectively referred to as the "Pension Plans"), the Company shall pay you in cash a lump sum equal to the excess of (a) the actuarial equivalent of the retirement pension (taking into account any early retirement subsidies associated therewith and determined as a straight life annuity commencing at age sixty-five (65) or any earlier date, but in no event earlier than the third anniversary of the Date of Termination, whichever annuity the actuarial equivalent of which is greatest) which you would have accrued under the terms of the Pension Plans (without regard to the limitations imposed by Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the "Code"), or any amendment to the Pension Plans made subsequent to a change in control of the Company and on or prior to the Date of Termination, which amendment adversely affects in any manner the computation of retirement benefits thereunder), determined as if you were fully vested thereunder and had continued to be employed by the Company (after the Date of Termination) for twenty-four (24) additional months and as if you had accumulated twenty-four (24) additional months of compensation (for purposes of determining your pension benefits thereunder), each in an amount equal to the sum of the amounts determined under clauses (1) and (2) of Section 4(iii)(B) hereof (but in no event shall you be deemed to have continued to be employed by the Company after your normal retirement age) over (b) the actuarial equivalent of the vested retirement pension (taking into account any early retirement subsidies associated therewith and determined as a straight life annuity commencing at age sixty-five (65) or any earlier date, but in no event earlier than the Date of Termination, whichever annuity the actuarial equivalent of which is greatest) which you had then accrued pursuant to the provisions of the Pension Plans. For purposes of this Subsection, "actuarial equivalent" shall be determined using the same actuarial assumptions utilized in determining the amount

of alternate forms of benefits under the Retirement Plan immediately prior to the change in control of the Company; and

(F) should you move your residence in order to pursue other business opportunities within one (1) year of the Date of Termination, the Company will pay you, within five (5) days after any such expenses are incurred, an amount equal to the expenses incurred by you in connection with such relocation (including expenses incurred in selling your home to the extent such expenses were customarily reimbursed by the Company to

[Date]
Page 10

transferred executives prior to the change in control of the Company) and which are not reimbursed by another employer.

(iv) Except as otherwise specifically provided in paragraph (C) and (F) thereof, the payments provided for in Subsection (iii) shall be made not later than the fifth day following the Date of Termination; provided, however, that if the amounts of such payments cannot be finally determined on or before such day, the Company shall pay to you on such day an estimate, as determined in good faith by the Company, of the minimum amount of such payments and shall pay the remainder of such payments (together with interest at the rate provided in section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to you payable on the fifth day after demand therefor by the Company (together with interest at the rate provided in section 1274(b)(2)(B) of the Code).

(v) You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by you as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by you to the Company, or otherwise.

4. Limit on Severance Payments. In the event that any payment or benefit received or to be received by you in connection with a change in control of the Company or the termination of your employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Company, any person whose actions result in a change in control or any person affiliated with the Company or such person) (collectively with the Severance Payments, "Total Payments") would not be deductible (in whole or part) as a result of section 280G of the Code by the Company, an affiliate or other person making such payment or providing such benefit, the Severance Payments shall be reduced until no portion of the Total Payments is not deductible, or the Severance Payments are reduced to zero. For purposes of this limitation (a) no portion of the Total Payments the receipt or enjoyment of which you shall have effectively waived in writing prior to the date of payment of the Severance Payments shall be taken into account, (b) no portion of the Total Payments shall be taken into account which in the opinion of tax counsel selected by the Company's independent auditors and acceptable to you does not constitute a "parachute payment" within the meaning of section 280G(b)(2) of the Code, (c) the Severance Payments shall be reduced only to the extent necessary so that the Total Payments (other than those referred to in clauses (a) or (b)) in their entirety

[Date]
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constitute reasonable compensation for services actually rendered within the meaning of section 280G(b)(4) of the Code or are otherwise not subject to disallowance as deductions, in the opinion of the tax counsel referred to in clause (b); and (d) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Company's independent auditors in accordance with the principles of sections 280G(d)(3) and (4) of the Code.

5. Successors; Binding Agreement. (i) The Company will require any successor (whether direct or indirect, by purchase,

merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled to hereunder if you terminate your employment for Good Reason following a change in control of the Company, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(ii) This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

7. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or

[Date]
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discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida, without giving effect to the conflicts of law principles thereof. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law. The obligations of the Company under Section 4 shall survive the expiration of the term of this Agreement.

8. Validity. The invalidity or unenforceability or any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

10. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration conducted before a panel of three arbitrators in the State of Florida in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that you shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

11. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter

contained herein and during the term of the Agreement supersedes the provisions of all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto with respect to the subject matter hereof.

12. Effective Date. This Agreement shall become effective as of the date set forth above. If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the

[Date]
Page 13

enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,
TECO Energy, Inc.

By _____
Name:
Title:

Agreed to this day
of , .

</TEXT>
</DOCUMENT>

TECO ENERGY, INC.
COMPUTATIONS OF EARNINGS PER COMMON SHARE

EXHIBIT 11

Year ended Dec. 31,	1995		1994		1993	
	Primary Earnings	Fully Diluted Earnings	Primary Earnings	Fully Diluted Earnings	Primary Earnings	Fully Diluted Earnings
Income before cumulative effect of change in accounting principle (1)	\$ 186.1	\$ 186.1	\$ 153.2	\$ 153.2	\$ 150.3	\$ 150.3
Cumulative effect of change in accounting principle (1)	--	--	--	--	11.2	11.2
Net income (1)	\$ 186.1	\$ 186.1	\$ 153.2	\$ 153.2	\$ 161.5	\$ 161.5
Common shares outstanding at beginning of year(1)(2)	116.2	116.2	115.6	115.6	115.0	115.0
Dividend reinvestment and common stock purchase plan:						
Shares issued(1)(2)	.2	.2	.3	.3	.1	.1
Stock option plans:						
Options exercised(1)(2)	.1	.1	--	--	.2	.2
Shares under option at end of year(1)(2)	--	2.4	--	2.1	--	1.7
Treasury shares which could be purchased(1)(2)	--	(1.8)	--	(1.9)	--	(1.3)
Average number of shares outstanding(1)(2)	116.5	117.1	115.9	116.1	115.3	115.7
Earnings per average common share outstanding:						
Before cumulative effect of change in accounting principle	\$ 1.60	\$ 1.59	\$ 1.32	\$ 1.32	\$ 1.30	\$ 1.30
Cumulative effect of change in accounting principle	--	--	--	--	.10	.10
Earnings per average common share outstanding	\$ 1.60	\$ 1.59	\$ 1.32	\$ 1.32	\$ 1.40	\$ 1.40

(1) Millions.

(2) Restated to reflect a two-for-one stock split on Aug. 30, 1993.

</TEXT>
</DOCUMENT>

SUBSIDIARIES OF THE REGISTRANT

TECO Energy, Inc. owns, directly or indirectly, all the common stock of or a partnership interest in 37 subsidiaries, except as indicated below. All of the companies are organized under the laws of Florida except as indicated.

Tampa Electric Company
 TERMCO, Inc.
 TECO Diversified, Inc.
 TECO Transport & Trade Corporation
 Electro-Coal Transfer Corporation (a Louisiana corporation)
 G C Service Company, Inc.
 Gulfcoast Transit Company
 Mid-South Towing Company
 TECO Towing Company
 TECO Coal Corporation (a Kentucky corporation)
 Gatliff Coal Company (a Kentucky corporation)
 Rich Mountain Coal Company (a Tennessee corporation)
 Clintwood Elkhorn Mining Company (a Kentucky corporation)
 Pike-Letcher Land Company (a Kentucky corporation)
 Premier Elkhorn Coal Company (a Kentucky corporation)
 TECO Properties Corporation
 CPSC, Inc.
 City Plaza Partners, Ltd.
 30th Street R & D Park, Inc.
 UTC II, Inc.
 Tampa Essex, Inc.
 Tampa Essex Place Associates, Ltd.
 TECO Coalbed Methane, Inc. (an Alabama corporation)
 TECO Finance, Inc.
 TECO Gas & Oil, Inc.
 TECO Investments, Inc.
 TECO Power Services Corporation
 Hardee Power I, Inc.
 Hardee Power II, Inc.
 Hardee Power Partners, Ltd.
 Lake County Power Resources, Inc.
 TPS Clean Coal, Inc.
 TPS Guatemala One, Inc.
 Tampa Centro Americana de Electricidad, Limitada*
 (a Guatemalan Limited Liability Company)
 TPS Operations Company
 TPS Panama One, Inc. (formerly TPS Honduras One, Inc.)
 TeCom Inc. (formerly TECO Energy Management Services Corporation)

* TPS Guatemala One, Inc. had an 87.5-percent partnership interest at Dec. 31, 1995.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of TECO Energy, Inc. on Form S-3 (File No. 33-43512) and Form S-8 (File Nos. 33-35927, 33-40076, 33-5465 and 2-71457) of our report dated Jan. 15, 1996, on our audits of the consolidated financial statements of TECO Energy, Inc. and subsidiaries as of Dec. 31, 1995 and 1994 and for the years ended Dec. 31, 1995, 1994 and 1993, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Tampa, Florida
March 28, 1996

WHEREAS, the Board of Directors of TECO Energy, Inc., a Florida corporation, at a meeting held on January 17, 1996, authorized the officers and Directors of the Corporation to execute an Annual Report on Form 10-K and authorized the officers of the Corporation to file said Annual Report with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

NOW, THEREFORE, each of the undersigned in his capacity as a Director or officer or both, as the case may be, of said Corporation, does hereby appoint R. H. Kessel, A. D. Oak and D. R. Pokross, Jr., and each of them, severally, his true and lawful attorneys or attorney to execute in his name, place and stead, in his capacity as Director or officer or both, as the case may be, of said Corporation, said Annual Report and any and all amendments thereto and all instruments necessary or incidental in connection therewith, and to file the same with the Securities and Exchange Commission. Each of said attorneys has the power to act hereunder with or without the other of said attorneys and shall have full power of substitution and resubstitution. Each of said attorneys shall have full power and authority to do and perform in the name and on behalf of each of the undersigned, in any and all capacities, every act whatsoever requisite or necessary to be done in the premises, as fully and to all intents and purposes as each of the undersigned might or could do in person, and each of the undersigned hereby ratifies and approves the acts of said attorneys and each of them.

IN TESTIMONY WHEREOF, the undersigned have executed this instrument on the dates set forth below.

/s/ T. L. Guzzle T. L. Guzzle, Chairman of the Board, Director and Chief Executive Officer (Principal Executive Officer)	January 17, 1996
/s/ A. D. Oak A.D. Oak, Vice President-Finance (Principal Financial and Accounting Officer)	January 17, 1996
/s/ G. F. Anderson G. F. Anderson, President, Director and Chief Operating Officer	January 17, 1996
/s/ C. D. Ausley C. D. Ausley, Director	January 17, 1996
/s/ S. L. Baldwin S. L. Baldwin, Director	January 17, 1996
/s/ H. L. Culbreath H. L. Culbreath, Director	January 17, 1996
/s/ J. L. Ferman, Jr. J. L. Ferman, Jr., Director	January 17, 1996
/s/ E. L. Flom E. L. Flom, Director	January 17, 1996
/s/ H. R. Guild, Jr H. R. Guild, Jr., Director	January 17, 1996
/s/ D. R. Hendrix D. R. Hendrix, Director	January 17, 1996
/s/ R. L. Ryan R. L. Ryan, Director	January 17, 1996
/s/ W. P. Sovey W. P. Sovey, Director	January 17, 1996
/s/ J. T. Touchton J. T. Touchton, Director	January 17, 1996
/s/ J. A. Urquhart J. A. Urquhart, Director	January 17, 1996
/s/ J. O. Welch, Jr. J. O. Welch, Jr., Director	January 17, 1996

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Transcript from Records of Board of Directors

January 17, 1996

RESOLVED, that the preparation and filing with the Securities and Exchange Commission of an Annual Report on Form 10-K pursuant to the Securities Exchange Act of 1934, as amended, including any required exhibits and amendments thereto and containing the information required by such form and any additional information as the officers of the Corporation, with the advice of counsel, deem necessary, advisable or appropriate (the Annual Report) are hereby authorized and approved; that the Chairman of the Board, President, any Vice President and the Treasurer of the Corporation be, and each of them acting singly hereby is, authorized for and in the name and on behalf of the Corporation to execute the Annual Report and cause it to be filed with the Securities and Exchange Commission; and that the officers referred to above be, and each of them hereby is, authorized to execute said Annual Report through or by A. D. Oak, D. R. Pokross, Jr. or R. H. Kessel, or any of them, as duly authorized attorneys pursuant to a Power of Attorney in such form as shall be approved by the Corporation's general counsel.

I, R. H. KESSEL, hereby certify that I am Secretary of TECO Energy, Inc. (the "Corporation"), a Florida corporation, and there is above set forth a true, correct and complete copy of a certain resolution duly adopted by the Board of Directors of said Corporation at a Regular Meeting of said Board convened and held on January 17, 1996 at which meeting a quorum for the transaction of business was present and acting throughout.

I further certify that said resolution has not been altered, amended or rescinded and that the same is now in full force and effect.

WITNESS my hand and the seal of the Corporation this 26th day of March, 1996.

/s/ R. H. Kessel
Secretary
TECO ENERGY, INC.

(CORPORATE SEAL)

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE TECO ENERGY, INC. CONSOLIDATED BALANCE SHEETS, CONSOLIDATED STATEMENTS OF INCOME AND CONSOLIDATED STATEMENTS OF CASH FLOWS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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