Power by Association™



Richard F. McMahon, Jr.

Vice President

Via Electronic Mail

October 15, 2012

Technical Director
File Reference No. 2012-240
Financial Accounting Standards Board
401 Merritt 7
Post Office Box 5116
Norwalk, CT 06856-5116

File Reference: 2012-240 Comprehensive Income (Topic 220),

Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income

Dear Ms. Cosper:

The Edison Electric Institute (EEI) appreciates the opportunity to comment on the Financial Accounting Standards Board's (FASB) Proposed Accounting Standards Update – Comprehensive Income (Topic 220): Presentation of Items Reclassified Out of Accumulated Other Comprehensive Income (the proposed ASU). Our members provide service to 98 percent of the ultimate customers in the shareholder-owned segment of the industry and represent approximately two-thirds of the United States electric power industry.

We acknowledge the FASB's efforts to address comments received from financial statement preparers on Accounting Standards Update 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* (ASU 2011-05) in developing this proposed ASU. We believe the revised requirements of the proposed ASU are far less cumbersome for both financial statement preparers and users than the original requirements included in ASU 2011-05 and will still provide financial statement users meaningful information regarding items reclassified out of accumulated other comprehensive income (AOCI).

We believe the proposed effective date of fiscal years ending after December 15, 2012, for public entities is manageable only if the proposed new disclosure is required on an annual basis. If disclosure is required on an interim basis, it may entail significant changes current interim disclosures in instances where AOCI is not reclassified in its entirety to net income (as further



Technical Director Financial Accounting Standards Board October 15, 2012 Page 2

discussed below). In that case, compliance with the proposed effective date could be difficult for our members, and we recommend delaying the effective date by one year.

Our detailed comments below address certain of the proposed ASU's questions and include other observations that we believe will improve the proposed ASU and help to align it with the FASB's recent Invitation to Comment on Disclosure Framework.

Interim Period Disclosure Requirements

The proposed ASU requires disclosures for both annual and interim periods. We believe the proposed annual disclosures would provide sufficient information to give financial statement users a thorough understanding of the nature of items and the amounts being reclassified from AOCI to net income as well as the specific income statement line items being affected. We question whether interim disclosure would provide significant additional useful information, particularly considering that much of the information covered by the proposal is already required to be disclosed elsewhere under existing guidance. We recommend that the interim disclosure requirements be removed from the final ASU.

We also believe that the abbreviated nature of other interim disclosures (including the omission of many required annual disclosures) supports our recommendation above. The proposed ASU indicates that, for any significant reclassifications for which U.S. GAAP does not require the item to be reclassified to net income in its entirety, entities are required to cross-reference to the note where additional details about the effect of the reclassifications are disclosed (e.g., pensions). Interim disclosure requirements for such other items may not be as extensive as those required on an annual basis, resulting in the proposed ASU requiring greater detail than is currently deemed necessary in other guidance.

If interim disclosures ultimately are required as proposed, we believe that the final standard needs to address more clearly how to handle circumstances such as those described. One alternative may be to cross-reference to the more extensive annual disclosures. However, we do not believe it would be appropriate to require inclusion of the more detailed disclosures that would otherwise not be necessary absent the proposed ASU's provisions.

Tabular Disclosure

The proposed ASU's requirement for tabular disclosure of changes in AOCI and items that are being reclassified out of AOCI to net income does not provide entities sufficient flexibility in how they present the required disclosures. Certain entities may be better served meeting the disclosure requirements in a sentence or two rather than in tabular format. We suggest that the final ASU allow entities flexibility in how they structure their disclosures to meet the requirements. That approach would be consistent with some of the options described in the Disclosure Framework Project discussion paper.

Duplicative Disclosure

The proposed ASU is not consistent with one of the secondary objectives of the Disclosure Framework Project, which is to reduce or minimize disclosures. The new requirements of this

Technical Director Financial Accounting Standards Board October 15, 2012 Page 3

proposed ASU duplicate in some cases disclosure already required under existing guidance (i.e. pension and derivatives disclosure requirements). As suggested above, if flexibility in disclosure is allowed, entities would be able to direct users of the financial statements to other disclosure in the footnotes where the information already exists.

For the reasons discussed above, we believe users (as well as preparers, auditors and others) would best be served by aligning the final ASU with the objectives set forth in the Disclosure Framework Project to improve the effectiveness of disclosures, with an additional benefit that entities may be able to avoid increasing the volume of disclosures, particularly those that are duplicative. We believe the disclosures in the proposed ASU are most relevant and useful for annual periods and recommend that the interim disclosure requirements be removed from the final ASU.

We appreciate your consideration of this topic and our comments. We would be pleased to discuss our comments with you as well as the expected effects of the proposed changes on our industry and to provide any additional information that may be helpful to you in addressing this issue.

Very truly yours,

Richard F. McMahon, Jr.

Majlle