



TO: NAESB Wholesale Gas Quadrant Contracts Subcommittee, Posting for Interested Industry Participants
FROM: Meghan McMillan, NAESB Staff
RE: Final Minutes from the NAESB Wholesale Gas Quadrant Contracts Subcommittee Meeting – July 23, 2003
DATE: August 8, 2003

**Wholesale Gas Quadrant
 Contracts Subcommittee
 July 23, 2003
 Final Minutes**

1. Administrative Items

Mr. Sappenfield opened the meeting and conducted a roll call. He noted there may be several balanced votes conducted at the meeting. Mr. Sappenfield gave the antitrust advice. Ms. Klecka moved, seconded by Ms. McLaughlin to adopt the agenda. The agenda was adopted absent objection. Ms. Allen moved, seconded by Ms. McLaughlin to adopt the June 24, 2003 draft minutes with modifications. The minutes were adopted as modified absent objection. Ms. McLaughlin moved, seconded by Ms. Klecka to adopt the July 10, 2003 draft minutes with modifications. The minutes were adopted as modified absent objection.

2. Continue review & discussion of comments on the “NAESB WGQ Credit Support Addendum” and “User’s Guide”

Mr. Sappenfield stated the subcommittee will be discussing comments submitted by UBS Warburg on paragraphs 4, 5 & 6. Ms. McLaughlin reviewed the changes made by UBS in the Draft Credit Support Addendum. The group discussed the timelines submitted by UBS. Changes made as a result of these comments were recorded in the draft document. Mr. Sappenfield noted the timeline charts and the cash control agreement will be included in the User’s Guide.

3. Possible “balanced” vote on outstanding issues and WGQ Contracts Subcommittee Recommendation (as applicable)

- Title of CSA to be either “Credit Support Addendum” or “Model Credit Support Addendum”

Ms. Allen moved, seconded by Ms. McLaughlin to affirm the name of the document as “Credit Support Addendum to The Base Contract for Sale and Purchase of Natural Gas.” Upon a balanced vote, the motion passed with 5 in favor and 2 opposed. A detailed voting record is included below.

Segment	Votes Cast			Balanced Vote		TOTAL
	YES	NO	TOTAL	YES	NO	
Pipelines	1	0	1	1.00	0.00	1.00
Producer	1	0	1	1.00	0.00	1.00
Services	4	0	4	2.00	0.00	2.00
LDCs	0	3	3	0.00	2.00	2.00
End Users	1	0	1	1.00	0.00	1.00
Total	7	3	10	5.00	2.00	7.00

- Should NAESB WGQ Adopt EEI Collateral Annex in lieu of CSA and User’s Guide



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Mr. Sappenfield noted and participants agreed that the previous decision not to adopt the EEI Collateral Annex in lieu of the CSA and User's Guide would stand. No vote was taken on this issue.

- Definition of "Credit Rating" in Paragraph 2

Mr. Cerra suggested this issue be addressed in the User's Guide because it is not used in the body of the CSA. It was agreed to remove the definition of Credit Rating along with S&P and Moody's from the CSA and discuss them in the User's Guide. No vote was taken on this issue.

- Include provision in CSA to exclude certain Base Contract transactions from calculations of Exposure under CSA

It was agreed to include this provision only in the User's Guide. No vote was taken on this issue.

- Add email address to Credit Related Notices and revise User's Guide to explain email related activities

Mr. Sappenfield noted this addition has been made to the appropriate documents. There was no objection to this addition. No vote was taken on this issue.

- Add Custodian definition and revised language on impact on use of a Custodian by Secured Party

This issue was discussed earlier and the appropriate changes were made without objection. No vote was taken on this issue.

- Move former Paragraph 7 (h) (Pledging party's costs related to Letter of Credit) to User's Guide

This issue was discussed earlier and the appropriate changes were made without objection. No vote was taken on this issue.

- Retain Paragraph 13 (g) (renumbered 13 (f) on bankruptcy provision between CSA parties)

Ms. Allen suggested this provision might be more appropriate for the Base Contract, and therefore is not relevant to the CSA. It was noted that this issue is already covered in the Base Contract. The group agreed to remove this provision from the CSA.

The group briefly discussed the User's Guide and suggested changes were noted.

4. Discuss dates & times for next meetings or conference calls, if necessary

The next Contracts meeting was scheduled for August 20, 2003. Mr. Sappenfield requested that comments be sent in by August 8th and he will post the new versions of the documents by August 15th.

5. Next Steps and Other Business

The group agreed it was not necessary to meet for a second day (on July 24, 2003). Mr. Sappenfield proposed to post a redline version and a clean version of the Draft CSA and User's Guide. A conference call was scheduled to confirm that all comments and suggestions have been captured. Upon confirmation, it was noted a recommendation will be drafted for the Executive Committee, which will include the draft documents and commentary from the Contracts Subcommittee meetings. This recommendation will go out for comment and when the comment period has expired it will be placed on the agenda for the October WGQ Executive Committee meeting where the WGQ EC will vote on the recommendation.



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6. Adjourn

Mr. Sappenfield moved, seconded by Ms. McLaughlin to adjourn the meeting on July 23, 2003 at 4:56 p.m. Central.

7. Attendees

Name	Company	In Person/Phone
Allen, Jannalyn*	Cinergy Services	In Person
Castrejana, Josie	Houston Pipe Line Company	Phone
Cerria, Chuck	Hess	Phone
Connor, Pete	NiSource Distribution Companies	In Person
Graff, Paramy	Apache Corp.	In Person
Ishikawa, Rick	Southern California Gas Company	Phone
Kathuria, Sandeep	Tiger Natural Gas	Phone
Klecka, Ellen	Cinergy Services	In Person
McLaughlin, Tracy*	American Electric Power	Phone
Novak, Mike	National Fuel	Phone
Sager, Elizabeth	UBS Warburg	Phone
Sappenfield, Keith	EnCana	In Person
Silvey, Tiffany	Calpine	Phone
Szasz, Cathy	American Electric Power	In Person
Taylor, David*	Apache Corp.	Phone
Williams, Scott	Nevada Power Company	Phone

*Indicates these individuals were the voting representatives for their companies during the meeting.