

Title Transfer Tracking - Pilot Testing - Task Force
Pan Energy's Offices, Houston, Texas
5400 Westheimer Court
9:00 a.m. - noon

Meeting called to order

Meeting called to order and opened by Jerry Hahn

Anti trust statement

Anti trust statement written by Howard Shefferman was read by Jerry Hahn

With no objections from the participants, Jerry suggested that the 1st hour be spend reviewing minutes from last meeting and agreements made at last meeting.

Review of minutes from previous meeting

The floor was open for discussion of minutes.

Discussion of topics during the review of the minutes

During a discussion of whether this task force would merely propose models without doing the actual business analysis or would actually do the analysis, Jerry Hahn offered, without objection from the participants that we should plan on doing the entire analysis.

Theresa Hess asked if everyone agreed that that the base case would be modified as we all go through our individual cases. Ron (Transco) indicated he also considered adding transactions to make the base case more applicable to his case. (case #) Jerry wanted to ensure that everyone understood that the base case is set. Jerry Hahn commented that changes can be suggested and agreed upon, but unless and until that happens, the base case is set.

Jerry Hahn observed that we are striving for uniformity so that each method of analysis can be more easily compared.

Theresa Hess indicated that, once again, it is too early to map the TTT business processes into the data sets.

Agreement was reached to combine the two lists to reflect a combination of the two lists to wit the list on the home page (not in the minutes) would be augmented to reflect the names of people and cases numbers.

Minutes were adopted at 10:20 a.m.

Recap of Prior Actions

Gene Nowak proposed adding No.5, Energy Balance, to the base case. It was agreed that it would remain as Roman Numeral 5 (V), but would be part of the base case. The participants agreed, again, that additions may be made to the base case, but any proposed additions will be brought before this group (TTT-PT-TF) to be added to the base case.

Base Case Business Example, as modified by addition of energy balance, adopted with no objections.

Update from Groups on Pilot Cases.

Gene Nowak - Case #3: Gene handed out the latest version of his work. It has been updated to correspond to the base business case test transactions. Gene went through his presentation and explained

his updates/changes. Page 3 represents additions to the base case to add additional title transfers at point delta.

In response to a move from the floor to update the base case with the transactions that were included in Gene's case study, a proposal was made, and no one disagreed, to go through all of the updates (cases) and at that time to determine if additional some transactions needed to be included in the base case.

Page 4 represents pictorial of activities at point alpha with some roles added to the companies. Several questions arose concerning the Q&A on the diagram as to roles of the participants. DRN is the point code, the 'A' and 'B' in the company names refer essentially to the DUNS numbers of the entities. Discussion continued as to the nomenclature of companies on the diagram. Essentially, at each point the company bringing gas into the TSP is labeled as a Supplier, buy/sell parties are labeled as Co. X, and shippers are labeled as Shippers, all from the view of the TSP on which that point is located.

Rick Santerre brought up the issue of differences between a supplier and a wellhead or producer, and asked if these two entities would these be treated differently. The generally agreed to answer is probably no, but the group should keep in mind that there may be differences. The discussion was ended with the admonishment (to each of us) that these procedures should be taken into account and described when going through the models.

Ron Doyle brought up the issue that in some cases a flow went from Supplier A to Shipper A. He asked wouldn't the supplier be some other upstream party? The discussion ensued as to whether we need to define roles. The reason for the discussion was that the same company (same entity code, i.e. DUNS number) can perform various roles in the natural gas business. The group was split as to whether we should or not. Mike Novak (Group 2) gave testimony to support defining roles at this time. Without taking a vote, the groups agreed, that the issue would be determined in the future, but that all groups will use a similar diagram.

Discussion as to comments on page 9 (Case #3).

On nominations, up/downstream parties are identified in the nomination datasets. Norm proposed that while it may be so in this case, the TTT-PT-TF is not explicitly stating at this time that practice is our recommendation back to the EC. A question was raised as to whether TTT at all nominatable receipt points is contradictory to comment 1 on page 9, which states that TSP transportation nominations should include TTT information at both receipt and delivery points.

Gene will/may modify Comment 1 to incorporate standard 1.4.1 and the Downstream Identifier Code being part of the existing, albeit conditional, GISB standards. This represents some duplication, and Gene will work on these comments to add some clarification.

As to Comment 2, the first sentence applies to pages 4, 6 and 8 as an example. The second sentence applies to pages 5 and 7. Mike Novak brought up the point that this depends on which side of the flange the transactions are taking place on. Agreed that Gene would modify his comments to address the issues raised and modify the comments to be consistent with a receipt point only model.

Comment 3: Question from Mark Scheel as to whether comment 3 included plant tailgates or not, Gene replied that it was not considered, but that he would modified the comments to make it clear, one way or the other.

Mike Novak: Business Case #2:

Mike's handout was passed around, and there was some discussion as to the model. Mike indicated that the handouts will be updated to include the diagrams and base case for next time. He added that there are certain assumptions which need to be made to complete the model. Norm indicated that if assumptions and/or changes to the model need to be made, then Group 2 should feel free to make them. Norm also emphasized that the groups performing the business analysis and business case preparation, as a function

of doing the work, were free to make whatever business assumptions and or conditions necessary to make their model work. Further, Norm encouraged participants in the task force that were not currently working on a business case and that had business conditions they wished to explore, to merely ask for copies of already documents in electronic form and the other groups would provide them. All groups that had prepared documents agreed.

Ron Doyle: Business Case #14

Ron distributed his handouts. Ron gave an explanation of the model and the business cases. Ron agreed to use diagram for business cases as on Case #14, page 1, and Gene's similar diagram in business case #3.

Discussion ensued as to the differences between Ron's diagram and Gene's diagram. The cases look different, but the group tends to agree that both diagrams are "correct." Is there a divergence from the base case to and between the models? The answer from Jim Buccigross was that both diagrams accurately reflected the base case. A comment was made that cost would be a factor. The group agreed, without vote and without disagreement that both diagrams are correct, but different. Note that it should be an assumption in the final business case that the models diverge to some extent, but this was after a reasoned conclusion.

After a discussion as to whether we should define company roles in the diagrams, it was agreed that the individual groups will assume roles for each participant and identify roles on the diagrams. These roles may differ from diagram to diagram. A "role" statement will be added to the models.

There was discussion as to whether Point Alpha is assumed to be a wellhead or not? Is point A operated by Producer D? It was stated that it was not in base case.

Jim Buccigross handed out his document.

Jim Buccigross agreed to add Lisa to the distribution.

The diagrams will be modified to reflect the new numbering scheme. The diagrams are currently in the schema of the "old" numbering scheme. Jim offered this, in recognition that only a few minutes before the new numbering scheme had been adopted.

The handouts should include energy balance and transactions.

Document (section) 5. Will be modified to reflect the new format.

Jim stated that all former documents can be discarded and the handouts from today supersede them.

Mark Scheel asked if the flows anticipate the scenario of the TTTSP talk to each other? Jim answered that the TTTSPs will communicate to the TSP.

Mark Scheel asked that his name be put on the distribution since he, Mark Scheel will be attending for Kathy Patton.

Volunteers are called for:

Rick Santerre volunteered for case #12. Mark Gracey volunteered for case #3. Iris King volunteered for #14.

Issue as to whether transactions should be added to the base case as per Gene's and Ron's model. Mark Scheel wants to keep the base case as it is for comparison. Mike Novak indicated that if the model is kept the way as is, LDC's will see no difference between the cases. Mike will verify this with other LDC's. Mike moved that any action to expand the base case be tabled until next month. Rick Santerre says cases may be identical, or may not. OK to table it, but lets keep it in mind.

Sense of the room for changing model to add transactions or not to the base case:

Yes, add transactions today: 8

No, don't add transactions today, but this action is not dispositive to final outcome.: 6

It was determined that transactions will be added. We will look at minimizing the number of added transactions, but right now we will only add Gene's transactions.

Next meeting, unless noticed otherwise on the GISB Home Page will be Wednesday, February 5, 1997, in Houston, 9:00 AM - 4:00 PM, central time. Since the location of the next Executive Meeting was unknown, it was agreed that the notice would carry the information.

A motion was made, seconded and there was unanimous agreement to adjourne.

Details of changes to minutes:

Page 1

need space between Jerry Hahn's scratch Norm Walker

add "d"

Fuels should be Fuel

Page 2

comparability vs uniformity with regard to case 2. Michael Novack (National Fuel) The mission statement for case 2 needs to be modified. Gene Nowak also did not use all of the base case, so additional transactions were needed.

Page 3

Where the deliverables are shown, complete energy balance that is correct. Pictorial

Roman numeral IX Jim Buccigross

December 9, meeting should put in agenda.