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Public Company Accounting Oversight Board
Office of the Secretary
1666 K Street, NW
Washington, DC 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 37

PPL Corporation ("PPL") appreciates the opportunity to comment on the Public Company Accounting Oversight Board's (PCAOB) *Concept Release on Auditor Independence and Audit Firm Rotation* (Release No. 2011-006, August 16, 2011). PPL is an energy and utility holding company that, through its subsidiaries, owns or controls nearly 19,000 megawatts of generating capacity in the United States, sells energy in key U.S. markets, and delivers electricity and natural gas to about ten million end users in the United States and the United Kingdom.

We agree with the PCAOB's objective of ensuring that auditors perform their audits with independence, objectivity and professional skepticism, as these are the cornerstones of the auditing profession. We believe that, in a vast majority of circumstances, current professional standards are adequate in meeting this objective.

We do not believe that mandatory audit firm rotation would improve audit quality, as there is no empirical evidence connecting audit firm tenure to audit failures or lack of independence, objectivity and professional skepticism. We believe mandatory audit rotation could actually diminish the quality of an audit by eliminating the benefit of the audit firm having institutional knowledge about the company and the industry in which it operates. This knowledge, which takes several years to develop, is essential for an auditor to be able to assess the company's risks and perform an effective and efficient audit, particularly in a specialized industry such as ours. We believe the more probable causes of audit failures are lack of auditor experience, lack of supervision of audit staff, or lack of technical or industry knowledge. Since most audit firms experience all of these issues to some extent, simply requiring a change in audit firms will not provide any meaningful improvements in audit quality.

We believe the risk of audit failure would be higher in the years immediately following an auditor change than it would be in those years when the audit was performed by an auditor with several years of experience serving the client. There would also be significant costs and time incurred, by both the company and the new auditor, for the company to get the new auditor "up to speed" and provide them with or assist them in creating all of the documentation that is required as part of a first year audit engagement.

As a result of mandatory audit firm rotation, accounting firms would be required to devote a significant additional amount of their audit practice resources to deal with the increased amount of proposal requests from companies seeking a new audit firm due to the rotation requirement. If the objective is to increase audit quality, rules should not be created that require auditors to divert their time and attention away from providing quality audits and towards generating new business. The volume of auditor transitions resulting from mandatory audit firm rotation would be disruptive to both firms and companies and would most certainly have a negative impact on audit quality.

Mandatory audit firm rotation would also require companies to closely monitor which firms provide non-audit services to them. An audit firm providing prohibited non-audit services could taint their independence and be precluded from being eligible to provide financial statement audit services. This could result in companies forgoing the use of the most qualified firms to perform certain non-audit services so that those firms would be eligible to perform financial statement audits in the future when the current auditors' rotation periods expire. This issue is significant for companies in specialized industries such as ours, as the number of firms possessing the necessary industry knowledge is limited to begin with.

Finally, we believe an effective audit committee knows the audit needs of the company and the work of the audit firm and is best positioned to evaluate whether the auditor's independence is, or appears to be, compromised. Audit committees should therefore continue to have clear authority to oversee the audit process and to appoint, remove and compensate the auditor. It has been our experience that audit committees take this responsibility very seriously. Some audit committee charters already require that the company periodically put their financial statement audit out for bid to ensure the company is getting the best audit possible. Requiring mandatory audit firm rotation would undermine this audit committee responsibility.

As a result of the current partner rotation requirements, normal audit staff turnover, and changes in management and audit committee personnel, audit approaches and financial reporting practices are consistently being reviewed and challenged by individuals with no prior involvement with the audit engagement or the company. As such, we believe mandatory audit firm rotation is not necessary, would be costly and time consuming, and would not positively impact the quality of financial statement audits.

We would be pleased to discuss our comments in further detail and provide any additional information that you may find helpful in addressing these important issues.

Very truly yours,

Vincent Sorgi

Vincent Sorgi
Vice President and Controller

cc: Mr. P. A. Farr
Mr. M. A. Cunningham
Mr. M. D. Woods