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December 29, 2006

Mr. Robert H. Herz
Chairman
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116



LETTER OF COMMENT NO. 5

Dear Mr. Herz:

The American Gas Association (AGA) joins with the other associations and organizations that urge the Financial Accounting Standards Board to delay the effective date of FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes.

The American Gas Association represents 200 local energy utility companies that deliver natural gas to more than 64 million homes, businesses and industries throughout the United States. AGA's members' account for more than 92 percent of all natural gas delivered by the nation's natural gas utilities.

FIN 48 is meant to clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109 (SFAS 109), Accounting for Income Taxes.

FIN 48 is to become effective for fiscal years beginning after December 15, 2006 – January 1, 2007 for calendar year corporations. To adopt FIN 48, an enterprise must identify its material tax positions for all open years as of the beginning of the fiscal year of adoption. The FIN 48 two-step process must then be applied to all material tax positions. The application of this process is will undoubtedly be a significant and costly undertaking, especially for larger companies.

Since FIN 48 was issued in July 2006, a significant number of fundamental implementation issues have arisen. These remain under discussion, and at present, they remain unresolved. AGA understands that a number of these issues have been identified for FASB by other organizations and AGA will not reiterate them here. Needless to say, while these uncertainties remain, the steps necessary to achieve compliance with FIN 48 remain uncertain. Given the effort required to comply with FIN 48 and the uncertainties involved, it would be prudent to delay implementation until these uncertainties can be resolved and proper compliance can be achieved without unnecessary cost to the companies involved.

AGA accordingly joins in recommending that the effective date of FIN 48 be deferred for one year.

AGA and its member companies appreciate your consideration of our views on this important issue.

Sincerely,

Charles H. Fritts