



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com

Home Page: www.naesb.org

TO: NAESB Board of Directors, Posting for Interested Industry Participants
FROM: Rae McQuade, Executive Director
RE: Draft Minutes from the NAESB Board of Directors Meeting – March 7, 2002
DATE: March 7, 2002

NORTH AMERICAN ENERGY STANDARDS BOARD NAESB BOARD OF DIRECTORS MEETING

**American Gas Association Offices, Washington D.C.
March 7, 2002**

DRAFT MINUTES

1. Opening Remarks

Mr. Boswell opened the Board of Directors meeting and welcomed the Board members, speakers and observers to the meeting. The antitrust charge was given by Mr. Costan. The agenda was adopted with no changes.

2. Adoption of Minutes

The minutes of the December 5, 2001 as presented in the meeting materials were adopted with changes to reflect attendance of Shelley Corman, Lee Stewart and John Procario. There was discussion on how the deferred items for governance changes would be maintained. A list is under development which itemizes possible issues for consideration by the Parliamentary Committee. The Parliamentary Committee will be convened after at least three quadrants are represented on the Board. The Parliamentary Committee will make recommendations on certificate and bylaws changes.

3. Quadrant Formation Activities

Retail Electric Quadrant (REQ) Activities:

Mr. Driggs presented the retail electric quadrant procedures. An updated version was provided in supplemental documents. The segment procedures are under development. By the June board meeting, it is hoped that REQ Board members will be elected and segment procedures completed. There is coordination between the REQ and the Retail Gas Quadrant (RGQ) formation activities. Issues were presented by Mr. Driggs for Board response, and were included in the supplemental materials. Mr. Driggs also reviewed the request by groups representing residential customers for NAESB promotional membership dues. Mr. Costan noted that there were no inconsistencies between the REQ Quadrant Procedures and the NAESB certificate and bylaws. For the Board and Executive Committee (EC) structure, the REQ will have four members per segment on the Board and Executive Committee as an initial position to facilitate start-up, and that after the quadrant has been in operation for some time, the quadrant may determine that additional members per segment may be needed. Ms. McQuade noted that the NAESB Chart of Accounts has been set up to account for revenues and expenses by quadrant, which would then be reported as such to the Board. The Board



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also votes to adopt the annual plans of the quadrants, which governs their activities. If the Board determines that inequities exist, it can take appropriate actions either through the budgetary process or through the control of the annual plans. RGQ and REQ are not consistent in certain sections – however, the Board can only choose not to approve the procedures if they are inconsistent with the NAESB organization bylaws and certificate. The motion was made by Mr. Lentz and seconded by Mr. Hawks on behalf of Mr. Maddox for the NAESB Board to accept the REQ procedures as presented:

RESOLVED, that the Board of Directors of NAESB accepts the Quadrant Procedures for the Retail Electric Quadrant of NAESB attached hereto as Exhibit A [provided in Board supplemental materials, attached to these minutes], which shall be appended to the Bylaws of NAESB as an Exhibit, provided that by May 7, 2002, the Retail Electric Quadrant satisfies the membership requirements set forth in Section 2.3 of the Bylaws.

The vote was 22 in favor out of a possible 24. There were no opposing votes. Ms. Mitcham and Mr. Lander were not present and did not provide ballots prior to the meeting. Mr. Driggs was thanked for his significant efforts to bring these procedures and industry consensus regarding the REQ.

Retail Gas Quadrant (RGQ) Activities:

Ms. Arnaut reviewed the retail gas quadrant procedures and the process used to draft the document. They also expect to have elections held for Board seats prior to the June Board meeting. Clarifying questions were asked on the retail gas quadrant. The pipelines would be part of the RGQ supplier segment. The REQ and RGQ both have four segments, but the REQ has four members per segment on the Board and EC, and the RGQ has six members per segment on the Board and the EC. The motion was made by Mr. DeForest and seconded by Mr. Chapman to accept the REQ procedures was made as noted in the Board materials with a modification that the Board is accepting the procedures rather than approving the procedures:

RESOLVED, that the Board of Directors of NAESB accepts the Quadrant Procedures for the Retail Gas Quadrant of NAESB attached hereto as Exhibit A [provided in the Board supplemental materials, attached to these minutes], which shall be appended to the Bylaws of NAESB as an Exhibit, provided that by May 7, 2002, the Retail Gas Quadrant satisfies the membership requirements set forth in Section 2.3 of the Bylaws

The vote was 22 in favor out of a possible 24. There were no opposing votes. Ms. Mitcham and Mr. Lander were not present and did not provide ballots prior to the meeting. Mr. Maassel and Ms. Arnaut were thanked for their significant efforts to bring these procedures and industry consensus regarding the RGQ.

Promotional Dues for Groups Representing Residential Customers:

It was noted that it may be premature to give promotional dues to residential customers as part of the end user segments of the retail quadrants. A flat amount for promotional dues may be less effective than a discounted dues structure based on size. It was also noted that “first-come first-serve” may not be the most appropriate mechanism for gaining regional coverage. It may be more appropriate to have an open season for promotional dues. The resolution should be broad enough to cover residential groups – not just state consumer advocate offices. There should be a limit added to overall segment percentage populated by the promotional dues members and possibly a limit to the number of board seats and EC seats held. One alternate was noted that a fund could be allocated to be divided equally among the applicants for the end



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user segment. If more than three note that they want to join, then they would decide among themselves who would join as members. After discussion and modification of the resolution, Mr. Chapman moved, which was seconded by Mr. Hawks on behalf of Mr. Maddox to:

RESOLVED, NAESB authorizes promotional dues of \$500 per year for up to three voting memberships for the End User Segments of each of the Gas and Electric Retail Quadrants. Such promotional dues shall expire on December 31, 2003, and shall be available only to state consumer advocates or similar entities that represent end user customers. Each affected Quadrant shall determine the number of such promotional dues memberships, up to three per Quadrant. An open season shall be conducted, to close on April 15, 2002, to solicit interest by qualifying consumer advocate representatives through letters of intent. If promotional dues are sought by more than the allowed number of eligible representatives, the representative shall select from among themselves who shall be permitted voting membership(s). In no case shall such members permitted to occupy more than one seat on the Board and Executive Committee of each of the affected Quadrants.

There was no opposition to the above motion. The motion passed with 22 votes in favor.

Wholesale Electric Quadrant Activities:

Mr. Boswell provided an update. The North American Electric Reliability Council (NERC) has decided not to develop business practice standards. Mr. Boswell and Mr. Drouin, chairman of the NERC Board of Trustees have been discussing a Memorandum of Understanding between NERC and NAESB regarding coordination between the two organizations, with the realization that each standard development may have components that are market-based (business practices) and reliability-based. The FERC has requested comments by March 15 regarding the creation of a standards organization for business practices for the wholesale electric quadrant, and in particular for standard market design. NAESB will not take a position on the comments prepared.

4. Sandia Report

Mr. Spangler reviewed the noted Sandia report. There was no opposition from the Board to sending the report on to the Department of Energy, once the ratification process is complete.

5. 2002 Annual Plan

Mr. Buccigross addressed 2002 Annual Plan for the wholesale gas quadrant. He noted that the item for the development of the base contract is completed with the exception of credit worthiness to be considered as a separate addendum. The provisional item of the plan regarding partial day recalls was added to the annual plan as the FERC issued an order, docket no. RM96-01-019.

6. Finance Report

Ms. McQuade and Ms. Wishart reviewed the financial statements for year-end 2001 and for the actual report through January. There was no discussion.



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7. Membership

Ms. McQuade presented the membership report. The organization has lost 11 members, which is typical for January, when most members are invoiced for dues for the current year. Ms. Garcia is working with several groups to make up for the lost membership.

8. Other Business and Adjournment

Mr. Boswell thanked all who contributed to the effort to move to an energy standards board. He noted that there will be an executive session at the next meeting to discuss compensation issues. Mr. Templeton was asked to prepare a recommendation for the session.

The meeting adjourned at 4:37 p.m.



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9. Attendance and Voting Record

Segment	Board Member	Member Company	Attending	V1	V2	V3
End Users	Janie Mitcham	Reliant Energy	Phone ¹	Y	Y	Y
	Paul Karns	Florida Power and Light	Present	Y	Y	Y
	J.D. Puckett	Duke Energy	Ballot	Y	Y	Y
	John Procaro	Cinergy	Present	Y	Y	Y
	Jim Templeton	Comprehensive Energy Services	Present	Y	Y	Y
LDCs	Bill Boswell	CNG (Dominion)	Present	Y	Y	Y
	Walt DeForest	National Fuel Gas Distribution	Present	Y	Y	Y
	Adrian Chapman	Washington Gas and Light	Present	Y	Y	Y
	Reed Horting	PECO Energy	Present	Y	Y	Y
	Lee Stewart	SoCal Gas	Phone	Y	Y	Y
Pipelines	John Somerhalder	El Paso Natural Gas	Ballot	Y	Y	Y
	Shelley Corman	Enron Transportation Group	Phone	Y	Y	Y
	Terry McGill	Enbridge - Kansas Pipeline	Present	Y	Y	Y
	Ron Mucci	Williams Gas Pipeline	Phone	Y	Y	Y
	Richard Kruse	Duke Energy Gas Transmission	Phone	Y	Y	Y
Producers	Stan Hemmeline	ExxonMobil	Phone	Y	Y	Y
	Allan Knopp	Conoco	Phone	Y	Y	Y
	VACANCY		Vacancy			
	Nancy Laird	PanCanadian	Ballot	Y	Y	Y
	Randy Mills	ChevronTexaco	Present	Y	Y	Y
Services	Rick Lentz	Tatum CIO Partners	Present	Y	Y	Y
	Sylvia Munson	PanCanadian Energy(PanTech)	Present	Y	Y	Y
	Greg Lander	CapacityCentral.com	Ballot ²	Y	Y	Y
	Lyn Maddox	PG&E Energy Trading	Ballot	Y	Y	Y
	Marty Patterson	Idaho Power	Phone	Y	Y	Y
Total Affirmative Votes				24	24	24
Did the Motion Pass?				Y	Y	Y
Does it require member ratification?				N	N	N

Votes: V1 - acceptance of the REQ procedures, V2 - acceptance of the RGQ procedures, V3 - adoption of a promotional dues program for the two retail quadrants. Some of the votes were recorded after the meeting, when balloted language could be updated.

¹ Ms. Mitcham joined the meeting late and noted her support for the first two votes taken.
² Mr. Lander's ballot was provided after the Board meeting began.



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Presenters:	Jim Buccigross	Chairman 2002 Executive Committee
	Leigh Spangler	NAESB EDM Subcommittee Chairman
	Mariam Arnaout	AGA, presenting for RGQ
	Charlie Driggs	Conectiv, presenting for REQ
NAESB:	Rae McQuade	Executive Director
	Veronica Thomason	Office Manager
	Jay Costan	McGuireWoods, General Counsel
	Laurie Paulson	Hoffman Paulson Associates
	Cheryl Hoffman	Hoffman Paulson Associates
	Darla Wishart	Checks and Balances (phone)

Observer	Company Represented	In Person
Mariam Arnaout	American Gas Association	Yes
Yvette Camp	Southern Company	Yes
Dolores Chezar	KeySpan Energy	Yes
Dale Davis	Williams Gas Pipeline	Yes
Alex DeBoissiere	Cinergy	Yes
Charlie Driggs	Conectiv - UBP RSB Organization	Yes
Mark Gracey	Tennessee Gas Pipeline	Yes
Theresa Hess	Enron Transportation Services	Yes
Ruth Kiselewich	BG&E	Yes
Mike Novak	National Fuel Gas Distribution	Yes
Keith Sappenfield	PanCanadian	Yes
Mark Scheel	Dynegy Inc.	Yes
Leigh Spangler	Latitude Technologies	Yes
David Sweet	IPAA	Yes
Julie Unruh	Reliant Energy	Yes
Kim Van Pelt	CMS Panhandle Eastern Pipe Line	Yes
Carol Busto	Dominion	Yes