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**From:** Rado, Patricia A. [Patricia.Rado@pseg.com]  
**Sent:** Wednesday, September 29, 2004 6:03 PM  
**To:** Robert Herz; Larry Smith  
**Cc:** Director - FASB  
**Subject:** Comments on Proposed FSP (03-1b)

Letter of Comment No: 49  
File Reference: EITF03-1  
Date Received: 09/30/2004

September 29, 2004

Mr. Robert Herz  
Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, Connecticut 06856-5166

Mr. Larry Smith  
Chairman  
Emerging Issues Task Force  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

RE: Proposed FASB Staff Position No. EITF Issue 03-1-b, "Effective Date of Paragraph 16 of EITF Issue No. 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" (FSP EITF 03-1-b)

Gentlemen,

Public Service Enterprise Group Incorporated ("PSEG") is an exempt public utility holding company. PSEG is a publicly traded diversified energy and energy services holding company located in New Jersey. PSEG has three principal direct wholly-owned operating subsidiaries: Public Service Electric and Gas Company, PSEG Power LLC, and PSEG Energy Holdings LLC. We appreciate the opportunity to convey our comments on FSP EITF 03-1-b.

We support the delay of the effective date of paragraph 16 of EITF 03-1 until issues regarding its implementation can be resolved. However, we strongly believe that the scope of the delay should be expanded to include all debt and equity securities, and not just debt securities impaired solely because of interest rate and/or sector spread increases.

Upon issuance of the two proposed FSP's, the FASB asked for comments on two specific issues. Issue number 2 addressed whether the "minor impairments" exception should apply to all investments analyzed for impairment under EITF 03-1. In order for the FASB to give due consideration to all the comments received, it would be appropriate to delay the implementation of EITF 03-1 for all investments. Additionally, further deliberations related to the application of paragraph 16 may have an impact on debt and equity securities considered for other than temporary impairments under paragraphs 10-15 of EITF 03-1.

A delay in implementation of EITF 03-1 for all investments would also give the FASB further time to consider other issues that have arisen regarding the proper application of EITF 03-1. In our comment letter regarding EITF 03-1 dated September 7, 2004, we shared our concerns regarding the application of the intent and ability criteria to investments held in nuclear decommissioning trust funds, and we would appreciate any further clarification that could be provided.

Furthermore, given the significant number of securities in these trusts and the complexities involved in implementing EITF 03-1, a delay of the effective date of EITF 03-1 would allow the service providers sufficient time to modify their systems.

Again, we appreciate the opportunity to share our views regarding delaying the effective date of EITF 03-1 for both debt and equity securities. This deferral will allow for the appropriate due process to be completed with respect to the significant issues that have

been raised to the Board. If you have any questions regarding this letter, please do not hesitate to contact me at 973-430-6161.

Sincerely,

Patricia A. Rado  
Vice President and Controller  
Public Service Enterprise Group Inc.  
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