



Gas Industry Standards Board

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TO: GISB Contract Subcommittee Participants & Posting for Interested Industry Participants
FROM: Rae McQuade, Executive Director
Cary Metz, Chairman, GISB Contracts Subcommittee
RE: Final Minutes of the Contracts Subcommittee Meeting – September 5, 2001
DATE: September 12, 2001

**GAS INDUSTRY STANDARDS BOARD
GISB CONTRACTS SUBCOMMITTEE MEETING – CONFERENCE CALL
September 5, 2001 – 2:00 p.m. to 4:00 p.m. Central
FINAL MINUTES**

1. Administrative

Participants were welcomed, attendance was taken, and the antitrust statement was read. The September 5th agenda was modified by deleting the third bullet under Section 2, “*Sending this contract out for industry comment*”; because the issue of using the language “Short-Term” in this contract will not be finalized today. The September 5th agenda was adopted with the change as noted. The August 27th minutes adopted with the change identified in the meeting.

2. Review of outstanding items

Section 7

Section 7.2 The motion was made to adopt the changes to Sections 7.2 and 7.3. The change is as follows:

7.2 Buyer shall remit the amount due in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. ~~If Buyer fails to remit the full amount payable by it when due, interest on the unpaid portion shall accrue at a rate equal to the lower of (i) the then-effective prime rate of interest published under “Money Rates” by The Wall Street Journal, plus two percent per annum from the date due until the date of payment; or (ii) the maximum applicable lawful interest rate.~~ If Buyer, in good faith, disputes the amount of any such statement or any part thereof, Buyer will pay to Seller such amount as it concedes to be correct; provided, however, if Buyer disputes the amount due, Buyer must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law to enforce its rights pursuant to this Section.

7.3 If Buyer fails to remit the full amount payable by it when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under “Money Rates” by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

The motion was unanimously adopted.



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Workpaper 3
posted 8/27

Several items on the workpaper were discussed at previous meetings, and this was noted as the subcommittee moved through the list.

The subcommittee discussed point 4 on the workpaper (from GasEDI, Section 1.5) which reads as follows:

“The parties hereby expressly waive all rights to, and expressly agree not to, contest any Transaction, or assert or otherwise raise any defences or arguments related to any Transaction to the effect that such is not binding, valid or enforceable in accordance with its terms because either the employee(s) or representative(s) who entered into the Transaction on behalf of a party, and who appeared to have the requisite authority to do so, did not, in fact, have such authority or because the provisions of certain applicable laws require the Transaction to be in writing and/or executed by one or both parties.”

After discussion, a motion was made to take a strawman vote to determine if the group would like to include the concept in the contract. If so, the subcommittee would continue to develop language; if not, the group would move on to the next issue. Due to the large number of abstentions, the committee did not complete the vote. The motion was made to postpone further discussion of this issue until the next meeting. No objections to the motion were expressed.

Bullet six, as written below, was discussed.

“Day definition is not consistent with GISB Business Practice Standard 1.3.1. Suggest this definition be changed to read, ‘Day shall mean 9:00 am to 9:00 am central clock time’.”

After discussion, the group decided to leave the language as currently written in the contract.

Bullet seven, as written below, was discussed.

“To be consistent with GISB Business Practice Standard 1.3.14, suggest adding ‘*Dekatherm* shall mean one million British Thermal Units’.

After discussion, the motion was made to postpone further discussion of this issue until the next meeting. No objections to the motion were expressed.

Workpaper 5
(posted 8/27)

During a previous meeting, it was requested that a list of items tabled for long-term discussion be compiled. This workpaper is the result of that request. As noted in the meeting, the concepts of some of the issues have been incorporated in the contract. As such, Reliant withdrew its proposed section 2.9.

This workpaper is for this subcommittee and is not intended for long-term contract discussions.

Joint
conference

The subcommittee discussed whether there is a need for a joint committee meeting as the participants on the long-term committee will likely consist of the participants from this committee. As the GISB Annual Plan lists that a long-term contract standard is to be developed, it was suggested that the committee follow the plan as written. After discussion, a motion was made to follow the GISB plan and no objections were voiced.



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3. Next Steps

The next conference call will be held on September 13, 2001, 2:00-4:00 CCT. The points to be discussed are:

- September 13, 2001, 2:00-4:00 CCT
 - Discuss point 4 from workpaper 3 as described above.
 - Discuss point 7 from workpaper 3 as described above.
 - Canadian addendum
- Long and short term subcommittees, October 1, 2001, 2:00-4:00 CCT
 - Post notice of long term meeting and request workpapers using the modified GISB contract as the basis for comments
 - Determine direction for long term subcommittee:
 - Use the modified GISB as both the long term and short-term contract by deleting references to short term
 - Develop a standard long term addendum to the modified GISB
 - Develop a separate long term contract
- Next subcommittee meeting (after joint meeting)
 - Vote to forward modified GISB to the GISB office for industry comment
 - Finalize the Canadian addendum

4. Adjourn

The meeting adjourned 4:00 pm CCT. The next conference call will be Thursday, September 13, from 2:00 pm to 4:00 pm CCT