

North American Energy Standards Board

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

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, March 13, 2003
DATE: March 18, 2003

1. Administrative

Ms. Van Pelt opened the meeting and gave the antitrust guidelines. Roll call was taken by segment. Mr. Colombo moved, seconded by Mr. Zavodnick, to adopt the agenda. Upon a procedural vote the agenda was adopted as written. Modifications were recorded for the March 6 – 7, 2003 draft minutes and their attachment. Mr. Young moved, seconded by Mr. Dotterweich, to adopt the modified draft minutes and attachment. Upon a procedural vote the minutes and attachment were adopted as modified.

2. Evaluation of Work Plan Items for Creditworthiness Standardization

BPS began discussion on item II D on the agenda.

Motion (motioned by Howard Nelson, seconded by Randy Young) **Proposed Standard z18**

A Transportation Service Provider (TSP) can terminate any release (including a re-release) if the Releasing Shipper's underlying service agreement is terminated due to default or failure to maintain creditworthiness; provided, however, that the release shall not terminate if the Replacement Shipper agrees to pay, for the remaining term of the Replacement Shipper's contract, one of the following:

- (1) the Releasing Shipper's contract rate,
- (2) the maximum tariff rate applicable to the Releasing Shipper's capacity, or
- (3) some other rate that is acceptable to the TSP.

The TSP must give the Replacement Shipper notice before terminating service, as specified in the TSP's tariff.

Discussion

After some initial discussion, modifications were made to the initial proposal.

Modified Motion (motioned by Howard Nelson, seconded by Randy Young) **Proposed Standard z18**

A Transportation Service Provider (TSP) can terminate any release (including a re-release) if the Releasing Shipper's underlying service agreement is terminated due to default or failure to maintain creditworthiness; provided, however, that the release shall not terminate if the replacement shipper agrees to pay, for the remaining term of the replacement shipper's contract, one of the following:

- (1) the contract rate of the Releasing Shipper's that releases the capacity to that replacement shipper,

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- (2) the maximum tariff rate applicable to the primary/first Releasing Shipper's capacity, or
 - (3) some other rate that is acceptable to the TSP, pursuant to the TSP's tariff.

The TSP should give the Replacement Shipper notice before terminating service, as specified in the TSP's tariff.

For purposes of this standard, Releasing Shipper refers to any shipper that releases or re-releases capacity. If at the time a Releasing Shipper's service agreement is terminated, there exists multiple releases of the same capacity, the shipper that is closest to the TSP in the chain of releases should have first priority to enter into a new service agreement with the TSP, subject to the rights of any replacement shipper further down the chain.

Discussion

After extended discussion, Mr. Novak suggested Mr. Nelson withdraw his motion and rework the language so BPS can begin discussion of item II F on the work plan. Mr. Nelson agreed to withdraw his motion and redraft it for discussion at a later time. He suggested they might try and rework the language from the original posted proposal, with some of the suggested changes identified during discussion.

Motion withdrawn

After further brief discussion, the proposed standard was re-introduced.

Motion (motioned by Howard Nelson, seconded by Dolores Chezar)

Proposed Standard z18

A Transportation Service Provider (TSP) can terminate any release if the original Service Requester's (SR) underlying service agreement is terminated due to default or failure to maintain creditworthiness; provided, however, that the release shall not terminate if the replacement shipper agrees to pay, for the remaining term of the replacement shipper's contract, one of the following:

- (1) the original SR's contract rate,
- (2) the maximum tariff rate applicable to the original SR's capacity, or
- (3) some other rate that is acceptable to the TSP.

The TSP should give the replacement shipper notice before terminating service, as specified in the TSP's tariff. This standard does not address re-releases, which should be governed by the TSP's tariff.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	2	1	2	1
LDCs	5	2	0	0
Pipelines	18	2	0	0
Producers	1	.67	2	1.33
Services	1	1	0	0
Totals	27	6.67	4	2.33

Motion passes (see vote 1 on the attendee list)

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This concluded discussion on Item II D and began on Workplan Item II F: Notification of a Releasing Shipper when its Replacement Shipper Receives a Notification Related to its Creditworthiness.

Motion (motioned by Dolores Chezar, seconded by Andy Dotterweich)

Proposed Standard z19

The TSP should provide Releasing Shipper with Internet E-mail notification, simultaneously with the notice given to its Replacement Shipper(s), of the following:

1. Past due notices related to nonpayment of invoices.
2. Deficiency notices related to nonpayment of invoices.
3. Default notices.
4. Suspension of service notices.
5. Contract termination notices.
6. Credit pending notices.
7. Requests for information for the purpose of credit evaluation, including reason for the request.
8. Other communications related to the Replacement Shipper(s)' credit or payment status.
9. Any determination related to the Replacement Shipper(s)' current or changed credit or payment status.

After extended discussion and because of time constraints, Ms. Chezar stated she would work on rewriting sections 7, 8 and 9 of the proposed standard, and withdrew her motion pending further discussion at the next meeting. Work plan item II F will be continued at the next meeting.

3. Next Steps

Mr. Novak noted BPS will have a face-to-face meeting March 18-19, 2003 in Washington, DC at AGA's Headquarters. The Executive Committee will hold a conference call to address a motion to change the BPS creditworthiness work plan on the 17th. As of today, discussion on the work plan for the meeting March 18-19, 2003 will continue on II. D. followed by II. F., and II. G. Those wishing to add any other items to the workplan should contact the chairs by the close of business on the 14th.

4. Upcoming Meetings

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
3/28/2003	1p-4p CST	Conference Call	
4/04/2003	1p-4p CST	Conference Call	
4/15/2003*	10a-6p CST	BPS Face-to-Face Meeting	Panhandle, Houston TX (5444 Westheimer)
4/16/2003*	8a-2p CST	BPS Face-to-Face Meeting	Texas Eastern, Houston TX (5400 Westheimer)

5. Adjournment

Mr. Dotterweich moved, seconded by Mr. Gwilliam, to adjourn the meeting on March 13, 2003 at 3:42 p.m. CDT.

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Meeting Attendees and Voting Record

Attendee	Organization	3/13	Vote 1	NAESB WGQ Member ?
Pipelines:				
Charlie Bass	Tennessee Gas Pipeline	√	Y	√
Kathryn Burch	Duke Energy – Texas Eastern	√	Y	√
Bob Boyle	Questar	√	Y	√
Paul Cherry	Florida Gas Transmission	√	Y	NO
Cynthia Corcoran	Enbridge	√	Y	√
Tom Gwilliam	Iroquois Gas Transmission System	√	A	√
Lisa Halpenny	Dominion Transmission	√	Y	√
Joe Kardas	National Fuel Gas Supply	Nv		√
Sharon Kimball	Wyoming Interstate	√	Y	√
Karen Lastovica	Northern Border Pipeline	√	Y	√
Paul Love	NGPL	√	Y	√
Prince McDougal	Southern Natural Gas	√	Y	√
Howard Nelson	ANR	√	Y	√
Janie Nielsen	Kern River	√	Y	√
Dave Reitz	National Fuel Gas Supply	√	Y	√
Dixie Simonsen	Questar	Nv		√
Kim Van Pelt	Panhandle Eastern Pipeline	0	Y	0
Leldon Walenta	Williams Gas Pipeline	√	Y	√
Mark Wilke	CMS Trunkline	√	Y	NO
Brian Wilmoth	Northern Natural Gas	√	Y	√
Randy Young	Gulf South Pipeline	√	Y	√
Services:				
Keith Sappenfield	Encana	0	Y	0
Producers:				
Jim Busch	BP	√	N	√
Sheri Heslington	Dominion Exploration	0	Y	0
Richard Smith	ExxonMobil	√	N	√
End Users:				
Kelly Daly	Arizona Public Service	√	N	√
Andy Dotterweich	Consumers Energy	√	Y	NO
Jim Downs	Calpine	√	N	√
Alan Johnson	Mirant	√	Y	NO
Diane McVicker	Salt River Project	√		√
LDCs:				
Dolores Chezar	KeySpan	√	Y	√
Craig Colombo	Dominion LDCs	√	Y	√
Pete Connor	NiSource Distribution	√	A	√
Jennifer Deegan	Washington Gas	√	Y	√

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Richard Ishikawa	Southern California Gas	√	Y	√
Mike Novak	National Fuel Gas Distribution	0	Y	0
Steve Zavodnick	Baltimore Gas & Electric	√		√
Associations:				
Mariam Arnaout	American Gas Association	Nv		NO
NAESB Office:				
Meghan McMillan		Nv		

Bold signifies a BPS Chair

Voting Key: Y – Yes

N – No

A – Abstain

Nv – not voting