September 23, 2013

Technical Director
Financial Accounting Standards Board
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RE: Proposed Accounting Standards Update, Presentation of Financial Statements (Topic 205) – Disclosure of Uncertainties about an Entity’s Going Concern Presumption

The Williams Companies, Inc. ("Williams") appreciates the opportunity to provide our comments to the Financial Accounting Standards Board ("FASB") on the Proposed Accounting Standards Update regarding disclosure of uncertainties about a going concern presumption. Williams is a public company which, through its subsidiaries, gathers, processes and transports natural gas.

We recognize and appreciate the effort of the FASB to reduce diversity in practice by providing guidance for defining a “going concern presumption” and increase management’s responsibility for evaluating and disclosing an entity’s going concern presumption. We support the proposed definition of the “going concern presumption” as an inherent presumption that an entity will continue to operate such that it will be able to realize its assets and meet its obligations in the ordinary course of business. An entity’s ability to continue as a going concern is a fundamental presumption in preparing financial statements and management is in the most appropriate position to consider all the facts and circumstances relevant to evaluating a going concern presumption. However, we have concerns about the complexities introduced in the proposal and the related operational issues.

The proposal introduces complexity into disclosures for uncertainties about an entity’s going concern presumption by requiring evaluation at multiple thresholds that differ in timing and echelon. Disclosures about going concern uncertainties would be required when existing events or circumstances indicate it is “more-likely-than-not” that an entity will be unable to meet its obligations within 12 months after the financial statement date or when it is “known or probable” an entity will be unable to meet its obligations within 24 months after the financial statement date while considering all mitigating conditions and events that are in the “ordinary course of business.” The “more-likely-than-not” threshold implies a quantitative amount that is objective in definition; however, it is subjective in application. The “known or probable” threshold requires significant judgment when considering the matters and circumstances that could
reasonably be considered known within a 24-month timeframe. For public companies, an additional threshold must be considered - when there is “substantial doubt” about an entity’s ability to continue as a going concern. The “substantial doubt” threshold is met when an entity’s inability to meet its obligations within 24 months after the financial statement date becomes probable after contemplating the effect of all management plans, including plans that are not considered in the “ordinary course of business.” This fragmented disclosure requirement based on three separate thresholds adds complexity rather than clarity to the going concern presumption guidance. We encourage the FASB to further evaluate the usefulness of these thresholds to management’s consideration of uncertainties about an entity’s going concern presumption.

As an alternative to the multi-tiered approach, we would suggest considering a more simplified measure such as a single point of reference. For example, a twelve month (or longer) window at the “probable” threshold could be considered. We are concerned that the “more-likely-than-not” threshold may be prematurely reached during a period wherein realistic alternatives are still being pursued. This single “probable” threshold would and should serve to complement the financial condition and liquidity disclosures included within Management’s Discussion and Analysis (MD&A) in the event a company foresees this type of significant financial picture on the horizon. MD&A disclosures should clearly depict a situation of growing financial concern and the potential consequences such that it should not be a significant surprise to the investor community when a disclosure of uncertainty about a company’s going concern presumption is made at the “probable” threshold. Additionally, once a company makes an initial disclosure related to uncertainties about its going concern presumption, whether under a “more-likely-than-not” or “probable” threshold, it will have already sent strong signals to the market and thus be on close watch for continued updating of this disclosure, both in its SEC filings and public communications; therefore, the need for a secondary threshold may be moot. A company’s publicly traded debt and equity securities are also likely to come under pricing pressure upon such an initial disclosure and, as a consequence, cause added stress to the already challenging financial situation.

We are also concerned the proposed disclosures may expose companies to increased litigation risk. Forward-looking and risk factor type disclosures are generally included in the MD&A sections of public company filings and are subject to the safe harbor provisions that help protect a company from litigation related to disclosures about forecasted events. As proposed, the required disclosures incorporate management judgments and assumptions about the timing and extent of future occurrences that may impact the company and such disclosures will be presented in the footnotes to the financial statements. Forward-looking information disclosed outside of MD&A is not covered by the safe-harbor provisions, therefore opening companies up to increased risk of litigation.

We agree with the proposed prospective application as this is a reasonable and prudent approach. In establishing an effective date, we believe the Board should consider that, as proposed, this will result in significant changes to required auditable disclosures and entities will need to establish new processes and procedures related to the disclosure requirements. If a final standard is issued in mid to late 2014, we believe an appropriate period of adoption to be fiscal periods beginning on or after January 1, 2016.
We appreciate the opportunity to comment on this matter and voice our concerns. We would be happy to provide any additional information you may require or discuss our comments further.

Sincerely,

Ted Timmermans
VP Controller and Chief Accounting Officer
The Williams Companies, Inc.