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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 Guide for Estimating the Historical Cost of G-PPE (dated December 10, 2010)*

All responses are requested by February 11, 2011.

Q1. 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.

Agree. The different methodologies provide enough alternatives for evaluating historical costs. Methodologies provide a reasonable basis for developing an estimate when historical cost data is not available. Additional methodologies are not needed because users should use the examples provided to develop their own reasonable estimating methodology.

Q2. 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.

Agree. Using present day construction dollars discounted back to construction year is a reasonable approach for this type of estimate. However, caution should be exercised in using this example when significant changes in raw materials have occurred since original construction date.

Q3. Do you agree or disagree with the example for estimating the cost using appraisal information? (Page 14) Please provide the rationale for your answer.

Agree. The example provided in the exposure draft is detailed and covers necessary steps in order to obtain an accurate estimate.

Q4. Do you agree or disagree with the example for estimating the cost using expenditures? (Page 18) Please provide the rationale for your answer.

Agree. Using the expenditure method is common for determining the basis of assets. The example is easy to follow.

Q5. 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.

Agree. This methodology should only be used when other estimating methodologies are not available. The guide should mention and make clear

that other methodologies may be used because budget and appropriation information can vary materially from actual costs.

Q6. Do you agree or disagree with the example for estimating the cost for G-PP&E in the possession of contractors? (Page 18) Please provide the rationale for your answer.

Agree. The cost data available from independent contractors is generally reliable due to the verifiable detailed backup support contractors are required to maintain.

Q7. Do you agree or disagree with the G-PP&E record retention recommendations outlined in Appendix B.

Agree. Recommendations are adequate and recognize that agency management should use its judgment to determine if the record should be retained longer than the recommended period based on factors including audit requirements, capitalization thresholds, or other qualitative considerations.