



Gas Industry Standards Board

1100 Louisiana, Suite 4925, Houston, Texas 77002

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Home Page: www.gisb.org

TO: Business Practices Subcommittee Chairs: Greg Lander, Producer Segment
Vacancy, Diane McVicker (absent), Kim Van Pelt, Robert McAnally
Posting for Interested Industry Participants

FROM: Rae McQuade, Executive Director

RE: Final Minutes from the Business Practices Subcommittee Meeting

DATE: September 2, 1999

GAS INDUSTRY STANDARDS BOARD

GISB BUSINESS PRACTICES SUBCOMMITTEE MEETING

Teleconference Call: September 2, 1999

FINAL MINUTES

I. Administrative

Ms. Van Pelt chaired the meeting and welcomed the participants. Ms. Van Pelt identified the participants in a roll call. Mr. Buccigross gave the antitrust advice. The agenda was modified and it was proposed to handle R97113 first, followed by R97046.

The draft minutes of August 26, 1999 were modified and the modified minutes were adopted as final.

Jim Buccigross (reluctantly) agreed to take minutes for the meeting.

II. General Requests

R97113 Submitted by Exxon.

Request: This proposal is to reclassify Standards 2.3.14, 2.3.26 and 3.3.15 to the category of "Principles".

These three standards prescribe deadlines for processing prior period adjustments. All three were passed by the Executive Committee at the March 7-8, 1996 meeting. The transcript shows that there was an initial discussion, without dissent, that they should be considered "principles", but when language additions were made, the word "standard" appeared in the text of the standards themselves. There was no explicit categorization by the EC of these as standards, nor was there recognition that the conversation regarding "principles" should be superseded.

The first one considered by the EC was 3.3.15, dealing with the invoicing of prior period adjustments (referred to as 3.25 in the transcript). The discussion of this item appears on pages 127 through 140 of the March 8, 1996 transcript. Discussions on page 129, 130 and 132 center on this item being treated as a principle. It is only on page 135, when the caveat language regarding deliberate omissions, mutual mistake of fact and contractual or statutory rights was added, that the term "standard" found its way into the text. It appears the presence of that word became determinative with respect to categorization, but the EC deliberations seem to have been heading a different direction.

Standard 2.3.14 was discussed on pages 424 through 425 and Standard 2.3.26



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was discussed on pages 351 through 357 in the transcript for the same day. The discussion of these items was essentially limited to referring to 3.3.15 and incorporating the same caveat language and consistent timeframes.

The EC discussion recognized that the industry should improve its performance with regard to finalizing numbers and these standards were crafted to establish targets towards which we should progress. Their categorization as standards rather than principles, arguably an oversight, makes them particularly difficult to implement on an absolute basis, recognizing the historical reality of industry contracts and complexities and the potential ambiguity of the caveat language. This is evidenced by the fact that these three standards were frequently discussed in Order 587 tariff filings and have been the topic of two GISB interpretations.

Discussion: Mr. Wallenhorst described the request. It was his belief that based on the EC meeting transcripts, as well as his recollection of the circumstances surrounding the adoption of these standards, that these standards were meant to be principles.

He added that he believed that the addition of the final sentence which starts off with "This Standard . . ." may have caused the language to be classified as a standard.

Mr. Young asked if there was a problem with the standards as they exist now. He likes the concept of an "end limit" on measurements, allocations and prior period adjustments (PPAs).

Mr. Wallenhorst replied that the 6 month "hard" time limit conflicted with many existing contractual provisions.

There was discussion on procedurally what we were doing. It was determined that this request was a reclassification of the existing language from standards to principals and that we should not discuss changes to the time limits in the standards but rather focus solely on the characterization.

Ms. Hess read some text from a Florida Gas Transmission order noting FERC's support for "predictable time limits." She asked for substantive reasons for the change as opposed to merely a correction of past GISB paperwork.

Mr. Scheel disagreed and believed that the classification of the various language as standards represented an error and should be corrected.

Ms. Davis indicated her support for these standards as standards since they were approved by the EC and ratified by the GISB membership as such.

Ms. Hess noted that she was not convinced that there was any error. Mr. Lander stated that he believed that the classification should be decided on the merits and substantive issues, not as a possible correction of a past error. Mr. Young agreed and said that there is a benefit to the certainty of the time limits.

Mr. Lander asked whether Mr. Wallenhorst would be willing to prepare a work paper to address the reclassification on the issues. Mr. Scheel believed that we should reclassify it as a principle and then debate the substantive issues as to whether it should be standard.

Mr. Lander asked whether the language was ratified as a standard or as a principle. He believed that if we are talking reclassification due to an error that



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decision should be made at the EC, not at the BPS.

Mr. Buccigross believed there were some legal issues involved and further believed that how the language was ratified would be very persuasive in determining how to proceed on the issue.

Motion: Mr. Lander made the following motion which was seconded by Mr. Scheel:
Transfer Request No. R97113 directly to the Executive Committee (EC) along with all relevant documents and research including ratification documentation, to be dealt with as determined by the EC.

Mr. Keisler noted that we should not be making motions on this request as it was not listed for voting at this meeting. He also noted that he believed that BPS should determine the issues surrounding this request until there was evidence that there were legal or EC procedural issues.

Mr. Lander agreed on the issue as to voting on it this week but disagreed on which group should address the issues.

Action: Mr. Lander withdrew the motion without prejudice. This request will be discussed at next weeks meeting.

R97046 Submitted by TransCapacity

Request: This is a request to add two definitions to the GISB Business Practice Standards. These definitions are as follows:

1. Transportation is defined as the physical movement of gas through space and/or time.
2. A Transportation Service Provider is defined as an entity which operates physical facilities which facilities accomplish the movement of gas through space and/or time and which entity contracts with others to so move gas not owned by the entity through such facilities.

This request asks that these definitions be added to the approved list of GISB Business Practice Standards as definitions. The terms "transportation" and "Transportation Service Provider" are used in several of the existing business practice standards, but are currently undefined. This is in contrast to Pooling, Package ID, etc., which are defined in the standards.

These definitions would act to further clarify existing standards and provide a solid framework as additional standards are proposed and/or adopted. TransCapacity believes that providing these definitions as standards would ease the burden of additional interpretations and requests for enhancements, as well as eliminating the need for redundant definition of terms within existing and new proposed standards.

Discussion: The language of the proposed standards were modified via a work paper filed by TransCapacity on this request. The modified proposed standards are as follows:

0.2.A. Transportation is the term used to define the physical movement of gas through space and/or time.



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0.2.B. Transportation Service Provider (TSP) is the term used to define an entity which operates physical facilities which facilities accomplish the movement of gas through space and/or time and which contracts with others to so move gas not owned by the TSP.

Mr. Lander started out with explaining why the "space and/or time" clause was present in the proposed standards. He described various situations (park and loan) where there was only time and not space involved, other situations where there was just space involved (transportation), and some where both time and space were involved (storage).

Mr. Young stated that he was satisfied with Mr. Lander's explanation.

Motion 1: Mr. Lander made a motion that the following definition be adopted as 0.2.A.
Mr. Buccigross seconded the motion.

0.2.A. Transportation is the term used to define the physical movement of gas through space and/or time.

Mr. Lander asked that this be classified in the "general" section as 0.2.a.

Mr. Lander answered questions regarding the specific language and his reasons for proposing this definition.

Action: The motion failed in a balanced vote of 1.5 in favor, 3.5 opposed. (See attached voting record for specifics.)

Motion 2: Mr. Lander made a motion that the following definition be adopted as 0.2.B.
Mr. Buccigross seconded the motion.

0.2.B. Transportation Service Provider (TSP) is the term used to define an entity which operates physical facilities which facilities accomplish the movement of gas through space and/or time and which contracts with others to so move gas not owned by the TSP.

Mr. Keisler proposed the following change which was agreed to by Mr. Lander and Mr. Buccigross.

0.2.B. Transportation Service Provider (TSP) is the term used to define an entity which operates physical facilities which facilities accomplish the movement of gas through space and/or time and which moves someone else's gas under a contract. ~~contracts with others to so move gas not owned by the TSP.~~

Action: The motion on the modified language failed in a balanced vote of 1.5 in favor, 3.5 opposed. (See attached voting record for specifics.)

III. Agenda for next meeting



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The next teleconference meeting, to be held on Thursday, September 9, from 2:30 to 4:30 p.m. central, will review R97113 for discussion and possible vote, then Capacity Release "Round 1" requests for prioritization.

IV. Adjournment

The meeting adjourned at 4:30 p.m. central.



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V. Meeting Attendees & Voting Record

Name	Company	R97046 Motion 1	R97046 Motion 2	Voter?	Member?
Pipelines:					
Theresa Hess	Enron – Transwestern	opposed	opposed	yes	yes
Julie Unruh	Koch Gateway	opposed	opposed	yes	yes
Tammy Hopkins	Enron – Florida Gas	opposed	opposed	yes	yes
Kelly Adolf	Williston Basin	opposed	opposed	yes	yes
Kim Van Pelt	Trunkline	abstain	abstain	yes	yes
Jim Keisler	Williams Gas Pipeline	not voting	not voting	no	yes
Mark Gracey	Tennessee Gas Pipeline	opposed	opposed	yes	yes
Dale Davis	Williams Gas Pipeline	opposed	opposed	yes	yes
Bill Griffith	Colorado Interstate Gas	opposed	opposed		
LDCs:					
Robert McAnally	Northwest Natural	opposed	opposed	yes	yes
Services:					
Randy Young	Koch Midstream Services	opposed	opposed	yes	yes
Jim Buccigross	National Registry	in favor	in favor	yes	yes
Mark Scheel	Dynegy	in favor	in favor	yes	yes
Greg Lander	Skipping Stone TransCapacity	in favor	in favor		
Producers:					
Bob Wallenhorst	Exxon	not voting	not voting	yes	yes
Tommie Hartmann	Exxon	not voting	not voting	yes	yes