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From: Wall, John F [\[mailto:John.Wall@hq.doe.gov\]](mailto:John.Wall@hq.doe.gov)

Sent: Friday, February 11, 2011 12:12 PM

To: Payne, Wendolyn M

Subject:

Good Morning,

Attached are our responses to the Property Exposure Drafts. If you have any questions, please give me a call.

Thanks,

John Wall

Office of Financial Policy

Office of the Chief Financial Officer

Department of Energy's Response to FASAB Exposure Draft: *Implementation Guidance on the Accounting for the Disposal of G-PPE (dated December 10, 2010)*

All responses are requested by February 11, 2011.

Q1. Do you agree or disagree with the criteria outlined for differentiating between temporary and permanent removal from service (paragraph 6 and 7). Please provide the rationale for your answer.

Agree. Criteria are adequate for differentiating between temporary and permanent removal from service. The criteria for temporary removal from service would allow an asset's use to be terminated and then not remove the asset from service while management makes a determination on the future use of the asset. Once this determination is made it can be permanently removed.

Q2. Do you agree or disagree with the General Property, Plant, & Equipment (G-PP&E) permanent removal financial transactions outlined in paragraph Please provide the rationale for your answer.

Agree. Permanent removal should result in removal of the asset from the financial records and the posting of any associated gain or loss.

Q3. Do you agree or disagree with the G-PP&E temporary removal financial transactions outlined in paragraph 13? Please provide the rationale for your answer.

Agree. Pending management's decision whether to permanently remove an asset, it can be placed back into service at any time. Additional clarification should be provided on terminating an asset's use and how long the asset can remain in temporary removal status.

Q4. Do you agree or disagree with the G-PP&E disposal financial transactions when group or composite depreciation is used as outlined in paragraph Please provide the rationale for your answer.

Agree. Making adjustments to assets and accumulated depreciation is common practice as changes are recognized. These changes should be reviewed regularly.

Q5. Do you agree or disagree with the G-PP&E disposal, as it relates to cleanup costs, financial transactions illustrated in paragraph. Please provide the rationale for your answer.

Agree. The Department agrees that when an asset is disposed of and removed from the financial records, associated costs should be recognized.

However, the Department handles cleanup as part of the unfunded environmental liability estimate.

Q6. Do you believe that additional technical guidance to record disposal transactions related to G-PP&E is needed in this proposal? Please provide the rationale for your answer.

No. The exposure draft adequately addresses the various financial transactions related to disposals.