

**TAB 1**

**WELCOME & OPENING REMARKS**



Please Save the Date

**February 20, 2002**  
**NAESB Retail Quadrants Open Industry Meeting**  
**9:00 AM - 4:00 PM EDT**

PLEASE RSVP BY FEBRUARY 15, 12:00 PM EST

A third meeting of prospective participants in the NAESB Retail Quadrants will be held in Juno Beach, Florida, hosted by Florida Power and Light. The purpose of this meeting is to finalize procedures for the Retail Gas and Retail Electric Quadrants, present Segment Procedures, and review the transition process.

All stakeholders and interested parties are invited to attend and/or participate. Teleconferencing facilities will be offered to those unable to attend in person. Included in this packet is a proposed agenda, registration form, and information on meeting logistics. Dial-in specifics and other meeting materials will be distributed to registrants electronically by the close of business, February 15, 2002.

**FOR SECURITY REASONS, ALL PARTICIPANTS MUST REGISTER BY 12:00 PM EASTERN ON FRIDAY, FEBRUARY 15.** Please send the attached registration form via FAX to Aisha Richardson (202-824-7091). We hope to see you in Florida.

**Meeting Location:**

**Florida Power and Light**  
**Corporate Headquarters**  
**700 Universe Blvd.**  
**Juno Beach, FL 33508**  
**Auditorium Bldg. C - Room 1300**

**NAESB Retail Quadrants Industry Meeting**  
**Juno Beach FL –February 20, 2002 9:00 AM – 4:00 PM EDT**

**DRAFT Proposed Agenda**

Meeting Purpose: 1) Finalize Retail Electric Quadrant's (REQ) and Retail Gas Quadrant's (RGQ) procedures; 2) present Segment procedures for each of the Retail Quadrants; 3) review those procedures for conformance with NAESB Bylaws and removal of duplicative sections; and 4) review the transition process for populating the Segments in each of the two NAESB Retail Quadrants.

- 9:00 a.m.      Welcome & Administrative Matters: Jim Buccigross (Vice President - Energy Industry, Group 8760 LLC and Chair, NAESB Wholesale Gas EC) will facilitate the meeting
- Review antitrust guidelines and participant/caller etiquette
  - Brief introductions and Review meeting's objectives
- 9:15 a.m.      Briefly Review Outcome of January 29, 2002 NAESB Retail Quadrants Industry Meeting: Mr. Buccigross (15 min)
- 9:30 a.m.      Review REQ Procedures and RGQ Procedures (2 hours)
- 11:30 a.m.      Pick up lunch from cafeteria (30-minute break, followed by working lunch)
- 12:30 p.m.      Presentations of Segment Procedures  
Review for Conformance with NAESB Bylaws - Bill Boswell, NAESB Board Chair and Rae McQuade, NAESB Executive Director
- Services Segment Procedures for the REG and the RGQ: Jim Minneman – PPL Services and Misty Ann Khan – Telerx (30 min)
  - Supplier Segment Procedures for the REQ and the RGQ: Keith Sappenfield – Pan Canadian Energy (15 min)
  - End Users Segment Procedures for the REQ and RGQ: Mr. Sappenfield (15 min)
- 1:30 p.m.      Break (15 min)
- 1:45 p.m.      - REQ Distributor Segment Procedures: Charlie Driggs - Conectiv & Bill Newbold - Detroit Edison (30 min)
- RGQ Distributor Segment: Mike Novak - National Fuel Distribution (30 min)
- 2:45 p.m.      Break (15 min)
- 3:00 p.m.      Review Recruitment Activities and Status by Segment (30 min)
- 3:30 p.m.      Review Next Steps (30 min)
- 4:00 p.m.      Adjourn  
A conference bridge will be provided to meeting registrants who are unable to attend in person.

# NAESB RETAIL QUADRANTS MEETING

FEBRUARY 20, 2002

Registration List

*\*An asterisk by the name indicates that the individual will participate via teleconference.*

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NAESB RETAIL QUADRANTS MEETING  
FEBRUARY 20, 2002  
Registration List

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# AMERICAN GAS ASSOCIATION ANTITRUST COMPLIANCE GUIDELINES

## Introduction

The American Gas Association and its member companies are committed to full compliance with all laws and regulations, and to maintaining the highest ethical standards in the way we conduct our operations and activities. Our commitment includes strict compliance with federal and state antitrust laws, which are designed to protect this country's free competitive economy.

## Responsibility for Antitrust Compliance

Compliance with the antitrust laws is a serious business. Antitrust violations may result in heavy fines for corporations, and in fines and even imprisonment for individuals. While the General Counsel's Office provides guidance on antitrust matters, you bear the ultimate responsibility for assuring that your actions and the actions of any of those under your direction comply with the antitrust laws.

## Antitrust Guidelines

In all AGA operations and activities, you must avoid any discussions or conduct that might violate the antitrust laws or even raise an appearance of impropriety. The following guidelines will help you do that:

- **Do** consult counsel about any documents that touch on sensitive antitrust subjects such as pricing, market allocations, refusals to deal with any company, and the like.
- **Do** consult with counsel on any non-routine correspondence that requests an AGA member company to participate in projects or programs, submit data for such activities, or otherwise join other member companies in AGA actions.
- **Do** use an agenda and take accurate minutes at every meeting. Have counsel review the agenda and minutes before they are put into final form and circulated.

- **Do not** have discussions with other member companies about:
  - ◆ your company's prices for products or services, or prices charged by your competitors
  - ◆ costs, discounts, terms of sale, profit margins or anything else that might affect those prices
  - ◆ the resale prices your customers should charge for products you sell them
  - ◆ allocating markets, customers, territories or products with your competitors
  - ◆ limiting production
  - ◆ whether or not to deal with any other company
  - ◆ any competitively sensitive information concerning your own company or a competitor's.
- **Do not** stay at a meeting, or any other gathering, if those kinds of discussions are taking place.
- **Do not** discuss any other sensitive antitrust subjects (such as price discrimination, reciprocal dealing, or exclusive dealing agreements) without first consulting counsel.
- **Do not** create any documents or other records that might be misinterpreted to suggest that AGA condones or is involved in anticompetitive behavior.

## We're Here to Help

Whenever you have any question about whether particular AGA activities might raise antitrust problems, contact the General Counsel's Office.

American Gas Association  
Office of General Counsel  
and Corporate Secretary  
December 1997

**TAB 2**

**PROPOSED NAESB RETAIL ELECTRIC QUADRANT PROCEDURES**

**In Side by Side Layout with RGQ Procedures & NAESB Bylaws**

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
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**Note on document:** Blue font represents section numbers & headings. Green font represents explanatory notes that either do not exist in the current document or will not in the final version. Pink font represents cross referencing notes.

		<p><b>General Note to all parties reviewing the draft REQ Procedures:</b></p> <p>This version 2.3 of the document incorporates notes to assist the reviewer in understanding what items remain unresolved or at issue, as well as explanatory notes to assist the reader. These notes appear in italics throughout the document. In some instances, the reviewer is asked to provide specific feedback on a preferred solution for the issue. There is a companion spreadsheet that also lists issues previously raised, and indicates whether those issues were resolved in this document or remain open items. Please use that in parallel when reviewing this document, as some issues raised in the spreadsheet are not addressed in this draft. Finally, please do not hesitate to provide your input, as resolution is needed soon to enable Quadrant formation. All voices need to be heard.</p>		<p><b>THIS DOCUMENT IS A DRAFT PROPOSAL FOR DISCUSSION PURPOSES, THE FINAL FORM OF WHICH SHOULD MATERIALIZE ONLY AFTER ALL STAKEHOLDERS AGREE ON THE PROCEDURES WITHIN.</b></p> <p><i>Note: This draft of the RGQ Procedures includes revisions based on comments received during Retail Quadrants meetings of January 17 and 29 and the conference call of January 22, 2002.</i></p> <p><i>The explanatory notes below, in green italic bolded font, are not part of the RGQ Procedures, but explanatory notes regarding recent modifications to the RGQ Procedures and other notes.</i></p>	
	<b>ARTICLE 1 – DEFINITIONS</b>	<b>SECTION 1 Definitions</b>		<b>1 – DEFINITIONS</b>	
	<b>Section 1.1 Definitions</b>			<b>Section 1.1 Definitions Included in the NAESB Bylaws</b>	
				Capitalized terms, when used in this Exhibit to the NAESB Bylaws, shall have the meanings set forth in Section 1.1 of the NAESB Bylaws.	
				<i>Note: All terms already defined in the NAESB Bylaws were deleted from the definitions section.</i>	
				<b>Section 1.2 Definitions for the Purposes of this Exhibit</b>	
A.	"Act"	A.	"Distributor Segment Member" means a person that satisfies the requirements of the Bylaws of NAESB and the qualifications for Membership of the Retail Electric Quadrant as set forth in the Distributor Segment Procedures.	A.	"RGQ" means the Retail Gas Quadrant of NAESB.
B.	"Agent"	B.	"End User Segment Member" means a person that satisfies the requirements of the Bylaws of NAESB and the qualifications for Membership in the Retail Electric Quadrant as set forth in the End User Segment Procedures.	B.	"RGQ Designated Alternate" is defined as a person named by a Segment of the Retail Gas Quadrant Segment, submitted to the NAESB office, to serve in place of a RGQ EC Member who is unable to attend an EC meeting.
C.	"Balanced Voting"	C.	"NAESB Office" means the office of the Secretary of NAESB.	C.	"RGQ EC" means the Executive Committee of the Retail Gas Quadrant of NAESB.
D.	"Board"	D.	"REQ" means the Retail Electric Quadrant.	D.	"RGQ EC Subcommittee" means a subcommittee established by the Executive Committee of the Retail Gas Quadrant of NAESB.
E.	"Certificate"	E.	"Segment" means one of the co-equal Membership Segments of the NAESB Retail Electric Quadrant representing the following four (4) segments of the retail electric industry: Suppliers, Distributors, End Users, and Services.	E.	"RGQ Members" means Voting Members of the Retail Gas Quadrant of NAESB that satisfy the requirements of membership set forth in Section 5.1 and, if applicable, in the respective Segment Procedures in this Exhibit.
F.	"Director"	F.	"Segment Membership" means the Segment Members collectively.	F.	"RGQ Segment" means one of the four co-equal Segments of the Retail Gas Quadrant of NAESB.
G.	"EC"	G.	"Services Segment Member" means a person that satisfies the requirements of the Bylaws of NAESB and the qualifications for Membership in the Retail Electric Quadrant as set forth in the Services Segment Procedures.		
H.	"EC Subcommittee"				
I.	"Exhibit"				
J.	"Majority"				
K.	"Members"				
L.	"Model Business Practice"				
M.	"NAESB"				
N.	"Operating Procedures"		"Supplier Segment Member" means a person that satisfies the		<i>Note: Segments are defined under a separate section (2.3 RGQ Segments).</i>



Organization of Sections in NAESB Bylaws		Draft V2.3 REQ Procedures - Restructured		Draft RGQ Procedures - Restructured	
O.	“Quadrant	H.	requirements of the Bylaws of NAESB and the qualifications for Membership in the Retail Electric Quadrant as set forth in the Supplier Segment Procedures.		
P.	“Reconsideration”				
Q.	“Segment”	I.	All other capitalized terms, if not defined in this Section 1.0, shall have the same definitions as specified in the Bylaws or Certificate of Incorporation of NAESB.		
R.	“Standard”				
S.	“Triage Process”				
T.	“Voting Member”				
			<p><i>Note to potential REQ members:</i></p> <p><i>Comments during the meetings of January 17th &amp; 29th suggested replacing the definitions formerly listed under A, B, G &amp; H here in versions 2.1 and 2.2 with some form of simplified definitions. Suggestions included the RGQ document's definitions, the definitions of Segments now shown in Section 2.4(C) of this document, and definitions specified in the Segment Procedures documents. This version of the document presumes that each Segment comes up with definitions they find acceptable. <u>If you would prefer a different approach, please provide your suggestion of specific language for these definitions.</u></i></p>		
<b>ARTICLE 2 – PURPOSES, SCOPE, ACTIVITIES AND POLICIES</b>		<b>SECTION 2 Purposes, Scope, Principles &amp; Policies</b>		<b>2 – PURPOSES, SCOPE, ACTIVITIES, AND POLICIES</b>	
<b>2.1</b>	<b>Purposes, Scope and Activities</b>	<b>2.1</b>	<b>Purpose &amp; Scope</b>	<b>2.1</b>	<b>Purposes, Scope and Activities</b>
		A.	<p>The purpose of the Retail Electric Quadrant of the North American Energy Standards Board (NAESB) is to propose, evaluate and adopt voluntary standards and model business practices to promote competitive, efficient and reliable service in the retail electric industry.</p> <p><i>See RGQ 2.1</i></p>		<p>The purpose of the Retail Gas Quadrant (RGQ) of NAESB is to propose and adopt voluntary model business practices or standards to promote more competitive, efficient and reliable service in the retail natural gas industry. The Retail Gas Quadrant is concerned with and tasked to handle natural gas related issues and practices that are within the scope of NAESB and typically addressed at the retail natural gas distribution level. The Retail Gas Quadrant shall work closely with other NAESB Quadrants to mitigate inconsistencies where proposed standards and model business practices affect those other Quadrants.</p> <p><i>See REQ 2.1.B. &amp; REQ 2.1.B.</i></p>
		B.	<p>The Retail Electric Quadrant is to address issues and practices that are within the scope of NAESB and appropriate to electric usage at the individual consumer level—that is, usage by an individual, partnership, corporation, or other entity consuming electricity at one or more facilities served by an Electric Distributor.</p> <p><i>See RGQ 2.1</i></p> <p>Issues may also be addressed in conjunction with other Quadrants when such issues are common to both electric distribution at the individual consumer level and some combination of wholesale or retail activities in the electric or natural gas industries.</p> <p><i>See RGQ 2.1</i></p> <p><i>Explanatory Note from Version 2.1:</i></p> <p><i>"The Retail Electric Quadrant would normally address issues and</i></p>		

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
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		<p><i>practices which are generally within the jurisdiction of state or local regulatory authorities. As such, the findings, recommendations and proposed standards or model business practices produced by this Quadrant of NAESB may be implemented in individual jurisdictions only to the extent that they are consistent with applicable law and regulation. Standards and model business practices that prove successful in those states that adopt them might well be adopted by additional jurisdictions if compatible with policies in their jurisdiction.</i></p> <p><i>"Furthermore, the Retail Electric Quadrant will operate in conformance with the principles of NAESB as established in Section 2.2 (b) of the NAESB Bylaws, and in compliance with ANSI guidelines as codified therein. In keeping with these Principles, the Retail Electric Quadrant encourages membership from across the spectrum of the Retail Electric industry, reflecting the principle of inclusiveness. All Retail Electric Quadrant meetings, including those of its Members, Executive Committee (EC), subcommittees and task forces, shall be open to any interested member of the public and that all minutes thereof shall be available to the public in keeping with the principle of openness."</i></p> <p><i>The above explanatory note would not appear in the final document, primarily because the points made here are redundant with the Bylaws. As you can see by comparison, the RGQ document also addresses this point, but provides language that will remain in the document in final form. <u>IF you believe that the REQ document should contain these points, please indicate how you would like to see them appear.</u></i></p>	
2.2	<b>Policies</b>	2.2 <b>Policies</b>	2.2 <b>Policies</b>
(a)		<b>A. Meetings of the Retail Electric Quadrant</b>	
	<i>Topic: Policies of inclusiveness and openness.</i>	<p>All meetings held in association with the NAESB organization or the REQ are open to any interested person. <i>See RGQ 2.2 and 6.0</i></p>	<p>The Retail Gas Quadrant shall comply with the policies and procedures laid out in the bylaws and the certificate of incorporation of NAESB. Further, the Retail Gas Quadrant intends to operate in conformance with the principles of the umbrella organization, as established in Section 2.2 (b) of the NAESB Bylaws and in compliance with ANSI guidelines. As such, the Retail Gas Quadrant encourages a widely based membership and has identified Segments, which reflect this principle of inclusiveness. Also consistent with this approach, the Retail Gas Quadrant shall ensure that all meetings, including those of its Members, Executive Committee (EC), and Subcommittees and Task Forces, shall be open to all persons and that all minutes thereof shall be available to the public. <i>See REQ 2.2.A &amp; 10.5</i></p>
(b)		<b>B. Joint Meetings</b>	
	<i>Topic: Principles of NAESB are described here.</i>	<p>From time to time, there will be joint meetings of the REQ with other Quadrants within NAESB, and Segments will meet jointly to transact Quadrant business. <i>See RGQ 2.1 &amp; 10.5</i></p>	
(c)		<b>C. One Person, One Vote Requirement</b>	
	<i>Topic: policy of abiding by the law.</i>	<p>1. Designation of the same individual as the duly authorized representative of the Member in multiple Segments of the REQ</p>	<i>Note: This provision is the NAESB Bylaws.</i>

			<p>(including Agent representatives) is not permitted.</p> <p><i>Note: This primarily impacts whatever Membership voting does occur; committee work would have a similar issue, but committees are open to non-members of NAESB. The RGQ Procedures draft addresses the point somewhat differently. Please indicate your preference for language addressing this point: a) the current language, b) RGQ approach, c) something else (provide your suggestion).</i></p> <p>2. In the event that a duly authorized representative in one Segment also represents the Member in another Segment in any other NAESB Quadrant, and both affected Segments are engaged in a joint meeting requiring Member voting, then the person serving as representative in both Segments must choose the Segment and Quadrant in which they will vote on any given issue and may only cast one vote on each voting issue. To the extent that any other involved Quadrant's rule may differ on this point, the representative must still honor this Quadrant's rule for any such vote or designate a substitute representative for the entity's interests during the joint meeting.</p> <p><i>Note: The provisions of this subsection deal with an issue applicable to all Quadrants and may be more appropriate for inclusion in either the Bylaws or NAESB Operating Procedures ("NAESBops"). In addition, since nearly all votes by a Member in NAESB will either be for election of officers or ratification, joint action with another Quadrant requiring Member voting should be very rare, and may never actually occur. RGQ draft also addresses this general issue, but in a somewhat different way. Indicate whether you think this needs to be kept as is or modified, and whether to keep it in the REQ document or move it to NAESBops.</i></p>		<p>See RGQ 10.5 (at subcommittee level)</p>
		<b>D.</b>	<b>Ratification</b>		
			Only REQ Voting Members have the right to ratify standards or model business practices adopted by the Quadrant EC. Ratification voting will be in accordance with the requirements of the NAESB Bylaws.		<p>See RGQ 10.1.</p>
<b>2.3</b>	<b>Quadrants and Segments</b>	<b>2.3</b>	<b>Segment Organization &amp; Membership Requirements</b>	<b>2.3</b>	<b>RGQ Segments</b>
			<p>The definition of Membership applies to all Segments within the REQ. Members of the REQ are persons who meet the following membership requirements in any one of the four Segments of this Quadrant. Upon applying for Voting Membership (as described in NAESB Bylaws Sections 1.1 and 5.1) in the REQ, each prospective Member shall declare the Segment with which they are to be identified.</p> <p style="color: magenta;"><i>See RGQ 6.1, 2<sup>nd</sup> sentence &amp; 5.1, 2<sup>nd</sup> sentence</i></p> <p>1. Distributor Segment Parties eligible for Membership in this Segment are engaged in the local distribution of electricity.</p> <p>2. End User Segment</p>		<p>What follows is a description of the Retail Gas Quadrant organizational structure, including a listing of RGQ Segments.</p> <p>Suppliers:                      Persons, other than Distributors, engaged in the sale of natural gas and/or pipeline capacity, including marketers (retail, wholesale), aggregators, producers, asset managers and pipelines.</p> <p>Distributors:                      Persons engaged in the regulated or publicly owned local distribution of natural gas.</p> <p>End Users:                      Persons that consume natural gas, including</p>

Organization of Sections in NAESB Bylaws		Draft V2.3 REQ Procedures - Restructured		Draft RGQ Procedures - Restructured	
		<p>Parties eligible for Membership in this Segment consume electricity or represent consumers of electricity.</p> <p>3. Suppliers Segment Parties eligible for Membership in this Segment are service providers and marketers, engaged in the competitive sale of electricity to end-users</p> <p>4. Services Segment Parties eligible for Membership in this Segment provide services to participants in the retail electric industry, including equipment manufacturers, equipment vendors, software providers, consultants, and other companies or individuals not otherwise eligible for Membership in another Segment.</p> <p><b>See RGQ 2.3</b> <i>Note: The draft RGQ Procedures have similar requirements, and add another provision, consistent with Bylaws Section 2.3, stating that Segments have the flexibility to determine their own rules and procedures. Please consider whether a similar provision needs to be in the REQ Procedures in this subsection.</i></p> <p><i>Furthermore, a comment made during the Jan 17th meeting suggested that the word "local" should be dropped from the description of Distributor Segment Membership. Do you Agree / Disagree?</i></p>		<p>consumer advocacy organizations and retail customer groups.</p> <p>Service Providers: Persons that provide services to the participants in the retail natural gas industry, including equipment manufacturers, equipment and service vendors, software providers, energy consultants, and other companies not otherwise declared in any other Segment.</p> <p>Each RGQ Segment shall have the flexibility to determine its own Segment rules and procedures and to elect or select its own representatives to the NAESB Board and to the RGQ EC, as long as those rules and procedures conform with NAESB Bylaws and the Retail Gas Quadrant procedures in this Exhibit.</p> <p><i>Note: Most of this section was moved from the previous Section 6.0.</i></p> <p><b>See REQ 2.3</b></p>	
	<b>ARTICLE 3 – OFFICES</b>		<b>[ Sections 3 &amp; 4 are reserved for future use ]</b>		<b>3 – RESERVED</b>
	<b>ARTICLE 4 – SEAL</b>				<b>4 – RESERVED</b>
	<b>ARTICLE 5 – MEMBERS</b>		<b>SECTION 5 Members</b>		<b>5 – RGQ MEMBERS</b>
<b>5.1</b>	<b>Voting Members</b>	<b>5.1</b>	<b>Membership</b>	<b>5.1</b>	<b>Voting Members</b>
<b>(a)</b>		<b>A.</b>	<b>Member Representation</b>		
	<p>Topic: General requirements of membership.</p> <p>(i) Topic: One member – one vote</p> <p>(ii) Topic: Vote by proxy</p> <p>(iii) Topic: Execution of revocable proxy</p> <p>(iv) Topic: Trade associations as non-voting &amp; voting members. No board or EC seats.</p>		<p>Representatives chosen by any person in any Segment should have, but are not required to have, corporate responsibility for the business interests causing the person to seek Membership in the Segment.</p> <p><b>Note: <u>Is this a satisfactory statement, or should it be more specific?</u></b></p> <p><b>See qualifications of Directors &amp; EC Members in RGQ 7.2 &amp; RGQ 10.2.c</b></p>		<p>The definition of Membership applies to all RGQ Segments. RGQ Members are persons with legitimate business interest<sup>1</sup> in the retail natural gas market and which meet the definitions of one of the four RGQ Segments. Upon applying for Voting Membership (as described in NAESB Bylaws Sections 1.1 and 5.1), each prospective RGQ Member shall declare the RGQ Segment with which they are to be identified. Voting Membership in the Retail Gas Quadrant of NAESB shall be open to all persons that meet all of the following requirements:</p> <p><b>See REQ 2.3</b></p> <ul style="list-style-type: none"> <li>- The person has a legitimate business interest in the retail natural gas market (or is a representative or Agent of such person). <b>See REQ 5.2.1</b></li> </ul> <p><b>Note: “significant” was changed to “legitimate.”</b></p> <ul style="list-style-type: none"> <li>- The person meets the description of one of the co-equal industry Segments identified by the Retail Gas Quadrant of NAESB.</li> <li>- The person has declared its affiliation to one, and only one, of the</li> </ul>

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured	
			<p>RGQ Segments.</p> <ul style="list-style-type: none"> <li>- Through special application, which includes a recommendation by its RGQ Segment and an affirmative vote of at least 50% of the RGQ EC, a trade association may join the RGQ Membership if it represents an interest that is identified within an RGQ Segment yet is not represented, or is underrepresented, in the RGQ. The membership status of such trade associations shall be considered on an annual basis and may be voted upon through notational vote by the RGQ EC.</li> </ul> <p><b>See REQ 5.2</b> Only RGQ EC Members shall have the right to vote to adopt model business practices or standards affecting only the Retail Gas Quadrant. <b>See REQ 10.8</b></p> <p><sup>1</sup> "Legitimate business interest" in this section specifically includes the interests of statutorily appointed consumer advocates.</p>
<b>(b)</b>		<b>B. Removal of Members</b>	
	<i>Topic: Membership fee</i>	<p>Members who cease to have a significant business interest pertaining to the descriptions contained in Section 2.3 may be removed from Membership by either</p> <ol style="list-style-type: none"> <li>1. a simple majority vote of their declared Segment Membership, or</li> <li>2. resolution of the REQ Executive Committee.</li> </ol> <p><b>Note: Comments at Jan 17th meeting suggested a change of wording to "Members who do not have a "legitimate" business interest ..."; <u>Change it or leave it as is?</u></b></p>	<b>No similar language in RGQ, NAESB Bylaws, Certificate, or RGQ Distributor Segment.</b>
<b>(c)</b>		<b>C. Multiple Memberships</b>	
	<i>Topic: Member action without a meeting but with prior written consent.</i>	<p>Memberships in multiple Segments of the REQ are permissible for any person provided each Membership is filed and declared with NAESB, the person meets the Membership requirements of each Segment joined, and Membership dues are paid for each Segment.</p> <ol style="list-style-type: none"> <li>1. Only one Membership per Segment is permissible for any person.</li> <li>2. Multiple companies under common control within a corporate organization that desire to become Members must join individually. Members cannot extend their Membership to their parent company, affiliates, or subsidiaries.</li> </ol>	<b>No similar language in RGQ. It's in the NAESB Bylaws.</b>
<b>5.2</b>	<b>Non-Voting Members</b>	<b>5.2 Voting Members</b>	
		<p>Membership and voting rights in the REQ of NAESB shall be open to any Member that meets the following requirements:</p> <ol style="list-style-type: none"> <li>1. The Member has a significant business interest<sup>2</sup> in the retail electric market (or is a representative or Agent of such person), as determined by a simple majority of the segment Membership.</li> <li>2. The Member may be a trade association or an advocacy group representing a group of prospective members, provided that <ol style="list-style-type: none"> <li>a) the group represents an interest that is identified within a Segment, yet is <ol style="list-style-type: none"> <li>(i) not represented, or</li> </ol> </li> </ol> </li> </ol>	<p><b>See RGQ 5.1</b></p> <p><b>See RGQ 5.1</b></p>

		<p>(ii) is underrepresented in the judgement of a simple majority of the Segment Membership, and</p> <p>b) the prospective representative's relationship to the group wishing to be represented in this manner is documented in one of the following ways:</p> <p>(i) has statutorily or regulatory designated authority to represent the interests of the subject group</p> <p>(ii) is generally recognized representative of the subject group for other transactions (e.g. provides group insurance, group buying of another product, etc.)</p> <p>(iii) provides a letter of authorization from the group, including an expiration date for the letter of authorization</p> <p>c) no more than two entities within the group represented subsequently join as full Members of the Segment, at which point the representative's authorization for representation and voting rights will be immediately voided unless reinstated by letter for the remainder of the operating year by the remaining members of the representative's constituency.</p> <p><sup>2</sup> as used in this section, "significant business interests" specifically includes the interests of statutorily appointed consumer advocates</p> <p><b>Notes:</b>  <i>RGQ document addresses Trade Associations differently.</i></p> <p><i>From the Jan 17th meeting:</i></p> <p>a) <i>Regarding 5.2(1), comment proposed replacing "significant" with "legitimate". [see also comment in section 5.1(B)]</i></p> <p>b) <i>Regarding 5.2(2), ELCON requested that these provisions be deleted in their entirety.</i></p> <p><i>From the Jan 29th meeting:</i></p> <p>c) <i>The term "under-represented" is vague and should be more clearly defined.</i></p> <p><i>Subsection 5.2(2) was created to reflect the wishes of a number of potential REQ members as expressed in face-to-face meetings during 2001. The provisions are here in order to assure that no Trade Association could attempt to supercede the wishes of its individual members. NEMA also expressed concern regarding this provision in the Jan 29th meeting, but appeared satisfied with the explanation.</i></p> <p><u><i>IF you feel changes need to be made to this section, please state what those changes are.</i></u></p>		
5.3	Nontransferable			
5.4	Resignation			
	ARTICLE 6 – MEETINGS OF MEMBERS	[ Section 6 Reserved for future use ]		6 – Meetings of RGQ Members
		See REQ 2.2.A		All meetings held in association with the NAESB Retail Gas Quadrant shall be open to all interested persons.
6.1	Place of Meetings			

Organization of Sections in NAESB Bylaws		Draft V2.3 REQ Procedures - Restructured		Draft RGQ Procedures - Restructured	
6.2	Annual Meeting				
6.3	Special Meetings of Members				
6.4	Determination of Members of Record				
6.5	Notice of Meetings of Members				
6.6	Quorum				
6.7	Adjournment				
6.8	Organization				
	<b>ARTICLE 7 – BOARD</b>		<b>Section 7 Board</b>		<b>7 – Board</b>
7.1	Board	7.1	<b>Board Representation</b>	7.1	<b>RGQ Representatives to the NAESB Board</b>
			The REQ shall elect Directors to the Board from each Segment. <i>See RGQ 7.1</i>		The Retail Gas Quadrant shall have representatives to the NAESB Board of Directors, with each RGQ Segment electing or selecting an equal number of these representatives, pursuant to the procedures specified by the respective RGQ Segment in this Exhibit. <i>See REQ 7.1</i>
7.2	Qualifications of Directors	7.2	<b>Qualifications of Directors</b>	7.2	<b>Qualifications of RGQ Directors</b>
		A.	<b>One Member, One Seat Per Quadrant</b>		
			No two Directors elected by the REQ may be employees of the same Member holding Membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two Directors from two affiliated companies within a holding company which each have individual Member status, or from two companies with a parent-subsidiary relationship, provided that the two Directors from companies with such a relationship represent Members of differing Segments. <i>See RGQ 7.2</i>		To be eligible to serve as representative on the NAESB Board of Directors: <ul style="list-style-type: none"> <li>- The person must be a Member of the Retail Gas Quadrant;</li> <li>- The person must be an executive of the organization represented, where applicable, and have broad understanding of the natural gas industry;</li> <li>- The person must have a working knowledge of the NAESB process;</li> <li>- The person must be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Director and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)];</li> <li>- The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship with other entities with which the employer may be affiliated; and</li> </ul> <i>No similar language in REQ.</i> <ul style="list-style-type: none"> <li>- Once elected to serve as Director on the NAESB Board, the individual may hold not more than one directorship, representing only one Segment within the Retail Gas Quadrant. <i>See REQ 7.2.A</i></li> </ul>
		B.	<b>One Office Per Member Representative</b>		
			Directors elected from the REQ may not hold both a Board seat and a seat on the EC at any point in time. If an EC Member is elected as a Director from the REQ, their EC seat is vacated when the Board seats them as a Director.  <i>Note: No other requirements have been proposed regarding qualifications to be a REQ Director; the draft RGQ document addresses additional requirements:</i> <ul style="list-style-type: none"> <li>▪ a Member of the Quadrant;</li> <li>▪ an executive of the organization represented</li> <li>▪ having a broad understanding of the industry</li> <li>▪ having a working knowledge of the NAESB process</li> <li>▪ willing to commit the time and resources necessary to</li> <li>▪ fulfill the requirements of NAESB Bylaws Section 9.7(f);</li> <li>▪ disclosing of their interest, or their employer's interests in</li> </ul>		<i>No similar language in RGQ, NAESB Bylaws or Certificate. From the GISB precedent, individuals do not hold both EC and Board seat. But a company may have individuals serving on both the Board and the EC, so is this REQ provision in violation of the NAESB Bylaws?</i>

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
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			<ul style="list-style-type: none"> <li>▪ <i>the industry</i></li> </ul> <p><u><i>Does the REQ membership wish to add provisions similar to those proposed by the RGQ? If so, which one, and how should they be stated?</i></u></p>		
7.3	Number and Election of Directors	7.3	Number and Election of Directors	7.3	Number and Election of Directors
		A.	Number of Directors	(a)	
			<p>The REQ shall elect sixteen (16) NAESB Directors, subject to the provisions of Section 19 of these Procedures. Each Segment of the Quadrant will elect four (4) Directors, subject to the provisions of Section 19 of these Procedures.</p> <p><i>See RGQ 7.3 (a)</i></p> <p><i>Note: Unresolved question is: "How many directors from the REQ?"</i></p> <p><i>In reviewing this subsection, see also the discussion regarding issues in Section 19, and the provisions contained in the draft RGQ document. RGQ is proposing 24 Directors for their Quadrant, on the belief that having more seats available attracts greater membership. A greater number of Directors also addresses the problem of Directors having no substitutes permitted for meetings; small numbers could create problems on any voting issue with Quorum requirements and concentrations of power. Having differing numbers of Directors from each Quadrant is not a violation of the Bylaws.</i></p> <p><u><i>Please indicate your preference on this issue, and your suggestion for rewording, if applicable.</i></u></p>		<p>The Retail Gas Quadrant of NAESB shall be represented on the NAESB Board of Directors by twenty-four (24) persons who shall be elected, from time to time, as required by Article 7 of the NAESB Bylaws and in this Exhibit to those Bylaws. The NAESB office shall coordinate the election process for the Retail Gas Quadrant representatives to the NAESB Board during the second week of November of each year.</p> <p><i>See REQ 7.3.A</i></p>
		B.	Number and Election of Directors	(b)	
			<p>Nominations for and election of all Directors will be in accordance with Segment Procedures, or in the absence of Segment Procedures, as follow.</p> <p>In preparation for any election of NAESB Directors (other than initial Directors, as provided for in Section 19),</p> <ol style="list-style-type: none"> <li>1. a nominating committee consisting of five EC Members of the REQ comprised of one Member from each Segment plus the EC Vice-Chair, shall develop a slate of candidates from the Segment Membership.</li> <li>2. other nominations may be made at or prior to the close of the REQ End User Segment nomination period by any Segment Member eligible to serve on the Board of Directors by submitting their name(s) to the NAESB Office in a form as specified in NAESB Operating Procedures if such requirements exist.</li> <li>3. all nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.</li> </ol> <p><i>See RGQ 10.3 (b)</i></p> <p><i>Note: General agreement in the Jan 29th meeting would move the election mechanisms shown here in 7.3(B) to the Segment Procedures documents. See also the additional</i></p>		<p>The elections of RGQ representatives to the NAESB Board shall be subject to the following provisions:</p> <ul style="list-style-type: none"> <li>- Any RGQ Member who is current in the payment of its dues is eligible to vote; and</li> <li>- The candidates receiving the greatest numbers of votes shall be elected.</li> </ul> <p><i>See REQ 7.3.B.</i></p> <p><i>Note: Other language on elections was moved to Segment Procedures</i></p>



			<u>provisions contained in the RGQ draft document. Please indicate your preference regarding the mechanisms and language stated above or some other mechanism / language to those individuals drafting your Segment Procedures.</u>		
		<b>C.</b>	<b>Timing of Elections</b>		
			<p>Subject to the provisions of Section 19, election of Directors shall occur in the same month for all Segments of the REQ, and shall be coordinated by the Executive Committee. The EC will ensure that the requirements of this Section are satisfied by each Segment's slate of candidates prior to any actual voting by any Segment.</p> <p><b>See RGQ 7.3 (a)</b></p> <p><b>Note: General agreement in the Jan 29th meeting would move the election mechanisms shown here to either NAESBops or the Segment Procedures documents.</b></p> <p style="margin-left: 20px;"><b>a) The timing of elections is an issue for all four Quadrants.</b></p> <p style="margin-left: 20px;"><b>b) Current NAESB / former GISB practice is to have the NAESB Office coordinate all elections rather than the EC.</b></p> <p><u>Please indicate your preference regarding these provisions and include your Segment representatives in your response.</u></p>		
<b>7.4</b>	<b>Term of Office</b>	<b>7.4</b>	<b>Term of Office</b>	<b>7.4</b>	<b>Term of Office</b>
<b>(a)</b>	<b>Topic: Period set by Quadrant, ranging from 1 to 3 years.</b>	<b>A.</b>	<b>Term of Office</b>		
			<p>Directors shall be elected for two-year terms, with half of the terms expiring in alternating years, subject to the provisions of Section 19.</p> <ol style="list-style-type: none"> <li>1. Two Directors will be elected from each Segment each year to fill expiring terms.</li> <li>2. Group A Directors will have their terms expire in odd numbered years.</li> <li>3. Group B Director terms will expire in even numbered years.</li> <li>4. Term expiration will be in conjunction with the end of the operating year of NAESB or as otherwise defined by the Board, Certificate of Incorporation or Bylaws, as amended.</li> </ol> <p><b>See RGQ 7.4</b></p> <p><b>Note: RGQ is proposing a 3 year term of office. Preference?</b></p>		The initial Retail Gas Quadrant Directors on the NAESB Board shall be divided into two groups within each RGQ Segment. Group A Directors shall serve for an initial term of three years, while Group B Directors shall serve for an initial term of two years. Each RGQ Segment shall have an equal number of Group A Directors and an equal number of Group B Directors. Upon the completion of the initial terms of both groups of Directors, succeeding Directors shall thereafter be elected for terms of three (3) years, consistent with NAESB Bylaws. <b>See REQ 7.4</b>
<b>(b)</b>	<b>Topic: Conditions that affect the ending of a Director's term of office.</b>	<b>B.</b>	<b>Limit on Number of Terms of Office</b>		<b>This provision is in the NAESB Bylaws 7.4(a)</b>
			<p>Directors elected from the REQ may run for re-election without restriction on the number of terms held.</p> <p><b>Note: Do you want to restrict the number of terms an individual representing a member may serve?</b></p>		
		<b>C.</b>	<b>Change of Affiliation</b>		
			<p>In the event that the Director changes affiliation</p> <ol style="list-style-type: none"> <li>1. to another Member within his/her industry Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the same Member, in which case the Director changing his or her affiliation will vacate their seat for election of a new Director;</li> <li>2. and is no longer affiliated with their electing industry Segment, the Director will vacate their seat for election of a new Director.</li> </ol> <p><b>Note: Per the discussion on Jan 29th, the provisions of 7.4(C) belong in Segment Procedures. Per discussion on Jan 17th,</b></p>		<b>See RGQ 7.6</b>

Organization of Sections in NAESB Bylaws		Draft V2.3 REQ Procedures - Restructured		Draft RGQ Procedures - Restructured	
			<i>these provisions are different from past practice of GISB, but not in conflict with the Bylaws and could differ from Quadrant to Quadrant or Segment to Segment. <u>Do you want to use GISB past practice or these provisions in your Segment?</u></i>		
<b>7.5</b>	<b>Vacancies</b>	<b>7.5</b>	<p>In the event that a Director resigns or otherwise vacates their Board seat, the Quadrant will hold an election within 60 days to fill the vacant seat with a candidate from the same Segment as the original Director.</p> <p><b>See RGQ 7.5</b></p> <p><i>Note: draft of RGQ Procedures consider other conditions which create a vacancy and which should be addressed in the REQ Procedures. <u>Please consider whether to adopt RGQ's language, as follows</u></i></p> <p><i>"A NAESB Director shall cease to be a Director upon 1) the resignation of the Quadrant Membership of the entity of which the Director is a partner, director, officer, agent; 2) the lapse of the Quadrant Membership of the entity of which the Director is a partner, director, officer, agent or employee, through delinquent NAESB dues for the Quadrant Membership; or (3) the Director's resignation, removal, or death."</i></p> <p><i>... or provide your own suggested language.</i></p>	<b>7.5</b>	<b>Vacancies</b>
					<p>A NAESB Director shall cease to be a Director upon 1) the resignation of the RGQ Membership of the entity of which the Director is a partner, director, officer, or agent; 2) the lapse of the RGQ Membership of the entity of which the Director is a partner, director, officer, agent or employee, through delinquent NAESB dues for the RGQ Membership; or (3) the Director's resignation, removal, or death. A Director vacancy shall be filled for the remainder of that term in accordance with the procedures specified in the respective Segment Procedures in this Exhibit.</p> <p><b>See REQ 7.5</b></p>
<b>7.6</b>	<b>Removal of Directors</b>	<b>7.6</b>	<p>In addition to being subject to removal from office by the NAESB Board of Directors, Directors may also be removed from office by the Quadrant Membership at any time upon a 75% majority vote of the Quadrant Membership and a simple majority (51%) of each of the Segments of the REQ. The vacant seat is to be refilled in accordance with the requirements of Section 7.5.</p> <p><b>See RGQ 7.6</b></p> <p><i>Note: Should the Quadrant Membership voting percentage be 75%, 67%, some other %, or should this only be an issue for the Segment Membership and moved to Segment Procedures? <u>Please indicate your preference(s).</u></i></p>	<b>7.6</b>	<b>Removal of Directors</b>
					<p>Each RGQ Segment shall have the authority to remove a Director for cause. Prior to voting on such resolution to remove a Director for cause, the RGQ Segment shall give the Director at least 30-day notice of the proposed action and an opportunity to respond. A simple majority of the RGQ Segment Membership shall be required to remove a Director.</p> <p><b>See REQ 7.4.C &amp; 7.6</b></p>
<b>7.7</b>	<b>Resignations</b>		<b>No similar language in REQ document</b>	<b>7.7</b>	<b>Resignations</b>
					<p>A Director may resign his or her directorship by submitting a letter to the Secretary of NAESB, stating that he or she is resigning and giving the effective date of the resignation.</p>
<b>7.8</b>	<b>Board Committees</b>				
<b>(a)</b>	<i>Topic: Board may establish committees</i>				
<b>(b)</b>	<i>Topic: Parliamentary Committee</i>				
<b>7.9</b>	<b>Advisory Council</b>				
	<b>ARTICLE 8 – OFFICERS</b>		<b>[ SECTIONS 8 &amp; 9 – Reserved for future use ]</b>		<b>8 – RESERVED</b>
	<b>ARTICLE 9 – MEETINGS OF DIRECTORS</b>				<b>9 – RESERVED</b>
<b>9.1</b>	<b>Place of Meetings</b>				
<b>9.2</b>	<b>Organization</b>				
<b>9.3</b>	<b>Annual Meeting</b>				
<b>9.4</b>	<b>Regular Meetings</b>				
<b>9.5</b>	<b>Special Meetings of the Board</b>				

Organization of Sections in NAESB Bylaws		Draft V2.3 REQ Procedures - Restructured		Draft RGQ Procedures - Restructured	
9.6	Quorum				
9.7	Participation and Voting in Meetings				
	ARTICLE 10 – EXECUTIVE COMMITTEE		SECTION 10 EXECUTIVE COMMITTEE		10 – EXECUTIVE COMMITTEE
10.1	Duties and Responsibilities	10.1	Duties and Responsibilities Within Quadrant EC	10.1	Duties and Responsibilities
		A.	<p><b>Chair Rotation</b></p> <p>The REQ EC shall elevate the prior year Vice Chair of the Quadrant EC to Chair of the REQ EC at its first meeting in the new operating year and elect a new Vice Chair. If the Vice Chair is vacant at the time of the first meeting of a new operating year, both a Chair and Vice-Chair will be elected.</p> <p><i>No similar language in RGQ. See NAESB Bylaws 10.3 (a); isn't as explicit.</i></p>		<p>The Retail Gas Quadrant shall have an Executive Committee (EC), which shall also participate in the larger NAESB EC body, consisting of representatives from each RGQ Segment, with each RGQ Segment electing an equal number of these RGQ EC Members, pursuant to procedures specified by the respective Segment in this Exhibit. <i>See REQ 10.3.A</i> Only Voting Members of the Retail Gas Quadrant have the right to ratify model business practices and standards that were adopted by the RGQ EC and that affect only the Retail Gas Quadrant. <i>See REQ 2.2.D</i> No substitutes are permitted to vote at Retail Gas Quadrant meetings; however, an RGQ Designated Alternate may vote at EC meetings in place of an absent RGQ EC Member from a given RGQ Segment. An RGQ Designated Alternate holds identical voting rights as the RGQ EC Member in whose place he or she serves, except for those matters on which the RGQ EC Member has already voted by notational ballot prior to the beginning of the meeting.</p> <p><i>See REQ 10.9 A &amp; B</i></p> <p><i>Note: Other language on Designated Alternates was moved to Segment procedures</i></p>
		B.	<p><b>Meeting Minutes</b></p> <p>The REQ EC shall designate an EC Secretary responsible for production of meeting minutes per NAESB Operating Procedures. This may involve an individual assigned this responsibility on a permanent basis, or an agreement on how to designate a person or persons responsible for recording minutes of each meeting.</p> <p><i>Note: Past GISB practice has been to have the NAESB Office take minutes and distribute them. Provisions in A(2) would possibly relieve the Office of the problem of dealing with simultaneous meetings in multiple quadrants, possibly at different locations, and might allow them to focus upon minutes distribution. Please indicate whether you would prefer that the NAESB Office continues past practice, or have the Quadrant EC determine how to deal with meeting minutes.</i></p>		<p><i>No similar language in RGQ. NAESB Bylaws Section 10.3 (a)</i></p>
10.2	EC Members	10.2	Qualifications of EC Members	10.2	RGQ EC Members
(a)		A.	<p><b>One Office Per Representative</b></p> <p>EC Members elected from the REQ may not hold both a Board seat and a seat on the Executive Committee at any point in time. If an EC Member is elected to the Board from the REQ, their EC seat is vacated when the Board seats them as a Director.</p> <p><i>Not in RGQ, NAESB Bylaws or Certificate. Does this violate the NAESB Bylaws. GISB precedent of having a company hold both an EC and a Board seat, but not individuals.</i></p> <p><i>Note: Should the above be amended to "EC Member representatives"? As written, can be interpreted that no Member may hold both an EC seat and a Board seat,</i></p>	(a)	<p><b>Number and Election of RGQ EC Members:</b></p> <p>The Retail Gas Quadrant of NAESB shall be represented on the RGQ EC by twenty-four (24) persons who shall be elected, from time to time, as required by Article 10 of the NAESB Bylaws and in this Exhibit to those Bylaws. The NAESB office shall coordinate the election process for RGQ EC Members during the second week of November of each year. The elections of RGQ EC Members shall be subject to the following provisions:</p> <ul style="list-style-type: none"> <li>- Any RGQ Member who is current in the payment of its dues is eligible to vote; and</li> <li>- The candidates receiving the greatest numbers of votes shall be</li> </ul>
	<p><i>Topic: Quadrant and Segment representation on the EC in equal numbers and balanced vote. Election procedures specified by Quadrant.</i></p>				

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
	<p><i>whereas the intent is that no Member representative can hold both.</i></p>	<p>elected.  <b>See REQ 10.3.A &amp; 10.3.C</b>  <i>Note: Other language regarding elections was moved to Segment Procedures.</i></p>
<p><b>(b)</b></p> <p><i>Topic: Term of Office determined by Quadrant, ranging from 1 to 3 years. Conditions that affect the ending of an EC Member's term.</i></p>	<p><b>B. One EC Seat per Member</b></p> <p>No two EC Members elected by the REQ may be employees of the same Member holding Membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two EC Members from two affiliated companies within a holding company which each have individual Member status, or from two companies with a parent-subsidiary relationship, provided that the two EC Members from companies with such a relationship represent Members of differing Segments.</p> <p><b>See RGQ 10.2 (c)</b></p> <p><i>Note: No other requirements have been proposed regarding qualifications to be an EC representative; the draft RGQ document addresses additional requirements similar to those noted in the discussion of Section 7.2:</i></p> <ul style="list-style-type: none"> <li>▪ a Member of the Quadrant;</li> <li>▪ a "functional manager" in the organization represented</li> <li>▪ a broad understanding of the industry</li> <li>▪ a working knowledge of the NAESB process</li> <li>▪ willing to commit the time and resources necessary to fulfill the requirements of NAESB Bylaws</li> <li>▪ disclosing of their interest, or their employer's interests in the industry</li> </ul> <p><u><i>Does the prospective REQ membership wish to add provisions similar to those proposed by the RGQ? If so, which ones and how should they be stated?</i></u></p>	<p><b>(b) Term of Office:</b></p> <p>The initial RGQ EC Members shall be divided into two groups within each Segment. Group A RGQ EC Members shall serve for an initial term of three years, and Group B RGQ EC Members shall serve for an initial term of two years. Each RGQ Segment shall have an equal number of Group A RGQ EC Members and an equal number of Group B RGQ EC Members. Upon the completion of the initial terms of both groups of RGQ EC Members, succeeding RGQ EC Members shall thereafter be elected for terms of three years, consistent with NAESB Bylaws.</p> <p><b>See REQ 10.3.D</b></p>
<p><b>(c)</b></p> <p><i>Topic: Minimum qualifications of an EC Member.</i></p>	<p><b>No similar language in REQ</b></p> <p><b>See REQ 10.2.B</b></p>	<p><b>(c) Qualifications of RGQ EC Members:</b></p> <p>To be eligible to serve as a RGQ EC Member:</p> <ul style="list-style-type: none"> <li>- The person should have broad understanding of the natural gas industry and be at least a functional manager of the organization represented;</li> <li>- The person should have a working knowledge of the NAESB process;</li> <li>- The person must be willing to commit the time and resources necessary to fulfill their obligations as a RGQ EC Member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)]; and</li> <li>- The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship with other entities with which the employer may be affiliated; and</li> <li>- Once elected to serve as RGQ EC Member, the individual may hold not more than one EC seat, representing only one Segment within the Retail Gas Quadrant.</li> </ul>
<p><b>(d)</b></p> <p><i>Topic: Vacancies</i></p>	<p><b>No similar language in REQ.</b></p>	<p><b>(d) Vacancies:</b></p> <p>Vacancies: Vacancies in the RGQ EC may occur upon 1) the resignation of the RGQ Membership of the entity of which the RGQ EC Member is a partner, director, officer, or agent; 2) the lapse of the RGQ Membership of the entity of which the RGQ EC Member is a</p>

Organization of Sections in NAESB Bylaws		Draft V2.3 REQ Procedures - Restructured		Draft RGQ Procedures - Restructured	
					partner, director, officer, agent or employee, through a delinquency in payment of NAESB dues for the RGQ Membership; or (3) the RGQ EC Member's resignation, removal, or death. An RGQ EC Member vacancy shall be filled for the remainder of that term in accordance with the procedures specified by the respective Segment Procedures in this Exhibit.
(e)	<i>Topic: Removal procedures in Quadrant Procedures.</i>		<i>See REQ 10.3.F Change of Affiliation &amp; REQ 10.6.A &amp; 10.6.C</i>	(e)	<b>Removal of RGQ EC Members:</b> Removal of RGQ EC Members: Each RGQ Segment shall have the authority to remove an RGQ EC Member for cause. Prior to voting on such resolution to remove an RGQ EC Member for cause, the RGQ Segment shall give the RGQ EC Member at least 30-day notice of the proposed action and the opportunity to respond. A simple majority of the RGQ Segment Membership shall be required to remove an RGQ EC Member.
(f)	<i>Topic: Resignation</i>		<i>See REQ 10.3.F Change of Affiliation &amp; 10.6.B</i>	(f)	<b>Resignations:</b> Resignations: A RGQ EC Member may resign from the RGQ EC by submitting a letter to the Secretary of NAESB, stating that he or she is resigning and giving the effective date of the resignation.
10.3	<b>EC Organization</b>	10.3	<b>Number and Election of EC Members</b>	10.3	<b>Reserved</b>
(a)	<i>Topic: Chair, Vice Chair(s) up to 3, from each Quadrant. Term 1 yr.</i>	A.	<b>Number of EC Members</b> The REQ shall elect sixteen (16) EC Members, subject to Section 19 of these Procedures, with each Segment electing four (4) of these EC Members, pursuant to procedures established by that Segment. All EC representation from the REQ will be comprised of an equal number of representatives elected from each Segment of the Quadrant.  <i>Note: Unresolved question is: "How many EC representatives from the REQ?"</i>  <i>In reviewing this subsection, see also the discussion regarding issues in Section 19, and the provisions contained in the draft RGQ document. RGQ is proposing 24 EC representatives from their Quadrant, on the belief that having more seats available attracts greater membership. Having different numbers of EC Members from each Quadrant is not a violation of the Bylaws. Please indicate your preference as well as your suggested rewording, if applicable.</i>		<i>See RGQ 10.2 (a)</i>
(b)	<i>Topic: Presiding over an EC meeting</i>	B.	<b>Election of EC Members</b> Nominations for and election to an EC seat will be in accordance with Segment Procedures, and the following requirements In preparation for any election of EC Members (other than initial EC Members, as provided for in Section 19, 1. a nominating committee consisting of five EC Members of the REQ comprised of one Member from each Segment plus the EC Vice-Chair, shall develop a slate of candidates from the Segment Membership; 2. other nominations may be made at or prior to the close of the REQ End User Segment nomination period by any Segment Member eligible to serve on the EC by submitting their name(s) to the NAESB Office in a form as specified in NAESB Operating Procedures if such requirements exist;		<i>See RGQ 10.2(a)</i>

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
		<p>3. all nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.</p> <p><i>Note: General agreement in the Jan 29th meeting would move the election mechanisms shown here in 10.3(B) to the Segment Procedures documents. See also the additional provisions contained in the RGQ draft document. Please indicate your preference regarding the mechanisms and language stated above or some other mechanism / language to those individuals drafting your Segment Procedures.</i></p>
(c)		<p><b>C. Timing of Elections</b></p> <p>Subject to the provisions of Section 19, election of EC Members shall occur in the same month for all Segments of the REQ, and shall be coordinated by the existing REQ Executive Committee. The EC will ensure that the requirements of this Section are satisfied by each Segment's slate of candidates prior to any actual voting by any Segment.</p> <p><i>Note: General agreement in the Jan 29th meeting would move the election mechanisms shown here to either NAESBops or the Segment Procedures documents.</i></p> <p><i>a) The timing of elections is an issue for all four Quadrants.</i></p> <p><i>b) Current NAESB / former GISB practice is to have the NAESB Office coordinate all elections rather than the EC.</i></p> <p><u>Please indicate your preference regarding these provisions and include your Segment representatives in your response.</u></p>
	<p><i>Topic: Removal of EC Chair &amp; Vice Chair</i></p>	<p>See RGQ 10.2(a)</p>
(d)		<p><b>D. Term of Office</b></p> <p>EC Members shall be elected for two-year terms, with half of the terms expiring in alternating years.</p> <ol style="list-style-type: none"> <li>Subject to the provisions of Section 19, two EC Members will be elected from each Segment each year to fill expiring terms.</li> <li>Group A EC Members will have their terms expire in odd numbered years.</li> <li>Group B EC Member terms will expire in even number years.</li> <li>Terms of office will end in conjunction with end of the operating year of NAESB or as otherwise defined by the Board of Directors, Certificate of Incorporation or Bylaws, as amended.</li> </ol> <p><i>Notes:</i></p> <p><i>The equivalent of this subsection regarding Directors falls within Section 7.4 to be aligned with Bylaws section numbering; there is no equivalent section in the Bylaws for this topic with the EC. The remainder of this section is numbered to achieve alignment with Article 10 of the Bylaws.</i></p> <p><i>RGQ is proposing a 3 year term of office. Do you have a preference on this?</i></p>
	<p><i>Topic: Resignation of EC Chair &amp; Vice Chairs</i></p>	<p>See RGQ 10.2 (b)</p>
(e)		<p><b>E. Limit on Number of Terms of Office</b></p> <p>EC Members from the REQ may run for re-election without restriction on the number of terms held.</p> <p><i>Note: Do you want to restrict the number of terms an individual</i></p>
	<p><i>Topic: Division of EC as a whole into Quadrants to work on model business practices (MBP) or standards. Whole EC consider Triage recommendation.</i></p>	<p>Not in RGQ. In NAESB Bylaws.</p>

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured	
(f)	<p><i>Topic: Majority vote of Whole EC assigns work. Only affected Quadrant(s) work on standards, its EC votes on recommendation, its members ratify. Standard applies only to that energy sector.</i></p>	<p><i>representing a member may serve?</i></p> <p><b>F. Change of Affiliation</b></p> <p>In the event that the EC Member</p> <ol style="list-style-type: none"> <li>changes affiliation to another Member within his/her industry Segment, the EC Member's term will continue until its natural expiration, provided that there is no other EC Member already representing the EC Member's new affiliation, in which case the EC Member changing affiliation will resign their seat for election of a new EC Member.</li> <li>is no longer affiliated with their electing industry Segment, the EC Member will vacate their seat and a new EC Member will be elected to fill the seat.</li> </ol>	<p><i>No similar language in RGQ. See section on Removal of EC Members.</i></p>
(g)	<p><i>Topic: Joint consideration of MBP or standards</i></p>		
(h)	<p><i>Topic: Reconsideration process</i></p>		
(i)	<p><i>Topic: Ratification of MBU or standards by 67% of vote</i></p>		
(j)	<p><i>Topics: EC &amp; subcommittee meeting minutes</i></p>		
10.4	<b>Meetings</b>	<b>10.4 EC Meetings</b>	<b>10.4 Reserved</b>
(a)	<p><i>Topic: Regular meetings</i></p>	<p><b>A. REQ EC Meetings</b></p> <ol style="list-style-type: none"> <li>REQ EC meetings shall be held at times and locations determined by the Chair or Vice-Chair of the REQ EC. EC Members may participate and vote by means of tele-conference or other electronic means unless in-person attendance is required of all EC Members by both the Chair and Vice-Chair of the EC, and subject to the attendance requirements of Article 10, Section 10.4(j) of the Bylaws.</li> <li>Attendance records shall be reviewed by the person acting as Secretary of the EC during the course of each Quadrant EC meeting for compliance with NAESB Bylaws for the term of office served by each current Quadrant EC Member. The Secretary shall advise any EC Members of their status regarding risk for failure to comply with the Bylaws participation requirement.</li> </ol> <p><i>Note: These provisions may be better positioned in NAESBops than in Quadrant Procedures, as the issues are common to all Quadrants. Please indicate whether you feel these belong in the Bylaws, NAESBops, or this document.</i></p>	<p><i>No similar language in RGQ. IN NAESB Bylaws 10.4(c) and 10.4(j)</i></p>
(b)	<p><i>Topic: Coordination of times &amp; places among Quadrant EC meetings</i></p>	<p><b>B. Joint EC Meetings</b></p> <ol style="list-style-type: none"> <li>In the event that the EC of the REQ meets jointly with an EC of another NAESB Quadrant, the choice of Quadrant EC Chair presiding over the joint meeting will be determined by the precedence established in the order of rotation of Vice-Chairs as specified in the NAESB Bylaws.</li> <li>In the event that the REQ EC Chair or Vice-Chair is presiding over a joint meeting, recording and preparing meeting minutes will be in accordance with normal procedures adopted by the REQ EC for all REQ EC meetings.</li> </ol> <p><i>Note: These provisions may be better positioned in NAESBops</i></p>	<p><i>No similar language in RGQ. NAESB Bylaws 10.3 (a) seems to address this, referring to the EC having a Chair &amp; 3 Vice Chairs, each representing a different Quadrant.</i></p>

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
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			<i>than in Quadrant Procedures, as the issues are common to all Quadrants. Please indicate whether you feel these belong in the Bylaws, NAESBops, or this document.</i>		
(c)	<i>Topic: Special meetings with 5 days' notice</i>				
(d)	<i>Topic: Quorum</i>				
(e)	<i>Topic: One vote per EC Member</i>				
(f)	<i>Topic: EC voting procedures in Certificate, V.4</i>				
(g)	<i>Topic: EC voting by proxy</i>				
(h)	<i>Topic: EC Member participation by teleconference allowed</i>				
(i)	<i>Topic: Substitutes not allowed but Designated EC Alternates are with 5 days' notice prior to meeting. Same voting rights. List submitted to NAESB by Segments.</i>				
(j)	<i>Topic: Attendance requirement. Participation in at least 75% of meetings; 25 % face to face. Reviewed twice per year.</i>				
(k)	<i>Topic: Notional voting in lieu, during, and following meetings</i>				
<b>10.5</b>	<b>EC Subcommittees</b>	<b>10.5</b>	<b>EC Subcommittees</b>	<b>10.5</b>	<b>RGQ EC Subcommittees</b>
(a)		<b>A.</b>	<b>Establishing Subcommittees &amp; Task Forces</b>		
(i)	<i>Topic: EC may establish subcommittees. Balanced voting. Elect chair &amp; co-chair.</i>		The EC of the REQ shall set up its own subcommittees and task forces to deal with REQ-specific issues.		<p>While there may be Subcommittees and Task Forces established by the NAESB EC, to be comprised of NAESB Members and other interested parties, the Retail Gas Quadrant shall set up its own Subcommittees and Task Forces to deal with Retail Gas Quadrant-specific issues. Each RGQ EC Subcommittee shall report to the RGQ EC and each shall:</p> <ul style="list-style-type: none"> <li>- elect a chair who shall be an RGQ EC Member and who shall serve until removed by the RGQ Subcommittee's membership;</li> <li>- carry out its work in accordance with procedures adopted by the NAESB EC for EC Subcommittees;</li> <li>- provide notice of meetings and agendas;</li> <li>- Practice balanced voting and record voting results; and</li> <li>- Keep regular minutes of its proceedings and provide copies of these minutes promptly to the NAESB office.</li> </ul> <p>Any task force established by RGQ EC Subcommittees shall be open to all NAESB Members and other interested parties. At NAESB joint Subcommittee or joint Task Force meetings, the same individual may represent different Segments from different NAESB Quadrants, as long as that individual declares prior to the joint meeting the NAESB Quadrant and Segment for which he or she is casting a vote. At RGQ Subcommittee or Task Force meetings, the same individual may represent different RGQ Segments, as long as that individual declares prior to the meeting the RGQ Segment for which he or she is casting a vote.</p> <p><b>See REQ 10.5.A</b></p>
(ii)	<i>Follow EC-established procedures.</i>		The Executive Committee may establish voluntary standing subcommittees or special purpose task forces to perform various functions required of the organization.		
(iii)	<i>Keep regular minutes.</i>		<ol style="list-style-type: none"> <li>1. The Executive Committee will prepare a written statement of the purpose of the subcommittee or task force and the tasks to be performed, name the subcommittee or task force, state if balanced voting among the Segments is applicable, and appoint a temporary chair.</li> <li>2. The Temporary Chair may be a Member of the Executive Committee or any REQ Member willing to perform the required startup tasks and to continue chairing the subcommittee / task force if elected by the Members its first meeting.</li> <li>3. The Temporary Chair shall               <ol style="list-style-type: none"> <li>a) set up the first meeting of the subcommittee or task force, and</li> <li>b) prepare a meeting notice that:                   <ol style="list-style-type: none"> <li>(i) states the name and purpose of the subcommittee / task force,</li> <li>(ii) solicits participation in the subcommittee / task force,</li> <li>(iii) announces the agenda for the first meeting, and</li> </ol> </li> <li>c) send the meeting notice to all Members and non-members who have participated in Quadrant activities in the last twelve months.</li> <li>d) send the notice at least two weeks prior to the meeting date. Shorter time periods for notices of subsequent meetings will be</li> </ol> </li> </ol>		



Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured	
		<p>permitted by a 75% vote of the participants attending a duly scheduled meeting.</p> <ol style="list-style-type: none"> <li>4. All meeting notices shall be posted on the NAESB website and transmitted in writing, facsimile, or other electronic means to parties who have indicated an interest in the duly scheduled meeting.</li> <li>5. The permanent subcommittee / task force Chair may be any REQ Member.</li> <li>6. Participation on subcommittees or task forces is open to any interested party.</li> </ol> <p><i>See RGQ 10.5</i></p>	
(b)		<p><b>B. Meeting Minutes</b></p>	
	<p><i>Topic: Triage Subcommittee with representative from each Segment within each Quadrant. Disposition.</i></p>	<p>Each EC subcommittee or task force will designate a meeting Secretary responsible for recording and reporting voting results, keeping regular minutes of its proceedings and providing copies of those minutes promptly to the NAESB Executive Director's office in accordance to reporting criteria established by the EC.</p>	<p><i>See RGQ 10.5. Also language in NAESB Bylaws 10.3 (j) and 10.5(a)</i></p>
		<p><b>C. Reporting</b></p>	
		<p>Each EC subcommittee or task force will report to the EC at no less than a quarterly basis, on a schedule to be defined by the EC for as long as the subcommittee or task force continues to exist.</p>	<p><i>See RGQ 10.5. NAESB Bylaws 10.5(a)</i></p>
		<p><b>D. Balanced Representation</b></p>	
		<p>Each EC subcommittee / task force will strive for balanced representation and balanced voting between Segments, and participation shall be open to all NAESB Members and other interested parties, without regard to whether the participant is a paid Member of NAESB in good standing.</p> <p><i>Note: General consensus of the Jan 29th meeting was that the entire subsection 10.5 belongs in NAESBops. It is kept here to preserve it until this is agreed upon by NAESB.</i></p>	<p><i>See RGQ 10.5. NAESB Bylaws 10.5(a)</i></p>
		<p><b>10.6 Removal of EC Members</b></p>	
		<p><b>A. Nonparticipation</b></p>	
		<ol style="list-style-type: none"> <li>1. Failure to meet the Bylaws in-person attendance requirements [Article 10, Section 10.4(j)] for reasons other than hospitalization or temporary disability requires: <ol style="list-style-type: none"> <li>a) issuing a notice of non-compliance to the Quadrant Membership and</li> <li>b) a vote for removal of the Executive Committee Member from their seat within 30 days of failing to comply.</li> </ol> </li> <li>2. If the REQ Membership does not vote for removal of the EC Member, the Secretary or EC Chair may call for another removal vote by the Quadrant Membership following the next EC review of participation records if the EC Member's attendance record still does not satisfy the Bylaws requirements.</li> </ol>	<p><i>See RGQ 10.2(e)</i></p>
		<p><b>B. Resignation or Ineligibility</b></p>	
		<p>An EC Member shall cease to be a Member of the EC upon any of the following:</p> <ol style="list-style-type: none"> <li>1. The resignation of REQ End User Segment Membership by the Member whom they represent;</li> <li>2. The lapse of the Segment Membership dues of the Member whom they represent;</li> <li>3. The EC Member's resignation, removal, or death;</li> </ol>	<p><i>See RGQ 10.2(f)</i></p>

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured	
		<p>4. The first day of the NAESB operating year following an election for the seat held by the EC Member, wherein the EC Member was not re-elected by the Segment Membership as declared by the NAESB Secretary;</p> <p>5. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Segment Member.</p> <p>6. Election of the EC Member to a Board seat, and seating of the EC Member as a Director.</p>	
	<p><b>C.</b></p>	<p><b>Other Cause</b></p> <p>EC Members may be removed from office by the Quadrant Membership at any time upon a 75% majority vote of the Quadrant Membership and a simple majority (51%) of each of the Segments of the REQ. The vacant seat is to be refilled in accordance with Section 10.7.</p> <p><i>Notes:</i></p> <p>a) <i>Discussions on Jan 29th would have portions of Section 10.6 as written above relocated to the individual Segment Procedures. Please indicate your preference on this, and if you agree, which provisions should go to the Segments.</i></p> <p>b) <i>RGQ document provides for a 30 day notice period to the EC Member of intent to vote for removal, and providing an opportunity to respond. Please indicate your preference on including such a provision.</i></p> <p>c) <i>should the vote for removal be a 75% majority, 67%, some other %, a simple majority of the Quadrant, or should only the Segment vote for removal and at what % majority? Please indicate your preference on this point.</i></p>	<p>See RGQ 10.2(e)</p>
	<p><b>10.7</b></p>	<p><b>Vacancies</b></p> <p>In the event that an EC Member resigns or otherwise vacates their seat, the Quadrant will hold an election within 60 days to fill the vacant seat with a candidate from the same Segment as the original EC Member, subject to the following provisions:</p> <ol style="list-style-type: none"> <li>1. If the vacancy occurs with less than 125 days remaining in the EC Member's term of office, the seat will remain vacant until filled by election of a new EC Member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.</li> <li>2. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process or selected by the remaining EC Members of the Segment from Segment Membership. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.</li> </ol> <p>Until an election is held and a new EC Member is elected, a Designated Alternate will serve in the open EC seat.</p>	<p>See RGQ 10.2 (d)</p>
	<p><b>10.8</b></p>	<p><b>Voting</b></p>	

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
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		Only Members of the REQ EC shall have the right to vote to adopt standards or model business practices for the REQ. Quadrant voting procedures will be in accordance with NAESB Bylaws.	See RGQ 5.1
	10.9	<b>Designated Alternates</b>	
	A.	<b>Authority</b> Any person presenting themselves at an EC meeting as a Designated Alternate will be accepted as a participant provided that: 1. An EC Member from that Segment either indicates to the NAESB Office, EC Chair or Vice-Chair that they will be absent, or is in fact absent and remains absent, and 2. The name of the Designated Alternate is on a list of approved Designated Alternates selected by the appropriate Segment Membership according to these Procedures or Segment Procedures, and on file with both the NAESB Office and the EC.	See RGQ 10.1. Other Sections on Designated Alternates have been moved to the Segment Procedures.
	B.	<b>Election of Designated Alternates</b> 1. Each Segment will select no more than three (3), and no less than one Designated Alternate EC representative in each election year, allowing for up to twelve (12) Designated Alternates overall. 2. Designated Alternates will be selected annually by the same election that determines new EC Members, with those unsuccessful EC Member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the event that there already are or are expected to be less than three Designated Alternates from the Segment in the coming year.  <i>Note: Discussion on Jan 29th suggested that election of Designated Alternates should be defined in Segment Procedures, thus this subsection should be found there in some equivalent form. The question remains open as to how they should be designated or elected. RGQ draft proposes a separate election rather than the mechanism shown here. As explained in the discussions on Jan 17th, that approach may be more successful in attracting people to serve as Designated Alternates and should be considered in place of the provisions shown here. Please indicate your preference to your Segment representatives.</i>  3. A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular EC Members from the Segment are unable to attend a meeting of the EC and when the absent EC Member or the Vice-Chair of the REQ EC requests their attendance as a Designated Alternate.  <i>Note: RGQ goes further and states that "a Designated Alternate holds identical voting rights as the EC Member in whose place he or she serves, except for those matters on which the EC Member has already voted by notational ballot prior to the beginning of the meeting". Similar provision probably should also appear in this document, and could logically replace the current subsection (B)(2) if it moves to Segment Procedures. Please indicate your agreement or disagreement with this change.</i>	Moved to Segment Procedures.

Organization of Sections in NAESB Bylaws		Draft V2.3 REQ Procedures - Restructured		Draft RGQ Procedures - Restructured	
	ARTICLE 11 – NOTICE		[ SECTIONS 11 – 18 Reserved for future use ]		11 – RESERVED
	ARTICLE 12 – CONFLICTS OF INTEREST				12 – RESERVED
	ARTICLE 13 – LIMITATION OF LIABILITY				13 – RESERVED
	ARTICLE 14 – INDEMINIFICATION				14 – RESERVED
	ARTICLE 15 – ANNUAL REPORT				15 – RESERVED
	ARTICLE 16 – TRANSACTION OF BUSINESS				16 – RESERVED
	ARTICLE 17 – CORPORATE RECORDS				17 – RESERVED
	ARTICLE 18 - AMENDMENTS		SECTION 18 AMENDMENTS		18 – AMENDMENTS
18.1	Amendments			18.1	Amendments
	<i>Topic: Amendment of Bylaws by NAESB Board as described in Certificate. Amendment of Quadrant Procedures by majority of vote of Directors of that Quadrant or as specified in the Quadrant Exhibit.</i>		<b>Note: Amending this document once it is adopted by the Board was not addressed in prior drafts, and is needed. Proposal is to adopt the RGQ language for this section. <u>Please either indicate your agreement or provide alternative language to deal with this issue.</u></b>  <i>No similar language in REQ Procedures.</i>		In order for Retail Gas Quadrant Procedures to be amended, upon petition of at least five (5) RGQ Members, the Vice Chair of the EC for the RGQ shall announce an RGQ meeting. Such announcement shall provide for at least a 30-day notice. In order to transact business at the RGQ meeting, there shall be a quorum consisting of at least 1/3 of the RGQ Membership. Following such meeting, the proposed resolution adopted at the meeting shall be sent out for comment, and the comments shall be distributed to all RGQ Members in advance of a notational vote. Any RGQ Member not choosing to vote shall be considered to have voted in favor of the proposed change. In order for a proposed change to take effect, it must be approved by at least 2/3 of RGQ Members and 40% of each RGQ Segment's Membership.
	ARTICLE 19 – TRANSITION PROCEDURES		SECTION 19 TRANSITION PROCEDURES		19 – TRANSITIONAL PROCEDURES
			The requirements of the NAESB Bylaws for a minimum of 5 Members per Segment and 40 Members per Quadrant do not provide for enough Members to satisfy the REQ requirements for election of Directors and EC Members as stated in Sections 7 and 10 of these Procedures. Consequently, until a Segment of the Quadrant has at least eight (8) Members, the number of Directors and EC Members elected by the Segment Membership will be halved, to 2 Directors and 2 EC Members per Segment and Segment balanced voting will remain intact by adjusting the weight of all votes to achieve balance between Segments in the REQ. The following provisions in this Section 19 will apply and supercede the requirements of Sections 7 and 10 until the REQ Segment achieves a minimum of eight (8) Members.  <i>Note: The exact transition mechanisms incorporated in this section need to be carefully considered, and do not need to be the same as that used in other Quadrants. In particular, while reviewing this section, consider the impact of having only two Directors or EC representatives, rather than a larger number. Since the Certificate of Incorporation (Art. V) requires a 75% overall vote &amp; 40% vote by Segment in favor at the Board level and a 67%/40% vote in favor at the EC level for issues before each, having only 2 Directors or EC representatives in any Segment provides one person with de facto veto power on any given issue.</i>		<i>See RGQ 19.1 through 19.5</i>

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
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		<p><i>The RGQ document has now incorporated a draft transition mechanism that requires a minimum of 4 Directors and EC representatives per Segment, increasing to their proposed 6 of each per Segment over specified time intervals. NAESB Bylaws do not prohibit operation with empty seats on either the Board or EC. <u>Please consider whether the REQ should require 2, 3, 4, 5 or 6 Directors and EC representatives overall per Segment (see also Sections 7.2 &amp; 10.2). Then please consider how many should be required to begin Quadrant activities, and provide your viewpoint in a written response.</u></i></p>	
19.1	<b>Officers of the Board</b>	19.1 <b>Initial Election of Directors</b>	19.1 <b>Transitional Voting Threshold</b>
	<p><i>Topic: Executive authority exercised by existing officer until newly constituted Board meets (at least 3 Quadrants). Existing officers continue term until next election cycle, unless new Board decides otherwise.</i></p>	<p><b>A. Selection</b></p> <p>Acceptance of the REQ by the Board will involve seating of the REQ Directors at the NAESB Board meeting at which an acceptance vote is cast. This requires that there be REQ Directors who may be seated.</p> <p>The founding membership of the REQ will elect Directors of their choosing by means that are reasonably consistent with NAESB Bylaws and the requirements of Section 7 of these Procedures, subject to the conditions addressed by this Section. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the group. Such elected representatives will be presented to the NAESB Board for acceptance as Directors of the REQ, and acceptance by the Board will place all the requirements and restrictions of the Bylaws, including these Procedures, upon those individuals.</p>	<p>Each Segment may populate up to six seats on the NAESB Board or RGQ EC. Recognizing that the RGQ Segments might fill their allotted seats at varying rates, a Transitional Voting Period shall be established, whereby the voting threshold for RGQ representatives on the NAESB Board and on the RGQ EC will be tiered into two phases. During Phase I, to end no later than December 31, 2002, the Transitional Voting Threshold will be set to four, and during Phase II of the Transitional Voting Period, to end no later than December 31, 2003, the Transitional Voting Threshold will be set to five. Upon expiration of the Phase II of the Transitional Voting Period, no Transitional Voting Threshold will be in effect and this Section shall expire.</p>
		<p><b>B. Term of Office of Initial Directors</b></p> <ol style="list-style-type: none"> <li>1. In the event that Directors are elected from a Segment with at least five (5), but less than eight (8) Members, two Directors will be elected, each to serve a 3 year term, and both will be either Group A or Group B directors as determined by the expiration year of their original term.</li> <li>2. In the event that a Segment has eight (8) or more Members, four Directors will be elected. The two candidates having the most votes will serve three (3) year terms. The remaining two Directors elected by lesser vote counts will serve two year terms.</li> </ol>	
		<p><b>C. Interim Elections of Directors</b></p> <p>In the event that any Segment within the Quadrant achieves a minimum membership of eight Members after operating with less for a period of time after an election held under the requirements of Section 19.1(B), then</p> <ol style="list-style-type: none"> <li>1. a second election of Directors shall be held within 60 days of the addition of the eighth Member of the Segment in order to select two additional Directors from that Segment to serve alongside the initially elected Directors;</li> <li>2. the term of office of the second group elected at this time will expire one year prior to the term of the initially elected Directors, thereby allowing for two Group A and two Group B Directors from each Segment.</li> </ol> <p><i>Note: This subsection should include an expiration for it's</i></p>	

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
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			<p><i>provisions of less than 2 years beyond acceptance of the Quadrant into NAESB. Elections held during the second year under these provisions would result in the second group of Directors serving for a single year before standing for re-election.</i></p> <p><i><u>In addition to stating your preference for how many interim directors should be elected, also indicate the time limit you feel is appropriate for the transition procedures: 1 year, 18 months, 2 years, other ...</u></i></p>		
<b>19.2</b>	<b>Officers of the EC</b>	<b>19.2</b>	<b>Initial Election of Executive Committee</b>	<b>19.2</b>	<b>Transitional Voting Multiplier</b>
		<b>A.</b>	<b>Selection</b>		
	<i>Topic: Executive authority exercised by existing EC Members until newly constituted EC meets (at least 3 Quadrants). Existing EC Members continue term until next election cycle, unless new EC decides otherwise.</i>		<p>Acceptance of the REQ by the Board will involve seating of the REQ Directors at the NAESB Board meeting at which an acceptance vote is cast. Initial operation of the REQ will require that an Executive Committee be in place.</p> <p>The founding membership of the REQ will elect an EC of their choosing by means that are reasonably consistent with NAESB Bylaws and the requirements of Section 10 of these Procedures, subject to the conditions addressed by subsection B of this Section 19.2. Selection of candidates and their election will be by procedures agreed to by consensus or voting methods adopted by the group. Such elected representatives will be presented to the NAESB Board for acceptance as representatives of the REQ, and acceptance by the Board will place all the requirements and restrictions of these Procedures upon those individuals.</p>		<p>Each RGQ Segment will determine the number of seats on the NAESB Board or RGQ EC it intends to populate and inform the NAESB office of this number. A Transitional Voting Multiplier shall be calculated for each RGQ Segment by dividing the number of populated seats in the largest RGQ Segment by the greater of the number of seats populated in that RGQ Segment or the applicable Transitional Voting Threshold. The following example is used to illustrate this: A given RGQ Segment populates four seats during Phase I of the Transitional Voting Period, while the largest RGQ Segment in this case populates six. To determine the Transitional Voting Multiplier for the smaller RGQ Segment in this example, the number of seats in the largest RGQ Segment (which in this case is 6) would be divided by the Phase I Transitional Voting Threshold (which is 4) to arrive at 1.5 as the Transitional Voting Multiplier for the smaller RGQ Segment in this case.</p> <p><i>Note: This is a new section.</i></p>
		<b>B.</b>	<b>Term of Office of Initial EC Members</b>		
			<p>The initial group of EC Members will serve a 2 year term of office as either Group A or Group B Members, as determined by the expiration year of their original term of office.</p> <ol style="list-style-type: none"> <li>In the event that EC Members are elected from a Segment with at least five (5), but less than eight (8) Members, two EC Members will be elected, each to serve a 3 year term, and both will be either Group A or Group B EC Members as determined by the expiration year of their original term. The candidate with the greatest number of votes will be designated the EC Chair; in the event of a tie vote, a coin toss will determine the EC Chair and Vice-Chair positions.</li> <li>In the event that a Segment has eight (8) or more Members, four EC Members will be elected. The two candidates having the most votes will serve a three (3) year term. The remaining two EC Members elected by lesser vote counts will each serve a two year term. A separate election within the EC will determine which Member becomes the Chair and which becomes the Vice-Chair, by vote of the four EC Members.</li> </ol>		
		<b>C.</b>	<b>Interim Elections of EC Members</b>		
			In the event that the Segment achieves a minimum Membership of eight Members after operating with less for a period of time following an election held under the provisions of Section 19.2(B), then		

Organization of Sections in NAESB Bylaws	Draft V2.3 REQ Procedures - Restructured	Draft RGQ Procedures - Restructured
		<p>1. A second election of EC Members shall be held within 60 days of the addition of the eighth Member of the Segment in order to select two additional EC Members from the Segment to serve alongside the initially elected EC Members;</p> <p>2. The term of office of the second group elected at this time will expire one year prior to the term of the initially elected EC Members, thereby allowing for two Group A and two Group B EC Members from each Segment.</p> <p>3. The previously elected Chair and Vice-Chair of the Quadrant EC will continue in their official role until the end of the operating year. Chair rotation will proceed per the requirements of Section 10.1.</p> <p><i>Note: Again, please consider how long these transition provisions should remain in place and provide your view in your comments.</i></p>
19.3	<b>Procedures to Constitute Board &amp; EC Representation</b>	<p>19.3 <b>Balanced Voting During the Transition Period</b></p> <p>19.3 <b>Application</b></p>
	<p><i>Topic: Board &amp; EC will expand within 30 days of the following: existing Board approves Quadrant's &amp; Segments' procedures; a minimum of 30-day recruitment period; an initial meeting of a Quadrant's members; and election of Quadrant's Board and EC Members.</i></p>	<p>Any Segment which has elected Directors or EC Members under the provisions of this section will retain the full Segment votes entitled to it under the Balanced Voting principle of the Bylaws, and its representatives' votes will count for either one or two Segment votes as is appropriate to the situation.</p> <p>When non-procedural votes are tallied at NAESB Board or EC meetings, each of the voters present will have their votes weighted by the Transitional Voting Multiplier applicable to that voter's RGQ Segment. Where applicable, NAESB balanced voting rules will be applied after votes have been weighted. Thus in the example given in Section 19.2, if all four representatives from the smaller RGQ Segment vote, the tally of their votes would be 6.</p> <p><i>Note: This is a new section.</i></p>
		<p>19.4 <b>Limitation on Transitional Voting Multiplier</b></p> <p>To the extent that the number of individuals identifying with a RGQ Segment at a sub-committee or task force meeting is less than or equal to the number of RGQ EC seats populated, the Transitional Voting Multiplier may be used to weight votes prior to the application of balanced voting rules.</p> <p><i>Note: This is a new section.</i></p>
		<p>19.5 <b>Early Threshold Expiration</b></p> <p>Should all RGQ Segments populate the NAESB Board or the RGQ EC seats in excess of the Transitional Voting Threshold prior to the expiration of Phase I of the Transitional Voting Period, Phase I shall expire immediately and the Transitional Voting Threshold for Phase II shall apply. Should all RGQ Segments during Phase II of the Transitional Voting Period populate the NAESB Board or the RGQ EC seats in excess of the Transitional Voting Threshold, Phase II shall expire immediately, no Transitional Voting Threshold will be in effect, and this Section shall expire.</p> <p><i>Note: This is a new section.</i></p>

**TAB 3**  
**PROPOSED NAESB RETAIL GAS QUADRANT PROCEDURES**  
**&**  
**COMMENTS PROVIDED**



1 THIS DOCUMENT IS A DRAFT PROPOSAL FOR DISCUSSION PURPOSES, THE FINAL FORM OF WHICH  
2 SHOULD MATERIALIZE ONLY AFTER ALL STAKEHOLDERS AGREE ON THE PROCEDURES WITHIN.  
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5 *Note: This draft of the RGQ Procedures includes revisions based on comments received during Retail Quadrants meetings of*  
6 *January 17 and 29 and the conference call of January 22, 2002.*  
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9 NORTH AMERICAN ENERGY STANDARDS BOARD

10 BYLAWS ADDENDUM

11 EXHIBIT 3

12 RETAIL GAS QUADRANT PROCEDURES

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**1 - DEFINITIONS**

**Section 1.1 Definitions Included in the NAESB Bylaws**

Capitalized terms, when used in this Exhibit to the NAESB Bylaws, shall have the meanings set forth in Section 1.1 of the NAESB Bylaws.

**Section 1.2 Definitions for the Purposes of this Exhibit**

The following terms have not been defined in Section 1.1 of the NAESB Bylaws and when used in this Exhibit, shall have the meanings set forth below:

- A. “RGQ” means the Retail Gas Quadrant of NAESB.
- B. “RGQ Designated Alternate” is defined as a person named by a Segment of the Retail Gas Quadrant Segment, submitted to the NAESB office, to serve in place of a RGQ EC Member who is unable to attend an EC meeting.
- C. “RGQ EC” means the Executive Committee of the Retail Gas Quadrant of NAESB.
- D. “RGQ EC Subcommittee” means a subcommittee established by the Executive Committee of the Retail Gas Quadrant of NAESB.
- E. “RGQ Members” means Voting Members of the Retail Gas Quadrant of NAESB that satisfy the requirements of membership set forth in Section 5.1 and, if applicable, in the respective Segment Procedures in this Exhibit.
- F. “RGQ Segment” means one of the four co-equal Segments of the Retail Gas Quadrant of NAESB.

**2 – PURPOSES, SCOPE, ACTIVITIES, AND POLICIES**

**Section 2.1 Purposes, Scope and Activities**

The purpose of the Retail Gas Quadrant (RGQ) of NAESB is to propose and adopt voluntary model business practices or standards to promote more competitive, efficient and reliable service in the retail natural gas industry. The Retail Gas Quadrant is concerned with and tasked to handle natural gas related issues and practices that are within the scope of NAESB and typically addressed at the retail natural gas distribution level. The Retail Gas Quadrant shall work closely with other NAESB Quadrants to mitigate inconsistencies where proposed standards and model business practices affect those other Quadrants.

**Section 2.2 Policies**

The Retail Gas Quadrant shall comply with the policies and procedures laid out in the bylaws and the certificate of incorporation of NAESB. Further, the Retail Gas Quadrant intends to operate in conformance with the principles of the umbrella organization, as established in Section 2.2 (b) of the NAESB Bylaws and in compliance with ANSI guidelines. As such, the Retail Gas Quadrant encourages a widely based membership and has identified Segments, which reflect this principle of

43 inclusiveness. Also consistent with this approach, the Retail Gas Quadrant shall ensure that all meetings, including those of its  
44 Members, Executive Committee (EC), and Subcommittees and Task Forces, shall be open to all persons and that all minutes  
45 thereof shall be available to the public.

46 **Section 2.3 RGO Segments**

47 What follows is a description of the Retail Gas Quadrant organizational structure, including a listing of RGQ  
48 Segments.

<u>Suppliers:</u>	Persons, other than Distributors, engaged in the sale of natural gas and/or pipeline capacity, including marketers (retail, wholesale), aggregators, producers, asset managers and pipelines.
<u>Distributors:</u>	Persons engaged in the regulated or publicly owned local distribution of natural gas.
<u>End Users:</u>	Persons that consume natural gas, including consumer advocacy organizations and retail customer groups.
<u>Service Providers:</u>	Persons that provide services to the participants in the retail natural gas industry, including equipment manufacturers, equipment and service vendors, software providers, energy consultants, and other companies not otherwise declared in any other Segment.

49 Each RGQ Segment shall have the flexibility to determine its own Segment rules and procedures and to elect or select  
50 its own representatives to the NAESB Board and to the RGQ EC, as long as those rules and procedures conform with NAESB  
51 Bylaws and the Retail Gas Quadrant procedures in this Exhibit.

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53 **3 - RESERVED**

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55 **4 - RESERVED**

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57 **5 – RGQ MEMBERS**

58 **Section 5.1 Voting Members**

59 The definition of Membership applies to all RGQ Segments. RGQ Members are persons with legitimate business  
60 interest<sup>1</sup> in the retail natural gas market and which meet the definitions of one of the four RGQ Segments. Upon applying for  
61 Voting Membership (as described in NAESB Bylaws Sections 1.1 and 5.1), each prospective RGQ Member shall declare the

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<sup>1</sup> “Legitimate business interest” in this section specifically includes the interests of statutorily appointed consumer advocates.

62 RGQ Segment with which they are to be identified. Voting Membership in the Retail Gas Quadrant of NAESB shall be open to  
63 all persons that meet all of the following requirements:

- 64 - The person has a legitimate business interest in the retail natural gas market (or is a representative or Agent of  
65 such person).
- 66 - The person meets the description of one of the co-equal industry Segments identified by the Retail Gas Quadrant  
67 of NAESB.
- 68 - The person has declared its affiliation to one, and only one, of the RGQ Segments.
- 69 - Through special application, which includes a recommendation by its RGQ Segment and an affirmative vote of at  
70 least 50% of the RGQ EC, a trade association may join the RGQ Membership if it represents an interest that is  
71 identified within an RGQ Segment yet is not represented, or is underrepresented, in the RGQ. The membership  
72 status of such trade associations shall be considered on an annual basis and may be voted upon through notational  
73 vote by the RGQ EC.

74 Only RGQ EC Members shall have the right to vote to adopt model business practices or standards affecting only the  
75 Retail Gas Quadrant.

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77 **6 – MEETINGS OF RGQ MEMBERS**

78 All meetings held in association with the NAESB Retail Gas Quadrant shall be open to all interested persons.

79

80 **7 – BOARD**

81 **Section 7.1 RGQ Representatives to the NAESB Board**

82 The Retail Gas Quadrant shall have representatives to the NAESB Board of Directors, with each RGQ Segment  
83 electing or selecting an equal number of these representatives, pursuant to the procedures specified by the respective RGQ  
84 Segment in this Exhibit.

85 **Section 7.2 Qualifications of RGQ Directors**

86 To be eligible to serve as representative on the NAESB Board of Directors:

- 87 - The person must be a Member of the Retail Gas Quadrant;
- 88 - The person must be an executive of the organization represented, where applicable, and have broad understanding  
89 of the natural gas industry;

- 90 - The person must have a working knowledge of the NAESB process;
- 91 - The person must be willing to commit the time and resources necessary to fulfill their obligations as a NAESB
- 92 Director and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws
- 93 [Section 9.7 (f)];
- 94 - The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship
- 95 with other entities with which the employer may be affiliated; and
- 96 - Once elected to serve as Director on the NAESB Board, the individual may hold not more than one directorship,
- 97 representing only one Segment within the Retail Gas Quadrant.

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99 **Section 7.3 Number and Election of Directors**

- 100 (a) The Retail Gas Quadrant of NAESB shall be represented on the NAESB Board of Directors by twenty-four (24)
- 101 persons who shall be elected, from time to time, as required by Article 7 of the NAESB Bylaws and in this Exhibit
- 102 to those Bylaws. The NAESB office shall coordinate the election process for the Retail Gas Quadrant
- 103 representatives to the NAESB Board during the second week of November of each year.
- 104 (b) The elections of RGQ representatives to the NAESB Board shall be subject to the following provisions:
- 105 - Any RGQ Member who is current in the payment of its dues is eligible to vote; and
- 106 - The candidates receiving the greatest numbers of votes shall be elected.

107 **Section 7.4 Term of Office**

108 The initial Retail Gas Quadrant Directors on the NAESB Board shall be divided into two groups within each RGQ

109 Segment. Group A Directors shall serve for an initial term of three years, while Group B Directors shall serve for an initial term

110 of two years. Each RGQ Segment shall have an equal number of Group A Directors and an equal number of Group B Directors.

111 Upon the completion of the initial terms of both groups of Directors, succeeding Directors shall thereafter be elected for terms of

112 three (3) years, consistent with NAESB Bylaws.

113 **Section 7.5 Vacancies**

114 A NAESB Director shall cease to be a Director upon 1) the resignation of the RGQ Membership of the entity of which

115 the Director is a partner, director, officer, or agent; 2) the lapse of the RGQ Membership of the entity of which the Director is a

116 partner, director, officer, agent or employee, through delinquent NAESB dues for the RGQ Membership; or (3) the Director's

117 resignation, removal, or death. A Director vacancy shall be filled for the remainder of that term in accordance with the

118 procedures specified in the respective Segment Procedures in this Exhibit.

119 **Section 7.6 Removal of Directors**

120 Each RGQ Segment shall have the authority to remove a Director for cause. Prior to voting on such resolution to

121 remove a Director for cause, the RGQ Segment shall give the Director at least 30-day notice of the proposed action and an  
122 opportunity to respond. A simple majority of the RGQ Segment Membership shall be required to remove a Director.

123 **Section 7.7 Resignations**

124 A Director may resign his or her directorship by submitting a letter to the Secretary of NAESB, stating that he or she is  
125 resigning and giving the effective date of the resignation.

126

127 **8 – RESERVED**

128

129 **9 – RESERVED**

130

131 **10 - EXECUTIVE COMMITTEE**

132 **Section 10.1 Duties and Responsibilities**

133 The Retail Gas Quadrant shall have an Executive Committee (EC), which shall also participate in the larger NAESB EC body,  
134 consisting of representatives from each RGQ Segment, with each RGQ Segment electing an equal number of these RGQ EC  
135 Members, pursuant to procedures specified by the respective Segment in this Exhibit. Only Voting Members of the Retail Gas  
136 Quadrant have the right to ratify model business practices and standards that were adopted by the RGQ EC and that affect only  
137 the Retail Gas Quadrant. No substitutes are permitted to vote at Retail Gas Quadrant meetings; however, an RGQ Designated  
138 Alternate may vote at EC meetings in place of an absent RGQ EC Member from a given RGQ Segment. An RGQ Designated  
139 Alternate holds identical voting rights as the RGQ EC Member in whose place he or she serves, except for those matters on  
140 which the RGQ EC Member has already voted by notational ballot prior to the beginning of the meeting.

141 **Section 10.2 RGQ EC Members**

142 (a) Number and Election of RGQ EC Members: The Retail Gas Quadrant of NAESB shall be represented on the  
143 RGQ EC by twenty-four (24) persons who shall be elected, from time to time, as required by Article 10 of the  
144 NAESB Bylaws and in this Exhibit to those Bylaws. The NAESB office shall coordinate the election process for  
145 RGQ EC Members during the second week of November of each year. The elections of RGQ EC Members shall  
146 be subject to the following provisions:

- 147 - Any RGQ Member who is current in the payment of its dues is eligible to vote; and
- 148 - The candidates receiving the greatest numbers of votes shall be elected.

149 (b) Term of Office: The initial RGQ EC Members shall be divided into two groups within each Segment. Group A

150 RGQ EC Members shall serve for an initial term of three years, and Group B RGQ EC Members shall serve for an  
151 initial term of two years. Each RGQ Segment shall have an equal number of Group A RGQ EC Members and an  
152 equal number of Group B RGQ EC Members. Upon the completion of the initial terms of both groups of RGQ  
153 EC Members, succeeding RGQ EC Members shall thereafter be elected for terms of three years, consistent with  
154 NAESB Bylaws.

155 (c) Qualifications of RGQ EC Members: To be eligible to serve as a RGQ EC Member:

- 156 - The person should have broad understanding of the natural gas industry and be at least a functional manager  
157 of the organization represented;
- 158 - The person should have a working knowledge of the NAESB process;
- 159 - The person must be willing to commit the time and resources necessary to fulfill their obligations as a RGQ  
160 EC Member and to meet the minimum threshold of participation and attendance established in the NAESB  
161 Bylaws [Section 9.7 (f)]; and
- 162 - The person must disclose their interest, or their employer's interest, in the natural gas industry and the  
163 relationship with other entities with which the employer may be affiliated; and
- 164 - Once elected to serve as RGQ EC Member, the individual may hold not more than one EC seat, representing  
165 only one Segment within the Retail Gas Quadrant.

166 (d) Vacancies: Vacancies in the RGQ EC may occur upon 1) the resignation of the RGQ Membership of the entity of  
167 which the RGQ EC Member is a partner, director, officer, or agent; 2) the lapse of the RGQ Membership of the  
168 entity of which the RGQ EC Member is a partner, director, officer, agent or employee, through a delinquency in  
169 payment of NAESB dues for the RGQ Membership; or (3) the RGQ EC Member's resignation, removal, or death.  
170 An RGQ EC Member vacancy shall be filled for the remainder of that term in accordance with the procedures  
171 specified by the respective Segment Procedures in this Exhibit.

172 (e) Removal of RGQ EC Members: Each RGQ Segment shall have the authority to remove an RGQ EC Member for  
173 cause. Prior to voting on such resolution to remove an RGQ EC Member for cause, the RGQ Segment shall give  
174 the RGQ EC Member at least 30-day notice of the proposed action and the opportunity to respond. A simple  
175 majority of the RGQ Segment Membership shall be required to remove an RGQ EC Member.

176 (f) Resignations: A RGQ EC Member may resign from the RGQ EC by submitting a letter to the Secretary of  
177 NAESB, stating that he or she is resigning and giving the effective date of the resignation.

178 **Section 10.3 Reserved**

179 **Section 10.4 Reserved**

180 **Section 10.5 RGQ EC Subcommittees**

181 While there may be Subcommittees and Task Forces established by the NAESB EC, to be comprised of NAESB  
182 Members and other interested parties, the Retail Gas Quadrant shall set up its own Subcommittees and Task Forces to deal with  
183 Retail Gas Quadrant-specific issues. Each RGQ EC Subcommittee shall report to the RGQ EC and each shall:

- 184 - elect a chair who shall be an RGQ EC Member and who shall serve until removed by the RGQ Subcommittee’s  
185 membership;
- 186 - carry out its work in accordance with procedures adopted by the NAESB EC for EC Subcommittees;
- 187 - provide notice of meetings and agendas;
- 188 - practice balanced voting and record voting results; and
- 189 - keep regular minutes of its proceedings and provide copies of these minutes promptly to the NAESB office.

190 Any task force established by RGQ EC Subcommittees shall be open to all NAESB Members and other interested  
191 parties. At NAESB joint Subcommittee or joint Task Force meetings, the same individual may represent different Segments from  
192 different NAESB Quadrants, as long as that individual declares prior to the joint meeting the NAESB Quadrant and Segment for  
193 which he or she is casting a vote. At RGQ Subcommittee or Task Force meetings, the same individual may represent different  
194 RGQ Segments, as long as that individual declares prior to the meeting the RGQ Segment for which he or she is casting a vote.

195

196 **11 – RESERVED**

197

198 **12 – RESERVED**

199

200 **13 – RESERVED**

201

202 **14 – RESERVED**

203

204 **15 – RESERVED**

205

206 **16 – RESERVED**

207



208

**17 – RESERVED**

209

210

**18 - AMENDMENTS**

**Section 18.1 Amendments**

In order for Retail Gas Quadrant Procedures to be amended, upon petition of at least five (5) RGQ Members, the Vice Chair of the EC for the RGQ shall announce an RGQ meeting. Such announcement shall provide for at least a 30-day notice. In order to transact business at the RGQ meeting, there shall be a quorum consisting of at least 1/3 of the RGQ Membership. Following such meeting, the proposed resolution adopted at the meeting shall be sent out for comment, and the comments shall be distributed to all RGQ Members in advance of a notational vote. Any RGQ Member not choosing to vote shall be considered to have voted in favor of the proposed change. In order for a proposed change to take effect, it must be approved by at least 2/3 of RGQ Members and 40% of each RGQ Segment’s Membership.

219

220

**19 – TRANSITIONAL PROCEDURES**

**Section 19.1 Transitional Voting Threshold**

Each Segment may populate up to six seats on the NAESB Board or RGQ EC. Recognizing that the RGQ Segments might fill their allotted seats at varying rates, a Transitional Voting Period shall be established, whereby the voting threshold for RGQ representatives on the NAESB Board and on the RGQ EC will be tiered into two phases. During Phase I, to end no later than December 31, 2002, the Transitional Voting Threshold will be set to four, and during Phase II of the Transitional Voting Period, to end no later than December 31, 2003, the Transitional Voting Threshold will be set to five. Upon expiration of the Phase II of the Transitional Voting Period, no Transitional Voting Threshold will be in effect and this Section shall expire.

**Section 19.2 Transitional Voting Multiplier**

Each RGQ Segment will determine the number of seats on the NAESB Board or RGQ EC it intends to populate and inform the NAESB office of this number. A Transitional Voting Multiplier shall be calculated for each RGQ Segment by dividing the number of populated seats in the largest RGQ Segment by the greater of the number of seats populated in that RGQ Segment or the applicable Transitional Voting Threshold. The following example is used to illustrate this: A given RGQ Segment populates four seats during Phase I of the Transitional Voting Period, while the largest RGQ Segment in this case populates six. To determine the Transitional Voting Multiplier for the smaller RGQ Segment in this example, the number of seats in the largest RGQ Segment (which in this case is 6) would be divided by the Phase I Transitional Voting Threshold (which is 4) to arrive at 1.5 as the Transitional Voting Multiplier for the smaller RGQ Segment in this case.

237 **Section 19.3 Application**

238 When non-procedural votes are tallied at NAESB Board or EC meetings, each of the voters present will have their  
239 votes weighted by the Transitional Voting Multiplier applicable to that voter’s RGQ Segment. Where applicable, NAESB  
240 balanced voting rules will be applied after votes have been weighted. Thus in the example given in Section 19.2, if all four  
241 representatives from the smaller RGQ Segment vote, the tally of their votes would be 6.

242 **Section 19.4 Limitation on Transitional Voting Multiplier**

243 To the extent that the number of individuals identifying with a RGQ Segment at a sub-committee or task force meeting  
244 is less than or equal to the number of RGQ EC seats populated, the Transitional Voting Multiplier may be used to weight votes  
245 prior to the application of balanced voting rules.

246 **Section 19.5 Early Threshold Expiration**

247 Should all RGQ Segments populate the NAESB Board or the RGQ EC seats in excess of the Transitional Voting  
248 Threshold prior to the expiration of Phase I of the Transitional Voting Period, Phase I shall expire immediately and the  
249 Transitional Voting Threshold for Phase II shall apply. Should all RGQ Segments during Phase II of the Transitional Voting  
250 Period populate the NAESB Board or the RGQ EC seats in excess of the Transitional Voting Threshold, Phase II shall expire  
251 immediately, no Transitional Voting Threshold will be in effect, and this Section shall expire.

252

253

254

**RETAIL GAS QUADRANT SUPPLIERS SEGMENT PROCEDURES**

255

*[To be provided by the RGQ Suppliers Segment]*

256

**RETAIL GAS QUADRANT DISTRIBUTORS SEGMENT PROCEDURES**

257

*[To be provided by the RGQ Distributors Segment]*

258

**RETAIL GAS QUADRANT END USER SEGMENTS PROCEDURES**

259

*[To be provided by the RGQ End Users Segment]*

260

**RETAIL GAS QUADRANT SERVICE PROVIDERS SEGMENT PROCEDURES**

261

*[To be provided by the RGQ Service Providers Segment]*

**The Following Companies Provided Comments:**

PPLSolutions  
NASUCA and AARP  
Wisconsin Electric/Wisconsin Gas  
PanCanadian Energy  
Reliant Energy  
CMS Panhandle Eastern Pipeline Companies, Transwestern Pipeline Company, Gulf South Pipeline LP, Tennessee Gas Pipeline, and  
Williams Gas Pipeline (referred to in document as CMS et. al.)

**General**

**PPLSolutions:**

1. Have the same language in both REQ and RGQ Procedures when intent is the same.

Rationale: PPLSolutions believes that the REQ and the RGQ governance procedures should have the same language unless there is a true difference in how the governance of the Quadrants will be done. In reviewing both the REQ and the RGQ governance procedures we found very little common language but very few differences in intent. Using the same language where the intent is the same will make it much easier for people participating in both Quadrants to understand the real differences in governance. This will, in turn, make it much easier to comply with the rules defined in the procedures. Many of the following comments are made with this intent in mind.

We have a unique opportunity to create Retail Quadrant procedures that are not only consistent with the Bylaws and with each other but that have "standard" language which will make comprehending the organization much easier for interested parties. Once the Board approves the procedures the opportunity will be gone. Now is the time to agree on common wording.

2. Font and formatting should be consistent with those used in NAESB Bylaws.

Rationale: This document will be an Addendum to the NAESB Bylaws, as such, the formatting of this document should be changed to be consistent with the font and formatting used in the NAESB Bylaws. The NAESB office should make this change prior to final approval by the Board.

**NASUCA & AARP:**

Both the Natural Association of State Utility Consumer Advocates (NASUCA) and AARP have participated in the prior Uniform Business Practices project in 2000 and 2001 and have followed the development of NAESB and the two retail energy quadrants for several months. Starting in the fall of 2001, we participated in meetings in St. Louis and Washington, D.C. to monitor and participate in the creation of a national retail energy standards body and provide input on behalf of the residential consumers that are the core of our constituency. At no point in this multi-year process have we been required to make a dues payment for the privilege of participating in the development of the retail business practices reports completed to date. Now, however, we are faced with the development of a new organizational structure that seeks to re-do the entire work of the Uniform Business Practices Project and charge a substantial fee to come to the table and vote. The imposition of the NAESB dues structure will halt our ability to participate in this process in a meaningful way and calls into question the credibility of NAESB and the process that it professes as certified by ANSI.

Membership Dues

The "barrier to entry" posed by the annual NAESB \$5,000 per quadrant dues requirement will prevent any meaningful participation by representatives of residential consumers.

While we have repeatedly raised the issue of the barrier<sup>1</sup> posed on the current NAESB dues requirement of \$5,000 per quadrant membership, no formal discussion of this issue and our recommendation on this matter has occurred in any open meeting. NASUCA and AARP strongly object to the requirement that representatives of residential end-users must pay \$5,000 per Quadrant to vote on the development of model business practices. Our concerns are reflected in the attached letters from Stephen G. Ward, President of NASUCA, and from David Certner on behalf of AARP to the FERC Commissioners.

There are several options that could be undertaken to respond to our concerns. First, the retail Quadrants can adopt a written statement to the NAESB Board that the Quadrants support a reduced dues amount for representatives of residential end users for membership in both the retail Quadrants and commit to support such a proposal before the NAESB Board after it is reconstituted with the new Quadrant Board members. Another option is for the two retail Quadrants to adopt a provision in the Quadrant Procedures to allow for the payment of reduced dues under certain circumstances, with the balance of the dues obligation being provided by the other members of the Quadrant.

The failure to address this issue in a manner that assures the realistic participation and voting authority for residential end users will prevent these Quadrants from representing those most affected by the business practices and standards that these Quadrants seek to propose to state regulators. We question whether this current dues requirement complies with the ANSI requirements that your process be open and available to those affected by its work. While some have suggested that the ability to participate in the work of the Subcommittees without payment of any dues is a sufficient alternative, we view this option as a hollow right that is unacceptable, and that we are confident that you would reject if this option was proposed to suppliers and utilities.

<sup>1</sup>Some have suggested that state consumer advocate offices can pay the required dues amount because the funds to operate these offices are just passed through to utilities by state assessments. However, this is a significant misunderstanding of how funding for state consumer advocates operates. First, not all such offices are funded by utility assessments. Second, of those that are so funded, the funds are assessed based on a budgetary decision by the state legislature who has total control over the budget of the consumer advocate's office. In other words, the state authorizes a certain budget and spending level and then authorizes an assessment on regulated utilities to bring in the necessary revenues to fund the authorized budget. The consumer advocate's office typically does not have the authority to spend funds and then seek reimbursement from utilities. Most offices have small budgets that are closely tracked by state budget officials and the state legislature.

### **PanCanadian Energy:**

1. Have the same language in both REQ and RGQ Procedures when intent is the same:

Rationale: Like PPLSolutions, PanCanadian Energy believes that the REQ and the RGQ governance procedures should have the same language unless there is a true difference in how the governance of the Quadrants will be done. In reviewing both the REQ and the RGQ governance procedures we found very little common language but very few differences in intent. Using the same language where the intent is the same will make it much easier for people participating in both Quadrants to understand the real differences in governance. This will, in turn, make it much easier to comply with the rules defined in the procedures. Many of the following comments are made with this intent in mind.

We have a unique opportunity to create Retail Quadrant procedures that are not only consistent with the Bylaws and with each other but that have "standard" language which will make comprehending the organization much easier for interested parties. Once the Board approves the procedures the opportunity will be gone. Now is the time to agree on common wording.

2. Font and formatting should be consistent with those used in NAESB Bylaws.

Rationale: This document will be an Addendum to the NAESB Bylaws, as such, the formatting of this document should be changed to be consistent with the font and formatting used in the NAESB Bylaws. The NAESB office should make this change prior to final approval by the Board.

3. The document should not include the following sections:  
2.2 C., 7.3 C., 10.1 B., 10.3 C., 10.4, 10.5

Rationale: This document should not include provisions that should be part of NAESB operating procedures.

### **Reliant Energy:**

Reliant Energy appreciates the opportunity to comment on these Quadrant Procedures and we appreciate all the effort and time that has been put into all the draft documents that are currently circulating in both the RGQ and the Retail Electric Quadrant (REQ). We would like to thank those individuals who have been directly involved in compiling the draft documents and those that will be involved in compiling these and other comments. Although we do not anticipate the need to significantly modify the positions taken by us in these comments, due to the extremely tight time constraints for review of all NAESB governance documents and the fact that there will likely be additional documents and/or changes made to the documents in existence, Reliant Energy reserves the right to modify its position on any issue at a later time.

We have reviewed the comments submitted to AGA and other interested parties by PPLSolutions and we strongly agree with many of the suggestions advocated in that document. Rather than add to the volume of documents that all parties are attempting to review at this time, Reliant Energy only notes areas where our position differs from PPLSolutions in this document. We would like to thank PPLSolutions for submitting its work product and appreciate the amount of hard work that it has put into the document. Changes to the text contained in the RGQ procedures have been redlined. Our explanations/comments may be found in highlighted brackets below.

### **CMS et al:**



Summary of Comments submitted on the Proposed NAESB Retail Gas Quadrant Procedures  
February 7 through February 14, 2002

Listed below are comments regarding the Draft Retail Gas Quadrant Procedures. Please note that the representatives may submit additional comments before the 2/15 conference call or the 2/20 face-to-face meeting. Thank you for your consideration of our comments.

We support the comments of PPLSolutions to follow the format used in the By-laws

**Section 1**

**Section 1.1 Definitions Included in the NAESB Bylaws**

Capitalized terms, when used in this Exhibit to the NAESB Bylaws, shall have the meanings set forth in Section 1.1 of the NAESB Bylaws.

**Section 1.2 Definitions for the Purposes of this Exhibit**

The following terms have not been defined in Section 1.1 of the NAESB Bylaws and when used in this Exhibit, shall have the meanings set forth below:

- A. "RGQ" means the Retail Gas Quadrant of NAESB.
- B. "RGQ Designated Alternate" is defined as a person named by a Segment of the Retail Gas Quadrant Segment, submitted to the NAESB office, to serve in place of a RGQ EC Member who is unable to attend an EC meeting.
- C. "RGQ EC" means the Executive Committee of the Retail Gas Quadrant of NAESB.
- D. "RGQ EC Subcommittee" means a subcommittee established by the Executive Committee of the Retail Gas Quadrant of NAESB.
- E. "RGQ Members" means Voting Members of the Retail Gas Quadrant of NAESB that satisfy the requirements of membership set forth in Section 5.1 and, if applicable, in the respective Segment Procedures in this Exhibit.
- F. "RGQ Segment" means one of the four co-equal Segments of the Retail Gas Quadrant of NAESB.

**PPLSolutions:**

- 1.
  - a. Delete first sentence in 1.1 and 1.2
  - b. Combine 1.1 and 1.2 into one subsection (1.1)
  - c. Add G to 1.1 as follows:  
*"All other capitalized terms, if not defined in this Section 1.1., shall have the same definitions as specified in the Bylaws or Certificate of Incorporation of NAESB."*

Rationale: For consistency with the Bylaws and the REQ procedures.

**CMS et al:**

**SAME COMMENT AS ABOVE COMMENT BY PPL ON DELETING SECTION 1.1 AND ADDING 1.1.G.**

- 2. Reword definition of B. "RGQ Designated Alternate" as follows:  
*"means a person named by a segment of the RGQ and submitted to the NAESB Office, to serve in place of a RGQ EC Member who is unable to attend an EC meeting."*

Rationale: This will make the definition structure parallel with the other definitions.

**CMS et al:**

Delete definition of B. "RGQ Designated Alternate."

Rationale: It is redundant to the definition of the "Designated Alternate" used in Section 10.4 (i) of the NAESB Bylaws.

3. Eliminate definitions the following definitions:

C. "RGQ EC," D. "RGQ EC Subcommittee," E. "RGQ Members," and F. "RGQ Segment."

Rationale: No additional meanings are imparted to the terms when they are put together that would not be there by simply putting the already defined terms together.

CMS et al:

SAME COMMENT AS ABOVE COMMENT BY PPL.

Rationale: They are redundant to the definitions used in Section 10.4 (i) of the NAESB Bylaws.

4. Add the following definition:

*"NAESB Office" means the office of the Secretary of NAESB."*

Rationale: This procedure identifies certain actions and responsibilities for the NAESB Office. It would be good to clearly identify who this is.

PanCanadian Energy:

NOTE: SAME COMMENTS AS PPL, WITH ONE ADDITIONAL ITEM, AS FOLLOWS:

Add the following definition:

*"Bylaws" means the NAESB Bylaws."*

## Section 2.1

### Section 2.1 Purposes, Scope and Activities

The purpose of the Retail Gas Quadrant (RGQ) of NAESB is to propose and adopt voluntary model business practices or standards to promote more competitive, efficient and reliable service in the retail natural gas industry. The Retail Gas Quadrant is concerned with and tasked to handle natural gas related issues and practices that are within the scope of NAESB and typically addressed at the retail natural gas distribution level. The Retail Gas Quadrant shall work closely with other NAESB Quadrants to mitigate inconsistencies where proposed standards and model business practices affect those other Quadrants.

PPL Solutions:

1. Change the format of this section to include a purpose and scope section as follows. This includes some editorial changes but there is no change to the intent of the original wording.

#### Section 2.1 Purposes ~~&~~, Scope ~~and~~ Activities

##### A. Purpose

The purpose of the Retail Gas Quadrant (~~RGQ~~) of the North American Energy Standards Board (NAESB) is to propose and adopt voluntary standards and model business practices ~~or standards~~ to promote ~~more~~ competitive, efficient and reliable service in the retail natural gas industry.

##### B. Scope

The Retail Gas Quadrant is to address ~~concerned with and tasked to handle natural gas related~~ issues and practices that are within the scope of NAESB and appropriate to natural gas usage at the individual consumer level--typically addressed at the retail natural gas distribution level that is, usage by an individual, partnership, corporation, or other entity consuming natural gas at one or more facilities served by a Gas Distributor.

Summary of Comments submitted on the Proposed NAESB Retail Gas Quadrant Procedures  
February 7 through February 14, 2002

The ~~Retail Gas Quadrant~~ RGQ shall work closely with other NAESB Quadrants to strive for mitigate inconsistencies where proposed Sstandards and Mmodel Bbusiness Ppractices affect those other Qquadrants.

Rationale: This change will make the procedure consistent with the REQ procedure and addresses the issue of one individual representing multiple segments in the RGQ. Section 10.5 addresses a similar question for sub-committees and task forces. Reference the PLSolutions comment on that section as well. The discussion about supporting the principles in Section 2.2 of the Bylaws, while accurate and well written, is unnecessary as this document must be consistent with and support the entire Bylaws, not just specific sections.

**Wisconsin Electric/Wisconsin Gas:**

WE-WG prefers to have the **PURPOSE** and **SCOPE** sections separated out, as is done in the REQ procedure in section 2.1.A and 2.1.B.

**PanCanadian Energy:**

Change the format of this section to include a purpose and scope section as follows. This includes some editorial changes but there is no change to the intent of the original wording.

**NOTE: SAME CHANGES AS PPL, EXCEPT FOR UNDERLINED AND BOLDED SECTION.**

**2.1 Purpose & Scope**

**A. Purpose**

*The purpose of the Retail Gas Quadrant of the North American Energy Standards Board (NAESB) is to propose, evaluate and adopt voluntary standards and model business practices to promote competitive, efficient and reliable service in the retail natural gas industry.*

**B. Scope**

*The Retail Gas Quadrant is to address issues and practices that are within the scope of NAESB and appropriate to natural gas usage at the individual consumer level—that is, usage by an individual, partnership, corporation, or other entity consuming natural gas at one or more facilities served by a Gas Distributor or other gas delivery party.*

*The RGQ shall work closely with other NAESB Quadrants to strive for consistency where proposed Standards and Model Business Practices affect those other quadrants.*

**Reliant Energy:**

**NOTE: SAME COMMENT AS PPL WITH THE FOLLOWING EDIT:**

**B. Scope**

*The Retail Gas Quadrant is to address issues and practices that are within the scope of NAESB and appropriate to natural gas usage at the individual consumer level—that is, usage by an individual, partnership, corporation, or other entity consuming natural gas at one or more facilities served by a natural gGas Distributor.*

Rationale: “Gas Distributor” is not a defined term.

**Section 2.2**

“The Retail Gas Quadrant shall comply with the policies and procedures laid out in the bylaws and the certificate of incorporation of NAESB. Further, the Retail Gas Quadrant intends to operate in conformance with the principles of the umbrella organization, as established in Section 2.2 (b) of the NAESB Bylaws and in compliance with ANSI guidelines. As such, the Retail Gas Quadrant encourages a widely based membership and has identified Segments, which reflect this principle of inclusiveness. Also consistent with this approach, the Retail Gas Quadrant shall ensure that all meetings, including those of its Members, Executive Committee (EC), and Subcommittees and Task Forces, shall

be open to all persons and that all minutes thereof shall be available to the public.”

**PPL Solutions:**

1. Replace the entire section 2.2 with the following two sections:
  - A. *Meetings of the Retail Gas Quadrant*  
*All meetings held in association with the NAESB organization or the RGQ are open to any interested person.*
  - B. *Joint Meetings*  
*From time to time, there will be joint meetings of the RGQ with other Quadrants within NAESB, and Segments will meet jointly to transact Quadrant business.*
  - C. *One Person, One Vote Requirement*
    1. *Designation of the same individual as the duly authorized representative of the Member in multiple Segments of the RGQ (including Agent representatives) is not permitted.*
    2. *In the event that a duly authorized representative in one Segment also represents the Member in another Segment in any other NAESB Quadrant, and both affected Segments are engaged in a joint meeting requiring Member voting, then the person serving as representative in both Segments must choose the Segment and Quadrant in which they will vote on any given issue and may only cast one vote on each voting issue. To the extent that any other involved Quadrant's rule may differ on this point, the representative must still honor this Quadrant's rule for any such vote or designate a substitute representative for the entity's interests during the joint meeting.*
  - D. *Ratification*  
*Only RGQ Voting Members have the right to ratify standards or model business practices adopted by the Quadrant EC. Ratification voting will be in accordance with the requirements of the NAESB Bylaws.”*

**Wisconsin Electric/Wisconsin Gas:**

1. WE-WG believes it is appropriate to add in small section on **JOINT MEETINGS**, as in the REQ procedure, section 2.2.B.
2. WE-WG recommends including the **ONE PERSON, ONE VOTE** section contained in REQ procedure section 2.2.C.
3. RGQ section 10.1 would appear to be better suited for inclusion here in section 2.2, suggest relocating it in the RGQ procedure from 10.1 to 2.2.

**PanCanadian Energy:**

NOTE: SAME COMMENTS AS PPL—EXCEPT “C. ONE PERSON ONE VOTE REQUIREMENT” IS NOT INCLUDED IN PANCANDIAN'S COMMENTS.

**Reliant Energy:**

NOTE: SAME COMMENTS AS PPL—EXCEPT AS EDITED IN THE FOLLOWING:

**Section 2.2 Policies**

- C. *One Person, One Vote Requirement*
  2. *In the event that a duly authorized representative in one Segment also represents the Member in another Segment in any other NAESB Quadrant, and both affected Segments are engaged in a joint meeting requiring Member voting, then the person serving as representative in both Segments must choose the Segment and Quadrant in which they will vote on any given issue and may only cast one vote on each voting issue. ~~To the extent that any other involved Quadrant's rule may differ on this point, the representative must still honor this Quadrant's rule for any such vote or designate a substitute representative for the entity's interests during the joint meeting.~~*

Rationale: This issue should be addressed in a NAESB Op. There should be no differences among segments and quads.

**CMS et al:**

Modify section 2.2 in RGQ Procedures as follows:

~~The Retail Gas Quadrant shall comply with the policies and procedures laid out in the bBylaws and the eCertificate of Incorporation of NAESB. Further, the Retail Gas Quadrant intends to operate in conformance with the principles of the umbrella organization, as established in Section 2.2 (b) of the NAESB Bylaws and in compliance with ANSI guidelines. As such, the Retail Gas Quadrant encourages a widely based membership and has identified Segments, which reflect this principle of inclusiveness. Also consistent with this approach, the Retail Gas Quadrant shall ensure that all meetings, including those of its Members, Executive Committee (EC), and Subcommittees and Task Forces, shall be open to all persons and that all minutes thereof shall be available to the public.~~

**Rationale:**

Following the bylaws of the organization is a requirement of any quadrant.

### Section 2.3

#### Section 2.3 RGQ Segments

What follows is a description of the Retail Gas Quadrant organizational structure, including a listing of RGQ Segments.

<b><u>Suppliers:</u></b>	<b>Persons, other than Distributors, engaged in the sale of natural gas and/or pipeline capacity, including marketers (retail, wholesale), aggregators, producers, asset managers and pipelines.</b>
<b><u>Distributors:</u></b>	<b>Persons engaged in the regulated or publicly owned local distribution of natural gas.</b>
<b><u>End Users:</u></b>	<b>Persons that consume natural gas, including consumer advocacy organizations and retail customer groups.</b>
<b><u>Service Providers:</u></b>	<b>Persons that provide services to the participants in the retail natural gas industry, including equipment manufacturers, equipment and service vendors, software providers, energy consultants, and other companies not otherwise declared in any other Segment.</b>

Each RGQ Segment shall have the flexibility to determine its own Segment rules and procedures and to elect or select its own representatives to the NAESB Board and to the RGQ EC, as long as those rules and procedures conform with NAESB Bylaws and the Retail Gas Quadrant procedures in this Exhibit.

#### **PanCanadian Energy:**

Delete the specific descriptions of segment members and only list the segment names. The descriptions of the segment membership will be part of the Segment Procedures and need not be repeated or set out in the RGQ.

#### **Reliant Energy:**

1. Modify the definition of Suppliers as follows:

**Suppliers:** *Persons, other than Distributors, engaged in the sale of natural gas and/or pipeline capacity, including marketers (retail, wholesale), retail gas providers, aggregators, producers, asset managers and pipelines.*

2. Reliant Energy finds the remaining segment definitions acceptable. However, the last sentence in the paragraph is not necessary.

#### **CMS et al:**

The following sentence ...

“What follows is a description of the Retail Gas Quadrant organizational structure, including a listing of RGQ Segments.”

... should be reworded as follows:

*“The following segments shall be included in the RGQ:”*

## Section 5.1

### **Section 5.1 Voting Members**

The definition of Membership applies to all RGQ Segments. RGQ Members are persons with legitimate business interest<sup>1</sup> in the retail natural gas market and which meet the definitions of one of the four RGQ Segments. Upon applying for Voting Membership (as described in NAESB Bylaws Sections 1.1 and 5.1), each prospective RGQ Member shall declare the RGQ Segment with which they are to be identified. Voting Membership in the Retail Gas Quadrant of NAESB shall be open to all persons that meet all of the following requirements:

- The person has a legitimate business interest in the retail natural gas market (or is a representative or Agent of such person).
- The person meets the description of one of the co-equal industry Segments identified by the Retail Gas Quadrant of NAESB.
- The person has declared its affiliation to one, and only one, of the RGQ Segments.

~~-In addition, through special application, which includes a recommendation by its RGQ Segment and an affirmative vote of at least 50% of the RGQ EC,~~ a trade association may join the RGQ Membership if it represents an interest that is identified within an RGQ Segment yet is not represented, or is underrepresented, in the RGQ. Such application shall include a recommendation by its RGQ Segment and an affirmative vote of at least 50% of the RGQ EC -The membership status of such trade associations shall be considered on an annual basis and may be voted upon through notational vote by the RGQ EC.

~~Only RGQ EC Members shall have the right to vote to adopt model business practices or standards affecting only the Retail Gas Quadrant.~~

<sup>1</sup>“Legitimate business interest” in this section specifically includes the interests of statutorily appointed consumer advocates.

### **CMS et al:**

1. See suggested edits in the text above.
2. Also delete under the word “of” in the phrase “all of.”

Rationale for deleting last sentence: It is not pertinent to this section of the document.

### **PPL Solutions:**

1. Replace section 5.1 entire section with the following sections:

#### **5.1 Membership**

##### **A. Member Representation**

*Representatives chosen by any person in any Segment should have corporate responsibility for the business interests causing the person to seek Membership in the Segment.*

##### **B. Removal of Members**

*Members who do not have a legitimate business interest pertaining to the descriptions contained in Section 2.3 may be removed from Segment Membership by a simple majority vote of their declared Segment Membership, or they may be removed from NAESB membership by resolution of the RGQ Executive Committee*

**C. Multiple Memberships**

*Memberships in multiple Segments of the RGQ are permissible for any person provided each Membership is filed and declared with NAESB, the person meets the Membership requirements of each Segment joined, and Membership dues are paid for each Segment.*

1. *Only one Membership per Segment is permissible for any person.*
2. *Multiple companies under common control within a corporate organization that desire to become Members must join individually. Members cannot extend their Membership to their parent company, affiliates, or subsidiaries."*

**PanCanadian Energy:**

NOTE: SAME COMMENTS AS PPL.

**Reliant Energy:**

NOTE: SAME AS PPL WITH THE FOLLOWING EDITS:

**5.1 Voting Members**

Rationale: The Bylaws refer to this section as "Voting Members."

**B. Removal of Members**

*Members that fail to carry out the functions described in ~~who do not have a legitimate business interest pertaining to the descriptions contained in~~ Section 2.3 may be removed from Segment Membership by a simple majority vote of their declared Segment Membership, or they may be removed from NAESB membership by resolution of the RGQ Executive Committee*

Rationale: There are many problems surrounding the use of the terms "legitimate" and "significant," such as who defines these terms and what recourse does a Member have if it is voted out? Reliant Energy recommends referencing the segment definitions instead.

**PPLSolutions:**

**5.2 Voting Members**

*Membership and voting rights in the RGQ of NAESB shall be open to any Member that meets the following requirements:*

1. *The Member has a legitimate business interest<sup>1</sup> in the retail natural gas market (or is a representative or Agent of such person), as determined by a simple majority of the segment Membership.*
2. *The Member may be a trade association or an advocacy group representing a group of prospective members, provided that*
  - a) *the group represents an interest that is identified within a Segment, yet is*
    - (i) *not represented, or*
    - (ii) *is underrepresented in the judgement of a simple majority of the Segment Membership."*

<sup>1</sup>*as used in this section, "legitimate business interests" specifically includes the interests of statutorily appointed consumer advocates*

Rationale: This proposal includes several issues not addressed in the current draft of the RGQ procedure, and changes the way trade associations are addressed. PPLSolutions believes that the decision on when it is appropriate for a trade association to be a Member is best addressed at the Segment level. It is acceptable for the Quadrant to place special requirements on allowing trade associations to become members; however, it is not appropriate for other Segments to vote on who is allowed to represent another Segment.

**Reliant Energy:**

**5.2 Voting Members**

NOTE: SAME AS PPL WITH THE FOLLOWING EDITS:

Summary of Comments submitted on the Proposed NAESB Retail Gas Quadrant Procedures  
February 7 through February 14, 2002

The Bylaws refer to this section as “Non-Voting Members.” Suggest either rolling this section into 5.1 or assigning it 5.5, the first number not used in the Bylaws.

*Membership and voting rights in the RGQ of NAESB shall be open to any Segment Member (or a representative or Agent of such person) that meets the following requirements:*

*1. ~~The Member carry out the functions described in Section 2.3 above in the retail electric market has a legitimate business interest<sup>1</sup> in the retail natural gas market (or is a representative or Agent of such person), as determined by a simple majority of the segment Membership.~~*

Will there be an appeals process for someone who is determined not to be a member?

*2. ~~The Member may be a trade association or an advocacy group representing a group of prospective members, provided that~~*

*a) ~~the group represents an interest that is identified within a Segment, yet is~~*

*(i) ~~not represented represented in the judgment of a simple majority of the Segment Membership, or~~*

*(ii) ~~is underrepresented in the judgement of a simple majority of the Segment Membership.”~~*

*<sup>1</sup>as used in this section, “legitimate business interests” specifically includes the interests of statutorily appointed consumer advocates*

Rationale: “Underrepresented” will be impossible to determine.

**NASUCA & AARP:**

1. Members:

We suggest that the wording of the Electric Quadrant document in Section 5.1 that references “corporate responsibility” as a predicate for membership should be changed.

Rationale: There should not be any language that suggests that the corporate form of organization should be required for membership in either Quadrant. Organizations and individuals are clearly likely to join, particularly in the End User Segment, that do not have a corporate form of organization. The intent of this provision appears to be that the individual that represents the entity that has paid the dues and joined the Quadrant should have the authority to act on behalf of the underlying entity that paid the dues. This is true for a corporate member, as well as a government entity, or trade association. The words should be neutral as to the form of the organization that joins the Quadrant, such as “*The individual that is identified as the representative or any organization that becomes a member should have the authority to act on behalf of the organization without undue delay.*”

2. Trade Association:

Rationale: Both Quadrant documents address the criteria under which a “trade association” or “advocacy group” can join the Quadrant. These terms are not defined in either these drafts or in the NAESB by-laws. The language in both documents appears to treat certain organizations differently than those corporate members who join to represent the views of the corporate or business entity. While the history of this provision in the GISB by-laws (now reflected in the NAESB by-laws without change) was to prevent national trade associations with a diverse membership base of corporations or other businesses from joining as voting members because of the potential of paralysis due to the inability of the trade association employee or agent from representing the views of so many underlying trade association members without extensive consultation and delay. However, with respect to the development of the retail Quadrants, a different dynamic may occur with the potential for national, state, or regional consumer organizations to seek membership. These organizations may be viewed by NAESB and these documents as “trade associations” or “advocacy groups”, but they consist of membership organizations in which individuals are members and the paid staffs of these organizations are typically empowered to act on behalf of the organization without consultation of the individual members. As a result, the supposed reason for the prior policy is not applicable because there would not be any potential for delay and paralysis. For example, if AARP sought membership in either retail Quadrant (or both), would this provision apply and would AARP have to seek special permission and approval from other Segment or Quadrant members to join and vote as a member of the End User Segment? This does not appear to be a proper or intended result. We particularly oppose the proposal in the Retail Gas Quadrant documents that such organizations could join only with the approval of the Quadrant Executive Committee, thus allowing members of other Segments (suppliers, distribution utilities, and service providers) to prohibit a representative of residential customers from joining the End User Segment.

We suggest that this entire section be drafted to (1) define “trade association” to refer to organizations that represent the views of member business organizations or entities, all of whom are eligible to join the Quadrant as a member; and (2) allow a simple majority of the relevant Segment to allow such a member to join if, in the judgment of the Segment members, the views



*represented by the trade association, are underrepresented or unrepresented in the Segment. In no case, should this policy apply to a membership organization, such as AARP, that represents individual consumers.*

**Wisconsin Electric/Wisconsin Gas:**

1. Last bullet in section 5.1: WE-WG recommends deleting the last sentence of this bullet to delete the "on an annual basis" wording.

Rationale: WE-WG does not believe that trade association memberships need to be reviewed on an annual basis every year, this is an unnecessary, administrative task.

2. WE-WG would recommend consideration of the wording contained in REQ procedure section 5.1.B on **REMOVAL OF MEMBERS** for inclusion in the RGQ procedure.

**PanCanadian Energy:**

Rewrite section on Voting Members (here 5.2) as follows:

*Membership and voting rights in the RGQ of NAESB shall be open to any Member that meets the Segment membership requirements where the Member has a legitimate business interest<sup>1</sup> in the Segment of the retail natural gas market (or is a representative or Agent of such person) as set forth in the Segment Procedure for such segment.*

<sup>1</sup>as used in this section, "legitimate business interests" specifically includes the interests of statutorily appointed consumer advocates.

Rationale: This proposal simplifies the current draft of the RGQ procedure and lets the segments decide the way trade associations are addressed. PanCanadian Energy believes that the decision on when it is appropriate for a trade association to be a Member is best addressed at the Segment level.

**Section 6**

All meetings held in association with the NAESB Retail Gas Quadrant shall be open to all interested persons.

**CMS et al:**

1. Delete the sentence "All meetings held in association with the NAESB Retail Gas Quadrant shall be open to all interested parties."

Rationale: It is redundant to Section 2.2 (b) of the NAESB Bylaws. Also, it only focuses on one of the many principles governing NAESB as described in Section 2.2 (b).

2. Replace Section 6 with "6 – RESERVED".

**Section 7.1**

**Section 7.1 RGQ Representatives to the NAESB Board**

The Retail Gas Quadrant shall have representatives to the NAESB Board of Directors, with each RGQ Segment electing or selecting an equal number of these representatives, pursuant to the procedures specified by the respective RGQ Segment in this Exhibit.

**PPLSolutions:**

1. Replace the entire section with the following:

**7.1 Board Representation**

*The RGQ shall elect Directors to the Board pursuant to the procedures specified by the respective RGQ Segment.*

Rationale: This statement is more direct and would be consistent with the REQ procedure.

**PanCanadian Energy:**

Replace the entire section with the following:

**7.1 Board Representation**

*The RGQ shall elect Directors to the Board pursuant to the procedures specified by the respective RGQ Segment.*

Rationale: This statement is more direct and would be consistent with the REQ procedure.

**Section 7.2**

**PPL Solutions:**

1. Rename Section 7.2 to 7.2.A and delete certain requirements as follows:

**Section 7.2—A. Qualifications of RGQ Directors**

To be eligible to serve as representative on the NAESB Board of Directors:

- The person must be a Member of the Retail Gas Quadrant;

~~The person must be an executive of the organization represented, where applicable, and have broad understanding of the natural gas industry;~~

- The person must have a working knowledge of the NAESB process;

- The person must be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Director and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)];

~~The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship with other entities with which the employer may be affiliated; and~~

~~Once elected to serve as Director on the NAESB Board, the individual may hold not more than one directorship, representing only one Segment within the Retail Gas Quadrant.~~

2. Add the following clarification at the end of the section and re-label the existing paragraph as 7.2.A:

**B. One Member, One Seat Per Quadrant**

*No two Directors elected by the RGQ may be employees of the same Member holding Membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two Directors from two affiliated companies within a holding company which each have individual Member status, or from two companies with a parent-subsidiary relationship, provided that the two Directors from companies with such a relationship represent Members of differing Segments.*

**C. One Office Per Member Representative**

*Directors elected from the RGQ may not hold both a Board seat and a seat on the EC at any point in time. If an EC Member is elected as a Director from the RGQ, their EC seat is vacated when the Board seats them as a Director.*

Rationale: Placing a restriction on Board members to be “an executive of the organization represented” is not at all clear. A “Vice President” in one organization may be the same as “Supervisor” in another. Who decides which people are “executives” and who has “broad understanding”? Without some definition of how this requirement would be enforced it should be deleted and left to the people voting to make the decision. The “Once elected to serve....” requirement is not so much a requirement as a restriction against one person holding 2 seats and is addressed in the clarification proposed above. The “disclose their interest” requirement should be deleted because the person’s selection of a Segment effectively does this and more extensive disclosure requirements could become a competitive disadvantage outside of NAESB participation.

**NASUCA & AARP:**

We strongly oppose the proposal contained in the Gas Quadrant draft that appears to establish certain qualifications or restrictions upon a member's ability to stand for election on the Board of Directors and the Executive Committee.

Rationale: These "barriers" are not appropriate or needed since the positions are subject to election by the Segments and those Segments will elect those members to these positions based on their review and analysis of their ability to conduct the necessary duties of these positions. Such language is likely to lead to future disputes concerning the qualifications of members who seek to be elected to the Board or EC or even lead to controversy about the validity of such elections after the fact. The fact that such representatives must be members and elected by other Segment members is sufficient to prevent individuals from being elected without the necessary authority to act or other qualifications because presumably the other Segment members will evaluate candidates based on these criteria. In general, we prefer the language from the Electric Quadrant draft with respect to both of these sections.

**Wisconsin Electric/Wisconsin Gas:**

Second bullet of 7.2: WE-WG is opposed to the language in the second bullet of this section requiring RGQ Directors to be "an executive of the organization.

Rationale: WE-WG believes the term executive is unnecessarily restrictive.

**PanCanadian Energy:**

NOTE: SAME COMMENTS AS PPL.

**Reliant Energy:**

NOTE: SAME COMMENTS AS PPL, EXCEPT WITH THE FOLLOWING EDITS:

*Qualifications of RGO Directors*

A. *To be eligible to serve as representative on the NAESB Board of Directors:*

- *The person must be a Voting Member of the Retail Gas Quadrant;*

Rationale: This is already in the Bylaws, but if it stays in should say Voting Member.

- ~~*The person must have a working knowledge of the NAESB process;*~~

Rationale: This is obvious.

- *The person must be willing to commit the time and resources necessary to fulfill their obligations as a NAESB Director and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)], and any other applicable provisions, as set forth in the NAESB Bylaws;*

C. ***One Office Per Member Representative***

*Directors elected from the RGQ may not hold both a Board seat and a seat on the EC at any point in time. If an EC Member is elected as a Director from the RGQ, their EC seat is vacated when the Board seats ~~them~~ him/her as a Director.*

**CMS et al:**

Explain the reasoning as to why section 7.2 is needed. The NAESB Bylaws do not indicate that the quadrants will specify additional qualifications for its Directors and additional qualifications are not needed. Many of the terms used in this section are subjective and may be defined differently across organizations. In addition, if a segment is willing show its support by electing a  
.....

### Section 7.3

#### **Number and Election of Directors**

- (a) The Retail Gas Quadrant of NAESB shall be represented on the NAESB Board of Directors by twenty-four (24) persons who shall be elected, from time to time, as required by Article 7 of the NAESB Bylaws and in this Exhibit to those Bylaws. The NAESB office shall coordinate the election process for the Retail Gas Quadrant representatives to the NAESB Board during the second week of November of each year.
- (b) The elections of RGQ representatives to the NAESB Board shall be subject to the following provisions:
- Any RGQ Member who is current in the payment of its dues is eligible to vote; and
  - The candidates receiving the greatest numbers of votes shall be elected.

#### **PPL Solutions:**

1. Replace this section with the following:

#### **7.3 Number and Election of Directors**

##### **A. Number of Directors**

*The RGQ shall elect twenty (20) NAESB Directors, subject to the provisions of Section 19 of these Procedures. Each Segment of the Quadrant will elect five (5) Directors, subject to the provisions of Section 19 of these Procedures.*

##### **B. Election of Directors**

*Nominations for and election of all Directors will be in accordance with Segment Procedures.*

##### **C. Timing of Elections**

*Subject to the provisions of Section 19, election of Directors shall occur in the same month for all Segments of the RGQ, and shall be coordinated by the NAESB Office. The NAESB Office will ensure that the requirements of this Section are satisfied by each Segment's slate of candidates prior to any actual voting by any Segment.*

Rationale: PPL Solutions believes that 6 Board Members from each Segment is excessive and that the number of Board members should be 4 at this time. Four representatives is sufficient to provide reasonable diversity in the group and small enough to promote an efficient and productive group of RGQ Directors. However, as a compromise, 5 Board members from each Segment is acceptable therefore that is the number proposed in the language above. PPL Solutions further believes that the Segment procedures are the appropriate location for election mechanics.

#### **Wisconsin Electric/Wisconsin Gas:**

Rationale: WE-WG believes that 24 directors is an excessive and overly-bureaucratic number of Directors for an organization the size of the RGQ.

Sixteen (16) directors would be preferable.

#### **PanCanadian Energy:**

**NOTE: COMMENTS SAME AS PPL.**

Rationale: PanCanadian Energy believes that 6 Board Members from each Segment is excessive and that the number of Board members should be either 4 or 5 as a compromise. Four representatives is sufficient to provide reasonable diversity in the group and small enough to promote an efficient and productive group of RGQ Directors. However, as a compromise, 5 Board members from each Segment is acceptable therefore that is the number proposed in the language above.

#### Section 7.4

The initial Retail Gas Quadrant Directors on the NAESB Board shall be divided into two groups within each RGQ Segment. Group A Directors shall serve for an initial term of three years, while Group B Directors shall serve for an initial term of two years. Each RGQ Segment shall have an equal number of Group A Directors and an equal number of Group B Directors. Upon the completion of the initial terms of both groups of Directors, succeeding Directors shall thereafter be elected for terms of three (3) years, consistent with NAESB Bylaws.

#### **PPL Solutions:**

1. Replace the section with following wording:

#### **7.4 Term of Office**

##### **A. Term of Office**

*Directors shall be elected for two-year terms, with half of the terms expiring in alternating years, subject to the provisions of Section 19.*

1. *Two Directors will be elected from each Segment each year to fill expiring terms.*
2. *Group A Directors will have their terms expire in odd numbered years.*
3. *Group B Director terms will expire in even numbered years.*
4. *Term expiration will be in conjunction with the end of the operating year of NAESB or as otherwise defined by the Board, Certificate of Incorporation or Bylaws, as amended.*

##### **B. Limit on Number of Terms of Office**

*Directors elected from the RGQ may run for re-election without restriction on the number of terms held.*

##### **C. Change of Affiliation**

*In the event that a Director changes affiliation and is no longer affiliated with the same electing industry Segment, the Director will vacate the seat for election of a new Director.*

Rationale: PPL Solutions believes that a two-year term of office on the Board is appropriate, especially considering the rapidly changing nature of the Retail Natural Gas Industry. We also believe that this language (taken from the REQ procedure) is more easily understood and addresses issues not addressed in the current RGQ draft.

#### **Wisconsin Electric/Wisconsin Gas:**

WE-WG would prefer to see **two-year terms** rather than three-year terms for Directors.

#### **PanCanadian Energy:**

NOTE: COMMENTS SAME AS PPL.

#### **Reliant Energy:**

NOTE: COMMENTS SAME AS PPL, EXCEPT FOR THE FOLLOWING EDITS.

#### **7.4 Term of Office**

##### **A. Term of Office**

*Directors shall be elected for two-year terms, with the exception of the first election, with a portion half of the terms expiring in alternating years, ~~subject to the provisions of Section 19.~~*

1. ~~Two~~ *Directors will be elected from each Segment each year to fill expiring terms.*
2. ~~Group A Directors terms will have their terms expire in odd numbered years.~~ Those three (3) Directors receiving the greatest numbers of votes will be considered Group A.
3. *Group B Director terms will expire in even numbered years.*

4. *Term expiration will be in conjunction with the end of the operating year of NAESB or as otherwise defined by the Board, Certificate of Incorporation or Bylaws, as amended.*

Rationale: If there are five Directors, the term "half" does not apply. Reliant Energy objects to the provisions of Section 19, as discussed in more detail below.

**B. Limit on Number of Terms of Office**

~~Directors elected from the RGQ may run for re-election without restriction on the number of terms held.~~

Rationale: In the interest of fairness and fresh perspectives, Reliant prefers limiting terms for Directors in all quads to three consecutive terms.

**Section 7.5**

A NAESB Director shall cease to be a Director upon 1) the resignation of the RGQ Membership of the entity of which the Director is a partner, director, officer, or agent; 2) the lapse of the RGQ Membership of the entity of which the Director is a partner, director, officer, agent or employee, through delinquent NAESB dues for the RGQ Membership; or (3) the Director's resignation, removal, or death. A Director vacancy shall be filled for the remainder of that term in accordance with the procedures specified in the respective Segment Procedures in this Exhibit.

**CMS et al:**

Delete first sentence of above paragraph.

Rationale: It is redundant with NAESB Bylaws.

**PPLSolutions:**

1. Replace this section with the following:

*In the event that a Director resigns or otherwise vacates a Board seat, the Segment will hold an election within 60 days to fill the vacant seat with a candidate from the same Segment as the original Director.*

Rationale: The list of reasons a Director shall cease to be a Director in the current RGQ draft duplicates the list in the Bylaws and is unnecessary. The new proposed wording is because it is appropriate for the Quadrant to set a time limit for holding a new election when a Director vacates a seat.

**PanCanadian Energy:**

NOTE: COMMENTS SAME AS PPL.

**Section 7.6**

**Section 7.6 Removal of Directors**

Each RGQ Segment shall have the authority to remove a Director for cause. Prior to voting on such resolution to remove a Director for cause, the RGQ Segment shall give the Director at least 30-day notice of the proposed action and an opportunity to respond. A simple majority of the RGQ Segment Membership shall be required to remove a Director.

1. Modify paragraph as follows:

Summary of Comments submitted on the Proposed NAESB Retail Gas Quadrant Procedures  
February 7 through February 14, 2002

*Each RGQ Segment shall have the authority to remove a Director representative for cause. Prior to voting on such resolution to remove a Director representative for cause, the RGQ Segment shall give the Director representative at least 30-day notice of the proposed action and an opportunity to respond. A simple majority of the RGQ Segment Membership from which the Director was elected shall be required to remove a Director representative.*

2. Who makes the resolution?

Rationale: This section was not contained within the PPLSolutions comments (although it is contained in Section 10.6 of its comments), but should be in the final version. Reliant Energy believes that the Segment should be able to remove the Director, but ALL Segments should not be able to vote to remove a member of one Segment.

**Section 7.7**

**Section 7.7 Resignations**

A Director may resign his or her directorship by submitting a letter to the Secretary of NAESB, stating that he or she is resigning and giving the effective date of the resignation.

**CMS et al:**

1. Delete above sentence.

Rationale: Redundant with NAESB Bylaws.

2. Label section 7.7 as Reserved.

**PPLSolutions:**

1. Delete this section in it's entirety.

Rationale: This section simply repeats the requirement in the Bylaws and is unnecessary.

**PanCanadian Energy:**

**NOTE: COMMENTS SAME AS PPL.**

**Section 10.1**

**Section 10.1 Duties and Responsibilities**

The Retail Gas Quadrant shall have an Executive Committee (EC), which shall also participate in the larger NAESB EC body, consisting of representatives from each RGQ Segment, with each RGQ Segment electing an equal number of these RGQ EC Members, pursuant to procedures specified by the respective Segment in this Exhibit. Only Voting Members of the Retail Gas Quadrant have the right to ratify model business practices and standards that were adopted by the RGQ EC and that affect only the Retail Gas Quadrant. No substitutes are permitted to vote at Retail Gas Quadrant meetings; however, an RGQ Designated Alternate may vote at EC meetings in place of an absent RGQ EC Member from a given RGQ Segment. An RGQ Designated Alternate holds identical voting rights as the RGQ EC Member in whose place he or she serves, except for those matters on which the RGQ EC Member has already voted by notational ballot prior to the beginning of the meeting.

**PPLSolutions:**

1. Delete sentences that are related to Quadrant Membership to make this section specific to the EC and delete the requirement to have the same number of representatives from each Segment.

Rationale: This is addressed in the Bylaws.

2. The section should read:

*The RGQ shall have an Executive Committee (EC), which shall also participate in the larger NAESB EC body, consisting of representatives from each RGQ Segment, with each RGQ Segment electing RGQ EC Members, pursuant to procedures specified by the respective Segment Procedures in this Exhibit. RGQ Designated Alternates may vote at EC meetings in place of an absent RGQ EC Member from a given Segment. An RGQ Designated Alternate holds identical voting rights as the RGQ EC Member in whose place he or she serves, except for those matters on which the RGQ EC Member has already voted by notational ballot prior to the beginning of the meeting.*

**PanCanadian Energy:**

NOTE: COMMENTS SAME AS PPL, WITH THE EXCEPTION OF THE BOLDED AND UNDERLINED TEXT IN THE ABOVE PARAGRAPH.

**Section 10.2 through 10.6**

**PPLSolutions**

PPLSolutions' comments on sections 10.2 through 10.5 are the same as documented in comments on section 7.2 through 7.6. While the RGQ draft procedure is consistent with the Bylaws, the Bylaws seem to be inconsistent on which section addresses which issues (e.g. section 7.3 addresses how many members are on the Board while 10.2 addresses this for the EC). PPLSolutions proposes that the construction used in section 7 be paralleled in section 10. This will provide better internal consistency even though it does create a slight variation from the construct of the Bylaws. To this end PPLSolutions proposes that Sections 10.2 and 10.3 read as follows (see comments on section 7.2 and 7.3 for rationale):

**PanCanadian Energy:**

NOTE: COMMENTS SAME AS PPL.

**Section 10.2 through 10.4**

**Section 10.2 RGQ EC Members**

- (a) Number and Election of RGQ EC Members: The Retail Gas Quadrant of NAESB shall be represented on the RGQ EC by twenty-four (24) persons who shall be elected, from time to time, as required by Article 10 of the NAESB Bylaws and in this Exhibit to those Bylaws. The NAESB office shall coordinate the election process for RGQ EC Members during the second week of November of each year. The elections of RGQ EC Members shall be subject to the following provisions:
- Any RGQ Member who is current in the payment of its dues is eligible to vote; and
  - The candidates receiving the greatest numbers of votes shall be elected.
- (b) Term of Office: The initial RGQ EC Members shall be divided into two groups within each Segment. Group A RGQ EC Members shall serve for an initial term of three years, and Group B RGQ EC Members shall serve for an initial term of two years. Each RGQ Segment shall have an equal number of Group A RGQ EC Members and an equal number of Group B RGQ EC Members. Upon the completion of the initial terms of both groups of RGQ EC Members, succeeding RGQ EC Members shall thereafter be elected for terms of three years, consistent with NAESB Bylaws.
- (c) Qualifications of RGQ EC Members: To be eligible to serve as a RGQ EC Member:



Summary of Comments submitted on the Proposed NAESB Retail Gas Quadrant Procedures  
February 7 through February 14, 2002

- The person should have broad understanding of the natural gas industry and be at least a functional manager of the organization represented;
- The person should have a working knowledge of the NAESB process;
- The person must be willing to commit the time and resources necessary to fulfill their obligations as a RGQ EC Member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)]; and
- The person must disclose their interest, or their employer's interest, in the natural gas industry and the relationship with other entities with which the employer may be affiliated; and
- Once elected to serve as RGQ EC Member, the individual may hold not more than one EC seat, representing only one Segment within the Retail Gas Quadrant.

**Wisconsin Electric/Wisconsin Gas:**

First bullet of 10.2 (c): WE-WG recommends deleting the phrase starting with the word "and ...."

Rationale: Functional manager is not a clearly-defined term and is unnecessarily and overly-restrictive.

- (d) Vacancies: Vacancies in the RGQ EC may occur upon 1) the resignation of the RGQ Membership of the entity of which the RGQ EC Member is a partner, director, officer, or agent; 2) the lapse of the RGQ Membership of the entity of which the RGQ EC Member is a partner, director, officer, agent or employee, through a delinquency in payment of NAESB dues for the RGQ Membership; or (3) the RGQ EC Member's resignation, removal, or death. An RGQ EC Member vacancy shall be filled for the remainder of that term in accordance with the procedures specified by the respective Segment Procedures in this Exhibit.
- (e) Removal of RGQ EC Members: Each RGQ Segment shall have the authority to remove an RGQ EC Member for cause. Prior to voting on such resolution to remove an RGQ EC Member for cause, the RGQ Segment shall give the RGQ EC Member at least 30-day notice of the proposed action and the opportunity to respond. A simple majority of the RGQ Segment Membership shall be required to remove an RGQ EC Member.

**Wisconsin Electric/Wisconsin Gas:**

WE-WG would prefer to see "67% majority" rather than "simple majority" for removal of RGQ EC Members.

- (f) Resignations: A RGQ EC Member may resign from the RGQ EC by submitting a letter to the Secretary of NAESB, stating that he or she is resigning and giving the effective date of the resignation.

**Section 10.3 Reserved**

**Section 10.4 Reserved**

**PPL Solutions:**

Replace 10.2 through 10.4 with the following section 10.2 through 10.7:

**10.2 RGQ EC Members**

Summary of Comments submitted on the Proposed NAESB Retail Gas Quadrant Procedures  
February 7 through February 14, 2002

- A. *To be eligible to serve as a representative on the RGQ EC:*
- *The person must be a Member of the RGQ*
  - *The person must have a working knowledge of the NAESB process; and*
  - *The person must be willing to commit the time and resources necessary to fulfill their obligations as a RGQ EC Member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws [Section 9.7 (f)].*
- B. *One Member, One Seat Per Quadrant*  
*No two RGQ EC Members may be employees of the same Member holding Membership in multiple Segments within the Quadrant. This restriction does not prohibit election of two RGQ EC Members from two affiliated companies within a holding company which each have individual Member status, or from two companies with a parent-subsidiary relationship, provided that the two RGQ EC Members from companies with such a relationship represent Members of differing Segments.*
- C. *One Office Per Member Representative*  
*If an RGQ EC Member representative is elected as a Director from the RGQ, the EC seat is vacated when the Board seats the Director.*

**Reliant Energy:**

On PPL's Section 10.2 "**RGQ EC Members:**"

1. See comments on Section 7.2.
2. Additionally, the reference to Section 9.7(f) of the Bylaws should be modified to Section 10.4(j), which is applicable to EC Members.
3. Modify the following section (from PPL's comments) as follows:

C. *One Office Per Member Representative*

*Elected EC Member representatives may not hold both a Board seat and a seat on the EC at any point in time. If an RGQ EC Member representative is elected as a Director from the RGQ, the EC seat is vacated when the Board seats the Director.*

Rationale: This changes makes this provision consistent with Section 7.2.

**10.3 Number and Election of RGQ EC Members**

- A. *Number of RGQ EC Members*  
*The RGQ shall elect twenty (20) RQG EC Members, subject to the provisions of Section 19 of these Procedures. Each Segment of the Quadrant will elect five (5) RQG EC Members, subject to the provisions of Section 19 of these Procedures.*
- B. *Election of RGQ EC Members*  
*Nominations for and election of all RGQ EC Members will be in accordance with Segment Procedures.*
- C. *Timing of Elections*  
*Subject to the provisions of Section 19, election of RGQ EC Members shall occur in the same month for all Segments of the RGQ, and shall be coordinated by the NAESB Office. The NAESB Office will ensure that the requirements of this Section are satisfied by each Segment's slate of candidates prior to any actual voting by any Segment.*
- D. *Chair Rotation*  
*The RGQ EC shall elevate the prior year Vice Chair of the Quadrant EC to Chair of the RGQ EC at its first meeting in the new operating year and elect a new Vice Chair. If the Vice Chair is vacant at the time of the first meeting of a new operating year, both a Chair and Vice-Chair will be elected.*

**Reliant Energy on PPL's Comments:**

Reliant Energy presumes that the last sentence describes how the first Chair and Vice Chair will be elected.

E. *Meeting Minutes*

*The RGQ EC shall designate an EC Secretary responsible for production of meeting minutes per NAESB Operating Procedures. This may involve an individual assigned this responsibility on a permanent basis, or an agreement on how to designate a person or persons responsible for recording minutes of each meeting.*

#### 10.4 Term of Office

##### A. Term of Office

RGQ EC Members shall be elected for two-year terms, with half of the terms expiring in alternating years, subject to the provisions of Section 19.

1. Two RGQ EC Members will be elected from each Segment each year to fill expiring terms.
2. Group A RGQ EC Members will have their terms expire in odd numbered years.
3. Group B RGQ EC Members terms will expire in even numbered years.
5. Term expiration will be in conjunction with the end of the operating year of NAESB or as otherwise defined by the Board, Certificate of Incorporation or Bylaws, as amended.

##### B. Limit on Number of Terms of Office

RGQ EC Members elected from the RGQ may run for re-election without restriction on the number of terms held.

#### **Reliant Energy on PPL's Comments:**

Modify this section as follows:

##### B. Limit on Number of Terms of Office

~~RGQ EC Members elected from the RGQ may run for re-election without restriction on the number of terms held. A Member may serve no more than two (2) consecutive terms on the Executive Committee.~~

Rationale: In the interest of fairness and fresh perspectives, Reliant prefers limiting terms for Directors in all quads to three consecutive terms.

##### C. Change of Affiliation

In the event that a RGQ EC Member changes affiliation and is no longer affiliated with the same electing industry Segment, the RGQ EC Member will vacate the seat for election of a new RGQ EC Member.

#### 10.5 Vacancies

In the event that a RGQ EC Member resigns or otherwise vacates ~~their~~ RGQ EC seat, the Segment will hold an election within 60 days to fill the vacant seat with a candidate from the same Segment as the original RGQ EC Member. Until an election is held and a new EC Member is elected, a Designated Alternate will serve in the open EC seat.

#### **Reliant Energy' on PPL's previous section:**

Modify section as edited above.

#### 10.6 Removal of RGQ EC Members

Each RGQ Segment shall have the authority to remove a RGQ EC Member representative for cause. Prior to voting on such resolution to remove a RGQ EC Member representative for cause, the RGQ Segment shall give the RGQ EC Member representative at least 30-day notice of the proposed action and an opportunity to respond. A simple majority of the RGQ Segment Membership from which the EC Member representative shall be required to remove a RGQ EC Member representative.

#### **Reliant Energy' on PPL's previous section:**

1. Modify section as edited above.
2. Who will make this resolution?
3. See related comments in Section 7.6 above.

#### 10.7 Designated Alternates

##### A. Authority

Any person presenting themselves at an EC meeting as a Designated Alternate will be accepted as a participant provided that:

1. An EC Member from that Segment either indicates to the NAESB Office, EC Chair or Vice-Chair that they will be absent, or is in fact absent and remains absent, and

Summary of Comments submitted on the Proposed NAESB Retail Gas Quadrant Procedures  
February 7 through February 14, 2002

2. *The name of the Designated Alternate is on a list of approved Designated Alternates selected by the appropriate Segment Membership according to ~~these Procedures or Segment Procedures~~ and on file with ~~both~~ the NAESB Office ~~and the EC~~.*

Rationale: There are no real procedures in this document regarding selecting Designated Alternates. Further, the EC should not be monitoring who is an DA

**Reliant Energy' on PPL's previous section:**

Modify section as edited above.

**B. Election of Designated Alternates**

*Each Segment will select no more than ~~three (3)~~ five (5), and no less than ~~one~~ three (3) Designated Alternate EC representatives in each election year, allowing for up to ~~twelve (12)~~ twenty (20) Designated Alternates overall.*

Rationale: PPL Solutions' comments on sections 10.2 through 10.5 are the same as documented in comments on section 7.2 through 7.6. While the RGQ draft procedure is consistent with the Bylaws, the Bylaws seem to be inconsistent on which section addresses which issues (e.g. section 7.3 addresses how many members are on the Board while 10.2 addresses this for the EC). PPL Solutions proposes that the construction used in section 7 be paralleled in section 10. This will provide better internal consistency even though it does create a slight variation from the construct of the Bylaws. To this end PPL Solutions proposes that Sections 10.2 and 10.3 read as follows (see comments on section 7.2 and 7.3 for rationale).

**Reliant Energy' on PPL's previous section:**

Modify section as edited above.

Rationale: There should be at least five DAs per segment in cases where not all can travel to a meeting to be available for replacing an EC Member. Reliant Energy believes there should be a separate election for the DAs, the mechanism of which should be more fully described in Segment Procedures.]

**NASUCA & AARP:**

*We strongly oppose the proposal contained in the Gas Quadrant draft that appears to establish certain qualifications or restrictions upon a member's ability to stand for election on the Board of Directors and the Executive Committee.*

Rationale: These "barriers" are not appropriate or needed since the positions are subject to election by the Segments and those Segments will elect those members to these positions based on their review and analysis of their ability to conduct the necessary duties of these positions. Such language is likely to lead to future disputes concerning the qualifications of members who seek to be elected to the Board or EC or even lead to controversy about the validity of such elections after the fact. The fact that such representatives must be members and elected by other Segment members is sufficient to prevent individuals from being elected without the necessary authority to act or other qualifications because presumably the other Segment members will evaluate candidates based on these criteria. In general, we prefer the language from the Electric Quadrant draft with respect to both of these sections.

**PanCanadian Energy:**

*COMMENTS SAME AS PPL ON REPLACING RGQ 10.2 THROUGH 10.4 WITH SUGGESTED LANGUAGE IN PPL'S 10.2 THROUGH 10.7, EXCEPT FOR 10.3 D, AS FOLLOWS:*

**D. Chair Rotation**

*The RGQ EC shall elevate the prior year Vice Chair of the Quadrant EC to Chair of the RGQ EC at its first meeting in the new operating year and elect a new Vice Chair. If the Vice Chair is vacant at the time of the first meeting of a new operating year, both a Chair and Vice-Chair will be elected. The RGQ EC may make different arrangements upon a majority vote of the RGQ.*

**Section 10.5**

**Section 10.5 RGQ EC Subcommittees**

Summary of Comments submitted on the Proposed NAESB Retail Gas Quadrant Procedures  
February 7 through February 14, 2002

While there may be Subcommittees and Task Forces established by the NAESB EC, to be comprised of NAESB Members and other interested parties, the Retail Gas Quadrant shall set up its own Subcommittees and Task Forces to deal with Retail Gas Quadrant-specific issues. Each RGQ EC Subcommittee shall report to the RGQ EC and each shall:

- elect a chair who shall be an RGQ EC Member and who shall serve until removed by the RGQ Subcommittee's membership;
- carry out its work in accordance with procedures adopted by the NAESB EC for EC Subcommittees;
- provide notice of meetings and agendas;
- practice balanced voting and record voting results; and
- keep regular minutes of its proceedings and provide copies of these minutes promptly to the NAESB office.

Any task force established by RGQ EC Subcommittees shall be open to all NAESB Members and other interested parties. At NAESB joint Subcommittee or joint Task Force meetings, the same individual may represent different Segments from different NAESB Quadrants, as long as that individual declares prior to the joint meeting the NAESB Quadrant and Segment for which he or she is casting a vote. At RGQ Subcommittee or Task Force meetings, the same individual may represent different RGQ Segments, as long as that individual declares prior to the meeting the RGQ Segment for which he or she is casting a vote.

**PPL Solutions:**

This section should be deleted.

Rationale: These issues should be dealt with in the NAESB Operating procedures.

**PanCanadian Energy:**

NOTE: SAME COMMENT AS PPL.

**CMS et al:**

We will submit comments on Section 10 before either the 2/15 conference call or the 2/20 meeting.

**Section 18.1**

**Section 18.1 Amendments**

*In order for Retail Gas Quadrant Procedures to be amended, upon petition of at least five (5) RGQ Members, the Vice Chair of the EC for the RGQ shall announce an RGQ meeting. Such announcement shall provide for at least a 30-day notice. In order to transact business at the RGQ meeting, there shall be a quorum consisting of at least ~~half~~ 1/3 of the RGQ Membership. Following such meeting, the proposed resolution adopted at the meeting shall be sent out for comment, and the comments shall be distributed to all RGQ Members in advance of a notational vote. ~~Any RGQ Member not choosing to vote shall be considered to have voted in favor of the proposed change. RGQ Members that do not respond to a call for a vote shall not be considered when votes are tallied.~~ -In order for a proposed change to take effect, it must be approved by at least ~~2/3~~ 75% of RGQ Members and 40% of each RGQ Segment's Membership.*

**Reliant Energy:**

Edit section as red-lined above.

**Rationale:** This section was not contained in the PPL Solutions' comments. Reliant Energy believes that the approval percentages should be consistent with the Bylaws. Additionally, given the importance of a vote to approve these procedures, there should be at least half of the Members present and non-votes should not be counted at all.

**CMS et al:**

We will submit comments on Section 18 before either the 2/15 conference call or the 2/20 meeting.

**Section 19**

**Section 19.1 Transitional Voting Threshold**

Each Segment may populate up to six seats on the NAESB Board or RGQ EC. Recognizing that the RGQ Segments might fill their allotted seats at varying rates, a Transitional Voting Period shall be established, whereby the voting threshold for RGQ representatives on the NAESB Board and on the RGQ EC will be tiered into two phases. During Phase I, to end no later than December 31, 2002, the Transitional Voting Threshold will be set to four, and during Phase II of the Transitional Voting Period, to end no later than December 31, 2003, the Transitional Voting Threshold will be set to five. Upon expiration of the Phase II of the Transitional Voting Period, no Transitional Voting Threshold will be in effect and this Section shall expire.

**Section 19.2 Transitional Voting Multiplier**

Each RGQ Segment will determine the number of seats on the NAESB Board or RGQ EC it intends to populate and inform the NAESB office of this number. A Transitional Voting Multiplier shall be calculated for each RGQ Segment by dividing the number of populated seats in the largest RGQ Segment by the greater of the number of seats populated in that RGQ Segment or the applicable Transitional Voting Threshold. The following example is used to illustrate this: A given RGQ Segment populates four seats during Phase I of the Transitional Voting Period, while the largest RGQ Segment in this case populates six. To determine the Transitional Voting Multiplier for the smaller RGQ Segment in this example, the number of seats in the largest RGQ Segment (which in this case is 6) would be divided by the Phase I Transitional Voting Threshold (which is 4) to arrive at 1.5 as the Transitional Voting Multiplier for the smaller RGQ Segment in this case.

**Section 19.3 Application**

When non-procedural votes are tallied at NAESB Board or EC meetings, each of the voters present will have their votes weighted by the Transitional Voting Multiplier applicable to that voter's RGQ Segment. Where applicable, NAESB balanced voting rules will be applied after votes have been weighted. Thus in the example given in Section 19.2, if all four representatives from the smaller RGQ Segment vote, the tally of their votes would be 6.

**Section 19.4 Limitation on Transitional Voting Multiplier**

To the extent that the number of individuals identifying with a RGQ Segment at a sub-committee or task force meeting is less than or equal to the number of RGQ EC seats populated, the Transitional Voting Multiplier may be used to weight votes prior to the application of balanced voting rules.

**Section 19.5 Early Threshold Expiration**

Should all RGQ Segments populate the NAESB Board or the RGQ EC seats in excess of the Transitional Voting Threshold prior to the expiration of Phase I of the Transitional Voting Period, Phase I shall expire immediately and the Transitional Voting Threshold for Phase II shall apply. Should all RGQ Segments during Phase II of the Transitional Voting Period populate the NAESB Board or the RGQ EC seats in excess of the Transitional Voting Threshold, Phase II shall expire immediately, no Transitional Voting Threshold will be in effect, and this Section shall expire.

**PPLSolutions:**

This section does a very nice job of defining a transition for the organization. The following changes should be made to make this section consistent with PPLSolutions' comments on sections 7 and 10:

1. *Populate up to five (5) Board and EC members per Segment.*
2. *The lower limit in Phase 1 should be 3 Board and EC members per Segment.*
3. *The lower limit for Phase 2 should be 4 Board and EC members per Segment.*
4. *The example should be changed to 5 members in the largest Segment and 3 members in the smallest Segment.*

**PanCanadian Energy:**

NOTE: SAME COMMENT AS PPL, WITH THE FOLLOWING ADDITIONAL ITEM:

*Add a sunset date for the Transition period. I suggest a sunset date of **August 31, 2002**.*

**Reliant Energy:**

1. *Reliant Energy prefers that the transitional provisions be eliminated from all quad documents.*

Rational: That's due to the confusion that they are likely to cause and the difficulty that will result in tallying votes, particularly as described in the RGQ Procedures. Reliant Energy would prefer that a NAESBOP be created to deal with this issue for all quadrants so that there is uniformity across the organization.

2. *Regardless of whether the NAESBOP is created or if this provision remains in the RGQ (or REQ) Procedures, there should be a sunset date of **August 31, 2002** included in the provision.*

**CMS et al:**

*We will submit comments on Section 19 before either the 2/15 conference call or the 2/20 meeting.*

**TAB 4**

**PROPOSED NAESB SEGMENT PROCEDURES - RETAIL ELECTRIC QUADRANT**



NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 4-A

RETAIL ELECTRIC QUADRANT  
DISTRIBUTOR SEGMENT PROCEDURES

General Note to all parties reviewing the draft REQ Distributor Segment Procedures:

This is a first draft of the Distributor Segment Procedures that attempts to follow the Services Segment and REQ format and outlining conventions. The intent was to incorporate all the changes made in the Distributor Segment procedures document developed from August to December 2001. Also, changes may have been made to make the result more compatible with REQ procedures draft 2.3.

To date the UDC members of UBP/RSP who participated in the revision of earlier drafts have not had an opportunity to comment on this document, therefore it is subject to further revision.

(W. Newbold, 2/14/02 12:30 PM)

DRAFT

Table of Contents

NORTH AMERICAN ENERGY STANDARDS BOARD .....	1
RETAIL ELECTRIC QUADRANT .....	1
DISTRIBUTOR SEGMENT PROCEDURES .....	1
1.0 Definitions .....	2
1.1 "Secretary" .....	2
1.2 "Segment Member" .....	2
1.3 "Segment Membership" .....	2
1.4 All other capitalized terms .....	2
2.0 Purpose, Scope, Principles and Policies .....	2
2.1 Purpose & Scope .....	2
2.2 Principles and Policies .....	2
2.3 Membership Requirements .....	3
3.0 Reserved for future use .....	5
4.0 Reserved for future use .....	5
5.0 Removal of Members .....	5
6.0 Reserved for future use .....	5
7.0 Board .....	5
7.1 Representation .....	5
7.2 Qualification of Directors .....	5
7.3 Number and Election of Directors .....	5
7.4 Term of Office .....	7
7.5 Vacancies .....	7
7.6 Removal of Directors .....	7
7.7 Resignation of Directors .....	8
8.0 Officers .....	8
8.1 Distributor Segment Chair .....	8
8.2 Distributor Segment Secretary .....	8
8.3 Distributor Segment Vice Chair .....	8
8.4 Election, Term of Office, & Succession .....	8
8.5 Holding Segment and NAESB/REQ offices .....	9
9.0 Reserved for future use .....	9
10.0 Executive Committee (EC) .....	9
10.1 Duties and Responsibilities Within Segment EC .....	9
10.2 Qualifications .....	9
10.3 Number and Election of EC Members .....	9
10.4 Term of Office .....	10
10.5 Reserved for future use .....	11
10.6 Removal of EC Members .....	11
10.7 Vacancies .....	12
10.8 Reserved for future use .....	12
10.9 Designated Alternates .....	12
10.10 Resignation of EC Members .....	13
11.0 Notice .....	13
11.1 Notice of Member Meetings .....	13
11.2 Communications Processes .....	13
12.0 Reserved for future use .....	13
13.0 Reserved for future use .....	13
14.0 Reserved for future use .....	13
15.0 Reserved for future use .....	13
16.0 Reserved for future use .....	13
17.0 Reserved for future use .....	13
18.0 Amendments .....	13
18.1 Procedure for Amendment .....	13
18.2 Determination of Quorum .....	14
19.0 Transitional Procedures .....	14
19.1 Initial Election of Distributor Segment Directors .....	14
19.2 Initial Election of Distributor Segment EC Members .....	14
19.3 Initial Election of Distributor Segment Officers .....	14

## 1.0 Definitions

- 1.1 "Secretary" means the Distributor Segment Secretary as defined in Section 8.2.
- 1.2 "Segment Member" means an individual or entity (e.g., corporation, partnership) that satisfy the requirements for membership set forth in the Bylaws of REQ, and further satisfy the qualifications for Distributor Segment membership set forth in Section 3.1 of these procedures. If the Segment Member is not an individual, the term Segment Member shall include that entity's representative (employee, officer, director, or partner) who is authorized to cast that Segment member's vote.
- 1.3 "Segment Membership" means the Segment Members collectively.
- 1.4 All other capitalized terms All other capitalized terms shall have the same definitions as specified in the Bylaws of NAESB or in the Retail Electric Quadrant (REQ) procedures.

## 2.0 Purpose, Scope, Principles and Policies

### 2.1 Purpose & Scope

#### A Purpose

To contribute to the proposal, evaluation, and adoption of voluntary standards and model business practices as described in the REQ quadrant procedures from the perspective of the Distributor Segment membership. [defined term in REQ procedures]

#### B Scope

The Distributor Segment of the REQ is to address issues and practices as described in the REQ quadrant procedures from the perspective of entities engaged in the distribution of electricity to retail end-users.

Issues may also be addressed in conjunction with other segments within the REQ and/or Retail Gas Quadrant (RGQ) when such issues are common to multiple segments and/or both electric and gas distribution in the retail market.

Issues surrounding the interface of transmission and distribution providers, or other wholesale issues affecting electricity distributors may be address in conjunction with various Segments of the Wholesale Electric Quadrant, should that Quadrant exist.

### 2.2 Principles and Policies

#### A Representation

1. The Distributor Segment shall meet the following criteria to ensure that the broad range of Distributor interests are represented:
  - (a) A minimum of ten paid members
  - (b) There are paid members representing electric distributors from at least four (4) reliability regions (as defined in 2001)

#### B Meetings of the REQ Distributor Segment

1. Open Meetings

All meetings held in association with the Distributor Segment of REQ are open to any interested person, company, or organization. Only Segment Members, however, shall have a right to vote at such meetings.

## 2. Meeting Minutes

Minutes of all meetings, including voting results, are to be reported by the Chair, the Vice-Chair, or the Secretary, at the Chair's discretion, to the NAESB Office for publication within 15 days of the date of the meeting.

## 2.3 Membership Requirements

### A Segment Description

The Distributor Segment of the Retail Electric Quadrant of the North American Energy Standards Board ("NAESB") is one of four (4) co-equal segments comprising the retail electric market. The Distributor Segment membership is comprised of persons that distribute electricity to retail end-users.

### B Distributor Segment Membership Requirements

Membership in the Distributor Segment of the Retail Electric Quadrant of the NAESB shall be open to any person that meets the following requirements:

1. The person meets the general membership criteria set forth in the Bylaws (Article 5) and the Certificate of Incorporation (Article IV, Sections 1 & 2) and Section 2.3 of the REQ quadrant Procedures.
2. The person meets the membership requirements specific to the REQ of NAESB.
3. The person provides electric distribution to retail end-users, or is a Trade Association representing parties who provide electric distribution to retail customers and qualifies under the procedure in section C, following.
4. The person has submitted an application to the NAESB Office declaring Distributor Segment affiliation in the REQ.

### C Trade Association Participation as Members

1. The Member may be a trade association or an advocacy group representing a group of prospective members, provided that
  - (a) the group represents an interest that is identified within the Segment, yet is
    - (i) not represented, or
    - (ii) is underrepresentedin the judgement of a simple majority of the Segment Membership, and
  - (b) the prospective representative's relationship to the group wishing to be represented in this manner is documented in one of the following ways:
    - (i) has statutorily or regulatory designated authority to represent the interests of the subject group
    - (ii) is generally recognized representative of the subject group for other transactions (e.g. provides group insurance, group buying of another product, etc.)

- (iii) provides a letter of authorization from the group, including an expiration date for the letter of authorization
  - (c) no more than two entities within the group represented subsequently join as voting Members of the Segment, at which point the segment membership will reconfirm the Trade Association's eligibility for continued membership under the terms of Section 2.3 C (1) a) (above)
2. Potential trade association members must be approved by a simple majority of the then current Distribution Segment members.
  3. The approval for a Trade Association to participate as a member must be reconfirmed by a simple majority of the Segment members every two years.
  4. Trade Associations participating as members have the same rights and responsibilities as all other members.

#### D Voting Rights

1. Only Distribution Segment Members have the right to:
  - (a) ratify standards or model business practices adopted by the Quadrant EC. Ratification voting will be in accordance with the requirements of the NAESB Bylaws.
  - (b) vote in elections for the Board of Directors and Executive committee. These elections shall be held in accordance with NAESB and REQ and Distribution Segment procedures as stated in Sections 7.3 and 10.3.
2. A Segment Member's voting rights shall be suspended for any period during which the member is delinquent in the payment of its membership fees.
3. In the event that a duly authorized representative of a Member in one Segment also represents the Member in a Segment in any other NAESB Quadrant, the following voting guidelines apply:
  - a. When voting in NAESB Board of Directors elections, Executive Committee elections, on governance issues presented to the membership, and Standards ratification votes: the Member's duly authorized representative shall be eligible to cast one vote on behalf of the member (to be counted in the applicable Segment), even if the duly authorized representative (the individual) is also the duly authorized representative of a member in another NAESB Quadrant and is eligible to cast a vote there.
  - b. When engaged in a joint meeting requiring Member voting, then the person serving as a Member's duly authorized representative in more than one Segment must choose the Segment and Quadrant in which they will vote on any issue presented at the meeting. This election must be made before the first vote occurs and may not change during the course of the meeting. The authorized representative may only cast one vote on each voting issue.

i) To the extent that any other involved Quadrant's rule may differ on this point, the representative must still honor this Quadrant's rule for any such vote and may designate a substitute representative for the entity's other interests during the joint meeting.

c. At NAESB joint Subcommittee or joint Task Force meetings, the person serving as a Member's duly authorized representative in more than one Segment must choose the Segment and Quadrant in which they will vote on any issue presented at the meeting. This election must be made before the first vote occurs and may not change for the duration of the Member's participation on the Subcommittee/Task Force. The authorized representative may only cast one vote on each voting issue.

i) To the extent that any other involved Quadrant's rule may differ on this point, the representative must still honor this Quadrant's rule for any such vote and may designate a substitute representative for the entity's other interests on the Subcommittee/Task Force.

#### E Multiple Memberships

Corporate Members do not extend their membership to their parent company, affiliates or subsidiaries. Separate corporate entities within a corporate organization may hold multiple memberships in the Distributor Segment, but each must join individually and pay a membership fee.

### 3.0 Reserved for future use

### 4.0 Reserved for future use

### 5.0 Removal of Members

Members who do not have a significant business interest pertaining to the Distributor Segment may be removed from Distributor Segment Membership by a simple majority vote of the declared Distributor Segment Membership.

### 6.0 Reserved for future use

### 7.0 Board

#### 7.1 Representation

The Distributor Segment of the REQ shall be represented on the Board.

#### 7.2 Qualification of Directors

To be eligible to serve as a Distributor Segment representative on the NAESB Board of Directors, the individual must

- A be a Distributor Segment Member;
- B have a working knowledge of the NAESB process;
- C be willing to commit the time and resources necessary to fulfill the obligations as a NAESB Board member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D disclose the legal name of their employer and, if applicable, their employer's ownership.

#### 7.3 Number and Election of Directors

A Number of Directors

Four (4) persons who are individual Segment Members will represent the Distributor Segment on the REQ Board of Directors.

B Election of Directors

The Distributor Segment of the REQ shall elect individuals to serve on the Board as required by Article 7 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.

1. Interested individuals duly authorized to represent a Segment Member and eligible to serve on the Board of Directors shall submit their names to the Segment Nominating Committee in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 7.2 C., and the statement required in subsection 7.2 D. above.
2. In preparation for any election of Directors representing the Distributor Segment of the REQ (other than initial Directors, as provided for in Section 19.1), a Nominating Committee consisting of **five (5) members** of the REQ Distributor Segment **will** be appointed by the Distributor Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ Distributor Segment nominating period by any Segment Member in accordance with the requirements in subsection 1) above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.
3. The election process for REQ Distributor Segment Directors shall be:
  - (a) coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office, and
  - (b) announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
4. Elections for REQ Distributor Segment Directors shall be subject to the following provisions:
  - (a) Any Distributor Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
  - (b) Distributor Segment Members shall cast votes for candidates in a number not exceeding the number of Director seats open for election by the Distributor Segment;
  - (c) **Segment Members may cast only one vote per candidate**
  - (d) **The candidates receiving the greatest numbers of votes shall be elected, subject to a maximum of two (2) Directors from a single reliability region (as defined in 2001):**
  - (e) Results of the elections for the REQ Directors, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election.

5. Directors may not hold Board of Directors seats and Executive Committee memberships concurrently. EC members may run for election to the Board, but must surrender their EC membership upon being seated as a Director.

#### 7.4 Term of Office

##### A Term of Office

Each Director from the Distributor Segment of the REQ shall serve a term of two years on the NAESB Board, as described in the REQ quadrant procedures except as provided for in Section 19.1 of this procedure.

1. Members elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as Group A representatives; there will be two Group A representative seats at any given time.
2. Members elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B representatives; there will be two Group B representative seats at any given time.

##### B Limit on Number of Terms of Office

There is no limit on the number of terms any Distributor Segment Member may serve on the Board.

##### C Change of Affiliation

In the event that the Distributor Segment Director changes affiliation to another Member within the Distributor Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the same Member, in which case the Director changing his or her affiliation will vacate their seat for election of a new Director.

#### 7.5 Vacancies

Any Director seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions:

- A If the vacancy occurs with less than 125 days remaining in the Director's term of office, the seat will remain vacant until filled by election of a new Director to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. The election will be conducted in accordance with the procedures in Section 7.3 B, above. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

#### 7.6 Removal of Directors

##### A A NAESB Director shall cease to hold that position upon:

1. the resignation of REQ Distributor Segment Membership by the entity of which the Director serves as a representative;



2. the lapse of the NAESB Membership dues of the Member for which the Director serves as a representative;
  3. the Director's resignation, removal, or death; or
  4. the first day of the NAESB operating year following an election for the seat held by the Director, wherein the Director was not re-elected by the Segment Membership as declared by the NAESB Secretary.
- B Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Director if all three of the following conditions are satisfied:
1. the individual continues activity or employment in the Distributor Segment of the Electric industry with another Distributor Segment Member;
  2. the individual's new employer is a Segment Member with no representatives holding seats on the Board; and
  3. the Board determines that completion of the Director's term of office is in the best interest of NAESB.
- C Upon request by a Segment Member that the Director does not meet the qualifications as described in Section 10.2 above, a Distributor Segment vote for removal of the Director can be called. Directors may be removed from office by the Segment Membership at any time upon a 51% vote.
- D A vacancy resulting from removal of a Director shall be filled for the remainder of that term in accordance with Section 7.5 of these Procedures.

## 7.7 Resignation of Directors

A Director may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the Distributor Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

## 8.0 Officers

The Distributor Segment Members shall elect Members of the Distributor Segment to the following administrative and governance positions:

### 8.1 Distributor Segment Chair

The Distributor Segment Chair will preside over all meetings of the general Distributor Segment Membership separate from meetings of the REQ.

### 8.2 Distributor Segment Secretary

The Chair will appoint a Secretary of the meeting(s) who will take meeting minutes and record votes.. This may be a standing position or this function may be performed by a NAESB Office representative.

### 8.3 Distributor Segment Vice Chair

The Distributor Segment Vice-Chair will assist the Distributor Segment Chair in presiding over all meetings of the general Distributor Segment. The Vice-Chair will, along with the NAESB Office, coordinated all Segment elections once the Segment has commenced operation.

### 8.4 Election, Term of Office, & Succession

The term of office of the Distributor Segment Chair is one year concurrent with the operating year of NAESB.

The Distributor Segment Chair will be succeeded in the following year by the Distributor Segment Vice-Chair. with a new Distributor Segment Vice-Chair elected to fill the vacant Distributor Segment Vice-Chair position.

The election of the new Vice Chair shall be coordinated with the Board and EC elections, with succession taking place at the start of the next NAESB operating year. If the Vice Chair position is vacant at the time of this election, then two Segment Chairs will be elected, with the candidate receiving the highest number of votes becoming Chair and the candidate with the second highest vote total becoming Vice Chair.

In the event the Segment Chair position is vacant, the Vice Chair shall immediately assume the Chair position and shall appoint a new Vice Chair to fill out the remainder of the operating year. If the Vice Chair position becomes vacant the Chair shall appoint a new Vice Chair to fill out the remainder of the operating year. Appointed Segment Officers are not eligible to succeed from Vice Chair to Chair as described above. They must instead stand for election as if the office was vacant with the highest vote-getter becoming the Chair and the next highest becoming the Vice Chair.

## **8.5 Holding Segment and NAESB/REQ offices**

A Segment member may hold one of the Officer positions within the Segment and also serve on the Board or the Executive Committee concurrently.

## **9.0 Reserved for future use**

## **10.0 Executive Committee (EC)**

### **10.1 Duties and Responsibilities Within Segment EC**

The Distributor Segment of the REQ shall be represented on the EC.

### **10.2 Qualifications**

To be eligible to serve as a Distributor Segment representative on the EC, the individual must

- A be a Segment Member;
- B have a working knowledge of the NAESB process;
- C be willing to commit the time and resources necessary to fulfill their obligations as a NAESB EC member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D disclose the legal name for their employer and if applicable, its ownership.

### **10.3 Number and Election of EC Members**

- A Number of EC Members

Four (4) persons who are individual Segment Members will represent the Distributor Segment on the REQ EC.

## B Election of EC Members

The Distributor Segment of the REQ shall be represented on the NAESB EC by individuals who shall be elected, as required by Article 10 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.

1. Interested individuals duly authorized to represent a Distributor Segment Member and eligible to serve on the EC shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 10.2 C., and the statement required in subsection 10.2 D. of this segment procedure.
2. In preparation for any election of EC members representing the Distributor Segment of the REQ (other than initial EC members, as provided for in Section 19.2), a Nominating Committee consisting of **five (5) members** of the REQ Distributor Segment, **will** be appointed by the Distributor Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ Distributor Segment nominating period by any Segment Member in accordance with the requirements in subsection (1) in above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.
3. The election process for REQ Distributor Segment representatives to the REQ EC shall be
  - (a) coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office and;
  - (b) announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
4. Elections for REQ Distributor Segment EC members shall be subject to the following provisions:
  - (a) Any Distributor Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
  - (b) Distributor Segment Members shall cast votes for candidates in a number not exceeding the number of EC seats open for election by the Distributor Segment;
  - (c) **Segment members may cast only one vote per candidate**
  - (d) **The candidates receiving the greatest numbers of votes shall be elected, subject to a maximum of two (2) EC members from a single reliability region (as defined in 2001);**
  - (e) Results of the elections for the REQ EC, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election;

## 10.4 Term of Office

### A Term of Office

Each EC Member from the Distributor Segment of the REQ shall serve a term of two years on the REQ EC, as described in the REQ quadrant procedures except as provided for in Section 19.2 of this procedure.

1. Members elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as Group A representatives; there will be two Group A representative seats at any given time.
2. Members elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B representatives; there will be two Group B representative seats at any given time.

**B Limit on the Number of Terms in Office**

There is no limit on the number of terms any Distributor Segment Member may serve on the Executive Committee

**C Change of Affiliation**

In the event that the Distributor Segment EC Member changes affiliation to another Member within the Distributor Segment, the EC Member's term will continue until its natural expiration, provided that there is no other EC Member already representing the same Member, in which case the EC Member changing his or her affiliation will vacate their seat for election of a new EC Member.

**10.5 Reserved for future use**

**10.6 Removal of EC Members**

**A A NAESB EC Member shall cease to hold that position upon:**

1. the resignation of REQ Distributor Segment Membership by the entity of which the EC Member serves as a representative;
2. the lapse of the NAESB Membership dues of the Member for which the EC Member serves as a representative;
3. the EC Member's resignation, removal, or death; or
4. the first day of the NAESB operating year following an election for the seat held by the EC Member, wherein the EC Member was not re-elected by the Segment Membership as declared by the NAESB Secretary.

**B Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Distributor Segment EC Member if all three of the following conditions are satisfied:**

1. the individual continues activity or employment in the Distributor Segment of the Electric industry with another Distributor Segment Member,
2. the individual's new employer is a Segment Member with no representatives holding seats on the EC, and
3. the EC determines that completion of the EC Member's term of office is in the best interest of NAESB

- C Upon request by a Segment Member that the EC Member does not meet the qualifications as described in Section 10.2 above, a Distributor Segment vote for removal of the EC Member can be called. EC Members may be removed from office by the Segment Membership at any time upon a 51% vote.
- D A vacancy resulting from removal of an EC Member shall be filled for the remainder of that term in accordance with Section 10.7 of these segment procedures.

#### 10.7 Vacancies

Any EC seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions

- A If the vacancy occurs with less than 125 days remaining in the EC member's term of office, the seat will remain vacant until filled by election of a new EC member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process.. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

Until an election is held and a new EC member is elected, a Designated Alternate will serve in the open EC seat.

#### 10.8 Reserved for future use

#### 10.9 Designated Alternates

##### A Selection of Designated Alternates:

1. The Distributor Segment will select no more than three (3), and no less than one Designated Alternate EC representative in each election year, allowing for up to three (3) Designated Alternates overall.
2. Designated Alternates will be selected by the same election that determines Distributor Segment EC members, with those (up to 3) unsuccessful Distributor Segment EC member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the coming year.
3. The first, second, and third Designated Alternate will be determined by the order of voting results of the most recent Distributor Segment EC election.

##### B Duties of Designated Alternates

A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular Distributor Segment EC Members from the Distributor Segment are unable to attend a meeting of the EC and when the absent member, the Chair, or the Vice-Chair of the REQ EC requests their attendance as a Designated Alternate. Selection of which Alternate will serve will proceed through the order of first, second, and third Designated Alternate, with each indicating whether they can or cannot fulfill the requirement to serve at the subject meeting.

## 10.10 Resignation of EC Members

A Distributor Segment EC Member may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the Distributor Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

## 11.0 Notice

### 11.1 Notice of Member Meetings

The minimum notice of a Segment Member meeting, or a joint meeting with another Segment or a Segment from another Quadrant of NAESB where a vote might take place shall have a meeting notice posted at least two weeks in advance

### 11.2 Communications Processes

A All meeting notices shall be posted on the NAESB website and transmitted in writing, facsimile, or other electronic means to all parties who have indicated an interest in the meeting.

B The Distributor Segment will maintain a mailing list (and e-mail list) of it's members and will directly distribute information and notices on Segment issues to Distribution Segment Members.

1. The Distribution Segment will maintain a mailing list (and e-mail list) of parties who have participated in Segment proceedings during the last 12 months and will directly distribute information and notices on Segment issues these known interested parties.

2. The Distributor Segment will rely upon NAESB, NRECA, APPA, EEI, and other trade associations to distribute various information and notices to other interested parties.

12.0 Reserved for future use

13.0 Reserved for future use

14.0 Reserved for future use

15.0 Reserved for future use

16.0 Reserved for future use

17.0 Reserved for future use

## 18.0 Amendments

### 18.1 Procedure for Amendment

The Directors representing the Distributor Segment on the Board shall recommend to the Segment Membership amendments to these Procedures. Each proposed amendment shall be offered as a separate amendment, except in those situations in which an amendment will affect more than one section of these Procedures. If a proposed amendment will affect more than one section, then all affected sections will be identified.

A majority vote of the Segment Membership returning ballots shall be required to approve an amendment to these procedures.

## 18.2 Determination of Quorum

A quorum, for purposes of these amendment procedures only, shall be the Segment Members present at any meeting for which prior notice has been given at least two weeks before the meeting date.

## 19.0 Transitional Procedures

### 19.1 Initial Election of Distributor Segment Directors

A The initial Distributor Segment Directors shall be elected at the first meeting of the Distributor Segment called by the NAESB office.

1. The candidates receiving the greatest number of votes shall be elected, subject to a maximum of two Directors from a single reliability region, as defined in 2001.
2. The two (2) initial Directors receiving the greatest number of votes shall serve a maximum of two years or until replaced by Directors elected in the second regularly scheduled election. The remaining two (2) initial Directors shall serve a maximum of one year or until replaced by Directors elected in the first regularly scheduled election.

### 19.2 Initial Election of Distributor Segment EC Members

A The initial Distributor Segment EC Members be elected at the first meeting of the Segment.

1. The candidates receiving the greatest number of votes shall be elected, subject to a maximum of two EC Members from a single reliability region, as defined in 2001.
2. The two (2) initial EC Members receiving the greatest number of votes shall serve a maximum of two years or until replaced by EC Members elected in the second regularly scheduled election. The remaining two (2) initial Directors shall serve a maximum of one year or until replaced by Directors elected in the first regularly scheduled election.
3. The unsuccessful EC candidates receiving the most votes shall be named Designated Alternates for the Segment. They shall be assigned first, second, or third based on their vote totals. These initial Designated Alternates shall serve until replace subsequent to the next election.

### 19.3 Initial Election of Distributor Segment Officers

A The initial Segment Chair and Vice Chair of the Distribution Segment shall be elected at the first meeting of the Segment

- B These initial Segment officers shall begin their duties immediately upon election and retain these positions until replaced by new officers elected in the first scheduled election.



**TAB 5**

**PROPOSED NAESB SEGMENT PROCEDURES - RETAIL GAS QUADRANT**

*Note: This DRAFT of the RGQ Distributor Segment Procedures reflects modifications as a result of discussion during the 1/29/02 NAESB Retail Quadrants meeting and has been reviewed by the GRGS Task Force during its 2/1/02 conference call. The red-lined edits reflect revisions made by the Task Force on 02-01-02. The deletion of large sections simply means that the GRGS decided to move those sections back into the RGQ Procedures. Similarly, the insertion of sections here indicate that they have been reinserted or moved here from the Quadrant Procedures. Within those inserted sections, references to the Retail Gas Quadrant, or RGQ, have been changed to RGQ Distributor Segment, and those changes are highlighted in yellow shading.*

## RETAIL GAS QUADRANT DISTRIBUTORS SEGMENT PROCEDURES

### 1.0 DESCRIPTION OF THE DISTRIBUTORS SEGMENT:

The Distributors Segment of the Retail Gas Quadrant of the North American Energy Standards Board (“NAESB”) is one of four (4) co-equal Segments comprising the retail natural gas market. The Distributors Segment represents the interests of entities engaged in the regulated or publicly owned local distribution of natural gas.

### 2.0 DISTRIBUTORS SEGMENT MEMBERSHIP REQUIREMENTS:

Membership in the Distributors Segment of the Retail Gas Quadrant of NAESB shall be open to persons that meet the following requirements:- The person meets the general membership criteria set forth in the NAESB Bylaws (Article 5) and the NAESB Certificate of Incorporation (Article IV Sections 1 & 2).- The person meets the membership requirements specific to the Retail Gas Quadrant of NAESB.-

The person is engaged in the regulated or publicly owned local distribution of natural gas.-

The person has submitted an application to the Retail Gas Quadrant, declaring its Segment affiliation.

-

### 3.0 NUMBER AND ELECTION OF REPRESENTATIVES TO THE NAESB BOARD

(a) In preparation for an election of RGQ Distributor Segment representatives to the NAESB Board, a slate of candidates shall be solicited and developed from interested RGQ Distributor Segment Members. The RGQ Distributor Segment shall specify a point of contact who shall provide the list of nominees to the NAESB office.

34 (b) The elections of RGQ Distributor Segment representatives to the NAESB Board shall be subject to the  
35 following provisions:

- 36 - RGQ Distributor Segment Members shall cast votes for candidates in a number not exceeding the  
37 number of vacant NAESB RGQ Distributor Segment directorships.
- 38 - No RGQ Distributor Segment Member shall cast more than one vote per vacant NAESB RGQ  
39 Distributor Segment directorship.

40

41 **4.0 NUMBER AND ELECTION OF RGQ EXECUTIVE COMMITTEE MEMBERS**

42 (a) In preparation for an election of Distributor Segment representatives to the RGQ EC, a slate of  
43 candidates shall be solicited and developed from interested RGQ Distributors Segment Members. The  
44 RGQ Distributor Segment shall specify a point of contact who shall provide the list of nominees to the  
45 NAESB Office.

46 (b) The elections of RGQ Distributor Segment representatives to the RGQ EC shall be subject to the  
47 following provisions:

- 48 - RGQ Distributor Segment Members shall cast votes for candidates in a number not exceeding the  
49 number of vacant RGQ Distributor Segment EC seats.
- 50 - No RGQ Distributor Segment Member shall cast more than one vote per vacant RGQ Distributor  
51 Segment EC seat.

52

53 **5.0 RGQ DISTRIBUTOR SEGMENT DESIGNATED EC ALTERNATES**

54 (a) The RGQ Distributor Segment shall elect a number of Designated EC Alternates to ensure that the  
55 business of the EC is conducted uninterruptedly. Following the election of RGQ Distributor Segment  
56 EC Members, the RGQ Distributor Segment will elect not more than eight (8) RGQ Distributor  
57 Segment Designated EC Alternates to attend and vote at RGQ or NAESB EC meetings, when one, or  
58 more, regular RGQ Distributor Segment EC Member is unable to attend a particular EC meeting. In  
59 preparation for an election of RGQ Distributor Designated EC Alternates, a slate of candidates shall be  
60 solicited and developed from interested RGQ Distributor Segment Members. The RGQ Distributor  
61 Segment shall specify a point of contact who shall provide the list of nominees to the NAESB office.

62 (b) The elected RGQ Distributor Segment Designated EC Alternates shall be announced to the NAESB  
63 Office as soon as possible after the election is complete. This written communication shall include the  
64 name, address, telephone number, facsimile number, and e-mail address of each Designated EC  
65 Alternate of the RGQ Distributor Segment.

66 (c) The role and duties of a Designated EC Alternate from the RGQ Distributor Segment are as follows:

67 - When requested by an EC Member of the RGQ Distributor Segment to attend an EC meeting, an  
68 RGQ Distributor Segment Designated EC Alternate shall do so unless he or she is unable to attend,  
69 in which case the RGQ Distributor Segment Designated EC Alternate shall so advise the RGQ  
70 Distributor Segment EC Member, and that EC Member shall select another RGQ Distributor  
71 Segment Designated EC Alternate.

72 - When attending an EC meeting, the RGQ Distributor Segment Designated EC Alternate shall have  
73 the full voting rights of the RGQ Distributor Segment EC Member, except as may be limited by  
74 that RGQ Distributor Segment EC Member's notice in writing to the Chair of the EC, the Secretary  
75 of NAESB, and the RGQ Distributor Segment Designated EC Alternate.

76 - An RGQ Distributor Segment Designated EC Alternate is required to attend at least 50% of all  
77 meetings for which they are requested to attend with a least one week's notice; however, the  
78 attendance requirement would not exceed 50% of all EC meetings scheduled annually.

79 (d) The same eligibility criteria that are required of RGQ EC Members under Section 10.2 (c) of the Retail  
80 Gas Quadrant Procedures also apply to elected RGQ Distributor Segment Designated EC Alternates.

81 (e) Once an RGQ Distributor Segment EC Member obtains an agreement from an RGQ Distributor  
82 Segment Designated EC Alternate to substitute for them at an EC meeting, this designation shall be  
83 communicated in writing to the NAESB office at least one day prior to the EC meeting.

84

85 **6.0 AMENDMENT OF SEGMENT PROCEDURES:**

86 Amendment of these Retail Gas Quadrant Distributors Segment Procedures shall be subject to approval by  
87 2/3 of the NAESB Retail Gas Quadrant Distributors Segment Members.

88

89    **7.0    DISSEMINATION OF INFORMATION:**

90           The Distributors Segment shall designate a point of contact for their Segment to disseminate various  
91           information and notices to the Segment Membership, its Quadrant, other Quadrants, and the NAESB office  
92           regarding issues specific to the Distributor Segment.

**TAB 6**

**PROPOSED NAESB SEGMENT PROCEDURES**

**Services  
Suppliers  
&  
End Users**

NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 4-B

RETAIL ELECTRIC QUADRANT SERVICES SEGMENT PROCEDURES

**General Note to all parties reviewing the draft REQ Services Segment Procedures:**

**This version 4.0 of the document incorporates notes to assist the reviewer in understanding what items remain unresolved or at issue, as well as explanatory notes to assist the reader. These notes appear in italic throughout the document. In some instances, the reviewer is asked to provide specific feedback on a preferred solution for the issue.**

**NAESB Bylaws Addendum Exhibit 4-B Retail Electric Quadrant Services Segment Procedures**  
**Draft Last Revised: 02/19/02**

Table of Contents

1.0	Definitions .....	1
2.0	Purpose, Scope, Principles and Policies .....	1
2.1	Purpose & Scope .....	1
2.2	Policies .....	2
2.3	Membership Requirements .....	2
3.0 – 4.0	As described in the NAESB Bylaws and REQ quadrant procedures.....	2
5.0	Removal of Members.....	3
6.0	As described in the NAESB Bylaws and REQ quadrant procedures. ....	3
7.0	Board .....	3
7.1	Representation .....	3
7.2	Qualification of Directors .....	3
7.3	Number and Election of Directors .....	3
7.4	Term of Office .....	2
7.5	Vacancies .....	2
7.6	Removal of Directors .....	3
7.7	Resignation of Directors .....	3
8.0	Officers.....	3
8.1	Services Segment Chair .....	4
8.2	Services Segment Secretary .....	4
8.3	Services Segment Vice Chair .....	4
8.4	Term of Office & Succession .....	4
9.0	As described in the NAESB Bylaws and REQ quadrant procedures. ....	4
10.0	Executive Committee (EC) .....	4
10.1	Duties and Responsibilities Within Segment EC .....	4
10.2	Qualifications .....	4
10.3	Number and Election of EC Members .....	4
10.4	As described in the NAESB Bylaws and REQ quadrant procedures. ....	6
10.5	As described in the NAESB Bylaws and REQ quadrant procedures. ....	6
10.6	Removal of EC Members .....	6
10.7	Vacancies .....	7
10.8	As described in the NAESB Bylaws and REQ quadrant procedures. ....	7
10.9	Designated Alternates .....	7
10.10	Resignation of EC Members .....	7
11.0 – 17.0	As described in the NAESB Bylaws and REQ quadrant procedures. ....	8
18.0	Amendments.....	8
19.0	Transitional Procedures.....	8
19.1	Initial Election of Services Segment Directors .....	8
19.2	Initial Election of Services Segment EC Members .....	8

**1.0 Definitions**

All capitalized terms shall have the same definitions as specified in the Bylaws of NAESB or in the Retail Electric Quadrant (REQ) procedures.

**2.0 Purpose, Scope, Principles and Policies**

**2.1 Purpose & Scope**

A. Purpose

To contribute to the proposal, evaluation, and adoption of voluntary standards and model business practices as described in the REQ quadrant procedures from the perspective of the Services Segment membership.  
 [defined term in REQ procedures]

B. Scope

The Services Segment of the REQ is to address issues and practices as



described in the REQ quadrant procedure from the perspective of the Services Segment membership.

Issues may also be addressed in conjunction with other segments within the REQ and/or Retail Gas Quadrant (RGQ) when such issues are common to multiple segments and/or both electric and gas distribution in the retail market.

## **2.2 Policies**

### **A. Meetings of the REQ Services Segment**

#### **1. Open Meetings**

All meetings held in association with the Services Segment of REQ are open to any interested company or organization. Only Segment Members, however, shall have a right to vote at such meetings.

#### **2. Meeting Minutes**

Minutes of all meetings, including voting results, are to be reported by the Chair, the Vice-Chair, or the Secretary, at the Chair's discretion, to the NAESB Office for publication within 15 days of the date of the meeting.

## **2.3 Membership Requirements**

### **A. Segment Description**

The Services Segment of the Retail Electric Quadrant of the North American Energy Standards Board ("NAESB") is one of four (4) co-equal segments comprising the retail electric market. The Services Segment membership is comprised of persons that provide services to the participants in the retail natural gas industry, including equipment manufacturers, equipment and service vendors, software providers, energy consultants, and other companies not otherwise declared in any other Segment.

### **B. Services Segment Membership Requirements**

Membership in the Services Segment of the Retail Electric Quadrant of the NAESB shall be open to any person that meets the following requirements:

1. The person meets the general membership criteria set forth in the Bylaws (Article 5) and the Certificate of Incorporation (Article IV, Sections 1 & 2) and Section 2.3 of the REQ quadrant Procedures.
2. The person meets the membership requirements specific to the REQ of NAESB.
3. The person provides services to participants in the retail electric industry.
4. The person is not otherwise declared in another segment.
5. The person has submitted an application to the NAESB Office declaring Services Segment affiliation in the REQ.
6. Corporate Members do not extend their membership to their parent company, affiliates or subsidiaries. Separate corporate entities within a corporate organization may hold multiple memberships in the Services Segment, but each must join individually and pay a membership fee.

**3.0 – 4.0 As described in the NAESB Bylaws and REQ quadrant procedures.**

**5.0 Removal of Members**

Members who do not have a legitimate business interest pertaining to the Services Segment may be removed from Services Segment Membership by a simple majority vote of the declared Services Segment Membership.

**6.0 As described in the NAESB Bylaws and REQ quadrant procedures.**

**7.0 Board**

**7.1 Representation**

The Services Segment of the REQ shall be represented on the Board.

**7.2 Qualification of Directors**

To be eligible to serve as a Services Segment representative on the NAESB Board of Directors, the individual must

- A. be a Services Segment Member;
- B. have a working knowledge of the NAESB process;
- C. be willing to commit the time and resources necessary to fulfill the obligations as a NAESB Board member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D. disclose the legal name for the employer and, if applicable, its ownership.

**7.3 Number and Election of Directors**

**A. Number of Directors**

Four (4) persons who are individual Segment Members will represent the Services Segment on the REQ Board of Directors.

**B. Election of Directors**

1. The Services Segment of the REQ shall elect individuals to serve on the Board as required by Article 7 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws. Interested individuals duly authorized to represent a Segment Member and eligible to serve on the Board of Directors shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 7.2 C., and the statement required in subsection 7.2 D. above.
2. In preparation for any election of Directors representing the Services Segment of the REQ (other than initial Directors, as provided for in Section 19.1), a Nominating Committee consisting of five (5) Board or EC members of the REQ Services Segment may be appointed by the Services Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ Services Segment nominating period

by any Segment Member in accordance with the requirements in subsection 1) above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.

3. The election process for REQ Services Segment Directors shall be:
  - a. coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office, and
  - b. announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
4. Elections for REQ Services Segment Directors shall be subject to the following provisions:
  - a. Any Services Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
  - b. Services Segment Members shall cast votes for candidates in a number not exceeding the number of Director seats open for election by the Services Segment;
  - c. The candidates receiving the greatest numbers of votes shall be elected;
  - d. Results of the elections for the REQ Directors, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election.

#### **7.4 Term of Office**

##### **A. Term of Office**

Each Director from the Services Segment of the REQ shall serve a term of two years on the NAESB Board, as described in the REQ quadrant procedures except as provided for in Section 19.1 of this procedure.

##### **B. Limit on Number of Terms of Office**

There is no limit on the number of terms any Services Segment Member may serve on the Board.

*Some interested parties have commented that they would like to see a limit on number of terms served. Possible alternatives include limiting number of terms to 3 or limiting number of consecutive terms. Please indicate your preference*

##### **C. Change of Affiliation**

In the event that the Services Segment Director changes affiliation to another Member within the Services Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the same Member, in which case the Director changing his or her affiliation will vacate their seat for election of a new Director.

#### **7.5 Vacancies**

Any Director seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions:

- A. If the vacancy occurs with less than 125 days remaining in the Director's term of office, the seat will remain vacant until filled by election of a new Director to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the nomination process. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

#### **7.6 Removal of Directors**

- A. A NAESB Director shall cease to hold that position upon:
  - 1. the resignation of REQ Services Segment Membership by the company of which the Director serves as a representative;
  - 2. the lapse of the NAESB Membership dues of the Member for which the Director serves as a representative;
  - 3. the Director's resignation, removal, or death; or
  - 4. the first day of the NAESB operating year following an election for the seat held by the Director, wherein the Director was not re-elected by the Segment Membership as declared by the NAESB Secretary.
- B. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Director if all three of the following conditions are satisfied:
  - 1. the individual continues activity or employment in the Services Segment of the Electric industry with another Services Segment Member;
  - 2. the individual's new employer is a Segment Member with no representatives holding seats on the Board; and
  - 3. the Board determines that completion of the Director's term of office is in the best interest of NAESB.
- C. A vacancy resulting from removal of a Director shall be filled for the remainder of that term in accordance with Section 7.5 of these Procedures.

#### **7.7 Resignation of Directors**

A Director may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the Services Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

#### **8.0 Officers**

**NAESB Bylaws Addendum Exhibit 4-B Retail Electric Quadrant Services Segment Procedures**  
**Draft Last Revised: 02/19/02**

The Services Segment Members shall elect Members of the Services Segment to the following administrative and governance positions:

**8.1 Services Segment Chair**

The Services Segment Chair will preside over all meetings of the general Services Segment Membership separate from meetings of the REQ.

**8.2 Services Segment Secretary**

The Chair will appoint a Secretary of the meeting(s) who will take meeting minutes and record votes. This may be a standing position or this function may be performed by a NAESB Office representative.

**8.3 Services Segment Vice Chair**

The Service Segment Vice-Chair will assist the Services Segment Chair in presiding over all meetings of the general Services Segment. The Vice-Chair will organize and conduct all Segment elections once the Segment has commenced operation.

**8.4 Term of Office & Succession**

The term of office of the Services Segment Chair is one year concurrent with the operating year of NAESB. The Services Segment Chair will be succeeded in the following year by the Services Segment Vice-Chair, with a new Services Segment Vice-Chair elected to fill the vacant Services Segment Vice-Chair position.

**9.0 As described in the NAESB Bylaws and REQ quadrant procedures.**

**10.0 Executive Committee (EC)**

**10.1 Duties and Responsibilities Within Segment EC**

The Services Segment of the REQ shall be represented on the EC.

**10.2 Qualifications**

To be eligible to serve as a Services Segment representative on the EC, the individual must

- A. be a Segment Member;
- B. have a working knowledge of the NAESB process;
- C. be willing to commit the time and resources necessary to fulfill their obligations as a NAESB EC member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D. disclose the legal name for their employer and if applicable, its ownership.

**10.3 Number and Election of EC Members**

**A. Number of EC Members**

Four (4) persons who are individual Segment Members will represent the Services Segment on the REQ EC.

*In reviewing this subsection, see also the discussion regarding issues in Subsection 10.3 A and Section 19 of the REQ Quadrant Procedures, and the provisions contained in the draft RGQ document. RGQ is proposing 24 EC representatives from their Quadrant, on the belief that having more seats available attracts greater membership. Having different numbers of EC Members from each Quadrant is a violation of the Bylaws so if we want to do that the Bylaws would have to be changed. Please indicate your preference as well as your suggested rewording, if applicable.*

**B. Election of EC Members**

The Services Segment of the REQ shall be represented on the NAESB EC by individuals who shall be elected, as required by Article 10 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.

1. Interested individuals duly authorized to represent a Services Segment Member and eligible to serve on the EC shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 10.2 C., and the statement required in subsection 10.2 D. of this segment procedure.
2. In preparation for any election of EC members representing the Services Segment of the REQ (other than initial EC members, as provided for in Section 19.2), a Nominating Committee consisting of five (5) Board or EC members of the REQ Services Segment, may be appointed by the Services Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ Services Segment nominating period by any Segment Member in accordance with the requirements in subsection (1) in above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.
3. The election process for REQ Services Segment representatives to the REQ EC shall be
  - a. coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office and;
  - b. announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
4. Elections for REQ Services Segment EC members shall be subject to the following provisions:
  - a. Any Services Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
  - b. Services Segment Members shall cast votes for candidates in a number not exceeding the number of EC seats open for election by the Services Segment;

- c. The candidates receiving the greatest numbers of votes shall be elected;
- d. Results of the elections for the REQ EC, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election;

**C. Term of Office**

Each EC Member from the Services Segment of the REQ shall serve a term of two years on the REQ EC, as described in the REQ quadrant procedures except as provided for in Section 19.2 of this procedure.

- 1. Members elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as Group A representatives; there will be two Group A representative seats at any given time.
- 2. Members elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B representatives; there will be two Group B representative seats at any given time.

**D. Change of Affiliation**

In the event that the Services Segment EC Member changes affiliation to another Member within the Services Segment, the EC Member's term will continue until its natural expiration, provided that there is no other EC Member already representing the same Member, in which case the EC Member changing his or her affiliation will vacate their seat for election of a new EC Member.

**10.4 As described in the NAESB Bylaws and REQ quadrant procedures.**

**10.5 As described in the NAESB Bylaws and REQ quadrant procedures.**

**10.6 Removal of EC Members**

- A. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Services Segment EC Member if all three of the following conditions are satisfied:
  - 1. the individual continues activity or employment in the Services Segment of the Electric industry with another Services Segment Member,
  - 2. the individual's new employer is a Segment Member with no representatives holding seats on the EC, and
  - 3. the EC determines that completion of the EC Member's term of office is in the best interest of NAESB
- B. Upon request by a Segment Member that the EC Member does not meet the qualifications as described in Section 10.2 above, a Services Segment vote for removal of the EC Member can be called. EC Members may be removed from office by the Segment Membership at any time upon a 51% vote.

- C. A vacancy resulting from removal of an EC Member shall be filled for the remainder of that term in accordance with Section 10.7 of these segment procedures.

### **10.7 Vacancies**

Any EC seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions

- A. If the vacancy occurs with less than 125 days remaining in the EC member's term of office, the seat will remain vacant until filled by election of a new EC member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

Until an election is held and a new EC member is elected, a Designated Alternate will serve in the open EC seat.

### **10.8 As described in the NAESB Bylaws and REQ quadrant procedures.**

### **10.9 Designated Alternates**

- A. Selection of Designated Alternates: The Services Segment will select no more than three (4), and no less than one Designated Alternate EC representative in each election year, allowing for up to three (4) Designated Alternates overall.
- B. Designated Alternates will be selected by the same election that determines Services Segment EC members, with those unsuccessful Services Segment EC member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the event that there already are or are expected to be less than three Designated Alternates from the Services Segment in the coming year.
- C. The first, second, third, and fourth Designated Alternate will be determined by the order of voting results of the most recent Services Segment EC election.
- D. A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular Services segment EC Members from the Services Segment are unable to attend a meeting of the EC and when the absent member, the Chair, or the Vice-Chair of the REQ EC requests their attendance as a Designated Alternate. Selection of which Alternate will serve will proceed through the order of first, second, third, or fourth Designated Alternate, with each indicating whether they can or cannot fulfill the requirement to serve at the subject meeting.

### **10.10 Resignation of EC Members**



**NAESB Bylaws Addendum Exhibit 4-B Retail Electric Quadrant Services Segment Procedures**  
**Draft Last Revised: 02/19/02**

An Services Segment EC Member may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the Services Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

**11.0 – 17.0 As described in the NAESB Bylaws and REQ quadrant procedures.**

**18.0 Amendments**

The Directors representing the Services Segment on the Board shall recommend to the Segment Membership amendments to these Procedures. Each proposed amendment shall be offered as a separate amendment, except in those situations in which an amendment will affect more than one section of these Procedures. If a proposed amendment will affect more than one section, then all affected sections will be identified.

A majority vote of the Segment Membership returning ballots shall be required to approve an amendment to these procedures.

**19.0 Transitional Procedures**

**19.1 Initial Election of Services Segment Directors**

- A. The initial Services Segment Directors shall be elected at the first meeting of the Services Segment called by the NAESB office.
- B. The candidates receiving the greatest number of votes shall be elected.
- C. Term of Office of Initial Services Segment Directors

The two (2) initial Services Segment Directors receiving the greatest number of votes shall serve for two years in Group B positions as described in Section 7.4 A. 3. of the REQ quadrant procedure. The remaining two (2) initial Services Segment Directors shall serve for one year in Group A positions as described in Section 7.4 A. 2. of the REQ quadrant procedure.

*Currently this section is addressed in the quadrant level procedures and the terms are 2 and 3 years as opposed to 1 and 3. Please indicate your preference for a) including these procedures at the segment or quadrant level and b) term of 2 and 1 or 2 and 3 years.*

**19.2 Initial Election of Services Segment EC Members**

- A. The initial Services Segment EC Members be elected at the first meeting of the Segment.
- B. The candidates receiving the greatest number of votes shall be elected.
- C. Term of Office of Initial Services Segment EC Members

The two (2) initial Services Segment EC Members receiving the greatest number of votes shall serve for two years in Group B positions as described in Section 10.3 D. 3. of the REQ quadrant procedure. The remaining two (2) initial Services Segment EC Members shall serve for one year in Group A positions as described in Sections 10.3 D. 2. of this procedure.

NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 4-C

RETAIL ELECTRIC QUADRANT SUPPLIER SEGMENT PROCEDURES

**General Note to all parties reviewing the draft REQ Supplier Segment Procedures:**

***This version 4.0 of the document incorporates notes to assist the reviewer in understanding what items remain unresolved or at issue, as well as explanatory notes to assist the reader. These notes appear in italic throughout the document. In some instances, the reviewer is asked to provide specific feedback on a preferred solution for the issue.***

**NAESB Bylaws Addendum Exhibit 4-C Retail Electric Quadrant Supplier Segment Procedures**  
**Draft Last Revised: 02/19/02**

Table of Contents

1.0	Definitions .....	1
2.0	Purpose, Scope, Principles and Policies .....	1
2.1	Purpose & Scope .....	1
2.2	Policies .....	2
2.3	Membership Requirements .....	2
3.0 – 4.0	As described in the NAESB Bylaws and REQ quadrant procedures.....	3
5.0	Removal of Members.....	3
6.0	As described in the NAESB Bylaws and REQ quadrant procedures. ....	3
7.0	Board .....	3
7.1	Representation .....	3
7.2	Qualification of Directors .....	3
7.3	Number and Election of Directors .....	3
7.4	Term of Office .....	4
7.5	Vacancies .....	2
7.6	Removal of Directors .....	2
7.7	Resignation of Directors .....	3
8.0	Officers.....	3
8.1	Supplier Segment Chair .....	3
8.2	Supplier Segment Secretary .....	3
8.3	Supplier Segment Vice Chair .....	3
8.4	Term of Office & Succession .....	3
9.0	As described in the NAESB Bylaws and REQ quadrant procedures. ....	3
10.0	Executive Committee (EC) .....	3
10.1	Duties and Responsibilities Within Segment EC .....	3
10.2	Qualifications .....	4
10.3	Number and Election of EC Members .....	4
10.4	As described in the NAESB Bylaws and REQ quadrant procedures. ....	6
10.5	As described in the NAESB Bylaws and REQ quadrant procedures. ....	6
10.6	Removal of EC Members .....	6
10.7	Vacancies .....	6
10.8	As described in the NAESB Bylaws and REQ quadrant procedures. ....	6
10.9	Designated Alternates .....	7
10.10	Resignation of EC Members .....	7
11.0 – 17.0	As described in the NAESB Bylaws and REQ quadrant procedures. ....	7
18.0	Amendments.....	7
19.0	Transitional Procedures.....	7
19.1	Initial Election of Supplier Segment Directors .....	7
19.2	Initial Election of Supplier Segment EC Members .....	8

**1.0 Definitions**

All capitalized terms shall have the same definitions as specified in the Bylaws of NAESB or in the Retail Electric Quadrant (REQ) procedures.

**2.0 Purpose, Scope, Principles and Policies**

**2.1 Purpose & Scope**

A. Purpose

To contribute to the proposal, evaluation, and adoption of voluntary standards and model business practices as described in the REQ quadrant procedures from the perspective of the Supplier Segment membership. [defined term in REQ procedures]

B. Scope

The Supplier Segment of the REQ is to address issues and practices as

described in the REQ quadrant procedure from the perspective of the Supplier Segment membership.

Issues may also be addressed in conjunction with other segments within the REQ and/or Retail Gas Quadrant (RGQ) when such issues are common to multiple segments and/or both electric and gas distribution in the retail market.

## 2.2 Policies

### A. Meetings of the REQ Supplier Segment

#### 1. Open Meetings

All meetings held in association with the Supplier Segment of REQ are open to any interested company or organization. Only Segment Members, however, shall have a right to vote at such meetings.

#### 2. Meeting Minutes

Minutes of all meetings, including voting results, are to be reported by the Chair, the Vice-Chair, or the Secretary, at the Chair's discretion, to the NAESB Office for publication within 15 days of the date of the meeting.

## 2.3 Membership Requirements

### A. Segment Description

The Supplier Segment of the Retail Electric Quadrant of the North American Energy Standards Board ("NAESB") is one of four (4) co-equal segments comprising the retail electric market. The Supplier Segment membership is comprised of persons, other than Distributors, engaged in the sale of electricity to consumers, including marketers (retail and wholesale), aggregators, producers, asset managers and pipelines.

*This language reflects the general consensus of the attendees at the joint REQ and RGQ meeting of January 29<sup>th</sup> at AGA's offices. Please advise if you feel this provision is not acceptable. If it is not acceptable please provide alternate language for consideration.*

### B. Supplier Segment Membership Requirements

Membership in the Supplier Segment of the Retail Electric Quadrant of the NAESB shall be open to any person that meets the following requirements:

1. The person meets the general membership criteria set forth in the Bylaws (Article 5) and the Certificate of Incorporation (Article IV, Sections 1 & 2) and Section 2.3 of the REQ quadrant Procedures.
2. The person meets the membership requirements specific to the REQ of NAESB.
3. The person, other than a Distributor, is engaged in the sale of electricity to consumers, including marketers (retail and wholesale), aggregators, producers, asset managers and pipelines.
4. ~~The person is not otherwise declared in another segment.~~  
*This language is not applicable to the Supplier Segment.*
5. The person has submitted an application to the NAESB Office declaring Supplier Segment affiliation in the REQ.
6. Corporate Members do not extend their membership to their

parent company, affiliates or subsidiaries. Separate corporate entities within a corporate organization may hold multiple memberships in the Supplier Segment, but each must join individually and pay a membership fee.

3.0 – 4.0 As described in the NAESB Bylaws and REQ quadrant procedures.

#### 5.0 Removal of Members

Members who do not have a legitimate business interest pertaining to the Supplier Segment may be removed from Supplier Segment Membership by a simple majority vote of the declared Supplier Segment Membership.

6.0 As described in the NAESB Bylaws and REQ quadrant procedures.

#### 7.0 Board

##### 7.1 Representation

The Supplier Segment of the REQ shall be represented on the Board.

##### 7.2 Qualification of Directors

To be eligible to serve as a Supplier Segment representative on the NAESB Board of Directors, the individual must

- A. be a Supplier Segment Member;
- B. have a working knowledge of the NAESB process;
- C. be willing to commit the time and resources necessary to fulfill the obligations as a NAESB Board member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D. disclose the legal name for the employer and, if applicable, its ownership.

##### 7.3 Number and Election of Directors

###### A. Number of Directors

Four (4) persons who are individual Segment Members will represent the Supplier Segment on the REQ Board of Directors. At the completion of each election at least one Supplier Segment Director shall be a person that represents the interests of \_\_\_\_\_; provided such person is nominated for election. This \_\_\_\_\_ representative requirement shall not apply if such persons are not nominated for election.

*The highlighted text is inserted to reflect comments on possible designated number of representatives from one or more of the subgroups comprising the Supplier Segment. Please comments first on whether you feel subgroup designations are necessary (for example: one Director or EC member designated for marketers and one Director or EC member designated for pipelines, etc.) If you feel Director or EC Supplier Segment designation for one or more subgroups is appropriate please provide your suggestions for the groups consideration on which subgroups and how many should be designated. This issue also applies to sections 7.3 B. 4. c., 10.3 A.,*

*10.3 B. 4. c. and 19.1 B.*

B. Election of Directors

1. The Supplier Segment of the REQ shall elect individuals to serve on the Board as required by Article 7 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws. Interested individuals duly authorized to represent a Segment Member and eligible to serve on the Board of Directors shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 7.2 C., and the statement required in subsection 7.2 D. above.
2. In preparation for any election of Directors representing the Supplier Segment of the REQ (other than initial Directors, as provided for in Section 19.1), a Nominating Committee consisting of five (5) Board or EC members of the REQ Supplier Segment may be appointed by the Supplier Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ Supplier Segment nominating period by any Segment Member in accordance with the requirements in subsection 1) above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.
3. The election process for REQ Supplier Segment Directors shall be:
  - a. coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office, and
  - b. announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
4. Elections for REQ Supplier Segment Directors shall be subject to the following provisions:
  - a. Any Supplier Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
  - b. Supplier Segment Members shall cast votes for candidates in a number not exceeding the number of Director seats open for election by the Supplier Segment;
  - c. The candidates receiving the greatest numbers of votes shall be elected; provided the Supplier Segment Directors serving on the Board at the end of each election includes at least one Supplier Segment Director representing the interests of \_\_\_\_\_. This \_\_\_\_\_ representative requirement shall not apply if such persons are not nominated for election;
  - d. Results of the elections for the REQ Directors, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election.

7.4 Term of Office

A. Term of Office

Each Director from the Supplier Segment of the REQ shall serve a term of two years on the NAESB Board, as described in the REQ quadrant procedures except as provided for in Section 19.1 of this procedure.

B. Limit on Number of Terms of Office

There is no limit on the number of terms any Supplier Segment Member may serve on the Board.

*Some interested parties have commented that they would like to see limit on number of terms served. Possible alternatives include limiting number of terms to 3 or limiting number of consecutive terms. Please indicate your preference. The groups desire to be consistent with other segments but it may vary, if necessary.*

C. Change of Affiliation

In the event that the Supplier Segment Director changes affiliation to another Member within the Supplier Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the same Member, in which case the Director changing his or her affiliation will vacate their seat for election of a new Director.

**7.5 Vacancies**

Any Director seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions:

- A. If the vacancy occurs with less than 125 days remaining in the Director's term of office, the seat will remain vacant until filled by election of a new Director to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the nomination process. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

**7.6 Removal of Directors**

- A. A NAESB Director shall cease to hold that position upon:
  - 1. the resignation of REQ Supplier Segment Membership by the company of which the Director serves as a representative;
  - 2. the lapse of the NAESB Membership dues of the Member for which the Director serves as a representative;
  - 3. the Director's resignation, removal, or death; or
  - 4. the first day of the NAESB operating year following an election for the seat held by the Director, wherein the Director was not re-elected by the Segment Membership as declared by the NAESB Secretary.

- B. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Director if all three of the following conditions are satisfied:
  - 1. the individual continues activity or employment in the Supplier Segment of the electric industry with another Supplier Segment Member;
  - 2. the individual's new employer is a Supplier Segment Member with no representatives holding seats on the Board; and
  - 3. the Board determines that completion of the Director's term of office is in the best interest of NAESB.
- C. A vacancy resulting from removal of a Director shall be filled for the remainder of that term in accordance with Section 7.5 of these Procedures.

### **7.7 Resignation of Directors**

A Director may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the Supplier Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

## **8.0 Officers**

The Supplier Segment Members shall elect Members of the Supplier Segment to the following administrative and governance positions:

### **8.1 Supplier Segment Chair**

The Supplier Segment Chair will preside over all meetings of the general Supplier Segment Membership separate from meetings of the REQ.

### **8.2 Supplier Segment Secretary**

The Chair will appoint a Secretary of the meeting(s) who will take meeting minutes and record votes. This may be a standing position or a NAESB Office representative may perform this function.

### **8.3 Supplier Segment Vice Chair**

The Service Segment Vice-Chair will assist the Supplier Segment Chair in presiding over all meetings of the general Supplier Segment. The Vice-Chair will organize and conduct all Segment elections once the Segment has commenced operation.

### **8.4 Term of Office & Succession**

The term of office of the Supplier Segment Chair is one year concurrent with the operating year of NAESB. The Supplier Segment Chair will be succeeded in the following year by the Supplier Segment Vice-Chair, with a new Supplier Segment Vice-Chair elected to fill the vacant Supplier Segment Vice-Chair position.

## **9.0 As described in the NAESB Bylaws and REQ quadrant procedures.**

## **10.0 Executive Committee (EC)**

### **10.1 Duties and Responsibilities Within Segment EC**

The Supplier Segment of the REQ shall be represented on the EC.



## 10.2 Qualifications

To be eligible to serve as a Supplier Segment representative on the EC, the individual must

- A. be a Segment Member;
- B. have a working knowledge of the NAESB process;
- C. be willing to commit the time and resources necessary to fulfill their obligations as a NAESB EC member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D. disclose the legal name for their employer and if applicable, its ownership.

## 10.3 Number and Election of EC Members

### A. Number of EC Members

Four (4) persons who are individual Segment Members will represent the Supplier Segment on the REQ EC. At the completion of each election at least one Supplier Segment Member on the REQ EC shall be a person that represents the interests of \_\_\_\_\_. This \_\_\_\_\_ representative requirement shall not apply if such persons are not nominated for election

*In reviewing this subsection, see also the discussion regarding issues in Subsection 10.3 A and Section 19 of the REQ Quadrant Procedures, and the provisions contained in the draft RGQ document. RGQ is proposing 24 EC representatives from their Quadrant, on the belief that having more seats available attracts greater membership. Having different numbers of EC Members from each Segment within a Quadrant would require a change to the Bylaws. Please indicate your preference as well as your suggested rewording, if applicable.*

### B. Election of EC Members

The Supplier Segment of the REQ shall be represented on the NAESB EC by individuals who shall be elected, as required by Article 10 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.

1. Interested individuals duly authorized to represent a Supplier Segment Member and eligible to serve on the EC shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 10.2 C., and the statement required in subsection 10.2 D. of this segment procedure.
2. In preparation for any election of EC members representing the Supplier Segment of the REQ (other than initial EC members, as provided for in Section 19.2), a Nominating Committee consisting of five (5) Board or EC members of the REQ Supplier

Segment, may be appointed by the Supplier Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ Supplier Segment nominating period by any Segment Member in accordance with the requirements in subsection (1) in above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.

3. The election process for REQ Supplier Segment representatives to the REQ EC shall be
  - a. coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office and;
  - b. announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
4. Elections for REQ Supplier Segment EC members shall be subject to the following provisions:
  - a. Any Supplier Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
  - b. Supplier Segment Members shall cast votes for candidates in a number not exceeding the number of EC seats open for election by the Supplier Segment;
  - c. The candidates receiving the greatest numbers of votes shall be elected; provided the Supplier Segment Directors serving on the Board at the end of each election includes at least one Supplier Segment Director representing the interests of \_\_\_\_\_. This \_\_\_\_\_ representative requirement shall not apply if such persons are not nominated for election;
  - d. Results of the elections for the REQ EC, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election;

#### C. Term of Office

Each EC Member from the Supplier Segment of the REQ shall serve a term of two years on the REQ EC, as described in the REQ quadrant procedures except as provided for in Section 19.2 of this procedure.

1. Members elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as Group A representatives; there will be two Group A representative seats at any given time.
2. Members elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B representatives; there will be two Group B representative seats at any given time.

#### D. Change of Affiliation

In the event that the Supplier Segment EC Member changes affiliation to another Member within the Supplier Segment, the EC Member's term will

continue until its natural expiration, provided that there is no other EC Member already representing the same Member, in which case the EC Member changing his or her affiliation will vacate their seat for election of a new EC Member.

**10.4 As described in the NAESB Bylaws and REQ quadrant procedures.**

**10.5 As described in the NAESB Bylaws and REQ quadrant procedures.**

#### **10.6 Removal of EC Members**

- A. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Supplier Segment EC Member if all three of the following conditions are satisfied:
  - 1. the individual continues activity or employment in the Supplier Segment of the Electric industry with another Supplier Segment Member,
  - 2. the individual's new employer is a Segment Member with no representatives holding seats on the EC, and
  - 3. the EC determines that completion of the EC Member's term of office is in the best interest of NAESB
- B. Upon request by a Segment Member that the EC Member does not meet the qualifications as described in Section 10.2 above, a Supplier Segment vote for removal of the EC Member can be called. EC Members may be removed from office by the Segment Membership at any time upon a 51% vote.
- C. A vacancy resulting from removal of an EC Member shall be filled for the remainder of that term in accordance with Section 10.7 of these segment procedures.

#### **10.7 Vacancies**

Any EC seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions

- A. If the vacancy occurs with less than 125 days remaining in the EC member's term of office, the seat will remain vacant until filled by election of a new EC member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

Until an election is held and a new EC member is elected, a Designated Alternate will serve in the open EC seat.

**10.8 As described in the NAESB Bylaws and REQ quadrant procedures.**

### **10.9 Designated Alternates**

- A. Selection of Designated Alternates: The Supplier Segment will select no more than three (4), and no less than one Designated Alternate EC representative in each election year, allowing for up to three (4) Designated Alternates overall.
- B. Designated Alternates will be selected by the same election that determines Supplier Segment EC members, with those unsuccessful Supplier Segment EC member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the event that there already are or are expected to be less than three Designated Alternates from the Supplier Segment in the coming year.
- C. The first, second, third, and fourth Designated Alternate will be determined by the order of voting results of the most recent Supplier Segment EC election.
- D. A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular Supplier segment EC Members from the Supplier Segment are unable to attend a meeting of the EC and when the absent member, the Chair, or the Vice-Chair of the REQ EC requests their attendance as a Designated Alternate. Selection of which Alternate will serve will proceed through the order of first, second, third, or fourth Designated Alternate, with each indicating whether they can or cannot fulfill the requirement to serve at the subject meeting.

### **10.10 Resignation of EC Members**

An Supplier Segment EC Member may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the Supplier Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

**11.0 – 17.0 As described in the NAESB Bylaws and REQ quadrant procedures.**

### **18.0 Amendments**

The Directors representing the Supplier Segment on the Board shall recommend to the Segment Membership amendments to these Procedures. Each proposed amendment shall be offered as a separate amendment, except in those situations in which an amendment will affect more than one section of these Procedures. If a proposed amendment will affect more than one section, then all affected sections will be identified.

A majority vote of the Segment Membership returning ballots shall be required to approve an amendment to these procedures.

### **19.0 Transitional Procedures**

#### **19.1 Initial Election of Supplier Segment Directors**

- A. The initial Supplier Segment Directors shall be elected at the first meeting of the Supplier Segment called by the NAESB office.
- B. The candidates receiving the greatest number of votes shall be elected. At the completion of the election at least one Supplier Segment Director shall be a person that represents the interests of \_\_\_\_\_;

provided such person is nominated for election. This \_\_\_\_\_ representative requirement shall not apply if such persons are not nominated for election.

C. Term of Office of Initial Supplier Segment Directors

The two (2) initial Supplier Segment Directors receiving the greatest number of votes shall serve for two years in Group B positions as described in Section 7.4 A. 3. of the REQ quadrant procedure. The remaining two (2) initial Supplier Segment Directors shall serve for one year in Group A positions as described in Section 7.4 A. 2. of the REQ quadrant procedure.

*Currently this section is addressed in the quadrant level procedures and the terms are 2 and 3 years as opposed to 1 and 3. Please indicate your preference for a) including these procedures at the segment or quadrant level and b) term of 2 and 1 or 2 and 3 years.*

19.2 Initial Election of Supplier Segment EC Members

A. The initial Supplier Segment EC Members be elected at the first meeting of the Segment.

B. The candidates receiving the greatest number of votes shall be elected. At the completion of this election at least one Supplier Segment Director shall be a person that represents the interests of \_\_\_\_\_; provided such person is nominated for election. This \_\_\_\_\_ representative requirement shall not apply if such persons are not nominated for election.

C. Term of Office of Initial Supplier Segment EC Members

The two (2) initial Supplier Segment EC Members receiving the greatest number of votes shall serve for two years in Group B positions as described in Section 10.3 D. 3. of the REQ quadrant procedure. The remaining two (2) initial Supplier Segment EC Members shall serve for one year in Group A positions as described in Sections 10.3 D. 2. of this procedure.

NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 4-D

RETAIL ELECTRIC QUADRANT **END-USER** SEGMENT PROCEDURES

**General Note to all parties reviewing the draft REQ End-User Segment Procedures:**

**This version 4.0 of the document incorporates notes to assist the reviewer in understanding what items remain unresolved or at issue, as well as explanatory notes to assist the reader. These notes appear in italic throughout the document. In some instances, the reviewer is asked to provide specific feedback on a preferred solution for the issue.**

**NAESB Bylaws Addendum Exhibit 4-D Retail Electric Quadrant End-User Segment Procedures**  
**Draft Last Revised: 02/19/02**

Table of Contents

1.0	Definitions .....	1
2.0	Purpose, Scope, Principles and Policies .....	1
2.1	Purpose & Scope .....	1
2.2	Policies .....	2
2.3	Membership Requirements .....	2
3.0 – 4.0	As described in the NAESB Bylaws and REQ quadrant procedures.....	3
5.0	Removal of Members.....	3
6.0	As described in the NAESB Bylaws and REQ quadrant procedures. ....	3
7.0	Board .....	3
7.1	Representation .....	3
7.2	Qualification of Directors .....	3
7.3	Number and Election of Directors .....	3
7.4	Term of Office .....	2
7.5	Vacancies .....	3
7.6	Removal of Directors .....	3
7.7	Resignation of Directors .....	4
8.0	Officers.....	4
8.1	End-User Segment Chair .....	4
8.2	End-User Segment Secretary .....	4
8.3	End-User Segment Vice Chair .....	4
8.4	Term of Office & Succession .....	4
9.0	As described in the NAESB Bylaws and REQ quadrant procedures. ....	4
10.0	Executive Committee (EC) .....	4
10.1	Duties and Responsibilities Within Segment EC .....	4
10.2	Qualifications .....	5
10.3	Number and Election of EC Members .....	5
10.4	As described in the NAESB Bylaws and REQ quadrant procedures. ....	7
10.5	As described in the NAESB Bylaws and REQ quadrant procedures. ....	7
10.6	Removal of EC Members .....	7
10.7	Vacancies .....	7
10.8	As described in the NAESB Bylaws and REQ quadrant procedures. ....	7
10.9	Designated Alternates .....	8
10.10	Resignation of EC Members .....	8
11.0 – 17.0	As described in the NAESB Bylaws and REQ quadrant procedures. ....	8
18.0	Amendments.....	8
19.0	Transitional Procedures.....	8
19.1	Initial Election of End-User Segment Directors .....	8
19.2	Initial Election of End-User Segment EC Members .....	9

**1.0 Definitions**

All capitalized terms shall have the same definitions as specified in the Bylaws of NAESB or in the Retail Electric Quadrant (REQ) procedures.

**2.0 Purpose, Scope, Principles and Policies**

**2.1 Purpose & Scope**

A. Purpose

To contribute to the proposal, evaluation, and adoption of voluntary standards and model business practices as described in the REQ quadrant procedures from the perspective of the End-User Segment membership. [defined term in REQ procedures]

B. Scope

The End-User Segment of the REQ is to address issues and practices as

described in the REQ quadrant procedure from the perspective of the End-User Segment membership.

Issues may also be addressed in conjunction with other segments within the REQ and/or Retail Gas Quadrant (RGQ) when such issues are common to multiple segments and/or both electric and gas distribution in the retail market.

## 2.2 Policies

### A. Meetings of the REQ End-User Segment

#### 1. Open Meetings

All meetings held in association with the End-User Segment of REQ are open to any interested company or organization. Only Segment Members, however, shall have a right to vote at such meetings.

#### 2. Meeting Minutes

Minutes of all meetings, including voting results, are to be reported by the Chair, the Vice-Chair, or the Secretary, at the Chair's discretion, to the NAESB Office for publication within 15 days of the date of the meeting.

## 2.3 Membership Requirements

### A. Segment Description

The End-User Segment of the Retail Electric Quadrant of the North American Energy Standards Board ("NAESB") is one of four (4) co-equal segments comprising the retail electric market. The End-User Segment membership is comprised of persons that consume electricity, including consumer advocacy organizations or retail consumer groups.

*This language reflects the general consensus of the attendees at the joint REQ and RGQ meeting of January 29<sup>th</sup> at AGA's offices. Please advise if you feel this provision is not acceptable. If it is not acceptable please provide alternate language for consideration.*

### B. End-User Segment Membership Requirements

Membership in the End-User Segment of the Retail Electric Quadrant of the NAESB shall be open to any person that meets the following requirements:

1. The person meets the general membership criteria set forth in the Bylaws (Article 5) and the Certificate of Incorporation (Article IV, Sections 1 & 2) and Section 2.3 of the REQ quadrant Procedures.
2. The person meets the membership requirements specific to the REQ of NAESB.
3. The person consumes electricity, including a consumer advocacy organization or retail consumer groups in the retail electric industry.
4. ~~The person is not otherwise declared in another segment.~~
5. The person has submitted an application to the NAESB Office declaring End-User Segment affiliation in the REQ.
6. Corporate Members do not extend their membership to their parent company, affiliates or subsidiaries. Separate corporate entities within a corporate organization may hold multiple



memberships in the End-User Segment, but each must join individually and pay a membership fee.

3.0 – 4.0 As described in the NAESB Bylaws and REQ quadrant procedures.

#### 5.0 Removal of Members

Members who do not have a legitimate business interest pertaining to the End-User Segment may be removed from End-User Segment Membership by a simple majority vote of the declared End-User Segment Membership.

6.0 As described in the NAESB Bylaws and REQ quadrant procedures.

#### 7.0 Board

##### 7.1 Representation

The End-User Segment of the REQ shall be represented on the Board.

##### 7.2 Qualification of Directors

To be eligible to serve as a End-User Segment representative on the NAESB Board of Directors, the individual must

- A. be a End-User Segment Member;
- B. have a working knowledge of the NAESB process;
- C. be willing to commit the time and resources necessary to fulfill the obligations as a NAESB Board member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D. disclose the legal name for the employer and, if applicable, its ownership.

##### 7.3 Number and Election of Directors

###### A. Number of Directors

Four (4) persons who are individual Segment Members will represent the End-User Segment on the REQ Board of Directors. At the completion of each election at least one End-User Segment Director shall be a person that represents the interests of residential customers; provided such person is nominated for election. This retail residential customer representative requirement shall not apply if such persons are not nominated for election.

*The highlighted text is inserted to reflect comments on possible designated number of representatives for persons representing residential consumers. Please comment first on whether you feel subgroup designations are necessary (for example: one Director or EC member designated for residential consumers) If you feel Director or EC Supplier Segment designation for residential consumers is appropriate please comment on the proposed language how many should be designated. This issue also applies to sections 7.3 B. 4. c., 10.3 A., 10.3 B. 4. c. and 19.1 B.*

###### B. Election of Directors

1. The End-User Segment of the REQ shall elect individuals to serve

on the Board as required by Article 7 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws. Interested individuals duly authorized to represent a Segment Member and eligible to serve on the Board of Directors shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 7.2 C., and the statement required in subsection 7.2 D. above.

2. In preparation for any election of Directors representing the End-User Segment of the REQ (other than initial Directors, as provided for in Section 19.1), a Nominating Committee consisting of five (5) Board or EC members of the REQ End-User Segment may be appointed by the End-User Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ End-User Segment nominating period by any Segment Member in accordance with the requirements in subsection 1) above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.
3. The election process for REQ End-User Segment Directors shall be:
  - a. coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office, and
  - b. announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
4. Elections for REQ End-User Segment Directors shall be subject to the following provisions:
  - a. Any End-User Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
  - b. End-User Segment Members shall cast votes for candidates in a number not exceeding the number of Director seats open for election by the End-User Segment;
  - c. The candidates receiving the greatest numbers of votes shall be elected; provided the End-User Segment Directors serving on the Board at the end of each election includes at least one End-User Segment Director representing the interests of retail residential customers, including advocacy organizations or retail customer groups. This retail residential customer representative requirement shall not apply if such persons are not nominated for election;
  - d. Results of the elections for the REQ Directors, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election.

#### **7.4 Term of Office**

- A. Term of Office

Each Director from the End-User Segment of the REQ shall serve a term of two years on the NAESB Board, as described in the REQ quadrant procedures except as provided for in Section 19.1 of this procedure.

B. Limit on Number of Terms of Office

There is no limit on the number of terms any End-User Segment Member may serve on the Board.

*Some interested parties have commented that they would like to see limit on number of terms served. Possible alternatives include limiting number of terms to 3 or limiting number of consecutive terms. Please indicate your preference*

C. Change of Affiliation

In the event that the End-User Segment Director changes affiliation to another Member within the End-User Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the same Member, in which case the Director changing his or her affiliation will vacate their seat for election of a new Director.

## 7.5 Vacancies

Any Director seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions:

- A. If the vacancy occurs with less than 125 days remaining in the Director's term of office, the seat will remain vacant until filled by election of a new Director to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the nomination process. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

## 7.6 Removal of Directors

- A. A NAESB Director shall cease to hold that position upon:
1. the resignation of REQ End-User Segment Membership by the company of which the Director serves as a representative;
  2. the lapse of the NAESB Membership dues of the Member for which the Director serves as a representative;
  3. the Director's resignation, removal, or death; or
  4. the first day of the NAESB operating year following an election for the seat held by the Director, wherein the Director was not re-elected by the Segment Membership as declared by the NAESB Secretary.
- B. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds

for removal of the Director if all three of the following conditions are satisfied:

1. the individual continues activity or employment in the End-User Segment of the electric industry with another End-User Segment Member;
  2. the individual's new employer is a End-User Segment Member with no representatives holding seats on the Board; and
  3. the Board determines that completion of the Director's term of office is in the best interest of NAESB.
- C. A vacancy resulting from removal of a Director shall be filled for the remainder of that term in accordance with Section 7.5 of these Procedures.

### **7.7 Resignation of Directors**

A Director may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the End-User Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

## **8.0 Officers**

The End-User Segment Members shall elect Members of the End-User Segment to the following administrative and governance positions:

### **8.1 End-User Segment Chair**

The End-User Segment Chair will preside over all meetings of the general End-User Segment Membership separate from meetings of the REQ.

### **8.2 End-User Segment Secretary**

The Chair will appoint a Secretary of the meeting(s) who will take meeting minutes and record votes. This may be a standing position or a NAESB Office representative may perform this function.

### **8.3 End-User Segment Vice Chair**

The Service Segment Vice-Chair will assist the End-User Segment Chair in presiding over all meetings of the general End-User Segment. The Vice-Chair will organize and conduct all Segment elections once the Segment has commenced operation.

### **8.4 Term of Office & Succession**

The term of office of the End-User Segment Chair is one year concurrent with the operating year of NAESB. The End-User Segment Chair will be succeeded in the following year by the End-User Segment Vice-Chair, with a new End-User Segment Vice-Chair elected to fill the vacant End-User Segment Vice-Chair position.

**9.0 As described in the NAESB Bylaws and REQ quadrant procedures.**

## **10.0 Executive Committee (EC)**

### **10.1 Duties and Responsibilities Within Segment EC**

The End-User Segment of the REQ shall be represented on the EC.

## 10.2 Qualifications

To be eligible to serve as a End-User Segment representative on the EC, the individual must

- A. be a Segment Member;
- B. have a working knowledge of the NAESB process;
- C. be willing to commit the time and resources necessary to fulfill their obligations as a NAESB EC member and to meet the minimum threshold of participation and attendance established in the NAESB Bylaws; and
- D. disclose the legal name for their employer and if applicable, its ownership.

## 10.3 Number and Election of EC Members

### A. Number of EC Members

Four (4) persons who are individual Segment Members will represent the End-User Segment on the REQ EC. At the completion of each election at least one End-User Segment Member on the REQ EC shall be a person that represents the interests of residential customers. This retail residential customer representative requirement shall not apply if such persons are not nominated for election

*In reviewing this subsection, see also the discussion regarding issues in Subsection 10.3 A and Section 19 of the REQ Quadrant Procedures, and the provisions contained in the draft RGQ document. RGQ is proposing 24 EC representatives from their Quadrant, on the belief that having more seats available attracts greater membership. Having different numbers of EC Members from each Segment within a Quadrant would require a change to the Bylaws. Please indicate your preference as well as your suggested rewording, if applicable.*

### B. Election of EC Members

The End-User Segment of the REQ shall be represented on the NAESB EC by individuals who shall be elected, as required by Article 10 of the NAESB Bylaws and in this Exhibit 4 to those Bylaws.

1. Interested individuals duly authorized to represent a End-User Segment Member and eligible to serve on the EC shall submit their names to the NAESB Office in a form as specified in NAESB Operating Procedures or, if such requirements are not provided for in the NAESB Operating Procedures, interested individuals shall submit a written statement to the NAESB Office that provides their name, title and affiliation (if any), business mail and email addresses, business telephone, a statement that they accept the conditions referred to in subsection 10.2 C., and the statement required in subsection 10.2 D. of this segment procedure.
2. In preparation for any election of EC members representing the End-User Segment of the REQ (other than initial EC members, as provided for in Section 19.2), a Nominating Committee consisting of five (5) Board or EC members of the REQ End-User

Segment, may be appointed by the End-User Segment Chair. This committee will develop a slate of candidates from interested members of the Segment Membership. Other nominations may be made at or prior to the close of the REQ End-User Segment nominating period by any Segment Member in accordance with the requirements in subsection (1) in above. All nominations must be made and conveyed in writing to the NAESB Secretary no less than 31 days prior to the election date.

3. The election process for REQ End-User Segment representatives to the REQ EC shall be
  - a. coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office and;
  - b. announced by formal notice to the Segment Membership no less than 30 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
4. Elections for REQ End-User Segment EC members shall be subject to the following provisions:
  - a. Any End-User Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
  - b. End-User Segment Members shall cast votes for candidates in a number not exceeding the number of EC seats open for election by the End-User Segment;
  - c. The candidates receiving the greatest numbers of votes shall be elected; provided the End-User Segment Directors serving on the Board at the end of each election includes at least one End-User Segment Director representing the interests of retail residential customers, including advocacy organizations or retail customer groups. This retail residential customer representative requirement shall not apply if such persons are not nominated for election;
  - d. Results of the elections for the REQ EC, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election;

**C. Term of Office**

Each EC Member from the End-User Segment of the REQ shall serve a term of two years on the REQ EC, as described in the REQ quadrant procedures except as provided for in Section 19.2 of this procedure.

1. Members elected in a year ending in an odd digit (i.e., 2003), whose term would expire in a year ending in an odd digit (i.e., 2005), will serve as Group A representatives; there will be two Group A representative seats at any given time.
2. Members elected in a year ending in an even digit, whose term would expire in a year ending in an even digit, will serve as Group B representatives; there will be two Group B representative seats at any given time.

**D. Change of Affiliation**

In the event that the End-User Segment EC Member changes affiliation to

another Member within the End-User Segment, the EC Member's term will continue until its natural expiration, provided that there is no other EC Member already representing the same Member, in which case the EC Member changing his or her affiliation will vacate their seat for election of a new EC Member.

**10.4 As described in the NAESB Bylaws and REQ quadrant procedures.**

**10.5 As described in the NAESB Bylaws and REQ quadrant procedures.**

**10.6 Removal of EC Members**

- A. Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the End-User Segment EC Member if all three of the following conditions are satisfied:
  - 1. the individual continues activity or employment in the End-User Segment of the Electric industry with another End-User Segment Member,
  - 2. the individual's new employer is a Segment Member with no representatives holding seats on the EC, and
  - 3. the EC determines that completion of the EC Member's term of office is in the best interest of NAESB
- B. Upon request by a Segment Member that the EC Member does not meet the qualifications as described in Section 10.2 above, a End-User Segment vote for removal of the EC Member can be called. EC Members may be removed from office by the Segment Membership at any time upon a 51% vote.
- C. A vacancy resulting from removal of an EC Member shall be filled for the remainder of that term in accordance with Section 10.7 of these segment procedures.

**10.7 Vacancies**

Any EC seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws, or if such provisions are lacking, by a special election subject to the following provisions

- A. If the vacancy occurs with less than 125 days remaining in the EC member's term of office, the seat will remain vacant until filled by election of a new EC member to a term commencing in the next operating year, and a Designated Alternate will serve until expiration of the term.
- B. All other vacancies will be filled by special election; such special elections are to be formally noticed to the Segment Membership by the Segment Vice-Chair or Chair within 15 days of when the creation of the vacancy becomes known and held within 60 days of the creation of the vacancy. Candidates will be designated by the normal nomination process. Candidates elected to fill the vacancy will serve the remainder of the term, and may stand for re-election.

Until an election is held and a new EC member is elected, a Designated Alternate will serve in the open EC seat.

**10.8 As described in the NAESB Bylaws and REQ quadrant procedures.**

### **10.9 Designated Alternates**

- A. Selection of Designated Alternates: The End-User Segment will select no more than three (4), and no less than one Designated Alternate EC representative in each election year, allowing for up to three (4) Designated Alternates overall.
- B. Designated Alternates will be selected by the same election that determines End-User Segment EC members, with those unsuccessful End-User Segment EC member candidate(s) receiving the greatest number of votes becoming a Designated Alternate in the event that there already are or are expected to be less than three Designated Alternates from the End-User Segment in the coming year.
- C. The first, second, third, and fourth Designated Alternate will be determined by the order of voting results of the most recent End-User Segment EC election.
- D. A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular End-User segment EC Members from the End-User Segment are unable to attend a meeting of the EC and when the absent member, the Chair, or the Vice-Chair of the REQ EC requests their attendance as a Designated Alternate. Selection of which Alternate will serve will proceed through the order of first, second, third, or fourth Designated Alternate, with each indicating whether they can or cannot fulfill the requirement to serve at the subject meeting.

### **10.10 Resignation of EC Members**

An End-User Segment EC Member may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the End-User Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

**11.0 – 17.0 As described in the NAESB Bylaws and REQ quadrant procedures.**

### **18.0 Amendments**

The Directors representing the End-User Segment on the Board shall recommend to the Segment Membership amendments to these Procedures. Each proposed amendment shall be offered as a separate amendment, except in those situations in which an amendment will affect more than one section of these Procedures. If a proposed amendment will affect more than one section, then all affected sections will be identified.

A majority vote of the Segment Membership returning ballots shall be required to approve an amendment to these procedures.

### **19.0 Transitional Procedures**

#### **19.1 Initial Election of End-User Segment Directors**

- A. The initial End-User Segment Directors shall be elected at the first meeting of the End-User Segment called by the NAESB office.
- B. The candidates receiving the greatest number of votes shall be elected. At the completion of the election at least one End-User Segment Director shall be a person that represents the interests of residential customers;



provided such person is nominated for election. This retail residential customer representative requirement shall not apply if such persons are not nominated for election.

C. Term of Office of Initial End-User Segment Directors

The two (2) initial End-User Segment Directors receiving the greatest number of votes shall serve for two years in Group B positions as described in Section 7.4 A. 3. of the REQ quadrant procedure. The remaining two (2) initial End-User Segment Directors shall serve for one year in Group A positions as described in Section 7.4 A. 2. of the REQ quadrant procedure.

*Currently this section is addressed in the quadrant level procedures and the terms are 2 and 3 years as opposed to 1 and 3. Please indicate your preference for a) including these procedures at the segment or quadrant level and b) term of 2 and 1 or 2 and 3 years.*

## 19.2 Initial Election of End-User Segment EC Members

A. The initial End-User Segment EC Members be elected at the first meeting of the Segment.

B. The candidates receiving the greatest number of votes shall be elected. At the completion of this election at least one End-User Segment Director shall be a person that represents the interests of residential customers; provided such person is nominated for election. This retail residential customer representative requirement shall not apply if such persons are not nominated for election.

C. Term of Office of Initial End-User Segment EC Members

The two (2) initial End-User Segment EC Members receiving the greatest number of votes shall serve for two years in Group B positions as described in Section 10.3 D. 3. of the REQ quadrant procedure. The remaining two (2) initial End-User Segment EC Members shall serve for one year in Group A positions as described in Sections 10.3 D. 2. of this procedure.