



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

**Sheraton Crown Hotel, Houston, Texas
June 18, 1998**

FINAL MINUTES

1. Opening Remarks

Mr. Ciliske opened the Board of Directors meeting. Mr. Holbrook provided the antitrust guidelines. The agenda was adopted as presented at the meeting. Mike Wallace was welcomed as a new Board member. Bill Boswell was recognized for military awards, most notably the Legion of Merit award, which he received as he retired from the Air Force Reserves. Commissioner Majkowski was welcomed as an officer of the GISB Advisory Committee. Officers of the Advisory Committee, Comm. Ellsworth and Comm. Majkowski are invited to all GISB Board meetings. Mr. Bray was asked to provide the highlights of the most recent Executive Committee regarding the adoption of a resolution for balanced voting at Executive Committee subcommittees and task forces. He read the following resolution:

We as an Executive Committee adopt a principle of balanced voting in Executive Committee Subcommittees or Task Forces with the number of votes per segment to be determined by the Executive Committee for both current subcommittees and task forces and newly created subcommittees and task forces from one vote per segment to unlimited votes per segment. The votes, or fractions of votes would be totaled across segments to determine the outcome of the motion under consideration. No notational or proxy votes would be permitted except for subcommittees or task forces with named members. Without Executive Committee action, newly formed subcommittees and task forces would have unlimited votes per segment. No member of a subcommittee or task force in attendance would have more than one vote. The Executive Committee through a simple majority vote would have the discretion to modify the voting procedures for its subcommittees and task forces.

The previously distributed (June 11) revised agenda was adopted with no changes. The minutes of March 3 were adopted with minor changes.

2. Sunset Provision

Mr. Ciliske opened the topic by outlining the course of action to be taken. Discussion on various alternatives and the sunset provision will be held prior to motions being entertained. Mr. Boswell noted his support of the organization, and as an original supporter of the sunset provision as the organization was being created, he noted that either extension or enacting sunset and supporting continuance would be outcomes that he would support. Mr. Horton noted that he too agreed that the organization should continue, and supported an extension of the sunset date for either two or three years. He added that extension of the date provides a safeguard to the organization and may have a greater degree of success in the ratification process. Mr. Knopp also agreed that the organization should continue, and supported an extension of the date for two years. He also agreed that ratification would be more easily achieved with an extension. He noted that he supported an extension because reasons for declining membership should be investigated. Mr. Stevens added that he supported continuance through enacting the provision

or extending the date but offered that to years is too short a period. As a suggestion, Mr. Lander offered that the extension should be institutionalized for the sunset provision to be enacted every five years.

Mr. Ciliske asked that Mr. Holbrook review the possible actions that could be taken to address the sunset provision¹ of the certificate. The provision can be enacted and pass which requires 19 positive votes from the Board with at least two positive votes from each segment, and subsequent membership ratification at a 90% level². The provision can be enacted and fail if any one of the following occur: (1) there were less than 19 positive votes from the Board, or (2) one or more of the segments represented on the Board failed to garner two positive votes, or (3) subsequent membership ratification was at less than a 90% affirmative level³. If the provision was enacted and failed, the GISB office would immediately take steps to dissolve the organization, such as contract terminations or assignments, sublease of the office space, forwarding standards documentation to the appropriate associations or government agencies for maintenance. As an alternative, the certificate language can be changed to extend the date for enacting the sunset provision. The voting requirements for passing a proposed change to the certificate or having the proposed change fail are the same as outlined above. Regardless of the existence of a sunset provision, the organization can be dissolved by the Board of Directors at any time through a simple majority vote, as specified in Delaware state law.

After Mr. Holbrook's review, Mr. Horton noted that he could support a three year extension of the sunset date, and that it be institutionalized to be enacted every three years. Mr. Sonderman motioned that the Board take a straw vote (not determinative of any action) regarding the elimination of the sunset provision. Mr. Wallace supported Mr. Sonderman's view that the sunset provision was unnecessary. In response to Mr. Wallace's comments, Mr. Knopp noted that the existence of a sunset provision makes the organization more effective and less bureaucratic; and the Board members act as better stewards for the industry. Mr. Boswell noted that he supported an extension of more than three years as the shorter time periods provide a big distraction to the organization.

In support of maintaining the sunset provision, Mr. Baisch noted that it serves a separate function of focusing the organization on making hard decisions: such as the resolution passed at the Executive Committee on June 11 regarding balanced voting. He surmised that the upcoming sunset provision vote factored into the Executive Committee decision to pass the resolution. He also noted that once GISB's work is accomplished, it will be easier to shut down the organization if the sunset provision exists. Mr. Holbrook reminded the Board that the State of Delaware law can be enacted at any time regarding a simple majority vote of the Board to dissolve the organization.. Mr. Mucci added that a sunset provision provides an additional safeguard to the effectiveness of the organization.

Mr. Ciliske called the straw vote on enacting the sunset provision. The Board members in a simple majority of 13 to 12 supported eliminating the sunset provision. The motion (straw vote) failed the voting requirements specified above: (1) there were less than 19 positive votes from the Board, or (2) one or more of the segments represented on the Board failed to garner two positive votes.

Mr. Ciliske then called for a straw vote to determine which time period had the most support for an extension: two, three, four, or five years. An extension of two years received no votes. An extension of three years received twelve votes. An extension of four years received six votes. An extension of five years received three votes. While Mr. Wallace noted that the four Board notational votes which supported the continuance of GISB through the elimination of the sunset provision could be assumed to support a five year period, they could not be counted in the result.

A non-determining straw vote was then taken on the extension of the sunset provision to December 31, 2001, with a simple majority of 19 members in favor as the result, with one member opposed and one member absent at the time of the vote. The motion was then made to extend the

¹ The sunset provision in the certificate of incorporation requires that the GISB organization affirmatively act to continue the organization by December 31, 1998. If the organization is unable to affirmatively act by that date, the organization will be dissolved.,

² The 90% level for affirmative votes is based on total membership. All members choosing not to return a ballot vote in favor of the Board action.

³ The 90% level for affirmative votes is based on total membership. All members choosing not to return a ballot vote in favor of the Board action.

sunset provision to December 31, 2001 as a determining vote, with the result of 21 members unanimous in favor. A ballot will be sent out to the members to ratify the Board decision.

3. EBB Internet Transition Plan

Mr. Ciliske outlined the topic by asking Mr. Novak to first review model 2 and then Mr. Buccigross to review model 1.

Mr. Novak presented model 2 -- the Camel (Consortium Advancing Mutual Electronic Links) model. In response to questions he noted that the primary difference between model 1 and model 2 is the choice made available for use of EDI or use of the Internet web pages for transacting business electronically. In further response he noted that this is voluntary, and any mandatory requirements of the industry is strictly within FERC's purview, and is not addressed in model 2. Mr. Buccigross presented model 1. In response to the question of cost for smaller companies to implement EDI, Mr. Buccigross responded that the evidence shows that the cost should not be a issue -- it is no more expensive than developing on-line transactions.

Mr. Stevens asked through a point of order, if the Board is expected to make a decision on which model to follow, both models will work and the Executive Committee can develop the standards for these models. Mr. Bray responded that GISB is at a standstill now on how to proceed to develop needed standards until the Board decides which roadmap (model 1 or model 2) should be used. Mr. Lander further described model 1, and specifically the cost recovery issues. Neither model supports shut down of pipeline EBBs or sole usage of EDI for business transactions.

It was noted that two models were presented honoring the request from the Board of Directors. Both were presented to the Board as a result of its request, even though model 1 received 19 votes in support from the Executive Committee, and in a separate vote model 2 received 2 votes in support. The Executive Committee voted with 21 in favor to present both models to the Board. The intent of the Board in its involvement was to assist the Executive Committee in achieving a consensus which was not possible in March.

Mr. Baisch made a motion to thank the Executive Committee for its response to the Board's request, and for the Board to allow the Executive Committee to continue its work of developing standards. He indicated that the Executive Committee should decide which roadmap to follow. Mr. Boswell seconded Mr. Baisch's motion. The motion carried unanimously.

4. FERC/DOE Efforts

Ms. McQuade, Mr. Hahn and Mr. Bray reviewed the efforts to date in working with government representatives from the President's Commission on Critical Infrastructure Protection (PCCIP) and Year 2000 issues. Regarding the PCCIP efforts, Sandia Labs and Lawrence Livermore Labs representatives have visited GISB to review the Internet standards developed to date and to offer their assistance in identifying low cost commercially available products for Internet security.

5. Annual Plan

Ms. McQuade and Mr. Bray reviewed progress towards the annual plan. The organization is on schedule with all items in the plan excepting the imbalance trading item, which could be delayed to the fourth quarter as a result of the standards that may be needed for imbalance netting. Items were reviewed that were identified in Order No. 587-G for action by the industry or GISB. Those items were not included in the 1998 annual plan during the Board meeting. It was noted that the Executive Committee accepted the request to develop a long term base contract for purchase and sales of natural gas. It was further noted that no action would be taken on this request until the exiting work on the contracts are completed and an outline of the work is brought before the Executive Committee. The motion was made to adopt three changes to the Annual Plan: (1) extend the completion date for imbalance trading to the end of 1998, (2) under standards maintenance, add development work on a common codes reference for business parties, and (3) add development work on critical notices. The motion carried unanimously.

Ms. McQuade reviewed the survey sent out to pipelines regarding identification of business functions carried out electronically that are not currently present in the GISB EDI standards. 485 requests were received from 13 companies. Ernst and Young has agreed to work with the GISB office to develop a preliminary analysis of the survey results, which should be completed in July and brought before the Executive Committee.

6. Financial Report

Ms. Admire gave the financial report through April accounting period. The report was presented in accrual format. Several Board members requested that both cash and accrual format be provided for the next meeting, and several Board members requested that a cash report be sent to them prior to the meeting. The Board book for September will carry both cash and accrual based reports. There were no specific comments on the report given.

7. Membership Report

Ms. McQuade gave the membership report. GISB has undertaken a calling program to increase membership, and although we have not yet received any new members from the effort, several companies noted that they would determine whether to join once the Board resolved the sunset issue. Ms. McQuade responded to an earlier question on the decline in membership, noting that GISB, as with other standards organizations, suffers from a "free rider" problem. Non-members receive many of the same benefits as the members, as much of the information benefiting members is made publicly available through the GISB home page. She was directed to take actions to further delineate membership from non-membership benefits, such as by moving some of the information to the membership only sections of the home page.

8. Adjournment

the meeting adjourned at 1:00 p.m.

Attendance

<u>Segment</u>	<u>Member</u>	<u>Present</u>
<u>End Users:</u>	L.G. Brackeen	✓
	John Stevens	✓
	Jim Templeton	✓
	Mike Wallace	✓
	Norm Davis	✗
<u>LDCs:</u>	Walt DeForest	✗
	Bill Boswell	✓
	Mary Jane McCartney	✓
	Andy Sonderman	✓
	Lee Stewart	✓
<u>Pipelines:</u>	Rick Baish	✓
	Ron Mucci	✓
	Stan Horton	✓
	Bob Reid	✓
	Terry McGill	✓
<u>Producers:</u>	Allan Knopp	✓
	Jeff Hutton	✗
	Nancy Laird	✗
	Richard Lindley	✓
	Tammy Norman	✓
<u>Services:</u>	Steve Bergstrom	✓
	Terry Ciliske	✓
	Tim Janisse	✓
	Greg Lander	✓
	Julie Gomez	✓
<u>Presenters:</u>	Mike Bray	Chairman Executive Committee
	Jerry Hahn	Vice Chairman, Executive Committee
	Mike Novak	National Fuel Gas Distribution
	Jim Buccigross	National Registry of Capacity Rights
<u>Administrative</u>	Rae McQuade	Executive Director
	Dennis Holbrook	General Counsel
	Veronica Thomason	GISB Staff
	Laurie Paulson	Hoffman Paulson Associates
	Cheryl Hoffman	Hoffman Paulson Associates
	Jo Ann Garcia	GISB Staff
Susan Admire	Admire & Associates, Accounting Services	
<u>Observers</u>	Shelley Corman	Enron Pipeline Group
	Tom Ehinger	Amoco
	Theresa Hess	Enron -- Northern Natural
	Donna Scott	Enron Administrative Corp.
	Larry Smith	Tennessee Gas Pipeline
	Julie Unruh	Koch Gateway
	Kim Van Pelt	Duke Energy -- Panhandle Eastern

Bob Wallenhorst
Randy Young
Joyce Phillips
Richard Smith
Jean Ford
Gary Hodge

Exxon
Koch Gateway
Texas Eastern Transmission
Mobil
Andersen Consulting
POSC