



June 19, 2006

LETTER OF COMMENT NO. 13

Mr. Lawrence W. Smith
Director—Technical Application and Implementation Activities and EITF Chair
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Smith:

The Accounting Standards Planning Subcommittee (PSC) of the American Institute of Certified Public Accountants (AICPA) appreciates the opportunity to comment on the proposed FASB Staff Position (FSP) AUG AIR-a, *Accounting for Planned Major Maintenance Activities*. Although this letter expresses the views of the PSC, the AICPA's Accounting Standards Executive Committee (AcSEC) as a whole has discussed the accounting for planned major maintenance activities and had similar views.

The PSC agrees with the proposed prohibition of the accrue-in-advance method of accounting for planned major maintenance activities. The PSC recommends that the Board prohibit the deferral method as well.

Because the PSC believes that multiple methods of accounting for planned major maintenance activities hinder users' ability to evaluate financial statements, our preference would have been to prohibit the accrue-in-advance method, the built-in-overhaul method, and the deferral method. However, the PSC recognizes the Board's goal of avoiding the creation of new differences between U.S. GAAP and International Accounting Standards and thus accepts retention of the built-in-overhaul method.

In addition, the PSC believes that a more robust explanation of the basis for the Board's conclusions than is currently included in paragraph 3 of the proposed FSP would be helpful to the Board's constituents, and we recommend adding such an enhanced explanation.

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We appreciate the opportunity to comment on the proposed Staff Position. Representatives of the PSC would be pleased to discuss our comments with the Board members or staff.

Sincerely,

Benjamin S. Neuhausen
Chair
Accounting Standards Executive Committee

cc: Accounting Standards Executive Committee
Airlines Guide Task Force