

**From:** Steinberg, Michael [<mailto:Michael.Steinberg@nrc.gov>]  
**Sent:** Friday, February 11, 2011 7:26 AM  
**To:** Payne, Wendolyn M  
**Cc:** Stetson, Kathleen; Cooper, Terri  
**Subject:** Comments on Exposure Drafts

See Attachments.

If you have any questions, please contact me. Also, could you please acknowledge the receipt of this e-mail and the two attachments?

Let me thank you in advance,

Michael

Michael J. Steinberg  
c/o Nuclear Regulatory Commission  
Office of the Inspector General

Wendy M. Payne, Executive Director  
c/o Federal Accounting Standards Advisory Board  
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**Reference:** Comments Requested on Exposure Draft titled, *Implementation Guide for Estimating the Historical Cost of General Property, Plant, and Equipment* (G-PP&E)

Dear Ms. Payne,

The Office of the Inspector General (OIG) within the Nuclear Regulatory Commission has reviewed the subject FASAB Exposure Draft. OIG is providing the following response to your questions on pages 6-7 of the draft. If you have any questions, please contact me at 301-415-5931 or at [michael.steinberg@nrc.gov](mailto:michael.steinberg@nrc.gov).

Question 1:

Do you agree or disagree with the types of estimating methodologies proposed to estimate the cost of historical assets? Please provide the rationale for your answer. Do you believe additional methodologies should be included? If so, please specify.

Response to Question 1:

Agree. The methodologies provided appear to be reasonable in estimating the costs associated with Federal Government Property, Plant and Equipment (PP&E). No other methodologies come to mind that require estimating historical costs.

Question 2:

Do you agree or disagree with the example for estimating the cost using deflation of current replacement? (Page 14) Please provide the rationale for your answer.

Response to Question 2:

Agree. The example on page 14 employs the Consumer Price Index (CPI) or some other relevant index to account for the inflation rate and other factors. This approach appears to be reasonable in the case of incomplete or missing cost records. However, a consideration may be whether the CPI (a measure of the average change over time in the prices paid by consumers for goods) should be used for such items as construction-related materials or labor. It is possible that over time these items may be subject to a much higher inflation rate than the CPI.

Question 3:

Do you agree or disagree with the example for estimating the cost using appraisal information? (Page 14) Please provide the rationale for your answer.

Response to Question 3:

Agree. This method of estimating historical costs seems reasonable and acceptable. However, my answer is contingent on the assumption that you find an experienced appraiser (who comes highly recommended) with years of experience in valuing Federal Government type assets.

Question 4:

Do you agree or disagree with the example for estimating the cost using expenditures? (Page 18) Please provide the rationale for your answer.

Response to Question 4:

Agree. This method of estimating the cost using expenditures seems reasonable. However, my answer is contingent on the assumption that the project information on hand was accurate, complete, and was analyzed sufficiently.

Question 5:

Do you agree or disagree with the example for estimating the cost using budget and appropriation information? (Page 18) Please provide the rationale for your answer.

Response to Question 5:

Agree. This method seems reasonable to address the differences between the use of budget estimates and actual funding as well as the need to maintain accurate records for all costs of an asset.

Question 6:

Do you agree or disagree with the example for estimating the cost for G-PP&E in the possession of contractors? (Page 18) [Page 21] Please provide the rationale for your answer.

Response to Question 6:

Agree. This method of estimating the cost for G-PP&E seems reasonable.

Question 7:

Do you agree or disagree with the G-PP&E record retention recommendations outlined in Appendix B?

Response to Question 7:

Agree. Appendix B adequately covers many record retention concerns by pointing out that there is existing guidance on the disposal of certain G-PP&E and electronic records (Page 26). The guidance also includes the different types

of G-PP&E records such as personal property and transaction type records, and real property records. The guidance is also illustrative in providing examples of each type records (Page 27).