PEOPLES ENERGY

LETTER OF COMMENT NO. 273

January 5, 2007

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

Dear Chairman Herz:

On behalf of Peoples Energy Corporation (PEC), I strongly urge the Financial Accounting Standards Board to delay the effective date of FIN 48 on Accounting for Uncertainty in Income Taxes to allow companies sufficient time to address the substantive, procedural, and documentation challenges posed by the new interpretation. Specifically, I recommend that the effective date of FIN 48 be deferred to fiscal years beginning after December 15, 2007.

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. PEC understands that a number of these issues have been identified for FASB by other organizations and PEC will not reiterate them here. Needless to say, while these uncertainties remain, the steps necessary to implement and achieve compliance with FIN 48 remain uncertain. At a meeting on October 12, 2006. FERC staff indicated issues with adoption of FIN 48 by regulated companies that they will need to consider and potentially resolve by providing guidance. Other regulatory commissions (our company is regulated by FERC and 4 state commissions) will likely also have their own issues and will need to issue guidance on the treatment of FIN 48 tax reserves.

In summary, extending the deadline for implementing FIN 48 will permit companies, their independent auditors, and regulatory agencies to resolve unanswered questions and thus reduce the likelihood of diversity in practice, which in part prompted the development of FIN 48 in the first instance.

Respectfully,

John P. Stabile
Director, Tax Administration
Peoples Energy Corporation

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