



North American Energy Standards Board

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TO: NAESB Wholesale Gas Quadrant Executive Committee, Posting for Interested Industry Participants
FROM: Todd Oncken, NAESB Staff
RE: NAESB Wholesale Gas Quadrant Executive Committee Conference Call Final Minutes- March 17, 2003
DATE: March 17, 2003

**Wholesale Gas Quadrant Executive Committee
Monday, March 17, 2003, 2:00 p.m. to 3:00 p.m. CST
Final Minutes**

1. Welcome & Administrative

Mr. Buccigross presided over the conference call. Mr. Oncken gave the antitrust advice. Ms. McQuade called the roll of Wholesale Gas Quadrant (WGQ) Executive Committee members.

Mr. Buccigross reviewed the draft agenda. Ms. Van Pelt moved, seconded by Ms. Burnett, to adopt the draft agenda as written. Absent objection, the draft agenda was adopted unanimously.

2. Discussion of Motion 1

Mr. Buccigross read previously submitted Motion 1 into the record, as follows: *Modify the NAESB WGQ BPS Creditworthiness Work Plan to include discussion on possible standards that would implement FERC creditworthiness policies established under recent FERC Orders under a Work Plan topic entitled: "Maximum level of Credit Alternatives." The BPS Subcommittee will set the priority for addressing this item.* Mr. Busch moved, seconded by Ms. Burnett, the language of previously submitted Motion 1 as written. Upon brief discussion, Mr. Busch withdrew his motion so that Mr. Sappenfield, the drafter of the submitted language, could offer the motion. Accordingly, Mr. Sappenfield moved, seconded by Ms. Burnett, the language of previously submitted Motion 1 as written.

Mr. Sappenfield stated that through recent orders, the FERC has made it clear the maximum level of credit required for a shipper requesting service when the new service is not related to expansion is the equivalent value of three months of service. Other participants did not recognize the recent orders as establishing a clear policy.

Ms. Daly noted concerns stated during the previous call on timing. She questioned the equity of prioritizing a new work plan item over items already slated for discussion. Ms. Daly suggested the Executive Committee incorporate a concept that a time limit would be enforced for discussion of the additional work plan items that would allow each segment the opportunity to state their position on the record. Ms. Chezar concurred those were pressing concerns. For clarity, Mr. Novak stated that under Ms. Daly's proposed course of action, each segment could make whatever statements they wished on the record to state their position, but there would be effectively no debate. Mr. Sappenfield preferred to not bar standards development work, since the current timeline might allow for debate on the issues. Mr. Buccigross noted the April WGQ Executive Committee meeting would be a proper forum for those presentations.

Ms. Chezar stated concern about the ramifications of not completing work on the additional work plan item prior to the deadlines for the June FERC report. Mr. Sappenfield stated there would not be any ramifications, these would just be work plan items left unfinished. Further, he said he



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would just file his comments on the maximum level of credit assurances when NAESB filed the FERC report.

Taking into consideration comments during discussion, Mr. Sappenfield amended his motion to read as follows: *Modify the NAESB WGQ BPS Creditworthiness Work Plan to include discussion on possible standards under a Work Plan topic entitled: "Maximum level of Credit Alternatives." This item would be added at the end of the existing BPS Creditworthiness Work Plan.* Ms. Burnett accepted the amended motion. As the vote tally of 11 in favor and 4 opposed was not determinative on the motion, the motion was sent out for a notational vote to those WGQ Executive Committee members not present on the conference call. [After notational votes were tallied, the motion passed – shown as V1 in the Attendance and Voting Record shown later in these minutes.]

3. Discussion of Motion 2

Mr. Sappenfield moved, seconded by Ms. Burnett, to *modify the NAESB WGQ BPS Creditworthiness Work Plan to include discussion on whether standards should be established under a Work Plan topic entitled: "TSP Criteria for Evaluation of SR's Creditworthiness." This item would be added at the end of the existing BPS Creditworthiness Work Plan.* Mr. Sappenfield noted that while the proposed language was divergent from the submitted language, the proposed language was parallel to the final version of Motion 1.

Mr. Nelson stated that the revised language did not allay the antitrust concerns of several Pipeline Segment members. Further, Mr. Nelson asserted he does not see clear FERC policy on the issue, even with the Tennessee order. In essence, Mr. Nelson stated the substantive nature of the topic concerns the Pipeline Segment. Ms. Chezar also expressed antitrust concerns. Mr. Novak concurred with both Mr. Nelson and Ms. Chezar.

Mr. Busch noted the proposed language only opens discussion on standardization and would not lead to the debate of criteria or development of standards. Mr. Buccigross noted that is the strict reading of the language. Mr. Sappenfield confirmed the language was consistent with his intent. Notwithstanding, Mr. Nelson stated strict interpretation of the language of the motion did not provide much comfort to the Pipeline Segment. Mr. Novak suggested amending the motion to state the intent was not to develop standards.

Given the antitrust concerns raised by the Pipeline Segment and the LDC Segment, Ms. Chezar suggested that any discussion on this potential work plan item occur at an Executive Committee meeting with NAESB Counsel present. Mr. Buccigross stated NAESB can request an interim antitrust opinion prior to discussion. Mr. Novak said adding this to the Work Plan would in effect serve as a place holder if it is determined discussions do not violate antitrust guidelines.

Taking into consideration comments during discussion, Mr. Sappenfield amended his motion to read as follows: *Modify the NAESB WGQ BPS Creditworthiness Work Plan to include discussion (and not standards development) on whether standards should be established under a Work Plan topic entitled: "TSP Criteria for Evaluation of SR's Creditworthiness." This item would be added at the end of the existing BPS Creditworthiness Work Plan.* Ms. Burnett accepted the amended motion. As the vote tally of 5 in favor, 7 opposed, and 2 abstentions was not determinative on the motion, the motion was sent out for a notational vote to those WGQ Executive Committee members not present on the conference call. [After notational votes were tallied, the motion failed – shown as V2 in the Attendance and Voting Record shown later in these minutes.]



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4. Discussion of Revised BPS work plan dates

Mr. Novak proposed to revise the BPS Creditworthiness Work Plan dates, as follows:

- I. Timeline (all dates are approximate)
 - C. WGQ EC Comment Period Begins - 04/19/03
 - D. WGQ EC Comments Due - 05/19/03
 - E. WGQ EC Meeting - 5/20/03
 - F. WGQ Member Ratification Begins - 05/23/03
 - G. WGQ Member Ratification Ends - 06/23/03

Mr. Novak moved, seconded by Ms. Burnett, to adopt the revised timeline, as stated above. The motion passed unanimously (see revised work plan attached).

5. Other Business

No other business was discussed.

6. Adjourn

Mr. Buccigross adjourned the conference call at 3:30 p.m. CST.



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7. Attendance and Voting Record

End User Segment		Present	V1	V2
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	No	Yes*	Yes*
Gary Hinners	Director of Natural Gas Regulatory Issues, Reliant Energy Services, Inc.	No	Yes*	Yes*
Kelly Daly	Partner, Morrison & Hecker, rep. Arizona Public Service Co.	Yes	Yes	Yes*
Dona Gussow	Contracts Coordinator, Florida Power and Light	Yes	Yes	Yes
Tina Burnett	Natural Gas Operations Administrator, Boeing	Yes	Yes	Yes
Distribution Segment				
Rodger Schewecke	Pipeline Products Projects Manager, Southern California Gas	Yes	Yes	No
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	Yes	Yes	No
Chris Maturo	Director, Operations Integration, NiSource, Inc.	Yes	No	No
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	Yes	Yes	Abstain
Steve Sullivan	Regulatory Manager of Gas Supply, Consolidated Edison of NY	Yes	Yes	No
Pipeline Segment				
Mark Gracey	Consultant – Transportation Services, Tennessee Gas Pipeline Co.	Yes	No	No
Bill Griffith	Director, Transmission & Storage, Colorado Interstate Gas Co.	No	No*	No*
Dale Davis	Consultant, Williams Gas Pipelines	No	No*	No*
Randy Young	Director Regulatory Compliance, Gulf South Pipeline	Yes	No	No
Kim Van Pelt	GISB Coordinator, CMS Panhandle Eastern Pipe Line	Yes	No	No
Producer Segment				
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company	Yes	Yes	Yes
Paul Keeler	Managing Attorney, Marketing, Burlington Resources	No	No*	No*
Sheri Heslington	Dominion Exploration	No		
Richard Smith	Director, Regulatory Affairs, ExxonMobil	No	No*	No*
V A C A N C Y	V A C A N C Y			
Services Segment				
Suzanne Calcagno	Associate Director – Regulatory Compliance, UBS Warburg Energy	No		
V A C A N C Y	V A C A N C Y			
Leigh Spangler	CEO, Latitude Technologies	Yes	Yes	Abstain
Jim Buccigross	Vice President, 8760 Inc.	Yes	Yes	Yes
Keith Sappenfield	Director, Regulatory Compliance, EnCana Energy Services	Yes	Yes	Yes

* Votes submitted via notational ballot.



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Other Attendees:

Name	Company	Notes
Mariam Arnaout	American Gas Association	
Christopher Burden	Williams Gas Pipeline	
Andrew Dotterwiech	Consumers Energy	
Rae McQuade	NAESB Executive Director	Administrative
Howard Nelson	El Paso Corporation	
Todd Oncken	NAESB Staff	Administrative
Marjorie Perlman	Energy East Management Corporation	
David Rietz	National Fuel	
Marilyn Specht	NiSource	



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Business Practices Subcommittee Creditworthiness Work Plan¹

I. Timeline (all dates are approximate)

A.	WGQ EC Approval of Work Plan	12/12/02
B.	BPS Meetings Begin	01/20/03
C.	WGQ EC Comment Period Begins	04/19/03
D.	WGQ EC Comments Due	05/19/03
E.	WGQ EC Meeting	05/20/03
F.	WGQ Member Ratification Begins	05/23/03
G.	WGQ Member Ratification Ends	06/23/03
H.	Board Managing Committee Drafts Report	
I.	NAESB Report Sent to FERC	06/01/03

Note: These dates do not take into account fully staffing any proposed standards. In other words, any standards that are proposed will not go to the Information Requirements Subcommittee or Technical Subcommittee, or any other type of subcommittee, for detailed implementation work. The "full staffing" aspect of the standards development will have to come after ratification and report to FERC.

II. To the extent these items are based on existing Commission policy and new Commission policy after it has been ordered, the following items may be evaluated for creditworthiness standardization.

- A. Type of information that the service requester should supply for creditworthiness evaluation
- B. Type of confirmations and notification that the service requester should supply for creditworthiness
- C. Types of alternative credit assurances
 - Customer Initiated Creditworthiness Re-evaluation
- D. Capacity Release non-discrimination and termination procedures
 - Replacement Shipper's Rights when its Releasing Shipper's Contract is Terminated
- E. Notice Requirements with Respect to a Determination of a Shipper's Creditworthiness Status
- F. Notification to a Releasing Shipper when its Replacement Shipper Receives a Notification Related to its Creditworthiness Status
- G. Creditworthiness Timelines, excluding Construction

III. Review Impact on Existing NAESB WGQ Standards and Interpretations

IV. FERC Report

¹ Modified and Approved by the WGQ Executive Committee on 12/12/2002; revised 2/20/2003, revised 3/17/2003