

## Seattle City Light

Jorge Carrasco, Superintendent

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Technical Director - File Reference No. 1660-100 Financial Accounting Standards Board 401 Merritt 7 P. O. Box 5116 Norwalk, CT 06856-5116 By email to: director@fasb.org

Dear Technical Director of the Financial Accounting Standards Board:

We appreciate the opportunity to comment on the FASB Discussion Paper, *Preliminary Views on Revenue Recognition in Contracts with Customers*.

City Light Department is the public electric utility of The City of Seattle. The Department owns and operates certain generating, transmission, and distribution facilities, and supplies electricity to approximately 390,000 customers at rates prescribed by the Seattle City Council. The Department complies with FASB pronouncements not in conflict with those by GASB.

In the proposed model, the transfer of assets to a customer determines when revenue would be recognized. Our comments address the Board's Question 2 relative to delivery of power and potential guidance on preparing estimates:

Are there any types of contracts for which the Board's proposed principle would not provide decision-useful information? Please provide examples and explain why. What alternative principle do you think is more useful in those examples?

Electricity is unique as delivery to customers is continuous. However, meter reading is bimonthly or monthly. We recognize revenues for billed electric power and estimated unbilled consumption. Revenues based on actual delivery would necessitate new systems such as automatic meter reading. While such systems are under review, full implementation would be unlikely by the effective date of the proposed standard if this discussion paper applies to retail electric revenues. Earlier implementation of these systems than planned would not provide decision-useful information on a cost-benefit basis. Our objective is to properly estimate delivered power and we do not propose an alternative principle.

Sincerely,

Fernando Estudillo

Manager, General Accounting

CW:cwb

