

August 8, 2008

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116



LETTER OF COMMENT NO. 193

Re: File Reference No. 1600-100

Dear Sir/Madam:

Southern Union Company ("Southern Union") appreciates the opportunity to share its views on the Financial Accounting Standards Board ("FASB") proposed statement, *"Disclosure of Certain Loss Contingencies – an amendment of FASB Statements No. 5 and 141(R)."* Southern Union is a publicly traded diversified natural gas company, engaged primarily in the transportation, storage, gathering, processing and distribution of natural gas in the United States.

The proposed statement significantly expands the disclosure requirements for certain loss contingencies, including pending or threatened litigation. We believe, with other commenters, that these enhanced requirements will primarily benefit disclosing companies' legal adversaries resulting in possible significant financial harm to the disclosing companies and their shareholders. We also believe, with other commenters, that the rules promulgated by FASB Statement No. 5 ("FAS 5") and other professional standards along with oversight by the Securities and Exchange Commission and public accounting firms provide an existing framework that ensures companies are making appropriate loss contingency disclosures in their financial statements. Furthermore, we believe that the timing of issuing the proposed statement is premature given the impending convergence of global accounting and reporting standards in this area, including the final settlement of differences in contingency-related disclosure requirements between the FASB and the International Accounting Standards Board. As a result, we do not support the proposed statement and respectfully urge the FASB not to amend FASB Statements No. 5 and 141(R) at this time. Our specific concerns are presented below.

The proposed statement would replace the existing requirement in FAS 5 to "disclose the nature of the contingency and give an estimate of the possible loss or range of loss or state that such an estimate cannot be made" with contingency disclosures requiring more quantitative and qualitative information, including: the amount of the claim or assessment, or the company's best estimate of the maximum exposure to loss where there is no claim or assessment amount; a description of the contingency, including how it arose, its legal or contractual basis, its current status, and the anticipated timing of its resolution; a description of the factors likely to affect its ultimate outcome; the company's qualitative assessment of the most likely outcome; and the significant assumptions made by the company in estimating the amounts disclosed and in assessing the most likely outcome. In order to comply with these disclosure requirements for its litigation-related matters, a company will likely be forced to quantify and disclose its estimated maximum loss exposure – which may unfortunately serve to embolden a plaintiff and establish a "floor" for settlement negotiations; and reveal key aspects of its defense or settlement strategies – which may unfortunately serve to provide a plaintiff with a "road

map” regarding how to extract the maximum amount in settlement or pursue the claim to verdict. Also troubling is that the required disclosures may be admissible in evidence against the company in the proceedings that are the very subject of the disclosure. And although the proposed statement provides an exemption from certain qualitative disclosures when there is a prejudicial impact, the minimum disclosures required in those “rare instances” when the exemption can be fully invoked may themselves be damaging to the company’s position in an adversary proceeding.

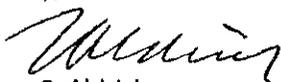
Furthermore, since the required disclosures will be based on confidential information provided at least in part by a company’s in-house lawyers and trial counsel, there is a risk that a court will deem these disclosures to have waived the attorney-client privilege and attorney work-product immunity. In addition, since auditors are likely to want to test a company’s loss estimates and qualitative analyses as part of their audit work, there may be increased pressure for them to review the underlying legal analysis to sign off on the disclosure, which could further erode attorney-client privilege. Such a waiver could destroy a disclosing company’s ability to defend the litigation, and possibly other cases as well.

Lastly, because of the inherent unpredictability of litigation outcomes, the required disclosure itself threatens to become a source of securities litigation. Quantitative and qualitative assessments of pending and threatened litigation are inevitably uncertain and subject to factors outside the control of a company and its legal counsel. As a result, the required disclosures may be sources of additional claims and litigation against the disclosing company in the event that they prove to be inaccurate.

Based on the above, we believe that the required disclosures in the proposed statement would be highly detrimental to a disclosing company in an adversary proceeding and may themselves trigger additional litigation against the company. This in turn can result in possible significant financial harm to the disclosing company and its shareholders.

Again, we appreciate the opportunity to comment on the proposed statement and would be happy to further discuss our views with the FASB members or its staff.

Sincerely,



George E. Aldrich
Vice President and Controller
Southern Union Company