

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, April 4, 2003
DATE: April 11, 2003

1. Administrative

Mr. Novak opened the meeting and gave the antitrust guidelines. Roll was called by segment. Mr. Dotterweich moved, seconded by Mr. Zavodnick to adopt the agenda. Ms. Van Pelt noted the Pipelines have posted a workpaper for item II B and requested it be added to the agenda. Upon a procedural vote the modified agenda was adopted. Mr. Dotterweich moved, seconded by Ms. Perlman to adopt the modified draft minutes and attachment from March 28, 2003. Upon a procedural vote the modified minutes and attachment were adopted as final. Ms. Van Pelt asked if the minutes from the March 18-19, 2003 meeting could be added to the agenda for the next meeting to discuss concerns about the voting records.

2. Evaluation of Work Plan Items for Creditworthiness Standardization

BPS began discussion on Work Plan Item II G, Creditworthiness Timelines, excluding Construction.

Motion (motioned by Mike Novak, seconded by Dolores Chezar)

Proposed Standard z26

In the event a Service Requester (SR) receives a termination or suspension notice from the Transportation Service Provider (TSP) due to creditworthiness related issues and fails to meet the requirements of TSP's tariff to continue or receive service within five (5) days from the day TSP issues such notice ("notification period"), the TSP should not allow the SR to submit a bid on or be awarded capacity release offers until the SR meets the TSP's tariff requirements to receive or continue to receive service.

This standard should not prevent a TSP from refusing to allow a SR to bid upon capacity release offers for any reason pursuant to the TSP's tariff nor should it require the TSP to allow the SR to submit bids during the notification period. Further, if bidding takes place during the notification period and the SR receiving such notice is the successful bidder, the Releasing Shipper should receive a copy of such notification and be given the opportunity to reject the bid.

Discussion:

Mr. Hinnens voiced concerns about the second paragraph of the proposed standard. He suggested it might be contrary to FERC policy. Disruption of the secondary market could be a problem with the Commission. Mr. Novak stated the language in the first paragraph addresses these concerns. After extended discussion, it was decided to edit proposed standard Z26 as follows:

Modified Motion (motioned by Mike Novak, seconded by Dolores Chezar)

Proposed Standard z26

In the event a Service Requester (SR) receives a termination or suspension notice from the Transportation Service Provider (TSP) due to creditworthiness related issues, the TSP should not award capacity release offers to the SR until it meets the TSP's tariff requirements to receive or to

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continue to receive service or otherwise resolves the issues that caused the termination or suspension notice to be issued. Upon mutual agreement of the TSP and Releasing Shipper, capacity may be awarded to said SR.

Discussion

Mr. Downs voiced concerns about the vagueness of the proposed standard. Mr. Nelson offered some suggested language which the motion maker accepted in part. As a result, proposed standard Z26 was modified again as follows:

Second Modified Motion (motioned by Mike Novak, seconded by Dolores Chezar) Proposed Standard z26

The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	4.00	2.00	0.00	0.00
LDCs	7.00	2.00	0.00	0.00
Pipelines	19.00	2.00	0.00	0.00
Producers	1.00	1.00	0.00	0.00
Services	1.00	1.00	0.00	0.00
Totals	32.00	8.00	0.00	0.00

Motion passes

There were no further proposed standards offered under work plan item II G so discussion moved to work plan item II B - Type of confirmations and notification that the service requester should supply for creditworthiness.

Motion (motioned by Howard Nelson, seconded by Paul Love) Proposed Standard z27

NAESB WGQ Standards [z2], [z3] and [z4] may be waived as agreed to by the Service Requester and the Transportation Service Provider.

Discussion

After discussion, it was agreed that Mr. Nelson would withdraw his current motion in favor of making a new motion, seconded by Mr. Love, to modify [z2], [z3], and [z4] by adding the following language:

Motion (motioned by Howard Nelson, seconded by Paul Love)

Proposed Modified Standard z2

If the Transportation Service Provider (TSP) requests additional information for purposes of credit evaluation after the initiation of service, the TSP should provide the Service Requester (SR) its reason(s) for requesting the additional information. The TSP and the SR may mutually agree to waive this requirement.

Proposed Modified Standard z3

Upon receipt of a request for information from the Transportation Service Provider (TSP) for the purpose of credit evaluation, the Service Requester's (SR) authorized representative(s) should be required to acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive this requirement.

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Proposed Modified Standard z4

Upon receipt from the Service Requester (SR) of all credit information provided pursuant to a request (or in lieu thereof a response indicating why all information requested is not provided), the Transportation Service Provider (TSP) should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive this requirement.

Segments	Vote For	Balanced For	Vote Against	Balanced Against
End Users	4.00	2.00	0.00	0.00
LDCs	6.00	2.00	0.00	0.00
Pipelines	17.00	2.00	0.00	0.00
Producers	1.00	1.00	0.00	0.00
Services	1.00	1.00	0.00	0.00
Totals	29.00	8.00	0.00	0.00

Motion Passes – 2 abstentions from the pipeline segment

3. Next Steps

Mr. Novak noted the BPS would have a conference call on April 11th. Discussion on the work plan for this meeting will continue with II. G. followed by II. H - Maximum level of Credit Alternatives. Mr. Novak did not know whether items under item II G proposed and withdrawn at an earlier meeting would be resubmitted for discussion. Revisions to the Final Minutes for March 18-19th minutes will also be considered at the next meeting.

4. Upcoming Meetings

4/11/2003	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. Zavodnick, to adjourn the meeting on April 4, 2003 at 3:56 pm. CT.

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Meeting Attendees and Voting Record

Attendee	Organization	4/4	Vote 1	Vote 2	NAESB WGQ Member ?
Pipelines:					
Charlie Bass	Tennessee Gas Pipeline	√	A	A	√
Bob Boyle	Questar	√	Y	Y	√
Kathryn Burch	Duke Energy – Texas Eastern	√	Y	Y	√
Christopher Burden	Williams Gas Pipeline	Nv			√
Paul Cherry	Florida Gas Transmission	√	Y	Y	NO
Cynthia Corcoran	Enbridge Pipelines	√	Y	A	√
Dale Davis	Williams Gas Pipeline	√	Y	Y	√
Mark Gracey	Tennessee Gas Pipeline	Nv			√
Bill Griffith	Colorado Interstate Gas	√	Y		√
Scott Hansen	Questar	Nv			√
Lisa Halpenny	Dominion Transmission	√	Y	Y	√
Joe Kardas	National Fuel Gas Supply	Nv			√
Sharon Kimball	Wyoming Interstate	√	Y	Y	√
Karen Lastovica	Northern Border Pipeline	√	Y	Y	√
Paul Love	NGPL	√	Y	Y	√
Prince McDougal	Southern Natural	√	Y	Y	√
Howard Nelson	ANR	√	Y	Y	√
Janie Nielsen	Kern River	√	Y	Y	√
Marcia Palazzi	PG&E Transmission	Nv			√
Dave Reitz	National Fuel Gas Supply	√	Y	Y	√
John Roscher	PG&E Transmission	√	Y	Y	√
Donna Scott	Transwestern	√	Y	Y	√
Dixie Simonsen	Questar	Nv			√
Kim Van Pelt	Panhandle Eastern Pipeline	Ö	Y	Y	Ö
Kelly Wachter	Williston Basin	√	Y	Y	√
Brian White	NiSource Pipelines	√			√
Brian Wilmoth	Northern Natural Gas	√	Y	Y	√
Leldon Walenta	Williams Gas Pipeline	Nv			√
Services:					
Keith Sappenfield	Encana	Ö	Y	Y	Ö
Producers:					
Jim Busch	BP	√	Y	Y	√
End Users:					
Andy Dotterweich	Consumers Energy	√	Y	Y	NO
Jim Downs	Calpine	√	Y	Y	√
Gary Hinnars	Reliant	√	Y	Y	√
Cary Metz	Midland Cogeneration Venture	√	Y	Y	√
LDCs:					
Dolores Chezar	KeySpan	√	Y	Y	√

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Pete Connor	NiSource Distribution	√	Y	Y	√
Jennifer Deegan	Washington Gas	√	Y		√
Richard Ishikawa	Southern California Gas	√	Y	Y	√
Mike Novak	National Fuel Gas Distribution	0	Y	Y	0
Marjorie Perlman	Energy East	√	Y	Y	√
Steve Zavodnick	Baltimore Gas & Electric	√	Y	Y	√
Associations:					
Mariam Arnaout	American Gas Association	Nv			NO
NAESB Office:					
Meghan McMillan					

Bold signifies a BPS Chair

Voting Key: Y – Yes

N – No

A – Abstain

Nv – not voting