

# North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002  
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Home Page: www.naesb.org

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**TO:** Interested Industry Participants  
**FROM:** BPS Chairs (Tina Burnett, Mike Novak, Kim Van Pelt, Sheri Heslington, Keith Sappenfield)  
Rae McQuade, Executive Director  
**RE:** Final Minutes from the Business Practices Subcommittee Meeting, February 27, 2003  
**DATE:** February 27, 2003

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## 1. Administrative

Ms. Van Pelt opened the meeting and gave the antitrust guidelines. Attendees on the telephone introduced themselves. The agenda was modified to handle the Next Steps and Upcoming Meetings agenda items immediately after the Administrative agenda item. The remainder of the agenda will follow. The agenda was adopted as modified. The draft minutes for 2/14/2003 were modified. No modifications were made to the minutes attachment (proposed standards). The modified minutes and attachment were adopted as final.

## 2. Next Steps

Mr. Novak reviewed the revised timeline for the BPS Creditworthiness Work Plan approved by the Executive Committee:

Timeline (all dates are approximate)

A.	WGQ EC Approval of Work Plan	12/12/02
B.	BPS Meetings Begin	01/20/03
C.	WGQ EC Comment Period Begins	04/01/03
D.	WGQ EC Comments Due	05/01/03
E.	WGQ EC Meeting	05/15/03
F.	WGQ Member Ratification Begins	05/20/03
G.	WGQ Member Ratification Ends	06/20/03
H.	Board Managing Committee Drafts Report	
I.	NAESB Report Sent to FERC	06/01/03

Note: These dates do not take into account fully staffing any proposed standards. In other words, any standards that are proposed will not go to the Information Requirements Subcommittee or Technical Subcommittee, or any other type of subcommittee, for detailed implementation work. The "full staffing" aspect of the standards development will have to come after ratification and report to FERC.

## 3. Upcoming Meetings

3/06/2003	10a-6p CST	BPS Face-to-Face Meeting	Galleria Area Hotel -Houston TX
3/07/2003	8a-2p CST	BPS Face-to-Face Meeting	Galleria Area Hotel -Houston TX
3/13/2003	12:30p-3:30p CST	Conference Call	
3/18/2003	10a-6p EST	BPS Face-to-Face Meeting	AGA-Washington, DC
3/19/2003	8a-2p EST	BPS Face-to-Face Meeting	AGA-Washington, DC

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## 4. Evaluation of Work Plan Items for Creditworthiness Standardization

### Motion (motioned by Jim Downs, seconded by Randy Young)

#### Proposed Standard z13

If a Service Requester (SR) provides cash as the credit alternative(s) to Transportation Service Provider (TSP), pursuant to NAESB WGQ Standard [z11], the TSP should pay interest to the SR on the cash principal amount held by TSP on the total amount of the cash received by the TSP that exceeds one (1) month of TSP's service cost to the SR. At TSP's sole option, the TSP may allow the SR to choose to deposit a cash form of credit alternative(s) in an escrow account where the SR will receive the interest on such cash and the TSP will have access to the cash principal for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

#### Discussion:

Mr. Young wanted to make modifications to the motion. A point of order was made that a seconder cannot second a motion and immediately make modifications to the motion. Mr. Young withdrew his second and then Mr. Sappenfield seconded the motion. A general discussion about Roberts of Rules of Order and our past NAESB use of the rules was held. Mr. Novak stated that we have allowed this in the past. It was determined that we would go no further with the discussion of parliamentary procedure.

Multiple modifications were suggested to the motioner and seconder that were accepted. They are reflected in the modified motion below. It was also requested that modifications be made to the motion to take out the language about "... the cash received by the TSP that exceeds one (1) month..." because it was felt that interest should be paid no matter how long the period. It was additionally discussed that there is still some confusion as to whether FERC actually meant to say that interest should be paid on pre-payments. It was suggested that while this subject is on re-hearing, we should not pass standards in this area. Others felt that the commission has decided policy on this issue in the recent orders.

### Modified Motion

#### Proposed Standard z13

If the Service Requester (SR) provides cash as a credit alternative required by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standard [z11], the TSP should pay interest to the SR on the cash principal amount held by the TSP on the total amount of the cash received by the TSP that exceeds one (1) month of the TSP's total service charges to the SR. At the TSP's sole option and in lieu of the TSP paying interest, the TSP may allow the SR to choose to deposit a cash form of credit alternative in an escrow account where the SR will receive the interest on such cash and the TSP will have access to the cash principal for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	7	1.75	1	.25
LDCs	4	1.60	1	.40
Pipelines	0	0	17	2
Producers	2	2	0	0
Services	2	2	0	0
Totals	15	7.35	19	2.65

**Motion passes (see vote 1 on attendee list)**

### Motion (motioned by Jim Downs, seconded by Diane McVicker)

#### Proposed Standard z14

At any time after a Service Requester (SR) provides credit alternative(s) identified in NAESB WGQ Proposed Standard [z11] to the Transportation Service Provider (TSP), the SR may initiate a credit status

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re-evaluation by the TSP, provided that the SR's reevaluation request cannot be made earlier than 30 days after the SR's previous request for a credit evaluation unless a substantial event, in the sole opinion of the SR, has occurred that would lead to a change in the SR's credit status.

### Discussion:

Modifications were proposed. It was requested that the 30 days be taken out so that the service requester could make a determination when they needed their credit re-evaluated. The concept was that TSPs would like the SR to provide anything that would lead the SR to believe there has been a change (positive or negative) in the SR's credit status. Some parties expressed the opinion that provision of negative information, within the proposed language of the standard, was unnecessary because the SR was not likely to seek re-evaluation in the event its credit was deteriorating.

### Modified Motion

#### Proposed Standard z14

At any time after the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), the SR may initiate a credit status re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR should either update or confirm in writing the prior information provided to the TSP related to the SR's credit status. Such update should include any substantial event(s) that the SR believes could lead to a change in the SR's credit status.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	8	2	0	0
LDCs	3	2	0	0
Pipelines	12	1.5	4	.5
Producers	2	2	0	0
Services	2	2	0	0
Totals	27	9.5	4	.5

**Motion passes (see vote 2 on attendee list)**

Work plan item II. C. will be continued at the next meeting.

### 5. Adjournment

The meeting adjourned at 3:48 CST.

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## Meeting Attendees and Voting Record

Attendee	Organization	2/27	Vote 1	Vote 2	NAESB WGQ Member ?
<b>Pipelines:</b>					
Bob Boyle	Questar	√	N	Y	√
Kathryn Burch	Duke Energy	√	N	Y	√
Paul Cherry	Florida Gas Transmission	√	N	Y	NO
Dale Davis	Williams Gas Pipeline	√	N	Abstain	√
Mark Gracey	Tennessee Gas Pipeline	√	N	N	√
Bill Griffith	Colorado Interstate	√	N		NO
Tom Gwilliam	Iroquois Gas Transmission System	√	N	Y	√
Joe Kargas	National Fuel Gas Supply	nv			√
Sharon Kimball	Wyoming Interstate	√	N	Y	√
Iris King	Dominion Transmission	√	N	Y	√
Karen Lastovica	Northern Border Pipeline	√	N	Y	√
Paul Love	NGPL	√	N	Y	√
Prince McDougal	Southern Natural Gas	√	N	Y	√
Howard Nelson	ANR	√	N		√
Ken Nichols	PG&E Gas Transmission	√	N		√
Janie Nielsen	Kern River	√	N	Y	√
Dave Reitz	National Fuel Gas Supply	√	Abstain	N	√
John Roscher	PG&E Gas Transmission	nv			√
Donna Scott	Transwestern	√	N	Y	√
<b>Kim Van Pelt</b>	<b>Panhandle Eastern Pipeline</b>	√	N	N	√
Dixie Simonsen	Questar	Nv			√
Mark Wilke	CMS Trunkline	√			NO
Leldon Walenta	Williams Gas Pipeline	Nv			√
Brian White	Columbia Gas Transmission	√	N	Y	√
Randy Young	Gulf South Pipeline	√	Abstain	N	√
<b>Services:</b>					
Georgia Carter	VPEM	√	Y	Y	NO
<b>Keith Sappenfield</b>	<b>Encana</b>	ö	Y	Y	ö
<b>Producers:</b>					
Jim Busch	BP	√	Y	Y	√
Richard Smith	Exxon-Mobil	√			√
<b>Sheri Heslington</b>	<b>Dominion Exploration</b>	ö	Y	Y	ö
<b>End Users:</b>					
<b>Tina Burnett</b>	<b>Boeing</b>	ö	Y	Y	ö
Kelly Daly	Arizona Public Service	√	Y	Y	√
Andy Dotterweich*	Consumers Energy	√	N	Y	NO
Jim Downs	Calpine	√	Y	Y	√
Kirstin Gibbs	Process Gas Consumers Group	√	Y	Y	NO
Gary Hanners	Reliant Energy	√	Y	Y	√

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Alan Johnson	Mirant	√	Y	Y	
Diane McVicker	Salt River Project	√	Y	Y	√
Mark Russell	Salt River Project	nv			√
Clark Worthley	Arizona Public Service	nv			√
<b>LDCs:</b>					
Dolores Chezar	KeySpan	√	Y	Y	√
Pete Connor	Columbia Distribution	√	N	Y	√
Cheri Graham	Wisconsin Public Service	√	Y		√
Richard Ishikawa	Southern California Gas	√	Y	Y	√
<b>Mike Novak</b>	<b>National Fuel Gas Distribution</b>	√	Y	Abstain	√
Alex Sarafin	NiSource Distribution	√			√
<b>Associations:</b>					
Mariam Arnaout	American Gas Association	Nv			NO
Jane Lewis	American Gas Association	Nv			NO
<b>NAESB Office:</b>					

**Bold signifies a BPS Chair**

**Nv – not voting**

\*Mr. Dotterweich noted for the record that his company has determined that their interests are better met in the end user segment. The NAESB office was notified of the change in segment affiliation.