



**Central Vermont Public Service**



Mr. Lawrence W. Smith  
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Financial Accounting Standards Board  
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Letter of Comment No: 113  
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Re: Exposure Draft – Accounting for Uncertain Tax Positions, an interpretation of FASB Statement No. 109

Dear Mr. Smith:

An issue has just come to my attention concerning the Exposure Draft which is of great concern to Central Vermont Public Service Corporation. Another company that we account for using the equity method received a “should” opinion from a Big Four accounting firm related to one of their transactions. In preparation for implementation of the Exposure Draft, our Big Four accounting firm has determined that it can’t get to a “should” level opinion, it can only get to a “more likely than not” opinion. As such, they are advising us that we should consider increasing our tax reserve from 20%, which we currently have booked, to 100% upon the implementation date. The amount of time (and money) spent on this is unbelievable as the standard is set so high, the two firms can’t agree.

It would be my hope that the FASB would give some thought to this issue in considering transition rules and also to how this issue will play out after implementation occurs. This is an incredible drain of resources that will play out over and over again in the future. Accounting firms may take this opportunity to significantly increase the costs associated with obtaining a probable opinion as they try to get “comfortable” with another firm’s opinion. FASB will be able to significantly reduce this problem if it asserts a “more likely than not” standard. The current standard is set so high, that accounting and law firms may find it difficult to agree when the probable level has been reached. The “more likely than not” standard is an easier standard for the parties to understand and apply. It is also my opinion that there will be less distortion of net income caused by 100% reserves being reversed.

Thank you for allowing me the opportunity to comment on the Exposure Draft.

Very truly yours,

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