

Gas Industry Standards Board

1100 Louisiana, Suite 4925, Houston, Texas 77002
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Home Page: www.gisb.org

TO: Interpretations Subcommittee, Interested Industry Participants
FROM: Rae McQuade, Executive Director
RE: Final Minutes from the Interpretations Subcommittee Meeting
DATE: May 26, 2000

1. Administrative

Mr. Lander chaired the meeting, welcomed the participants and gave the anti-trust advice. The agenda was adopted as posted. The draft minutes of October 29, 1999 were adopted as modified. The draft minutes of February 4, 2000 were adopted as modified.

2. A C00001

Restated Request for Interpretation:

Using the Pathed Non-Threaded model, should fuel be calculated on the total delivery quantity to all delivery points, or based upon each transportation line item? The problem arises when fuel quantities are rounded to the nearest Dth.

Proposed Interpretation response:

"The fuel percentage should be applied at the line item level. This applies regardless of the Model Type that is used in the Nomination. GISB Standard 1.2.1 identifies that a nomination is at the line item level. GISB Standard 1.3.15 states in relevant part that "the results of the fuel reimbursement calculations for the nominations process should be rounded to the nearest dekatherm." In addition, GISB Standard 1.3.29 states in relevant part "Service Providers should not reject a nomination for reasons of rounding differences due to fuel calculations of less than 5 Dth." These three standards taken together mean that fuel reimbursement calculations and the rounding of the results thereof should occur at the line item level."

Discussion: After reviewing the drafted restated request for interpretation and the proposed interpretation response, there was no further discussion.

Motion to adopt restated request for interpretation and proposed interpretation response as above. Moved by Shelley Corman, seconded by Paul Love.

Motion passed. See the attendance list for the voting record presented as Vote 1. The text of the proposed interpretation will be circulated to non-present members of the Interpretations Subcommittee for a one-week notational voting period (one week to return ballots).

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B. R98041/C00003 Transfer of Request from BPS.

Interpretation Request:

“Please interpret the meaning and intent of what a ‘super-nomination’ is. Also, please clarify whether a Transportation Service Provider permitting (and not requiring) a shipper to nominate across pipelines in the same family is exceeding the GISB standard”.

Mr. Lander stated the history of the issue and referred participants to the record from EII, IR and the BPS. Mr. Lander stated his view of the matter. In his opinion, the infrastructure does exist, as is, and it should be considered exceeding the standard for a TSP to permit multiple TSP nominations on one screen as long as the service requester is not required to submit a multiple pipeline nomination in one line item or screen. Bill Griffith said that in his opinion the infrastructure exists. He also stated that in his opinion, the wording of GISB Standard 1.1.3 could be improved. He summed up his view by stating that the TSP and shippers should be permitted but not required to effectuate multiple TSP nominations in one place. Paul Love stated that one of the key considerations in the initial drafting of the standard was that the support for “super-nominations” be there but that it was not required of the TSP. He stated that there was concern at that time that a TSP might have to receive nominations from shippers for a number of TSP’s and then have to figure out how to get them all separated and distributed.

Proposed Interpretation response:

“The infrastructure exists within, and using, the GISB standards for a Service Requester to move gas from wellhead to burner-tip. In particular, the last sentence of GISB Standard 1.1.3 which states:

‘A super-nomination is a nomination that contains all the nominations describing the path from the wellhead to the burner-tip.’

should be interpreted to mean:

‘A super-nomination is a transmittal that contains all the line items describing the path from the receipt point to the delivery point.’

Given this interpretation of the last sentence of GISB Standard 1.1.3, the infrastructure does exist for a Service Requester to send multiple Transportation Service Provider (TSP) nominations to a party receiving multiple TSP nominations for retransmission to the applicable TSPs.

Lastly, a Transportation Service Provider (TSP) which permits (but does not require) a Service Requester to submit a nomination or nominations

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which traverse multiple TSPs (including those TSPs in the same corporate family) is exceeding the GISB standard.”

The above, proposed, interpretation was discussed. There was general agreement that it would form the basis for the vote on interpretation request R98041/C00003 to be scheduled for the next Interpretations Subcommittee meeting.

C. C00002 Boeing

Interpretation Request:

“If the calculation results in a reimbursement of less than 0.5 decatherms, does the pipeline round down to zero or up to 1 (creating a one dekatherm minimum fuel-in-kind charge)? Is zero a decatherm.”

Discussion: Tina Patton presented the request for interpretation. She mentioned that the effect of a one-time practice of her TSP was to assess a minimum one-Dth per line item of nominated transportation. She mentioned that an informal FERC hotline process had resulted in a finding that should the mathematical result of applying a fuel reimbursement factor generate a less than 0.50 Dth amount, then the application of the standard would be to have a zero fuel reimbursement factor. She also mentioned that her TSP had informed her that there were large shippers (at least one) which broke their transportation activities down to such a low quantity per line item that they were effectively avoiding reimbursing the TSP for fuel in the aggregate. There was discussion by some participants that it was not fair to assess a shipper with a very small amount of transportation a minimum quantity of fuel per line item. By the same token discussion identified that it was also not fair to deny the TSP reimbursement of fuel, or worse yet, to shift fuel reimbursement responsibility from one shipper to another through gaming. The gaming was described as using package ID to sub-divide an aggregate transaction into many smaller line items. There was mention by Mr. Lander that he knew of at least one pipeline that took all fractional remainders from all fuel calculations and summed them as a separate “keep whole” fuel factor amount. Kim Van Pelt acknowledged that Trunkline had that practice, but that she would have to check to determine if that was still in place. Mr. Lander offered that such a practice would make the gaming ineffective while not disadvantaging the small quantity shippers through the institution of a “minimum fuel per line item” practice.

Mr. Lander drafted the following after the meeting to reflect a possible interpretation to be considered for discussion at the next Interpretations Subcommittee meeting.

Restated Request for Interpretation:

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“When the calculation of in-kind fuel reimbursement generates an amount less than 0.500 Dth, does the TSP round down to zero or up to 1? The effect of rounding up to 1 would be to create a one Dth minimum fuel-in-kind charge while the effect of rounding down would be to have a zero Dth reimbursement and possibly encourage gaming. Is zero a Dth?”

Proposed Interpretation Response:

The mathematical effect of GISB Standard 1.3.15, the rounding standard, can generate a zero Dth result for any particular line item. On the other hand, there is no GISB standard that would prevent the accumulation (summation) of all fractional-Dth remainders from all line items and providing for that accumulation (to the whole Dth thereby still applying Standard 1.3.15) to be the in-kind fuel-reimbursement factor over a billing or other period.

5. Next meeting and agenda

1. Administrative:
2. R98041/C00003
3. C00002
4. Next meeting and agenda
5. Adjourn

The meeting Adjourned at 12:05 Central Time

Next meeting is June 1st, 2000 at 1:00 PM Central time.

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Meeting Attendees and Voting Record

<u>Segment</u>	<u>Company</u>	<u>Voting</u>	<u>GISB</u>	<u>Vote 1</u>	<u>Vote 2</u>	<u>Vote 3</u>
		<u>Member</u>				
Pipelines:						
Dale Davis	Williams Gas Pipeline		X			
Theresa Hess	Enron – Transwestern		X			
Paul Love	Kinder Morgan	X	X	Yes		
Shelley Corman	Enron	X	X	Yes		
Bill Griffith	CIG		X			
Katherine Burch	Texas Eastern		X			
Kim Van Pelt	CMS-Panhandle		X			
Services:						
Debra Stubblefield	Corcoran Law Office		X			
Greg Lander	CapacityCenter.com	X	X	Yes		
Producers:						
Richard Smith	Exxon/Mobil	X	X	NP		
Joyce Phillips	PanCanadian Energy		X			
End Users:						
Tina Patton	Boeing	X	X	Yes		
LDC's:						

NP signifies not present for vote

Bold name signifies the Interpretations Subcommittee Chair

Bold "X" signifies Interpretations Subcommittee Voting Member.