



## Gas Industry Standards Board

1100 Louisiana, Suite 4925, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: gisb@aol.com

Home Page: www.gisb.org

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**TO:** GISB Board of Directors, Posting for Interested Industry Participants  
**FROM:** Rae McQuade, Executive Director  
**RE:** Final Minutes from the GISB Board of Directors Meeting – June 10, 1999  
**DATE:** June 18, 1999

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### **GAS INDUSTRY STANDARDS BOARD GISB BOARD OF DIRECTORS MEETING**

**North Sheraton Hotel, Intercontinental Airport, Houston, Texas**

**June 10, 1999**

**FINAL MINUTES**

#### **1. Opening Remarks**

Mr. Templeton opened the Board of Directors meeting and welcomed the Board members, speakers and observers to the meeting. Mr. Patterson and Mr. Maddox were welcomed as new Board members. Mr. Holbrook provided the antitrust guidelines. The agenda was adopted as presented in the meeting materials with a reordering of the agenda items, and the addition under other business of an update on the activities of the Coalition for Uniform Business Rules and an update on the GISB privacy policy and an organization known as TRUSTe.

#### **2. Adoption of Minutes**

The minutes of March 4, 1999 were adopted with no changes.

#### **3. Annual Plan**

Mr. Buccigross reviewed the efforts so far toward the 1999 plan. On the review of the common codes, Mr. Holbrook noted that he is working with Mr. Wise from IHS Energy to finalize the contract for set up and maintenance for transaction point common codes. Two issues have come to light: IHS Energy does not intend to join GISB this year as a member, and they want to modify the revenue sharing mechanism such that all of their costs are covered before any revenue sharing is done. The original agreement specified that after \$164,000 (the estimated costs) in revenues were collected by IHS Energy, there would be a 50-50 sharing arrangement with GISB. The link from IHS Energy to the GISB Web site for on-line lookup of information should be available in June, two months late. Board members may be asked to work with IHS Energy, and Mr. Horton volunteered to lend his support if needed.

Mr. Buccigross noted that the EBB Internet Implementation Task Force (EII) is significantly ahead of schedule and the next meeting may be its last. While there will be additional tasks and requests identified for the transition to the Internet of the EBB functions, work will be done to determine how to address those requests and tasks. For example, the requests and tasks could be addressed through the existing EII group – which he believed was never intended to be a standing committee, or through the standing Business Practices



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Subcommittee. For the imbalance trading and netting annual plan item, the proposed standards to support monthly imbalances is out for industry comment and will be addressed by Executive Committee in its July meeting. The development of standards related to multi-tiered allocations and the allocation grid effort is nearing conclusion with the proposed standards out for comment. The Critical Notices Subcommittee has completed its work and is now considered inactive. Mr. McGill, Ms. Corman and Mr. Hansen were thanked for their leadership of this subcommittee. The Board approved several changes to the annual plan task completion dates:

- The Imbalance Netting Standards task completion date was changed to third quarter, 1999.
- The Critical Notices task completion date was changed to the second quarter, 1999.
- The Multi-tiered Allocations - Allocation Grid task completion date was changed to the third quarter, 1999.

In discussion on these completion date changes, it was noted that the date in Annual Plan reflects when the assigned subcommittee has completed its work and resources are available for other activities. It does not indicate that the standards are fully staffed through technical implementation and are in a state such that they can be implemented by the industry. This will be noted on the annual plan to avoid a misunderstanding that the completion dates noted indicate that the standards are ready for industry implementation.

Ms. McQuade noted that currently there are approximately 300 pages of recommendations for new standards or modifications to existing standards that are out for industry comment. The Executive Committee will address each of these recommendations at its meeting in July.

#### **4. Finance Report**

Ms. McQuade reviewed the finance report through April – both on an accrual and cash basis. On an accrual basis, compared to the same period last year, GISB has increased revenue by \$40,329 and reduced expense by \$49,767 for a net income difference for this period of \$90,095. On a cash basis, our expenses were higher than normal -- \$91,932 – due to a number of the expenses for March clearing in April. The March expenses were \$42,835, which if averaged with April yield \$67,383. Our expenses average approximately \$70,000 per month on both a cash and accrual basis.

Ms. McQuade introduced the next topic, non-dues revenue generation. It was noted that the majority of associations that were surveyed by the American Society of Association Executives have expanded the types of activities that generate revenue so that they are not solely dependent upon membership dues. At the last Board meeting, Mr. Lander volunteered to head a group to review potential sources for revenue generation. Ms. Garcia gave the report from the group, which is composed of Mr. Smith, Mr. Davis, Mr. Baish, and Ms. Laird from the Board and the Executive Committee officers Mr. Buccigross and Mr. Novak. It was noted that GISB is a membership driven association as should remain so, regardless of how the revenues are generated to fund the organization. As GISB further pursues advertising, it should not impede access to the Web site. Some of the GISB members may help in ensuring that our Web site is developed to provide the most benefit to our members at the least cost. In response to a question, Mr. Holbrook noted that GISB might restrict advertising that it deems inappropriate and that the advertising policy stated on the Web site should be sufficient to cover our activities.



## **5. Certification**

Mr. Boswell provided an overview for the report, which was prepared through the efforts of the evaluation team to respond to the concerns noted at the March Board meeting. Mr. Holbrook addressed both antitrust and liability issues. Board members thanked Mr. Boswell for his efforts to respond to the questions put forth in March.

- GISB is not doing the certification itself so that it can avoid hiring additional staff. Organizations choosing to be certified may select from those who individuals who have qualified as certifiers and whose qualifications as certifiers are current. GISB will receive a fee of \$7500 or 50% of the certifier's fee, whichever is greater; this fee will come from the certifier. In this context, board members noted a preference for a test for the certifiers in addition to the requirement that they attend the courses. Ms. McQuade noted that a test would be developed.
- Mr. Holbrook noted that he had discussed the broad intent of the program with Mr. Mehinka, Esq., of Morgan Lewis & Bockius, who also serves as chair of the ABA Antitrust Committee, and no concerns were raised. After Mr. Mehinka reviewed the proposed certification program, Mr. Holbrook noted that Mr. Mehinka expressed his general view that GISB was taking appropriate steps to avoid any possible antitrust concerns. Similar conversations were held with Mr. Belford, Esq., who serves as AGA General Counsel. Should the Board determine that certification was an activity that GISB would pursue, antitrust counsel will be retained to provide formal review.
- On the question of certification as an activity is within the scope of GISB, there was considerable discussion. It was noted that the articles were very carefully drafted to keep GISB focused on standards that would foster competition, and as such the scope statement was intentionally drafted as a limiting statement. Others noted that the GISB scope provides a broad interpretation of the purposes of GISB. A point was made that this action could be viewed as precedent setting. In further discussion, it was noted that this is not the first time the Board has interpreted the scope statement. In some cases the Board determined that an activity was within scope, while in others it ruled that the activity was not within scope.
- The need for additional insurance was discussed, and it appears that the cost of E&O insurance coverage (which GISB currently does not have) will be more than offset by the revenues derived from the program. \$5 million is the amount recommended and GISB will also require that certifiers carry their own coverage and hold GISB harmless. D&O coverage should be set at not less than the value of GISB's assets.

The question was called on if the Board considered certification an activity within the scope of GISB. The motion carried through a vote of eleven affirmative votes to three opposed.

On the question of whether GISB should pursue certification, the Board voted unanimously in favor of pursuing certification along the lines previously proposed, as further clarified by the report of Mr. Boswell's task force and the discussions during this board meeting. The program will be more fully developed addressing the above items and other items indicated previously and formally reviewed by antitrust counsel. Following this review, the Executive Committee will evaluate the technical aspects of the program to assure that they are



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consistent with the Board's directives. The program will begin as soon as this is accomplished, which is expected to occur at the next Executive Committee meeting.

### **6. Membership**

Ms. Garcia reviewed the activities to date to retain membership and attract new members. GISB lost 24 members from last year's membership, but we have gained 25 new members. As such, the membership is stable, but we have lost \$72,000 in revenue – a one-time loss, as the program for reduced dues for new members has been discontinued. This number could go as high as \$87,000. The members that chose not to rejoin in 1999 are a result of mergers; multiple memberships reduced to a single membership; and companies that have determined that others in the organization can represent their views. GISB lost 6 pipelines, 4 producers, 5 LDCs, 2 end users and 7 service companies. New members have come predominantly from services segment and several of the new members are Canadian. GISB has gained 5 new pipelines, 4 of which are Canadian; we have gained no new producer members; we have gained 3 new end users; 2 new LDCs; and 15 services companies. The largest segment in GISB is the services segment.

### **7. Other**

Ms. Munson provided information on a new group that has formed, the Coalition of Uniform Business Rules, who has in its membership several GISB members. The group has a goal to develop the uniform business rules by August, and they are working with the Utility Industry Group (UIG). They hope to present these rules to the states as a unified perspective. The group is made up from predominantly retail marketers and software service providers. They may consider requesting GISB to adopt some of their rules as GISB standards.

Ms. Corcoran reviewed the need for a privacy policy on our Web site. A draft policy is currently being reviewed by the Editorial Review Board and should be included on the GISB Web site shortly. A potential advertiser asked that we develop one and make it available from our Web site before they could agree to advertise. In addition, Ms. Corcoran discussed GISB becoming licensed by a group known as TRUSTe, a type of certification. The group is gaining wide acceptance by companies doing business on the Internet. They provide an independent third party review of guidelines that indicate how the information collected by an organization on the Internet is to be used. To become licensed, GISB would provide a copy of its privacy policy, and complete a licensing agreement with TRUSTe. Once accepted, GISB would be able to display artwork from TRUSTe, indicating to any interested GISB Web site user that it had complied with the parameters of the program governing information use.

### **8. Adjournment**

The meeting adjourned at 4:30 p.m.



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### 9. Attendance

Segment	Board Member Name	Member Company	Present
End Users	Norm Davis	International Paper	✗
	Janie Mitcham	Reliant Energy	✓
	Lee Smith	Midland Cogeneration Venture	✗
	John Stevens	Eastern Utilities Associates	✗
	Jim Templeton	Comprehensive Energy Services	✓
LDCs	Bill Boswell	Peoples Natural Gas	✓
	Walt DeForest	National Fuel Gas Distribution	✓
	Mary Jane McCartney	ConEd	✓
	Andy Sonderman	Columbia Gas Distribution	✓
	Lee Stewart	SoCal Gas	✓
Pipelines	Rick Baish	El Paso Natural Gas	✓
	Stan Horton	Enron Gas Pipeline Group	✓
	Terry McGill	Columbia Gulf Transmission	✗
	Ron Mucci	Williams Gas Pipeline	✓
	Bob Reid	Colorado Interstate Gas	✓
Producers	Pete Dickson	Exxon	✗
	Allan Knopp	Conoco	✗
	Nancy Laird	PanCanadian Petroleum Ltd.	✗
	Hugh Roberts	Marathon	✗
	Vacancy		✗
Services	Steve Bergstrom	Dynegy Marketing & Trade	✓
	Julie Gomez	Enron Capital & Trade	✗
	Greg Lander	TransCapacity	✗
	Lyn Maddox	PG&E Energy Trading	✓
	Marty Patterson	Idaho Power	✓



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Presenters: Jim Buccigross Chairman 1999 Executive Committee  
Cynthia Corcoran Corcoran Law  
Sylvia Munson Altra Energy Technologies

Administrative: Rae McQuade Executive Director  
Dennis Holbrook General Counsel  
Veronica Thomason GISB Staff  
Laurie Paulson Hoffman Paulson Associates  
Jo Ann Garcia GISB Staff

Advisory Comm. Vincent Majkowski Advisory Committee

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Observer	Company Represented	Email Address	GISB Member
Sylvia Munson	Altra Energy Technologies	sylviam@altranet.com	✓
Les Fyock	American Gas Association	lfyock@aga.org	✗
Cynthia Corcoran	Attorney at Law	cynthiacorcoran@corcoran-law.com	✗
Michael Hansen	Columbia Gulf Transmission	mrhansen@columbiaenergygroup.com	✓
Mark Scheel	Dynegy Inc.	masc@dynegy.com	✓
Shelley Corman	Enron Gas Pipeline Group	scorman@enron.com	✓
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