

FTAA

Funds

Transfer

Agent

Agreement

Presenter: Will Johnson

Visage

ENERGY CORP.

DOE Promotes The Gas Company's Financing Concept



Reprint 12/96

- DOE finance panel: *(left to right)*
 - Jeff Thorsen - *Southern California Gas Company*
 - Bill Cunningham - *Creative Investment Resources*
 - Will Johnson - *Visage Energy*
 - Wally Roth - *Union Bank of California*
 - Jeff Boling - *Amoco Energy Trading Company*

GISB Considers Contract Provision To Assist Minority Marketers



Reprint 09/97

- At the July 21 meeting of GISB's Contracts Subcommittee are: *(left to right)*
 - Carolyn Hazel - *Conoco*
 - Jeff Thorsen - *Southern California Gas Co.*
 - Will Johnson - *Visage Energy*
 - Christopher Freitas - *the Department of Energy*

North American Energy

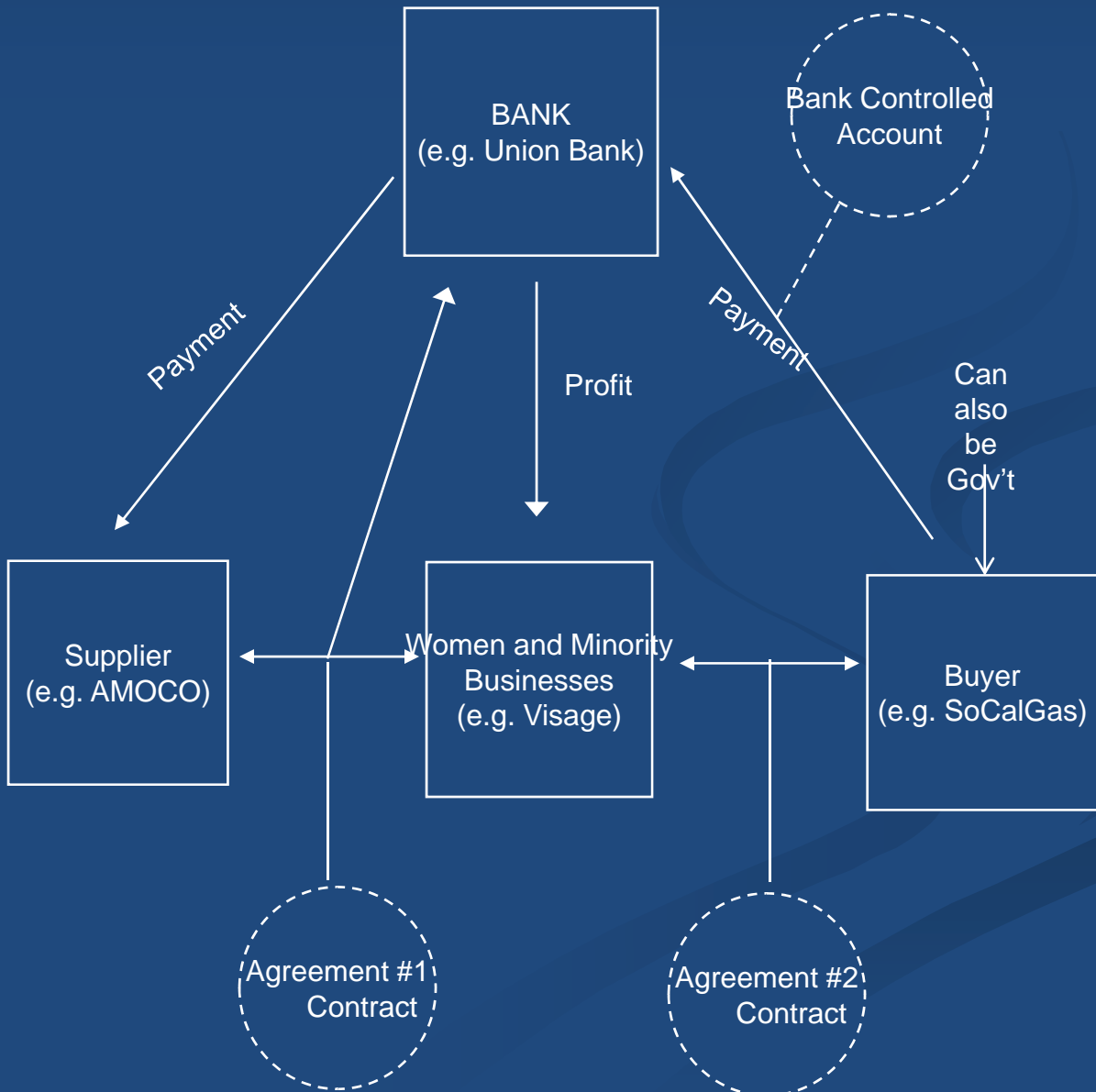
Standards Board



<http://www.naesb.org>

Principles of FTA

- Inexpensive fee for service
- Low risk to Supplier



Overall Advantages

- Promotion of competition in the natural gas industry
- Promotion of energy commodity trading with WMBEs
 - Enhances supplier and end-user (i.e. LDCs) diversity programs
- WMBEs gain access to larger contracts
 - Elimination of financial constraints.

Funds Transfer Agent Agreement

- The FTA Agreement is composed of two basic documents:
 - Agreement #1 between the Producer, the WMBE and the Bank
 - Agreement #2 between the Repurchaser and the WMBE
- The Bank's administration of these documents occur at two different phases of each transaction:
 - the Transaction Confirmation Phase of Exhibit A-1 and Exhibit A-2
 - the Funds Transfer Phase

FTAA

Transaction Confirmation Process

- The Transaction Confirmation process should be completed by the end of the month preceding the month of Delivery.
 - The Producer will have received from the FTA Bank a fully executed Exhibit A-1 prior to the flow of gas on the first day of the Delivery month.
- The Bank will verify (as shown in the verification process):
 - eight (8) items on the Exhibit A-1
 - eight (8) items on the Exhibit A-2
- After the verification process has been completed, the Bank:
 - signs the bottom of the Exhibit A-2 and faxes it back to the Repurchaser and the WMBE
 - signs the bottom of the Exhibit A-1 and faxes it back to the Producer and the WMBE
- This completes the Transaction Confirmation phase.
 - This repeats once a year for one-year deals and once a month for one-month deals.

**TRANSACTION CONFIRMATION EXHIBIT A-1
FOR IMMEDIATE DELIVERY**

Date: _____

Transaction Confirmation #: (1)A-1

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of Receipt unless otherwise specified in the Base Contract.

<p>SELLER: <i>[Supplier]</i></p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No.: _____</p>	<p>BUYER: <i>[Marketer]</i></p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No.: _____</p>
---	--

Performance Obligation: Firm (Fixed) Interruptible (2)A-1

(3)A-1 → Daily Quantity	(4)A-1 → Delivery Point(s)	(5)A-1 → Price \$/MMBtu (Dth)	(6)A-1 → Delivery Period

Special Condition: FTA Confirmation Statement

<p>Seller: _____</p> <p>By: (7)A-1</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Buyer: _____</p> <p>By: (8)A-1</p> <p>Title: _____</p> <p>Date: _____</p>
---	--

**BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED
DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.**

FTA Confirmation Statement:

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the gas delivered subject to this Transaction Confirmation pursuant to the terms and conditions to its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer has contracted for the repurchase of a corresponding quantity of gas at the Delivery Point(s) identified above, under the same Performance Obligation and at a price greater than the price set out above, and that Buyer's Repurchaser has agreed to make payments for such gas directly to FTA.

[Bank]

Name: _____

Title: _____

Date: _____

**TRANSACTION CONFIRMATION EXHIBIT A-2
FOR IMMEDIATE DELIVERY**

Date: _____

Transaction Confirmation #: (1)A-2

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of Receipt unless otherwise specified in the Base Contract.

<p>SELLER: <i>[Marketer]</i></p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No.: _____</p>	<p>BUYER: <i>[Repurchaser]</i></p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No.: _____</p>
---	---

Performance Obligation: Firm (Fixed) Interruptible (2)A-2

(3)A-2 → Daily Quantity	(4)A-2 → Delivery Point(s)	(5)A-2 → Price \$/MMBtu (Dth)	(6)A-2 → Delivery Period

Special Condition: FTA Confirmation Statement

<p>Seller: _____</p> <p>By: _____ (7)A-2</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Buyer: _____</p> <p>By: _____ (8)A-2</p> <p>Title: _____</p> <p>Date: _____</p>
---	--

**BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED
DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.**

FTA Confirmation Statement:
[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Seller has contracted for delivery of a corresponding quantity of gas at the Delivery Point(s) identified above, under the same Performance Obligation and at a price no greater than the price set out above. FTA will accept payment from Buyer on behalf of Seller under the terms and conditions of the Base Contract.

[Bank]

Name: _____

Title: _____

Date: _____