2012-200 Comment Letter No. 38

Vincent Sorgi

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September 24, 2012

Financial Accounting Standards Board Technical Director 401 Merritt 7 P.O. Box 5116 Norwalk, CT 06856-5116

Re: File Reference No. 2012-200 Proposed Accounting Standards Update—Financial Instruments (Topic 825): Disclosures about Liquidity Risk and Interest Rate Risk

Dear Technical Director:

PPL Corporation ("PPL") appreciates the opportunity to comment on the Proposed Accounting Standards Update - *Financial Instruments (Topic 825): Disclosures about Liquidity Risk and Interest Rate Risk* ("Exposure Draft" or "ED"). PPL is an energy and utility holding company that, through its subsidiaries, owns or controls nearly 19,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets, and delivers electricity and natural gas to about ten million end users in the United States and the United Kingdom.

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. We believe that as currently proposed, the ED will not meet this objective, and we concur with the issues raised in the comment letter submitted by the Edison Electric Institute (EEI), including:

- The proposed disclosures are duplicative and/or overlap with disclosures currently included in the MD&A or in the financial statement footnotes required by GAAP. The adoption of duplicate, but not identical (and in some cases inconsistent) disclosures would decrease, rather than increase, the usefulness of financial information. Accordingly, we do not believe the proposed liquidity disclosures should be required for entities that are not financial institutions.
- If the FASB moves forward with the issuance of this ED, we believe that the
 definitions of "expected cash flow obligations" and "expected maturities" need
 to be clarified and specific examples provided.

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- The proposal would permit an entity that is not a financial institution to report only cash flow obligations for energy commodity positions but would not permit the reporting of cash inflows associated with the management of those positions. Many entities in the energy industry manage their derivative portfolios using an asset-liability management approach that is similar to the one used by financial institutions for their portfolios, however, the proposal only permits financial institutions to reflect the expect cash inflows related to the management of these positions. We believe entities that manage derivative portfolios using an asset-liability approach should be permitted to reflect the related expected cash inflows in their liquidity disclosures.
- We believe a clear, operational definition of "high quality liquid assets" should be included in the final guidance to ensure consistent disclosure of highly liquid funds across companies.

We would be pleased to discuss our request in further detail and provide any additional information that you may find helpful in addressing these important issues.

Very truly yours,

Vincent Sag.

Vincent Sorgi

Vice President & Controller

cc: Mr. P. A. Farr

Mr. M. A. Cunningham

Mr. M. D. Woods