May 27, 2016

DAVID R. BEAN, DIRECTOR OF RESEARCH AND TECHNICAL ACTIVITIES
GOVERNMENTAL ACCOUNTING STANDARDS BOARD
PROJECT 3-24E
401 MERRITT 7
PO BOX 5116
NORWALK, CT 06856-5116

Dear Mr. Bean,

The City of Seattle, City Light Department (Seattle City Light) is pleased to have the opportunity to provide comments on the exposure draft related to Leases. We support the proposed reporting and disclosure enhancements for lessees and lessors which will improve comparability and transparency of government financial statements. However, we would like to provide comments for one specific part of the exposure draft.

Scope and Applicability

Seattle City Light is aware that some auditors and other utilities may interpret that this proposed standard may apply to certain purchased power agreements (PPA’s), specifically ones in which the utility is the only power purchaser, thereby it may be inferred that the utility has significant control or right to use the asset (e.g. generation facility). There appears to be a lack of clarity as to whether or not a generation facility is a financial or a non-financial asset. Therefore we request that the Board add language to the draft guidance on leases to clarify that PPA’s and other similar commodity purchase contracts are not included in the scope of the standard.

Conclusion

We appreciate the GASB’s efforts to establish and improve standards of state and local governmental accounting and financial reporting, and we are grateful for the opportunity to respond. If you have any questions, or require any additional information, please contact me at fernando.estudillo@seattle.gov or 206-684-3832.

Sincerely,

Fernando G. Estudillo, CPA, CGMA
Manager, General Accounting
Seattle City Light

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