



OUR RESPONSIBILITY TO TEAM MEMBERS

For TECO Energy and its subsidiaries, sustaining the future means meeting customer needs for the long term, whether through electricity and gas or mining and transporting the fuel that drives energy delivery. A remarkable team of people works hard everyday to make it happen.

A corporation may be known for its industry ranking or its symbol on the New York Stock Exchange or its place on any number of lists of superlatives. Yet, what makes it work is not a trophy case of awards. It's the people who are its lifeblood, who embody its values and forge success with their energy, ideas and dedication.

At TECO Energy, employees are known as *team members*, underlining the concepts of interdependence, strength and common focus.

Team Member Demographics

TECO Energy had a total of 5,092 team members as of 2006 year-end.

By gender, 970 are female, and 4,122 are male. The company has 1,545 exempt team members, 2,326 non-exempt, non-union and 1,221 who belong to unions.

The 2006 year-end team member count per company with turnover rate is shown in the table below.

TECO Energy Team Member Count - 2006

BY COMPANY	ACTIVE COUNT	TURNOVER COUNT	TURNOVER RATE
TECO ENERGY	107	9	8%
TAMPA ELECTRIC	2,411	136	6%
PEOPLES GAS (Includes TECO Partners)	619	58	9%
TECO TRANSPORT (Includes TECO Bulk Terminal, TECO Ocean Shipping, TECO Barge Line, TECO Marine Services)	814	225	28%
TECO COAL	1,018	153	15%
TECO GUATEMALA (Corporate and Power Stations)	123	2	2%
TOTAL	5,092	584	11%

Compensation

Compensation for both exempt and non-exempt team members of TECO Energy is market-based. Each position has a job market value consistent with compensation for similar positions in the field and the geographic location.

TECO Energy's range of ratios of standard entry-level wages compared to the local minimum wage is from 121.4 percent to 135 percent, depending upon the position and locale.

Additional Compensation

TECO Energy offers base salary and incentive programs.

A broad based incentive program, called Success Sharing/RSVP, gives non-exempt and exempt team members the opportunity to share in the company's success. This plan has a target payout of five percent, with the possibility to earn up to 12 percent of annual earnings or job market value, whichever is greater.

TECO Coal's team members do not participate in Success Sharing, but are covered by a similar program.

A separate program focuses on the performance of senior managers of the company, while an executive compensation program provides an incentive payout for officers when certain quantitative and qualitative goals are met. Additional long-term incentive programs, including stock-based plans, are used as attraction and retention tools for senior management.

Both short-term and long-term incentives for TECO Energy Board members, senior managers and executives are tied to the corporation's performance against utility peer groups.

Retirement Pension Plan and Retirement Savings Plan

Substantially all U.S.-based TECO Energy team members are eligible for the company's two retirement plans.

TECO Energy sponsors a defined benefit retirement plan funded 100 percent for substantially all employees of the corporation. Team members become eligible for the plan after reaching age 21 with at least one year of service.

TECO Energy Team Member Count - 2006

BY GENDER	ACTIVE COUNT	TURNOVER COUNT	TURNOVER RATE
FEMALE	970	100	10%
MALE	4,122	485	12%

BY EMPLOYEE TYPE	ACTIVE COUNT	TURNOVER COUNT	TURNOVER RATE
EXEMPT	1,545	97	6%
NON-EXEMPT/ NON-COVERED	2,326	407	17%
UNION	1,221	81	7%

All of the company's defined benefit plan obligations are fully disclosed in its 2006 Annual Report in Note 5 to the Consolidated Financial Statements. The Annual Report is available at tecoenergy.com.

Another plan, called the Retirement Savings Plan, is a 401(k) product. This plan allows team members to contribute from one to 50 percent of their compensation on a before- or after-tax basis. TECO Energy matches team member contributions in two ways: with the fixed match – matching a portion of the first six percent that team members contribute each pay period – and with the performance match – adding an annual performance match (based on the achievement of certain operating company financial goals). Together, these components total up to the first six percent that team members save.

Separately, TECO Guatemala has a voluntary savings plan. Team members can save up to 10 percent of their salary, and the company matches up to 50 percent of what the team member saves.

Health Care/Wellness Programs

TECO Energy and its subsidiaries offer eligible team members a health care program that covers medical, disease management, pharmacy and dental coverages. The company pays 95 percent of the premium for a PPO plan for team members, 85 percent for spouse, and 90 percent for children.

The company offers two other plans, a PPO Plus and an HMO, requiring a higher team member contribution, as part of the company's shared responsibility strategy. The PPO plan is the company-preferred plan, but all plans are

supported financially at the same level. However, if a team member elects a more expensive plan, it's available to him or her at a group rate but at a higher cost.

TECO Guatemala offers medical, dental and life insurance at no cost to employees.

TECO Coal offers its team members a separate medical program with equivalent or better benefits to TECO Energy's program.

The company also offers basic and optional additional life insurance, short- and long-term disability coverage, dependent care and transportation, flexible spending accounts, and paid vacation and sick days for most companies.

In addition, the company offers:

- An Employee Assistance Program (EAP);
- A 24-hour, 7-day-a-week toll-free number staffed by registered nurses, which most team members can call for advice on non-emergency health issues;
- 12 fitness centers at Florida locations for a nominal monthly fee per participating team member;
- No-cost flu shots to team members and retirees each fall;
- Annual health screenings and health fairs;
- *Wellness Works*, a monthly newsletter provided to team members covering topics such as cholesterol, breast cancer awareness, stress reduction and more.

All of the above benefits are available to full-time team members and part-time team members who work 20-31 hours a week. Temporary employees do not qualify for benefits.



TECO Energy's team member benefits include the use of fitness centers at many locations.



Tampa Electric team members install pollution control equipment at Big Bend Power Station.

Labor Relations

There are no operations identified within TECO Energy in which collective bargaining may be at significant risk.

There are four unions to which some TECO Energy team members belong.

- **The International Brotherhood of Electrical Workers (IBEW), Local 108 (Tampa Electric) and Local 2072 (Peoples Gas).** About 36 percent of Tampa Electric team members and five percent of Peoples Gas team members belong to the IBEW.
- **Office and Professional Employees International Union (OPEIU), Local 46.** About 12 percent of Tampa Electric team members belong to the OPEIU.
- **International Association of Machinists and Aerospace Workers (IAMAW).** About four percent of Peoples Gas team members belong to the IAMAW.
- **International Chemical Workers Union Council (ICWUC) of the United Food and Commercial Workers Union.** About seven percent of Peoples Gas team members belong to the ICWUC.

Tampa Electric's IBEW contract was renewed for three years in April 2007. The OPEIU contract expires Jan. 1, 2008. Both contracts include automatic extensions for one year.

Contract negotiations are scheduled in 2007 with the IAMAW and the ICWUC. A successful wage re-opener with the IBEW Local 2072 for 2007 was conducted, with the associated increase effective in February.

Neither TECO Coal, TECO Transport nor TECO Guatemala team members are represented by any labor organization.

Safety

Safety of life outweighs all other concerns at TECO Energy.

TECO Energy takes regulatory compliance very seriously and in a proactive and voluntary manner. Our policies frequently exceed the requirements set by governing agencies because of the concern we have for our team members. Due to the unique nature of the company's industries, we have the knowledge to develop safety programs that reflect our experience and observation of specific hazards.

Although industry comparisons are not easily made due to the diverse nature of TECO Energy and work force sizes of other utilities, the OSHA recordable incidence rate for the last five years is given on the facing page.

In 2005, Peoples Gas had a 3.44 OSHA incidence rate, which was the second lowest among eight similar gas operations throughout the United States (the lowest rate was 3.24 and the highest was 9.34).

TECO Energy Safety Performance History

COMPANY	2002		2003		2004		2005		2006	
	RI	IR	RI	IR	RI	IR	RI	IR	RI	IR
TAMPA ELECTRIC	116	2.89	131	4.98	83	3.26	96	3.91	58	2.1
TECO TRANSPORT	57	2.94	52	2.72	43	2.59	45	2.75	24	1.51
PEOPLES GAS	15	2.44	26	2.13	18	2.58	19	3.44	13	2.27

RI = Recordable Incidence (number of recordable events)

IR = Incidence Rate (number of OSHA recordable events normalized for the number of employees and the number of man-hours worked.)

TECO Coal's safety regulations are governed by the Federal Coal Mine Safety and Health Act of 1969 (MSHA), rather than OSHA, and by the new Miner Act of 2006. TECO Coal has experienced an improvement in reportable accident rates of 31.8 percent across the past five years versus an improvement of 25.6 percent in reportable accident rates on the national level.

TECO Coal believes it is in substantial compliance with the standards of the various enforcement agencies. The company is unaware of any mining laws or regulations that would materially affect the market price of coal sold by its subsidiaries.

Payment of penalties for health and safety violations of federal regulations across the previous five-year period were slightly over \$98,000 per year.

TECO Coal has limited the impact of violations by working diligently to correct conditions as quickly as possible.

TECO Guatemala's total recordable incidence rate for 2004-2006 is 1.21. The incidence rate is 0.30 for total recordable cases involving days away from work, during that same time period.

Safety-Related Awards

Since 2002, TECO Coal subsidiaries have received 15 safety awards, including Premier Elkhorn's award for the Safest Mine in both Kentucky's Hazard and Pikeville districts. This award is given annually to the safest surface mine in each district. The company has won numerous awards for performance, including the Emergency Medical Technician National Championship Award.

Peoples Gas won the 2004 Safety Achievement Award from the American Gas

Association, achieving the lowest incidence rate of days away, restricted duty and transfers among large-sized local distribution companies. It also received the 2004 Leader Accident Prevention Award, achieving a total OSHA recordable injuries and illnesses rate below the industry average among large-sized local distribution companies.

Peoples Gas also won the 2005 Leader Accident Prevention Award.

Safety Training

Each TECO Energy company uses different methods to promote safety, with the programs falling into general categories.

On a corporate level, TECO Energy lists safety as its top core value. A portion of the company's Success Sharing program is tied to individual, departmental and total company safety performance.



TECO Coal team members receive annual refresher training for safety, dust control and hearing conservation programs.

In business units, in addition to the corporate-level emphasis, there is extensive on-the-job safety training required for operational positions. One hundred percent of operational team members must attend safety meetings and ongoing safety training. Workgroups facing specific potential hazards, such as those at power plants, have safety committees that help identify and correct potential hazards.

The unions representing team members all agree to abide by TECO Energy safety and health rules and guidelines.

Contractors working on behalf of the company also agree to abide by these requirements.

Health and safety concerns are taken into account at all levels when determining the products TECO Energy uses in its operations and services. One example is Tampa Electric's Standards group, which helps determine what equipment will be purchased and used by team members in the field.

Regarding occupational diseases, in an effort to reduce the incidence of occupational pneumoconiosis, TECO Coal uses continuous miner equipment with scrubbers and water spray systems and follows approved ventilation plans. Dust sampling and monitoring is performed to ensure compliance with coal dust level regulations.

Under TECO Coal's Hearing Conservation Program, hearing protection is provided to all employees, and the company monitors noise exposure levels.

Annual refresher training at TECO Coal includes compliance with dust control plans and procedures and compliance with the company's hearing conservation program.

TECO Guatemala conducts "safety talks" on OSHA requirements throughout the year for team members, who complete a written test at each event. The company has incorporated Guatemala City team members in its safety talks for OSHA requirements applicable to them. The company has also implemented fire-fighting training, and provides yearly medical evaluations for all team members, including spirometric and audiometric testing.



Training and Development

TECO Energy team members have extensive opportunities for development. A total of 3,059 team members attended corporate training courses in 2006 for a total of 12,473 hours. This is in addition to off-site training and seminars.

Separately, TECO Coal has its own internal training department that develops skills training for its team members and training in underground mining positions for entry-level candidates. Many programs have also been implemented to help team members attain required state and federal certifications for the mining industry. Additional skills improvement modules have been developed for the current work force and management teams. These modules include electrical re-certification, gas detection and explosives training. In 2006, TECO Coal team members completed 23,058 hours of training.

TECO Coal also provides supervisory training for its supervisory team members. The program encompasses supervisory training mandated by regulation, policies and proactive employee relations and training in motivating and supervising team members.

TECO Guatemala power plant team members achieved 5,743 training hours in 2006. Administrative team members achieved 3,129 hours. Training was in the technical, administrative, languages and computer software areas.

Tuition Reimbursement

TECO Energy also has a tuition reimbursement plan for team members that pays 100 percent of tuition, laboratory fees,

application/registration fees and 50 percent of required textbooks. In 2006, approximately 200 team members were enrolled in tuition reimbursement through qualifying educational programs.

To participate in the tuition reimbursement plan, team members must be full-time (working 32 or more hours per week) for at least six months (three months for Peoples Gas team members), and courses must be from institutions accredited by the Southern Association of Colleges and Schools or company-approved institutions. Courses must be related to the team member's present job or a future position.

A minimum grade of C must be maintained for undergraduate work and a B for graduate work.

Standards of Integrity

One hundred percent of TECO Energy's work force has been trained in the company's *Standards of Integrity*, which includes anti-corruption policies, codes of conduct and procedures and identifies accountability for the major areas of the company. These standards and the core values of the corporation are covered annually, with refresher training required at least every other year.

Leadership Development

Organizational analysis identifies key positions and required leadership competencies. Leaders that demonstrate success in current positions and the potential for future success are nominated for an executive development process.

Leadership development programs include the Emerging Leader program, which provides leadership training for supervisor-nominated exempt professionals from all TECO Energy companies. Peoples Gas has a Leadership Academy, where current and future leaders learn about strategic and operational elements of the gas business. Through its relationship with The University of Tampa (UT) and the university's TECO Energy Center for Leadership, the company annually sends 20 director-level or above team members through UT's one-year Focused Leadership executive development program.

Race/Ethnicity of Work Force - 2006

COMPANY	BLACK	WHITE	HISPANIC	OTHER
TECO ENERGY (Corporate)	6%	84%	10%	0%
TAMPA ELECTRIC	14%	73%	11%	2%
PEOPLES GAS (Includes TECO Partners)	14%	70%	15%	1%
TECO TRANSPORT	12%	85%	2%	1%
TECO COAL	0%	100%	0%	0%
TECO GUATEMALA (Corporate)	0%	43%	43%	14%
TECO GUATEMALA**	N/A	N/A	N/A	N/A
TOTALS	522	3,993	399	178

** U.S. ethnicity codes not applicable to TECO Guatemala.

Diversity

TECO Energy's purpose is a commitment to inspiring trust, achieving excellence, providing environmental leadership and rising to any challenge we face, which will benefit our customers, team members and shareholders, and the communities we serve. One of the ways in which the company expresses its purpose is through diversity.

Within TECO Energy, diversity means valuing differences in people and leveraging diverse viewpoints to achieve greater success. Some common diversity aspects include age, education, culture, religion, ability, ethnicity, gender and nationality.

Diversity is characterized by recognition, respect and appreciation for the differences in people. This concept is woven into the company's core value of respect for others. A commitment to diversity means that we develop and sustain a business environment that serves the interests, needs and ambitions of TECO Energy's stakeholders, including shareholders, customers, team members, regulators/legislators and the communities in which we do business.

The benefits of diversity include increased morale within the company; team members who feel empowered to contribute; better understanding of customers and new marketplaces; better creativity and innovation; better performance and productivity; and removal of the obstacles to effectiveness of team members doing their jobs.

These benefits enhance profitability because valued team members contribute more and feel better about their jobs and the company. They stay with the company, improving retention.

Gender of Work Force as of 2006

COMPANY	FEMALE	MALE
TECO ENERGY (Corporate)	62%	38%
TAMPA ELECTRIC	25%	75%
PEOPLES GAS	28%	72%
TECO TRANSPORT	10%	90%
TECO COAL	4%	96%
TECO GUATEMALA (Corporate)	29%	71%
TECO GUATEMALA	12%	88%
TOTAL	970	4,122

History of Diversity within TECO Energy

TECO Energy's diversity initiative began expanding in 1998 with the purpose of redesigning or implementing processes to support a diverse business culture. In January 1999, a consulting firm completed an extensive interview process as part of this initiative. Representatives from the consulting firm interviewed more than 100 managers, directors and officers to prepare the foundation for TECO Energy's strategic objectives. A series of focus groups were formed, which included an additional 50 leaders who helped to further define the information from the initial interviews.

Diversity Training and Support

TECO Energy's diversity training and diversity leadership team training classes were rolled out, based on information gathered in the 1999 focus groups. Training classes for TECO Energy's senior leadership personnel began in June 1999.

Diversity training within the company implements the company's five core requirements:

- *Affirmative Action (AA)*. Affirmation Action goals are continuously communicated to company presidents and officers on a quarterly basis. The difference between AA goals and the diversity initiative is communicated through the year at meetings and diversity orientation workshops.

- *Communication*. Diversity orientation workshops were initially held for all supervisory and management team members as part of the start of the diversity initiative.



Leadership by Gender and Race - 2006

COMPANY	FEMALE	MALE	BLACK	WHITE	HISPANIC	OTHER
TECO ENERGY (Corporate)	56%	44%	4%	87%	9%	0%
TAMPA ELECTRIC	30%	70%	9%	77%	11%	3%
PEOPLES GAS (Includes TECO Partners)	28%	72%	6%	80%	14%	0%
TECO TRANSPORT	20%	80%	6%	91%	2%	1%
TECO COAL	9%	91%	0%	100%	0%	0%
TECO GUATEMALA (Corporate)	29%	71%	0%	43%	43%	14%
TECO GUATEMALA	11%	89%	N/A**	N/A**	N/A**	N/A**
TOTALS	28%	72%	7%	79%	10%	4%

** U.S. ethnicity codes not applicable to TECO Guatemala.

- *Performance Appraisal.* All team members are required to have a formal annual performance review that includes a measurable diversity component specific to the team member's business unit and personal development level.

- *Selection for Excellence.* The hiring process has been revised, and training in the form of refresher courses is mandatory for those who are part of the hiring process.

- *Supplier Diversity.* The Supplier Diversity program strives to provide qualified minority- and woman-owned businesses with the opportunity to engage in supplying quality products and services to all of TECO Energy.

Diversity-related information is communicated to team members through *MyTECOnet*, the company's intranet site; *Insight*, the monthly newsletter for TECO Energy team members; and *TECOtv*, a video program distributed to all TECO Energy team members.

Team Member Communications

The company communicates with team members through print and multimedia. Communications is two-way within TECO Energy. The company conducts annual opinion surveys to hear back from team members.

In addition to a wide spectrum of communications available on *MyTECOnet*, the company's intranet site, print publications distributed to team members include:

- *INSIGHT*, a monthly newsmagazine distributed to all companies in TECO Energy, with company-specific inserts.

- *The TECOEdge Update*, a newsletter published three times a year that provides team members with benefits information. A retiree version is published one to two times a year depending on communication needs.

- *Discover Your Edge*, a publication sent to team member homes each fall that highlights the benefit options for the coming year and enrollment instructions.

- *Wellness Works*, a monthly newsletter produced by the company's Fitness Center and Human Resources that offers helpful information about healthy living.

- *TECOtv* is a monthly video program available to all team members.

TECO Energy's Human Resources Department also provides team members with information about health and retirement benefits, compensation, training, emergency management, security and performance management.



INSIGHT, TECO Energy's award-winning internal newsletter, is published monthly.



Discover Your Edge, an internal newsletter for team members highlighting benefit options.



TECO Energy team members celebrate the company's 2007 Values Week, highlighting safety, integrity, respect for others, achievement with a sense of urgency and customer service.

Team Member Surveys

TECO Energy's most recent team member survey was conducted in 2006. It showed a higher overall favorability rating of 72 percent, compared to 63 percent in the 2005 survey.

The survey assessed team member favorability for the company's core values. Favorability ratings meant that team members agreed or disagreed with positive statements regarding key areas of the company. Team members gave an 86.5 percent favorability rating to safety; a 72.7 percent favorability rating to customer service; a 73 percent favorability rating for integrity; a 69 percent favorability rating for respect for others; and a 67.1 percent favorability rating to achievement with a sense of urgency.

Following distribution of survey results, working sessions were held at the corporate, company and department levels to develop action plans to address areas for improvement.

All of TECO Energy's commitments cannot be achieved without the efforts and enthusiasm of its work force. In any social responsibility program, the implementation is through team members, as is every aspect of the company's future.