

North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com
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 28, 2003
DATE: April 4, 2003

1. Administrative

Mr. Novak opened the meeting and gave the antitrust guidelines. Roll call was taken. Mr. Dotterweich moved, seconded by Mr. Colombo, to adopt the agenda. Upon a procedural vote the agenda was adopted as modified. Modifications were recorded for the March 18-19, 2003 draft minutes. Mr. Dotterweich moved, seconded by Ms. Chezar, 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 Work Plan Item II G, Creditworthiness Timelines, excluding Construction.

Jim Downs, citing a pending Order in a pipeline case that would provide further guidance on time line issues, declined to re-introduce proposed standards (z24, z25 and z15-modifications) for now. Mr. Downs indicated that based upon the content of the pending Order, he may re-introduce the proposed standards at a subsequent meeting.

Motion (motioned by Dolores Chezar, seconded by Keith Sappenfield)

To modify agenda for discussion of modifications to proposed Standard z17 under Workplan Item II C.

Motion Passes Unanimously

Discussion then began on Work Plan Item II C, Types of alternative credit assurances - Customer Initiated Creditworthiness Re-evaluation.

Motion (motioned by Dolores Chezar, seconded by Keith Sappenfield)

Proposed Modified Standard z17

In complying with information requirements specified by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standards [z1] and [z9], the Service Requester (SR) should provide to the TSP the public documents that contain the required information. The public documents may be either the SR's public documents or, if the SR does not have the required documents, the public documents of the SR's parent company.

Discussion

The main purpose of the modification was to ensure that parent information could be provided where a subsidiary shipper didn't have a public document such as an 8K. There was some disagreement about whether proposed standard z9 should be referenced. Some offered that a parent document could possibly be non-responsive. Others felt that a simple Yes/No was sufficient but the motion maker countered that a negative response, without backup that could only come from the parent, could lead to a subsidiary shipper being declared non-creditworthy.

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Modified Motion (motioned by Dolores Chezar, seconded by Keith Sappenfield)

Proposed Modified Standard z17

In complying with information requirements specified by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standards [z1] and [z9], the Service Requester (SR) should provide to the TSP the public documents that contain the required information. The public documents may be either the SR's public documents or, if the SR does not have the required documents, the public documents of the SR's parent company to the extent that such documents contain the required information pertaining to the SR. If the SR provides its parent company's public documents to confirm the existence of an event specified in Standard [z9], the SR should specify where in said public document such information appears.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	7	2.00	0	0.00
LDCs	6	2.00	0	0.00
Pipelines	14	2.00	0	0.00
Producers	2	2.00	0	0.00
Services	2	2.00	0	0.00
Totals	31	10.00	0	0.00

Motion Passes

Discussion then began on Work Plan Item II G, Creditworthiness Timelines, excluding Construction. So that he could advocate, Mr. Novak turned over chairing responsibilities to Mr. Sappenfield.

Motion (motioned by Mike Novak, seconded by Andy Dotterweich)

Proposed Standard z26

A Replacement Shipper that receives a termination or suspension notice from the Transportation Service Provider (TSP), following a 5-day period where it fails to restore its credit standing, should be removed from the TSP's approved bidder's list until it restores its credit standing.

Discussion

Mr. Novak stated that the intent of his motion was to prevent a Replacement Shipper that had received a suspension or termination notice, for creditworthiness related matters, from bidding upon incremental capacity. He reasoned that the TSP, having issued the notice would know the Replacement Shipper's creditworthiness status and would not contract for incremental business, itself, with the replacement shipper. Mr. Novak felt the Releasing Shipper would not know of the suspension or termination notice and should not be in the position of unknowingly releasing capacity to a non-creditworthy shipper. Finally, Mr. Novak noted he did not intend for the Replacement Shipper to be prohibited from acquiring capacity under pre-arranged releases because under that circumstance, the Releasing Shipper should be aware of the credit status of the Replacement Shipper.

Some pipelines noted that not all pipelines utilized approved bidders lists so the proposed language would need to be broadened. Others felt the five day period to cure was too long. Mr. Novak replied that while his preference was for a shorter period, he could draw a parallel to policy providing for a five day period for existing capacity. Some noted that to maintain service, a party receiving a suspension or termination notice could pre-pay for one month's service yet not restore their creditworthiness status. Some pipelines were concerned that the standard would require TSP to maintain the replacement shipper's bidding rights for five days when in fact, the TSP may have already revoked that capability. Mr. Novak replied the proposed standard should not prevent TSPs from removing bidding rights for their own reasons and if in fact the pipeline had done so, then this standard would not even come into play.

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Modified Proposed Standard z26

A Service Requester that receives a termination or suspension notice from the Transportation Service Provider (TSP) due to creditworthiness related issues, following a five (5) day period where it fails to restore its credit standing or provide credit alternatives pursuant to the TSP's tariff, should be prevented from bidding upon capacity release offers until it meets the TSP's creditworthiness qualifications or provides such credit alternatives. The five (5) day period starts with the day the TSP issues notification. This standard should not preclude a TSP from refusing to allow a SR to bid upon capacity release offers for any reason allowed by its tariff.

Discussion

Mr. Novak, noting that the end of the meeting was approaching, withdrew the motion with the intention of resubmitting it at the next meeting. Mr. Novak said he would post the latest version of the proposed standard as workpaper for the next meeting.

Motion Withdrawn

3. Next Steps

Mr. Novak noted the BPS will have a conference call on April 4th and mentioned that another conference call may be scheduled for the afternoon of April 11th. Discussion on the work plan for the meeting on the 4th will continue on II. G. followed by II. H. Those wishing to add any other items to the agenda should contact the chairs by the close of business on March 31st.

4. Upcoming Meetings

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. Sappenfield moved, seconded by Mr. Reitz, to adjourn the meeting in March 28, 2003 at 4:08 p.m. EDT.

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Meeting Attendees and Voting Record

Attendee	Organization	3/28	Vote 1	NAESB WGQ Member ?
Pipelines:				
Charlie Bass	Tennessee Gas Pipeline	Nv		√
Bob Boyle	Questar	√	Y	√
Kathryn Burch	Duke Energy – Texas Eastern	√	Y	√
Paul Cherry	Florida Gas Transmission	√	Y	NO
Dale Davis	Williams Gas Pipeline	√	Y	√
Mark Gracey	Tennessee Gas Pipeline	√	A	√
Bill Griffith	Colorado Interstate Gas	√	Y	√
Tom Gwilliam	Iroquois Gas Transmission System	√	A	√
Scott Hansen	Questar	Nv		√
Lisa Halpenny	Dominion Transmission	√	Y	√
Sharon Kimball	Wyoming Interstate	√	Y	√
Paul Love	NGPL	√	Y	√
Howard Nelson	ANR	√	Y	√
Janie Nielsen	Kern River	√	Y	√
Dave Reitz	National Fuel Gas Supply	√	Y	√
Donna Scott	Transwestern	√		√
Dixie Simonsen	Questar	Nv		√
Kim Van Pelt	Panhandle Eastern Pipeline	0	Y	0
Kelly Wachter	Williston Basin	√	Y	√
Brian White	NiSource Pipelines	√	Y	√
Brian Wilmoth	Northern Natural Gas	√	A	√
Randy Young	Gulf South Pipeline	√	A	√
Services:				
Keith Sappenfield	Encana	0	Y	0
Suzanne Calcagno	UBS Warburg	√	Y	√
Producers:				
Jim Busch	BP	√	Y	√
Richard Smith	Exxon Mobil	√	Y	√
End Users:				
Kelly Daly	Arizona Public Service	√	Y	√
Andy Dotterweich	Consumers Energy	√	Y	NO
Jim Downs	Calpine	√	Y	√
Kirstin Gibbs	Process Gas Consumers	√	Y	NO
Gary Hinners	Reliant	√	Y	√
Alan Johnson	Mirant	√	Y	NO
Cary Metz	Midland Cogeneration Venture	√	Y	√
LDCs:				
Dolores Chezar	KeySpan	√	Y	√
Craig Colombo	Dominion LDCs	√		√

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Jennifer Deegan	Washington Gas	√	Y	√
Richard Ishikawa	Southern California Gas	√	Y	√
Mike Novak	National Fuel Gas Distribution	Ö	Y	Ö
Marjorie Perlman	Energy East	√	Y	√
Abby Snyder	Southern California Gas	Nv		√
Michael Davis	Wisconsin Public Service Corp.	√	Y	√
Associations:				
NAESB Office:				

Bold signifies a BPS Chair

Voting Key: Y – Yes

N – No

A – Abstain

Nv – not voting