



North American Energy Standards Board

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TO: NAESB Parliamentary Committee, Posting for Interested Industry Participants
FROM: James Cargas, NAESB Deputy Director
RE: Draft Minutes from the Parliamentary Committee Meeting – April 22, 2004
DATE: April 29, 2004

NAESB Parliamentary Committee Meeting

Thursday, April 22, 2004
1:00 p.m. – 4:00 p.m. Central
Dallas, Texas, Hosted by AEP

1. Welcome & Administrative Items

Mr. Michael Desselle called the meeting to order. Mr. Bill Boswell gave the antitrust advice. The draft agenda was adopted by consensus. Mr. Jim Templeton moved, seconded by Mr. Lyn Maddox, to adopt the minutes from the April 23, 2003 conference call as drafted. The motion passed unanimously.

2. Discussion of Managing Committee's Role, and the Procedures Governing Determinations of Scope.

Mr. Desselle gave a summary of (i) actions taken by the Managing Committee on the request for gas quality standards (R03035) during its February 10, 2004, conference call, (ii) the Board's February 11, 2004, notational ballot ratifying the Managing Committee's actions, and (iii) the Board's March 18, 2004, meeting amending the WGQ Annual Plan to include Part A of the request.

He also read the motion made by Mr. Adrian Chapman at the March 18 Board meeting that sought to restrict the Managing Committee's powers under specific conditions (see attached for full text). At the Board meeting, the motion failed by a vote of 13 votes in favor, 33 votes against, and 1 vote cast as an abstention. Next, Mr. Desselle read the relevant portions of the Board's August 30, 2002, resolution establishing the board managing committee (see attached for full text).

Mr. Chapman discussed the concerns behind his motion. He felt that significant and substantial discussion of the gas quality issue was omitted by following the process taken. He suggested that the Board's vote should not have been taken notationally, but either put off until the regularly scheduled March 18 meeting or addressed at an emergency Board meeting. Furthermore, Mr. Chapman felt that the vote should have been limited to the particular quadrant involved – WGQ.

Mr. Templeton noted that the Executive Director, Ms. Rae McQuade, at FERC's request, was to speak at the FERC Technical Conference on Gas Quality on February 18, 2004, and would be expected to give a NAESB position on R03035. This did not allow time for a Board discussion and decision at the March 18 Board meeting, and was more suited to a notational vote. Furthermore, he noted that everyone, including all the Board members, was invited to participate in the Managing Committee's call. Mr. Chapman disagreed that Ms. McQuade would be obligated to take a position at FERC conference.

Mr. Desselle observed that the Board is tasked with all final scope determinations. With regard to the portion of Mr. Chapman's motion that would modify Board voting from "en banc" to by quadrant, he and Mr. Fusco said the Board was an energy board, not just a gas board, or electricity board. Unlike the Executive Committee (EC) that votes by quadrant and segment, the Board is



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designed to look at the energy industry's interests as a whole. Additionally, Mr. Templeton noted that the gas quality request actually came from a member of the WEQ, not the WGQ.

Mr. Haynes, who was Chair at the time, pointed out that the Chair has sole discretion to call for a notational ballot. As Chair, he, and not the Managing Committee, called for the February 10 notational ballot. Mr. Chapman's motion, as drafted, would not have changed this portion of the Chair's authority. Mr. Boswell said the Chair's authority to request a notational ballot, and the creation of the Managing Committee, were both created to avoid the frequent calling of emergency Board meetings, which are not favored by most Board members.

Mr. Chapman felt that his posted e-mails were the only documents in opposition to the scope determination prior to the notational ballot. He said fuller discussion could have resulted in the Board finding the request out of scope. Mr. Chapman said the gas quality issue is not prime for a national standard.

Both Mr. Maddox and Mr. Boswell felt that the system of checks-and-balances worked in this case. The notational ballot and subsequent March 18 vote checked the power of the Management Committee. Both votes passed by wide margins.

Mr. McMillan agreed with Ms. Van Pelt that scope determination does have an impact on an organization's resource allocations, but noted that, in the end, the Board only put Part A on the WGQ Annual Plan, and deferred action on the more controversial Parts B and C. Ms. McQuade concurred, and noted that both GECTF and the Seams Subcommittee have generated long lists of potential standardization areas within NAESB's scope, but whether an item is determined within NAESB's scope is independent of whether that item would be addressed through a standards development activity.

Mr. Chapman said the Managing Committee should not be making scope determinations. They should be reserved solely for the full Board, and then not by means of a notational ballot. This would be a departure from the policy adopted by the Board for the duties of the Managing Committee, and also a departure from the governance documents that permit the Chairman of the Board to call notational votes of the Board when he deems it necessary.

Mr. Boswell offered to propose a procedural remedy clarifying how scope determinations are made, which would be discussed at the next meeting of the Parliamentary Committee.

3. Discussion of Triage Procedures and Attendance, and the Executive Committee's Review of Triage Determinations.

Ms. McQuade opened the discussion by describing how Triage Committee calls rarely meet quorum and must be treated as "working sessions" with a notational ballot sent out after the call. The WGQ is the only quadrant that meets quorum consistently. This places a burden on staff and slows the process down needlessly. When she asked other standards organizations how they address similar attendance issues, she was informed that when a notational ballot is distributed, a failure to return such ballot within a stated date could be interpreted as either a vote in support of the majority decision taken at the meeting, or a vote in support of the proposal. Of course, this procedure would not preclude an individual from voting to abstain.

Mr. Desselle and Ms. Van Pelt both suggested that the Triage Committee be reconfigured as a committee-of-the-whole EC. Votes can be taken at regularly scheduled meetings or via conference call.

Mr. Buccigross noted that most Triage votes are not controversial and Triage is mostly procedural. He recommended that the Triage Committee be just the EC chairs making the procedural decisions.



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Ms. McQuade noted that changing the Triage process would require action at ANSI. However, only reconfiguring the composition of the Triage Committee would not. Ms. McQuade offered to review the certificate, bylaws, and NAESBOPs to see if changes are necessary, and will present the proposal to the Parliamentary Committee at its next meeting. Mr. Desselle also asked that future notational ballots state that a failure to vote will presume the person voted in favor of the majority, should that ballot not be returned within the specified stated date.

4. Discussion of When Comments Should be Provided with Reports to Government Agencies.

Ms. McQuade explained how the two comments to the GECTF interim report were not filed with the report at FERC (comments were from AEP and the state of South Carolina). Reference to the comments was made in the filing. When filing standards, NAESB has always included all comments submitted. In this case, the Executive Committee determined that the comments were not appropriate for filing at FERC, but were more appropriate as work papers for a subsequent meeting. Her concern arose not from the specific comments, but the role of the EC to determine whether or not specific comments are appropriate for filing. In all other cases, NASB has provided the full record of comments, and the EC has not reviewed each set of comments to determine its appropriateness.

Mr. Hartsoe suggested that incorporation of comments by reference and filing those comments with FERC may result in different legal consequences.

Ms. McQuade stated, and Mr. Boswell agreed, as would apply only to reports that are not filing standards, if NAESB provides an explanation of why the EC excluded certain comments and where the comments can be located, then the EC's responsibilities under the Certificate have been discharged.

After further discussion, consensus was reached that for reports that do not include filing of standards, all comments must be treated the same – either all are filed or all are incorporated by reference. An index with the location of the comments on the web site would be provided in the report if incorporation by reference is elected.

For reports that include standards, all comments will continue to be included as part of the report.

5. Membership of ISOs and RTOs in the Wholesale Electric Quadrant.

Mr. Desselle summarized events from the formation of WEQ. At the time, a proposal to add a 6th segment for ISO/RTOs was defeated because it was assumed that they can join any one of the other segments. However, the WEQ further allocated the board and EC seats by subsegments, and those subsegments are defined such that it effectively blocks RTOs/ISOs/RROs and services from declaring as candidates for either Board or EC seats. This restriction has resulted in frustration on the part of those entities, because they can vote at the subcommittee level, and indeed even lead subcommittees and task forces, but they are not able to be seated at the Board or EC. Mr. Desselle stated that the general consensus remains against creating a 6th segment. However, the ISOs and RTOs and services deserve a fair spot on the Board and EC. Accordingly, he proposed an additional seat in each segment as an “at-large” subsegment seat. This can be accomplished without modifying the bylaws or certificate, but would require changes to the quadrant procedures. In support of providing seats for the abovementioned entities, it was noted that the WEQ quadrant procedures were approved by the board provisionally, with the expectation that RTOs, RROs, ISOs, and services could join with full membership benefits, which include consideration to hold seats on the Board or EC.



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Mr. Brown concurred that they have been dedicating significant resources to NAESB's efforts and have earned such a subsegment.

After it was suggested that seats only be added to the Transmission Segment, Ms. McQuade noted that Section 7.3 of the Bylaws requires an equal number of seats in each segment.

Mr. Desselle agreed to draft a proposal to amend the WEQ Procedures to create an additional At-Large seat in each segment. The proposal can be further discussed and the provision to change quadrant procedures can be invoked, with the expectation that once approved, elections can then be held, and the new seats could be filled by the September 16 Board meeting.

6. Next Steps & Action Items

- Scope Determinations: Mr. Boswell will propose to the Parliamentary Committee a procedural remedy clarifying how scope determinations are made.
- Composition of Triage: Ms. McQuade will review the certificate, bylaws, and NAESB Ops to see if changes are necessary to change the composition of the Triage Committee to a committee-of-the-whole EC, and will present the proposal to Parliamentary Committee at its next meeting.
- Amend Notational Ballots: Ms. McQuade will direct staff to have future notational ballots state that a failure to vote will presume the person will be voting in favor of the majority.
- Add 6th Seat to Each WEQ Segment: Mr. Desselle agreed to draft a proposal to amend the WEQ Procedures to create an additional At-Large seat in each segment in time for the Board to vote on it at the June 10 meeting.

Ms. McQuade will schedule another Parliamentary Committee meeting prior the Board's June 10 meeting. Consensus was to hold it at AEP offices in Dallas again.

7. Adjourn

Mr. Maddox made a motion to adjourn. Mr. Templeton seconded the motion. The meeting was adjourned on April 22, 2004 at 3:30 p.m. Central.



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8. Attendance

Attendee:	Organization:	Committee Member:	Attendance:
1 Bill Boswell	McGuire Woods		Phone
2 Mike Bray	Shell Gas Transmission		Phone
3 Scott Brown	Exelon	WEQ Rep.	Phone
4 Jim Buccigross	Group 8760		Phone
5 Cade Burks	EC Power	REQ Rep.	Phone
6 James Cargas	NAESB		In Person
7 Adrian Chapman	Washington Gas	WGQ Rep.	Phone
8 Dale Davis	Williams Gas Pipeline		Phone
9 Michael Desselle	American Electric Power	Chair	In Person
10 Arthur Fusco	Central Electric Power Coop.	WEQ Rep.	Phone
11 Mark Gracey	Tennessee Gas Pipeline		Phone
12 Joe Hartsoe	American Electric Power	WEQ Rep.	Phone
13 Leonard Haynes	Southern Company	REQ Rep.	Phone
14 Lyn Maddox	Consultant	WGQ Rep.	In Person
15 David McMillan	Green Mountain Energy	REQ Rep.	Phone
16 Rae McQuade	NAESB		In Person
17 David Pfeifer	Sungard Enform	REQ Rep.	Phone
18 Donna Scott	Trans Western		Phone
19 Jim Templeton	Comprehensive Energy	Vice Chair	In Person
20 Kim Van Pelt	Panhandle Eastern Pipeline		Phone



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Motion by Mr. Chapman, and seconded by Mr. Kruse, at NAESB Board of Directors' Meeting on March 18, 2004

NAESB Board of Directors Resolution Modifying the NAESB Bylaws

WHEREAS, the Operating Procedures of the North American Energy Standards Board (NAESBops), Standards Development and Maintenance, Action on Request provides that when a request for standards development or maintenance is submitted, following a recommendation as to whether the request is within the scope of NAESB, the Executive Committee (EC) approves, amends or rejects the recommendation that the request is within the scope of NAESB, and

WHEREAS, pursuant to the same section of the NAESBops, if the EC does not find the request in scope, the recommendation is forwarded to the Board of Directors (Board) for a final determination as to whether the request is in scope, and

WHEREAS, the Resolution Establishing Board Managing Committee provides that the Managing Committee may act on matters which would require Board approval, except for those matters specifically reserved to the full Board by the Bylaws, and

WHEREAS, the scope of NAESB is such that rejection of a standards development or maintenance request should be an extraordinary event supported by detailed discussions and a quadrant/segment voting record, and

WHEREAS, such detailed discussions and quadrant/segment voting record cannot be replicated within the Managing Committee due to the limited composition of said committee,

NOW, THEREFORE, the Bylaws of North American Energy Standards Board, Inc (Bylaws) – Section 8, shall be modified to reserve scope determinations, on the occasions that the EC does not find a request within scope, to the full Board to be discussed at Regular Meetings as described in Section 9.4 of the Bylaws, and

FURTHER, for the purpose of such scope determinations, the Board shall divide itself into quadrants as described in section 10.3 of the Bylaws and process the request in the same manner as the EC would such that a quadrant/segment voting record may be developed.

Editor's Note: The motion failed by a vote of 13 votes in favor, 33 votes against, and 1 vote cast as an abstention.



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NORTH AMERICAN ENERGY STANDARDS BOARD

BOARD OF DIRECTORS RESOLUTION APPROVED AUGUST 30, 2002 ESTABLISHING BOARD MANAGING COMMITTEE

WHEREAS, pursuant to Article 7.8(a) of the Bylaws, the Board by majority vote may create certain committees and specify their functions, and

WHEREAS, due to the increasing size of the Board as a result of Quadrant formation, it would be helpful to the Chairman & CEO to provide him and the Executive Director assistance in managing and administering the affairs of the corporation between Board meetings, and making the meetings of the Board as efficient and effective as may be practicable, and

WHEREAS, it would also be helpful to have certain managerial functions addressed by a representative group from within the Board,

NOW, THEREFORE, the Board of Directors of the North American Energy Standards Board hereby establishes a Managing Committee, consisting of the Chair, the Past Chairs (who are currently members of the Board), the Board Vice Chairs of each of the Quadrants, and the Executive Director (who shall be secretary of the committee and shall have a voice in the committee's business but no vote), and

FURTHER, assigns to the said Managing Committee the following responsibilities:

- 1) Assisting the Chair and the Executive Director in establishing the agenda of the meetings of the Board,
- 2) Assisting the Chair and the Executive Director in preparing and monitoring financial matters of the corporation, including budgets, audit reports and the like, and reviewing reports of such matters prior to their submittal to the Board,
- 3) Assisting in the creation and review of the Quadrant Annual Plans, prior to their submittal for Board approval,
- 4) Acting as a compensation & benefits committee, including reviewing and establishing staff benefits and setting the compensation of the Executive Director,
- 5) Acting as an editorial review committee to approve formal communications of an external nature, including written communications with regulatory agencies and the media,
- 6) Acting to review legal and personnel matters of a confidential nature, and
- 7) Acting in any other matter which would require Board approval, except for those matters specifically reserved to the full Board by the Bylaws, and for those matters which require more than a simple majority vote of the Board. In the case of actions taken under this provision, they shall be reported to the Board at its next meeting, and may be discussed under "new business" at the request of any member.

AND FURTHER resolves that the Managing Committee may establish sub-committees, consisting of members of the Managing Committee and other Board members. A member of the Managing Committee shall chair any sub-committees.