



## **SEPTEMBER 2008**

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**TECO ENERGY, Inc.**  
**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**  
(All significant intercompany transactions have been eliminated in the consolidated financial statements.)

(millions except share data)	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	<b>2008</b>	2007	<b>2008</b>	2007	<b>2008</b>	2007
<b>Revenues</b>						
Regulated electric and gas	<b>\$782.1</b>	\$791.9	<b>\$2,152.3</b>	\$2,120.0	<b>\$2,818.6</b>	\$2,734.6
Unregulated	<b>144.0</b>	198.1	<b>452.7</b>	557.8	<b>644.7</b>	769.4
Total revenues	<b>926.1</b>	990.0	<b>2,605.0</b>	2,677.8	<b>3,463.3</b>	3,504.0
<b>Expenses</b>						
Regulated operations						
Fuel	<b>263.7</b>	251.1	<b>603.5</b>	647.5	<b>810.7</b>	841.2
Purchased power	<b>65.0</b>	84.5	<b>262.8</b>	207.6	<b>327.1</b>	259.2
Cost of natural gas sold	<b>134.9</b>	99.2	<b>387.7</b>	299.4	<b>478.1</b>	369.4
Other	<b>72.9</b>	75.2	<b>216.1</b>	201.2	<b>295.3</b>	281.5
Operation other expense						
Mining related costs	<b>108.9</b>	120.3	<b>332.9</b>	314.8	<b>453.5</b>	441.0
Waterborne transportation costs	<b>0.0</b>	55.0	<b>0.0</b>	164.0	<b>42.4</b>	221.3
Other	<b>4.0</b>	3.6	<b>13.9</b>	11.2	<b>19.3</b>	15.1
Maintenance	<b>41.4</b>	41.1	<b>133.0</b>	137.5	<b>179.0</b>	184.5
Depreciation and amortization	<b>66.7</b>	59.8	<b>196.6</b>	198.2	<b>262.0</b>	269.3
Gain on sale, net of transaction related costs	<b>0.0</b>	4.9	<b>0.9</b>	21.2	<b>(241.5)</b>	21.2
Sale of previously impaired assets / Asset impairments	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>0.0</b>	(5.0)
Taxes, other than income	<b>52.1</b>	53.6	<b>161.1</b>	167.4	<b>212.0</b>	219.1
Total expenses	<b>809.6</b>	848.3	<b>2,308.5</b>	2,370.0	<b>2,837.9</b>	3,117.8
<b>Income from operations</b>	<b>116.5</b>	141.7	<b>296.5</b>	307.8	<b>625.4</b>	386.2
<b>Other income (expense)</b>						
Allowance for other funds used during construction	<b>1.3</b>	0.7	<b>4.3</b>	3.5	<b>5.2</b>	4.8
Other income	<b>7.9</b>	25.5	<b>17.2</b>	100.0	<b>29.2</b>	127.7
Loss on debt exchange / extinguishment	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>(32.9)</b>	(2.5)
Income from equity investments	<b>18.5</b>	15.6	<b>57.5</b>	50.5	<b>75.6</b>	66.5
Total other income	<b>27.7</b>	41.8	<b>79.0</b>	154.0	<b>77.1</b>	196.5
<b>Interest charges</b>						
Interest expense	<b>57.9</b>	64.2	<b>172.7</b>	198.1	<b>234.1</b>	267.8
Allowance for borrowed funds used during construction	<b>(0.5)</b>	(0.3)	<b>(1.7)</b>	(1.4)	<b>(2.0)</b>	(1.9)
Total interest charges	<b>57.4</b>	63.9	<b>171.0</b>	196.7	<b>232.1</b>	265.9
<b>Income before provision for income taxes</b>	<b>86.8</b>	119.6	<b>204.5</b>	265.1	<b>470.4</b>	316.8
Provision for income taxes	<b>28.6</b>	47.6	<b>64.1</b>	104.7	<b>173.6</b>	130.7
<b>Income from Continuing Operations before minority interest</b>	<b>58.2</b>	72.0	<b>140.4</b>	160.4	<b>296.8</b>	186.1
Minority Interest	<b>0.0</b>	20.8	<b>0.0</b>	64.6	<b>17.5</b>	87.3
<b>Income from Continuing Operations</b>	<b>58.2</b>	92.8	<b>140.4</b>	225.0	<b>314.3</b>	273.4
<b>Discontinued operations</b>						
Income from discontinued operations	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>0.0</b>	0.0
Income tax provision (benefit)	<b>0.0</b>	0.0	<b>0.0</b>	(14.3)	<b>0.0</b>	(14.8)
Total discontinued operations	<b>0.0</b>	0.0	<b>0.0</b>	14.3	<b>0.0</b>	14.8
<b>Net income</b>	<b>\$58.2</b>	\$92.8	<b>\$140.4</b>	\$239.3	<b>\$314.3</b>	\$288.2
<b>Average common shares outstanding - basic (millions)</b>						
	<b>211.2</b>	209.2	<b>210.4</b>	208.9	<b>210.2</b>	208.8
<b>Average common shares outstanding - diluted (millions)</b>						
	<b>212.6</b>	210.0	<b>211.7</b>	209.8	<b>211.4</b>	209.6
<b>Earnings per average common share outstanding:</b>						
Earnings per share from continuing operations -- basic	<b>0.28</b>	0.44	<b>0.67</b>	1.08	<b>1.50</b>	1.31
Earnings per share from continuing operations -- diluted	<b>0.27</b>	0.44	<b>0.66</b>	1.07	<b>1.49</b>	1.31
Earnings per share -- basic	<b>0.28</b>	0.44	<b>0.67</b>	1.15	<b>1.50</b>	1.38
Earnings per share -- diluted	<b>0.27</b>	0.44	<b>0.66</b>	1.14	<b>1.49</b>	1.38

**TECO ENERGY, Inc.**  
**CONSOLIDATED BALANCE SHEETS (Unaudited)**

(All significant intercompany transactions have been eliminated in the consolidated financial statements.)

(millions)	Sep-30-2008	Dec-31-2007
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$92.5	\$162.6
Restricted cash	7.5	7.4
Short-term investments	2.4	0.0
Receivables	340.5	295.9
Crude oil options receivable, net	0.0	78.5
Inventories at average cost		
Fuel	92.5	85.8
Materials and supplies	70.7	68.2
Current derivative assets	0.1	0.3
Income tax receivables	0.3	0.7
Prepayments and other current assets	26.2	23.0
Current regulatory assets	223.3	67.4
Total current assets	<b>856.0</b>	<b>789.8</b>
<b>Property, plant and equipment</b>		
Utility plant in service		
Electric	5,489.1	5,275.2
Gas	940.9	917.4
Construction work in progress	366.3	364.8
Other property	351.3	336.4
Property plant and equipment at original cost	7,147.6	6,893.8
Accumulated depreciation	(2,064.4)	(2,005.6)
Total property, plant and equipment, net	<b>5,083.2</b>	<b>4,888.2</b>
<b>Other assets</b>		
Deferred income taxes	355.2	424.9
Other investments	21.1	22.9
Long-term regulatory assets	190.8	186.8
Investment in unconsolidated affiliates	287.9	275.5
Goodwill	59.4	59.4
Long-term derivative assets	0.1	1.9
Deferred charges and other assets	121.4	115.8
Total other assets	<b>1,035.9</b>	<b>1,087.2</b>
<b>Total assets</b>	<b>\$6,975.1</b>	<b>\$6,765.2</b>
<b>Liabilities and capital</b>		
<b>Current liabilities</b>		
Long-term debt due within one year		
Recourse	\$5.5	\$5.7
Non-recourse	1.4	1.4
Notes payable	13.0	25.0
Accounts payable	293.2	302.1
Other current liabilities	15.3	18.0
Customer deposits	144.2	138.1
Current derivative liabilities	72.4	26.0
Interest accrued	80.1	32.7
Taxes accrued	56.4	33.2
Current regulatory liabilities	26.2	35.4
Total current liabilities	<b>707.7</b>	<b>617.6</b>
<b>Other liabilities</b>		
Investment tax credits	11.2	12.2
Long-term regulatory liabilities	592.8	582.7
Long-term derivative liabilities	10.8	0.1
Deferred credits and other liabilities	404.3	377.2
Long-term debt, less amount due within one year		
Recourse	3,199.0	3,149.4
Non-recourse	7.6	9.0
Total other liabilities	<b>4,225.7</b>	<b>4,130.6</b>
<b>Total Liabilities</b>	<b>4,933.4</b>	<b>4,748.2</b>
<b>Capital</b>		
Common equity	212.8	210.9
Additional paid in capital	1,515.6	1,489.2
Retained earnings	348.5	334.1
Accumulated other comprehensive loss	(35.2)	(17.2)
Total capital	<b>2,041.7</b>	<b>2,017.0</b>
<b>Total liabilities and capital</b>	<b>\$6,975.1</b>	<b>\$6,765.2</b>
<b>Book Value Per Share</b>	<b>\$9.60</b>	<b>\$9.57</b>

**TECO ENERGY, Inc.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

(All significant intercompany transactions have been eliminated in the consolidated financial statements.)

(millions)	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	2008	2007	2008	2007	2008	2007
<b>Cash flows from operating activities</b>						
Net income	<b>\$58.2</b>	\$92.8	<b>\$140.4</b>	\$239.3	<b>\$314.3</b>	\$288.2
Adjustments to reconcile net income to net cash from operating activities:						
Depreciation and amortization	<b>66.7</b>	59.8	<b>196.6</b>	198.2	<b>262.0</b>	269.3
Deferred income taxes	<b>29.8</b>	53.0	<b>69.5</b>	90.6	<b>163.7</b>	113.3
Investment tax credits, net	<b>0.0</b>	(0.6)	<b>(1.0)</b>	(1.9)	<b>(1.5)</b>	(2.5)
Allowance for other funds used during construction	<b>(1.3)</b>	(0.7)	<b>(4.3)</b>	(3.5)	<b>(5.2)</b>	(4.8)
Non-cash stock compensation	<b>1.8</b>	2.5	<b>7.9</b>	9.9	<b>9.6</b>	12.1
Gain on sales of business / assets, pretax	<b>(0.3)</b>	17.3	<b>(1.4)</b>	(27.2)	<b>(220.3)</b>	(47.8)
Noncash debt extinguishment / exchange, pretax	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>2.6</b>	2.5
Equity in earnings of unconsolidated affiliates, net of cash distributions on earnings	<b>(18.5)</b>	6.6	<b>(25.3)</b>	(7.3)	<b>(36.0)</b>	(18.7)
Minority interest	<b>0.0</b>	(20.8)	<b>0.0</b>	(64.6)	<b>(17.5)</b>	(87.3)
Derivatives marked to market	<b>0.0</b>	(36.4)	<b>0.0</b>	(48.7)	<b>(34.0)</b>	(46.0)
Deferred recovery clause	<b>(24.7)</b>	51.4	<b>(117.1)</b>	78.1	<b>(71.5)</b>	69.5
Receivables, less allowance for uncollectibles	<b>(10.6)</b>	(88.6)	<b>(44.6)</b>	(81.5)	<b>87.8</b>	(79.9)
Inventories	<b>(1.3)</b>	32.8	<b>(9.2)</b>	(33.9)	<b>15.0</b>	(31.3)
Prepayments and other current assets	<b>(1.1)</b>	2.8	<b>(3.2)</b>	0.4	<b>(0.4)</b>	1.7
Taxes accrued	<b>7.9</b>	7.9	<b>23.6</b>	53.6	<b>(3.3)</b>	(5.1)
Interest accrued	<b>32.4</b>	31.5	<b>47.4</b>	32.3	<b>(2.7)</b>	(7.2)
Accounts payable	<b>(64.6)</b>	(20.7)	<b>12.3</b>	(42.1)	<b>(17.5)</b>	(15.0)
Other	<b>12.8</b>	(10.1)	<b>34.1</b>	22.5	<b>20.5</b>	52.2
	<b>87.2</b>	180.5	<b>325.7</b>	414.2	<b>465.6</b>	463.2
<b>Cash flows from investing activities</b>						
Capital expenditures	<b>(136.8)</b>	(87.5)	<b>(402.5)</b>	(359.6)	<b>(537.2)</b>	(513.7)
Allowance for other funds used during construction	<b>1.3</b>	0.7	<b>4.3</b>	3.5	<b>5.2</b>	4.8
Net proceeds from sale of business / assets	<b>3.6</b>	15.3	<b>(3.7)</b>	60.8	<b>340.7</b>	119.5
Restricted cash	<b>(0.1)</b>	0.0	<b>(0.1)</b>	(0.1)	<b>29.9</b>	(0.1)
Distributions from unconsolidated affiliates	<b>0.0</b>	12.8	<b>13.2</b>	26.8	<b>13.8</b>	33.0
Other investments	<b>0.0</b>	18.4	<b>76.2</b>	(27.7)	<b>103.5</b>	(35.5)
	<b>(132.0)</b>	(40.3)	<b>(312.6)</b>	(296.3)	<b>(44.1)</b>	(392.0)
<b>Cash flows from financing activities</b>						
Dividends	<b>(42.6)</b>	(41.1)	<b>(126.1)</b>	(121.9)	<b>(167.2)</b>	(161.7)
Proceeds from sale of common stock	<b>0.9</b>	1.4	<b>20.9</b>	9.8	<b>25.1</b>	16.1
Proceeds from long-term debt	<b>(0.1)</b>	123.1	<b>327.8</b>	444.1	<b>327.8</b>	444.2
Repayment of long-term debt / Purchase in lieu of redemption	<b>(5.7)</b>	(392.5)	<b>(293.8)</b>	(840.3)	<b>(591.0)</b>	(946.5)
Debt exchange premiums	<b>0.0</b>	0.0	<b>0.0</b>	0.0	<b>(21.2)</b>	0.0
Minority interest	<b>0.0</b>	12.1	<b>0.0</b>	59.9	<b>21.4</b>	78.0
Net increase (decrease) in short-term debt	<b>13.0</b>	73.0	<b>(12.0)</b>	25.0	<b>(60.0)</b>	73.0
	<b>(34.5)</b>	(224.0)	<b>(83.2)</b>	(423.4)	<b>(465.1)</b>	(496.9)
Net decrease in cash and cash equivalents	<b>(79.3)</b>	(83.8)	<b>(70.1)</b>	(305.5)	<b>(43.6)</b>	(425.7)
Cash and cash equivalents at beginning of period	<b>171.8</b>	219.9	<b>162.6</b>	441.6	<b>136.1</b>	561.8
Cash and cash equivalents at end of period	<b>\$92.5</b>	\$136.1	<b>\$92.5</b>	\$136.1	<b>\$92.5</b>	\$136.1

## TECO ENERGY, Inc. SEGMENT INFORMATION (Unaudited)

<i>(millions)</i>		Tampa	Peoples	TECO	TECO	TECO	Other &	TECO
		Electric	Gas	Coal	Guatemala	Transport <sup>(8)</sup>	Eliminations	Energy
<b>Three months ended Sep. 30,</b>								
<b>2008</b>	Revenues - outsiders	\$ 601.5	\$ 180.6	\$ 142.0	\$ 1.8	\$ -	\$ 0.2	\$ 926.1
	Sales to affiliates	0.3	-	-	-	-	(0.3)	-
	Total revenues	601.8	180.6	142.0	1.8	-	(0.1)	926.1
	Equity Earnings in Unconsolidated Affiliates	-	-	-	18.5	-	-	18.5
	Depreciation	46.6	10.6	9.3	0.2	-	-	66.7
	Total interest charges <sup>(1)</sup>	28.7	4.8	1.7	3.9	-	18.3	57.4
	Allocated interest expense (income) included above <sup>(1)</sup>	-	-	1.4	3.8	-	(5.2)	-
	Provision (Benefit) for income taxes	33.1	1.6	0.4	2.1	-	(8.6)	28.6
	Net income (loss) from continuing operations	\$ 50.6	\$ 2.6	\$ 3.7	\$ 11.7	\$ -	\$ (10.4)	\$ 58.2
<b>2007</b>	Revenues - outsiders	\$ 646.4	\$ 145.5	\$ 142.1	\$ 1.9	\$ 54.1	\$ -	\$ 990.0
	Sales to affiliates	0.5	-	-	-	23.8	(24.3)	-
	Total revenues	646.9	145.5	142.1	1.9	77.9	(24.3)	990.0
	Equity Earnings in Unconsolidated Affiliates	-	-	-	15.7	(0.1)	-	15.6
	Depreciation	39.5	10.1	10.2	(0.1)	- <sup>(3)</sup>	0.1	59.8
	Total interest charges <sup>(1)</sup>	28.8	4.4	3.2	3.8	1.3	22.4	63.9
	Allocated interest expense (income) included above <sup>(1)</sup>	-	-	3.0	3.7	0.3	(7.0)	-
	Provision (Benefit) for income taxes	38.6	2.5	9.5	1.7	5.0	(9.7)	47.6
	Net income (loss) from continuing operations	\$ 64.8	\$ 3.8	\$ 20.5	\$ 10.2	\$ 11.0	\$ (17.5)	\$ 92.8
<b>Nine months ended Sep. 30,</b>								
<b>2008</b>	Revenues - outsiders	\$ 1,608.4	\$ 543.9	\$ 446.3	\$ 6.1	\$ -	0.3	\$ 2,605.0
	Sales to affiliates	1.0	-	-	-	-	(1.0)	-
	Total revenues	1,609.4	543.9	446.3	6.1	-	(0.7)	2,605.0
	Equity Earnings in Unconsolidated Affiliates	-	-	-	57.5	-	-	57.5
	Depreciation	136.8	31.2	27.8	0.6	-	0.2	196.6
	Total interest charges <sup>(1)</sup>	86.0	13.5	6.2	11.4	-	53.9	171.0
	Allocated interest expense (income) included above <sup>(1)</sup>	-	-	5.2	11.2	-	(16.4)	-
	Provision (Benefit) for income taxes	65.2	11.4	2.5	6.1	-	(21.1)	64.1
	Net income (loss) from continuing operations	\$ 106.7	\$ 17.9	\$ 15.4	\$ 37.1	\$ -	\$ (36.7)	\$ 140.4
<b>2007</b>	Revenues - outsiders	\$ 1,662.1	\$ 457.9	\$ 396.7	\$ 5.9	\$ 155.0	\$ 0.2	\$ 2,677.8
	Sales to affiliates	1.4	-	-	-	76.1	(77.5)	-
	Total revenues	1,663.5	457.9	396.7	5.9	231.1	(77.3)	2,677.8
	Equity Earnings in Unconsolidated Affiliates	-	-	-	50.5	-	-	50.5
	Depreciation	133.2	29.9	28.8	0.3	5.6 <sup>(3)</sup>	0.4	198.2
	Total interest charges <sup>(1)</sup>	84.1	12.8	9.3	11.3	3.9	75.3	196.7
	Allocated interest expense (income) included above <sup>(1)</sup>	-	-	8.7	11.0	(0.1)	(19.6)	-
	Provision (Benefit) for income taxes	69.0	12.8	37.2	5.1	11.2	(30.6)	104.7
	Net income (loss) from continuing operations	121.3	20.2	83.7	33.3	27.0	(60.5) <sup>(5)</sup>	\$ 225.0
<b>Twelve months ended Sep. 30,</b>								
<b>2008</b>	Revenues - outsiders	\$ 2,132.9	\$ 685.7	\$ 594.1	\$ 8.2	\$ 42.1	\$ 0.3	\$ 3,463.3
	Sales to affiliates	1.5	-	-	-	17.0	(18.5)	-
	Total revenues	2,134.4	685.7	594.1	8.2	59.1	(18.2)	3,463.3
	Equity Earnings in Unconsolidated Affiliates	-	-	-	75.6	-	-	75.6
	Depreciation	182.2	41.4	37.3	0.8	- <sup>(3)</sup>	0.3	262.0
	Total interest charges <sup>(1)</sup>	114.1	17.7	9.4	15.3	0.9	74.7	232.1
	Allocated interest expense (income) included above <sup>(1)</sup>	-	-	8.2	15.1	0.9	(24.2)	-
	Provision (Benefit) for income taxes	81.3	15.0	11.6	8.9	2.3	54.5	173.6
	Net income (loss) from continuing operations	\$ 135.7	\$ 24.2	\$ 22.6	\$ 48.6	\$ 7.0	\$ 76.2 <sup>(7)</sup>	\$ 314.3
<b>2007</b>	Revenues - outsiders	\$ 2,154.2	\$ 580.4	\$ 549.7	\$ 7.9	\$ 211.5	\$ 0.3	\$ 3,504.0
	Sales to affiliates	1.9	-	-	-	100.6	(102.5)	-
	Total revenues	2,156.1	580.4	549.7	7.9	312.1	(102.2)	3,504.0
	Equity Earnings in Unconsolidated Affiliates	-	-	-	66.1	(0.1)	0.5	66.5
	Depreciation	179.8	39.0	38.4	0.4	11.2 <sup>(3)</sup>	0.5	269.3
	Total interest charges <sup>(1)</sup>	110.9	16.8	12.1	15.1	5.0	106.0	265.9
	Allocated interest expense (income) included above <sup>(1)</sup>	-	-	11.2	14.8	(0.5)	(25.5)	-
	Provision (Benefit) for income taxes	80.1	17.3	50.6	6.9	14.0	(38.2)	130.7
	Net income (loss) from continuing operations	\$ 140.7	\$ 27.2	\$ 102.9	\$ 44.3	\$ 34.8 <sup>(2)</sup>	\$ (76.5) <sup>(4) (6)</sup>	\$ 273.4

(1) Segment net income is reported on a basis that includes internally allocated financing costs. Allocated interest is included in "Total interest charges".

(2) TECO Transport's results include net storm costs of \$0.7 million for the 12 months ended Sep. 30, 2007.

(3) Beginning Apr. 1, 2007, no depreciation expense was recognized for TECO Transport as a result of the assets being classified as "held for sale". Depreciation expense after-tax for the second, third and fourth quarters of 2007 would have been \$3.6, \$3.6 and \$2.5 million, respectively.

(4) Results for the 12 months ended Sep. 30, 2007 include \$3.1 million gain on the sale of a steam turbine originally reported in TECO Guatemala in the fourth quarter of 2006.

(5) Results for the 9 months ended Sep. 30, 2007 include \$13.1 million in after-tax transaction costs related to the sale of TECO Transport.

(6) Results for the 12 months ended Sep. 30, 2007 include \$13.1 million in after-tax transaction costs related to the sale of TECO Transport (\$1.8 in the first quarter of 2007, \$8.3 in the second quarter of 2007 and \$3.0 in the third quarter of 2007).

(7) Results for the 12 months ended Sep. 30, 2008 include a net \$148.1 million after-tax gain on the sale of TECO Transport and \$20.2 million of after-tax debt extinguishment costs in the fourth quarter of 2007.

(8) As a result of the sale, TECO Transport's results are through Dec. 3, 2007.

**TAMPA ELECTRIC COMPANY**  
**ELECTRIC OPERATING STATISTICS (Unaudited)**

Three Months Ended September 30,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2008	2007	Percent Change	2008	2007	Percent Change
Residential	\$ 299,293	\$ 327,018	(8.5)	2,638,801	2,892,298	(8.8)
Commercial	176,289	184,753	(4.6)	1,784,064	1,869,527	(4.6)
Industrial -- Phosphate	14,323	18,256	(21.5)	208,324	262,030	(20.5)
Industrial -- Other	28,155	30,663	(8.2)	326,992	343,062	(4.7)
Other sales of electricity	49,387	47,875	3.2	494,476	478,513	3.3
	<b>567,447</b>	<b>608,565</b>	<b>(6.8)</b>	<b>5,452,657</b>	<b>5,845,430</b>	<b>(6.7)</b>
Deferred and other revenues	(276)	(30,066)	(99.1)	--	--	--
Sales for resale	18,334	18,720	(2.1)	241,394	249,376	(3.2)
Other operating revenue	11,766	10,555	11.5	--	--	--
SO <sub>2</sub> Allowance Sales	4,633	39,046	(88.1)	--	--	--
	<b>\$ 601,904</b>	<b>\$ 646,820</b>	<b>(6.9)</b>	<b>5,694,051</b>	<b>6,094,806</b>	<b>(6.6)</b>
Average customers	<b>666,164</b>	<b>666,573</b>	<b>(0.1)</b>	--	--	--
Retail Net Energy For Load				<b>5,729,058</b>	<b>6,113,576</b>	<b>(6.3)</b>
Total Degree Days				<b>1,525</b>	<b>1,722</b>	<b>(11.4)</b>
Nine Months Ended September 30,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2008	2007	Percent Change	2008	2007	Percent Change
Residential	\$ 753,544	\$ 781,682	(3.6)	6,570,333	6,823,185	(3.7)
Commercial	485,634	491,615	(1.2)	4,873,600	4,926,532	(1.1)
Industrial -- Phosphate	47,412	54,418	(12.9)	693,125	782,506	(11.4)
Industrial -- Other	85,827	89,437	(4.0)	957,065	997,671	(4.1)
Other sales of electricity	138,804	131,775	5.3	1,377,059	1,295,692	6.3
	<b>1,511,221</b>	<b>1,548,927</b>	<b>(2.4)</b>	<b>14,471,182</b>	<b>14,825,586</b>	<b>(2.4)</b>
Deferred and other revenues	5,495	(22,713)	--	--	--	--
Sales for resale	53,515	51,858	3.2	661,194	670,571	(1.4)
Other operating revenue	32,657	28,748	13.6	--	--	--
SO <sub>2</sub> Allowance Sales	6,595	56,682	(88.4)	--	--	--
	<b>\$ 1,609,483</b>	<b>\$ 1,663,502</b>	<b>(3.2)</b>	<b>15,132,376</b>	<b>15,496,157</b>	<b>(2.3)</b>
Average customers	<b>667,574</b>	<b>665,775</b>	<b>0.3</b>	--	--	--
Retail Net Energy For Load				<b>15,362,654</b>	<b>15,694,462</b>	<b>(2.1)</b>
Total Degree Days				<b>3,261</b>	<b>3,436</b>	<b>(5.1)</b>
Twelve Months Ended September 30,	Operating Revenues*			Sales -- Kilowatt-hours*		
	2008	2007	Percent Change	2008	2007	Percent Change
Residential	\$ 989,802	\$ 1,003,063	(1.3)	8,618,365	8,828,545	(2.4)
Commercial	647,645	641,233	1.0	6,488,593	6,499,891	(0.2)
Industrial -- Phosphate	65,978	70,880	(6.9)	960,489	1,033,965	(7.1)
Industrial -- Other	114,573	117,415	(2.4)	1,275,035	1,326,503	(3.9)
Other sales of electricity	185,382	173,190	7.0	1,835,867	1,721,303	6.7
	<b>2,003,380</b>	<b>2,005,781</b>	<b>(0.1)</b>	<b>19,178,349</b>	<b>19,410,207</b>	<b>(1.2)</b>
Deferred and other revenues	(23,529)	(12,396)	89.8	--	--	--
Sales for resale	70,650	67,873	4.1	895,764	856,366	4.6
Other operating revenue	42,902	38,149	12.5	--	--	--
SO <sub>2</sub> Allowance Sales	41,011	56,681	(27.6)	--	--	--
	<b>\$ 2,134,414</b>	<b>\$ 2,156,088</b>	<b>(1.0)</b>	<b>20,074,113</b>	<b>20,266,573</b>	<b>(0.9)</b>
Average customers	<b>667,703</b>	<b>664,197</b>	<b>0.5</b>	--	--	--
Retail Net Energy For Load				<b>20,116,635</b>	<b>20,272,222</b>	<b>(0.8)</b>
Total Degree Days				<b>4,079</b>	<b>4,211</b>	<b>(3.1)</b>

\* in thousands

**PEOPLES GAS SYSTEM**  
**GAS OPERATING STATISTICS (Unaudited)**

Three Months Ended September 30,	Operating Revenues*			Therms*		
	2008	2007	Percent Change	2008	2007	Percent Change
<b>By Customer Segment:</b>						
Residential	\$ 26,582	\$ 23,199	14.6	10,724	9,974	7.5
Commercial	34,104	31,409	8.6	82,075	79,810	2.8
Industrial	1,855	2,408	(23.0)	44,381	42,193	5.2
Off System Sales	105,430	73,765	42.9	99,018	97,744	1.3
Power generation	2,869	4,882	(41.2)	134,318	172,357	(22.1)
Other revenues	7,815	8,384	(6.8)	-	-	--
	\$ 178,655	\$ 144,047	24.0	370,516	402,078	(7.8)

<b>By Sales Type:</b>						
System supply	\$ 151,262	\$ 114,275	32.4	122,544	120,953	1.3
Transportation	19,579	21,388	(8.5)	247,972	281,125	(11.8)
Other revenues	7,814	8,384	(6.8)	-	-	--
	\$ 178,655	\$ 144,047	24.0	370,516	402,078	(7.8)

Average customers	334,077	333,463	0.2	--	--	--
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Nine Months Ended September 30,	Operating Revenues*			Therms*		
	2008	2007	Percent Change	2008	2007	Percent Change
<b>By Customer Segment:</b>						
Residential	\$ 107,536	\$ 108,569	(1.0)	53,329	53,565	(0.4)
Commercial	116,534	123,064	(5.3)	279,855	279,428	0.2
Industrial	6,345	7,340	(13.6)	144,534	142,015	1.8
Off System Sales	271,810	174,178	56.1	259,668	226,368	14.7
Power generation	10,028	11,207	(10.5)	373,963	354,955	5.4
Other revenues	26,244	28,656	(8.4)	-	-	--
	\$ 538,497	\$ 453,014	18.9	1,111,349	1,056,331	5.2

<b>By Sales Type:</b>						
System supply	\$ 445,620	\$ 356,641	24.9	357,476	329,524	8.5
Transportation	66,633	67,717	(1.6)	753,873	726,807	3.7
Other revenues	26,244	28,656	(8.4)	-	-	--
	\$ 538,497	\$ 453,014	18.9	1,111,349	1,056,331	5.2

Average customers	335,496	334,581	0.3	--	--	--
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Twelve Months Ended September 30,	Operating Revenues*			Therms*		
	2008	2007	Percent Change	2008	2007	Percent Change
<b>By Customer Segment:</b>						
Residential	\$ 139,128	\$ 141,346	(1.6)	69,851	71,901	(2.9)
Commercial	151,861	159,476	(4.8)	371,366	374,412	(0.8)
Industrial	8,679	9,925	(12.6)	188,863	190,762	(1.0)
Off System Sales	330,423	210,497	57.0	336,787	279,013	20.7
Power generation	13,464	14,197	(5.2)	490,696	427,357	14.8
Other revenues	34,958	38,638	(9.5)	-	-	--
	\$ 678,513	\$ 574,079	18.2	1,457,563	1,343,445	8.5

<b>By Sales Type:</b>						
System supply	\$ 554,520	\$ 445,729	24.4	465,817	417,925	11.5
Transportation	89,035	89,712	(0.8)	991,746	925,520	7.2
Other revenues	34,958	38,638	(9.5)	-	-	--
	\$ 678,513	\$ 574,079	18.2	1,457,563	1,343,445	8.5

Average customers	335,027	333,688	0.4	--	--	--
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\* in thousands