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BYLAWS

Of

NORTH AMERICAN ENERGY STANDARDS BOARD, INC. (NAESB)

A Delaware Non-Stock, Non-Profit Corporation

ARTICLE 1 - DEFINITIONS

Section 1.1 Definitions

The following terms used in these Bylaws shall have the meanings set forth below.

- A. "Act" means the Delaware General Corporation Law, as amended.
- B. "Agent" means an individual, partnership, firm, corporation or other entity representing the interests of a member of NAESB, but who, itself, is not necessarily a member of NAESB.
- C. "Balanced Voting" means that, in the context of EC Subcommittees and task forces, with respect to Standards/Model Business Practices development, voting is governed by rules and procedures that provide for balance of interests among industry Segments and Quadrants participating in NAESB so as to avoid having any one interest exert undue influence over any decision.
- D. "Board" means the Board of Directors of NAESB.
- E. "Certificate" means the Certificate of Incorporation, as amended from time to time, of the NAESB.
- F. "Director" means an individual serving on the Board.

- 24 G. "EC" means the Executive Committee of NAESB, Inc. (in whole, as a Quadrant
25 EC, or any combination of the Quadrant EC(s)).
- 26 H. "EC Subcommittee" means a subcommittee established by the EC pursuant to
27 Section 10.5 of these Bylaws.
- 28 I. "Exhibit" means an attachment to these Bylaws.
- 29 J. "Majority" means a simple majority of each of the applicable Quadrants for the
30 purposes of voting.
- 31 K. "Members" means individuals and entities that satisfy the requirements for
32 membership set forth in Article 5 of the Bylaws, and includes Voting Members
33 and Non-Voting Members.
- 34 L. "Model Business Practice" means a protocol or procedure for the conduct of
35 specified acts or transactions. The term "Model Business Practice" does not
36 imply enforceability by NAESB.
- 37 M. "NAESB" means the North American Energy Standards Board, Inc.
- 38 N. "Operating Procedures" means the policies and rules that govern the behavior and
39 operation of committees, subcommittees and task forces of NAESB, as
40 established and maintained by the Parliamentary Committee of the Board, (as
41 established in Section 7.8(b)). They apply equally to all Quadrants and Segments.
- 42 O. "Quadrant" means any one of the industry sectors that make up NAESB, whose
43 name has been assigned by the Board, for example, gas wholesale, electric
44 wholesale, gas retail, and electric retail.
- 45 P. "Reconsideration" means a review of a proposed Standard or proposed Model
46 Business Practice subsequent to adoption by the EC and prior to ratification, as
47 described in Section 10.3(h) of these Bylaws.
- 48 Q. "Segment" means one of the co-equal member groupings of a given Quadrant, as
49 defined by that Quadrant and approved by the Board as an Exhibit to these
50 Bylaws.

- 51 R. "Standard" means a protocol or procedure for the conduct of specified acts or
52 transactions. The term "Standard" does not imply enforceability by NAESB.
- 53 S. "Triage Process" refers to the actions taken from the time a request for a proposed
54 Standard or a proposed Model Business Practice is received by the NAESB
55 office, through consideration by the Triage Subcommittee, and until such time as
56 the EC assigns the request for consideration.
- 57 T. "Voting Member" means an individual, partnership, firm, corporation or other
58 entity whose NAESB dues are current and who meets the requirements for
59 membership of a given Segment(s) within a Quadrant(s), and who has joined such
60 Quadrant(s) and Segment(s). A Voting Member may only be a member of
61 multiple Quadrants and Segments if it has paid dues in each such Quadrant and
62 Segment.

63 64 65 **ARTICLE 2 - PURPOSES, SCOPE, ACTIVITIES AND POLICIES**

66 **Section 2.1 Purposes, Scope and Activities**

67 The purposes, scope and activities of NAESB are set forth in Article II of the Certificate.

68 **Section 2.2 Policies**

69 (a) As expressed in Article IV, Section 1 of the Certificate, NAESB's policy is to
70 encourage a widely-based membership of diverse stakeholders whose business
71 interests are directly affected by the adoption of Standards and Model Business
72 Practices for their commercial activities. Consistent with this approach, NAESB's
73 policy is that all meetings of NAESB, including those of its Members, Board, EC,
74 Advisory Council (as established in Section 7.9), Board committees, EC
75 Subcommittees and task forces, shall be open to any member of the public and the
76 minutes thereof shall be available to the public, except as provided in Section 9.1
77 of these Bylaws.

78 (b) The principles governing NAESB are:

79 **Independence** – NAESB should be an independent body. While it may have
80 informal liaisons to trade associations, other standards organizations and
81 government agencies, it should be a separately incorporated, fully independent,
82 organization.

83 **Openness** -- NAESB should conduct its activities in the open. Openness should
84 apply to all aspects of its organizational governance, elections and Standards or
85 Model Business Practices development processes, including work products and
86 related meetings. The meetings, agendas and items set for discussion and/or
87 possible vote should be publicly noticed, and interested parties, regardless of
88 membership should have the opportunity to participate.

89 **Voluntary** -- Participation in NAESB should be voluntary and adherence to its
90 Standards and Model Business Practices should, from NAESB's perspective, also
91 be voluntary. Membership should not be dependent upon whether the company
92 seeking membership implements the Standards and Model Business Practices.
93 NAESB will not maintain any type of enforcement activity.

94 **Balance of Interests** – The voting with respect to governance, Standards, Model
95 Business Practices, and Operating Procedures should provide for balance among
96 industry Segments and Quadrants participating in NAESB so as to avoid any one
97 interest group or group of interests having the ability to exert undue influence
98 over any decision.

99 **Inclusivity** – All interested parties have the opportunity to participate in the
100 activities of the standards organization and to join NAESB. All participants
101 should be identified and associated with a Segment and Quadrant.

102 **Consensus-Based Decisions** -- The voting rules should be constructed so that
103 decisions based upon consensus are encouraged. In addition, with respect to
104 voting upon the Standards or Model Business Practices issued or to be issued by
105 NAESB, energy Quadrants and their Segments should be assured that each energy
106 Quadrant and its Segments can protect its interests by requiring both super-

107 majorities and a minimum per Segment, and that a per Quadrant threshold be
108 achieved for passage of such Standards and Model Business Practices by NAESB.

109 **No Advocacy** – NAESB should be prohibited from taking advocacy positions on
110 its Standards or Model Business Practices as a party to any proceeding before a
111 governmental agency. This is not intended to preclude NAESB’s duly authorized
112 representatives from educating or communicating with any group as to NAESB’s
113 procedures and/or work product(s).

114 **Membership Driven** – NAESB should be membership driven. The paid staff
115 should perform administrative functions to support NAESB's activities. Requests
116 for Standard(s) or Model Business Practices should be proposed by identified
117 persons and not by NAESB or its committees and subcommittees. NAESB’s staff
118 should neither have a vote nor a role with respect to conducting the affairs of
119 NAESB other than to provide ministerial functions.

120 **Develop Practices, Not Policy** – The committees, subcommittees and task forces
121 of NAESB should endeavor not to create policy in their Standards or Model
122 Business Practices development activities absent being requested to do so by the
123 Board.

124 **Incorporate Best Practices** – To the extent reasonable, the Standards and Model
125 Business Practices to be established should reflect standardization and
126 streamlining of activities chosen as best practices from among existing and
127 reasonably anticipated policies and practices.

128 **Broad Applicability** – To the extent reasonable, the Standards and Model
129 Business Practices to be established should be structured such that they can be
130 applicable to both the electric and natural gas industries. The two industries
131 should work together to develop Standards and Model Business Practices when
132 joint Standards and Model Business Practices are appropriate. However, where
133 operating requirements dictate the need for different approaches, discrete
134 Standards and Model Business Practices will be established separately by
135 Quadrant(s).

136 **ANSI Accreditation** – NAESB will actively seek to transfer to itself the current
137 Gas Industry Standards Board accreditation as an American National Standards
138 Institute Standards Development Organization.

139 (c) It is the policy of NAESB to comply to the fullest extent possible with both the
140 letter and spirit of all applicable federal and state laws and regulations, including
141 the antitrust laws. The purpose of the antitrust laws is to preserve and promote
142 competition. Any conduct that violates Federal or State antitrust laws is
143 detrimental to the best interests of NAESB and its Members, and is, therefore,
144 contrary to NAESB policy. No officer, employee or member of NAESB is
145 authorized by NAESB to act contrary to this policy.

146 **Section 2.3 Quadrants and Segments**

147 The procedures of each Quadrant and Segment, respectively, shall conform to the
148 policies of NAESB as stated in the Certificate and these Bylaws. The Board shall have authority
149 to enforce these NAESB policies with regard to the procedures of the Quadrants and Segments.

150 In order to have representation on the Board or the EC, a Quadrant shall have at least
151 forty Voting Members and at least four Segments. Each Segment shall have at least five Voting
152 Members. This minimum representation requirement shall be reconsidered by the Board
153 biannually. Without limitation, and in addition to the other options it may choose, the Board
154 may combine Quadrants, either for operational purposes or administrative purposes (including
155 voting at the Board or the EC), or both, and may add new Quadrants.

156 A fully populated segment is one which has eighty percent (80%) of the seats filled on
157 the Board (for a vote at the Board) or one hundred percent (100%) for the EC (for a vote at the
158 EC), and only a fully populated segment may exercise the affirmative voting rights provided in
159 Article V of the Certificate, for actions taken by the Board or the EC, as the case may be.

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ARTICLE 3 - OFFICES

Section 3.1 Offices

163 The registered office of NAESB shall be located in Delaware. NAESB may have any
164 number of other offices at such places as the Board may determine.

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ARTICLE 4 - SEAL

Section 4.1 Seal

168 NAESB may use a Corporate Seal. The Corporate Seal shall bear the name of NAESB,
169 the year of its incorporation and the words "Corporate Seal, Delaware."

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ARTICLE 5 - MEMBERS

Section 5.1 Voting Members

173 (a) The general requirements for Voting Membership are set forth in Article IV,
174 Section 1 and 2 of the Certificate. Individuals, partnerships, firms or corporations
175 shall join as Members through application for Voting Membership in one or more
176 Quadrants and Segments. The membership requirements for each Quadrant and
177 Segment are set forth in Exhibits 1 through 4.

178 (i) Each Voting Member shall be entitled to one (1) vote in person or by
179 proxy, and shall designate in writing the individual authorized to cast that
180 vote.

181 (ii) Each Voting Member may vote by proxy. Every proxy shall be executed
182 in writing by the Voting Member or by such Voting Member's duly
183 authorized attorney in fact and filed with the Secretary of NAESB. A
184 proxy shall be revocable at will, notwithstanding any other agreement or
185 any provision in the proxy to the contrary. The revocation of a proxy shall
186 not be effective until notice thereof has been given to the Secretary of

187 NAESB. A proxy shall not be revoked by the death or incapacity of the
188 maker unless, before the vote is counted or the authority is exercised,
189 written notice of such death or incapacity is given to the Secretary of
190 NAESB. No proxy shall be valid after three (3) years from the date of its
191 execution unless otherwise provided in the proxy.

192 (iii) As described in Article IV, Section2 of the Certificate, each Voting
193 Member is required, as a condition of membership, to execute a revocable
194 appointment, in a proxy form approved by the Board, authorizing a
195 designated proxy to vote in favor of any of the proposals described in
196 Article V, Section3 of the Certificate; provided, however, that any Voting
197 Member shall have the right to cast its vote, in lieu of such revocable
198 proxy, either in favor of or in opposition to any such proposal. This proxy
199 shall not expire until revoked by the Voting Member.

200 (iv) A trade association may join as a non-voting member. A trade association
201 may become a Voting Member only if there are no other Voting Members
202 of NAESB that can represent the interests of the trade association's
203 membership, or if the Quadrant determines that the trade association's
204 membership is otherwise under-represented by Voting Members. A trade
205 association shall not be eligible to hold a seat on either the Board or the
206 EC, except as an Agent of an eligible Voting Member.

207 (b) The Board may, by resolution, determine (a) the amount of the membership fee
208 described in Article VII, Section 1 of the Certificate to be assessed to each Voting
209 Member, and (b) the time and method of payment. Delinquency in payment of
210 membership fees has the effect on voting rights specified in Article IV, Section 2
211 of the Certificate.

212 (c) Unless otherwise restricted by the Certificate of Incorporation or these Bylaws,
213 any action required or permitted to be taken by the members at any annual or
214 special meeting may be taken without a meeting, without prior notice and without
215 a vote, if a consent or consents in writing, setting forth the action so taken, shall
216 be signed by the members having not less than the minimum number of votes that

217 would be necessary to authorize or take such action at a meeting at which all
218 members having a right to vote thereon were present and voted. Such written
219 consents shall be delivered to NAESB by delivery to its registered office in the
220 State of Delaware, its principal place of business, or an officer or agent of
221 NAESB having custody of the book in which proceedings of meetings of
222 members are recorded. Delivery made to NAESB's registered office shall be by
223 hand or by certified or registered mail, return receipt requested. Every written
224 consent shall bear the date of signature of each member who signs the consent,
225 and no written consent shall be effective to take the corporate action referred to
226 therein unless, within sixty days of the earliest dated consent delivered to NAESB
227 in the manner required by this Section 5.1(f), written consents signed by a
228 sufficient number of members to take action are delivered to NAESB by delivery
229 to its registered office in the State of Delaware, its principal place of business, or
230 an officer or agent of the Corporation having custody of the book in which
231 proceedings of meetings of members are recorded. Delivery made to NAESB's
232 registered office shall be by hand or by certified or registered mail, return receipt
233 requested. Prompt notice of the taking of the corporate action without a meeting
234 by less than unanimous written consent shall be given to those members who have
235 not consented in writing. In the event that the action which is consented to is
236 such as would have required the filing of a certificate by law, if such action had
237 been voted on by members at a meeting thereof, the certificate filed shall state, in
238 lieu of any statement required by law concerning any vote of members, that
239 written consent has been given in accordance with the Delaware General
240 Corporation Law, and that written notice has been given.

241 **Section 5.2 Non-Voting Members**

242 As provided in Article IV, Section 3 of the Certificate, Non-Voting Members may
243 include, but not be limited to, federal, state and local agencies; non-profit research organizations
244 and similar entities.

245 **Section 5.3 Nontransferable**

246 Membership in NAESB is not transferable to another corporation or entity, although
247 member organizations may transfer representation from one individual to another upon written
248 notice to the Secretary. Such transfer of representation shall not extend to transfer of Board or
249 EC seats.

250 **Section 5.4 Resignation**

251 Any Member may resign from membership by written notice to the Secretary, whereupon
252 that Member's NAESB voting rights and member benefits shall cease.

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255 **ARTICLE 6 - MEETINGS OF MEMBERS**

256 **Section 6.1 Place of Meetings**

257 Meetings of the Members shall be held at such place as may be fixed by the Board. If no
258 place is fixed by the Board, meetings of the Members shall be held at the registered office of
259 NAESB.

260 **Section 6.2 Annual Meeting**

261 Unless the Board provides by resolution for a different time, the Annual Meeting of the
262 Members shall be held in September, October, November or December of each year on the date
263 specified by the Board in the notice of annual meeting.

264 **Section 6.3 Special Meetings of Members**

265 Special meetings of the Members may be called at any time by the Board Chair, by a
266 Majority of the Board or by a Majority of Voting Members. Upon written request of any person
267 entitled to call a special meeting, the Secretary shall (a) fix the date and time of the meeting,
268 which shall be held not less than ten (10) days nor more than sixty (60) days after receipt of the
269 request, and (b) give notice thereof in accordance with Article 11. If the Secretary neglects or
270 refuses to fix the meeting date or give notice, the person or persons calling the meeting may do
271 so.

272 **Section 6.4 Determination of Members of Record**

273 The Board may fix a time, not more than sixty (60) days prior to the date of any meeting
274 of the Members or any adjournment thereof, as a record date for the determination of the
275 Members entitled to notice of, or to vote at, such meeting. The Board may similarly fix a record
276 date for the determination of the Members of record for any other purpose. When a
277 determination of the Members of record has been made for purposes of a meeting, the
278 determination shall apply to any adjournment thereof unless the Board fixes a new record date
279 for the adjourned meeting.

280 **Section 6.5 Notice of Meetings of Members**

281 Notice of meetings of Members and meetings of Quadrants and Segments to elect or
282 remove Directors or EC Members, or to amend their Exhibits, shall be given in the manner
283 described in Article 11 of the Bylaws. When a meeting of the Members is adjourned, it shall not
284 be necessary to give any notice of the adjourned meeting or of the business to be transacted at an
285 adjourned meeting, other than by announcement at the meeting at which such adjournment is
286 taken, unless the Board fixes a new record date for the adjourned meeting or the Act requires
287 notice of the business to be transacted and such notice has not previously been given.

288 **Section 6.6 Quorum**

289 The quorums for meetings of Voting Members shall be as described in Article V, Section
290 2 of the Certificate. The quorums may be determined by counting attendance in person or by
291 proxy. The Voting Members present at a duly organized meeting can continue to do business
292 until adjournment, notwithstanding the withdrawal of enough Members to leave less than a
293 quorum. If a meeting cannot be organized because a quorum has not attended, those present
294 may, except as otherwise provided in the Act, adjourn the meeting to such time and place as they
295 may determine.

296 **Section 6.7 Adjournment**

297 Adjournments of any meeting of the Members may be taken.

298 **Section 6.8 Organization**

299 At every meeting of the Members, the Board Chair, or in his or her absence, the Board
300 Vice Chair, or in the absence of the Board Chair and the Board Vice Chair, the Board Second
301 Vice Chair or the Board Third Vice Chair, etc., respectively, together representing each of the
302 Quadrants within the Board, or a chair chosen by the Members, shall act as chair. The Secretary,
303 or in his or her absence, a person appointed by the chair, shall act as secretary.

304 **Section 6.9 Voting on Particular Issues**

305 Article V, Sections 3 and 4 of the Certificate describe the voting procedures and the
306 number of votes required for adoption and approval for particular issues with respect to NAESB.

307 **ARTICLE 7 - BOARD**

308 **Section 7.1 Board**

309 The business and affairs of NAESB shall be managed by the Board. The powers of
310 NAESB shall be exercised by, or under the authority of, the Board except as otherwise provided
311 by statute, the Certificate or these Bylaws. Specific powers and duties are delegated to the EC
312 by Article III, Section 5 of the Certificate. The Board may delegate such other powers to the EC,
313 as it deems appropriate if such delegation is consistent with the Certificate.

314 **Section 7.2 Qualifications of Directors**

315 Each Director shall be a natural person at least eighteen (18) years of age who need not
316 be a resident of Delaware and who shall be a Voting Member, or a partner in, or an officer,
317 employee or agent of, a Voting Member.

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

319 The Board shall consist of representatives of the Quadrants, each Quadrant determining
320 the number of Directors who shall occupy seats on the Board, except that every Segment of a
321 Quadrant shall be represented by at least one Director. Regardless of the number of Directors
322 elected from each Quadrant, no Quadrant shall be entitled to cast a vote greater than the
323 percentage that its Quadrant represents in relation to the total number of Quadrants represented
324 on the Board at a given time. Each Segment within a Quadrant shall be represented by an equal
325 number of Directors, to be determined by that Quadrant. The procedures for electing the

326 Directors shall be as specified in each Quadrant's Exhibit. Each Quadrant shall communicate
327 the timing of its election of Directors.

328 **Section 7.4 Term of Office**

329 (a) The term of office of a Director shall be for a period set by the Quadrant, not less
330 than 1 year, not to exceed three years. Quadrants may elect Directors for varying
331 terms. Directors may be reelected to subsequent terms.

332 (b) Each Director shall hold office during his or her term until the earliest of: (i) the
333 expiration of the term for which he or she was elected and until his or her
334 successor has been elected and qualified, (ii) the Director's resignation of his or
335 her Voting Membership (if the Director is the Voting Member as an individual) or
336 the lapse of the Director's Voting Membership for delinquency in membership fee
337 payment, (iii) the resignation or lapse (through delinquency in membership fee
338 payment) of Voting Membership of the entity of which the Director is a partner,
339 officer, employee or agent, or (iv) the Director's death, resignation, or removal.

340 **Section 7.5 Vacancies**

341 Vacancies in the Board resulting from the circumstances described in Subsections
342 7.4(b)(ii), (iii) or (iv) above shall be filled by the Quadrant and Segment in which the vacancy
343 occurs, in accordance with the procedures specified in that Quadrant's Exhibit.

344 **Section 7.6 Removal of Directors**

345 Procedures for removal of Directors representing a Quadrant and Segment are contained
346 in the pertinent Exhibit.

347 **Section 7.7 Resignations**

348 Any Director may resign at any time by giving written notice to the Secretary. The
349 resignation shall be effective upon receipt by NAESB or at such subsequent time as may be
350 specified in the notice of resignation.

351 **Section 7.8 Board Committees**

352 (a) The Board, by Majority vote of the entire Board, may establish, by means of
353 resolutions to be attached hereto, committees of the Directors. The resolutions shall

354 describe the powers and authorities of each committee, require each committee to
355 adopt procedures, and provide opportunity for Directors from each Quadrant and
356 Segment to participate in the committee's work.

357 (b) There shall be a Managing Committee, consisting of the chair, the vice chairs of each
358 Quadrant, the past chairs (if a member of the Board), the Executive Director, and the
359 General Counsel. It shall have the authority of the Board between Board meetings,
360 subject to the limitations placed upon it by the Board; however it shall have no
361 authority to amend the Certificate or the Bylaws. The Executive Director and the
362 General Counsel shall be non-voting members of the committee.

363 (c) There shall be a Parliamentary Committee, consisting of members of the Board
364 with at least two Directors from each Quadrant. The function of the
365 Parliamentary Committee is to address issues related to corporate governance,
366 including, but not limited to, the Certificate of Incorporation, the Bylaws and the
367 Operating Procedures. Members of the Parliamentary Committee shall be
368 appointed by the Chair of the Board, who shall serve as the chair of this
369 committee.

370 **Section 7.9 Advisory Council**

371 The Board shall establish a standing Advisory Council, to be known as the "NAESB
372 Advisory Council." The Advisory Council shall be composed of not more than twenty-five (25)
373 persons who shall be knowledgeable about the issues involved in carrying out the purposes,
374 scope and activities of NAESB. The membership of the Advisory Council should be rotated
375 from time to time, and should reflect participation by federal, state and local agencies; public
376 interest groups; non-profit research organizations; and similar organizations. The Advisory
377 Council shall develop its own procedures consistent with the general guidance of the Board and
378 not inconsistent with the Certificate. The Advisory Council shall advise both the Board and EC.

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ARTICLE 8 - OFFICERS

381 **Section 8.1 Number**

382 The officers of NAESB shall include a Chair, and up to three Vice Chairs (each
383 representing a different Quadrant within the Board), a Secretary, a Treasurer, an Assistant
384 Treasurer, and an Executive Director. The officers may include one or more Assistant
385 Secretaries, other Assistant Treasurers, and such other officers as the Board may determine by
386 resolution. Any number of offices may be held by the same person.

387 **Section 8.2 Qualifications of Officers of NAESB**

388 The officers shall be natural persons at least eighteen (18) years of age who are Directors,
389 except that the Executive Director, Secretary, Assistant Secretaries and Assistant Treasurers
390 need not be Directors.

391 **Section 8.3 Election and Term of Office**

392 The officers of NAESB shall be elected by the Board at any meeting of the Board. Each
393 officer except for the Executive Director, Assistant Secretaries and Assistant Treasurers shall
394 serve for a term of one (1) year and until his or her successor begins his or her term, or until his
395 or her earlier death, resignation, or removal, or lapse of Director status pursuant to Subsections
396 7.4(b)(ii),(iii) or (iv) or Section 7.6. On expiration of the terms of the officers of NAESB, the
397 Vice Chair shall become the Chair, the Second Vice Chair shall become the Vice Chair, the
398 Third Vice Chair shall become the Second Vice Chair, and the Board shall elect a new Third
399 Vice Chair. The new Third Vice Chair shall be elected in the following order of rotation, which
400 shall be repeated indefinitely: Gas Wholesale, Electric Retail, Electric Wholesale, and Gas
401 Retail. If no Director representing a Quadrant is willing to serve as Third Vice Chair when the
402 rotation turns to that Quadrant, the Board shall elect a Third Vice Chair from among its
403 remaining Directors, and the rotation shall continue thereafter as though a Director representing
404 the Quadrant had in fact served as Third Vice Chair.

405 **Section 8.4 Removal of Officers**

406 Any officer may be removed by action of a Majority of the Directors whenever in their
407 judgment the best interests of NAESB will be served. Such removal shall be without prejudice to
408 the contract rights, if any, of any person so removed.

409 **Section 8.5 Resignations**

410 Any officer may resign at any time by giving written notice to the Secretary. The
411 resignation shall be effective upon receipt by the Secretary or at such subsequent time as may be
412 specified in the notice of resignation.

413 **Section 8.6 The Chair**

414 The Chair shall be the chief executive officer of NAESB and shall have general
415 supervision over the business and operations of NAESB, subject to the control of the Board. The
416 Chair shall chair all meetings of the Board and the Members. The Chair shall execute in the
417 name of NAESB, deeds, mortgages, bonds, contracts, and other instruments to the extent
418 authorized by the Board, except in cases where the execution thereof shall be expressly
419 delegated by the Board to some other officer or agent of NAESB. In general, the Chair shall
420 perform all duties incident to the office of Chair and such other duties as may be assigned by the
421 Board.

422 **Section 8.7 The Vice Chairs**

423 There shall be a Vice Chair for each Quadrant. In the absence of other Quadrant
424 procedures, the Vice Chair of each Quadrant shall be elected by a simple majority of its
425 respective Quadrant Board members. In the absence or disability of the Chair or when so
426 directed by the Chair, a Vice Chair (in order of precedence) may perform all the duties of the
427 Chair, and, when so acting, shall have all the powers of, and be subject to all the restrictions
428 upon, the Chair. The Vice Chairs shall perform such other duties as may be assigned by the
429 Board or the Chair.

430 **Section 8.8 The Secretary**

431 (a) Unless the Board directs otherwise, the Executive Director shall be the Secretary
432 of NAESB.

433 (b) The Secretary shall attend all meetings of the Board and of the Members. The
434 Secretary shall record all votes of the Board, EC and the Voting Members and the
435 minutes of the meetings of the Board, EC and of the Members in a book or books
436 belonging to NAESB to be kept for that purpose. The Secretary shall see that
437 required notices of meetings of the Board and of the Members are given and that
438 all records and reports are properly kept and filed by NAESB. The Secretary
439 shall be the custodian of the seal of NAESB and shall see that it is affixed to all
440 documents to be executed on behalf of NAESB under its seal. In general, the
441 Secretary shall perform all duties incident to the office of Secretary and such
442 other duties as may be assigned by the Board or the Chair.

443 (c) In the absence or disability of the Secretary or when so directed by the Secretary,
444 any Assistant Secretary may perform all the duties of the Secretary, and, when so
445 acting, shall have all the powers of, and be subject to all the restrictions upon, the
446 Secretary. Each Assistant Secretary shall perform such other duties as may be
447 assigned by the Board, the Chair, or the Secretary.

448 (d) To the extent not provided for by the EC, the Secretary shall appoint persons to
449 take minutes of EC Meetings and EC Subcommittee meetings.

450 **Section 8.9 The Treasurer**

451 (a) Unless the Board directs otherwise, the Second Vice Chair shall be the Treasurer.
452 The Executive Director shall be an Assistant Treasurer.

453 (b) The Treasurer shall be responsible for corporate funds and securities and shall
454 keep full and accurate accounts of receipts and disbursements in books belonging
455 to NAESB. The Treasurer shall have full authority to receive and give receipts
456 for all money due and payable to NAESB, and to endorse checks, drafts, and
457 warrants in its name and on its behalf and to give full discharge for the same. The
458 Treasurer shall deposit all funds of NAESB, except such as may be required for
459 current use, in such banks or other places of deposit as the Board may designate.
460 In general, the Treasurer shall perform all duties incident to the office of
461 Treasurer and such other duties as may be assigned by the Board or the Chair.

462 (c) In the absence or disability of the Treasurer or when so directed by the Treasurer,
463 any Assistant Treasurer may perform all the duties of the Treasurer, and, when so
464 acting, shall have all the powers of, and be subject to all the restrictions upon, the
465 Treasurer. Each Assistant Treasurer shall perform such other duties as may be
466 assigned by the Board, the Chair, or the Treasurer.

467 **Section 8.10 The Executive Director**

468 The Executive Director shall be the chief operating officer of NAESB, and be subject to
469 the control of the Board. The Executive Director shall have all powers and duties necessary for
470 managing the day-to-day operating and business affairs of NAESB and directing all activities of
471 NAESB as prescribed by the Board. Unless the Board directs otherwise, the Executive Director
472 shall be the Secretary of NAESB. The compensation of the Executive Director shall be fixed by
473 the Board.

474

475 **ARTICLE 9 - MEETINGS OF DIRECTORS**

476 **Section 9.1 Place of Meetings**

477 The Board may hold its meetings at such places as the Board may appoint or as may be
478 designated in the notice of the meeting. Meetings or portions of meetings may be closed to the
479 public only (and the pertinent minutes withheld from the public) for discussion of paid NAESB
480 employees or their compensation and for litigation matters involving NAESB as a corporate
481 entity.

482 **Section 9.2 Organization**

483 Every meeting of the Board shall be presided over by the Chair, or in the absence of the
484 Chair, a Vice Chair in order of precedence, or in the absence of the Chair and the Vice Chairs, a
485 chair chosen by a majority of the Directors present. The Secretary, or in his or her absence, a
486 person appointed by the chair, shall act as secretary.

487 **Section 9.3 Annual Meeting**

488 Unless the Board provides by resolution for a different time, the annual meeting of the
489 Board shall take place immediately after the annual meeting of the Members. The newly

490 constituted Board shall meet without prior notice at the place where the meeting of the Members
491 was held, or at any other place and time designated in a notice given as provided in Article 11,
492 for the purposes of organization, election of officers, and the transaction of other business.

493 **Section 9.4 Regular Meetings**

494 The Board may hold its regular meetings at such place and time as shall be designated by
495 resolution of the Board. If the date fixed for any regular meeting is a legal holiday under the
496 laws of the state in which the meeting will be held, the meeting shall be held on the next
497 succeeding business day or at such other time as may be determined by resolution of the Board.
498 The Board shall transact such business as may properly be brought before its meetings.

499 **Section 9.5 Special Meetings of the Board**

500 The Chair or at least one-third of the Directors may call special meetings of the Board,
501 which shall be held at such time and place as shall be designated in the call for the meeting. Ten
502 (10) days' notice of any special meeting shall be given to each Director pursuant to Article 11 or
503 by telephone. Such notice shall state the time and place of such special meeting and state the
504 matters to be discussed at the special meeting. Action taken at special meetings shall be limited
505 to the matters described in the meeting notice.

506 **Section 9.6 Quorum**

507 The quorum necessary for a meeting of the Board is a majority of the Directors, as
508 described in Article V, Section 1 of the Certificate.

509 **Section 9.7 Participation and Voting in Meetings**

510 (a) One (1) or more Directors may participate in a meeting of the Board or a
511 committee thereof by means of conference telephone or similar communications
512 equipment by means of which all persons participating in the meeting can hear
513 each other.

514 (b) Each Director shall be entitled to one (1) vote.

515 (c) Article V, Sections 1 and 3 of the Certificate describe the voting procedures and
516 the number of votes required for adoption or approval for particular issues with
517 respect to NAESB.

- 518 (d) No substitutes shall be permitted to vote at Board meetings.
- 519 (e) Notational voting by Directors is proper in the following circumstances and
520 pursuant to the following procedures:
- 521 (i) In lieu of meeting: The Chair may request that any vote or action be taken
522 by the Board without a meeting and without unanimous consent, and such
523 action may be taken if approved by the appropriate voting levels specified
524 in Article V of the Certificate. Notice of the Chair's request shall be given
525 to all Directors in the manner specified in Article II of the Bylaws.
- 526 (ii) During meetings: Notational votes from a Director not in attendance shall
527 be accepted and counted at a Board meeting with respect to any
528 resolutions circulated in writing in advance of a Board meeting; provided,
529 however, that if substantive changes are made in a resolution at the Board
530 meeting such advance notational votes shall not be counted with respect to
531 that resolution, but the procedures specified in (iii) below should be used.
- 532 (iii) Following a meeting: The Board shall indicate whether, and if so for how
533 long, notational votes will be accepted after a meeting relating to
534 particular issues voted on at that meeting.
- 535 (f) While Board Members may participate and vote by means of teleconference or
536 other electronic means, eligibility to continue serving as a Board member is
537 dependent upon in-person attendance at no less than 25% of scheduled Board
538 Meetings and participation in at least 75% of such meetings. Such
539 attendance/participation threshold shall be reviewed at March 31 and September
540 30 of each year for the preceding twelve months.

541 542 **ARTICLE 10 - EXECUTIVE COMMITTEE**

543 **Section 10.1 Duties and Responsibilities**

544 The EC shall have the duties and responsibilities described in Article III, Section 5 of the
545 Certificate.

546 **Section 10.2 EC Members**

- 547 (a) The EC shall consist of representatives of the Quadrants, with each Quadrant
548 determining the number of EC Members representing that Quadrant. Regardless
549 of the number of EC members elected from each Quadrant, no Quadrant shall be
550 entitled to cast a vote greater than the percentage that its Quadrant represents in
551 relation to the total number of Quadrants represented on the EC. Each Segment
552 within a Quadrant shall be represented by an equal number of EC Members, to be
553 determined by that Quadrant. The procedures followed for electing the EC
554 members shall be those specified in that Quadrant's Exhibit.
- 555 (b) The term of office of an EC member shall be for a period set by the Quadrant, not
556 less than 1 year, not to exceed three years. Each Quadrant will determine the
557 terms for their EC members. EC member terms may vary between Quadrants.
558 EC members may be reelected to subsequent terms. Each EC Member shall hold
559 office during his or her term until the earliest of: (i) the expiration of the term for
560 which he or she was elected and until his or her successor has been elected and
561 qualified, (ii) the EC Member's resignation of his or her Voting Membership (if
562 the EC Member is the Voting Member as an individual) or the lapse of the EC
563 Member's Voting Membership for delinquency in membership fee payment, (iii)
564 the resignation or lapse (through delinquency in membership fee payment) of
565 Voting Membership of the entity of which the EC Member is a partner, officer,
566 employee or agent, or (iv) the EC Member's death, resignation, or removal.
- 567 (c) Each EC Member shall be a natural person at least eighteen (18) years of age who
568 need not be a resident of Delaware and who shall be a Voting Member, or a
569 partner in, or an officer, employee or agent of, a Voting Member.
- 570 (d) Vacancies in the EC resulting from the circumstances described in Subsections
571 10.2 (b)(ii), (iii), or (iv) above or described in Section 10.2(d) below shall be
572 filled by the Segment in which the vacancy occurs, in accordance with the
573 procedures specified in that Quadrant's Exhibit.

574 (e) Procedures for removal of EC Members representing a Segment are contained in
575 the pertinent Quadrant's Exhibit.

576 (f) Any EC Member may resign at any time by giving written notice to NAESB. The
577 resignation shall be effective upon receipt by the Secretary or at such subsequent
578 time as may be specified in the notice of resignation.

579 **Section 10.3 EC Organization**

580 (a) The EC shall elect from among its members an EC Chair, and up to three vice-
581 chairs (each representing a different Quadrant within the EC). Each of these
582 officers shall serve for a term of one (1) year and until his or her successor has
583 been elected and qualified, or until his or her earlier death, resignation, or
584 removal. The EC may appoint a secretary.

585 (b) Every meeting of the EC shall be presided over by the EC Chair, an EC Vice
586 Chair (in order of precedence) or, in the absence of the EC Chair and EC Vice
587 Chairs, a chair chosen by a Majority of the EC Members present.

588 (c) A majority of the EC may remove the EC Chair or an EC Vice Chair from his or
589 her position whenever in its judgment the best interests of the EC or NAESB will
590 be served thereby.

591 (d) The EC Chair and EC Vice Chairs may resign at any time by giving written notice
592 to the NAESB Secretary. The resignation shall be effective upon receipt by the
593 NAESB Secretary or at such subsequent time as may be specified in the notice of
594 resignation.

595 (e) The EC shall divide itself into Quadrants to consider Standards and Model
596 Business Practices. The number of Quadrants considering a particular Standard
597 or a particular Model Business Practice shall be determined by the EC as a whole,
598 acting upon requests presented to it through the Triage Process.

599 (f) By a Majority vote, the EC shall assign responsibility to one or more Quadrants to
600 address each request for a proposed Standard or a proposed Model Business
601 Practice, at the conclusion of the Triage Process. The Quadrant(s) assigned such

602 responsibility shall process the request and vote on the ultimate recommendation.
603 Only the members of the Quadrant(s) to which the request has been assigned may
604 vote to ratify actions taken to approve a Standard or a Model Business Practice.
605 Any Standard or Model Business Practice adopted by a Quadrant(s) shall apply
606 only to the activities of the energy sector covered by that Quadrant(s). .

607 (g) As part of the Triage Process, the EC may direct that two or more Quadrants
608 jointly consider a request for proposed Standards or proposed Model Business
609 Practices. In such event, the indicated Quadrants of the EC shall jointly act on the
610 recommendation (and in so doing, may appoint joint subcommittees or task forces
611 to assist in such consideration) and, if applicable, the members of the affected
612 Quadrants shall act on ratification of the Standards or Model Business Practices.
613 To the extent that multiple Quadrants, having jointly considered Standards or
614 Model Business Practices, cannot reach agreement on such Standards or Model
615 Business Practices, the EC representatives of any of the participating Quadrants
616 may, by a Majority vote, instruct the subcommittee to provide a status report.
617 After receiving the status report, the EC representatives from any of the
618 participating Quadrants may request the EC to re-triage the request for a proposed
619 Standard or proposed Model Business Practice to allow a Quadrant(s) to proceed
620 independently.

621 (h) Any Quadrant(s) that believes that it is affected by a Standard or Model Business
622 Practice adopted by any other Quadrant(s) of the EC may seek Reconsideration of
623 the assignment of such proposed Standard or Model Business Practice.

624 (i) Within 30 days after the publication of the meeting minutes recording the
625 EC vote to approve a proposed Standard or Model Business Practice, any
626 Quadrant(s) that believes itself to be affected by such action shall so
627 indicate in a resolution adopted by a Majority vote of the EC of such
628 Quadrant(s), which shall be forwarded by the NAESB office to the EC
629 Chair and the entire EC.

630 (ii) Within 30 days of notice to the EC of such affirmative vote, the EC shall
631 enter a Reconsideration action on the agenda for its next meeting. A

632 Reconsideration action shall pass if a Majority of each Quadrant of the EC
633 that did not vote to adopt the recommended Standard or Model Business
634 Practice now votes in favor of Reconsideration.

635 (iii) In the event the Reconsideration action passes, an affected Quadrant and
636 any other Quadrants that were assigned the request for a proposed
637 Standard or proposed Model Business Practice as a result of the initial
638 Triage Process shall jointly consider such request for a proposed Standard
639 or a proposed Model Business Practice as described in Section 103 (g) of
640 these Bylaws.

641 (iv) If the Reconsideration action fails, the Quadrant(s) that adopted the
642 recommendation for a proposed Standard or a proposed Model Business
643 Practice shall proceed with ratification of such proposals by the members
644 of such Quadrant(s).

645 (i) The ratification of a Standard or Model Business Practice requires a 67%
646 approval of the members of each of the applicable Quadrant(s) returning ballots.

647 (j) Minutes shall be kept of all EC and EC Subcommittee meetings and forwarded to
648 the NAESB Secretary.

649 **Section 10.4 Meetings**

650 (a) The EC as a whole, or the EC for individual Quadrant(s), may hold regular
651 meetings at such place and time as shall be designated by resolution of the EC as
652 a whole or the EC for individual Quadrants, as applicable.

653 (b) Quadrant ECs will make all reasonable efforts to coordinate the times and
654 locations of their meetings such that meetings which occur on concurrent or
655 consecutive days will be in close physical proximity, facilitating attendance of
656 multiple meetings by EC members, individual NAESB members of any Quadrant,
657 or other interested parties.

658 (c) The EC Chair or at least one-third of the EC members may call special meetings
659 of the EC which shall be held at such time and place as shall be designated in the
660 call for the meeting. At least five (5) days' notice of any special meeting shall be

661 given to each EC Member pursuant to Section 11.1 or by telephone. Such notice
662 shall state the time and place of such special meeting and state the matters to be
663 discussed at the special meeting. Action taken at special meetings shall be limited
664 to the matters described in the meeting notice.

665 (d) The quorum necessary for EC meetings is a majority, as set forth in Article V of
666 the Certificate.

667 (e) Each EC Member shall be entitled to one (1) vote.

668 (f) Article V, Section 4 of the Certificate describes the EC voting procedures and
669 number of votes required for adoption or approval for particular issues with
670 respect to NAESB.

671 (g) Each EC Member may participate and vote in EC meetings by proxy. Every
672 proxy shall be executed in writing by the EC Member or by his or her duly
673 authorized attorney in fact and filed with the Secretary of NAESB. A proxy shall
674 be revocable at will, notwithstanding any other agreement or any provision in the
675 proxy to the contrary. The revocation of a proxy shall not be effective until notice
676 thereof has been given to the Secretary of NAESB. A proxy shall not be revoked
677 by the death or incapacity of the maker unless, before the vote is counted or the
678 authority is exercised, written notice of such death or incapacity is given to the
679 Secretary of NAESB. Proxies may be limited in scope to the specific matters
680 described in the agenda for the meeting. The voting directions contained in a
681 proxy shall be read by the EC Chair at the beginning of the meeting.

682 (h) One (1) or more EC Members may participate in a meeting of the EC or a
683 committee thereof by means of conference telephone or similar communications
684 equipment by means of which all persons participating in the meeting can hear
685 each other.

686 (i) No substitutes shall be permitted to vote at EC meetings. However, a Designated
687 Alternate may vote at meetings of the EC in place of an absent EC Member from
688 a given Segment. A Designated Alternate is defined as a person named in a list
689 by the Segment that is received by the EC Secretary at least five (5) days prior to

690 the pertinent meeting of the EC. Each Segment's list shall be developed, amended
691 and structured in the manner described in that Quadrant's Exhibit. A Designated
692 Alternate has all voting rights of the EC Member in whose place he or she serves,
693 except for those matters on which the EC Member has already voted by proxy
694 prior to the beginning of a meeting.

695 (j) While EC Members may participate and vote by means of teleconference or other
696 electronic means, eligibility to continue serving as an EC member is dependent
697 upon in-person attendance at no less than 25% of scheduled EC Meetings and
698 participation in at least 75% of such meetings. Such attendance/participation
699 threshold shall be reviewed at March 31 and September 30 of each year for the
700 preceding twelve months..

701 (k) Notational voting by EC Members is proper in the following circumstances and
702 pursuant to the following procedures:

703 (i) In lieu of meeting: The EC Chair may request that any vote or action be
704 taken by the EC without a meeting and without unanimous consent, and
705 such action may be taken if approved by the appropriate voting levels
706 specified in Article V of the Certificate. Notice of the EC Chair's request
707 shall be given to all EC Members in the manner specified in Article II of
708 these Bylaws.

709 (ii) During meetings: Notational votes from an EC Member that is not present
710 shall be accepted and counted at an EC meeting with respect to any
711 resolutions circulated in writing in advance of an EC meeting; provided,
712 however, that if substantive changes are made in a resolution at the EC
713 meeting such advance notational votes shall not be counted with respect to
714 that resolution, but the procedures specified in (iii) below should be used.

715 (iii) Following a meeting: The EC shall indicate whether, and if so for how
716 long, notational votes will be accepted after a meeting relating to
717 particular issues voted on at that meeting.

718 **Section 10.5 EC Subcommittees**

- 719 (a) The EC may establish subcommittees to be comprised of Members and other
720 interested parties who have the opportunity to participate. Each EC
721 Subcommittee shall employ Balanced Voting. Each EC Subcommittee shall
722 report to, and serve at the pleasure of, the EC. EC Subcommittees shall each:
- 723 (i) elect a chair or co-chair, which shall be an EC Member and will serve
724 until removed by the subcommittee's membership;
 - 725 (ii) carry out its work in accordance with the procedures adopted by the EC
726 for EC Subcommittees; and
 - 727 (iii) keep regular minutes of its proceedings and provide copies of these
728 minutes promptly to the Secretary.

729 Any task forces established by EC Subcommittees shall be comprised of
730 Members and other interested parties.

- 731 (b) There shall be a Triage Subcommittee of the EC with one representative from
732 each Segment within each Quadrant. The Triage Subcommittee shall review and
733 recommend disposition of each request received by NAESB for a Standard, or
734 Model Business Practice. Disposition shall mean scope, priority consistent with
735 the Annual Plan, and assignment to a Quadrant(s) and subcommittee(s) for action.
736 The Chair of the EC shall consult with individual Segments to appoint the
737 members of the Triage Subcommittee and shall as also appoint its chair.

738

739 **ARTICLE 11 - NOTICE**

740 **Section 11.1 Written Notice**

- 741 (a) Whenever written notice is required to be given to any person, it may be given to
742 the person, either personally or by sending a copy by first class or express mail,
743 postage prepaid, or courier service, charges prepaid, or by telegram (with
744 messenger service specified), telex or TWX (with answer back received),
745 electronic mail (or its equivalent), or by facsimile transmission, to his or her

746 address or to his or her telex, TWX, electronic mail address or facsimile number
747 appearing on the books of NAESB, in the case of Directors or EC Members,
748 supplied by him or her to NAESB for the purpose of notice. If the notice is sent
749 by mail, telegraph or courier service, it shall be deemed to have been given when
750 deposited in the United States mail or with a telegraph office or courier service
751 for delivery to that person or, in the case of telex or TWX, when dispatched. A
752 notice of meeting shall specify the place, day and hour of the meeting and any
753 other information required by the Act. Except as otherwise provided by the Act
754 or these Bylaws, when a meeting is adjourned, it shall not be necessary to give
755 any notice of the adjourned meeting, or of the business to be transacted at an
756 adjourned meeting, other than by announcement at the meeting at which such
757 adjournment is taken.

758 (b) Notices given shall comply with the provisions of Article VI, Sections 1 and 3 of
759 the Certificate.

760 **Section 11.2 Waiver by Writing**

761 Whenever any written notice is required to be given, a waiver in writing, signed by the
762 person or persons entitled to the notice, whether before or after the time stated, shall be deemed
763 equivalent to the giving of the notice.

764 **Section 11.3 Waiver by Attendance**

765 Attendance of a person at any meeting shall constitute a waiver of notice of the meeting
766 except where a person attends a meeting for the express purpose of objecting, at the beginning of
767 the meeting, to the transaction of any business because the meeting was not lawfully called or
768 convened.

769

770 **ARTICLE 12 - CONFLICTS OF INTEREST**

771 **Section 12.1 Interested Directors and Officers**

772 No contract or transaction between NAESB and one (1) or more of its Members,
773 Directors, or officers or between NAESB and any other corporation, partnership, association, or

774 other organization in which one (1) or more of its Directors or officers are directors or officers,
775 or have a financial interest, shall be void or voidable solely for such reason, or solely because the
776 Member, Director, or officer is present at or participates in the meeting of the Board or
777 committee thereof which authorizes the contract or transaction, or solely because his, her, or
778 their votes are counted for that purpose, if:

779 (a) the material facts as to the relationship or interest and as to the contract or
780 transaction are disclosed or are known to the Board or the committee thereof and
781 the Board or committee thereof in good faith authorizes the contract or transaction
782 by the affirmative votes of a majority of the disinterested Directors even though
783 the disinterested Directors are less than a quorum;

784 (b) the material facts as to his or her relationship or interest and as to the contract or
785 transaction are disclosed or are known to the Members entitled to vote thereon, if
786 any, and the contract or transaction is specifically approved in good faith by vote
787 of such Members; or

788 (c) the contract or transaction is fair as to NAESB as of the time it is authorized,
789 approved, or ratified by the Board or the Members.

790 Common or interested Directors may be counted in determining the presence of a quorum
791 at a meeting of the Board or of a committee thereof, which authorizes the contract or transaction.
792 NAESB's adoption of a Standard shall not constitute a "contract or transaction" within the
793 meaning of this section.

794

795 **ARTICLE 13 - LIMITATION OF LIABILITY; INSURANCE**

796 **Section 13.1 Limitation of Liability**

797 Article III, Section 6 of the Certificate contains limits on personal liability of Directors,
798 EC Members and other persons acting for NAESB, and these limitations are incorporated herein
799 by reference. Any repeal or amendment of Section 13.1 shall be prospective only and shall not
800 increase, but may decrease, a Director's liability with respect to actions or failures to act
801 occurring prior to such change.

802 **Section 13.2 Insurance**

803 NAESB shall purchase and maintain insurance on behalf of any person who is or was a
804 NAESB Director or NAESB Officer and, to the extent approved by the Board, on behalf of EC
805 Members, employees or agents of NAESB or on behalf of persons now or previously serving at
806 the request of NAESB as a director, officer, employee or agent of another domestic or foreign
807 corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise
808 against any liability asserted against him or her and incurred by him or her in any such capacity,
809 or arising out of his or her status as such, whether or not NAESB would have the power to
810 indemnify him or her against that liability under the Act.

811

812 **ARTICLE 14 - INDEMNIFICATION**

813 **Section 14.1 Representative Defined**

814 For purposes of Article 14, "representative" means any Director, officer, employee, or
815 agent of NAESB.

816 **Section 14.2 Third-Party Actions**

817 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or
818 is a party or is threatened to be made a party to any threatened, pending or completed action, suit
819 or proceeding, whether civil, criminal, administrative or investigative (other than an action by or
820 in the right of NAESB), by reason of the fact that he or she is or was a representative of NAESB,
821 or is or was serving at the request of NAESB as a representative of another domestic or foreign
822 corporation for profit or not-for-profit, partnership, joint venture, trust, or other enterprise,
823 against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement
824 actually and reasonably incurred by him or her in connection with the action, suit or proceeding
825 if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not
826 opposed to, the best interests of NAESB and, with respect to any criminal action or proceeding,
827 had no reasonable cause to believe his or her conduct was unlawful. The termination of any
828 action, suit or proceeding by judgment, order, settlement, or conviction or upon a plea of nolo
829 contendere or its equivalent shall not of itself create a presumption that the person did not act in
830 good faith and in a manner that he or she reasonably believed to be in, or not opposed to, the best

831 interests of NAESB and, with respect to any criminal action or proceeding, had reasonable cause
832 to believe that his or her conduct was unlawful.

833 **Section 14.3 Derivative and Corporate Actions**

834 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or
835 is a party, or is threatened to be made a party, to any threatened, pending or completed action or
836 suit by or in the right of NAESB to procure a judgment in its favor by reason of the fact that he
837 or she is or was a representative of NAESB or is or was serving at the request of NAESB as a
838 representative of another domestic or foreign corporation for profit or not-for profit, partnership,
839 joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and
840 reasonably incurred by him or her in connection with the defense or settlement of the action or
841 suit if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not
842 opposed to, the best interests of NAESB. Indemnification shall not be made under Section 14.3
843 in respect of any claim, issue or matter as to which the person has been adjudged to be liable to
844 NAESB unless and only to the extent that the Court of Chancery or the court in which the action
845 or suit was brought determines upon application that, despite the adjudication of liability but in
846 view of all the circumstances of the case, such person is fairly and reasonably entitled to
847 indemnity for such expenses that the Court of Chancery or other court shall deem proper.

848 **Section 14.4 Procedure for Effecting Indemnification**

849 Unless ordered by a court, any indemnification under Section 14.2 or Section 14.3 shall
850 be made by NAESB only as authorized in the specific case upon a determination that
851 indemnification of the representative is proper in the circumstances because he or she has met
852 the applicable standard of conduct set forth in those Sections. The determination shall be made:

- 853 (a) by the Board by a majority vote of a quorum consisting of Directors who were not
854 parties to the action, suit or proceeding; or
- 855 (b) if such a quorum is not obtainable or if obtainable a quorum of disinterested
856 Directors so directs, by independent legal counsel in a written opinion.

857 **Section 14.5 Advancing Expenses**

858 Expenses (including attorneys' fees) incurred in defending any action, suit or proceeding
859 referred to in Article 14 may be paid by NAESB in advance of the final disposition of the action,
860 suit or proceeding upon receipt of an undertaking by or on behalf of the representative to repay
861 the amount if it is ultimately determined that he or she is not entitled to be indemnified by
862 NAESB as authorized in this Article or otherwise.

863 **Section 14.6 Supplementary Coverage**

864 The indemnification and advancement of expenses provided by or granted pursuant to
865 Article 14 shall not be deemed exclusive of any other rights to which a person seeking
866 indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote
867 of the Members or disinterested Directors, or otherwise, both as to action in his or her official
868 capacity and as to action in another capacity while holding that office. Section 12.1 (relating to
869 interested Directors or officers) shall be applicable to any bylaw, contract, or transaction
870 authorized by the Directors under this Section 14.6.

871 **Section 14.7 Duration and Extent of Coverage**

872 The indemnification and advancement of expenses provided by or granted pursuant to
873 Article 14 shall, unless otherwise provided when authorized or ratified, continue as to a person
874 who has ceased to be a representative of NAESB and shall inure to the benefit of the heirs and
875 personal representatives of that person.

876 **Section 14.8 Reliance and Modification**

877 Each person who shall act as a representative of NAESB shall be deemed to be doing so
878 in reliance upon the rights provided by Article 14. The duties of NAESB to indemnify and to
879 advance expenses to a representative provided in Article 14 shall be in the nature of a contract
880 between NAESB and the representative. No amendment or repeal of any provision of this
881 Article shall alter, to the detriment of the representative, his or her right to the advance of
882 expenses or indemnification related to a claim based on an act or failure to act which took place
883 prior to such amendment or repeal.

884

885 **ARTICLE 15 - ANNUAL REPORT**

886 **Section 15.1 Annual Report**

887 The Board shall present annually to the Members a report, verified by the Board Chair
888 and Treasurer or by a majority of the Board, describing the activities and accomplishments of
889 NAESB and containing a financial report addressing at least the following matters:

- 890 (a) The assets and liabilities, including the trust funds, of NAESB as of the end of the
891 fiscal year immediately preceding the date of the report.
- 892 (b) The principal changes in assets and liabilities, including the trust funds, during
893 the year immediately preceding the date of the report.
- 894 (c) The revenue or receipts of NAESB, both unrestricted and restricted to particular
895 purposes, for the year immediately preceding the date of the report, including
896 separate data with respect to each trust fund held by or for NAESB.
- 897 (d) The expenses or disbursements of NAESB, for both general and restricted
898 purposes, during the year immediately preceding the date of the report, including
899 separate data with respect to each trust fund held by or for NAESB.
- 900 (e) The number of Members of NAESB as of the date of the report, together with a
901 statement of increase or decrease in such number during the year immediately
902 preceding the date of the report, and a statement of the place where the names and
903 addresses of the current Members may be found.

904 The annual report of the Board shall be filed with the minutes of the meetings of the
905 Members.

906

907 **ARTICLE 16 - TRANSACTION OF BUSINESS**

908 **Section 16.1 Real Property**

909 NAESB shall make no purchase of real property nor sell, mortgage, lease away or
910 otherwise dispose of its real property, unless authorized by the vote of the Board. If the real

911 property is subject to a trust, the conveyance away shall be free of trust and the trust shall be
912 impinged upon the proceeds of such conveyance.

913 **Section 16.2 Negotiable Instruments**

914 All checks or demands for money and notes of NAESB shall be signed by such officer or
915 officers as the Board may designate.

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917 **ARTICLE 17 - CORPORATE RECORDS**

918 **Section 17.1 Corporate Records**

919 NAESB shall keep at its registered office or at its principal place of business: (a) a copy
920 of the Certificate, including all amendments thereto; (b) the original or a copy of its Bylaws,
921 including all amendments thereto to date, certified by the Secretary of NAESB; (c) an original or
922 duplicate record of the proceedings of the Board; (d) an original or duplicate record of the
923 proceedings of the EC; (e) an original or a duplicate membership register showing the names of
924 the Members, their respective addresses, and other details of membership, and (f) appropriate,
925 complete, and accurate books or records of account.

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927 **ARTICLE 18 - AMENDMENTS**

928 **Section 18.1 Amendments**

929 The Bylaws of NAESB may be amended by the Board in the manner described in the
930 Certificate. Each Quadrant's Exhibit may be adopted or amended by majority vote of the
931 Directors representing that Quadrant or as may be specified in the procedures contained in that
932 Quadrant's Exhibit. Votes on consistency of Quadrant procedures with the Certificate and
933 Bylaws are in the manner described in Article V, Section 5 of the Certificate.

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EXHIBIT 1

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WHOLESALE GAS QUADRANT PROCEDURES

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EXHIBIT 2

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WHOLESALE ELECTRIC QUADRANT PROCEDURES

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EXHIBIT 3

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RETAIL GAS QUADRANT PROCEDURES

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EXHIBIT 4

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RETAIL ELECTRIC QUADRANT PROCEDURES

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