October 22, 2010

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

Re: Revenue Recognition Exposure Draft – File Reference No. 1820-100

Dear Chairman, Board Members and Staff:

PPL Corporation ("PPL") appreciates the opportunity to comment on the Revenue Recognition Exposure Draft (Exposure Draft) referenced above. PPL is an energy and utility holding company that, through its subsidiaries, controls or owns nearly 12,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets, and delivers electricity to about four million customers in Pennsylvania and the United Kingdom.

PPL supports the issuance of high quality accounting standards that provide transparency in financial statements and meet the needs of investors and other market participants. We further support the goal of attaining a single set of high quality global standards through convergence efforts. However, we believe that in addition to addressing accounting issues on a standard-by-standard basis, the FASB and IASB should address accounting standards holistically, taking into consideration the interdependencies among the standards, before establishing implementation dates. We do not believe that the current standard setting process timeline is sufficient for the Boards to thoughtfully consider constituent input and to evaluate alternatives to ensure meaningful, cohesive accounting standards. We urge the Boards to jointly reevaluate the current timeline to set more reasonable expectations in order to achieve high quality converged accounting standards.

PPL appreciates the Board's efforts to clarify the principles for recognizing revenue and to simplify the preparation of financial statements by reducing the amount of guidance to which entities must refer; however, we do not support some aspects of the Exposure Draft. We concur with many of the issues raised in the comment letter submitted by the Edison Electric Institute. Additionally, we have provided comments on another significant issue in our industry in response to Question 3 in the Exposure Draft.
Question 3: Do you think that the proposed guidance in paragraphs 25-31 and related implementation guidance are sufficient for determining when control of a promised good or service has been transferred to a customer. If not, why? What additional guidance would you propose and why?

PPL requests clarification regarding the timing of revenue recognition for the sale of alternative energy credits (also referred to as renewable energy credits or RECs).

Many states require that a percentage of delivered power be supplied by qualified generation facilities, such as solar or wind farms. RECs are created when energy is produced from a qualified generation facility, and utilities are required to show compliance with the states' laws by delivering RECs to the appropriate agency. There is, however, a lapse in time between the generation/delivery of the qualifying energy and the documentation of the REC, which requires certification by the state.

PPL supplies full-requirement service to other utilities. The full-requirement service consists of a product comprised of various components, including energy, capacity, transmission, ancillaries and RECs. All the components of the full-requirement service are considered to be delivered at the same time, which is when the energy is consumed by the utilities' customers. The delivery of the RECs to the other utilities at a later date, given the time necessary to document the RECs, is considered a settlement activity, not unlike the cash settlement of the sale the following month.

RECs can be, and often are, separated from the energy produced by the qualified facilities and sold separately. Therefore, they could be viewed under the Exposure Draft as a separate performance obligation. We believe, however, that, given RECs' unique settlement features, the performance obligation for RECs in a full-requirement service contract should be considered complete when the energy is consumed by customers.

We understand that the FASB and the IASB are conducting a joint project to develop comprehensive guidance on the accounting for emissions trading schemes. We believe that the accounting for emission trading schemes and RECs should be similar. As such, we strongly recommend that emission trading schemes and RECs be addressed comprehensively through the joint project and removed from the scope of the Revenue Recognition Exposure Draft.
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 & Controller

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