

Pepeco Holdings

SFAS No. 159 establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 requires companies to provide additional information that will help investors and other users of financial statements to more easily understand the effect of the company's choice to use fair value on its earnings. It also requires entities to display the fair value of those assets and liabilities for which the company has chosen to use fair value on the face of the balance sheet. SFAS No. 159 does not eliminate disclosure requirements included in other accounting standards.

SFAS No. 159 applies to fiscal years beginning after November 15, 2007 (year ending December 31, 2008 for Pepco Holdings), with early adoption permitted for an entity that has also elected to apply the provisions of SFAS No. 157, Fair Value Measurements. An entity is prohibited from retrospectively applying SFAS No. 159, unless it chooses early adoption. SFAS No. 159 also applies to eligible items existing at November 15, 2007 (or early adoption date). Pepco Holdings is in the process of evaluating the impact of SFAS No. 159 on its financial condition, results of operations and cash flows.

(3) SEGMENT INFORMATION

Based on the provisions of SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," Pepco Holdings' management has identified its operating segments at December 31, 2006 as Power Delivery, Conectiv Energy, Pepco Energy Services, and Other Non-Regulated. Intercompany (intersegment) revenues and expenses are not eliminated at the segment level for purposes of presenting segment financial results. Elimination of these intercompany amounts is accomplished for PHI's consolidated results through the "Corp. & Other" column. Segment financial information for the years ended December 31, 2006, 2005, and 2004, is as follows.

172

5,118.8
8,362.9

	Year Ended December 31, 2006 (Millions of dollars)					
	Competitive Energy Segments					
	Power Delivery	Conectiv Energy	Pepco Energy Services	Other Non-Regulated	Corp. & Other(a)	PHI Cons.
Operating Revenue	\$5,118.8	\$2,157.3(b)	\$1,668.9	\$90.6	\$(672.7)	\$ 8,362.9
Operating Expense (c)	4,651.0(b)	2,059.7	1,631.2(e)	6.5	(678.8)	7,669.6
Operating Income	467.8	97.6	37.7	84.1	6.1	693.3
Interest Income	12.0	35.4	2.9	170.4	(203.8)	16.9
Interest Expense	180.5	63.8	4.9	201.3	(111.4)	339.1
Other Income	18.6	10.4(d)	1.6	7.9	1.3	39.8
Preferred Stock Dividends	2.1	-	-	2.5	(3.4)	1.2
Income Taxes	124.5(f)	32.5	16.7	8.4(f)	(20.7)(f)	161.4
Net Income (Loss)	191.3	47.1	20.6	50.2	(60.9)	248.3
Total Assets	8,933.3	1,841.5	617.6	1,595.6	1,255.5	14,243.5
Construction Expenditures	\$ 447.2	\$ 11.8	\$ 6.3	\$ -	\$ 9.3	\$ 474.6

Source: PEPCO HOLDINGS INC, 10-K, March 01, 2007

Pinnacle West

2,635,036
3,401,748

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ITEM 6. SELECTED FINANCIAL DATA
PINNACLE WEST CAPITAL CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA

	2006	2005	2004	2003	2002
(dollars in thousands, except per share amounts)					
OPERATING RESULTS					
Operating revenues:					
Regulated electricity segment	\$ 2,635,036	\$ 2,237,145	\$ 2,035,247	\$ 1,978,075	\$ 1,890,491
Real estate segment	399,798	338,031	350,315	361,604	201,081
Marketing and trading	380,742	351,538	400,628	391,196	286,879
Other revenues	36,172	61,221	42,816	27,929	26,899
Total operating revenues	\$ 3,401,748	\$ 2,987,955	\$ 2,829,006	\$ 2,758,804	\$ 2,405,250
Income from continuing operations (a)	317,143	223,163	246,590	225,384	236,563
Discontinued operations - net of income taxes (b)	10,112	(46,896)	(3,395)	15,195	(21,410)
Cumulative effect of change in accounting - net of income taxes (c)	—	—	—	—	(65,745)
Net income	\$ 327,255	\$ 176,267	\$ 243,195	\$ 240,579	\$ 149,408
COMMON STOCK DATA					
Book value per share - year-end	\$ 34.48	\$ 34.58	\$ 32.14	\$ 30.97	\$ 29.40
Earnings (loss) per weighted average common share outstanding:					
Continuing operations - basic	\$ 3.19	\$ 2.31	\$ 2.70	\$ 2.47	\$ 2.79
Discontinued operations (b)	0.10	(0.48)	(0.04)	0.17	(0.26)
Cumulative effect of change in accounting (c)	—	—	—	—	(0.77)
Net income - basic	\$ 3.29	\$ 1.83	\$ 2.66	\$ 2.64	\$ 1.76
Continuing operations - diluted	\$ 3.17	\$ 2.31	\$ 2.69	\$ 2.47	\$ 2.78
Net income - diluted	\$ 3.27	\$ 1.82	\$ 2.66	\$ 2.63	\$ 1.76
Dividends declared per share	\$ 2.025	\$ 1.925	\$ 1.825	\$ 1.725	\$ 1.625
Indicated annual dividend rate per share - year-end	\$ 2.10	\$ 2.00	\$ 1.90	\$ 1.80	\$ 1.70
Weighted-average common shares outstanding - basic	99,417,008	96,483,781	91,396,904	91,264,696	84,902,946
Weighted-average common shares outstanding - diluted	100,010,108	96,589,949	91,532,473	91,405,134	84,963,921
BALANCE SHEET DATA					
Total assets	\$ 11,455,943	\$ 11,322,645	\$ 9,896,747	\$ 9,519,042	\$ 9,139,157
Liabilities and equity:					
Long-term debt less current maturities	\$ 3,232,633	\$ 2,608,455	\$ 2,584,985	\$ 2,616,585	\$ 2,743,741
Other liabilities	4,777,194	5,289,226	4,361,566	4,072,678	3,709,263
Total liabilities	8,009,827	7,897,681	6,946,551	6,689,263	6,453,004
Common stock equity	3,446,116	3,424,964	2,950,196	2,829,779	2,686,153
Total liabilities and equity	\$ 11,455,943	\$ 11,322,645	\$ 9,896,747	\$ 9,519,042	\$ 9,139,157

- (a) Includes regulatory disallowance of \$84 million after tax in 2005. See Note 3 in Item 8.
- (b) Amounts related to Silverhawk, SunCor and NAC discontinued operations. See Note 22 in Item 8.
- (c) Represents change in accounting standards related to energy trading activities in 2002.

PNM Resources

592,149 + 256,990 = 508,829
2,471,669

PNMR Segment Information

Summarized financial information for PNMR by business segment for the year ended December 31, 2006 is as follows (in thousands):

Segments of Business	Regulated		Unregulated				Consolidated
	PNM	TNMP	PNM		First	Corporate	
	Electric	Electric *	Gas	Wholesale	Choice *	& Other	
2006:							
Operating revenues	\$ 582,979	\$ 187,955	\$508,410	\$ 684,896	\$584,759	\$ (47,310) (a)	\$ 2,471,669
Intersegment revenues	9,170	69,055	419	50,619	140	(129,403)	-
Total revenues	<u>592,149</u>	<u>256,990</u>	<u>508,829</u>	<u>705,515</u>	<u>584,899</u>	<u>(176,713)</u>	<u>2,471,669</u>
Less: Cost of energy	195,155	103,021	361,873	507,800	455,126	(177,185) (a)	1,445,790
Intersegment energy transfer	(6,935)						
Gross margin	<u>403,349</u>	<u>153,969</u>	<u>146,956</u>	<u>191,360</u>	<u>129,773</u>	<u>472</u>	<u>1,025,879</u>
Operating expenses	72,911	79,235	104,816	63,457	64,762	3,712 (b)	593,903
Depreciation and amortization	59,610	31,576	23,991	26,101	2,026	8,967	152,271
Income taxes	(4,212)	4,238	2,256	22,667	22,132	(22,377) (b)	46,198
Operating income	<u>56,616</u>	<u>38,900</u>	<u>15,813</u>	<u>76,085</u>	<u>40,826</u>	<u>5,267</u>	<u>233,507</u>
Interest income	25,829	922	3,669	5,370	2,474	1,418	39,682
Other income (deductions)	4,098	7,902	457	1,669	(390)	(1,527)	12,219
Other income taxes	(11,848)	(3,085)	(1,637)	(2,787)	(745)	2,330	(17,772)
Net interest charges	(34,931)	(28,926)	(12,356)	(36,837)	(802)	(31,620)	(145,522)
Segment net income (loss) (a)	<u>\$ 59,764</u>	<u>\$ 15,716</u>	<u>\$ 5,936</u>	<u>\$ 43,450</u>	<u>\$ 41,369</u>	<u>\$ (24,332)</u>	<u>\$ 122,114</u>
Gross property additions	\$ 174,864	\$ 47,659	\$ 32,824	\$ 39,410	\$ 1,272	\$ 26,089	\$ 321,118
At December 31, 2006:							
Total Assets	\$2,091,335	\$1,156,842	\$704,519	\$ 1,097,375	\$349,846	\$ 765,707	\$ 6,165,624
Goodwill	\$ -	\$ 363,764	\$ -	\$ -	\$151,974	\$ -	\$ 495,738

- (a) Reflects EITF 03-11 impact, under which wholesale revenues and the associated cost of energy of \$48.5 million are reclassified to a net margin basis in accordance with GAAP.
- (b) Includes TNP and Twin Oaks acquisition integration costs of \$4.3 million and costs associated with the formation of EnergyCo of \$3.4 million and an income tax benefit of \$3.0 million.

PPL Corp

4573

6899

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31,

PPL Corporation and Subsidiaries

(Millions of Dollars, except per share data)

	2006	2005	2004
Operating Revenues			
Utility	\$ 4,573	4,389	\$ 3,900
Unregulated retail electric	91	101	114
Wholesale energy marketing	1,532	1,091	1,124
Net energy trading margins	35	32	21
Energy-related businesses	669	626	535
Total	6,899	6,179	5,754
Operating Expenses			
Operation			
Fuel	909	914	755
Energy purchases	1,310	893	881
Other operation and maintenance	1,411	1,407	1,247
Amortization of recoverable transition costs	282	268	257
Depreciation (Note 1)	446	420	404
Taxes, other than income (Note 5)	282	279	249
Energy-related businesses	660	649	566
Total	5,300	4,830	4,359
Operating Income	1,599	1,349	1,395
Other income, net (Note 117)	69	29	39
Interest Expense	482	508	513
Income from Continuing Operations Before Income Taxes, Minority Interest and Dividends on Preferred Securities of a Subsidiary	1,185	870	921
Income Taxes (Note 5)	275	122	201
Minority Interest	11	7	8
Dividends on Preferred Securities of a Subsidiary (Notes 7 and 8)	14	2	2
Income from Continuing Operations	885	739	710
Loss from Discontinued Operations (net of income taxes) (Notes 9 and 10)	20	53	12
Income Before Cumulative Effect of a Change in Accounting Principle	865	686	698
Cumulative Effect of a Change in Accounting Principle (net of income taxes) (Note 21)		(8)	
Net Income	\$ 865	\$ 678	\$ 698
Earnings Per Share of Common Stock (Note 4)			
Income from Continuing Operations:			
Basic	\$ 2.32	\$ 1.95	\$ 1.98
Diluted	\$ 2.29	\$ 1.93	\$ 1.92

PSEG

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6057
12164

Information related to the segments of PSEG and its subsidiaries is detailed below:

	Energy Holdings						Consolidated Total
	PSE&G	Power	Resources	Global	Other	Other	
	(Millions)						
For the Year Ended December 31, 2006:							
Total Operating Revenues	\$ 7,569	\$ 6,057	\$ 174	\$ 1,174	\$ 9	\$ (2,819)	\$ 12,164
Depreciation and Amortization	620	140	11	41	---	20	832
Income from Equity Method Investments	---	---	---	120	---	---	120
Operating Income (Loss)	772	960	142	68	(6)	(1)	1,935
Interest Income	11	13	---	3	18	(10)	35
Net Interest Charges	346	148	51	133	19	111	808
Income (Loss) Before Income Taxes	448	878	85	(67)	(6)	(132)	1,206
Income Taxes	183	363	23	(58)	(4)	(53)	454
Income (Loss) From Continuing Operations	265	515	63	(11)	(3)	(77)	752
Loss from Discontinued Operations, net of Tax (including Gain (Loss) on Disposal)	---	(239)	---	226	---	---	(13)
Net Income (Loss)	265	276	63	215	(3)	(77)	739
Segment Earnings (Loss)	261	276	63	215	(3)	(73)	739
Gross Additions to Long-Lived Assets	\$ 528	\$ 418	\$ ---	\$ 62	\$ 2	\$ 5	\$ 1,015
As of December 31, 2006:							
Total Assets	\$ 14,553	\$ 8,146	\$ 2,969	\$ 3,118	\$ 77	\$ (293)	\$ 28,570
Investments in Equity Method Subsidiaries	\$ ---	\$ 16	\$ 5	\$ 818	\$ ---	\$ ---	\$ 839
For the Year Ended December 31, 2005:							
Total Operating Revenues	\$ 7,514	\$ 6,027	\$ 247	\$ 1,045	\$ 10	\$ (2,679)	\$ 12,164
Depreciation and Amortization	553	114	7	39	---	18	731
Income (Loss) from Equity Method Investments	---	---	(1)	125	---	---	124
Operating Income (Loss)	913	708	208	293	(11)	(17)	2,094
Interest Income	11	11	---	8	5	---	35
Net Interest Charges	342	100	73	138	2	129	784
Income (Loss) Before Income Taxes	583	752	130	147	(8)	(158)	1,446
Income Taxes	235	318	38	34	(3)	(62)	560
Income (Loss) From Continuing Operations	348	434	92	112	(5)	(95)	886
(Loss)/Income from Discontinued Operations, net of tax (including Loss on Disposal)	---	(226)	---	18	---	---	(208)
Cumulative Effect of a Change in Accounting	---	(16)	---	---	---	(1)	(17)

Sempra $4181 + 2785$
11,761

Years ended December 31,

(Dollars in millions)	2006		2005		2004	
OPERATING REVENUES						
SoCalGas	\$ 4,181	36 %	\$	4,617	40 %	\$3,997 43 %
SDG&E	2,785	24		2,512	22	2,274 25
Sempra	5,256	28		2,724	23	1,689 18
Commodities						
Sempra Generation	1,454	12		1,708	15	1,472 16
Sempra Pipelines & Storage	295	2		317	3	260 3
Adjustments and eliminations	(123)	(1)		(141)	(1)	(125) (1)
Intersegment revenues	(87)	(1)		(225)	(2)	(333) (4)
Total	\$1,761	100 %	\$	11,512	100 %	\$9,234 100 %
INTEREST EXPENSE						
SoCalGas	\$ 70		\$	48		\$ 39
SDG&E	97			74		68
Sempra	72			49		25
Commodities						
Sempra Generation	19			28		34
Sempra Pipelines & Storage	14			16		17
All other	262			293		310
Intercompany eliminations	(183)			(198)		(173)
Total	\$ 351		\$	310		\$ 320
INTEREST INCOME						
SoCalGas	\$ 29		\$	12		\$ 4
SDG&E	6			23		25
Sempra	10			14		10
Commodities						
Sempra Generation	32			5		7
	18			17		17

TECO Energy

2662.5

3448.1

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Revenues from Continuing Operations

(millions)	2006	2005	2004
Tampa Electric	\$2,084.9	\$1,746.8	\$1,687.4
PGS	578.5	549.5	417.2
Total regulated businesses	2,662.5	2,296.3	2,104.6
TECO Coal	574.9	505.1	327.6
TECO Transport ⁽¹⁾	738.5	278.2	249.6
TECO Guatemala ⁽¹⁾	7.6	7.7	11.5
TWG Merchant	104	104	7.6
	3,553.5	3,087.7	2,700.9
Other and eliminations	(105.4)	(77.6)	(61.5)
	<u>\$3,448.1</u>	<u>\$3,010.1</u>	<u>\$2,639.4</u>

⁽¹⁾ Revenues are exclusive of entities deconsolidated as a result of Financial Accounting Standards Board Interpretation No. 46R, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51* (FIN 46R) and include only revenues for the consolidated Guatemalan entities.

For additional financial information regarding TECO Energy's significant business segments including geographic areas, see Note 14 to the TECO Energy Consolidated Financial Statements. Also, see Note 19 for additional information regarding the deconsolidation of Guatemala subsidiaries and its related revenues as of Jan. 1, 2004.

Discontinued Operations/Asset Dispositions

TECO Energy completed a number of asset dispositions in 2006, 2005, and 2004 as part of a business strategy to focus on the electric and gas utilities and long-term profitable unregulated businesses and to reduce exposure to the merchant power sector.

In the first quarter of 2006, TPS McAdams, LLC (TPS McAdams), an indirect subsidiary of the company, sold combustion turbines to Tampa Electric Company and in the second quarter, all remaining assets of TPS McAdams were sold to a third party. Also in the second quarter, the company sold the remaining assets of TECO Thermal which were classified as held for sale as of Dec. 31, 2005. Two remaining steam turbines located in Arizona were sold in the last half of 2006.

In 2005, TWG Merchant sold its membership interest in Commonwealth Chesapeake Power Station (CCC) in Virginia and substantially all the assets of the Dell Power Station in Arkansas. BCH Mechanical, Inc. (BCH Mechanical) was also sold in 2005.

In 2004, TWG Merchant completed both the sale of its 50% indirect interest in Texas Independent Energy, LP (TIE) and the sale of Frontera Generation Limited Partnership (Frontera), the owner of the Frontera Power Station in Texas. In 2004, TECO Guatemala sold its 50% indirect interest in the Hamakua Power Station (Hamakua) in Hawaii. TECO BGA, Inc. (TECO BGA), TECO AGC, Ltd. (TECO AGC), and substantially all the assets of Prior Energy were also sold in 2004. Also in 2004, TECO Energy completed the sale of its general and limited partnership interests in Heritage Propane Partners, L.P. as part of a larger transaction that involved the merging of privately held Energy Transfer Company with Heritage Propane Partners.

Results for CCC, BCH Mechanical, TECO Thermal, Frontera, Prior Energy, TECO BGA, and TECO AGC have been accounted for as discontinued operations for all periods reported. Revenues from these discontinued operations were \$0.8 million, \$10.6 million and \$141.7 million in 2006, 2005 and 2004, respectively (see Notes 16 and 20 to the TECO Energy Consolidated Financial Statements). Included in continuing operations prior to their respective sales were the results of the Dell Power Station, TIE, Hamakua and our interest in TECO Propane Ventures.

In 2005, TECO Energy completed the sale and transfer of the Union and Gila River project companies (see Notes 16 and 20 to the TECO Energy Consolidated Financial Statements). TPGC's results are accounted for as discontinued operations for 2005 and 2004. Revenues from the discontinued operations of TPGC in 2005 and 2004 were \$109.1 million and \$510.7 million, respectively. Net income (loss) from the discontinued operations of TPGC were \$65.1 million and \$(96.0) million in 2005 and 2004, respectively.

TAMPA ELECTRIC – Electric Operations

Tampa Electric Company was incorporated in Florida in 1899 and was reincorporated in 1949. Tampa Electric Company is a public utility operating within the state of Florida. Its Tampa Electric division is engaged in the generation, purchase, transmission, distribution and sale of electric energy. The retail territory served comprises an area of about 2,000 square miles in West Central Florida, including Hillsborough County and parts of Polk, Pasco and Pinellas Counties, with an estimated population of over one million. The principal communities served are Tampa, Winter Haven, Plant City and Dade City. In addition, Tampa Electric engages in wholesale sales to utilities and other resellers of electricity. It has three electric generating stations in or near Tampa, one electric

Westar 1367 1,605 VTHP

Transmission: Reflects transmission revenues, including those based on a tariff with the SPP.

0.96%

Other: Miscellaneous electric revenues including ancillary service revenues and rent from electric property leased to others.

Regulated electric utility sales are significantly impacted by such things as rate regulation, customer conservation efforts, wholesale demand, the economy of our service area and competitive forces. Our wholesale sales are impacted by, among other factors, demand, cost and availability of fuel and purchased power, price volatility, available generation capacity and transmission availability. Changing weather affects the amount of electricity our customers use. Hot summer temperatures and cold winter temperatures prompt more demand, especially among our residential customers. Mild weather serves to reduce customer demand.

2006 Compared to 2005

Below we discuss our operating results for the year ended December 31, 2006 compared to the results for the year ended December 31, 2005. Changes in results of operations are as follows.

	Year Ended December 31,			
	2006	2005	Change	% Change
(In Thousands, Except Per Share Amounts)				
SALES				
Residential	\$ 486,107	\$ 458,806	\$ 27,301	6.0
Commercial	288,412	203,390	85,022	41.8
Industrial	266,922	242,383	24,539	10.1
Other retail	17,641	75	17,566	23,415
Total Retail Sales	1,159,273	1,106,155	53,118	4.8
Market-based wholesale	101,217	145,628	(44,411)	(30.5)
Transmission (a)	83,764	76,591	7,173	9.4
Other	2,083	2,717	(634)	(23.3)
Total Sales	1,605,743	1,583,278	22,465	1.4
OPERATING EXPENSES				
Fuel and purchased power	483,959	528,229	(44,270)	(8.4)
Operating and maintenance	453,765	477,771	(24,006)	(5.0)
Depreciation and amortization	180,228	150,520	29,708	19.7
Selling, general and administrative	77,001	167,760	(90,759)	(54.2)
Total Operating Expenses	1,298,973	1,282,550	16,423	1.3
INCOME FROM OPERATIONS	306,770	300,728	6,042	2.0
OTHER INCOME (EXPENSE):				
Investment earnings	1,211	11,165	(9,954)	(88.9)
Other income	18,000	9,948	8,052	80.9
Other expense	(13,711)	(17,580)	3,869	(22.0)
Total Other Income	13,501	3,733	9,768	261.7
Interest expense	(28,651)	(102,080)	73,429	(72.0)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	221,621	195,381	26,240	13.4
Income tax expense	(56,312)	(60,513)	4,201	(6.9)
INCOME FROM CONTINUING OPERATIONS	165,309	134,868	30,441	22.6
Result of discontinued operations, net of tax	—	75	(75)	(100.0)
NET INCOME	165,309	135,610	29,699	21.9
Preferred dividends	(970)	(970)	—	—
EARNINGS AVAILABLE FOR COMMON STOCK	\$ 164,339	\$ 134,640	\$ 29,699	22.1
BASIC EARNINGS PER SHARE	\$ 2.188	\$ 1.659	\$ 0.529	31.9

- (a) **Transmission:** Includes an SPP network transmission tariff. In 2006, our SPP network transmission costs were approximately \$76.0 million. This amount, less approximately \$10.1 million that was retained by the SPP as administration cost, was returned to us as revenue. In 2005, our SPP network transmission costs were approximately \$66.2 million with an administration cost of \$5.5 million retained by the SPP.
- (b) Change greater than 1000%