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NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 1

WHOLESALE GAS QUADRANT PROCEDURES

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1 - DEFINITIONS

Section 1.1 Definitions Included in the NAESB Bylaws

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

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. “NAESB Office” means the administrative office of the Secretary of NAESB.
- B. “WGQ” means the Wholesale Gas Quadrant of NAESB.
- C. “WGQ Designated Alternate” is defined as a person named by a Segment of the Wholesale Gas Quadrant Segment, submitted to the NAESB office, to serve in place of a WGQ EC Member who is unable to attend an EC meeting.
- D. “WGQ EC” means the Executive Committee of the Wholesale Gas Quadrant of NAESB.
- E. “WGQ EC Subcommittee” means a subcommittee established by the Executive Committee of the Wholesale Gas Quadrant of NAESB.
- F. “WGQ Members” means Voting Members of the Wholesale 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.
- G. “WGQ Segment” means one of the five co-equal Segments of the Wholesale Gas Quadrant of NAESB.
- H. “Segment Procedures” means the procedures attached to this document as exhibits for each 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.]*

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6 – RESERVED

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7 – BOARD

83 **Section 7.1 Board Representation**

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

87 **Section 7.2 Qualifications of WGQ Directors**

88 **A. Eligibility**

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

- 90 1. The person must be a Member of the WGQ;
- 91 2. The person should have broad understanding of the natural gas industry and have sufficient
92 authority to make decisions on behalf of the organization represented;
- 93 3. The person must have a working knowledge of the NAESB process;
- 94 4. The person must be willing to commit the time and resources necessary to fulfill their
95 obligations as a NAESB Director and to meet the minimum threshold of participation and
96 attendance established in the NAESB Bylaws [Section 9.7 (f)].

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

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

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

101 **A. Number of Directors**

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

105 **B. Election of Directors**

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

108 **Section 7.4 Term of Office**

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

111 **Section 7.5 Reserved**

112 **Section 7.6 Removal of Directors**

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

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10 - EXECUTIVE COMMITTEE**Section 10.1 EC Representation**

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

Section 10.2 Qualifications of WGQ EC Members**A. Eligibility**

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

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

B. One Member, One Seat Per Quadrant

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

Section 10.3 Number and Election of WGQ EC Members**A. Number of EC Members**

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

144 **B. Election of EC Members**

145 The procedures for the election of WGQ EC Members shall be established by the
 146 members of each segment of the WGQ and outlined in each of the Segment Procedures
 147 documents.

148 **Section 10.4 Term of Office**

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

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

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

154 **Section 10.6 WGQ EC Subcommittees**

155 While there may be Subcommittees and Task Forces established by the NAESB EC, to be
 156 comprised of NAESB Members and other interested parties, the WGQ shall set up its own Subcommittees
 157 and Task Forces to deal with WGQ-specific issues. Each WGQ EC Subcommittee shall report to the
 158 WGQ EC and each shall *[Some of these are redundant as they are included in the by-laws, but*
 159 *there may be several reasons that we may want to include them here. These should be discussed by*
 160 *the members of the WGQ.]*:

- 161 1. Elect at least one chair who shall be an WGQ EC Member and who shall serve until he or she
 162 resigns or is removed by the WGQ Subcommittee's membership;
- 163 2. Carry out its work in accordance with procedures adopted by the NAESB EC for EC
 164 Subcommittees;
- 165 3. Provide notice of meetings and agendas;
- 166 4. Practice balanced voting and record voting results; and

167 5. Keep regular minutes of its proceedings and provide copies of these minutes promptly to the
168 NAESB office.

169 Any Task Force established by WGQ EC Subcommittees shall be open to all NAESB Members
170 and other interested parties.

171 At NAESB joint Subcommittee or joint Task Force meetings, the same individual may represent
172 different Segments from different NAESB Quadrants, as long as that individual declares prior to the joint
173 meeting the NAESB Quadrant and Segment for which he or she is casting a vote. At WGQ
174 Subcommittee or Task Force meetings, the same individual may represent different WGQ Segments, as
175 long as that individual declares prior to the meeting the WGQ Segment for which he or she is casting a
176 vote.

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178 **11 – RESERVED**

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180 **12 – RESERVED**

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186 **15 – RESERVED**

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188 **16 – RESERVED**

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18 - AMENDMENTS

193 **Section 18.1 Amendments**

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

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19 - RESERVED