

MEMORANDUM

TO: Members, Gas Unbundling Collaborative

FROM: John B. Howe, Facilitator

re: Draft minutes of 9/26/97 meeting and next steps

DATE: September 29, 1997

Thank you all for a productive session this past Friday in Westborough. Along with this memorandum you will find draft minutes of the meeting. These were prepared by Cheryl Kimball of Keegan, Werlin & Pabian, who served as recorder for this session. I would like to ask that any proposed changes to these minutes be brought to my attention as soon as possible, and a description of proposed changes could be presented at the outset of the next session. If this procedure is agreeable, we can use it for minutes of future sessions.

While I do not have a permanent office phone at this time, I may be reached at any time via my pager/voice mail at (617) 562-6489. You may either enter your call-back number (followed by #) or leave me a voice message (be sure to include your call-back number in the voice message if you would like to have a follow-up conversation).

A couple of items in these minutes bear emphasis:

1. The proposed schedule is set out in full on the final page of the memo. Please check this schedule and be sure that the dates are committed in your calendar.
2. As you will recall, I directed that the LDCs, marketers and others with an interest in presenting proposals in the topic of capacity disposition do so at the October 8 meeting. Given the possibility that there may be a divergence of views among LDCs on concepts and details, their presentation should describe points of agreement as well as alternatives where there may not be agreement.
3. These minutes describe the discussion that took place in the large group session but not the working group sessions that were held in the afternoon. In future working group sessions, I would appreciate it if the working group co-chairs could appoint a recorder so that minutes of those sessions can be presented as well.
4. Because I am not able to function both as facilitator and recorder, I hope that the group will be willing to appoint a recorder at this Friday's meeting. I want to thank Cheryl Kimball for serving very ably in this role this past Friday.
5. The Attorney General, for security reasons, does not have internet access. Any materials that are shared electronically with the collaborative are to be faxed to the AG at (617) 727-1043.
6. Finally, as you know, I will not be present at this Friday's or next Wednesday's sessions. Last Friday, I requested that the group appoint a moderator for those sessions. (Because the meetings will be more in the nature of information exchange, it does not appear likely that this individual will be called upon to play a facilitator-type role.) The presentations for this week are due electronically to Becky Hanson at the DPU on Thursday, Oct. 2 and the proposals to be presented at next week's session are due to Becky on Monday, Oct. 6.

Thank you for your attention to this memo. Please call me at (617) 562-6489 if you have any questions.

Minutes of Massachusetts Gas Unbundling Collaborative
Friday, September 26, 1997

A second plenary session of the Massachusetts Gas Unbundling Collaborative ("Gas Collaborative") was held on Friday, September 26, 1997 at the Westborough Marriott in Westborough Massachusetts. Philip Marston of Xenergy, Inc. acted as the moderator for the morning session. Mr. Marston identified three objectives for the session: (1) to appoint a facilitator; (2) to discuss and agree upon a process and schedule for the Working Groups; and (3) to focus on substantive issues beginning with capacity disposition.

The sub-committee assigned to appoint a facilitator identified two candidates for the position, Craig Goodman, Senior Vice President of Law, Regulation and Public Policy at ERI, Inc., and John Howe, formerly Chairman of the Department of Public Utilities ("Department"). After some discussion, the sub-committee announced that it had chosen John Howe to be Facilitator of the Gas Collaborative. Mr. Howe noted that he would be out of the country from October 3, 1997 through October 15, 1997, but would be available at all other times. Attendees agreed that "fill-in" facilitators would be appointed/volunteered for the two sessions that are scheduled to take place in Mr. Howe's absence. Joseph Bodanza, Senior Vice President, Finance, Boston Gas Company, explained that the sub-committee had agreed that Mr. Howe's fees would be paid by the Massachusetts local distribution companies ("LDCs") and that the LDCs would ask the Department to allow for the recovery of costs incurred as a result of their participation in the Gas Collaborative. The other stakeholders agreed to support this request. Mr. Howe chaired the remainder of the session.

Several attendees expressed concern over the process and schedule for the Working Groups because the groups were scheduled to meet concurrently. Mr. Marston suggested that the Consumer Protection/Low Income Working Group could be consolidated with the Supplier Certification Working Group. Attendees also suggested that the MBIS and Information Exchange Working Groups could be consolidated. Both of these proposals were adopted by the attendees. Some attendees suggested that it would be inefficient for the Rate Unbundling Working Group to meet at this stage because many of the issues to be resolved by that group depend upon the policy determinations of the Capacity Disposition Working Group. Attendees agreed to postpone the Rate Unbundling Working Group session.

After some discussion, attendees determined that the most efficient way to proceed would be to discuss Capacity Disposition issues first and then to adjourn that group and to break out into concurrent meetings of the MBIS/Information Exchange Working Group and the Consumer Protection/Low Income/Supplier Certification Working Group. Attendees agreed that the breakout sessions should accomplish two primary objectives: (1) identification of co-chairs (one LDC representative and one non-LDC representative); and (2) identification of issues for discussion.

Attendees agreed that the quality of a Capacity Disposition discussion would be enhanced if the LDCs were to make a presentation at the next meeting to familiarize all attendees with the basic configuration and characteristics of the natural gas distribution system in Massachusetts. Attendees agreed that this presentation would include: (1) loading sequence on a peak day; (2) seasonal usage; (3) storage; (4) role of on-system interruptible service; (5) manner in which hourly load variations are managed (peak day and seasonal) given existing constraints; and (6) an explanation as to which resources/assets should be reserved for system integrity (core critical assets). These items will be covered in a general manner and the LDCs will have the opportunity to explain how their individual systems may vary from the general configuration. Attendees agreed that the LDCs should be prepared to attach an "order of magnitude" to the elements set out above in order to establish context and priority.

Attendees also agreed that representatives from the interstate pipelines, primarily Tennessee and Algonquin, would have the opportunity to make a presentation, as well as a representatives of the marketer and consumer groups. Attendees agreed that the presentation made by the marketers should include: (1) use of today's process; (2) summary of alternatives for change; (3) how other markets operate; and (4) expectations. Attendees agreed that the next meeting of the Gas Collaborative, October 3, 1997, would be devoted to the presentations. In addition, written summaries of the presentations must be submitted to Becky Hanson, Assistant General Counsel, at the Department by noon on Thursday, October 2, 1997. Information will be available on the Department's Web page after 3:00 that afternoon. Any presenter not submitting a written summary for posting on the Web page will be required to provide hard copies to all attendees at

the Friday, October 3 meeting of the Gas Collaborative. A schedule for the presentations was established and is set out below.

In order to further expedite the process, attendees agreed that the October 8th meeting of the Gas Collaborative would be devoted primarily to a discussion of Capacity Disposition. A number of attendees indicated that they would submit concrete proposals on capacity issues to Becky Hanson at the Department by noon on Monday, October 6, 1997 for posting on the Department's Web page after 3:00 that afternoon. A schedule for the October 8th meeting was established and is set out below.

As established in the morning session, attendees participated in the MBIS/Information Exchange and Consumer Protection/Low Income/Supplier Certification Working Groups, which met concurrently for approximately two hours. Robert Keegan and Susan Covino (Enron) were named as co-chairs for the Consumer Protection/Low Income/Supplier Certification group and Robert Werlin and Becky Batchelder (AllEnergy) were named as co-chairs for the MBIS/Information Exchange group. At the end of the day, the general group reconvened and spokespersons from the two working groups provided a quick summary of the issues identified by the respective groups.

Please note that due to security precautions, the Massachusetts Attorney General's office does not have access to the internet and therefore, cannot review materials posted on the Department's Web page. The Attorney General requests that any information submitted to Becky Hanson, be faxed to his office at (617) 727-1047.

Massachusetts Gas Collaborative
Schedule As of September 26, 1997

Deadline for submission of written summary of presentation Thursday, October 2, 1997 Submit to Becky Hanson, email: rebecca.hanson@state.ma.us 12:00 p.m. (noon)
Posting on DPU Web page After 3:00 p.m.

Gas Collaborative Plenary Session Friday, October 3, 1997
Westborough Marriott, Westborough, MA 10:00 a.m.
Presentations:

Interstate Pipelines	10:00 a.m. - 11:00 a.m.
LDCs	11:00 a.m. - 1:00 p.m.
Lunch Break	1:00 p.m. - 2:00 p.m.
Marketers	2:00 p.m. - 3:30 p.m.
Consumers	3:30 p.m. - 5:00 p.m.

Deadline for submission of capacity proposal Monday, October 6, 1997
Submit to Becky Hanson, email: rebecca.hanson@state.ma.us 12:00 p.m. (noon)
Posting on DPU Web page After 3:00 p.m.

Gas Collaborative Working Group Session Wednesday, October 8, 1997
Doubletree Guest Suites 10:00 a.m.
400 Soldiers Field Road, Brighton, MA
Working Groups

Capacity Disposition	10:00 a.m. - 2:30 p.m.
Consumer Protection/Low-Income/Supplier Certification	2:30 p.m. - 4:30 p.m.
MBIS/Information Exchange	2:30 p.m. - 4:30 p.m.
Subgroup report to general session	4:30 p.m. - 5:00 p.m.

Note: These times are subject to change if attendees determine that capacity disposition discussion should continue.

Gas Collaborative Plenary Session Friday, October 17, 1997
Newton Marriott, Newton, MA 10:00 a.m.
Agenda to be established at previous meeting on Wednesday October 8, 1997.

Subsequent Gas Collaborative Sessions are scheduled to commence at 10:00 a.m. on the following dates:

Friday, October 24, 1997 (Westborough Marriott, Westborough, MA)

Thursday, October 30, 1997 (Location to be announced)

Thursday, November 6, 1997 (Location to be announced)

Friday, November 14, 1997 (Location to be announced)