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McGladrey

May 18, 2015

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. EITF-15A

Dear Ms. Cosper:

McGladrey LLP is pleased to comment on the Proposed Accounting Standards Update, "*Application of the Normal Purchases and Normal Sales Scope Exception to Certain Electricity Contracts within Nodal Energy Markets, a consensus of the FASB Emerging Issues Task Force"* (the "proposed ASU"). Our responses to the specific questions raised in the proposed ASU follow.

Question 1: *Is the scope of the proposed amendments sufficiently clear about the type of contracts to which the proposed amendments apply? Should the scope of the proposed amendments be limited to entities that enter into contracts for the purchase or sale of electricity on a forward basis for delivery to a location within an electricity grid operated by an independent system operator whereby one of the contracting parties incurs charges (or credits) for the subsequent transmission of that electricity based in part on locational marginal pricing differences payable to (or receivable from) the independent system operator? If not, please explain why.*

We believe the scope is clear however we believe consideration should be given to making the scope less specific and more principles based. The need for this amendment arose due to changes in the industry's method of transmission. As this industry continues to evolve or similar issues arise in other industries, additional amendments may be necessary. We believe this risk could be minimized through less specific, more principles based guidance.

Question 2: *Do you agree that the use of locational marginal pricing by an independent system operator to determine the transmission charge (or credit) should not constitute net settlement of a contract for the purchase or sale of electricity, even in scenarios in which legal title to the associated electricity is conveyed to the independent system operator during transmission? If not, please explain why.*

We are in agreement given how the industry has evolved.

Question 3: *Should the proposed amendments be applied prospectively? If not, what transition method should be applied and why?*

We agree with prospective application for the reasons elaborated on in the basis for conclusions.

Question 4: *How much time would be needed to implement the proposed amendments? Should early adoption be permitted?*

We believe that a one year implementation period should suffice and that early adoption should be permitted, particularly in light of the current diversity in practice and the potential that the proposed ASU has to reduce accounting efforts and valuation expense.

Question 5: *Do entities other than public business entities (that is, private companies and not-for-profit entities) need additional time to apply the proposed amendments? Why or why not?*

We would anticipate that a one year implementation period would suffice for all entities.

We appreciate this opportunity to provide feedback on the proposed guidance. We would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to Rick Day at 563.888.4017 or Faye Miller at 410.246.9194.

Sincerely,

McGladrey LLP

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