

**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.)  
Wisconsin Public Service

**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:**

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 in~~ consistency where proposed Standards and Model Business Practices affect those other Quadrants.

**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 g*Gas 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 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.~~

**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>	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><u>Distributors:</u></b>	Persons engaged in the regulated or publicly owned local distribution of natural gas.
<b><u>End Users:</u></b>	Persons that consume natural gas, including consumer advocacy organizations and retail customer groups.
<b><u>Service Providers:</u></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.

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 Membership**

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:

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 an 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-subsidary 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 RGQ 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.

#### **PPLSolutions:**

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: PPLSolutions 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. PPLSolutions 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.

**PPL Solutions:**

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:

*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:

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- 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**

- 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

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 (3), and no less than ~~one~~ three (3) Designated Alternate EC representatives in each election year, allowing for up to ~~twelve~~ (20 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**

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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 PPLSolutions' 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.

**PPL Solutions:**

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 PPL Solutions' 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.**

**Wisconsin Public Service Comments:**

The following are the comments of Wisconsin Public Service Corporation organized by Section Number. In our review of the REQ Procedures we used the side-by-side comparison with the RGQ Procedures and tried to take the best language from both documents. We have made similar comments to the Retail Gas Quadrant Procedures.

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|-----------|--|
| Sec. 1.1: | Delete "Distributor Segment Member", "End User Segment Member", "Services Segment Member" and "Supplier Segment Member" definitions. (With some relatively minor modifications to Section 2.3 these definitions should not be needed.) |
| Sec. 1.1: | Move Section 1.0 I to a new Section 1.1 to match the RGQ Procedures and create a new Section 1.2 for the remaining definitions.  |
| Sec. 2.1: | Rename the Section Purpose, Scope and Activities and delete sub-section headings A and B.  |

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- Sec. 2.1: Delete all text under the old Scope heading and replace with a modified Retail Gas Scope that reads, “The Retail Electric Quadrant is concerned with and tasked to handle retail electric related issues and practices that are within the scope of NAESB and typically addressed at the retail electric distribution level. The Retail Electric Quadrant shall work in conjunction with other NAESB Quadrants where proposed standards and model business practices affect those other Quadrants.
- Sec. 2.2: Move the text in Section 2.2 A to Section 6.0 which is consistent with the organization of the RGQ Procedures.
- Sec. 2.2: Create a new Section 2.2 A, General, with a modified Gas Policy statement, which reads, “The Retail Electric Quadrant shall comply with the principles, policies and procedures laid out in the Bylaws and the Certificate of Incorporation of NAESB and with ANSI guidelines. As such, the Retail Electric Quadrant encourages a widely based membership and has identified Segments, which reflect this principle of inclusiveness. The Retail Electric Quadrant will ensure that all meetings, including those of its Members, Executive Committee (EC), and Subcommittees and Task Forces, will be open to all persons and that all minutes thereof shall be available to the public.”
- Sec. 2.2: Rename “Section 2.2 D, Ratification”, “Section 2.2 B, Ratification”.
- Sec. 2.3: Modify the second sentence to read, “Members of the REQ are person who meet the following membership requirements, and any requirements listed in the Segment Procedures, in any one of the four Segments of this Quadrant.”
- Sec. 2.3 In the title to each numbered sub-section delete the word “Segment” so, for example, the first title will read “Distributor”.
- Sec. 5.1 Delete, completely, Sub-section A and move Sub-sections B and C to the end of Section 5.2, Voting Members, as Sub-sections 3 and 4. (Under the principle of openness there are only Voting Members and everyone else who wants to participate in Quadrant activities.)
- Sec. 6.0 As previously mentioned move Section 2.2 A to this section that reads, “All meetings held in association with the NAESB organization or the REQ are open to any interested person.”
- Sec. 7.1 Delete the text in this section and adopt a modified RGQ text that reads, “The Retail Electric Quadrant shall have representatives to the NAESB Board of Directors, with each REQ Segment electing or selecting an equal number of these representatives, pursuant to the procedures specified by the respective REQ Segment in this Exhibit.
- Sec. 7.2: Adopt the additional qualifications as listed in the RGQ Procedures as follows:  
“- The Person must be a Member of a Segment of the Retail Electric Quadrant;  
- The person must be an executive of the organization represented, where applicable, and have broad understanding of the electric 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)].”
- Sec. 7.3, A: Adopt modified RGQ language as follows: “The Retail Electric 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 Electric Quadrant representatives to the NAESB Board during the second week of November each year.
- Sec. 7.3, B: This section should be moved to the Segment Procedures.
- Sec. 7.3, C: This section should be moved to the NAESBops when appropriate.

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- Sec. 7.4, B: Delete this section. The information is contained in the Bylaws at 7.4(a). There should not be term limits.
- Sec. 7.5: Adopt modified RGQ language as follows: “A NAESB Director shall cease to be a Director upon 1) the resignation of the REQ Membership of the entity of which the Director is a partner, director, officer, or agent; 2) the lapse of the REQ Membership of the entity of which the Director is a partner, director, officer, or agent or employee, through delinquent NAESB dues for the REQ 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.”
- Sec. 7.6: Adopt modified RGQ language as follows: “Each REQ Segment shall have the authority to remove a Director for cause. Prior to voting on such resolution to remove a Director for cause, the REQ Segment shall give the Director at least 30-day notice of the proposed action and an opportunity to respond. A two-thirds (67%) majority of the REQ Segment Membership shall be required to remove a Director.”
- Sec. 7.7: Insert this section and adopt the RGQ language as follows: “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.” (This section should be moved to the Segment Procedures.)
- Sec. 10.2: In Sub-section A, change all “EC Members” to “EC Member Representatives”.
- Sec. 10.2: Adopt additional qualifications from RGQ Procedures as follows:  
“- The Person must be a Member of a Segment of the Retail Electric Quadrant;  
- The person must be an executive of the organization represented, where applicable, and have broad understanding of the electric 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)].”
- Sec. 10.2: Incorporate Sections 10.6, 10.7 and 10.8 into this section to consolidate the information on EC Membership rather than having it scattered throughout Section 10.
- Sec. 10.3, E: Delete this section. The information is contained in the Bylaws at 10.2(b). There should not be term limits.
- Sec. 10.4: This entire section on EC Meetings should be move to NAESBops or the NAESB Bylaws when appropriate.
- Sec. 18: Insert this Section on Amendments and adopt the language of the RGQ Procedures
- Sec. 19: Adopt the RGQ language especially the concept of the Transitional Voting Multiplier.