

April 25, 2016

Technical Director
File Reference No. 2016-200
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

File Reference: 2016-210: Compensation – Retirement Benefits – Defined Benefit Plans – Changes to the Disclosure Requirements for Defined Benefit Plans

Dear Ms. Cospers:

The Edison Electric Institute (EEI) and the American Gas Association (AGA) appreciate the opportunity to comment on the Financial Accounting Standards Board's (FASB or Board) Exposure Draft referenced above regarding disclosure requirements for defined benefit plans (hereafter the "Exposure Draft").

EEI is the association that represents all U.S. investor-owned electric companies. EEI members provide electricity for 220 million Americans, operate in all 50 states, and directly employ more than 500,000 workers. With more than \$90 billion in annual capital expenditures, the electric power industry is responsible for millions of additional jobs. EEI has 70 international electric companies as Affiliate Members and 250 industry suppliers and related organizations as associate Members. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

The AGA, founded in 1918, represents 202 local energy companies that deliver clean natural gas throughout the United States. There are more than 70 million residential, commercial and industrial natural gas customers in the U.S., of which almost 93 percent – more than 65 million customers – receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Today, natural gas meets almost one-fourth of the United States' energy needs.

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EEI and AGA regularly work together on projects of mutual interest and impact to the energy utility sector broadly, and the comments expressed herein represent the majority view of each organization's member companies and respond only to certain questions that are most relevant to our members.

We agree with the underlying goal of the Exposure Draft—to improve the effectiveness of disclosures in the notes to the financial statements as it relates to defined benefit pension and other postretirement plans—and appreciate the Board's efforts to do so. We support the Board's proposal to allow companies to exclude disclosures that management deems are immaterial. We also support the Board's efforts to remove certain disclosure requirements that are not considered useful or are out-of-date. We believe both of these proposed amendments will further the Board's objective of improving the effectiveness of disclosures. However, we believe some of the proposed new disclosures do not provide more effective, decision-useful information. Therefore, we encourage the Board to reconsider the addition of these new disclosure requirements.

We now address several of the specific questions in the proposal.

Question 1: Would the proposed amendments result in more effective, decision-useful information about defined benefit pension and other postretirement plans? If not, please explain why. Would the proposed amendments result in the elimination of decision-useful information about defined benefit pension and other postretirement plans? If yes, please explain why.

We do not believe that the proposed requirement to provide “a description of the nature of the benefits provided, the employee groups covered, and the type of benefit plan formula” or the requirement to provide a “narrative description of the reasons for significant gains and losses affecting the benefit obligation or plan assets” would result in more effective, decision-useful information.

With respect to the proposed requirement to provide “a description of the nature of the benefits provided, the employee groups covered, and the type of benefit plan formula,” we note that this disclosure requirement was removed in Statement 132(R) because the Board concluded that it was of limited use due to the general nature of the information provided. We also believe that the disclosure would not be meaningful, especially when a company has multiple benefit formulas related to various employee groups existing in several different pension plans. Further, we are unclear on how that information will provide any “predictive” value to the readers of the financial statements. While many public companies currently provide this information voluntarily, we believe making it a required disclosure would be contrary to the objective of allowing companies to use judgment in determining whether such disclosures would be meaningful to investors in the context of their specific facts and circumstances.

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We do not support the requirement to provide a “narrative description of the reasons for significant gains and losses affecting the benefit obligation or plan assets” in the footnotes to the financial statements unless the resulting gain or loss was the result of management’s actions, e.g., a change in the benefit formula for pension benefits, rather than a function of the change in the general level of interest rates. Even in those circumstances, we believe they would be best discussed in MD&A along with the explanations for other changes in balance sheet amounts, if significant. Disclosures of significant assumptions and sensitivities to fluctuations in those assumptions (e.g., expected return on assets, discount rate, and health care trend rates) are already provided in MD&A or in the footnotes to the financial statements.

The addition of assumed interest crediting rates to the disclosed assumptions appears to be an appropriate inclusion that may be useful to financial statement users.

Question 2: Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability issues and why?

The proposed disclosures requirements are expected to be operable. However, we believe the primary factor for determining whether these new disclosure requirements should be added should be based on the concepts in the conceptual framework, including whether or not the incremental disclosures provide more effective, decision-useful information – and not solely based on whether or not the requirements would be operable or auditable.

As discussed in our response to Question 1 above, we do not believe that is the case with respect to the proposed requirement to provide “a description of the nature of the benefits provided, the employee groups covered, and the type of benefit plan formula” or the requirement to provide a “narrative description of the reasons for significant gains and losses affecting the benefit obligation or plan assets”.

Question 3: Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

Consistent with the Board’s expectation, we do not believe the proposed disclosures would result in preparer’s incurring significant costs.

Question 4: Are there any other disclosures that should be required by Subtopic 715-20 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

We do not believe there are any other disclosures that should be required by Subtopic 715-30 that are not currently required by the Codification.

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Question 5: Are there any other disclosure requirements retained following the review of Subtopic 715-20 that should be removed on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

We have not identified any other disclosure requirements in Subtopic 715-20 that should be removed.

Question 6: How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by nonpublic entities be different from the amount of time needed by public entities? Should early adoption be permitted? If yes to either question, please explain why.

We do not believe the time needed to implement the proposed amendments would be significant. If some or all of the provisions of the proposed amendments are adopted, we support including an option to allow entities to early adopt the proposed standard.

EEI and AGA appreciates the opportunity to provide our input on the proposed Exposure Draft. We would be pleased to discuss our comments and to provide any additional information that you may find helpful.

Very truly yours,

/s/ Richard F. McMahon, Jr.

Richard F. McMahon, Jr.
Vice President, Edison Electric Institute

/s/ Patrick J. Migliaccio

Patrick J. Migliaccio
Senior Vice President & Chief Financial Officer
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