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Meeting started at 10:20 AM

Jerry Hahn welcomed everyone and explained logistics for the day.

Hahn read the antitrust statement.

Mike Novak reviewed the minutes from the 8/12 meeting. Revisions were made.

Greg Lander made a motion to adopt the minutes. It was seconded.

Paul Love made a motion to adopt the agenda. Hahn informed the meeting that the chairs wanted to introduce some modifications to the Model in order to gather greater support for a model so that the task force could move forward. The agenda was amended and accepted.

Hahn: For the record, whatever model survives will be reported to the EC when this task force has completed its work. If that work proves that the model won't work we will try to continue to identify a workable model or report reasons not to continue.

Hahn: The two major changes are :

- 1) The ability to have an untimely nomination cause a bump for 9AM or 5PM on Day 2.
- 2) The TSP has a one-time election to determine whether it would bump off an untimely nomination, the first intraday or both cycles.

Hahn: I think I know all the issues and we should be able to get behind this model.

Sharon Eady: I agree, but I would still support the prior model if everyone can get behind it.

Hahn: Reviewed comments filed by parties at FERC on Intraday Nominations. He then reminded the meeting that Commissioner Hoecker told GISB "... don't let perfect become the enemy of good...". If GISB doesn't complete its intraday work and no report is made to FERC, the FERC may have to initiate its own proceeding which, as is customary in the regulatory arena, will be a win/lose negotiation. Who knows whether we'll start over from the beginning or not? It would be a waste of all the time our companies have spent. Our mission from the GISB Board is to grow the natural gas market. We have to put aside some of our 'wants' to move ahead for the betterment of the entire natural gas industry.

Hahn: Our sense of the room works as follows:

You get to vote against either model (8/14 or 8/25); you can vote against both.

We need to determine which model has the least opposition.

Norm Walker: Asked for discussion on the differences between the two models.

Joe Bianchi: Is this high level approval? I may not agree with the details.

Hahn: There are still issues to be resolved.

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Love: I'm not sure which way to vote; I could live with either but how do I express a preference without saying I don't want the other.

Hahn: I have the same dilemma; I won't vote against either.

Lander: I'd like to make a motion to hold two votes to register opposition against either model and then a third vote to register support for either model. This determines the path of least resistance.

Lee Smith: I second Lander's motion.

Mark Scheel: I thought we already had a starting point. Why do we need another model?

Hahn: The 9AM vs. 5PM untimely bump is the basic difference. Let's vote on whether we accept it.

Lander: The gas day/peak hour issue impacts a preference whether you are on the east coast or west coast. We need a national standard though. I support 8/14.

Paul Keeler: We need to look at the goal of GISB is to increase utilization flow of gas. I prefer the 8/25 model because it provides more flexibility.

Randall Young: I could go forward with either but I'd like to hear who are the proponents of the 9AM bump.

Dolores Chezar: I appreciate the work done but I see this as a degradation of existing services.

Novak: We can't accommodate everyone perfectly. I'm sensitive to the issue of "degradation of service" but I can attack that issue in a pipeline compliance filing. I think pipelines, particularly those facing recontracting, will listen to their firm customers. We can't let "degradation of service" bog us down in the committee level.

Kelly Daly: I support the 8/25 model, places all parties on a level playing field with respect to pipeline compliance filings.

Rick Ishikawa: I agree with Novak, Keeler and Daly. This is why we need to discuss the issues and that's what next week's meeting is for.

Chezar: I think the models are contrary to GISB's position that we take no position on bumping.

Lander: My thinking has evolved on this. I now think the 8/25 model is better. Additionally, we are not taking a position on whether a pipeline bumps or not. We do, however, have to address that bumping is a reality. If those with firm capacity feel that having the option for a 9AM bump election increases the value of FT and the TSP feels this makes recontracting more attractive then to me, that is a good reason to change my mind. In addition, the 8/14 result is attainable under the 8/25 procedures and the Model can support either outcome.

Bob Wallenhorst: But isn't IT being degraded? The models provide more in the way of nomination and bumping opportunities than existed at the time current rates were established. Is this vote to move forward? Can we jump off later after we find out how some of the tough issues fall out?

Scheel: I would like bumping rules to be the same across the grid. I see the 8/25 model as creating more choice but that actually moves us backward. I think we should turn this issue (9AM vs. 5PM) over to FERC before we proceed.

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Walker: Can we vote on the motion before lunch?

Fitch: In the note on the 8/25 model it says 9AM or 5PM. Shouldn't it say 9AM and/or 5PM?

Hahn: No, its just one or the other. Let's proceed with the vote.

Vote 1: Do you oppose the 8/14 model? 15

Vote 2: Do you oppose the 8/25 model? 12

Editor's note: 45 attendees have signed in.

Vote 3: Do you have a preference for either model? 8/14 or 8/25?

8/14	17
8/25	23

Lander: Let's have a segment check

8/14	P/L	7
	EU	3
	Prod	2
	Serv	5
	LDC	0
	--	
		17

8/25	P/L	13
	EU	4
	Prod	1
	Serv	1
	LDC	4
	--	
		23

Lunch...

Chezar: I'd like to take an informational vote. If the 8/25 model (for the untimely nomination that results in a bump) was at 9AM instead of 9AM or 5PM, I'd like to see by segment where people stand.

Daly: Second

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In Favor 18 Opposed 18

	Favor	Opposed
P/L	7	11
EU	4	1
Prod	2	1
Serv	1	5
LDC	4	0
--	--	--
	18	18

Scheel: Can we (members of the task force) support a minority proposal (the 8/14 model) and bring it before the EC?

Hahn: Yes

Hahn: Now let's move on to the Confirmation Group

Donna Scott: Gave the report which contained five cases:

- 1) Timely - Explicit
- 2) Timely - Confirmation by Exception (upstream actively confirms)
- 3) Timely - Confirmation by Exception (downstream actively confirms)
- 4) Untimely Intraday (Type II) - Explicit
- 5) Intraday Type I - Explicit

Cynthia Corcoran: What is the purpose of this exercise? How will the document be used and are we going to vote on it today?

Hahn: At previous meetings, this exercise was deemed necessary so that people would understand some of the details.

Corcoran: Did you use existing standards or proposed standards (with respect to confirmation standards)?

Scott: Some pipelines have authority to do confirmation by exception in addition to GISB confirmations. We had to accommodate this case. We looked at the standards but we didn't preclude other situations.

Hahn: Could we say "You used what was in practice"?

Scott: Yes

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Novak: We need this work so that when we write the standards, we can refer back to something when someone says "but what about the case...?"

Scott: A lot of this is that we don't have definitions that are consistent.

Corcoran: They aren't definitions, they are business practices.

Scott: Whatever they are called, we need to mean the same thing. We need to understand each other.

Bianchi: It seems that some of the proposed standards don't clearly identify what happens on a pathed pipeline when you have different confirmation practices at different points. I could be forced to keep a downstream point flowing when the upstream cuts supplies. The downstream party could hide behind a rule by saying as a part of confirmation, I didn't request this.

Scott: We all have to agree to make an increase, should a decrease be easier?

Novak: Joe, I don't see how you are harmed here. If you have a supply disruption (for whatever reason), you can cut the delivery.

Bianchi: If you move quickly.

Hahn: Are we using the "lesser of" standard or the 3/24/97 proposed standard?

Scott: The standard.

Love: We use the Explicit methodology for intraday confirmations, everything else is the same as now? Am I oversimplifying?

Scott: No, it is that simple. Once you get to an intraday, you need communication. If you don't get communication, then what do you do?

Walker: The answer for Corcoran is that this document is "the rules of engagement". We'll take the "senses of the room" next week.

Joyce Phillips: Some people have things in their tariffs that allow them to exceed standards in terms of confirmations. They should be considered.

Novak: The whole issue of "what is exceeding standards" will be discussed next week. I'm not sure what is possible as far as intradays are concerned. FERC did ask us to fix the intraday problem and it is possible that some of these "exceeding the standards" might be part of the problem.

Lander: On the decision tree, where there is bold print, we did not reach consensus on what should happen.

Corcoran: We shouldn't try to redo timely confirmations.

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Scott: We aren't.

Corcoran: Then the first three cases are illustrative?

Lander: Yes

Phillips: There are unique circumstances that vary from point to point that make it difficult to write a standard. We support requiring communications for intradays but don't want to spell out the details.

Novak: Two interconnected parties can agree to whatever they think is best so long as the end result is achieved. But I think the decision tree is a blue print, like when we can't agree on allocation methodology, we prorate.

Terry Fitch: We had to go through timely nominations to get a base so that we could move on to intradays. We were using different terms. There's no attempt to change timely confirmations but there is an attempt to understand them before we could move on.

Scott: Starting on Page 2 - Case 4 let's go through line by line.

Joe Kardas: Aren't we just following the lesser of rule all the time?

Scott: Yes, except for bold lines. In these cases, there is some debate.

Love: We shouldn't give people incentive not to communicate.

Scott: I agree.

Lander: Lines 5 & 7 were original. Line 6 was added because there is an issue.

Love: Line 5 should not be a valid result because it can reward non-communication.

Bob Wallenhorst: But in some cases, a producer, if it's 9PM, for example, cannot make a physical change, the lesser of rule doesn't work. Someone might run into a penalty situation.

Keeler: Shouldn't we give some deference to the previously scheduled quantity?

Bianchi: That's what our tariff says but when receipts and deliveries disagree, where does the imbalance go? At the end, the lesser of rule has to prevail.

Lander: When the party upstream of the TSP has a cut but the party downstream does not, if you don't use the lesser of rule, does a pipeline have to "make" gas to keep a downstream party whole? Only under the lesser of rule does the TSP have the tools to keep its system in balance.

Smith: Can't buyers and sellers cover penalty situations in their contracts?

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Novak: Yes, but situations will occur that are really allocation issues as opposed to nomination or confirmation issues. I may end up getting allocated something that was cut for scheduling purposes. If my contract permits, I may try to recover that penalty from the seller. Similarly, in cases where I cause the seller to receive a penalty, the seller can try to recover the penalty from me. I think that we have to use "lesser of" as a default and contract to accommodate the exceptions.

Keeler: But the lesser of rule has its dark side.

Scott: So does the opposite.

Lander: Absent a contractual means, we are at "lesser of". Second, we need to determine what to do when we have no communication. We need to look beyond what segments we are and look from an industry perspective at what rules promote better behavior, more communication and the burden following the responsible party.

Hahn: Upfront in GISB, we agreed to have unambiguous outcomes.

Meeting adjourns at 5PM.

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9/11/97

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