

**NRECA COMMENTS ON THE APRIL 5 NAESB WHOLESALE ELECTRIC
QUADRANT MEETING AND OTHER MATTERS
April 26, 2002**

We are concerned that many in the industry, including FERC, after reading the “NAESB WEQ Meeting Notes April 5, 2002” document dated April 17, 2002, would have the misimpression that, after the non-binding straw poll vote was taken on the ESC segment proposal, the meeting attendees voted unanimously to adjourn the meeting approximately three hours early. This does not accurately reflect the way in which the meeting ended. Consistent with my recollection and the recollection of others, the official meeting transcript shows that the meeting ended abruptly and unexpectedly, through the unilateral action of NAESB and no one else.

A vote was taken on only one segment strawman proposal, and many in attendance expected the meeting to continue after the vote and that discussions would continue on the other segment strawman proposals. They expected this for good reason because of the statements made by NAESB spokespersons Mr. Boswell and Mr. Spangler that the goal of the day was to arrive at a consensus on the appropriate segments and related definitions. Based on the number of segment strawman proposals that were proposed during the meeting, the industry continues to hold a broad range of opinions on the appropriate number and types of segments needed for the NAESB WEQ and a considerable amount of work and consensus building still needs to take place. Such discussions, however, were foreclosed by NAESB’s unilateral action to end the April 5 meeting.

After reviewing the “Meeting Notes” document and the official transcript of the same meeting, we are concerned about how the meeting notes describe the ending of the meeting. The “Meeting Notes” document states that a motion was made by Mr. Young to adjourn the meeting and that the motion was seconded by Mr. Hebenstreit. It also states that the motion passed unanimously. By contrast, the official transcript of the meeting does not indicate that any of those events occurred. Rather the transcript indicates they did not occur.

First, Mr. Young is not on the NAESB official attendee list, but Mr. Charles Yeung is listed, and we assume that the meeting notes intended to refer to Mr. Yeung. A review of the transcript fails to evidence a motion to adjourn by Mr. Young (Yeung). Indeed, the transcript does not indicate that a motion was made by anyone to adjourn the meeting.

Second, the NAESB official attendee list did not indicate Mr. Hebenstreit as an attendee and the transcript failed to indicate a seconding of Mr. Young’s (Yeung’s) motion by Mr. Hebenstreit or by anyone else.

Third, the official meeting transcript reflects that there was absolutely no vote (unanimous or otherwise) to adjourn the meeting.

When NAESB ended the meeting, the meeting room was as full as it was at the beginning of the meeting. By ending the meeting more than three hours ahead of schedule, valuable time was lost as many participants were prepared to continue discussing the important issues regarding segments for the proposed NAESB WEQ. Immediately after the meeting ended, I asked Mr. Boswell and Mr. Spangler who decided to end the meeting early. Their response was that NAESB made the decision. Their response was certainly inconsistent with any suggestion that a vote was taken to adjourn the meeting.

Based on the preceding information, please promptly correct the "Meeting Notes" to accurately reflect the ending of the meeting. Also, please post this email on the NAESB website so that other participants can have an accurate sense of what occurred and respond if they choose to do so.

In addition, if the incorrect meeting notes have been shared (verbally or in writing) with FERC staff or with the Commissioners, we request that the mistake be rectified immediately in writing to them, so they do not formulate policy based on incorrect meeting notes prepared by NAESB.

It is troublesome that NAESB would unilaterally end the meeting, cutting off needed and promised discussion, and then make it appear that something different occurred. NAESB should take steps to avoid creating any impression that it is attempting to develop a written record that seeks to mislead readers into believing the process has been more collaborative than it had been in fact.

Finally, we continue to be concerned about the lack of a fair, open and clear process for the NAESB WEQ meetings, and the fact that only one of four strawman proposals were subject to a vote at the April 5 meeting. As a result, and in order to begin the May 8-9 meeting on a positive note, the following steps should be addressed at the beginning of this important meeting:

1. The development and approval by the meeting attendees (in person and on the phone) of a fair, open and clearly defined meeting process including voting rules;
2. Discussion of all strawman proposals and other segment designations that are not included in the strawman proposals; and
3. Upon successful completion of steps 1 and 2, votes on all strawman proposals and other segment designations that are not included in the strawman proposals;

Respectfully submitted,

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