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RECORDS AND
REPORTING

July 13, 1999

HAND DELIVERED

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 950379-EI; Tampa Electric Company
Earnings Surveillance Audit Report - 12 Month Period Ended 12/31/98

Dear Ms Bayo:

Upon reviewing the audit report, in which two of the four disclosures included recommendations, Tampa Electric would like to make some observations for Staff consideration.

In Disclosure No. 1, Industry Association Dues, the auditor's recommendation raises the issue of benefit to ratepayers. Tampa Electric believes that the company's participation in the organizations noted does, in fact, benefit our ratepayers as follows:

- Nature Conservancy: the preservation of wetlands and the ecosystem certainly benefit the citizens of Florida and the residents of our service area. The provision of service requires us to impact the environment. This organization enhances our stewardship responsibilities in this area.

- Employees Health Coalition: although the company agreed to exclusion last year, we still believe this organization's cost is properly includable because of a dual benefit. The business benefit to Tampa Electric and its customers is information to enhance efficient and effective health benefit practices for the purpose of lowering the cost associated with providing these benefits. This addresses cost of service and cost of living.

- Tampa Chamber of Commerce Drug-Free Workplace: the betterment of work environments makes Tampa and our service territory a more attractive place to do business and, thus, enhances the economic development of the area.

- AFA Stentz
- APP _____
- CAF _____
- CMU _____
- CTR _____
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Tampa Electric believes these expenses benefit our customers and further consideration of these expenses is warranted.

In Disclosure No. 3, Advertising Charges, the auditor's recommendation must be supplemented with the following observations:

Tampa Home Show

The 33% disallowance for the charges of \$4,986 would be \$1,645.

Energy Technology Resource Center Charges

First, to clarify, the company concurred with the auditor in the 1997 report specifically to facilitate a cooperative resolution of the item. The company still believes these are appropriate charges. It should be noted that fees are collected for non-electric seminars to defray costs. Also, consideration should be given to the amount of exposure these seminars provide for the ETRC. This exposure enhances the customers' awareness of the center and, thus, increases the probability of them taking advantage of the various programs the Commission has informally noted are beneficial and should be provided to ratepayers.

TECO Energy Ads

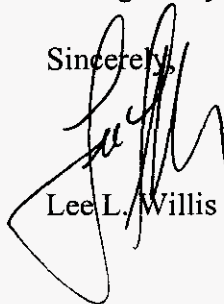
The disallowance for the charges of \$11,683 – which would be based on the non-Tampa Electric percentage of TECO Energy costs [normally around 35%] - would be \$4,089.

Other

The disallowance of \$3,081 would be based on a judgement that there was a better way to manage our business in these specific circumstances. Tampa Electric believes decisions to optimize relationships/incentives can contribute to the most cost efficient way of providing service. These types of expenses should not be unilaterally dismissed without discussion of how they could reasonably be expected to minimize costs.

Tampa Electric appreciates Staff's consideration of these observations as they proceed with their work on 1998 earnings. If you have any questions regarding this letter, please contact Jeff Chronister, Director Financial Planning Analysis, at 813-228-1609.

Sincerely,



Lee L. Willis

LLW/pp

cc: Denise N. Vandiver (via: facsimile 7/12/99)