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**Deloitte
& Touche**

August 13, 2003

Mr. Larry Smith
Director, TA&I—FSP
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Smith:

We are pleased to respond to the proposed FASB Staff Position (FSP), *Applicability of FASB Statement No. 143, Accounting for Asset Retirement Obligations, to Legislative Requirements on Property Owners to Remove and Dispose of Asbestos or Asbestos-Containing Materials.*

While we acknowledge that a narrow interpretation of Statement 143 could lead to a conclusion that there is no legal obligation to remove the asbestos at the time a building is removed from service and not demolished, we believe that since no building will last forever the asbestos will ultimately be removed and disposed of pursuant to the legislative requirements. Accordingly, we support the Staff's conclusion that presently enacted legislation, which requires the owner of a building to remove and dispose of asbestos in a certain manner when a building is either renovated or demolished, regardless of whether the owner has any plans to demolish or renovate the building, is an obligation within the scope of Statement 143.

In reaching our conclusion, we believe that the legislative requirements result in an obligation that meets the definition of a liability as defined in Concept Statement No. 6, *Elements of Financial Statements*. Specifically, we believe that the entity is unable to avoid this obligation forever, and the obligation results from past events, which are the installation of the asbestos and the past legislation. We note that because the obligation may be deferred to an indefinite or indeterminable date the measurement of the obligation will be affected pursuant to paragraphs A14 and A16 of Statement 143.

We believe that the conclusion in the proposed FSP may extend beyond the removal and disposal of asbestos and suggest that the proposed FSP be revised to address additional examples of contaminants to ensure consistent application of the FSP.

Furthermore, we believe the Staff should consider providing specific transition guidance when applying the final FSP. Prospective application of the final FSP, as allowed under the broad policies of transition associated with FSPs, would be inconsistent with the transition guidance provided in Statement 143. For example, in those instances when an entity did not recognize an asset retirement obligation for those activities discussed in the proposed FSP based upon its interpretation of Statement 143, we believe that such entity should recognize the cumulative

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effect of initially applying the final FSP as a change in accounting principle in accordance with APB Opinion No. 20, *Accounting Changes*, using the same type of transition guidance articulated in paragraphs 25 – 27 of Statement 143.

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If you have any questions concerning our comments, please contact Russell Golden at (203) 761-3702.

Yours truly,

Deloitte & Touche LLP