FPL Group, Inc. 700 Universe Blvd. Juno Beach, FL 33408

July 30, 2004

Mr. Lawrence W. Smith
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116
Director@fasb.org

RE: Proposed Interpretation on Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143

Dear Mr. Smith:

FPL Group, Inc. (FPL Group or the Company) appreciates the opportunity to comment to the Financial Accounting Standards Board (the Board) on the proposed interpretation of FASB Statement No. 143, Accounting for Conditional Asset Retirement Obligations (the Interpretation). FPL Group is a public utility holding company. The Company's operations are conducted primarily through Florida Power and Light Company (FPL), one of the largest investor-owned electric utilities in the nation, serving approximately half of the population of Florida. Additionally, the Company owns and operates independent power facilities through its non-rate regulated power generation subsidiary, FPL Energy, LLC.

FPL Group is a member of the Edison Electric Institute (EEI), which is an association of United States investor-owned electric utilities, international affiliates and industry associates worldwide. Its United States members serve more than 90 percent of the ultimate customers in the investor-owned segment of the industry. They generate almost three-quarters of all the electricity generated by electric utilities in the country and service approximately 70 percent of all ultimate customers in the nation. Additionally, EEI members own a majority of the transmission and generation facilities in the nation. The EEI has provided comments to the FASB on this Exposure Draft in a letter dated July 30, 2004 (File Reference No. 1099-001). FPL Group supports the comments provided by the EEI and urges the FASB to review and consider the recommendations made by the EEI.

In addition to the comments made in the EEI letter, we would like to express our concern in applying the Interpretation to mass assets, such as electric transmission and distribution systems. We believe that applying the Interpretation to mass assets is impracticable and the cost of applying it to these types of assets would significantly outweigh the benefit it provides.

For example, FPL's transformers, which are used in its distribution and transmission system, are removed and replaced on a continual basis. Some of these transformers contain oil that is

contaminated with a hazardous substance which, by law, requires special treatment upon disposal. A similar legal disposal obligation exists with regard to poles used in the transmission and distribution system which have been treated with certain chemicals. Currently, FPL recognizes a disposal obligation once the transformer or pole has been removed from service. Under the proposed Interpretation, the obligating event would take place when the transformers are placed in service, not when they are removed. To comply with the Interpretation, FPL would be required to change to some form of component accounting to identify each of its transformers and poles, which are currently accounted for and depreciated using an actuarial method. Those components having special disposal requirements would need to be identified, and FPL would need to estimate the retirement dates for each of those components. This process would be complex, costly, and time consuming, and the results are not expected to be materially different than expensing the disposal costs as they are incurred. Additionally, this process would require significant judgment, which may not provide the desired consistency of application and improved financial reporting that is the basis for issuing the Interpretation.

As stated in the EEI letter referenced above, we believe that conditional obligations do not become legal obligations until the condition is met. However, if the FASB decides to issue the Interpretation as proposed, we believe that in the case of mass assets, such as electric transmission and distribution systems, a practical exception should be made, allowing these obligations to be recorded at the time of removal.

We thank you for the opportunity to respond to this Exposure Draft. Your consideration of our request is greatly appreciated.

Sincerely,

K. MICHAEL DAVIS
K. Michael Davis
Controller and Chief Accounting Officer