Director, Technical Application and Implementation Activities  
Financial Accounting Standards Board  
401 Merritt 7  
Norwalk, Connecticut 06856-5166  
(e-mail: director@fasb.org)

RE: Proposed FSP 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”

PPL Corporation (PPL) appreciates the opportunity to comment on Proposed FSP EITF Issue 03-1-b, which proposes to delay the effective date of EITF 03-1 for debt securities that are impaired because of interest rate and/or sector spread increases.

PPL is an energy and utility holding company that, through its subsidiaries, is primarily engaged in the generation and marketing of electricity in the northeastern and western United States and in the delivery of electricity in Pennsylvania, the United Kingdom, and Latin America.

We support delaying the application of EITF 03-1 paragraph 16 to debt securities that are impaired solely because of interest rate and/or sector spread increases, pending the final issuance of FSP EITF Issue 03-1-a. In addition, we do not believe that the delay should be limited to debt securities analyzed for impairment under paragraph 16 that are impaired because of interest rate and/or sector spread increases, but rather should be applied to all impairment analyses for debt and equity securities under EITF 03-1. We would recommend an effective date no earlier than the end of the first quarter of 2005.

Following are our reasons for delaying the effective date of EITF 03-1 for both debt and equity securities:

- 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 trusts and a request for further deliberation of those concerns. We also supported the meeting between the Edison Electric Institute (EEI) and the FASB staff on September 28, 2004, to
discuss these concerns. As this meeting was held near the end of the quarter in which EITF 03-1 is required to be applied, we believe that a delay is warranted in order to allow for further deliberation of these concerns.

- We believe that the consistency provided by continued application of current impairment policies (e.g., SEC approach), pending final resolution of all EITF 03-1 implementation issues, together with the disclosures required by EITF 03-1, is superior to the "partial" adoption of EITF 03-1 for equity securities and delayed adoption for debt securities.

- In the event that no modification is made to EITF 03-1 pursuant to our concerns, we expect a significant increase in both the population of securities subject to impairment recognition and the frequency of impairments recognized by PPL and many other companies in the energy industry. We do not believe that this occurrence would reflect deterioration in the quality of investments but rather the fact that companies cannot assert the intent to hold the securities through the expected recovery period. We believe this to be true of any company managing a large portfolio of assets, since even assets that are forecasted to recover from a decline in fair value within a reasonable period of time may still be sold to offset taxable gains on other securities or to otherwise rebalance a portfolio. PPL's, and we believe most other companies', current systems and reports (both internal and trustee) that track the cost and fair value bases and purchase and sale activities for their portfolio of securities were designed for existing impairment policies and procedures. Currently, our review for impairment, applicable revision of cost bases and determination of realized and unrealized gains or losses for impaired securities is largely a manual process. We are concerned about the practicality and burden associated with applying this manual process to the potentially higher number of securities subject to the impairment review and recognition as of the current effective date and for the fourth quarter of 2004. A delay would provide additional time to make necessary system and procedural changes.

Again, we appreciate the opportunity to share our views regarding delaying the effective date of EITF 03-1 for both debt and equity securities, and we express our support for the implementation issues presented by the EEI at the meeting on September 28, 2004 regarding the application of the EITF 03-1 impairment model to nuclear decommissioning trust investments.

Very truly yours,

Paul Farr