KPMG LLP
757 Third Avenue
New York, NY 10017

Telephone 212-909-5600
Fax 212-909-5699
Internet www.us.kpmg.com

February 23, 2011

Ms. Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board (FASAB)
441 G Street, NW, Suite 6814
Mailstop 6K17V
Washington, DC 20548

Dear Ms. Payne:

We appreciate the opportunity to respond to the proposed Federal Financial Accounting Technical Release, *Implementation Guidance on the Accounting for the Disposal of General Property, Plant, & Equipment* – the exposure draft (ED). We recognize the Accounting and Auditing Policy Committee (AAPC) efforts to develop this Technical Release and appreciate that the AAPC's mission is to assist the federal government in improving financial reporting by timely identifying, discussing, and recommending solutions to accounting issues within the framework of existing authoritative literature. We agree that there is a need for additional guidance on accounting issues related to the disposal of general property, plant, & equipment. However, we believe that the introduction of the new terms and the related new accounting guidance in the ED would be more appropriate if the changes were done through amendment of Statements of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment* (SFFAS No. 6).

The ED introduces two key terms, "temporary removal" and "permanent removal", which bifurcate the concept of removal from service that is a central concept in SSFAS No. 6. We are concerned that the issuance of a Technical Release as the ED is drafted would result in Level C GAAP (the Technical Release) that could contradict Level A GAAP (SSFAS No. 6). This contradiction is best illustrated by an example. Suppose an entity had a facility that no longer provided service due to damage in a natural disaster or obsolescence. The entity would find accounting addressing these specific circumstances in paragraph 7 of the ED and paragraph 39 of SFFAS No. 6. However in accordance with the ED, the entity would have to meet an additional condition to achieve the same accounting specified in paragraph 39 of SFFAS No. 6. We do not understand how a Technical Release could change the accounting set forth in an existing Standard.

We recommend that the Board consider the challenges described in paragraph A6 of the ED, and whether an amendment of SFFAS No. 6 is needed. Due to the issues described above, we have not provided comments on the specific questions posed by the ED.

If you have questions about our response, please contact Ms. Amanda Nelson at 202-533-5560 or aenelson@kpmg.com.

Very truly yours,

KPMG LLP

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