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NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 1

WHOLESALE GAS QUADRANT PROCEDURES

13 **1 - DEFINITIONS**

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

15 All capitalized terms, if not defined in Section 1.2, shall have the same definitions as specified in
16 the NAESB Bylaws and Certificate of Incorporation.

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

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

- 20 A. “NAESB Office” means the administrative office of the Secretary of NAESB.
- 21 B. “WGQ” means the Wholesale Gas Quadrant of NAESB.
- 22 C. “WGQ Designated Alternate” is defined as a person named by a Segment of the Wholesale
23 Gas Quadrant Segment, submitted to the NAESB office, to serve in place of a WGQ EC
24 Member who is unable to attend an EC meeting.
- 25 D. “WGQ EC” means the Executive Committee of the Wholesale Gas Quadrant of NAESB.
- 26 E. “WGQ EC Subcommittee” means a subcommittee established by the Executive Committee of
27 the Wholesale Gas Quadrant of NAESB.
- 28 F. “WGQ Members” means Voting Members of the Wholesale Gas Quadrant of NAESB that
29 satisfy the requirements of membership set forth in Section 5.1 and, if applicable, in the
30 respective Segment Procedures in this Exhibit.
- 31 G. “WGQ Segment” means one of the five co-equal Segments of the Wholesale Gas Quadrant
32 of NAESB.
- 33 H. “Segment Procedures” means the procedures attached to this document as exhibits for each
34 of the Segments, as amended.
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2 – PURPOSES, SCOPE, ACTIVITIES, AND POLICIES

Section 2.1 Purposes, Scope and Activities

A. Purpose

The purpose of the WGQ of NAESB is to propose and adopt voluntary model business practices or standards to promote more competitive, efficient and reliable service in the wholesale natural gas industry.

B. Scope & Activities

The WGQ 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 wholesale natural gas transportation level on either an interstate basis or are generally subject to the pre-emptive jurisdiction of the federal government. The Gas Industry Standard Board’s (GISB) original work can be thought of as being work conducted within the WGQ. The WGQ shall work closely with other NAESB Quadrants to mitigate inconsistencies where proposed standards and model business practices affect those other Quadrants.

Section 2.2 Policies

The WGQ shall comply with the policies and procedures laid out in the bylaws and the certificate of incorporation of NAESB. Further, the WGQ 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 WGQ encourages a widely based membership and has identified Segments, which reflect this principle of inclusiveness. Also consistent with this approach, the WGQ 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.

58 **Section 2.3 WGQ Segment Organization**

59 What follows is a description of the WGQ organizational structure, including a listing of WGQ
60 Segments.

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|----------------------|--|
| <u>Distributors:</u> | Companies that are primarily engaged in the local distribution of natural gas. |
| <u>End Users:</u> | Companies that consume natural gas. |
| <u>Pipelines:</u> | Companies that are primarily engaged in the transmission of natural gas. |
| <u>Producers:</u> | Companies that are primarily engaged in the production of natural gas for sale to others. |
| <u>Services</u> | Companies engaging in (a) gathering (b) processing, (c) marketing, (d) gas storage, and/or (e) information services. |

61 Each WGQ Segment shall have the flexibility to determine its own Segment rules and procedures
62 and to elect or select its own representatives to the NAESB Board and to the WGQ EC, as long as those
63 rules and procedures conform with NAESB Bylaws and the WGQ procedures in this Exhibit.

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65 **3 - RESERVED**

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67 **4 - RESERVED**

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69 **5 – WGQ MEMBERS**

70 **Section 5.1 WGQ Voting Members**

71 The definition of Membership applies to all WGQ Segments. WGQ Members are persons with
72 legitimate business interest in the wholesale natural gas market and which meet the definitions of one of
73 the five WGQ Segments. Upon applying for Voting Membership (as described in NAESB Bylaws

74 Sections 1.1 and 5.1), each prospective WGQ Member shall declare the WGQ Segment with which they
75 are to be identified. Voting Membership in the WGQ of NAESB shall be open to all persons that meet all
76 of the above requirements.

77 ~~[An issue was raised as to whether this section should include the allowance for a trade~~
78 ~~association or an advocacy group to be a voting member~~[Trade Associations are already
79 addressed in by-laws.]

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6 – RESERVED

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7 – BOARD

84 **Section 7.1 Board Representation**

85 The WGQ shall have representatives on the NAESB Board of Directors, with each WGQ
86 Segment electing or selecting an equal number of these representatives, pursuant to the procedures
87 specified by the respective WGQ Segment in this Exhibit.

88 **Section 7.2 Qualifications of WGQ Directors**

89 **A. Eligibility**

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

- 91 1. The person must be a Member of the WGQ;
- 92 2. The person should have broad understanding of the natural gas industry and have sufficient
93 authority to make decisions on behalf of the organization represented;
- 94 3. The person must have a working knowledge of the NAESB process;
- 95 4. The person must be willing to commit the time and resources necessary to fulfill their
96 obligations as a NAESB Director and to meet the minimum threshold of participation and

97 attendance established in the NAESB Bylaws [Section 9.7 (f)].

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

99 Once elected to serve as Director on the NAESB Board, the individual may hold not more
 100 than one directorship, representing only one Segment within the WGQ.

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

102 **A. Number of Directors**

103 The WGQ of NAESB shall be represented on the NAESB Board of Directors by twenty-
 104 five (25) persons who shall be elected, from time to time, as required by Article 7 of the NAESB
 105 Bylaws and in this Exhibit to those Bylaws.

106 **B. Election of Directors**

107 The procedures for the election of Directors shall be established by the members of each
 108 segment of the WGQ and outlined in each of the Segment Procedures documents

109 **Section 7.4 Term of Office**

110 *[We need some info from the NAESB office on existing procedures-which appear to be currently*
 111 *undocumented.]*

112 **Section 7.5 ~~Reserved-Vacancies~~**

113 ~~The procedures for filling vacancies of Directors shall be established by the members of each~~
 114 ~~segment of the WGQ and outlined in each of the Segment Procedures documents.~~

115 **Section 7.6 Removal of Directors**

116 The procedures for the removal of Directors shall be established by the members of each segment
 117 of the WGQ and outlined in each of the Segment Procedures documents.

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119 **8 – RESERVED**

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121 **9 – RESERVED**

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10 - EXECUTIVE COMMITTEE

124 **Section 10.1 EC Representation**

125 The WGQ shall have an Executive Committee (EC), which shall also participate in the larger
126 NAESB EC body, consisting of representatives from each WGQ Segment, with each WGQ Segment
127 electing an equal number of these WGQ EC Members, pursuant to the procedures specified by the
128 respective WGQ Segment in this Exhibit.

129 **Section 10.2 Qualifications of WGQ EC Members**

130 **A. Eligibility**

131 To be eligible to serve as a WGQ EC Member:

- 132 1. The person must be a Member of the WGQ;
- 133 2. The person should have broad understanding of the natural gas industry and have sufficient
134 authority to make decisions on behalf of the organization represented;
- 135 3. The person should have a working knowledge of the NAESB process;
- 136 4. The person must be willing to commit the time and resources necessary to fulfill their
137 obligations as a WGQ EC Member and to meet the minimum threshold of participation and
138 attendance established in the NAESB Bylaws [Section 9.7 (f)].

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

140 Once elected to serve as WGQ EC Member, the individual may hold not more than one
141 EC seat, representing only one Segment within the WGQ.

142 **Section 10.3 Number and Election of WGQ EC Members**

143 **A. Number of EC Members**

144 The WGQ of NAESB shall be represented on the WGQ EC by twenty-five (25) persons
 145 who shall be elected, from time to time, as required by Article 10 of the NAESB Bylaws and in this
 146 Exhibit to those Bylaws.

147 **B. Election of EC Members**

148 The procedures for the election of WGQ EC Members shall be established by the
 149 members of each segment of the WGQ and outlined in each of the Segment Procedures
 150 documents.

151 **C. Vacancies**

152 The procedures for filling vacancies of WGQ EC Members shall be established by the
 153 members of each segment of the WGQ and outlined in each of the Segment Procedures
 154 documents.

155 **Section 10.4 Term of Office**

156 *[We need some info from the NAESB office on existing procedures-which appear to be currently*
 157 *undocumented.]*

158 **Section 10.5 Removal of WGQ EC Members**

159 The procedures for the removal of WGQ EC Members shall be established by the members of
 160 each segment of the WGQ and outlined in each of the Segment Procedures documents.

161 **Section 10.6 WGQ EC Subcommittees**

162 While there may be Subcommittees and Task Forces established by the NAESB EC, to be
 163 comprised of NAESB Members and other interested parties, the WGQ shall set up its own Subcommittees
 164 and Task Forces to deal with WGQ-specific issues. Each WGQ EC Subcommittee and Task Force shall
 165 report to the WGQ EC and each shall ~~*[Some of these are redundant as they are included in the by-*~~
 166 ~~*laws, but there may be several reasons that we may want to include them here. These should be*~~
 167 ~~*discussed by the members of the WGQ.];*~~

- 168 1. Elect at least one chair who shall be an WGQ EC Member and who shall serve until he or she
169 resigns or is removed by the WGQ Subcommittee’s or Task Force’s membership;
170 2. Carry out its work in accordance with procedures adopted by the NAESB EC for EC
171 Subcommittees and Task Forces;
172 3. Provide notice of meetings and agendas;
173 4. Practice balanced voting and record voting results; and
174 5. Keep regular minutes of its proceedings and provide copies of these minutes promptly to the
175 NAESB office.

176 In addition, Any Task Force established by WGQ EC Subcommittees shall be open to all
177 NAESB Members and other interested parties.

178 At NAESB joint Subcommittee or joint Task Force meetings, the same individual may represent
179 different Segments from different NAESB Quadrants, as long as that individual declares prior to the joint
180 meeting the NAESB Quadrant and Segment for which he or she is casting a vote. At WGQ
181 Subcommittee or Task Force meetings, the same individual may represent different WGQ Segments, as
182 long as that individual declares prior to the meeting the WGQ Segment for which he or she is casting a
183 vote.

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191 **14 – RESERVED**

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193 **15 – RESERVED**

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197 **17 – RESERVED**

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199 **18 - AMENDMENTS**

200 **Section 18.1 Amendments**

201 ~~*[Amendment procedures should be determined by the members of the WGQ.]*~~

202 In order for these WGQ Procedures to be amended, upon petition to either the Vice Chair of the
203 WGQ Board of Directors or the Secretary of NAESB of at least two (2) WGQ Members, the WGQ Vice
204 Chair will convene a Task Force. The Task Force shall be made up of at least one (1) representative
205 from each of the WGQ Segments, as chosen by their segment. The Task Force shall announce a meeting
206 and provide for at least a 30-day notice or such meeting. Following such meeting, the proposed resolution
207 adopted shall be sent out for comment, and the comments shall be distributed to all WGQ Members,
208 including Board Members, in advance of a WGQ Board notational vote. If passed, the proposed resolution
209 will be sent to all WGQ Members for ratification. Any WGQ Member not choosing to vote shall be
210 considered to have voted in favor of the proposed resolution. In order for a proposed resolution to take
211 effect, it must be approved by at least 67% majority of WGQ Members and 40% of each Segment's
212 Membership.

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19 - RESERVED