

TO: GISB Executive Committee (“EC”) Members

FROM: Koch Gateway Pipeline
Koch Midstream Services Company

RE: Request for Industry Comment on Proposed Standards, due March 5,
1999

DATE: March 5, 1999

As always, Koch Gateway and Koch Midstream (hereinafter “Koch”) appreciate the amount of time, effort, and negotiation that have gone into the proposed standards that are currently out for comment. Koch supports many of the proposed standards, but would also like to offer the following comments.

On page three of the recommendation, the data set numbers referenced parenthetically in the standards should be modified to correspond to the correct data set numbers. Specifically:

- in the first item on that page, the Transportation/Sales Invoice data set number is 3.4.1, not 2.4.5;
- in the second item, the Payment Remittance data set number is 3.4.2, not 2.4.5;
- in the third item, the Statement of Account data set number is 3.4.3, not 2.4.5; and
- in the last item, the Service Requester Level Charge/Allowance Invoice data set number is 3.4.4, not 2.4.5.

On January 14, 1999, Koch submitted comments to the EC regarding the proposed flowing gas-related standards promulgated by the EBB-Internet Implementation (“EII”) Task Force. In those comments, Koch opposed the specific ordering of categories on screens that involve little, if any, customer data input. Koch renews these objections with regard to the proposed invoicing-related standard (s10) currently out for industry comment. Not only does Koch anticipate that customers will input little, if any, data on these screens, but also Koch does not believe that ordering invoice categories is necessary for, or beneficial to, Koch’s customers, the majority of whom have not participated in EII.

With regard to the proposed Imbalance standards, Koch continues to object to the practice of sending proposed standards out for industry comment before they are fully staffed. There may be instances where obtaining industry comment and EC approval prior to full staffing is appropriate, such as when contentious issues like intraday nominations are proposed. However, the proposed Imbalance standards have not been contentious, so it should not be necessary to bifurcate the approval process in this way. It is time for the EC to clearly articulate its policy with regard to this issue - that is, under what circumstances is it appropriate to bifurcate the approval process, and under what circumstances is it not appropriate.

Koch is also concerned that all task forces are under an ever-increasing amount of pressure to issue standards by a date certain, regardless of the impact. Specifically, the Imbalance Task Force recently made a conscious decision to send standards out for comment, knowing that all issues related to those standards have not been addressed. This unusual action and the final vote require some clarification of the surrounding circumstances, as more fully described in the following paragraph.

During the February 9, 1999, Imbalance Task Force meeting, the task force discussed whether the standards that the task force had crafted to date should be sent out for industry comment (and ultimately to the EC) prior to discussing the netting of monthly imbalances.

Koch's two pipelines voted against sending the proposed standards out for comment, but not because Koch opposes the content of the standards. Koch opposes discharging any proposed standards from a task force for industry comment until all issues related to that topic are resolved. A task force may discover that the basic assumptions it made while crafting proposed standards that were sent out for comment are no longer accurate after discussing a subsequent issue. GISB member representatives must maximize the productive use of their time. This valuable time and resources will be wasted if task forces first issue proposed standards that have outstanding issues and then generate a second round of standards that cause revisions to the first.

Koch is not suggesting, however, that standards can never be modified, particularly if an issue arises after a task force has completed its work, or alternatively, if a task force begins working on other unrelated issues and discovers that it needs to revisit standards that have already been proposed and sent out for comment. However, in the case of the Imbalance Task Force, neither of these examples apply. The task force determined approximately a month ago that it would be necessary to discuss netting issues before it could complete its treatment of monthly imbalance trading; therefore, the task force knew at the time of the vote on February 8 that there were unresolved issues related to monthly imbalance trading that could affect the proposed standards currently out for comment.

Koch urges the EC to address this issue immediately before this procedure is considered a "normal" GISB process. To efficiently utilize industry resources, task forces should be prohibited from issuing standards for industry comment if, at the time the standards are sent out for comment, the task force knows there are related, outstanding issues remaining to be addressed. Koch suggests that the EC examine whether the deadlines in the Annual Plan are still reasonably attainable for the respective task forces and subcommittees. Koch is very concerned that the quality of GISB standards may be sacrificed for the sake of meeting arbitrary deadlines, which ultimately negatively impacts the entire industry.

Thank you in advance for your consideration of these comments.