

NAESB Retail Gas Quadrant Conference Call – Draft Minutes
February 28, 2002 9:00 AM – Noon EST

Prospective members of the NAESB Retail Gas Quadrant (RGQ) convened by teleconference and culminated discussions on substantive matters within the draft RGQ Procedures. Upon reviewing the anti-trust guidelines, meeting participants completed the following business:

- **AGREED** to the revised list of 11 issues identified as discussion items for this meeting, of which the first three were resolved during the Tuesday, February 26 conference call.

- **Discussed and resolved the following substantive issues:**
 1. Qualifications of NAESB Directors from the RGQ

AGREED to replace the bullet under Section 7.2: *“The person should have broad understanding of the natural gas industry and have sufficient authority to make decisions on behalf of the represented organization; for example, a representative of a corporate entity should ideally be an executive of that corporation.”*

AGREED to modify the fifth bullet under Section 7.2: *“The person should 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;”*

 2. Qualifications of RGQ EC Members

AGREED to replace the first bullet under Section 10.2 (c) with the following two bullets:

 - *“The person should have broad understanding and have practical experience within the natural gas industry;”*
 - *“The person should typically be a manager or be at a level of responsibility within the represented organization to act on its behalf.”*

AGREED to modify the fourth bullet as follows of Section 10.2 (c) as follows: *“The person should 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”*

 3. Number of Representatives from each Segment on the Board and on the EC and Transitional Voting Procedures

AGREED to maintain the number of NAESB Board and RGQ EC seats per Segment at six, while allowing for a transition period (to end on June 30, 2003) during which the EC and the Board would have six seats from each Segment, subject to reconsideration by the RGQ EC in December 2002 with appropriate recommendations made to the NAESB Board for a decision as soon as possible, if any changes are needed. Specifically:

 - (a) Retain Section 7.3, “Number and Election of Directors,” part (a) and Section 10.2, “Number and Election of RGQ EC Members,” (a) as written.
 - (b) Adopt the language in Section 19 of the current REQ Procedures (v.3.1) to replace the current language in Section 19 of the RGQ Procedures, with the following amendments:
 - i. Add the following language to Section 19: *“In the event one or more Segments does not populate the maximum number of NAESB Board seats or RGQ EC seats, the number of seats per Segment will be reduced from six to five on January 1, 2003 unless the RGQ EC decides otherwise during its December 2002 meeting.”*
 - ii. Add the following language to Sections 19.1 and 19.2: *“Subsequent elections to fill vacant seats, as necessary, will be held each month until all seats are filled.”* and *“This transitional voting period will be sunset on June 30th, 2003, unless the RGQ EC decides to extend the period prior to its expiration.”*

 4. Length of Terms Served by a Director or EC Member

AGREED to replace Section 7.4, “Board - Term of Office,” with the following language: *“The initial RGQ Directors on the NAESB Board shall be divided into three groups within each RGQ Segment whose terms shall expire as follows: Group A, consisting of two Board seats, on December 31, 2004; group B, consisting of three Board seats, on December 31, 2004; and group C, consisting of one Board seat, on December 31, 2002. Upon the completion of those initial terms, all succeeding Directors shall thereafter be elected for a two-year term, consistent with the NAESB Bylaws.”*

AGREED to replace Section 10.2 (b), "RGQ EC Members - Term of Office," with the following language: *"The initial RGQ EC Members shall be divided into three groups within each RGQ Segment whose terms shall expire as follows: Group A, consisting of two EC seats, on December 31, 2004; group B, consisting of EC three seats, on December 31, 2004; and group C, consisting of one EC seat, on December 31, 2002. Upon the completion of those initial terms, all succeeding EC Members shall thereafter be elected for a two-year term, consistent with the NAESB Bylaws."*

5. Placement of Language in Quadrant versus Segments' Procedures

AGREED to the appropriate placement of provisions with the documents as follows:

Segment Level

- Definition of the Segment
- Removal of Members from the Segment
- Additional requirements for Directors and for EC Members
- Limit on the number of terms for Directors and EC Members
- Amendments to Segment Procedures
- Additional transition provisions

Quadrant Level

- List and define all Segments
- NAESB Membership
- Qualifications of Directors and of EC Members
- Terms of office
- Procedures to remove Directors
- The vote to remove Directors is taken by the Segment
- Transitional voting procedures

6. Duplication of Language in the NAESB Bylaws

AGREED to remove the following duplicative language from the RGQ Procedures: Section 6 "Meetings of RGQ Members;" Sections 7.5 and 10.2 (d), "Vacancies;" Sections 7.7 and 10.2 (f) "Resignations;" and third sentence of Section 10.1 "Duties and Responsibilities" ("No substitutes are permitted").

AGREED that Bill Boswell, NAESB Board Chair, will review the final document to eliminate remaining duplication with the NAESB Bylaws.

7. Sections that May be Addressed in the NAESB Operational Procedures (or NAESBOPS)

Mr. Boswell explained that NAESB Parliamentary Committee, which will likely be formed after the three Quadrants are populated, upon drafting the "NAESBOPS," would request of the Quadrants to review their procedures and eliminate language that duplicates or conflicts with the NAESBOPS. The NAESB Board would then consider both the NAESBOPS and revised Quadrant procedures for adoption. Thus no further action is required at present.

8. Addressing Comments Regarding Wording and Organizational Changes:

AGREED that the discussions, compromises and agreements reached to date satisfactorily address the concerns of participants on substantive issues.

- **AGREED** to the following steps: By the close of business, February 28, AGA will circulate revised RGQ Procedures, red-lining the agreed-upon revisions. Feedback will be solicited from prospective participants in the RGQ and will be addressed via e-mail exchange. If deemed necessary, a conference call will be held at 4:00 PM on Tuesday, February 5th, to address any lingering issues. The intent is to forward the document to the NAESB office by March 6th.

- **Adjourned** at 12:40 PM Eastern.

Meeting Participants:

Alexander, Barbara – NASUCA/AARP
Arnaout, Mariam - AGA
Boswell, Bill – Dominion & NAESB Board Chair
Bragg, Audrey – Washington Gas
Burnham, Andy – Consumers Energy
Chezar, Dolores - KeySpan
Davis, Dale – Williams Gas Pipeline-Transco
Driggs, Charlie – Conectiv
Hess, Teresa – Transwestern Pipeline
Hill, Karen – AGA
Khan, Misty Ann - Telerx
Lennon, Rose – Washington Gas
Maassel, Mark – Nisource Distribution Companies
McQuade, Rae - NAESB
Merrill, Tim – TXU Retail

Minneman, Jim - PPLSolutions
Moran, Terry – Public Service Electric & Gas
Nishida, Les – Wisconsin Public Service
Novak, Mike – National Fuel Gas Distribution
Oppenheim, Bill - Exelon
Patton, Tina – The Boeing Company
Rosenthal, Bob - PA Public Utility Commission
Sappenfield, Keith - PanCanadian
Scheel, Mark - Dynegy
Specht Adusei-Poku, Marilyn – Nisource Distribution Companies
Unruh, Julie – Reliant Energy
VanPelt, Kim – CMS Panhandle Pipe Line
Westerfield, Lou Ann – Idaho PUC/NARUC
Zavodnick, Steve – Baltimore Gas & Electric