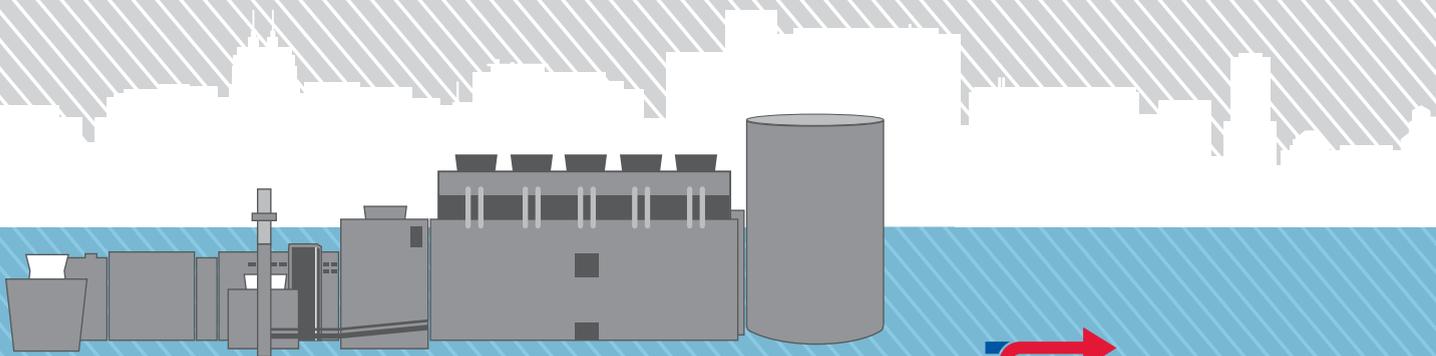


THE **POWER** OF COLLABORATIVE ENERGY



BOARD OF DIRECTORS



Bradley N. Howell
*Chairman, TECO Board of Directors
 Chairman & CEO, Lodestar Logistics
 Representative, Texas Medical Center*



Leon Leach, Ph.D. (as of September 2014)
*Executive Vice President
 The University of Texas MD Anderson Cancer Center*



Harold Johnson (through May 2014)
*Associate Vice President of Facilities
 Management and Construction/Risk Manager
 Texas Woman's University*



Spencer Moore (through August 2014)
*Vice President Operations and Facilities Management
 The University of Texas MD Anderson Cancer Center*



Donald P. DeWalch
*Vice Chairman, TECO Board of Directors
 Representative, Texas Children's Hospital*



Kevin Dillon
*Senior Executive Vice President,
 Chief Operating and Financial Officer
 The University of Texas
 Health Science Center at Houston*



Bruce Phillips
*Partner, PinPoint Commercial, LP
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PRESIDENT AND CEO



Stephen K. Swinson, PE
 President and Chief Executive Officer



Joe Standridge, Jr. (as of June 2014)
*Associate Vice President of Facilities
 Management and Construction/Risk Manager
 Texas Woman's University*

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 Texas Woman's University

Denise Castillo-Rhodes
 Texas Medical Center

Peter Dawson
 Texas Children's Hospital

Clay Hanks, Ph.D.
 The Texas A&M University System
 Health Science Center

Michael Hatton
 Memorial Hermann Health System

Richard McDermott
 The University of Texas
 Health Science Center at Houston

Spencer Moore (as of September 2014)
 The University of Texas
 MD Anderson Cancer Center

Dwain Morris (through August 2014)
 The University of Texas
 MD Anderson Cancer Center

Stewart Scott (through August 2014)
 CHI St. Luke's Health



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 Chief Facility Services Officer
 Memorial Hermann Health System*

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*Executive Director of Program Management
 Office of Facilities Planning and Construction
 The University of Texas System*

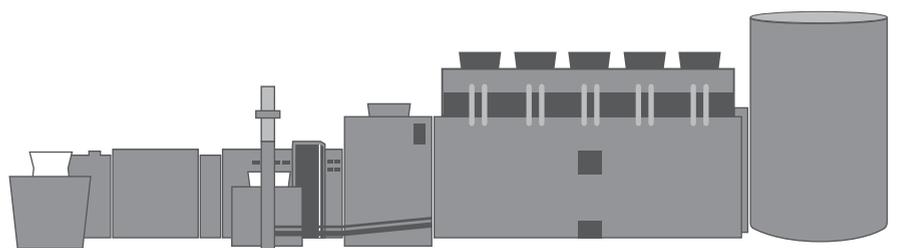


THE **POWER** OF COLLABORATIVE ENERGY

2014 ANNUAL REPORT

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MISSION: Provide reliable and economical thermal services to the institutions of Texas Medical Center.





To our customers and friends in the Texas Medical Center and our energy industry colleagues

The excitement was palpable when Neil Armstrong first walked on the moon in July 1969, the same year the district cooling and heating system at Texas Medical Center (TMC) began operation. NASA's achievement created an "anything is possible" environment spurring innovation and progress.

Forty-five years later, we may not be walking on the moon, but the thrill of looking to the future remains – especially at Texas Medical Center in Houston. TMC's institutions continue to grow and achieve previously unimaginable feats in patient care, research and education. In many ways, the sky's the limit.

In 2014, Texas Medical Center kicked off an exciting new cross-campus initiative to promote collaboration among its member institutions and take TMC to new heights. The theme is resonating and driving decisions that will affect TMC's – and Thermal Energy Corporation's (TECO's) – future.

That's why we adopted "The Power of Collaborative Energy" as the theme for this year's annual report. We feel the energy on campus and realize the power that collective knowledge and innovation hold. We reflect our commitment to collaboration in profiles featured throughout this year's report, including a special nod to Texas Medical Center (p. 4).

TMC's programmatic growth is certain to spur physical growth, and TECO is prepared to handle the expanding footprint of campus institutions. In 2014 alone, we signed

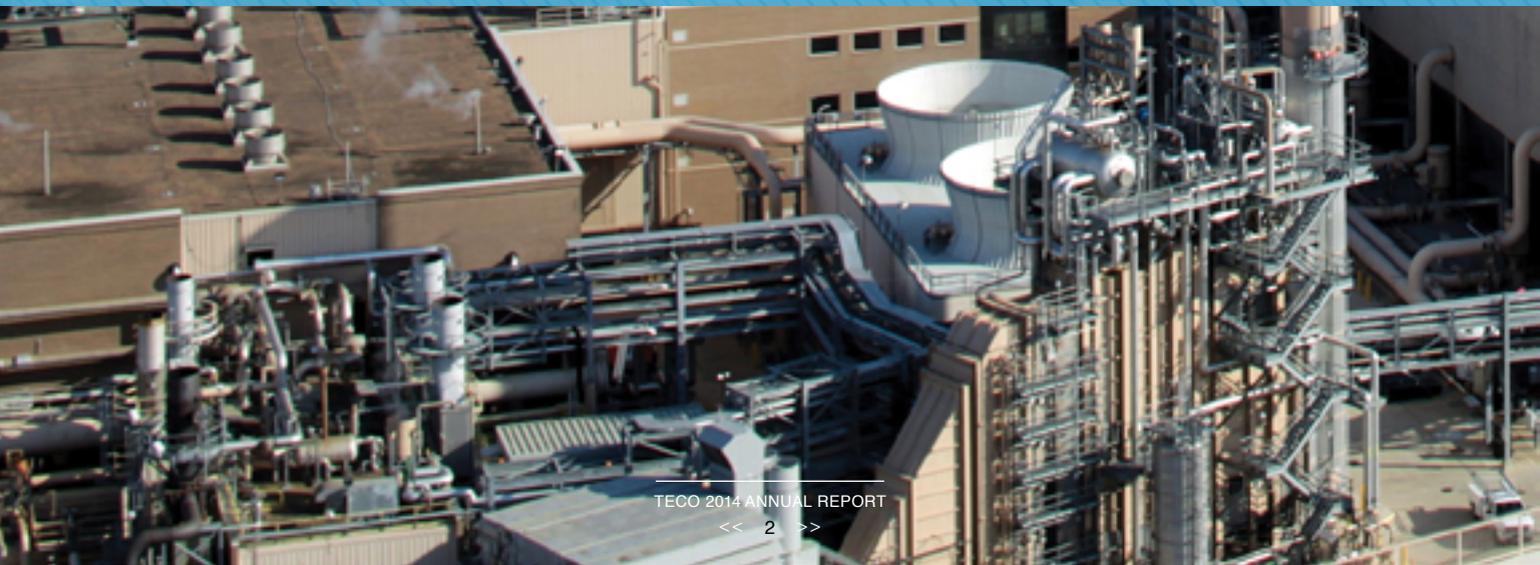
up four new customer buildings to receive service: Houston Methodist Hospital, North Campus expansion; Ben Taub Hospital; Hermann Pavilion II; and the new Michael E. DeBakey High School for Health Professions.

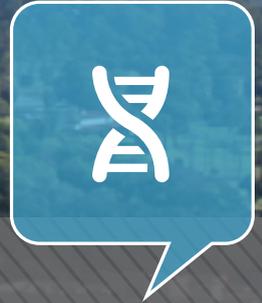
We also marked the year with 100% chilled-water and steam service reliability and a more than \$5 million refund to our existing customer base. Our system efficiency – largely the result of our combined heat and power unit – continues to help us hold the line on costs.

The employees who made those achievements possible completed the year with 453 days without a recordable or lost-time accident. A safe work environment is paramount, and we thank our employees for a job well done.

We also extend our sincere thanks to our Board of Directors and our Board Committee members and warmly welcome our new Chairman, Brad Howell. We look forward to working together to embrace TMC's collaborative spirit and be a part of the health care innovation that is to come.

Stephen K. Swinson, PE
President and Chief Executive Officer





It has been an honor to step into the shoes of my esteemed predecessor Paul G. Bell, Jr., who served 14 years as Thermal Energy Corporation's Chairman. He and his colleagues had the foresight to centralize chilled-water and steam operations on the Texas Medical Center campus, founding Thermal Energy Corporation to run it.

The district energy system we know today didn't just appear overnight. It took countless meetings, endless hours of negotiation and significant collaboration to bring the system to fruition. But Bell persevered, knowing how important it was to keep energy costs in check, reduce capital costs for energy equipment, and lift the burden of cooling and heating operation from mission-critical institutions on campus. Medicine, research and education should be their focus, not energy production.

TECO has since thrived and grown, becoming a vital component of the Texas Medical Center's infrastructure and the largest district cooling complex in the nation. As a result, TECO's Board of Directors voted in 2014 to rename TECO's Central Plant as the Paul G. Bell, Jr. Energy Plant in his honor. It is a well-deserved and fitting acknowledgment of his service to this organization.

Indeed, 2014 was a year of looking back at our accomplishments and looking forward in tandem with

Texas Medical Center. In January 2014, TMC brought together more than 200 of its community leaders for a two-day retreat to forge a new vision for Texas Medical Center. It was an unprecedented gathering that showed overwhelming support for collaboration in five key program areas: Clinical Research, Genomics, Health Policy, Innovation, and Regenerative Medicine.

Leaders from across the TMC community are energized and committed to securing TMC's role as a leader in collaborative medicine.

TECO, too, is energized by what lies ahead. We are pleased to be "the energy behind what's next" at the world's largest medical center.

Brad Howell

Bradley N. Howell
Chairman





Texas Medical Center – The **Third** Coast of Innovation



While collaboration isn't new to Texas Medical Center, a new collaborative initiative is changing the way TMC institutions look at the future of health care. Robert C. Robbins, MD, president and CEO of Texas Medical Center, shares his insights.

How and when did the current collaborative initiative come about at Texas Medical Center?

Robbins: Phenomenal medical advances are happening at Texas Medical Center, but admittedly some great opportunities are passing us by. They're going to other medical and pharmaceutical centers around the world – places such as Singapore, London, Boston, the North Carolina research triangle and Stanford University, where I served before coming to TMC in late 2012. Yet none of those locations has the breadth and depth of experience and consolidated physical location that we have at Texas Medical Center.

When I arrived at TMC, I started talking to our member institutions about tapping those qualities to heighten TMC's stature. My message? Now is the time – there is no time to wait – to leverage the momentum of our member institutions to become the world leader in collaborative medicine, absolutely above and beyond what others have to offer. I propose that we create "The Third Coast" right here in Houston that draws business here instead of to the East or West Coast.

Collaboration will help us attract more patients, bring in more research dollars, lure top-flight talent, support innovation, expedite clinical trials and even reduce costs. For example, rather than each institution building a new vivarium, we can consolidate that need in a central, collaborative research facility.

"I propose that we create 'The Third Coast' right here in Houston that draws business here instead of to the East or West Coast."

What is the key to successful collaborative efforts on the TMC campus?

Robbins: Texas Medical Center member institutions have always had strong leadership. It's what got us where we are today. But we're seeing leadership changes throughout the campus that make it a natural time to exchange ideas and ask the right questions. Engaging these new leaders is an important step in gaining traction for our collaborative initiatives.

Each Texas Medical Center institution has a strong brand reputation that is only enhanced by being a part of the TMC campus. As a result, institutions don't have to worry about losing or diluting their brand by working collectively. That provides a comfort level right from the start. We often cite TECO's success as an excellent example of how TMC member institutions benefit by coming together.

We're working on everyone's behalf, uniting everyone in a common vision that is going to benefit not just TMC institutions, but ultimately Houston as a whole.



2014 MILESTONES

RETREAT \ \ More than 200 leaders from Texas Medical Center institutions came together for a two-day strategic planning session to determine a new vision for TMC. Five collaborative institutes were identified as key to propelling TMC forward. **January 2014.**

STRATEGIC PLAN \ \ Committees presented a vision for each of the five institutes, affirming that campus leaders believe that what can be accomplished together is greater than each could achieve on its own. **April 2014.**

TMCx \ \ TMCx is the first program to be introduced through the Innovation Institute. Housed in 100,000 sq ft of a former Nabisco cookie factory, TMCx furnishes space and a collaborative environment for life science and digital health entrepreneurs to help accelerate their path to market. **October 2014.**

TMC3 \ \ Plans got under way to transform a large parking lot in the center of campus into a life science research building. Called "TMC3" or "The Third Coast," it will serve as TMC's new epicenter, incorporating state-of-the-art, multi-institutional research space, hotel, conference space, retail and restaurant space and multi-use housing. **January 2014.**



What are the greatest lessons learned to date from TMC's most recent collaborative efforts?

Robbins: Although we've certainly learned things here, we started by looking at best practices elsewhere. What have others done right or wrong and why? Then we got input from local TMC leaders and developed a strategic plan that's tailored to Texas Medical Center and our community. That's incredibly important here. One thing I've learned is that Texans have a history of dreaming big. They're never afraid to follow their dreams. So when you set high goals, you see the power of Texas coming together. I have no doubt that our Texas-size goals will be reached.

Page 4 top: A young entrepreneur diligently works in the TMCx space. Photo Shau Lin Hon/Slyworks Photography.

Page 4 bottom: Robbins & McKeon at an event in the TMCx space. Photo Nick de la Torre.

Above: TMC3 will be located between the current main campus and south research campus. Image Gensler.

Right: Stock image fotostorm.

“Our current collaborative initiative is emerging as a strategic inflection point. We're shifting from just sharing a campus to thinking programmatically so we can compete on a global basis.”

William McKeon, Executive Vice President, Chief Strategy Officer & Chief Operating Officer, Texas Medical Center.

COLLABORATIVE INSTITUTES



Innovation

Vision: Become the global leader in life sciences innovation.



Health Policy

Vision: Develop the most effective policy solutions to improve the health of diverse populations, locally and globally.



Genomics

Vision: Create the world's most innovative genomics center for discovery and disease intervention.



Regenerative Medicine

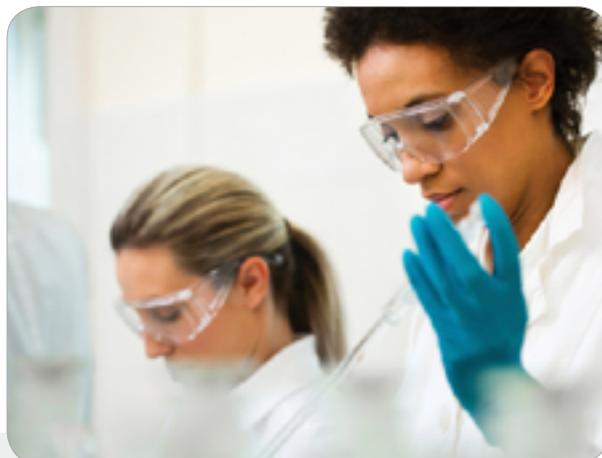
Vision: Lead the world in discovering, developing and delivering curative regenerative therapies.



Clinical Trials

Vision: Become the global leader in life sciences innovation.

Learn more at texasmedicalcenter.org.





LEADERSHIP

Donald P. DeWalch

Wisdom to Build On

It's one thing to talk about leadership. It's another to embody it.

Of service. Don DeWalch has been a member of Texas Children's Hospital's Board of Directors since the hospital was housed in the original Abercrombie Building. And he has been a TECO Board member since 1983, currently serving as Vice Chairman.

Negotiating success. But DeWalch doesn't just wear those titles. He dives in and gets actively involved in project development and crucial negotiations. In fact, he served as TECO's principal negotiator to successfully relocate the neighboring Texas Medical Center Laundry in 2007. That vital step enabled TECO to expand its plant site and add efficient combined heat and power technology, and allowed the Laundry to move into a state-of-the-art facility.

Long-term view. DeWalch says productive negotiations are like any other collaboration. "It's critical to engage everyone in the long-term goal and the overall benefits," he says. "If that's in mind upfront, it makes things easier. But you need to do your homework. You need to get to know the people you're working with, the organizations they represent and your subject matter in great detail. And it doesn't hurt to have a sense of humor along the way."

Expanded reach. DeWalch recalls that TECO and Texas Children's – a longtime TECO customer – worked closely together in a move that ultimately benefitted both parties and the rest of TECO's customers. "TECO wanted to extend its chilled-water service lines across Fannin Street to loop the system for enhanced reliability and serve potential customers in the area," he says. "Studies showed that the best route was through Texas Children's parking garage. Since adding customers spreads TECO's fixed costs over a wider base, Texas Children's realized that one day it could directly benefit. That, combined with the fact that Texas Children's soon hoped to expand, sealed the deal, and the pipes were installed."

According to DeWalch, this kind of collaboration typifies why Texas Medical Center has achieved such a stellar reputation. "Brilliant physicians and scientists want to come here. They know the excellence we can achieve together."

"You need to get to know the people you're working with, the organizations they represent and your subject matter in great detail. And it doesn't hurt to have a sense of humor along the way."



IDEAS

Nolan Lambert Teamwork at Its Best

Nolan
It seems that the minute you buy a new computer, an even newer model is on the shelf. So imagine what it's been like for Nolan Lambert, TECO's IT manager, who started with the company in 1994. Technology has changed at lightning speed, offering up inherent challenges, but opportunities for the company as well.

On call. Initially an instrumentation technician, Nolan moved into his role as IT manager in 1998. He holds multiple certifications and is responsible for database development and administration, network and closed-circuit TV systems administration, and telecommunication management. Need a new cell phone? Having problems with the Internet? Want to adjust the security cameras? Nolan is TECO's guy to call.

“We solicited everyone’s input, listening carefully to wants and needs. We bounced ideas off each other and collaborated to develop an extensive project work scope.”

Leading the way. That's why Nolan was tapped to lead an 11-employee team to select the company's new enterprise asset management (EAM) system, an all-in-one information system that consolidates work order, purchase order and time-tracking processes. While TECO had been using another system since the mid-1990s, the company had grown and its needs had changed. It was time for an upgrade.

Exchanging ideas. “We included people from various departments throughout the company for our team,” says Nolan. “We started meeting in 2010, knowing it would be a lengthy but worthwhile process. We solicited everyone's input, listening carefully to wants and needs. We bounced ideas off each other and collaborated to develop an extensive project work scope. We then reached out to EAM vendors.”

The one. Team members tested numerous EAM systems to find the best fit, together choosing the winner in 2014. Shelly Pesak, systems administrator, worked closely with Nolan throughout the project and helped coordinate TECO's new EAM system installation and rollout. To introduce everyone to the new system, she set up group training sessions, plus special one-on-one sessions for heavy users.

“Change is never easy,” says Nolan. “But I'm thankful for the efforts of Shelly, the rest of our EAM team and our employees for their dedicated efforts to adopt the new system.”

Task

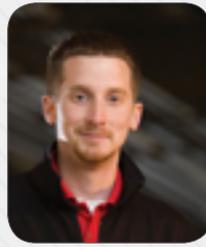
Select a new enterprise asset management (EAM) system.

Who

11-member TECO team

Result

Introduced new EAM system in July 2014.



Austin Kelly
project engineer



Don Seay
maintenance planner



Jim Daniel
procurement manager



Jared Marish
energy analyst



Steve Lehr
supervising senior project
coordinator



Nolan Lambert
IT manager - project lead



Shelly Pesak
systems administrator -
project coordinator



Kelly Powell
materials coordinator



Damain Sampson
instrument technician II



Winston Wood
environmental, health &
safety engineer**



Clarissa Brewster
human resources manager*

Key functions

- Integrate project management, including document storage
- Coordinate and prioritize work orders
- Track and optimize supply and inventory
- Organize purchase orders
- Manage time tracking

Major benefits

- Streamlined workflow
- Improved companywide collaboration
- Quick, round-the-clock access to critical data in all departments
- Inventory and purchasing cost savings
- Enhanced risk management

* formerly financial operations accountant
** through September 2014



GROWTH

Clarissa Brewster could almost say she has held nearly every job at TECO except boiler operator. Truth be told, Clarissa has worked at numerous positions within TECO, starting as a receptionist in 1991. Now, 23 years later, she has taken on her newest role: human resources administrator.

Recruiter-in-chief. Clarissa's journey through TECO makes her a perfect fit as the company's chief recruiter. "I've enjoyed all of my jobs here," she says. "But I don't think there could be a better fit for me than the job I hold right now. It's easy to champion TECO. I really believe in the organization, the leadership and the people. I've never been around a group of people who can work together so well."

All hands on deck. Clarissa emphasizes that recruiting is a collaborative process as she works with department heads to determine their staffing needs, post the positions, interview candidates, make the offers and bring new team members on board. Once on board, employees can count on TECO to help them perform at the highest-possible levels.

Trained for success. "TECO's culture nourishes education and training," says Clarissa. "The company helped train me for each of my previous positions, including paying for classes I needed to obtain my payroll certification. That kind of commitment ensures our people are good at their jobs and encourages them to stay and grow with the company. It's a healthy work environment."

Being heard. Clocking in at just under 100 employees, TECO may not be the largest company, but with employees dispersed throughout the plant, piping system and customer buildings, communication can be challenging. But Clarissa says the company reaches out, welcoming employee feedback and engaging employees in decision-making wherever possible. In fact, she was on the 11-employee team that helped TECO select a new enterprise asset management (EAM) system. "We exchanged ideas and worked together over several years," she says. "And I think we would all agree that our voices were heard. We're proud of what we accomplished together."

Clarissa Brewster

Moving Forward Together

"It's easy to champion TECO. I really believe in the organization, the leadership and the people. I've never been around a group of people who can work together so well."



TECHNOLOGY

Damain Sampson

Precision With Heart

TECO's Damain Sampson is no stranger to hard work. He grew up helping out at his dad's fabricating shop, spending his summers learning the business (and sweeping floors, Damain adds). With a proud father looking on, Damain followed in his dad's footsteps and became a welder, setting out on his own to gain experience.

Finding TECO. Damain's first job lasted until the devastating effects of 9/11 eventually shut down his employer – and eliminated his job. But he got back on track, joining TECO's distribution team in 2005, where he handled piping system excavation, fitting and welding and visited customer buildings to open and close chilled-water and steam valves.

Working together. Although Damain enjoyed the work, he was most struck by the sense of teamwork and collaboration he found among his colleagues. "Everyone works together, encourages one another and supports your growth within the company," says Damain. "After two years with TECO, another job in the company opened up. I applied and got it. I've worked in the instrumentation and controls department ever since."

Focused on precision. Now an instrument technician II, Damain is drawn to the intricate technology that makes TECO's equipment tick. Every element – from the heat-recovery steam generator to customer meters – must be precisely calibrated to ensure efficient and reliable chilled-water and steam service to mission-critical customers.

Addressing challenges. "All of us in instrumentation and controls have taken classes and undergone training so we know our equipment inside and out," says Damain. "But the best thing we do is meet every morning to discuss what's going on and what challenges, if any, we're encountering. There's a wealth of information in that room and that's where we come up with the best solutions – working together."

Dedicated to family. Although Damain is the first to tell you that he loves technology, he does put it in perspective. He and his family spend every Wednesday evening without electronics – no computers, TVs or cell phones. Instead, the family gathers to talk about their days, their lives, their hopes and their dreams.

"But the best thing we do is meet every morning to discuss what's going on and what challenges, if any, we're encountering. There's a wealth of information in that room and that's where we come up with the best solutions – working together."



Finance and Administration

- Refunded \$5,038,253 to customers from FY2014* net income. As a result, customer chilled-water and steam rates were reduced by 6.5% compared to FY2013*.
- Exceeded budget expectations for FY2014 and presented a FY2015 budget that was approved by the Board of Directors.
- Completed 2014 financial audit. There were no notable comments regarding 2014 financial results, accounting methods, process or internal controls.
- Renamed the company's Central Plant the Paul G. Bell, Jr. Energy Plant on April 14 to honor Bell's leadership and 14 years as Chairman of TECO's Board of Directors.
- Produced and distributed TECO's 2013 Annual Report "Ready. Reliable. Resilient."
- Prepared accurate forward-year rate forecast for institutions that need the information for their budgeting process prior to the close of TECO's fiscal year.
- Maintained TECO's financial closing on the third business day of the month.

Operation

- Provided 100% chilled-water and steam service reliability to customers.
- Marked a record of 453 days (as of August 31, 2014) without a recordable or lost-time accident. Received a Workers Compensation Experience Modifier of 0.80, which continues to be well below the industry average of 1.0.
- Successfully followed the Energy Policy initiated in 2006 to help TECO lock in fuel purchases at the lowest-possible cost.
- Continued Operator Training and Certification Program, which resulted in five operators receiving or upgrading their City of Houston Operating license during 2014.
- Had no citations relating to environmental, safety or regulatory requirements.
- Continued to fund the Major Equipment Replacement Program (MERP) along with the insurance reserve fund. MERP ensures funding will be available for future equipment replacement as needed assuming normal equipment life cycles. By regularly allocating money to an insurance reserve fund, TECO can raise deductibles and reduce insurance premiums. Funding levels for both programs are evaluated and adjusted annually.
- Continued to operate and maintain The University of Texas Health Science Center's Energy Plant, South Campus. TECO remotely monitors plant operations 24 hours a day, and operators visit the plant three times daily, saving UTHealth \$500,000 annually.
- Continued to serve as the point of contact for monitoring Metro Stray Current issues and their effect on institutions in the Texas Medical Center.
- Generated 100% of our power during peak power demand periods recorded by Electricity Reliability Council of Texas (ERCOT). TECO established zero power demand during these periods, and CHP system eliminated the risk that chilled-water and steam customers could be negatively affected by a potential power grid failure.
- Successfully completed capital projects on schedule and budget to enhance performance, efficiency and reliability.

New Growth and Customer Involvement

- Finalized agreement to connect Houston Methodist Hospital to TECO's chilled-water and steam systems for North Campus expansion. Phase I expansion will result in 3,800 tons of peak chilled-water load and 36,000 lb/hr of peak steam load. Projected startup in 2015.
- Finalized agreement with Harris Health System to provide TECO's chilled-water and steam service to Ben Taub Hospital, resulting in 4,800 tons of peak chilled-water load and 18,000 lb/hr of peak steam load. Projected startup in 2015.
- Finalized plans with Memorial Hermann Health System to provide chilled water and steam service to the new Hermann Pavilion II, resulting in 2,600 tons of peak chilled-water load and 4,200 lb/hr of peak steam load. Projected startup in 2015.
- Finalized plans with Houston Independent School District to provide chilled-water service to the new Michael E. DeBakey High School for Health Professions, resulting in 750 tons of peak chilled water load. Projected startup in 2015.
- Conducted our annual customer satisfaction survey.

*September 1 – August 1



Ben Taub Hospital
Courtesy Ben Taub.



Houston Methodist Hospital, North Campus
Courtesy Houston Methodist Hospital.



Michael E. DeBakey High School for Health Professions
Courtesy DeBakey High School.

POWER

PAUL G. BELL, JR. ENERGY PLANT - CENTRAL PLANT

48 MW combined heat and power system
14 MW standby generation

SOUTH MAIN PLANT

2 MW standby generation

“In 20-plus years I have never had an issue [with TECO’s chilled water or steam] that has affected the operation of the university in any way. Over my entire career as facilities manager here I have never seen a vendor that is more concerned with the customers’ needs. As TECO moves forward, I have come to know that I can always count on them.”

FY2014 survey respondent

CHILLED WATER

STEAM

CUSTOMERS

Number of customers	18	18
Number of buildings served	45	35
Square feet served	19.3 million	15.2 million
Energy sales	268,450,900 ton-hr	899,162 Mlb

ENERGY SOURCES

PAUL G. BELL, JR. ENERGY PLANT - CENTRAL PLANT

Number of boilers, chillers/fuels	14 chillers	7 boilers
	electricity and natural gas	natural gas and diesel
Thermal storage tank	8.8 million-gallon	n/a
	chilled-water storage tank	

SOUTH MAIN PLANT

Number of boilers, chillers/fuels	13 chillers/electricity	2 boilers/natural gas and diesel
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OPERATIONS/DISTRIBUTION

Capacity	120,170 tons	890,000 lb/hr
	(including thermal storage)	(with heat-recovery steam generator and duct firing)
Supply temperature	40° - 42° F	450° F
Supply pressure	65 psi	250 psi
Return temperature	54° F	150° F
Water volume in system	12.4 million gallons	n/a
Steam pressure	n/a	400 psi
Piping type	Welded steel coated with coal/tar epoxy	Welded steel, Schedule 40 with insulation
Piping diameter range	6 to 60 inches	2 to 16 inches
Piping trench feet	7.5 miles	7.5 miles
		(portions of the system have three pipes)



Financials and Operating Statistics

Thermal Energy Corporation completed FY2014 with operating revenues .5% over budget (before a year-end customer rebate) and operating expenses 6.8% under budget.

The revenue varied slightly because weather differed from budgeted assumptions. A majority of the expense variance is because (1) fuel costs were 12% below budget due to operating efficiencies and favorable market conditions, (2) personnel costs net of those capitalized to large projects finished below budget by 7%, and (3) property and casualty insurance premiums were 23% below budget because of soft market conditions and an aggressive renewal process.

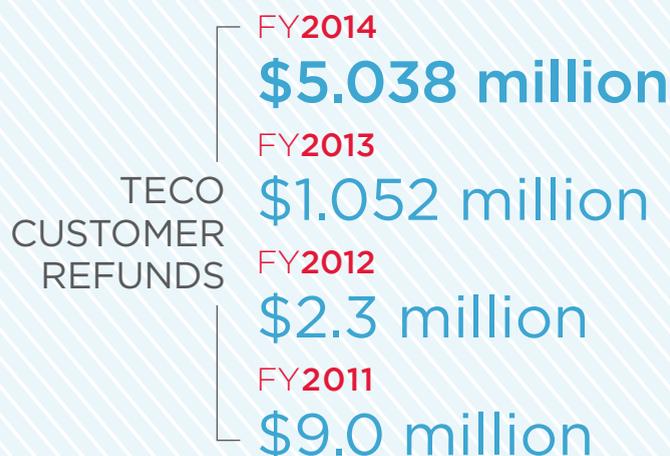
Operating revenues were higher and operating expenses were lower compared with FY2013.

The favorable expense variance allowed for a customer rebate of \$5.038 million (6.5%) in August 2014. TECO realized its below-budget fuel cost without deviating from its energy policy, which provides fuel price stability so that high fuel costs do not affect the company's rates during a budget year.

The company's net income from operations in FY2014 was approximately \$5.2 million; total revenues in excess of expenses were approximately \$4 million, with an unrealized loss of approximately \$1.16 million. The unrealized loss is the result of the required reporting of unrealized mark-to-market losses or (gains) associated with an interest rate swap on the company's 2012 bonds.

FY2014's reported cooling degree-days were 3,121, the fewest since 2004 when they were 3,076. The year's reported heating degree-days were 1,736, the highest in more than a decade.

The company met all of its planned cash, internally set financial, and debt covenant mandated requirements for FY2014.



RATES AND UNITS

Fiscal year September 1 - August 31

CHILLED WATER

	FY2014	FY2013
Rate (\$/ton-hr)	\$ 0.202	\$ 0.210
Rate (\$/MMBtu)	\$ 16.82	\$ 17.52
Peak Demand (tons)	66,398	63,018
Average Demand (tons)	32,781	32,593
Load Factor	49%	52%
Peak (sq ft/ton)	291	297
Production (sq ft/ton-hr)	0.07	0.07
Production (ton-hr)	287,164,532	285,515,670
Cooling Degree-Days (3,510 normal)	3,121	3,213
Fuel Consumption MWh (natural gas and electricity)	225,350	218,190

STEAM

	FY2014	FY2013
Rate (\$/Mlb)	\$ 13.25	\$ 15.02
Rate (\$/MMBtu)	\$ 11.04	\$ 12.51
Peak Demand (lb/hr)	259,406	215,418
Average Demand (lb/hr)	128,022	121,865
Load Factor	49%	57%
Peak (sq ft/lb)	58.4	71
Production (sq ft/Mlb)	14	14
Production (Mlb)	1,121,470	1,067,541
Heating Degree-Days (1,065 normal)	1,736	1,187
Fuel Consumption MMBtu (natural gas)	1,471,073	1,386,217

REVENUE AND EXPENSES

Fiscal year September 1 - August 31

OPERATING REVENUE

	FY2014	FY2013
Chilled Water	\$ 61,999,947	\$ 60,874,983
Steam	\$ 15,872,474	\$ 16,250,047
Other	\$ 2,920,708	\$ 2,849,362
Total Operating Revenue	\$ 80,793,129	\$ 79,974,391

OPERATING EXPENSES

	FY2014	FY2013
Fuel		
--Electric	\$ 6,336,769	\$ 8,827,255
--Gas	\$ 8,840,231	\$ 8,552,484
--Fuel Oil	\$ 67,122	\$ 51,855
Other Operating Expense	\$ 55,293,390	\$ 56,907,540
Total Operating Expenses	\$ 70,537,512	\$ 74,339,134
Customer Rate Reduction	\$ (5,038,253)	\$ (1,052,000)
Net from Operations	\$ 5,217,364	\$ 4,583,257
Non-Operating Revenue (Expense)	\$ (1,159,062)	\$ 2,343,625
Revenue in Excess of Expenses	\$ 4,058,302	\$ 6,926,882

THE TECO TEAM

- Marsha Ackman
- Craig Acree
- Henry Barrios
- Rohnald Benfield
- Christopher Beroo
- Brandon Brewster
- Clarissa Brewster
- Julian Brewster
- Patrick Brown
- Randy Brown
- Timothy Brown
- Keith Bryant
- Javier Castillo
- Milton Cowan
- Jim Daniel, Jr.
- Charles Darden
- Ruth Davis
- Steve Del Toro
- Ryan Doucet
- Kerry Fischer
- Dennis Foster
- Kyle Fridley
- Manuel Gamez
- Jose Garcia
- Joseph Garcia
- Kevin Giblin
- Phillip Gonzales
- Ram Goonie
- Todd Gryseels
- Manuel Guerra
- Daryle Hall
- Travis Hampton
- Mike Handorf
- Jess Harper
- Ronald Hendershott
- Troy Hollin
- Steve Hyde
- Juan Jimenez
- Brandon Johnson
- Brady Jones
- Denise Karstedt
- Austin Kelly
- William Key, II
- Zhanna Kogan
- Nolan Lambert
- Roger Lambert
- Stephen Lehr
- Antonio Lopez
- A.C. Lynch
- Jared Marish
- Joel McCormick
- Lamont McInnis
- Charlie Michalak
- Daniel Mitten
- Frederick Musil
- Philip Muzar, Jr.
- Stephen Nagy
- Larry Null
- Fidel Orizaba
- Aurelio Ortiz
- Walter Pascua
- Thomas Penzi, III
- Shelly Pesak
- Kelly Powell
- Sean Price
- Faustino Quiroz
- Rey Regresado
- Juan Rodriguez
- Brad Rogert
- Lloyd Rothe
- Johnny Runyan
- Jake Ruttle
- Tong Sahnnon
- Isauro Salinas
- Damain Sampson
- Tim Sawyer
- Jared Schneider
- Olin Seago
- Donald Seay
- Ernestine Shepard
- Jeffrey Snover
- Phyllis Sousley
- Don Stowe
- Steve Swinson
- Mike Thamm
- Karen Thomas
- Bruce Turner
- Salomon Vega
- James Walker
- Scotty Walker
- Shane Williams

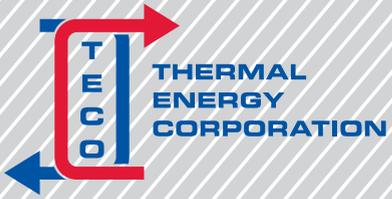
“I’ve worked at TECO since 1991, and I can honestly say that there isn’t one person at TECO I wouldn’t hire if I owned my own company. I’m certainly not planning to do that, but that’s how much I think of them.”

Clarissa Brewster, human resources administrator

Key Business Partners

- Burns & McDonnell
- CenterPoint Energy
- ChemTreat
- DaCott Energy Services
- Frost
- GE Distributed Power
- Jackson & Ryan Architects
- Johnson Controls, Inc.
- Lockton Companies, LLC
- Soteica Visual MESA LLC
- Stanley Consultants
- Tellepsen
- Toshiba International Corporation
- Twin Eagle Resource Management LLC





A TEXAS MEDICAL CENTER INSTITUTION

