

Good Day,

On behalf of the Department of Energy, attached please find responses to questions from the exposure drafts titled "The Hierarchy of Generally Accepted Accounting Principles, including the Application of Standards issued by the Financial Accounting Standards Board" and "Estimating the Historical Cost of General Property, Plant, and Equipment -- Amending Statements of Federal Financial Accounting Standards 6 and 23." DOE appreciates the opportunity provided by the Federal Accounting Standards Advisory Board to respond to the exposure drafts.

If you have any questions or need additional information, please contact me at 202-586-3959.

Lois Jessup
Acting Director,
Office of Financial Policy
Office of the Chief Financial Officer
Department of Energy

Department of Energy's Response to FASAB Exposure Draft: Estimating the Historical Cost of General Property, Plant, and Equipment -- Amending Statements of Federal Financial Accounting Standards 6 and 23

All responses are requested by January 30, 2009

Q1. The Board proposes that reasonable estimates may be used upon initial capitalization by entities implementing G-PP&E accounting for the first time. See paragraphs 7 and A9.

Do you agree or disagree that reasonably estimating the original transaction data historical cost and accumulated depreciation of G-PP&E upon initial capitalization is appropriate for entities that have not previously reported G-PP&E on their entity financial reports and for those who have not previously prepared financial reports, but who may be required or elect to do so in the future? Please provide the rationale for your answer.

The Department of Energy agrees with reasonably estimating the original transaction data historical cost and accumulated depreciation of G-PPE upon initial capitalization is appropriate for entities that have not previously reported G-PPE. Occasionally, the Department has had assets, older than 20 years, where paperwork simply no longer exists.

Q2. The Board proposes that initial capitalization of G-PP&E based on reasonable estimation methods as provided in the SFFAS 23, as amended, be considered acceptable on a continuing basis. See SFFAS 23 amended paragraphs [10.] – [13A.].

Do you agree or disagree that initial capitalization of G-PP&E based on reasonable estimation methods as provided in the SFFAS 23, as amended, is acceptable on a continuing basis? Please provide the rationale for your answer.

The Department of Energy believes that the initial capitalization for G-PPE based on reasonable estimation methods as provided in SFFAS 23 are acceptable on a continuing basis.

Q3. The Board proposes to allow the use of reasonable estimates of the original transaction data historical cost and accumulated depreciation for G-PP&E. See paragraphs 7 and A10 – A13A.

Do you agree with the proposed amendment to SFFAS 6 that allows the use of reasonable estimates of the original transaction data historical cost and accumulated depreciation for G-PP&E? Please provide the rationale for your answer.

The Department agrees with the proposed amendment of SFFAS-6 that would allow the use of reasonable estimates of the original transaction data historical costs and accumulated depreciation for G-PPE. While we agree with the proposed amendment, maintaining original documentation is the ideal accounting preference.

Q4. The Board proposes that reasonable estimates be permitted at any time. One member has expressed concern regarding the open-ended time period for the use of estimates. See paragraphs 7 [SFFAS 6 amended paragraph 40], A5 , A14., A15., A19. and A20

Do you believe that the use of reasonable estimates to value G-PP&E should be permitted at any time (i.e., an open-ended option) or only permitted through a definitive end date (i.e., a date-certain option)? Please explain your preference.

No Comment.

Q5. As noted above, one member, Mr. James Patton, has expressed views different from the majority view regarding this proposal. See paragraphs A18. through A20.

Do you agree with the views expressed in the Alternate View in the Basis for Conclusions? Please provide the rationale for your answer.

No Comment.

Q6. The Board has proposed clarifications regarding when reasonable estimates are permitted.

Do you believe additional clarification is needed on the use of reasonable estimates when valuing the historical cost of G-PP&E? Please explain what areas require additional clarification and provide the rationale for your answer.

No Comment.