January 31, 2011

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116
(e-mail: director@fasb.org)

Re: File Reference No. 1890-100

Dear Technical Director:

PPL Corporation (“PPL”) appreciates the opportunity to comment on the Financial Accounting Standards Board (FASB) Discussion Paper - Effective Dates and Transition Methods referenced above.

PPL supports the FASB’s initiatives for the issuance of high quality accounting standards that provide transparency in financial statements and meet the needs of investors and other market participants. PPL further supports the goal of attaining a single set of high quality global standards through convergence efforts. In our view, convergence is best achieved through a carefully planned sequential adoption of accounting guidance.

Although we concur with many of the points raised by the Edison Electric Institute in their comment letter submitted on behalf of our industry, within this letter we provide PPL’s specific views on the appropriate effective dates and transition methods.

We are pleased that the FASB is seeking constituent input before establishing effective dates and transition methods for proposed guidance. We recognize that the Board has asked respondents to answer the questions in this Discussion Paper without regard to the possibility that IFRS may be incorporated into the U.S. reporting system. Although we have attempted to prepare our comments in accordance with that request, the SEC’s decisions about its ongoing consideration of IFRS could alter our viewpoint. For instance, if the FASB chooses a single effective date and the SEC later mandates IFRS, but the effective dates of the new FASB guidance and the transition to IFRS are not aligned, we would have back-to-back changes in processes and systems, which would introduce significant accounting risk.

PPL supports the “condorsement” approach introduced by Deputy Chief Accountant Paul Beswick at the 2010 AICPA National Conference, whereby legacy U.S. GAAP would continue to be authoritative, the FASB and IASB would finish the major projects on the convergence agenda, the FASB would work to converge existing U.S. GAAP and IFRS over a period of time
for standards that are not on the IASB’s agenda and the FASB would consider and investigate new standards proposed by the IASB and determine whether those standards would be appropriate to incorporate into U.S. GAAP. We also support the efforts of the FASB, IASB and SEC to work closely together to create uniformity in worldwide accounting guidance.

We have limited our responses to the questions for which we have particular insights or make recommendations.

Q1. Please describe the entity (or the individual) responding to this Discussion Paper. For example:
   a. Please indicate whether you are primarily a preparer of financial statements, an auditor, or an investor, creditor, or other user of financial statements (such as a regulator). Please also indicate whether you primarily prepare, use, or audit financial information prepared in accordance with U.S. GAAP, IFRS, or both.

PPL prepares its consolidated financial statements in accordance with U.S. GAAP. In addition to preparing U.S. GAAP financial statements, PPL’s subsidiaries in the U.K. prepare certain financial statements in accordance with IFRS to satisfy governmental reporting requirements.

b. If you are a preparer of financial statements, please describe your primary business or businesses, their size (in terms of the number of employees or other relevant metric), and whether you have securities registered on a securities exchange.

PPL is an energy utility holding company that, through its subsidiaries, delivers electricity and natural gas to about 5.3 million customers in the United States and the United Kingdom, controls or owns about 19,000 megawatts of generating capacity in the United States, and sells energy in key U.S. markets. PPL and its subsidiaries employ approximately 14,000 people. PPL and its subsidiaries have securities listed on the New York Stock Exchange. PPL currently has three SEC registrants and will have six following the completion of exchange offerings.

c. Please describe the degree to which each of the proposed new standards will likely affect you and the factors driving that effect (for example, preparers of financial statements might explain the frequency or materiality of the transactions to their business and investors might explain the significance of the transactions to the particular industries or sectors they follow).

<table>
<thead>
<tr>
<th>Proposed Guidance</th>
<th>Expected Impact</th>
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<tbody>
<tr>
<td>Derivatives and Hedging (a)</td>
<td>High</td>
</tr>
<tr>
<td>Comprehensive Income</td>
<td>Low</td>
</tr>
<tr>
<td>Leases</td>
<td>High</td>
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<tr>
<td>Revenue Recognition</td>
<td>High</td>
</tr>
<tr>
<td>Financial Instruments (a)</td>
<td>Medium</td>
</tr>
<tr>
<td>Insurance Contracts</td>
<td>Low</td>
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(a) Please refer to Question 5c regarding PPL’s recommendation to separate “Accounting for financial instruments and revisions to the accounting for derivative instruments and hedging activities, including netting of financial instruments” into two pieces of guidance.
The factors driving the impact of adoption have been provided for those projects that are expected to have a high or medium impact.

Project: Derivatives and Hedging  
Impact: High  
Factors driving that effect:
- The volume and variety of derivative contracts that need to be reevaluated
- Expected system changes
- Expected to ease administrative burden and reporting risk

Projects: Leases and Revenue Recognition  
Impact: High  
Factors driving that effect:
- The volume of arrangements that need to be reevaluated
- Resource allocation constraints
- Expected system changes

Project: Financial Instruments – e.g., own debt, assets in nuclear decommissioning trust fund  
Impact: Medium  
Factors driving that effect:
- Expected process changes – We presently use matrix pricing and the income approach to determine fair value of several debt instruments due to a lack of directly observable market prices. These calculations are time consuming, and while they are currently available for disclosure purposes, the calculations are not completed in time to be recorded in the financial statements.
- Expected system changes

Q2. Focusing only on those proposals that have been published as Exposure Drafts (accounting for financial instruments, other comprehensive income, revenue recognition, and leases):
   a. How much time will you need to learn about each proposal, appropriately train personnel, plan for, and implement or otherwise adapt to each the new standard?

We expect that learning about the new standards, training personnel, educating external stakeholders and planning and implementing the standards will require a substantial amount of time and resources. We have estimated the time it will take us to implement based on our prior implementation experiences.

<table>
<thead>
<tr>
<th>Proposed Guidance</th>
<th>Expected Time to Implement</th>
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</thead>
<tbody>
<tr>
<td>Derivatives and Hedging</td>
<td>12 - 15 months</td>
</tr>
<tr>
<td>Comprehensive Income</td>
<td>1 - 2 months</td>
</tr>
<tr>
<td>Leases</td>
<td>18 - 24 months</td>
</tr>
<tr>
<td>Revenue Recognition</td>
<td>18 - 24 months</td>
</tr>
<tr>
<td>Financial Instruments</td>
<td>12 - 18 months</td>
</tr>
</tbody>
</table>

Due to the magnitude of changes in the proposed Leases and Revenue Recognition guidance, we expect it will take a significant amount of time to complete an assessment of all our outstanding contracts as well as implement systems and processes to capture data that is not presently
captured. If the FASB requires any form of retrospective application, implementation will take much longer than we’ve indicated.

b. What are the types of costs you expect to incur in planning for and adapting to the new requirements and what are the primary drivers of those costs? What is the relative significance of each cost component?

The types of costs we expect to incur include internal personnel costs (for training, process development, internal controls and testing, financial reporting [including the modification of XBRL tags], investor relations, and tax, etc.), systems costs, third-party training and consulting, and increased external audit fees. Additionally, the impact of the proposals on financial ratios and performance measures may require revisions to agreements that embed such measures, such as financial covenants with lenders, which would result in increased legal fees.

Q3. Do you foresee other effects on the broader financial reporting system arising from these new standards? For example, will the new financial reporting requirements conflict with other regulatory or tax reporting requirements? Will they give rise to a need for changes in auditing standards?

The adoption of any new accounting standard has implications beyond accounting and reporting. We anticipate that we will need time to educate certain regulators about the changes to the accounting guidance. Unless the regulators, such as the Internal Revenue Service, Federal Energy Regulatory Commission and state regulatory bodies, make changes to accommodate the new guidance, PPL will be required to maintain, indefinitely, accounting records in accordance with the FASB’s new guidance and in accordance with the guidance approved by regulators, which will increase costs.

Q4. In the context of a broad implementation plan covering all the new requirements, do you agree with the transition method as proposed for each project? If not, what changes would you recommend and why? In particular, please explain the primary advantages of your recommended changes and their affect on the cost of adapting to the new reporting requirements.

Generally, PPL suggests requiring prospective application, except for the Comprehensive Income and Financial Statement Presentation Projects, which we believe should be applied retrospectively. However, if a direct method cash flow statement is required by the Financial Statement Presentation Project, we believe that the cash flow statement should be required to be presented solely on a prospective basis given the significant system changes that would be required to produce the direct method cash flow statement.

We understand the theoretical merit of applying the proposed requirements retrospectively to achieve consistency and comparability across periods presented, but there are a number of situations where retrospective application may be difficult to apply, particularly when historical contracts need to be reviewed. Retrospective application will cause significant incremental efforts in restating historic information. We believe that the costs of restating historic information outweigh the benefits. Furthermore, when applying guidance retrospectively, it will be extremely difficult to avoid applying hindsight. Because of the significant amount of subjectivity and judgment that will need to be applied, it is possible that, despite best efforts taken, the
retrospectively stated data will not be comparable. PPL also has significant concerns that the frequent restatements could impede our ability to complete financings since the previously issued financial statements incorporated by reference in the registration statements would need to be revised to reflect the retrospective application of new accounting guidance. With so many standards being issued, prior periods would continually be restated, which would be extremely time consuming to preparers and very confusing to investors.

Should the FASB not find prospective application acceptable, as an alternative to retrospective application, PPL suggests that unaudited pro forma statements, without application of the guidance, be provided in the year of adoption. Pro forma statements would enable investors to compare periods under identical accounting guidance, without incurring the costs associated with restating.

Q5. In thinking about an overall implementation plan covering all of the standards that are the subject of this Discussion Paper:
   a. Do you prefer the single date approach or the sequential approach? Why? What are the advantages and disadvantages of your preferred approach? How would your preferred approach minimize the cost of implementation or bring other benefits? Please describe the sources of those benefits (for example, economies of scale, minimizing disruption, or other synergistic benefits).

   PPL prefers the sequential approach, adopting no more than two new standards per year. The impact of adopting individual proposed standards is significant, but the collective impact of adopting multiple standards simultaneously would be extremely complex and would place an extensive burden on staff and would significantly increase accounting risk. A sequential approach would enable a more cost effective approach.

   b. Under a single date approach, what should the mandatory effective date be and why?

   Although we do not support a single date approach, if the FASB decides to apply a single date approach, we do not believe that the effective date should be any earlier than for fiscal years beginning after December 15, 2015. This presumes that each piece of guidance is issued for a sufficient time prior to the effective date (refer to our response to Question 2, which addresses the amount of time required to adopt particular standards).

   Additionally, if the FASB decides to require retrospective application as well as a single implementation date, then PPL requests that the FASB work with the SEC so that, in the year of adoption, only the current year and prior year data be required for all financial statements, selected financial and operating data and the ratio of earnings to ease the burden of adopting the guidance.

   c. Under the sequential approach, how should the new standards be sequenced (or grouped) and what should the mandatory effective dates for each group be? Please explain the primary factors that drive your recommended adoption sequence, such as the impact of interdependencies among the new standards.
PPL proposes the following timing assuming the transition is on a prospective basis:

<table>
<thead>
<tr>
<th>Proposed Guidance</th>
<th>Implementation date: (fiscal years beginning after)</th>
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<tbody>
<tr>
<td>Comprehensive Income</td>
<td>December 15, 2011</td>
</tr>
<tr>
<td>Derivatives and Hedging</td>
<td>December 15, 2012</td>
</tr>
<tr>
<td>Financial Instruments</td>
<td>December 15, 2013</td>
</tr>
<tr>
<td>Leases</td>
<td>December 15, 2014</td>
</tr>
<tr>
<td>Revenue Recognition</td>
<td>December 15, 2014</td>
</tr>
<tr>
<td>Financial Statement Presentation</td>
<td>December 15, 2015</td>
</tr>
</tbody>
</table>

PPL suggests that the proposed guidance entitled “Accounting for financial instruments and revisions to the accounting for derivative instruments and hedging activities, including netting of financial instruments,” be separated into two pieces of guidance: 1) Accounting for derivative instruments and hedging activities, including netting of financial instruments and 2) Accounting for financial instruments. PPL believes that the proposed guidance on accounting for derivative instruments and hedging activities is generally reasonable and that this guidance could be implemented relatively expeditiously. However, PPL expects that the guidance addressing the accounting for financial instruments will take much longer to implement since PPL and its service providers will need to make significant systems changes to comply with the proposed guidance.

As the table above shows, we believe that certain projects could be implemented simultaneously. For example, historical agreements will need to be reviewed to implement both the lease guidance and revenue recognition guidance, and it would be most efficient to perform those reviews at the same time; however, significant effort will be required to adopt the proposed guidance. Finally, due to the pervasive changes expected to result from the Financial Statement Presentation guidance, this guidance should only be effective after the above accounting guidance is adopted, particularly since we have serious concerns with the Staff Draft on Financial Statement Presentation and have not had the opportunity to comment on the staff’s views.

If retrospective application is required, the implementation dates we propose would need to be extended. Please note that our recommendations are based on the proposed guidance. To the extent that the final guidance is significantly different, our recommendations would likely change as well.

*d. Do you think another approach would be viable and preferable? If so, please describe that approach and its advantages.*

We have not identified any other viable approaches.

*Q6. Should the Board give companies the option of adopting some or all of the new standards before their mandatory effective date? Why or why not? Which ones? What restrictions, if any, should there be on early adoption (for example, are there related requirements that should be adopted at the same time)?*
Generally, PPL believes that the Boards should not allow the option of adopting some or all of the new standards prior to their mandatory effective date. Upon adoption, the financial statements may be drastically different than prior to adoption and would cause a high degree of noncomparability between companies, resulting in confusion to financial statement users.

However, we believe an exception should be made if any standards provide for a different effective date for accelerated versus non-accelerated filers. When a parent is an accelerated filer and its subsidiaries are non-accelerated filers, we believe that its non-accelerated subsidiaries should be allowed to adopt the guidance simultaneously.

Q7. For which standards, if any, should the Board provide particular types of entities a delayed effective date? How long should such a delay be and to which entities should it apply? What would be the primary advantages and disadvantages of the delay to each class of stakeholders (financial statement preparers, financial statement users, and auditors)? Should companies eligible for a delayed effective date have the option of adopting the requirements as of an earlier date?

PPL does not believe that certain types of entities should have a delayed effective date. The effect of permitting certain entities to delay the adoption of new standards would result in financial statement users having to consider two sets of accounting standards until the guidance is effective for all entities. Having all entities implement the accounting standards in the same timeframe will increase transparency to financial statement users and increase comparability of the current year financial statements among companies.

Q8. Should the FASB and IASB require the same effective dates and transition methods for their comparable standards? Why or why not?

As discussed above, PPL supports prospective application. We believe retrospective application is largely impractical and cost prohibitive. It would take a significant amount of resources to implement guidance on a retrospective basis given the number of long-term contracts that would need to be reassessed. We will need adequate time to prepare for the changes and respond to unforeseen challenges. Substantial systems changes will be required to comply with the guidance. Applying systems changes to prior period information will be extremely difficult. As the FASB and IASB continue on a path of convergence towards a single set of uniform accounting standards, we suggest that converged standards issued by both Boards require the same effective dates and prospective application. This will provide a better basis for investors to compare current period financial information for companies around the world.

In summary, we support the "condorsement" approach. To facilitate the impending convergence of all U.S. companies to IFRS, we strongly encourage the Boards to issue identical converged standards.
We would like to thank the Board for the opportunity to share our views on this significant accounting issue.

Very truly yours,

Vincent Sorgi
Vice President and Controller

cc: Mr. P. A. Farr
    Mr. M. A. Cunningham
    Mr. M. D. Woods