

FINAL MINUTES

**OBA Task Force Meeting
August 6, 1997
Valero Energy / PG & E Energy Trading
Houston, TX**

1. Administrative

Martha Murphey called the meeting to order at 9:15 AM and welcomed the participants, provided housekeeping information and the anti-trust warning. The revised draft minutes of the meeting for June 24 were reviewed, revisions explained, and adopted as modified as final.

2. Overview for the purpose of the meeting

Martha Murphey explained that subsequent to the last meeting, PG&E Energy Trading (formerly Valero Energy) determined that they did not want to withdraw their request and instead wanted to set up an agreement with basic language with attachments. They agreed that compensability issues are out of scope, but they still feel there is a need for a model OBA. The group discussed that Standard 2.3.29 is for pipeline to pipeline OBA's (TSP to TSP) and recognized that unbundled LDC's act as TSP's.

3. Discussion of C97012

The questions posed by FERC in Order 587-C regarding the language in Standard 2.3.29 had initially been identified as a request for interpretation, C97012. The Interpretations Subcommittee has transferred that request to the Business Practices Subcommittee and is therefore not an issue for this task force to address.

4. Discussion of How to Proceed with R95003

In discussing a course of action on how to proceed with processing PG&E's request R95003, it was determined that the meeting participants were not interested in pursuing work on a model pipeline to pipeline OBA as the majority of TSPs already have operational balancing type agreements in place. The participants are agreeable to work with others on a product who are so interested, but due to lack of participation by those parties, the meeting participants had no interest at this time in pursuing such. The consensus was to not move forward in developing a model base agreement without the input and active involvement from the other segments in the industry that have indicated a need to the Chair of the Contract Subcommittee for OBA's to meet their needs as they unbundle (the LDC's).

Cheryl Lowen, Chair of the Contracts Subcommittee, indicated that she didn't think that a model OBA agreement can be sent to the E.C. until it is thoroughly worked on and reviewed by a

greater involvement from a wider range of industry participants. Since there is no deadline by when this has to be done, ideas were discussed on how to attract interested parties to get involved. Others expressed the fact that for those present to develop an agreement without this involvement would more than likely result in having to do it over again and this would be a poor utilization of resources.

After much discussion on various options, the consensus was to make a report at the August E.C. meeting, during the Subcommittee and Task Force Update Reports agenda item, which explained what the group had considered, what areas are not going to be discussed (imbalance resolution, operating tolerances and mandatory implementation) and the need for additional involvement by those parties desiring a model agreement. Whoever is interested on this work product should express specific interest prior to the October E.C. meeting and be willing to attend the meetings, in person or via conference call. An update report will be given to the E.C. at that time and if sufficient interest has been expressed, a meeting will be held in October to proceed.

Since Martha Murphey is unable to attend the August 13, 1997 E.C. meeting, Theresa Hess agreed to present the status under the agenda item for Subcommittee Updates. Martha will draft up notes for Theresa to work from.

The meeting was adjourned at 11:45 AM.