



## North American Energy Standards Board

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**TO:** NAESB Wholesale Gas Quadrant Executive Committee, Posting for Interested Industry Participants  
**FROM:** Todd Oncken, Deputy Director  
**RE:** NAESB Wholesale Gas Quadrant Executive Committee Meeting Final Minutes – June 5, 2003  
**DATE:** June 8, 2003

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**Wholesale Gas Quadrant Executive Committee Meeting  
June 5, 2003, 9:00 a.m. – 5:00 p.m. Eastern  
Final Minutes**

### 1. Welcome

Mr. Buccigross welcomed meeting participants and thanked the American Gas Association for hosting the Executive Committee meetings. Mr. Oncken gave the antitrust advice. Roll call of the Executive Committee members was taken. Mr. Buccigross welcomed Mr. Desselle, Vice Chair of the NAESB Board of Directors for the Wholesale Electric Quadrant, and Mr. Haynes, Chairman of the NAESB Board of Directors.

Mr. Buccigross generally reviewed the draft agenda, noting a major discussion topic would be the reconsideration of the proposed creditworthiness standards. He informed the EC members the creditworthiness standards were being revisited because as chair, it was his responsibility to set the meeting agenda, and also because it was consistent with the concepts described in the Board Management Committee Memorandum dated May 27, 2003. Specifically, he stated the EC would vote individually on each of the 24 creditworthiness standards if no comprehensive package could be passed. Further, he stated rationale noting specific policy concerns should be stated in cases where a standard fails to pass by a super-majority vote.

### 2. Adoption of Agenda & Minutes

Ms. Davis moved, seconded by Mr. Young, to remove Recommendation R99020/R99032/R01001/R02005 from item 3 and adopt the draft agenda as modified. During discussion, Ms. Chezar suggested the addition of an agenda item to develop a list of policy issues related to creditworthiness to be included in the June 15 report to the FERC. It was agreed Ms. Chezar's suggestion would be incorporated into the discussion of item 4, but additional items not encapsulated during the discussion would be addressed separately. The modified agenda was adopted unanimously.

Ms. Davis moved, seconded by Mr. Young, to adopt the minutes of the April 9, 2003 Wholesale Gas Quadrant (WGQ) Executive Committee Meeting, as modified by Ms. Davis prior to the meeting and with additional changes made during the meeting. The motion passed unanimously. Ms. Van Pelt moved, seconded by Ms. Daly, to adopt the minutes of the May 20, 2003 WGQ Executive Committee Meeting, as modified in the meeting. The motion passed unanimously.

### 3. Discussion and Vote on Recommended Standards – R00015, R96009, R97070, R99016, R99021B, R99028, R99029, R99043, Minimum Technical Characteristics, C03001

Mr. Novak moved, seconded by Ms. Chezar to adopt Recommended Standards R00015, R96009, R97070, R99016, R99021B, R99028, R99029, R99043, Minimum Technical Characteristics, and C03001. During limited discussion it was noted these proposed standards primarily relate to technical and information requirements issues. The motion passed unanimously.



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Ms. Van Pelt moved, seconded by Ms. Davis, to revote Recommended Standard R99024 with the removal of the column in the data dictionaries for EDI usages for the transactional reporting data sets. During discussion it was noted the information to complete the column is not currently available and will be forwarded as a separate recommendation when available. The motion passed unanimously. The corrected recommendation will be provided by Ms. Van Pelt and Ms. Davis for posting.

**4. Discussion and Vote on the 24 Creditworthiness Standards: 0.3.zA, 0.3.zB, 0.3.zC, 0.3.zD, 0.3.zE, 0.3.zF, 0.3.zG, 0.3.zH, 0.3.zI, 0.3.zJ, 0.3.zK, 0.3.zL, 0.3.zM, 0.3.zN, 0.3.zO, 0.3.zP, 5.3.zA, 5.3.zB, 5.3.zC, 5.3.zD, 5.3.zE, 5.3.zF, 5.3.zG, 5.3.zH**

Two comprehensive creditworthiness standards packages were proposed. Discussion on each package was limited to 45 minutes. Prior to discussion of the packages, Mr. Hinnners noted the Business Practices Subcommittee (BPS) Work Plan on Creditworthiness was restricted and did not contain key areas the End Users Segment found significant, including the definition of what triggers a creditworthiness evaluation. Mr. Hinnners stated there should be standardized criteria for what starts the creditworthiness evaluation process.

Package 1: Mr. Novak moved, seconded by Mr. Sullivan, to approve the revised BPS strawman package proposal as modified by Mr. Novak and posted on the NAESB web site. The details of Package 1 can be found in Attachment B to these minutes.

During discussion, Mr. Novak stated his revision of the BPS strawman incorporates numerous comments which were filed prior to the May 20, 2003 WGQ Executive Committee meeting, but were not incorporated into the strawman. Mr. Novak reviewed the redlined changes, and stated the redlined document tracks the changes proposed by the Pipeline Segment, but adds some additional changes.

Ms. Chezar expressed concern regarding the scope and construction of proposed standard 0.3.zA. Her specific concerns included the number of items enumerated, the 'mutually agreeable' language, and the inclusion of the 'such other information' clause. She stated the broadness of the language called into question whether or not the draft language would be a standard. Further, she noted the proposed standard contains no limitation on the number of items in the list the TSP can request from the service requester. In response, Mr. Novak proposed to renumber proposed standard 0.3.zA as proposed principle 0.1.zA.

Mr. Griffith commented the process of credit evaluation by pipelines is necessary to control the risk associated with transactions and address financial considerations. He reminded participants the pipelines had no pecuniary interest in alienating potential counterparties. Mr. Griffith stated the reasoning behind proposed standard 0.3.zA was that the pipeline would be able to craft its documentation request from a comprehensive list. Mr. Griffith did not support the addition of tax returns to the list, noting documents of that nature should be governed by mutual agreement. On proposed standard 5.3.zA, Mr. Griffith supported the language as originally drafted, stating the revised language would create different rules for the re-releasing shipper than the original shipper. Finally, he stated the Pipelines Segment finds proposed standard 5.3.zE the most objectionable of the package.

Mr. Hinnners commented on several proposed standards in Package 1. Mr. Hinnners also opposed the inclusion of a tax return in proposed standard 0.3.zA, stating a tax return was too proprietary to be included in the list. Additionally, Mr. Hinnners stated the language of proposed standard 0.3.zJ, bullet 2, should be modified to state 'downgraded below investment grade'.



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Ms. Van Pelt stated the additional modification proposed by Mr. Novak to proposed standard 0.3.zO was a significant change. She said it would be difficult to support such a significant change without the ability to fully debate the issues.

Mr. Buccigross called the vote on Package 1. The motion failed. Please see voting record below.

Package 2: Mr. Spangler moved, seconded by Ms. Van Pelt, to adopt the BPS strawman, excepting proposed standards 0.3.zP, 5.3.zE and bullet 4 on 5.3.zF, and changing 0.3.zA to 0.1.zA. Mr. Spangler suggested adoption of Package 2 would provide a method to adopt those standards where the segments could reach consensus, and then consider those more controversial standards not included in the package individually. The details of Package 2 can be found in Attachment C to these minutes.

As proposed standard 5.3.zC was objectionable to the End Users Segment, Mr. Hinnners requested proposed standard 5.3.zC be removed from Package 2. Ms. Chezar noted at least eight pipelines have provisions similar to proposed standard 5.3.zC. She reasoned FERC's continued approval of the tariff provisions signify the FERC's policy on the issue. Since the goal of Package 2 was to reach consensus on a body of standards, Mr. Spangler and Ms. Van Pelt agreed to remove proposed standard 5.3.zC from Package 2.

Mr. Novak stated removing proposed standard 5.3.zE from a comprehensive package was unsupportable. Mr. Griffith disagreed on proposed standard 5.3.zE. Mr. Griffith said permanent releases are a difficult issue facing pipelines. He stated permanent releases are not just releases, but an area where the FERC has stated the pipeline has discretion. Mr. Griffith asserted including proposed standard 5.3.zE would improperly modify existing FERC policy. Ms. Chezar observed that numerous FERC orders support the LDC Segment view on permanent releases -- a permanent release has to be subject to the terms of the current contract. Mr. Griffith responded citing additional orders in conflict with those cited by Ms. Chezar.

Ms. Gussow stated the basic charge of NAESB is to design processes, process flows and timelines for business practices to take place. She said the timeline for the creditworthiness evaluation process is not clear. Of note, she stated an initiating event for the evaluation process has not been identified. Further, she said the proposed standards do not define the procedure the pipeline will conduct while completing the evaluation. Ms. McVicker noted the End Users Segment has urged the expansion of the scope of BPS Creditworthiness work plan.

In light of the recent order on rehearing in Tennessee, Ms. Gibbs requested proposed standard 0.3zP be included in the package. She stated the proposed standard is consistent with the FERC's ruling. Additionally, she agreed the package of proposed creditworthiness standards is incomplete and expressed concern about sending a package to the FERC without meaningfully addressing all of the issues. Mr. Hinnners concurred with Ms. Gibb's statements on proposed standard 0.3.zP. Mr. Spangler declined including proposed standard 0.3.zP in Package 2 since the cited ruling was so recently issued and attendees had not had enough time to consider the rulings.

Ms. Van Pelt stated the argument made on inadequate scope of the BPS process does not invalidate the work produced by the BPS. She noted an outstanding issues list has been developed to be included in the FERC Report. Mr. Buccigross added that those parties wanting further creditworthiness standards should complete a standards request form.

Mr. Buccigross restated the motion and called the vote on Package 2. The motion failed. Please see voting record below.



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### **Consideration of Individual Proposed Creditworthiness Standards**

Participants discussed and voted on each of the proposed creditworthiness standards. Due to the extensive nature of the voting, a separate document has been prepared containing the wording of each proposed standard and the individual voting record for each proposed standard [Attachment A].

Mr. Buccigross stated the BPS strawman would serve as the default language for each of the standards. However, he stated modifications to the standards were in order if all parties agreed on the proposed modification.

Proposed standard 5.3.zE: Participants discussed proposed standard 5.3.zE. It was agreed the proposed standard was controversial and reasonable minds could differ on the existing body of policy. Mr. Novak suggested in cases where a proposed standard was so obviously controversial the EC ask the FERC for policy guidance and commit to implement a standard in accordance with that policy guidance when received.

Ms. Calcagno moved, seconded by Ms. McVicker, to adopt proposed standard 5.3.zE as drafted in the BPS strawman. Please see Attachment A for proposed standards language.

It was clarified all votes on the proposed creditworthiness standards would be votes to approve the proposed standards as NAESB standards, not create an additional strawman. Ms. Daly and Ms. Chezar suggested an improved strawman could be beneficial as the process moves forward. Please see comments on proposed standard 5.3.zE above.

Mr. Buccigross called the vote on proposed standard 5.3.zE. The motion failed. Please see Attachment A for a complete voting record.

In accordance with the guidance from the Board Managing Committee Memorandum, participants discussed the policy reasons for not supporting the proposed standard. Participants showed a general reluctance to state specific policy concerns. Mr. Desselle and Mr. Haynes stressed the importance of this step of the process. Mr. Haynes stated that by asking the Executive Committee to state the reasons for disagreement, the Board Managing Committee is trying to differentiate policy issues from items where consensus could not be reached. To facilitate the vote on subsequent standards, it was agreed any policy comments would be submitted in writing to the NAESB Office by end of business on June 11, 2003.

Ms. Van Pelt asserted the existing record, including the transcript for the March 6 BPS meeting, filed comments, and documentation of the May 20, 2003 WGQ Executive Committee meeting, would be sufficient to identify the policy issues surrounding proposed standard 5.3.zE. Further, she noted Executive Committee members have not historically been asked to state reasons for not supporting a proposed standard. Ms. Chezar suggested the following sentence to encapsulate the policy issue surrounding the lack of consensus for proposed standard 5.3.zE:

Proposed standard 5.3.zE did not receive the required super-majority vote at the June 5, 2003 Executive Committee meeting. There is no understanding over whether the standard properly reflects existing FERC policy.

Ms. Daly stated the following overriding policy concerns: 1) What is the objective criteria that prompts a TSP's ability to request a creditworthiness evaluation; and 2) What is the timeline for producing the evaluation and ultimately terminating service for lack of creditworthiness. Ms. Daly said the proposed creditworthiness standards implicate the shifting of risk between the parties and both the pipeline and service requester need to understand the implications of that circumstance. Ms. Daly stated if NAESB does not address these issues first, the wrong message is being sent to the FERC.



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Proposed standard 0.3.zA: Ms. Van Pelt moved, seconded by Mr. Young, to adopt proposed standard 0.3.zA as drafted in the BPS strawman, and amended. Please see Attachment A for proposed standards language.

Please see the above discussion for Ms. Chezar's comments on proposed standard 0.3.zA. Mr. Sappenfield proposed clarifying language to make clear the implication that if a Service Requester (SR) provides a guarantee, the term SR applies to both the SR and the guarantor. All participants agreed on this modification.

Mr. Young stated proposed standard 0.3.zA was developed through extensive discussion. On mutual agreement, Mr. Young stated that removing the terminology could imply the provided items were an exhaustive list. To the contrary, he said the language was added so that implication could not be drawn.

Mr. Buccigross re-read the motion and called the vote on proposed standard 0.3.zA. The motion failed. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zB: Mr. Novak moved, seconded by Ms. Chezar, to adopt the M. Novak version of proposed standard 0.3.zB. Please see Attachment A for proposed standards language. During brief discussion, Mr. Novak stated proposed standard 0.3.zB is consistent with the type of standards NAESB has traditionally developed.

Mr. Buccigross called the vote on proposed standard 0.3.zB. The motion passed. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zC: Ms. Van Pelt moved, seconded by Mr. Novak, to adopt the M. Novak version of proposed standard 0.3.zC. Please see Attachment A for proposed standards language.

Ms. Gussow expressed reservations with proposed standard 0.3.zC. In part, she objected to the addition of language for an 'initial or follow-up' request. It was noted this language was added in response to comments received on the proposed standards.

Mr. Hinnners stated support for the proposed standard, since it provides for the acknowledgement of receipt of the request. Ms. Daly also supported the concept embodied in the proposed standard. However, Ms. Daly renewed her timeline policy concern because this standard could expand the time period of a creditworthiness transaction. Ms. Gussow also stated concern with an expansion of the creditworthiness determination timeline.

Mr. Buccigross called the vote on proposed standard 0.3.zC. The motion passed. Please see Attachment A for a complete voting record.

Proposed Standard 0.3.zD: Mr. Novak moved, seconded by Ms. Van Pelt, to adopt the M. Novak version of proposed standard 0.3.zD. Please see Attachment A for proposed standards language.

Mr. Shepard opposed the modification to the BPS strawman for proposed standard 0.3.zD. He stated three business days was not a sufficient timeframe for small companies to respond. Participants discussed the details of the required response. Participants were divided on whether the language required a reply or a production of the requested documents. Since all parties did not agree on the modification, participants considered the BPS strawman version of proposed standard 0.3.zD.

Mr. Buccigross called the vote on proposed standard 0.3.zD. The results were inconclusive so the motion will be subject to notational ballot. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zE: Ms. McVicker moved, seconded by Mr. Novak, to adopt the M. Novak version of proposed standard 0.3.zE. Mr. Young disagreed with the changes contained in the M. Novak version. Ms. McVicker withdrew her motion.



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Mr. Griffith moved, seconded by Mr. Sappenfield, to adopt the BPS strawman version of proposed standard 0.3.zE. Mr. Gravely noted that since proposed standard 0.3.zE specifically relies on proposed standard 0.3.zD, if proposed standard 0.3.zD fails in the notational ballot proposed standard 0.3.zE would no longer be applicable. Participants discussed the option of removing the reference to proposed standard 0.3.zD. Mr. Sappenfield stated the reference was included so that participants did not have to respond to every piece of information. It was agreed to leave the reference to proposed standard 0.3.zD intact.

Mr. Buccigross called the vote on proposed standard 0.3.zE. The motion failed.

Proposed standard 0.3.zF: Ms. Van Pelt moved, seconded by Ms. Davis, to adopt the Pipeline version of proposed standard 0.3.zF. Please see Attachment A for proposed standards language.

Ms. Gussow objected to the modification for Internet communications in the Pipeline version. Given the lack of agreement, participants discussed the BPS strawman version of proposed standard 0.3.zF. Participants discussed the concept of Internet communications, and agreed the provision should include bilateral communication language. Ms. Gussow advocated the Internet communication clause being subject to mutual agreement. She highlighted the importance of these communications and stated the parties should expressly agree on the method of communication. Mr. Buccigross suggested the exchange of e-mail addresses for the purpose of exchanging communications was symbolic of mutual agreement. Ms. Chezar noted the Internet communications language originated from several comments received on the BPS strawman.

Ms. Van Pelt amended her motion to include the M. Novak language for proposed standard 0.3.zE relating to bilateral communications. Additionally, Ms. Van Pelt added Mr. Sappenfield's proposed language: Written Notices and responses should be provided via internet email unless mutually agreed otherwise. All parties agreed to these modifications.

Mr. Buccigross called the vote on proposed standard 0.3.zF. The motion passed. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zE: Mr. Novak moved, seconded by Ms. McVicker, to adopt the BPS strawman version of proposed standard 0.3.zE with the modification it references applicable NAESB WGQ Standards instead of individually identified standards. Please see Attachment A for proposed standards language. The motion was not discussed.

Mr. Buccigross called the vote on proposed standard 0.3.zE. The motion passed. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zG: Mr. Novak moved, seconded by Mr. Young, to adopt the M. Novak version of proposed standard 0.3.zG. Please see Attachment A for proposed standards language.

Ms. Gibbs commented. She stated the proposed standard does not go far enough because it details only notification of the determination, not the method of the creditworthiness determination. However, she said the end users do appreciate, and do want to receive, notification of a creditworthiness determination.

Mr. Buccigross called the vote on proposed standard 0.3.zG. The motion failed. Please see Attachment A for a complete voting record.

Participants discussed potential policy concerns. Ms. McVicker stated she was looking for assurance that the action governed by the standard would be in accordance with the applicable tariff. Further, she said she was not advocating standard tariff policies, but instead thought the individual policies should be published. Ms. Gibbs noted this was an area not discussed at the BPS level because of policy concerns. Mr. Young asserted proposed standard 0.3.zG is clearly in line



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with FERC policy and can stand independent of policy on credit evaluation mechanism yet to be determined.

Proposed Standard 0.3.zH: Ms. Van Pelt moved, seconded by Ms. Davis, to adopt the BPS strawman version of proposed standard 0.3.zH. Please see Attachment A for proposed standards language. During discussion, Ms. Gibbs requested the proposed standard be modified to state 'below investment grade.' Ms. Van Pelt declined the modification.

Mr. Buccigross called the vote on proposed standard 0.3.zH. The motion failed. Please see Attachment A for a complete voting record.

Participants discussed the policy concerns underlying lack of consensus on the proposed standard. Mr. Hinners stated it is unclear whether policy currently exists to require a review of creditworthiness if the credit rating is still within investment grade status. Ms. Daly suggested there should be some level placed on the downgrade, but she was not convinced 'below investment grade' was the proper threshold. She noted this issue is subject to her overriding policy concern that objective criteria be developed for initiating a request for creditworthiness evaluation.

Proposed standard 0.3.zI: Participants agreed to defer discussion on proposed standard 0.3.zI given its reliance on other proposed standards where consensus was not reached.

Proposed standard 0.3.zJ: Participants agreed to defer discussion on proposed standard 0.3.zJ given its reliance on other proposed standards where consensus was not reached.

Proposed standard 0.3.zK: Ms. Van Pelt moved, seconded by Ms. McVicker, to adopt the M. Novak version of proposed standard 0.3.zK.

During discussion a language change was proposed to clarify the circumstances under which a Service Requester, once determined to be non-creditworthy, could request a re-evaluation. Mr. Maturo said the proposed language of a 'substantial event' was unclear. Mr. Young stated an underlying concern was that a request for re-evaluation should be based on a triggering event. Mr. Hinners concurred. Ms. Spangler suggested modifying the language to reflect an event that could lead to a material change in status. Mr. Shepard opposed the modification because substantial is a lower threshold than material. Given the lack of consensus, the modification, while accepted by the movant, was not included in the proposed standard subject to the motion.

Mr. Buccigross called the vote on proposed standard 0.3.zK. The motion failed. Please see Attachment A for a complete voting record.

Mr. Novak moved, seconded by Mr. Maturo, to adopt the M. Novak version of proposed standard 0.3.zK, deleting 'substantial' and noting the triggering event should be an event that the SR believes could lead to a 'material' change in credit status. Please see Attachment A for proposed standards language.

Mr. Buccigross called the vote on proposed standard 0.3.zK. The results were inconclusive so the motion will be subject to notational ballot. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zL: Ms. Van Pelt moved, seconded by Mr. Young, to accept the Pipeline version of proposed standard 0.3.zL, as reflected in the Pipeline Segment's work paper posted for this meeting. Please see Attachment A for proposed standards language.

During discussion Mr. Novak supported the Pipeline language, noting it was an improvement to the BPS strawman since the timeline is established. Ms. Daly differed. She referred to her overriding policy concern on lack of a comprehensive timeline for the creditworthiness evaluation. She stated the timeline for the process should be developed comprehensively, not in a piecemeal fashion where some standards contain timing and others do not. Ms. Chezar shared Ms. Daly's concerns on



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timing. Mr. Hinners disagreed and noted the FERC requested NAESB propose suggestions for timelines. Ms. Gussow took exception to the proposal for 20 business days to respond, stating that was too long for a response. Mr. Novak stated an advantage of the 20 day timeline was that in cases where a situation was particularly complex, a shipper would not be deemed non-creditworthy due to time constraints. Ms. Gibbs stated the benefit of the timeline allows a pipeline the flexibility to make a creditworthiness determination.

Mr. Buccigross called the vote on proposed standard 0.3.zL. The results were inconclusive so the motion will be subject to notational ballot. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zM: Mr. Novak moved, seconded by Mr. Sullivan, to adopt the M. Novak version of proposed standard 0.3.zM. Mr. Sappenfield stated proposed standard 0.3.zM begins the list of standards where the terminology used is not consistently used in other areas of creditworthiness evaluation. Mr. Novak withdrew his motion.

Ms. Van Pelt moved, seconded by Mr. Young, to adopt the BPS strawman version of proposed standard 0.3.zM. Please see Attachment A for proposed standards language.

Mr. Buccigross called the vote on proposed standard 0.3.zM. The motion failed. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zN: Mr. Novak moved, seconded by Ms. Van Pelt, to adopt the M. Novak version of proposed standard 0.3.zN. Please see Attachment A for proposed standards language.

Mr. Sappenfield noted the proposed standard contains inconsistent credit terminology. For example, he noted a guarantee is not a credit alternative.

Mr. Buccigross called the vote on proposed standard 0.3.zN. The motion failed. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zO: Ms. Davis moved, seconded by Mr. Young, to adopt the BPS strawman version of proposed standard 0.3.zO. Please see Attachment A for proposed standards language.

Participants discussed the policy surrounding proposed standard 0.3.zO. Mr. Novak said proposed standard 0.3.zO does not properly reflect existing FERC policy, as it does not go far enough. Given the disagreement, a modification to proposed standard 0.3.zO was not adopted.

Mr. Buccigross called the vote on proposed standard 0.3.zO. The motion failed. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zP: Ms. McVicker moved, seconded by Ms. Gussow, to adopt the BPS strawman version of proposed standard 0.3.zP, making conforming changes so the standard is not contingent on the adoption of proposed standard 0.3.zN. Please see Attachment A for proposed standards language.

Ms. Gibbs renewed her earlier comments on the recent Tennessee order. Accordingly, she urged the Executive Committee members to support proposed standard 0.3.zP, as it embodies current FERC policy. Mr. Sappenfield stated the FERC order on Tennessee did not provide clarity on the issues.

Mr. Buccigross called the vote on proposed standard 0.3.zP. The motion failed. Please see Attachment A for a complete voting record.

Proposed standard 0.3.zQ: Mr. Novak moved, seconded by Ms. Van Pelt, to adopt the Pipeline version of proposed standard 0.3.zQ. [Proposed standard 0.3.zQ was numbered 5.3.zH in the BPS strawman.] Please see Attachment A for proposed standards language.



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Mr. Novak stated the change in categorization of the proposed standard into the category of general standards would make proposed standard 0.3.zO applicable to all creditworthiness standards, not just the creditworthiness standards related to capacity release.

Mr. Buccigross called the vote on proposed standard 0.3.zQ. The results were inconclusive so the motion will be subject to notational ballot. Please see Attachment A for a complete voting record.

Proposed standard 5.3.zA: Ms. Davis moved, seconded by Mr. Young, to adopt the BPS strawman version of proposed standard 5.3.zA. Please see Attachment A for proposed standards language.

Participants agreed to language modifications providing for notification to the replacement shipper prior to termination of the underlying contract with the original shipper. Ms. Chezar noted the change was needed since the service to the original shipper was actually being terminated. Ms. Daly stated the language change provides some clarity, but the overriding policy concern on timing of the creditworthiness evaluation process is still applicable.

Mr. Buccigross called the vote on proposed standard 5.3.zA. The results were inconclusive so the motion will be subject to notational ballot. Please see Attachment A for a complete voting record.

Proposed standard 5.3.zB: Mr. Novak moved, seconded by Ms. Chezar, to adopt the M. Novak version of proposed standard 5.3.zB. Ms. Van Pelt objected to the modification from the BPS strawman. Mr. Novak withdrew his motion. Ms. Van Pelt moved, seconded by Mr. Griffith, to adopt the BPS strawman version of proposed standard 5.3.zB, with additional modifications. Please see Attachment A for proposed standards language.

Discussion on the motion revealed a division regarding the policy of proposed standard 5.3.zB. Mr. Novak stated the standard should apply equally to temporary and permanent releases. Ms. McVicker stated if the original shipper holds the risk of the transaction, the original shipper is the party that should be completing the creditworthiness evaluation, not the pipeline. Mr. Nelson differed, stating established FERC policy directs pipeline to complete creditworthiness evaluations in instances of capacity release.

Mr. Buccigross called the vote on proposed standard 5.3.zB. The motion failed. Please see Attachment A for a complete voting record.

Proposed standard 5.3.zC: Mr. Novak moved, seconded by Mr. Sullivan, to adopt the M. Novak version of proposed standard 5.3.zC. Ms. Van Pelt objected to the modification from the BPS strawman. Mr. Novak withdrew his motion.

Ms. Van Pelt moved, seconded by Mr. Griffith, to adopt the BPS strawman version of proposed standard 5.3.zC. Please see Attachment A for proposed standards language.

Ms. Daly restated her policy concern on the lack of objective criteria for initiation of a creditworthiness evaluation. Ms. Chezar noted several pipelines have similar language in their tariffs. She stated approval of the tariff sheets established the policy on which this proposed standard was drafted. Ms. Gibbs stated in addition to the objective criteria issues, timing issues also exist. Ms. Gibbs said that in certain circumstances the creditworthiness evaluation is dependent on the underlying agreement or award of capacity release. For example, it was noted a shipper could be deemed creditworthy for one transaction and not creditworthiness for a larger transaction.

Mr. Buccigross called the vote on proposed standard 5.3.zC. The motion failed. Please see Attachment A for a complete voting record.

Proposed standard 5.3.zD: Ms. Davis moved, seconded by Mr. Young, to adopt the BPS strawman version of proposed standard 5.3.zD. Please see Attachment A for proposed standards language.



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Ms. Gibbs stated proposed standard 5.3.zD raises the same timeline concerns noted above. She stated it was difficult to get a concept for the creditworthiness evaluation process when some standards contain timelines and others do not. Ms. Davis disagreed and stated the proposed standard does not have timeline implications, since the timelines for capacity release transactions already exist.

Mr. Buccigross called the vote on proposed standard 5.3.zD. The results were inconclusive so the motion will be subject to notational ballot. Please see Attachment A for a complete voting record.

Proposed standard 5.3.zF: Ms. McVicker moved, seconded by Mr. Griffith, to adopt the BPS strawman version of proposed standard 5.3.zF, deleting bullet 4. Please see Attachment A for proposed standards language. On general consensus, Ms. McVicker amended her motion to include the M. Novak version of proposed standard 5.3.zF.

Mr. Buccigross called the vote on proposed standard 5.3.zF. The results were inconclusive so the motion will be subject to notational ballot. Please see Attachment A for a complete voting record. Vote: inconclusive.

Proposed standard 5.3.zG: Mr. Novak moved, seconded by Mr. Sullivan, to adopt the M. Novak version of proposed standard 5.3.zG. Please see Attachment A for proposed standards language. During discussion, Mr. Griffith suggested participants examine the other proposed communications standards, including proposed standards 0.3.zE and 0.3.zF. It was agreed the generic communications standards address the issues of 5.3.zG. Accordingly, Mr. Novak withdrew his motion.

Ms. McVicker moved, seconded by Ms. Van Pelt, that proposed standard 5.3.zG be deleted due to redundancy associated with proposed standard 0.3.zF.

Mr. Buccigross called the vote on proposed standard 5.3.zG. On a procedural vote, the motion passed. Please see Attachment A for a complete voting record.

### **5. Date for Publication of Version 1.7**

A conference call will be scheduled to address the date of publication for NAESB WGQ Standards version 1.7.

### **6. WGQ Quadrant Procedures**

It was noted the revised WGQ Quadrant Procedures are not complete. Ms. Van Pelt stated work would resume on the WGQ procedures after the conclusion of the creditworthiness work.

### **7. Update on 2003 WGQ Annual Plan & Subcommittee Reports**

Absent objection, the update on 2003 WGQ Annual Plan & Subcommittee reports was not given. Updates to the 2003 WGQ Annual Plan will be discussed during the WGQ EC conference call on the publication date.

### **8. 2004 WGQ Annual Plan Development**

Mr. Buccigross gave the report of the Annual Plan Subcommittee (APS). He stated the APS will create an annual plan development scheduled that allows consideration of the draft annual plans at the October Executive Committee meetings. Mr. Buccigross noted the APS will likely meet via teleconference in late June or early July.



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### **9. New Business**

Mr. Sappenfield stated the WGQ Contracts Subcommittee will meet on June 24-25, 2003 at the NAESB Offices to work on the Credit Support Addendum. The stated goal of the meeting is to complete work on the second round of comments.

It was noted the results of the May 22, 2003 Triage Subcommittee meeting were approved by each Quadrant's Executive Committee.

On behalf of the Board of Directors, Mr. Haynes thanked the WGQ Executive Committee members for meeting and considering each of the proposed creditworthiness standards. He noted the result of the meeting was passage of a discrete set of standards, identification of some general and specific policy concerns, identification of some language issues, and identification of areas where the market segments could not reach consensus.

### **10. Adjourn**

The meeting adjourned at 6:33 p.m. Eastern.



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### 11. Executive Committee Attendees and Partial Voting Record

End User Segment	Title, Organization	Present
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	In Person
Gary Hinners	Director of Natural Gas Regulatory Issues, Reliant Energy Services, Inc.	In Person
Kelly Daly	Partner, Stinson, Morrison & Hecker, rep. Arizona Public Service Co.	In Person
Dona Gussow	Contracts Coordinator, Florida Power and Light	In Person
Tina Burnett	Natural Gas Operations Administrator, Boeing	Phone
<b>LDC Segment</b>		
Rodger Schwecke	Pipeline Products Projects Manager, Southern California Gas	Phone
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	In Person
Chris Maturio	Director, Operations Integration, NiSource, Inc.	In Person
Marjorie Perlman, alt. for C. Maturio	Director Federal Regulatory Proceedings, Energy East Management Corporation	In Person
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	In Person
Steve Sullivan	Regulatory Manager of Gas Supply, Consolidated Edison Co. of NY	In Person
<b>Pipeline Segment</b>		
Mark Gracey	Consultant - Business Processes, Tennessee Gas Pipeline Co.	In Person
Bill Griffith	Director, Transmission & Storage, Colorado Interstate Gas Co.	In Person
Dale Davis	Consultant, Williams Gas Pipeline	In Person
Randy Young	Director, Regulatory Compliance, Gulf South Pipeline Co., LP	In Person
Kim Van Pelt	GISB Coordinator, CMS Panhandle Eastern Pipe Line	In Person
<b>Producer Segment</b>		
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company	Absent
Paul Keeler	Managing Attorney, Marketing, Burlington Resources	Absent
David Ogden, alt. for S. Heslington	Manger, Marketing Administration, Dominion Exploration and Production	In Person
Richard Smith	Director, Regulatory Affairs, ExxonMobil	Phone
Mike Shepard	General Counsel, Mewbourne Oil Company	In Person
<b>Services Segment</b>		
Suzanne Calcagno V A C A N C Y	Associate Director - Regulatory Compliance, UBS Warburg Energy V A C A N C Y	In Person
Leigh Spangler	CEO, Latitude Technologies	In Person
Jim Buccigross	Vice President, 8760 Inc.	In Person
Keith Sappenfield	Regional Director of Regulatory Affairs, EnCana Marketing (USA) Inc.	In Person

**Administrative:**

Rae McQuade	-Executive Director
Veronica Thomason	-NAESB Staff
Todd Oncken	-Deputy Director

**Other Participants**

Name	Company	Comments
Forrest Alexander	Sequent Energy	In Person
Mariam Arnaut	American Gas Association	In Person
Mike Bray	Shell Gas Transmission	In Person
Kathryn Burch	Duke Energy Transmission - Texas Eastern	In Person
Christopher Burden	Williams Gas Pipeline	In Person
Yvette Camp	Southern Company	Phone
Paul Cherry	None given	Phone
Craig Colombo	Dominion Resources	In Person
Pete Connor	NiSource	Phone



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Jennifer Deegan	Washington Gas Light Company	In Person
Michael Desselle	American Electric Power	In Person
Jim Downs	Calpine Corporation	In Person
Gary Duede	Arizona Public Service	Phone
Kirstin Gibbs	Process Gas Consumers Group and American Forest & Paper Association	In Person
Melvin Gravely	MJ Management Consultants (Parliamentarian)	In Person
Charles Gray	NARUC	Phone
Bill Grygar	Panhandle Eastern Pipe Line Co.	In Person
Tom Gwilliam	Iroquois Gas Transmission System	In Person
Leonard Haynes	Southern Company	In Person
Cheryl Hoffman	Hoffman Paulson Associates	In Person
Alan Johnson	Mirant	Phone
Veronica Jones	Defense Energy Support Center	Phone
Joe Kardas	National Fuel Supply	In Person
Marcy McCain	Duke Energy Gas Transmission	In Person
Pat Metteamer	Sequent Energy	In Person
Howard Nelson	El Paso Corp.	In Person
Janie Nielsen	Kern River Gas Transmission Company	Phone
Laurence Paulson	Hoffman Paulson Associates	In Person
Marjorie Perlman	Energy East Management Corp.	In Person
Phil Precht	Baltimore Gas & Electric Company	In Person
David Reitz	National Fuel Gas Supply Corp.	In Person
Donna Scott	Transwestern	Phone
Jason Stanek	FERC	In Person
Don Sytsma	R. J. Rudden Associates	In Person
Mark Wilke	Trunkline Gas Company	In Person
Brian Wilmoth	Northern Natural Gas	In Person



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### 12. Partial Voting Record

	Recommendations <sup>1</sup>	R99024 Vote 2	Package 1	Package 2
<b>End User Segment</b>				
Diane McVicker	Yes	Yes	No	Abstain
Gary Hinnners	Yes	Yes	No	No
Kelly Daly	Yes	Yes	No	No
Dona Gussow	Yes	Yes	No	No
Tina Burnett	Yes	Yes	No	No
<b>LDC Segment</b>				
Rodger Schwecke	Yes	Yes	Yes	Yes
Dolores Chezar	Yes	Yes	Abstain	No
Chris Maturo			No	No
Marjorie Perlman, alt. for C. Maturo	Yes	Yes		
Mike Novak	Yes	Yes	Yes	No
Steve Sullivan	Yes	Yes	Yes	No
<b>Pipeline Segment</b>				
Mark Gracey	Yes	Yes	No	Yes
Bill Griffith	Yes	Yes	No	Yes
Dale Davis	Yes	Yes	No	Yes
Randy Young	Yes	Yes	Abstain	Yes
Kim Van Pelt	Yes	Yes	No	Yes
<b>Producer Segment</b>				
Jim Busch				
Paul Keeler				
David Ogden, alt. for S. Heslington	Yes	Yes	Abstain	Yes
Richard Smith	Yes	Yes	No	Yes
Mike Shepard	Yes	Yes	No	Yes
<b>Services Segment</b>				
Suzanne Calcagno	Yes	Yes	Yes	No
V A C A N C Y				
Leigh Spangler	Yes	Yes	Yes	Yes
Jim Buccigross	Yes	Yes	Yes	Yes
Keith Sappenfield	Yes	Yes	No	Yes
<b>Results:</b>	Passed Unanimous	Passed Unanimous	Failed 6 yes/13 no	Failed 12 yes/9 no

<sup>1</sup> Recommendation R00015, R96009, R97070, R99016, R99021B, R99028, R99029, R99043, Minimum Technical Characteristics, and C03001.