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June 28, 2010

Via Electronic FilingRosemary Chiavetta, Secretary
PA Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265Re: PA Public Utility Commission v. Philadelphia Gas Works
Docket Nos. R-2009-2139884 and P-2009-2097639

Dear Secretary Chiavetta:

PGW is **not** filing exceptions to the Recommended Decision (“RD”). It wishes to note that the RD contains a statement that could be misunderstood by the Commission. A sentence in the RD could create the impression that Governmental Accounting Standards Board (“GASB”) Statement 45 requires funding for other post-employment benefits (“OPEB”) liabilities. The sentence (on page 8 of the RD) states as follows:

Due to changes in accounting standards it is necessary to fund PGW’s obligations with regard to post-employment health care and life insurance.

The provisions of GASB 45 did not directly mandate funding of OPEB liabilities. *See* PGW St. 4, at 2-4. GASB 45 requires the accounting and financial reporting of OPEB liabilities by PGW. *Id.* Additionally, without OPEB funding, GASB 45 would require recording at a much greater level of both OPEB expenses and OPEB liabilities. Accordingly, PGW proposed to fund its OPEB obligations to ameliorate the financial effects of this mandated reporting as well as to reduce ratepayer costs and to attain other benefits. These reasons for OPEB funding were explained in the testimonies of Mr. Hershey (PGW St. 1 at 4-5), Mr. Bogdonavage (PGW St. 2 at 10-14) and Mr. Kikla (PGW St. 4).

PGW respectfully requests that the above sentence be clarified as follows:

Due to changes in the accounting and reporting standards it is necessary for to fund PGW’s to recognize the costs and obligations with regard to post-employment health care and life insurance as a liability for accounting and financial reporting purposes.

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Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Clearfield", with a stylized flourish at the end.

Daniel Clearfield

cc: Hon. Charles Rainey, Jr.
Certificate of Service

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and correct copy of PGW's Letter upon the participants listed below in accordance with the requirements of § 1.54 (relating to service by a participant):

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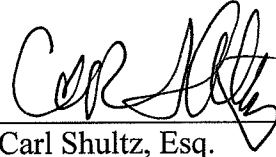
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Carl Shultz, Esq.

Dated: June 28, 2010