

Subj: Requests for Industry Comment on Proposed Standards and Interpretations  
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In regard to your correspondence dated October 31, 1997 requesting comments on proposed standards and interpretations, the Southern California Gas Company would like to comment on proposed Standard R97063 related to the funds transfer agency concept.

1. In the document referred to as "Special Provision to Natural Gas Sale and Purchase Contract" which serves as an amendment to the Base Contract for Short-Term Sale and Purchase of Natural Gas between the repurchaser and marketer, after Section 2, "Confirmation of Transaction by FTA," we would suggest inserting the following Section:

"3. General Terms and Conditions of the Base Contract Section 7.2 shall be revised so that Buyer shall pay FTA in lieu of Seller as set forth in the Base Contract for gas delivered. Seller agrees that all payments made to the FTA shall be considered payments to Seller due hereunder and will release Buyer from any further liability as to such amount."

The above provision makes it clear that the payment to the FTA satisfies Buyer's obligation to Seller, at least to the amounts so paid. Buyer will not be put in the awkward position of having to determine whom to pay in the event the Seller makes a demand for direct payment to Seller.

2. In Exhibit A, "Transaction Confirmation," applicable to the repurchaser and marketer, we would suggest that additional language be added to the section entitled "Special Condition." In addition to providing for "FTA Confirmation Standard," we propose to add another item entitled "Special Provision to Natural Gas Sale and Purchase Contract." This also requires that the heading "Special Provision" be pluralized. The addition references the above suggested change related to payment to the FTA. Again, this will make clear the commitment for payment to the FTA and the satisfaction of the payment obligation Buyer has to Seller.

If you have any questions, please contact me at (213) 244-2844 or my e-mail address rishikawa@pacent.com.