



BIG BEND POWER STATION



BAYSIDE POWER STATION



POLK POWER STATION

**TECO**  
TAMPA ELECTRIC



LAND



AIR



WATER

Vision and Commitment: an Environmental Report

# Vision and Commitment

## TECO ENERGY'S CORE VALUES

### - Safety

- We emphasize a safe work environment and a culture of looking out for the safety and well-being of each other, our customers and our community.
- We believe the safety of life outweighs all other considerations.

### - Integrity

- We hold ourselves to the highest ethical behavior in all of our business activities, including legal, regulatory, financial, operational and environmental matters.
- We honor our commitments.

### - Respect for Others

- We value differences, development, teamwork, open communications and continuous learning.
- We treat all stakeholders – customers, team members, business partners and investors – fairly.
- We communicate openly and in a timely way with all stakeholders.

### - Achievement With a Sense of Urgency

- We work, as a team, with speed, sound judgment and diligence toward common goals.
- We support the business strategy and accept ownership and personal responsibility for our actions.

### - Customer Service

- We realize customers are why our organization exists.
- We treat them fairly and provide high-quality services.

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# Introduction

**TECO Energy** is a diversified, energy-related holding company based in Tampa, Florida. Its principal businesses are **Tampa Electric**, an electric utility company serving 645,000 customers in West Central Florida; **Peoples Gas System**, Florida's largest natural gas distribution company serving 330,000 customers statewide; **TECO Coal**, producer of conventional coal and synthetic fuel in Kentucky and Virginia; **TECO Transport**, waterborne transportation company; and **TECO Guatemala**, owner of two Guatemalan power plants and an interest in that nation's largest distribution utility.

TECO Energy's commitment to environmental compliance is an important element of the company's culture. Each of its operating companies has an environmental compliance plan tailored to its industry and location. These plans are part of the corporation's overall corporate compliance plan, known as TECO Energy's Standards of Integrity.

The company's senior management is responsible for monitoring adherence to all elements of the Standards of Integrity and the company's ongoing monitoring of environmental matters. With regard to the company's environmental performance, senior management reports to the Audit Committee of the Board of Directors on a quarterly basis. This report was reviewed by the Audit Committee.

Of TECO Energy's five businesses, Tampa Electric has the most significant stationary sources with air emissions impacts and material Clean Water Act implications. The company has taken significant steps to dramatically reduce its air emissions through a series of voluntary actions, including technology selections, a responsible fuel mix that takes into account price and availability impacts to its customers, and a significant capital expenditure program to add emissions controls.

Tampa Electric publicly reports estimated emissions numbers for publication in the Environmental Protection Agency's Toxics Release Inventory (TRI) database. Established by Congress in 1986, the TRI allows members of the public access to information about the types and quantities of chemicals released into the environment by government facilities and private companies in their local areas.

Tampa Electric already reports its emissions of sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) as a part of the existing requirements of federal, state and local environmental agencies. It also measures its emissions of carbon dioxide (CO<sub>2</sub>) through the use of continuous emissions monitors, which are audited and certified by the National Association of Securities Dealers as part of the company's membership in the Chicago Climate Exchange. Significant detail on the company's reduction of these emissions categories is included throughout this report.

Today, through TRI, Tampa Electric also reports emissions data on the annual release and transfer of other chemicals produced when coal and oil are burned to generate electricity, along with other chemicals used in its power plants.

For comparison purposes, detailed breakdowns of each TRI-reported substance by generating unit are included in an appendix at the end of this publication.



# letter from management

## **DEAR STAKEHOLDERS:**

In the first few years of the 21st century, the world has faced numerous challenges. We have endured and are still enduring the aftermath of September 11, 2001, the ongoing conflicts in the Middle East, and many natural disasters.

It is this kind of world that makes vision and commitment more important than ever. Vision and commitment hold the course through difficult waters and difficult times. Vision requires us to plan; commitment keeps our purpose in front of us at all times.

At one time, vision and commitment meant making sure that we had generation and infrastructure available for years to come. Our strength as a company was measured by whether we could ensure reliable, cost-effective electrical service in the future for our customers.

More than two decades ago, our company decided on its own that this was not enough.

Though Tampa Electric has 645,000 customers, we all live in only one fragile ecosystem, and we play a major role in protecting it. Our values as a company mean that we must take a lead role in activities that protect the environment: the air, land and water that comprise our service territory.

Tampa Electric is spending more than \$1.5 billion to reduce air emissions from its power plants. We've also spent nearly \$370 million to date delivering cost-effective energy conservation programs to encourage customers to conserve energy. We've invested heavily in stewardship programs to help protect

habitats and species that include manatees and large birds.

We have done this while providing affordable electricity to our customers. In fact, our \$1.5-billion, 10-year environmental program is being accomplished without raising customers' base electric rates.

Accomplishing this, Tampa Electric has proved that balancing the competing needs of customers, shareholders and the environment is entirely possible.

It is significant that even though customer demand for energy in Florida has risen dramatically during the past two decades, we have actually reduced emissions from the plants that are meeting that demand.

This report provides the details of this effort, and the status of our progress. We have written it to show the extent of our work in the environmental area. Behind all of these activities are a desire for open dialogue and informed decision-making with governments and environmental groups; the pursuit of a responsible use of natural resources; and the constant monitoring and development of the complex technology that produces electricity.

We have met and in numerous cases surpassed the requirements of state and federal legislation. We have often been first in the state to inaugurate environmental programs. Through our own self-auditing, we have voluntarily undertaken initiatives that are in the best interests of protecting the environment.

## WE ARE:

- The first utility in the nation to commercialize integrated coal gasification combined-cycle (IGCC) technology with the U.S. Department of Energy as part of DOE's clean coal technology program. Polk Power Station is recognized as a world leader in clean coal technology;
- The first utility in the nation to reach an agreement with the U.S. Department of Environmental Protection and the Florida Department of Environmental Protection on EPA's coal-fired utility initiative by launching a 10-year, \$1.5-billion program to dramatically reduce emissions from our power plants;
- The first utility in Florida to launch conservation goals and to meet all required conservation goals;
- The first utility in Florida to set up an Avian Protection Plan for large birds; and
- The only utility to build a center to view manatees in their natural habitat, the Manatee Viewing Center located adjacent to our Big Bend Power Station.

Behind our commitments, our compliance, and our stewardship is a sense of duty to the people we serve now and those we will serve in the future. Just as we have made certain that there will be sufficient power generation for the area's needs, we have made and continue to make provisions to help ensure clean air, clean water, and the preservation of the land that is home to all of us.

This report will show you our commitment to the environment and our vision for its future. In it, we hope you will see what we see: that environmental stewardship is an integral part of not only our business, but the future of our customers.

In short, it is our legacy.

Sincerely,



A handwritten signature in black ink that reads "Sherrill W. Hudson".

**Sherrill W. Hudson**  
Chairman and CEO, TECO Energy



A handwritten signature in black ink that reads "J. B. Ramil".

**John B. Ramil**  
President and COO, TECO Energy



A handwritten signature in black ink that reads "C. R. Black".

**Charles R. Black**  
President, Tampa Electric