

VIA Email

LETTER OF COMMENT NO. 245

March 31, 2009

Mr. Russell G. Golden
Director of Technical Application and Implementation Activities
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

RE: Proposed FASB Staff Position No. FAS 115-a, FAS 124-a and EITF 99-20-b, Recognition and Presentation of Other-Than-Temporary Impairments (File Reference: Proposed FSP FAS 115-a, FAS 124-a and EITF 99-20-b)

Dear Mr. Golden:

FPL Group, Inc. ("we" or "the Company") appreciates the opportunity to comment on the Financial Accounting Standards Board's (the "Board") proposed Staff Position, No. FAS 115-a, FAS 124-a and EITF 99-20-b, Recognition and Presentation of Other-Than-Temporary Impairments ("the Proposed Standard"). FPL Group is a nationally-known energy company, with over \$16 billion in revenues in 2008. Its rate-regulated subsidiary, Florida Power & Light Company, serves 4.5 million customer accounts in Florida. Additionally, NextEra Energy Resources, LLC, an FPL Group competitive energy subsidiary, is a leader in producing electricity from clean and renewable fuels in 25 states and Canada.

We support the Board's proposal to make the other-than-temporary impairment (OTTI) guidance more operational and to improve the presentation in the financial statements. While we are in support of the overall objectives of the Proposed Standard, we would like the Board to consider the following comments on the Proposed Standard:

Third Party-Managed Investment Portfolios:

Paragraph 12 of the Proposed Standard indicates that an other-than-temporary-impairment exists if a decline in fair value below the amortized cost exists at the measurement date for a debt or equity security and the entity intends to sell the security or it is more likely than not that an entity will sell the debt or equity security before recovery of its cost basis.

We ask for clarification of the intent of paragraph 12 in the Proposed Standard regarding third party-managed investment portfolios. The Company has investment securities held in nuclear decommissioning trust funds totaling approximately \$2.8 billion at December 31, 2008. As required by the Nuclear Regulatory Commission, the funds are managed by

independent third party investment managers. Specific clarification is requested regarding whether or not the Proposed Standard allows a "look through" to the third party investment managers and their intent and investment strategies on behalf of the Company regarding the managed investments.

Under current OTTI guidance, it is widely accepted that an entity cannot assert an ability and intent to hold a security until recovery when that security is held in a third partymanaged trust. This determination is based on the fact that day to day investment decisions are in the control of the investment manager (subject to investment guidelines provided by the entity) and the uncertainty surrounding the recovery of a security's fair value, including the timing of such a recovery. The accounting result is that all losses are reported through earnings, while subsequent recoveries are reported in other comprehensive income, creating very lopsided results.

The new criteria for assessing OTTI as set forth in the Proposed Standard appear to be assessments of the intent or need to sell as of a point in time, rather than a commitment to hold a security through a series of changing circumstances. Accordingly, we believe that an entity can make an assessment of OTTI losses under the proposed guidance, based on communication with the investment manager about their intentions to sell securities. We believe that in cases where the third party investment manager is able to provide an entity with information about securities it intends to sell at a loss or for which there is evidence that it is more likely than not that the security will be sold at a loss, the Company should be able to use that information in making an assessment of whether the securities held in the trust are other than temporarily impaired for purposes of applying the Proposed Standard. Specific clarification of this issue in the final FSP, or in concurrent written implementation guidance, is critical to the consistent and timely application of the Proposed Standard by entities with third party-managed investment trusts, both in our industry and in other industries.

Tainting Notion

In discussing the Proposed Standard with our audit firm and industry peers, a question has been raised as to whether a subsequent sale of a security at a loss within some timeframe, when that security was not previously considered to be other than temporarily impaired, would "taint" the ability of an entity to assess other than temporary impairment. We strongly believe that the OTTI assessment should be made as of the date of the financial statements, with the best information available to the entity at that date and an understanding that intentions can change with changes in circumstances, often very quickly in today's fluid markets. We encourage the Board to refrain from introducing a bright line timeframe during which the sale of securities (not previously identified as other than temporarily impaired) at a loss would taint the entity's ability to make an OTTI assessment.

Having said that, we do believe that sales of securities subsequent to the reporting date, but before the issuance of the financial statements, should be evaluated as subsequent events. The sale of a security at a loss after the reporting date provides new additional evidence about the entity's intent with respect to that security, and any unrealized loss that existed at the balance sheet date should be recognized in earnings of the reporting period. Consistent with the preceding paragraph, however, this should not in any way taint the ability of the entity to assess OTTI losses going forward.

Summary:

We support the Board's proposal to make the other-than-temporary impairment guidance more operational. However, we ask clarification on the third-party managed investment portfolios as well as the tainting notion. Thank you for the opportunity to comment on the Proposed Standard. Your consideration of our comments is greatly appreciated.

Sincerely,

K. Michael Davis

Controller and Chief Accounting Officer