



November 16, 2011

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, NW  
Washington, DC 20006-2803

Re: Public Company Accounting Oversight Board ("PCAOB" or the "board")  
Concept Release on Auditor Independence and Audit Firm Rotation  
Release 2011-006, Docket Matter No. 37

Dear Board Members and Chairman Doty:

We want to thank the board for the opportunity to comment on the concept release related to auditor independence and the proposal for mandatory auditor rotation. As the Chairman of the Audit Committee (the "committee") and as chief financial officer, respectively, of TECO Energy, Inc. ("TECO Energy" or the "Company"), a holding company for regulated utilities and other businesses, we can appreciate the importance and relevance of investor needs to rely on auditor independence, objectivity and skepticism as it relates to their investment in a public corporation.

The objective of enhancing the investing public's confidence in its auditors is a noble one, but we believe requiring mandatory audit firm rotation would not be cost beneficial nor in the best interest of the investing public.

In response to certain of the board's questions contained in the release, we respectively offer the following:

***1. Would audit firm rotation enhance auditor independence, objectivity and professional skepticism?***

In the release, the board stated that it "continues to find instances in which it appears that auditors did not approach some aspect of the audit with the required independence, objectivity and professional skepticism."

We are not aware of any evidence that would indicate that requiring audit firms to rotate engagements every few years would solve the problems that the board noted in its inspections.

We believe that the traits of independence, objectivity and professional skepticism relate directly to the integrity of the audit firm. The assessment of these traits as they relate to the firm auditing our Company is the responsibility of the audit committee. In its charter,

the Audit Committee of TECO Energy is charged with the oversight of the qualifications, independence and performance of our independent auditors. In the discharge of these responsibilities, the committee periodically reviews these traits as they relate to both the independent audit firm and the lead engagement partner. We believe this current governance policy puts the responsibility for managing the relationship with, and fostering the independence and objectivity of audit firms with the appropriate governing body, the audit committee of a public company.

**2. *What are the advantages and disadvantages of mandatory audit rotation?***

The board indicated in its concept release that “by ending a firm’s ability to turn each new engagement into a long-term income stream, mandatory firm rotation could fundamentally change the firm’s relationship with its audit client and might, as a result, significantly enhance the auditor’s ability to serve as an independent gatekeeper.”

We agree that a “fresh look” at a company’s financial statements does provide benefits to investors as well as the company. However, we believe that this objective is best accomplished through mandatory partner rotation, as is currently required. It is the audit partner that sets the tone of the engagement for the audit team, approves the audit plan and actively directs decisions related to critical accounting issues. We believe that partner rotation and peer reviews create an environment where someone will always be reviewing the auditor’s work. As a result, we believe that these actions foster conservatism on the part of the engagement partner. By continuing to adhere to the current engagement partner rotational requirement, we believe that the objectives of independence, objectivity and professional skepticism are being achieved.

We believe that requiring audit firm rotation would significantly reduce the efficiency and effectiveness of the audit process by the loss of experienced audit team personnel from the engagement. Although the engagement partner directs the audit effort, it is the team on the ground that makes the audit efficient and effective. This team benefits from the knowledge of the company’s processes, procedures and critical accounting areas that it has gained through experience with the client. We believe that these familiarities enhance rather than detract from the audit firm’s objectivity and its application of professional skepticism.

We also see several other disadvantages to mandatory firm rotation including higher audit fees and higher internal costs due to the time spent by company personnel to “train” a new engagement team in the company’s processes and procedures.

**3. *What effect would a rotation requirement have on audit costs?***

In the concept release, the board indicated that “a rotation requirement would significantly change the status quo and, accordingly, would risk significant cost and disruption.”

We agree with the board that mandatory audit firm rotation would result in higher audit fees and inefficiencies. We also believe that these unfavorable impacts far exceed the benefits to investors that would result from the required audit firm rotation contemplated by this concept release.

Consider the implications to a company that currently contracts with other audit firms for non-audit services. Disengaging from these non-audit services, if even possible, in sufficient time to qualify to “bid” on the audit engagement pending rotation could significantly impact the effectiveness of the non-audit engagement and, depending on the nature of the client’s business, may limit the potential audit engagement bidders to a very few or possibly only one firm. As a result, investors, the purported beneficiaries of auditor independence resulting from mandatory rotation, could immediately bear the burden of higher audit fees and the impacts of operational inefficiencies.

**4. *Should the board continue to seek to address its concerns about independence, objectivity and professional skepticism through its current inspection program?***

The Board indicated in its concept release that “inspections frequently find audit deficiencies that may be attributable to a failure to exercise the required professional skepticism and objectivity.”

We appreciate the diligence that the Board exercises in reviewing hundreds of auditing engagements annually and commend the Board for its part in protecting the investing public. We encourage the board to continue its skepticism when inspecting audit engagements. We believe this process keeps the audit firms vigilant and encourages conservatism.

We again stress that it is the job of the Audit Committee to monitor the independence and objectivity of our audit engagement team. The committee takes this job quite seriously.

In summary, although the concept of enhancing auditor independence, objectivity and professional skepticism through mandatory auditor rotation has merits, as custodians of the confidence that investors place in TECO Energy, we believe that adequate safeguards are currently in place to address these board concerns. We believe existing governance procedures, in regard to the relationship with independent auditors, are effective. In addition, we believe that the board's proposal to require mandatory audit firm rotation does not fully consider the potential additional cost to investors and therefore would not be in the best interest of investors as a whole. We recommend that the board perform more analysis of the merits to mandatory audit firm rotation before moving forward with this concept release.

Thank you for your consideration,



Joseph P. Lacher  
Chairman, Audit Committee  
TECO Energy, Inc.



Sandra W. Callahan  
Senior Vice President-Finance and Accounting  
and Chief Financial Officer  
TECO Energy, Inc.

cc: James R. Doty  
Chairman, Public Company Accounting Oversight Board