




Department of Energy
Washington, DC 20585

July 5, 2023

MEMORANDUM FOR THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

FROM

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Date: 2023.07.10 17:23:14 -04'00'
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SUBJECT

Federal Accounting Standards Advisory Board (FASAB) Exposure Draft:
Lease Implementation Guidance Updates - Amendments to Technical Release 20

The Department of Energy (DOE) appreciates the opportunity to comment on FASAB's exposure draft titled "*Leases Implementation Guidance Update: Amendments to Technical Release 20*." In response to the three questions conveyed in the exposure draft, DOE's position is as follows:

- Generally, DOE supports the proposed conforming amendment to paragraph 5.
- DOE agrees with including new questions and answers in paragraphs 6 through 10. However, concerning paragraph 8B, FASAB should provide a more detailed example of how to account for and record the payment of the right to use dark fibers and the associated recurring payments related to operations & maintenance, fees, taxes, etc.
- For the most part, DOE supports the proposed clarifying amendments or technical corrects in paragraphs 11-13. However, concerning paragraph 12, DOE disagrees that FASAB should replace the word "cancelable" with "covered by the lessee's option to terminate." The additional text adds a superfluous complexity to one's interpretation of paragraph 25.

Additionally, DOE notes that it would promote transparency for the technical release, or other FASAB guidance, to explicitly describe existing exemptions to SFFAS 54 created by the application of SFFAS 47. Consistent with the provisions of SFFAS 47, commercial-type Federal entities that prepare financial statements in a manner consistent with GAAP issued by the Financial Accounting Standards Board (FASB)ⁱ would not be required to follow the provisions SFFAS 54. DOE supports the current FASAB guidance in SFFAS 47, which it applies to the Bonneville Power Administration (BPA), a consolidation subcomponent of the Department of Energy. However, because of differences between FASB's ASC 842ⁱⁱ and SFFAS 54, the potential exists for reporting differences, including intragovernmental differences between DOE and GSA. Explicit acknowledgement of those potential reporting differences would increase transparency of the impacts of SFFAS 47 on Federal lease accounting practices.

Please contact Tynesha Douglass at (202) 586-6144 with any questions regarding this response.

ⁱ Statement of Federal Financial Accounting Standards (SFFAS) 34, The Hierarchy of Generally Accepted Accounting Principles (GAAP), paragraph 11, regards general purpose financial reports prepared under FASB as in conformity with GAAP for entities that have previously issued these types of reports.

ⁱⁱ Accounting Codification Standards (ASC) 842, Leases