

## RECOMMENDATION TO GISB EXECUTIVE COMMITTEE

**Requester: Common Code Subcommittee**

**Request No.: Common Codes Principle and Standards**

### 1. Recommended Action:

- Accept as requested
- Accept as modified below
- Decline

### Effect of EC Vote to Accept Recommended Action:

- Change to Existing Practice
- Status Quo

### 2. TYPE OF MAINTENANCE

#### Per Request:

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

#### Per Recommendation:

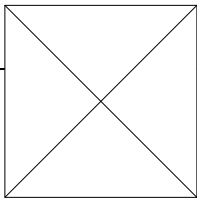
- Initiation
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- Principle (x.1.z)
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- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

### 3. RECOMMENDATION

The Common Code Subcommittee recommends one principle and three standards [below] to the Executive Committee. In addition, the Subcommittee recommends a new category, "General Standards," be added to the front of the GISB Standards booklet and to each of the GISB Implementation Guides. This category includes common codes standards and any other global standards. The Common Code Subcommittee further recommends that these standards be given a high priority by Information Requirement and Technical in order to be included in Version 1.4 of the GISB Related Standards and that the proposed standards not go out for ratification until they are fully staffed.

**STANDARD LANGUAGE** for addition, modification or deletion of a principle, definition or business practice standard)

<b>Standard No. And Language:</b>
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## RECOMMENDATION TO GISB EXECUTIVE COMMITTEE

**Requester: Common Code Subcommittee**

**Request No.: Common Codes Principle and Standards**

**P1:** An entity is a person or organization with sufficient legal standing to enter into a contract or arrangement with another such person or organization (as such legal standing may be determined by those parties) for the purpose of conducting and/or coordinating natural gas transactions.

**S2:** Entity common codes should be legal entities, that is, Ultimate Location, Headquarters Location, and/or Single Location (in Dun & Bradstreet Corporation ("D&B") terms). However, in the following situations, a Branch Location (in D& B terms) can also be an entity common code:

1. when the contracting party provides a D-U-N-S® Number at the Branch Location level; or
2. to accommodate accounting for an entity that is identified at the Branch Location level.

**S3:** For GISB purposes, there should be a unique entity common code for each entity name and there should be a unique entity name for each entity common code.

**S4:** Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.

#### 4. SUPPORTING DOCUMENTATION

##### a. Description of Request:

##### b. Description of Recommendation:

**Common Codes Subcommittee:  
January 8, 1999**

Is the Headquarter (HQ) level sufficient to support the use of common code across and within the process sets defined?

The answer to this question was no for a variety of reasons:

1. No -- because PI up/down lower level is needed to identify distinct parties.
2. No -- use of only the HQ level can cause a miscommunication of intent.
3. No -- Ford Motor Company example as given in the November 10, 1998 meeting minutes.
4. No -- some customers have indicated that they do not want to change to use HQ.

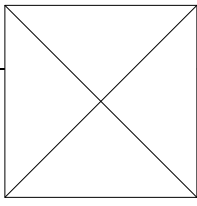
The following question was posed to further understanding:

Does GISB care which common code is used? If a company specifies the common code to be used at the HQ level or at another level, why would GISB care which level is selected?

An opinion was expressed that GISB should not care. Another opinion was expressed that for simplicity and to ensure uniqueness, when HQ works, it should be used.

During discussion, it was noted that rules should be developed for when companies depart from the use of HQ level common codes. Rather than "rules", GISB should identify why and under what circumstances companies depart from using HQ level common codes. Where HQ is not used, some reasons cited for such are:

1. Some customers have demanded use of the branch level for accounting



## RECOMMENDATION TO GISB EXECUTIVE COMMITTEE

**Requester: Common Code Subcommittee**

**Request No.: Common  
Codes Principle and Standards**

reasons.

2. Some contracting parties provide common codes at the branch level.
3. Some pipelines noted that there are parties that they do business with that do not have common codes assigned.
4. When the transacting party is not at the HQ level.

To accommodate existing business practices, common codes at HQ level only are not sufficient.

In continuance of discussion on the questions "(1) Should GISB support the same code level for all three sets of processes? or (2) Should different code levels be used depending on the process?," the motion was made and seconded to adopt the following concept or working definition to add structure during the discussion:

**C2 An Entity is a person or organization with sufficient legal standing to enter into a contract or arrangement with another such person or organization (as such legal standing may be determined by those parties) for the purpose of conducting and/or coordinating natural gas transactions.**

### **Discussion:**

Mr. Lander responded to questions regarding the proposed definition for Entity and why a definition was required. Concern was voiced that this definition is so broad that it does not exclude any party and as such does not add any structure to support the discussion on the two questions. Mr. Lander responded that "person" is used in the legal sense, and that this definition is not meant to exclude, but rather is meant to include parties to a transaction. The HQ level of the D-U-N-S® Number does exclude parties -- this definition is not meant to exclude those parties to a transaction.

**The motion passed with four abstentions.**

### **February 5, 1999**

**C4 All entity identifier codes (EICs) incorporated in the entity repository should be legal entities that is, in D&B terms, Ultimate, Headquarters, and Single Location. However, D-U-N-S® numbers as EICs can also include, in D&B terms, Branch locations in the following situations:**

1. when the contracting party provides a DUNS number at the Branch level; or,
2. to accommodate accounting for entities that are at the Branch level .

**Motion passed unanimously.**

Mr. Lander then offered the following:

**C6 There should be a unique entity identifier code (EIC) for each entity name and there should be a unique entity name for each EIC.**

### **Discussion:**

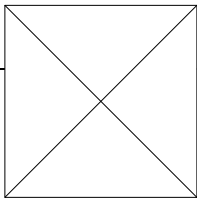
Ms. Unruh asked if this motion should be considered instructions to D&B. Mr. Lander responded that he believed that this motion could be considered instructions to the GISB Board/EC group reviewing the statement of work from D&B to use as they see fit in its deliberations.

**Motion passed unanimously.**

### **February 24, 1999**

Mr. Lander then moved C2 as a principle. Mr. Young seconded the motion. (The determination to recommend that this be part of Section 4 of the GISB booklets was made after the vote was taken.)

**MOTION:**



## RECOMMENDATION TO GISB EXECUTIVE COMMITTEE

**Requester: Common Code Subcommittee**

**Request No.: Common  
Codes Principle and Standards**

### **P1**

**An entity is a person or organization with sufficient legal standing to enter into a contract or arrangement with another such person or organization (as such legal standing may be determined by those parties) for the purpose of conducting and/or coordinating natural gas transactions.**

#### **Discussion:**

Ms. Hopkins asked the group whether GISB has created principles or standards in the past that specifically mention such things as legal standing. Mr. Lander thought that the proposal is worded in a way that makes it clear that the parties determine legal standing, not GISB or any other parties. Mr. Young added that he seconded the motion because it was for a proposed principle, and not a standard. He did not believe it was appropriate to have this kind of language in a standard.

**Motion passed unanimously.**

Mr. Keisler moved that C4 should be adopted as a standard to be included in Section 4 of the GISB booklets. Mr. Lander seconded the motion.

#### **MOTION:**

### **S2**

**Entity common codes should be legal entities, that is, Ultimate Location, Headquarters Location, and/or Single Location (in Dun & Bradstreet Corporation (“D&B”) terms). However, in the following situations, a Branch Location (in D & B terms) can also be an entity common code:**

- 1. when the contracting party provides a D-U-N-S® Number at the Branch Location level; or**
- 2. to accommodate accounting for an entity that is identified at the Branch Location level.**

#### **Discussion:**

Ms. Scott suggested striking “entity repository” from the original concept since one has not been created yet. Others agreed. After further discussion, more changes were made. Ms. Hess asked whether this standard is consistent with the way Dun & Bradstreet defines “legal entity.” Mr. Lander stated that, based upon his participation in the negotiations with Dun & Bradstreet, he believes that it would find this group’s proposal consistent with its definition. Mr. Keisler agreed with Mr. Lander.

**Motion passed unanimously.**

Mr. Lander moved that C6 be made a standard to be included in Section 4 of the GISB booklets. Mr. Scheel seconded.

#### **MOTION:**

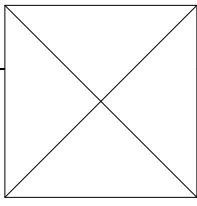
### **S3**

**For GISB purposes, there should be a unique entity common code for each entity name and there should be a unique entity name for each entity common code.**

#### **Discussion:**

The motion was modified after discussion. Ms. Hess felt it was important to note that this proposal represents a GISB requirement, not a Dun & Bradstreet requirement. The motion was then further modified.

Mr. Stewart noted that the end result of this standard may require the creation of a mechanism to keep track of what an identifier really represents because it will be impossible to differentiate between “Joe’s Texaco” in New Orleans and “Joe’s Texaco” in Houston. Mr. Hobson asked Mr. Stewart whether this mechanism would be present in the repository only or in each pipeline company’s system. Mr. Stewart believed it would be sufficient for only the repository to have this mechanism. Mr. Hobson then asked whether pipelines will be required to verify with Dun & Bradstreet whether the identifier is correct. This question remained unanswered.



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**Requester: Common Code Subcommittee**

**Request No.: Common  
Codes Principle and Standards**

Ms. Hess reminded the group that it should be working under the assumption that there will in fact be a GISB repository. Others agreed.

**Motion passed unanimously.**

### **March 26, 1999**

There was discussion about the need for a new section in the GISB standards booklets. There are essentially two options: add a "0 (zero).X.Y" section or a "8.X.Y" section. It was suggested that, for the implementation guides, this new section should be included in all of them. The question was raised whether the section would include something more than common codes standards. Several thought it would be appropriate to have any kind of general standards in this proposed section. It was also asked whether this group should review all existing standards to determine which standards should be moved into the section. Several participants noted that this could be a rather large and time-consuming undertaking. No one thought that this should be attempted now.

Mr. Young moved the following, and Ms. Barnett seconded:

**Motion:**

A new category, "General Standards," should be added to the front of the GISB Standards booklet and to each of the GISB Implementation Guides. This category includes common codes standards and any other global standards.

There was no opposition to this motion. A memo will be sent to the GISB office from the subcommittee.

Discussion ensued about the use of proprietary codes when D-U-N-S® Numbers are not available. Some noted that GISB requires the use of D&B Numbers, and those numbers should be the only numbers used in TSP processes. Others disagreed. There was lengthy discussion on this point. There was a suggestion that, to be consistent, it may be necessary for the group to re-examine R97058A at the same time it examines R97058B. It was noted that some TSPs do not want to be required to allow for the use of proprietary codes, but if others need or want to, they are agreeable to crafting standards that allow for this practice. Several participants stated that the group should focus on the business practices surrounding this issue, rather than getting into more technical issues like conditionality and usage of data elements.

Mr. Scheel moved the following, Mr. Young seconded:

**Motion:**

**S4**

**Parties should mutually agree to use the Transportation Service Provider's proprietary entity code when the D-U-N-S® Number is not available.**

**Discussion:**

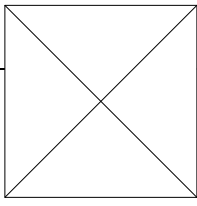
There was concern expressed about whether this proposed standard would force those TSPs that do not currently support proprietary numbers to do so. There were several changes made to the motion to make it clear that this would not be the result. There were concerns expressed about how proprietary numbers are processed in TSP systems - that is, information (the audit trail) may be lost in TSP systems when a party that was using a proprietary number gets a D-U-N-S® Number subsequent to beginning to do business with the pipeline.

**Motion passed unanimously.**

**Motion:**

The Common Codes Subcommittee recommends that the proposed standards not go out for ratification until they are fully staffed.

**There was no opposition to the motion**



**RECOMMENDATION TO GISB EXECUTIVE COMMITTEE**

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**c. Business Purpose:**

Resolve business issues related to the usage of common codes in the natural gas industry.

**d. Commentary/Rationale of Subcommittee(s)/Task Force(s):**

See relevant minutes.