



Gas Industry Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

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Home Page: www.gisb.org

TO: Executive Committee (EC) Members
Posting for Interested Industry Participants

FROM: Rae McQuade, Executive Director

RE: Final Minutes from the Executive Committee (EC) Meeting – February 5, 2001

DATE: February 5, 2001

GAS INDUSTRY STANDARDS BOARD
GISB EXECUTIVE COMMITTEE CONFERENCE CALL

February 5, 2001

FINAL MINUTES

1. Administrative

Mr. Buccigross welcomed the Executive Committee to the conference call. The roll was called by Ms. McQuade. The antitrust charge was read by Mr. Costan. The agenda was adopted with no changes. Mr. Buccigross and Ms. Garcia covered the procedures for a conference call, where speakers should identify themselves prior to speaking in order for the transcripts to be prepared correctly. For a full accounting of the discussion from today's conference call, the transcripts should be ordered from Ms. Jane Copeland of Ak/Ret Reporting, (361-882-9037).

Ms. Van Pelt asked that the December 14 revised and redlined draft minutes be adopted at the February 22 meeting. As such she made the motion, which was seconded by Mr. Hebenstreit, and there was no opposition.

2. GISB Standard No. 5.3.2

Ms. Van Pelt reviewed the Business Practices Subcommittee (BPS) actions to date regarding FERC staff concerns. It was explained that the issue of a FERC staff's concerns about the modifications to GISB Standard No. 5.3.2¹ originally came before the BPS Chairs as a result of a phone conversation received by Mr. Costan from the FERC Staff. Ms Van Pelt explained that because the concerns related to a standard that had already been approved by the Executive Committee, that BPS determined it was inappropriate to work on it and it should be brought back to the E.C. for determination of the next step. She noted that it was difficult for a subcommittee to act upon third party discussions. She added that because GISB has not received a written explanation of the specific concerns, there was general lack of understanding on which inconsistencies were present in the standards, and which were more interpretative.

Mr. Costan noted the two specific concerns expressed to him by the FERC staff regarding GISB Standard No. 5.3.2 were:

- The time lines for pre-arranged deals is one concern. Under Order No. 637, such released capacity should be able to be nominated at the next nomination cycle after a pre-arranged deal was done. As such, deals could effectively be done and nominated almost simultaneously.
- Contract execution should not be necessary to being able to nominate on pre-arranged deals. The requirement for contract execution is also included in the time line for

¹ The standard referred to in this section was adopted by the Executive Committee on December 14, 2000, but has not yet been ratified by GISB membership.



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biddable deals (less than one year), but is not required by the regulations.

Mr. Scheel also noted that it was his understanding that posting of prearranged deals should not be required before nominations. Ms. Chezar noted that the relevant excerpts from Order 637A addressed scheduling equality for firm shippers, which include LDCs, end users, and marketers.

Mr. Buccigross outlined two possible courses of action:

- The E.C. work on the issue; or
- This issue could be returned to the BPS to be addressed in an expedited fashion.

Mr. Novak noted that the changes highlighted for consideration were only a small part of addressing scheduling equality. He and Mr. Scheel discussed how master contracting could be used as a tool to enable scheduling equality. Mr. Gracey noted that scheduling equality could be enacted without master contracts being implemented.

In further discussion, Mr. Novak suggested that the basic purpose was to modify GISB Standard No. 5.3.2 to permit nominations of capacity obtained through release to take place on an instantaneous basis, which could be implemented through master contracting. There was no agreement on the scope of work entailed by the identification of the issue – though several options were raised:

- Do nothing.
- Address the language that referred to contract execution.
- Address the timeline.
- Address the need for a tool to enable nominations directly after a pre-arranged deal was made, such as a master contract.

Ms. Van Pelt noted that the BPS could not have the issue addressed in time for consideration at the February 22 E.C. meeting, for which there was general agreement. Ms. Van Pelt and Mr. Buccigross agreed that the issue could probably be addressed for a March conference call. While Ms. Chezar agreed that two weeks was not enough time to address the issue, she specifically asked that the “issue” to be sent to the BPS be clearly defined to avoid additional time spent in subcommittee without a clear direction. While there was general agreement that there was not consensus yet on a definition for the issue, Mr. Buccigross noted that there seemed to be a growing consensus to send the issue with a definition of the scope of the work to the BPS, with possibly an expedited comment period and conclusion in April.

Ms. Corman, Ms. Van Pelt and Ms. Davis noted that they were unclear of the scope of the issue to be sent to the BPS. Mr. Novak noted his issue definition: “Modify GISB Standard No. 5.3.2 to be able to instantaneously effect a nomination once the pre-arranged deal was made.” Ms. Chezar described her concept of scheduling equality and highlighted a portion of FERC Order No. 637A. Ms. Corman asked that the specific conflicts be highlighted to define the scope of work for the BPS. She noted that the requirement to execute a contract may be a conflict, but other concerns identified may be interpretations of the order rather than specific conflicts – of which the FERC would be the ultimate determiner. Ms. Chezar pointed out the timeline in GISB Standard No. 5.3.2 as a conflict.

Ms. Van Pelt and Mr. Buccigross summarized three courses of action: (1) send the issue to BPS to frame issues and report back to the EC, (2) send to the EC for framing and then send to BPS, and (3) do nothing. In noting the “do nothing” course of action, Ms. Van Pelt explained that GISB Standard No. 5.3.2 did pass a balanced vote of the BPS and a “17/2” vote of the EC. Mr. Novak added that the “do nothing” approach might be the best way to handle this issue if the only changes to be forthcoming are to change the language on contract execution.



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Ms. Corman, Ms. Davis and Mr. Greene noted their preferences for a written explanation from the FERC staff regarding the perceived inconsistencies instead of GISB acting on third parties' opinions of what the issues are. Mr. Costan and Ms. McQuade noted that a possible course of action is to request a clarification on the Order 637-A rule, as indicated by FERC staff. It was noted by several that GISB staff could not ask for this request for clarification as it could be considered advocacy. However, GISB members, on their own accord, could do so. Ms. Corman explained that other than asking for a clarification of the order, speaking to FERC staff directly on this issue could be considered "ex parte" because of outstanding compliance filings.

In response to Ms. Van Pelt's explanation that the standards passed a "17/2" vote of the EC after passing a balanced vote of the BPS, Mr. Novak noted that while there was general support at the time for those standards, it has come to our attention that it appears that there may be a conflict with existing regulations and therefore it needs to be changed. Citing a portion of Order 637-A, Mr. Novak noted that pipelines were to comply with appropriate federal regulations where they were inconsistent with GISB Standard No. 5.3.2. Mr. Griffith disagreed that GISB Standard No. 5.3.2 is inconsistent with federal regulations, with the possible exception of the inclusion of term "contract execution." Mr. Gracey noted that there was not enough information provided by the FERC staff to change GISB standards based on hearsay or third party discussions. He urged FERC staff to attend GISB meetings where they could have direct input to the process and respond to questions from the attendees. Mr. Gracey further noted, in response to Mr. Novak, that if a pipeline compliance filing were rejected based on the GISB Standard No. 5.3.2, that it would be a clear signal that the standard should be changed. Mr. Gracey also noted that it was probably not the intention of the FERC to not have a contract prior to nomination and, indeed that would probably be ultimately decided in the courts.

Ms. Chezar asked that we should do nothing and send the results of our discussions and the proposed standard to the FERC for further input as a progress report, as we have addressed this issue for the better part of a year. Mr. Novak, Ms. Corman and Mr. Buccigross noted that there are certain modifications to the standard that we could discuss at a BPS meeting where it may be possible to reach consensus.

It was recommended that a face-to-face BPS meeting be held, with transcription. While one of the locations discussed was Washington D.C., it was determined to hold the meeting in Houston the day before the EC meeting. As several of the participants are uncomfortable in acting upon hearsay, it was noted that FERC staff would be invited to participate by phone, and Mr. Costan would call the FERC staff for further input prior to the meeting. Mr. Costan will phrase the request to the FERC staff as GISB requesting further clarity from FERC staff as it undertakes to address this issue.

Ms. Corman noted that her concerns were not the reliance on hearsay, but more that GISB may be addressing only one piece of a potential conflict and possibly running counter to the FERC Order in other areas. Mr. Spangler and Mr. Ishikawa noted that this might be an opportunity to determine new ways to work with FERC staff on these contentious issues.

Mr. Buccigross reminded that group that although some have concerns about acting upon vague information, when Mr. Costan provides the results of his conversation with the FERC Staff, the additional information may not answer everyone's questions. As such, it would not be prudent for the BPS to determine at that time that it can go no further based on incomplete information. Mr. Novak, Ms. Chezar and Ms. McVicker noted that the organization has been addressing this issue for more than 5 months without a resolution. Possibly FERC staff can provide guidance through conversations with Mr. Costan, through response to GISB progress reports, or through a technical conference, similar to the one scheduled for cross contract ranking.

It was determined for the BPS to meet in Houston at 10:30 a.m. on February 21. The GISB office will coordinate the meeting arrangements with Reliant Energy, and Mr. Keisler will



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discuss this change in meeting schedules with Mr. Whatley, as it impacts their previously scheduled Information Requirements Subcommittee meeting. Mr. Costan will contact the FERC staff for further input and to invite the FERC staff to attend the meeting either in person or via conference call. Mr. Costan will prepare a report for consideration resulting from his discussions with FERC staff. The motion was made by Ms. McVicker and seconded by Mr. Spangler to set up the BPS meeting on February 21, 2001 as the next course of action. It was a procedural vote and there was no opposition.

3. Adjourn

The meeting adjourned at 2:55 p.m. through a motion made by Mr. Novak and seconded by Ms. McVicker.

4. Executive Committee Attendance

Present	Member
End Users:	
Y	Bill Hebenstreit
Y	Diane McVicker
N	Dona Gussow
Y	Joel Greene for Kelly Daly
Y	Tina Patton
LDCs:	
Y	Dolores Chezar
Y	Mike Novak
Y	Chris Maturo
Y	Rick Ishikawa for Bob Betonte
Y	Steve Sullivan
Pipelines:	
Y	Bill Griffith
Y	Dale Davis
Y	Theresa Hess
Y	Kim Van Pelt
Y	Mark Gracey
Producers:	
N	Paul Keeler
N	Lauren Kaestner
Y	Richard Smith
N	Mike Johnson
Y	Scott Brown
Services	
Y	Jim Buccigross
Y	Leigh Spangler for Sylvia Munson



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Y	Gary Payne for Keith Sappenfield
Y	Mark Scheel
N	Carl Caldwell



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5. Other Participation

Administrative: Rae McQuade - Executive Director
JoAnn Garcia - GISB Staff
Jay Costan - GISB General Counsel
Jane Copeland - Ak/Ret Reporting Service

Observers to the Meeting:

Name	Company	GISB Member
Arnaout, Mariam	American Gas Association	
Lewis, Jane	American Gas Association	
Bianchi, Joe	ANR	Y
McMahon, Gina	BTUWatch.com	Y
King, Iris	Dominion Transmission	Y
Burch, Kathryn	Duke Energy - Texas Eastern	Y
Calcagno, Suzanne	Enron North America	Y
Corman, Shelley	Enron Transportation Services	Y
Hopkins, Tammy	Enron Transportation Services	Y
Fava, Gene	Great Lakes Gas Transmission	Y
Young, Randy	Gulf South Pipeline Company	Y
Kardas, Joe	National Fuel Gas Supply	Y
Love, Paul	NGPL	Y
McDougal, Prince	Southern Natural Gas Pipeline	Y
Bass, Charlie	Tennessee Gas Pipeline	Y
Bragg, Audrey	Washington Gas	Y
Keisler, Jim	Williams Gas Pipeline	Y
Lawrence, Dale	Williston Basin	Y