

July 27, 1998

**DEFAULT RULES WORK PAPER
ON
TITLE TRANSFER TRACKING PILOT TESTING TASK FORCE
OPEN ISSUES**

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Given the current formulation of the Title Transfer Tracking (TTT) transactional functions being developed by the TTT Pilot Testing Task Force (TTT Task Force) there appear to be three issues which should be addressed:

A. With additional TTT records to confirm, there is good potential that the current nomination/confirmation time line will not be sufficient to handle the increased requirements of TTT.

B. A current proposal for the TTT processes will require Transportation Service Providers or Welded Operators (TSPs) to handle third-party data not directly related to their transportation accounts during the confirmation/validation cycles. This data is proposed to be provided to the TSP by Third Party Administrators for the purpose of completing TTT validations and interconnect confirmations.

C. At this time, there have been no default rules established to handle situations in which confirmations are not complete or a Third Party Administrator (3PAD) account is out of balance at the end of a confirmation period.

To help resolve these issues, the following proposals should be included in the Task Force's deliberation of TTT principles and standards.

Issues A and B:

1. The following suggestions should streamline the confirmation/validation of transportation and TTT records. The suggested process will permit TSPs to initiate their system scheduling and confirmation processes prior to or simultaneously with receipt of TTT validation information from the 3PADs:

- a. 3PADs should have TTT agreements with and complete TTT confirmations (nomination/validations) with all TSPs which handle the up or down stream accounts of the 3PAD's Account Holders (AH).
 - i. At an interconnect between two TSPs, a 3PAD may need to have a TTT arrangement with both TSPs.
 - ii. 3PADs should confirm/verify the up/downstream transactions of its AHs with the appropriate TSP.

- iii. Upon request, TSPs should identify 3PADs at a location who have established active TTT arrangements with the TSP.
- b. At locations where multiple 3PADs are providing TTT services, transactions between the AHs of such 3PADs should be confirmed/validated between the 3PADs. These transactions are not required to be communicated to or confirmed by the TSPs.
 - i. Communication between 3PADs should speed up the validation of AH transactions between the 3PADs.
 - ii. TSP processes will not be impacted by additional records of 3PAD AH transactions which will simplify the confirmation/validation process.
- c. Interconnected TSPs should confirm transactions between their systems including total 3PAD activity.

Issue C:

1. In the event the total 3PAD activity being confirmed by two TSPs at an interconnect point does not balance across the interconnect at the end of a confirmation cycle, the following rules should apply:

- a. 3PADs may provide a cut ranking to the TSP(s) to indicate the order the 3PADs transactions should be cut. Such Ranks must be in place prior to or concurrent with the related nominations.
- b. Absent specific ranking instructions from the 3PAD, when reductions are necessary at the conclusion of the confirmation period, there are two processes available for balancing 3PAD activity.
 - i. Recommended: TSPs should cut the largest 3PAD transactions first and the smallest transactions last. This process should result in the lowest possible number of transactions affected by a cut.
 - ii. Alternate: TSPs should cut 3PAD transactions pro rata. This process results in all 3PAD transactions being cut.
- c. Confirmation of transactions not related to 3PAD activity are not affected by these processes and are handled under the existing GISB standards..

2. In the event a single 3PAD's accounts on a TSP are out of balance at the end of the confirmation period, and absent a predetermined process for handling cuts, same defaults are available as in 1.b, above.