

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**Executive Committee Meeting -WGQ Meeting Materials**  
**May 20, 2003**

---

**North American Energy Standards Board**

**Executive Committee Meeting**

**Wholesale Gas Quadrant**

**May 20, 2003**

**Houston, Texas**

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**Executive Committee Meeting -WGQ Meeting Materials**  
**May 20, 2003**

---

**TABLE OF CONTENTS**

Welcome & Opening Remarks

- WGQ EC Members and Terms
- Schedule of 2003 Meetings

Agenda

BPS Creditworthiness Recommendation

Comments

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**Executive Committee Meeting -WGQ Meeting Materials**  
**May 20, 2003**

---

*Welcome and Opening Remarks*

- *Meeting Information*
- *Antitrust Guidelines*
- *EC Members and Terms*
- *Schedule of 2003 Meetings*

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**Executive Committee Meeting -WGQ Meeting Materials**  
**May 20, 2003**

---

**Welcome and Opening Remarks**

- The meeting arrangements are posted and were contained in the meeting announcement. The meeting is held in downtown Houston at 1301 Fannin, 13<sup>th</sup> Floor, San Jacinto Room.
  
- For further assistance please reach:  
Veronica Thomason at (713) 356 - 0060
  
- The officers presiding over the Executive Committee meeting are:  
Jim Buccigross - Chairman, presenting the WGQ  
Rae McQuade - Executive Director and COO  
Todd Oncken - Antitrust Counsel
  
- Transcripts will be available and can be ordered either during the meeting, or by contacting the NAESB office after the meeting for further information, 713-356-0060.
  
- To participate by phone, please call the NAESB Office (713-356-0060, naesb@aol.com) for conference calling information.

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**Executive Committee Meeting -WGQ Meeting Materials**  
**May 20, 2003**

---

**Antitrust Guidelines**

- The antitrust guidelines will be covered by Mr. Todd Oncken. The points are:

Antitrust guidelines direct meeting participants to avoid discussion of topics or behavior that would result in anticompetitive behavior including: restraint of trade and conspiracies to monopolize, unfair or deceptive business acts or practices, price discriminations, division of markets, allocation of production, imposition of boycotts, and exclusive dealing arrangements.

Any views, opinions or positions presented or discussed by meeting participants are the views of the individual meeting participants and their organizations. Any such views, opinions or positions are not the views, positions or opinions of NAESB, the NAESB Board of Directors, or any NAESB Committee or Subcommittee, unless specifically noted otherwise.

As it is not the purpose of the meeting to discuss any antitrust topics, if anyone believes we are straying into improper areas, please let us know and we will redirect the conversation.



# North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@aol.com](mailto:naesb@aol.com)

Home Page: [www.naesb.org](http://www.naesb.org)

## NORTH AMERICAN ENERGY STANDARDS BOARD 2003 EXECUTIVE COMMITTEE TERMS - Wholesale Gas Quadrant

As of April 29, 2003

<b>End User Segment</b>		<b>Term Ending</b>
Diane McVicker	Sr. Principal Fuel Supply Analyst, Salt River Project	Dec 31, 2005
Gary Hinners	Director of Natural Gas Regulatory Issues, Reliant Energy Services, Inc.	Dec 31, 2005
Kelly Daly	Partner, Morrison & Hecker, rep. Arizona Public Service Co.	Dec 31, 2004
Dona Gussow	Contracts Coordinator, Florida Power and Light	Dec 31, 2003
Tina Burnett	Natural Gas Operations Administrator, Boeing	Dec 31, 2003
<b>Distribution Segment</b>		
Rodger Schwecke	Pipeline Products Projects Manager, Southern California Gas	Dec 31, 2005
Dolores Chezar	Director, Regulatory Policy, KeySpan Energy	Dec 31, 2005
Chris Maturo	Director, Operations Integration, NiSource, Inc.	Dec 31, 2004
Mike Novak	Assistant General Manager, National Fuel Gas Distribution	Dec 31, 2003
Steve Sullivan	Regulatory Manager of Gas Supply, Consolidated Edison of NY	Dec 31, 2003
<b>Pipeline Segment</b>		
Mark Gracey	Consultant - Transportation Services, Tennessee Gas Pipeline Co.	Dec 31, 2005
Bill Griffith	Director, Transmission & Storage, Colorado Interstate Gas Co.	Dec 31, 2005
Dale Davis	Consultant, Williams Gas Pipelines	Dec 31, 2004
Randy Young	Director Regulatory Compliance, Gulf South Pipeline	Dec 31, 2003
Kim Van Pelt	GISB Coordinator, CMS Panhandle Eastern Pipe Line	Dec 31, 2003
<b>Producer Segment</b>		
Jim Busch	Director of Energy Policy and Regulation, BP Energy Company	Dec 31, 2005
Paul Keeler	Managing Attorney, Marketing, Burlington Resources	Dec 31, 2005
Sheri Heslington	Dominion Exploration	Dec 31, 2004
Richard Smith	Director, Regulatory Affairs, ExxonMobil	Dec 31, 2003
V A C A N C Y *	V A C A N C Y	Dec 31, 2003
<b>Services Segment</b>		
Suzanne Calcagno	Associate Director - Regulatory Compliance, UBS Warburg Energy	Dec 31, 2005
V A C A N C Y	V A C A N C Y	Dec 31, 2005
Leigh Spangler	CEO, Latitude Technologies	Dec 31, 2004
Jim Buccigross	Vice President, 8760 Inc.	Dec 31, 2003
Keith Sappenfield	Director, Regulatory Compliance, EnCana Energy Services	Dec 31, 2003

**OFFICERS:** Jim Buccigross is 2003 chairman of the Executive Committee, Mike Novak is 2003 RGQ vice chairman; Jim Minneman is the 2003 REQ vice chairman, and Steve Corneli is the 2003 WEQ vice chairman.

\* A nomination period for this vacancy will end on May 9. Currently, Mr. Shepard of Mewbourne Oil has declared for the open seat. Should no other candidates come forward, Mr. Shepard will be declared the new EC member, and may be present at the meeting.



# North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@aol.com](mailto:naesb@aol.com)

Home Page: [www.naesb.org](http://www.naesb.org)

---

## NORTH AMERICAN ENERGY STANDARDS BOARD 2003 EXECUTIVE COMMITTEE ALTERNATES - Wholesale Gas Quadrant

As of April 29, 2003

---

### End User Segment

Gary Duede	Arizona Public Services Company
Joel Greene	Partner, Energy Advocates, LLP
Mike Robison	Florida Power & Light Company

---

### Distribution Segment

Craig Colombo	Dominion Resources
Jennifer Deegan	Federal Regulatory Affairs, Washington Gas
Rick Ishikawa	Transportation Contract Administrator, Southern California Gas Company
Bill Oppenheim	Manager Asset Optimization, PECO Energy
Marjorie Perlman	Director, Federal Regulatory Proceedings, Energy East Management Corporation (Rochester Gas & Electric)

---

### Pipeline Segment

Bill Grygar	Vice President, CMS Panhandle Eastern Pipe Line
Scott Hansen	Questar Pipeline Company
Iris King	Director, Technical and Marketing Support, Dominion Transmission, Inc.
Paul Love	Director, Electronic Customer Services, Natural Gas Pipe Line Company of America

---

### Producer Segment

Carla Johnson	Conoco, Inc.
---------------	--------------

---

### Services Segment

Jim Macredie	TXU Energy Trading Company
--------------	----------------------------

---



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002  
 Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com  
 Home Page: www.naesb.org

### North American Energy Standards Board 2003 Calendar of Board and Executive Committee Meetings

Month	Day	Date	Time (Local Time)	Meeting/Event	Location/Sponsor
February	Tue	18	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	Entergy/New Orleans
	Wed	19	8:00 am – 5:00 pm	Executive Committee Meeting – RGQ, REQ	
	Thu	20	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	
March	Thu	20	8:00 am - Noon	Board Meeting	AGA/Washington, D.C.
April	Tue	8	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	FPL/Ft. Lauderdale, FL
	Wed	9	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	
	Thu	10	8:00 am – 5:00 pm	Executive Committee Meeting – RGQ, REQ	
May	Tue	20	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	NAESB/Houston
June	Tue	3	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	AGA/Washington, D.C.
	Wed	4	8:00 am – 5:00 pm	Executive Committee Meeting – RGQ, REQ	
	Thu	5	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	
June	Thu	26	8:00 am - Noon	Board Meeting	Houston, Texas
August	Tue	5	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	PECO/Philadelphia, PA
	Wed	6	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	
	Thu	7	8:00 am – 5:00 pm	Executive Committee Meeting – REQ, RGQ	
September	Tue	16	1:00 pm – 5:30 pm	Annual Meeting	Austin, Texas
	Wed	17	8:30 am – 5:00 pm	Annual Meeting	
	Thu	18	8:00 am - Noon	Board Meeting	
October	Tue	7	9:00 am – 4:00 pm	Executive Committee Meeting – WEQ	Systrends/Tempe, AZ
	Wed	8	8:00 am – 5:00 pm	Executive Committee Meeting – REQ, RGQ	
	Thu	9	9:00 am – 4:00 pm	Executive Committee Meeting – WGQ	



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@aol.com](mailto:naesb@aol.com)

Home Page: [www.naesb.org](http://www.naesb.org)

---

### North American Energy Standards Board 2003 Calendar of Board and Executive Committee Meetings

---

Month	Day	Date	Time (Local Time)	Meeting/Event	Location/Sponsor
December	Thu	4	8:00 am - Noon	Board Meeting	Houston, Texas
	Tue	9	9:00 am - 4:00 pm	Executive Committee Meeting - WEQ	NAESB/Houston, Texas
	Wed	10	9:00 am - 4:00 pm	Executive Committee Meeting - WGQ	
	Thu	11	8:00 am - 5:00 pm	Executive Committee Meeting - REQ, RGQ	



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002  
 Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com  
 Home Page: www.naesb.org

### North American Energy Standards Board Document Availability and Due Dates Supporting Board and Executive Committee Meetings

Month	Date	Day	Deliverable Date	Meeting/Supporting Materials
<b>February</b>	<b>18</b>	<b>Tue</b>		<b>Executive Committee Meeting - WEQ</b>
	<b>19</b>	<b>Wed</b>		<b>Executive Committee Meeting - RGQ, REQ</b>
	<b>20</b>	<b>Thu</b>		<b>Executive Committee Meeting - WGQ</b>
			December 19	Recommendations on Proposed Standards Due from Subcommittees
			December 20	Recommendations on Proposed Standards Distributed for Comment from Office
			January 27	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			January 30	Triage Call to address new requests
			January 31	Joint EC Call to address new requests
			January 31	Industry Comments Due in Recommendations on Proposed Standards
		January 31	Deadline for any work papers to be included in EC Book	
		February 3	EC Book Prepared and Electronically Distributed	
<b>March</b>	<b>20</b>	<b>Thu</b>		<b>Board Meeting</b>
			February 20	Board Agenda Prepared with Chairman and Distributed by Office
			March 3	Board Book Prepared and Electronically Distributed by Office
<b>April</b>	<b>8</b>	<b>Tue</b>		<b>Executive Committee Meeting - WEQ</b>
	<b>9</b>	<b>Wed</b>		<b>Executive Committee Meeting - WGQ</b>
	<b>10</b>	<b>Thu</b>		<b>Executive Committee Meeting - RGQ, REQ</b>
			February 21	Recommendations on Proposed Standards Due from Subcommittees
			February 24	Recommendations on Proposed Standards Distributed for Comment from Office



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com

Home Page: [www.naesb.org](http://www.naesb.org)

---

### North American Energy Standards Board Document Availability and Due Dates Supporting Board and Executive Committee Meetings

---

Month	Date	Day	Deliverable Date	Meeting/Supporting Materials
			March 17	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			March 20	Triage Call to address new requests
			March 21	Joint EC Call to address new requests
			March 21	Industry Comments Due in Recommendations on Proposed Standards
			March 21	Deadline for any work papers to be included in EC Book
			March 24	EC Book Prepared and Electronically Distributed
<b>May</b>	<b>20</b>	<b>Tue</b>		<b>Executive Committee Meeting - WGQ</b>
			April 21	Recommendations on Proposed Standards Due from Subcommittees
			April 21	Recommendations on Proposed Standards Distributed for Comment from Office
			April 25	EC Agenda From EC Chair, Distributed by Office Same Day
			May 5	EC Book Prepared and Electronically Distributed
			May 19	Industry Comments Due in Recommendations on Proposed Standards
<b>June</b>	<b>3</b>	<b>Tue</b>		<b>Executive Committee Meeting - WEQ</b>
	<b>4</b>	<b>Wed</b>		<b>Executive Committee Meeting - RGQ, REQ</b>
	<b>5</b>	<b>Thu</b>		<b>Executive Committee Meeting - WGQ</b>
			April 16	Recommendations on Proposed Standards Due from Subcommittees
			April 17	Recommendations on Proposed Standards Distributed for Comment from Office
			May 9	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			May 15	Triage Call to address new requests
			May 16	Joint EC Call to address new requests



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002  
 Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com  
 Home Page: www.naesb.org

### North American Energy Standards Board Document Availability and Due Dates Supporting Board and Executive Committee Meetings

Month	Date	Day	Deliverable Date	Meeting/Supporting Materials
			May 16	Industry Comments Due in Recommendations on Proposed Standards
			May 16	Deadline for any work papers to be included in EC Book
			May 19	EC Book Prepared and Electronically Distributed
<b>June</b>	<b>26</b>	<b>Thu</b>		<b>Board Meeting</b>
			May 22	Board Agenda Prepared with Chairman and Distributed by Office
			June 9	Board Book Prepared and Electronically Distributed by Office
<b>August</b>	<b>5</b>	<b>Tue</b>		<b>Executive Committee Meeting - WEQ</b>
	<b>6</b>	<b>Wed</b>		<b>Executive Committee Meeting - WGQ</b>
	<b>7</b>	<b>Thu</b>		<b>Executive Committee Meeting - REQ, RGQ</b>
			June 18	Recommendations on Proposed Standards Due from Subcommittees
			June 19	Recommendations on Proposed Standards Distributed for Comment from Office
			July 7	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			July 17	Triage Call to address new requests
			July 18	Joint EC Call to address new requests
			July 18	Industry Comments Due in Recommendations on Proposed Standards
			July 18	Deadline for any work papers to be included in EC Book
			July 21	EC Book Prepared and Electronically Distributed
<b>September</b>	<b>16</b>	<b>Tue</b>		<b>Annual Meeting</b>
	<b>17</b>	<b>Wed</b>		<b>Annual Meeting</b>



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002  
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com  
Home Page: www.naesb.org

---

### North American Energy Standards Board Document Availability and Due Dates Supporting Board and Executive Committee Meetings

---

Month	Date	Day	Deliverable Date	Meeting/Supporting Materials
<b>September</b>	<b>18</b>	<b>Thu</b>		<b>Board Meeting</b>
			August 15	Board Agenda Prepared with Chairman and Distributed by Office
			September 2	Board Book Prepared and Electronically Distributed by Office
<b>October</b>	<b>7</b>	<b>Tue</b>		<b>Executive Committee Meeting - WEQ</b>
	<b>8</b>	<b>Wed</b>		<b>Executive Committee Meeting - REQ, RGQ</b>
	<b>9</b>	<b>Thu</b>		<b>Executive Committee Meeting - WGQ</b>
			August 19	Recommendations on Proposed Standards Due from Subcommittees
			August 20	Recommendations on Proposed Standards Distributed for Comment from Office
			September 8	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			September 18	Triage Call to address new requests
			September 19	Joint EC Call to address new requests
			September 19	Industry Comments Due in Recommendations on Proposed Standards
			September 19	Deadline for any work papers to be included in EC Book
			September 22	EC Book Prepared and Electronically Distributed
<b>December</b>	<b>4</b>	<b>Thu</b>		<b>Board Meeting</b>
			November 4	Board Agenda Prepared with Chairman and Distributed by Office
			November 19	Board Book Prepared and Electronically Distributed by Office
<b>December</b>	<b>9</b>	<b>Tue</b>		<b>Executive Committee Meeting - WEQ</b>



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@aol.com](mailto:naesb@aol.com)

Home Page: [www.naesb.org](http://www.naesb.org)

---

### North American Energy Standards Board Document Availability and Due Dates Supporting Board and Executive Committee Meetings

---

Month	Date	Day	Deliverable Date	Meeting/Supporting Materials
	<b>10</b>	<b>Wed</b>		<b>Executive Committee Meeting - WGQ</b>
	<b>11</b>	<b>Thu</b>		<b>Executive Committee Meeting - REQ, RGQ</b>
			October 21	Recommendations on Proposed Standards Due from Subcommittees
			October 22	Recommendations on Proposed Standards Distributed for Comment from Office
			November 10	EC Agendas From EC Chair and Vice Chairs, Distributed by Office Same Day
			November 20	Triage Call to address new requests
			November 21	Joint EC Call to address new requests
			November 21	Industry Comments Due in Recommendations on Proposed Standards
			November 21	Deadline for any work papers to be included in EC Book
			November 24	EC Book Prepared and Electronically Distributed

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**Executive Committee Meeting -WGQ Meeting Materials**  
**May 20, 2003**

---

*Agenda*



## North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@aol.com](mailto:naesb@aol.com)

Home Page: [www.naesb.org](http://www.naesb.org)

---

April 25, 2003

**TO:** NAESB Executive Committee – Wholesale Gas Quadrant, and Interested Industry Participants  
**FROM:** Jim Buccigross, NAESB Executive Committee Chairman  
Rae McQuade, NAESB Executive Director  
**RE:** Executive Committee Meeting Agenda – May 20, 2003

---

**NORTH AMERICAN ENERGY STANDARDS BOARD WGQ EXECUTIVE COMMITTEE MEETING  
1301 Fannin, Houston, Texas 77002  
May 20, 2003**

As announced at prior Executive Committee meetings, meeting announcements and in other communications, the Wholesale Gas Quadrant of the Executive Committee (EC) will meet in Houston at the NAESB Offices, 1301 Fannin, Houston, Texas 77002. Please note that this is a single topic agenda – to address the proposed credit worthiness standards.

Below are the meeting arrangements:

**WHERE:** 1301 Fannin  
Houston, Texas, 77002  
13<sup>th</sup> Floor – San Jacinto Meeting Room  
Phone: 713-356-0060

**WHEN:** May 20, 2003, 9:00 a.m. to 4:00 p.m.

The offices are located in the downtown Houston area. Nearby hotels and information are posted on the NAESB web site. The materials for the meeting will be emailed to the participants and posted on the web site shortly. Conference calling will be available for those unable to attend in person – please call the office for the dial-in number, pass code and conference leader. The meeting is open to any interested party.

As always, the chair reserves the right to extend the time of the meeting to ensure that agenda items are addressed. The times indicated on the agenda will be followed to ensure that agenda items are allotted appropriate time slots. Should an agenda item conclude earlier than its stated time slot, the remaining time can be allotted to other agenda items at the discretion of the chair.

Please feel free to call the NAESB office should you have any questions or comments.

Best Regards,  
*Rae McQuade*



# North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@aol.com](mailto:naesb@aol.com)

Home Page: [www.naesb.org](http://www.naesb.org)

---

**NORTH AMERICAN ENERGY STANDARDS BOARD WGQ EXECUTIVE COMMITTEE MEETING  
1301 Fannin, Houston, Texas 77002  
May 20, 2003**

**DRAFT AGENDA**

- 9:00 a.m.
1. Welcome
    - Antitrust Guidelines
    - Welcome to members and attendees
    - Introduction and Roll Call
    - Adoption of Agenda
  2. Proposed Creditworthiness Standards
    - Discussion and Vote on Recommendation
    - Numbering and categorization of standards
    - Ratification/publication schedule
  3. Other Business
- 4:00 p.m.
4. Adjourn

*Working lunch provided*

*Attire - Business Casual*

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**Executive Committee Meeting -WGQ Meeting Materials**  
**May 20, 2003**

---

***BPS Creditworthiness Recommendation***

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE**

**Requester:**

**Request No.: 2003 Annual Plan Item 6**

**1. Recommended Action:**

- Accept as requested
- Accept as modified below
- Decline

**Effect of EC Vote to Accept Recommended Action:**

- Change to Existing Practice
- Status Quo

**2. TYPE OF MAINTENANCE**

**Per Request:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**Per Recommendation:**

- Initiation
- Modification
- Interpretation
- Withdrawal
  
- Principle (x.1.z)
- Definition (x.2.z)
- Business Practice Standard (x.3.z)
- Document (x.4.z)
- Data Element (x.4.z)
- Code Value (x.4.z)
- X12 Implementation Guide
- Business Process Documentation

**3. RECOMMENDATION**

**SUMMARY:**

- Add proposed NAESB WGQ 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

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE**

**Requester:**

**Request No.: 2003 Annual Plan Item 6**

**STANDARDS LANGUAGE:**

**Proposed Standard 0.3.zA**

For credit evaluation purposes, the Service Requester (SR) should supply any of the following information as specified by the Transportation Service Provider (TSP):

Audited Financial Statements;

Annual Report;

Most recent filed statements with the Securities and Exchange Commission (or an equivalent authority) or such other publicly available information;

For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (CFO) that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;

For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent;

For non-public entities, including those that are state-regulated utilities, an existing sworn filing, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the SR's current financial condition;

For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) of an authorized gas supply cost recovery mechanism which fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent;

List of Affiliates, Parent Companies, and Subsidiaries;

Publicly Available Credit Reports from Credit and Bond Rating Agencies;

Private Credit Ratings, if obtained by the SR;

Bank References;

Trade References;

Statement of Legal Composition;

Statement of Length of Time Business has been in Operation;

Such other information as may be mutually agreed to by the parties; and

Such other information as the TSP may receive approval to include in its tariff or general terms and conditions.

Non-public information supplied by the SR should be treated by the TSP as confidential.

**Proposed Standard 0.3.zB**

If the Transportation Service Provider (TSP) requests additional information to be used for credit evaluation after the initiation of service, the TSP should provide its reason(s) for requesting the additional information to the Service Requester (SR). The TSP and the SR may mutually agree to waive the requirements of this standard.

## RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

**Requester:**

**Request No.: 2003 Annual Plan Item 6**

### **Proposed Standard 0.3.zC**

Upon receipt of a request from the Transportation Service Provider (TSP) for information to be used for credit evaluation, the Service Requester's (SR) authorized representative(s) should acknowledge receipt of the TSP's request. The TSP and the SR may mutually agree to waive the requirements of this standard.

### **Proposed Standard 0.3.zD**

The Service Requester's (SR) authorized representative(s) should respond to the Transportation Service Provider's (TSP) request for credit information, as allowed by the TSP's tariff, on or before the due date specified in the request. The SR should provide all the credit information requested by the TSP or provide the reason(s) why any of the requested information was not provided.

### **Proposed Standard 0.3.zE**

Upon receipt from the Service Requester (SR) of all credit information provided pursuant to NAESB WGQ Standard [0.3.zD], the Transportation Service Provider (TSP) should notify the SR's authorized representative(s) that it has received such information. The TSP and the SR may mutually agree to waive the requirements of this standard.

### **Proposed Standard 0.3.zF**

The Service Requester (SR) should designate up to two representatives who are authorized to receive notices regarding the SR's creditworthiness pursuant to NAESB WGQ Standard [0.3.zE] and should provide to the Transportation Service Provider (TSP) the Internet e-mail addresses of such representatives prior to the initiation of service. The obligation of the TSP to provide creditworthiness notifications is waived until the above requirement has been met. The SR should manage internal distribution of any creditworthiness notices that are received.

### **Proposed Standard 0.3.zG**

Upon the Transportation Service Provider's (TSP) determination that a Service Requester (SR) is non-creditworthy, the TSP should provide the SR with written notification that clearly states the reason(s) for the TSP's decision.

### **Proposed Standard 0.3.zH**

At the time of its request for service and upon the Transportation Service Provider's (TSP) request at any time thereafter, the Service Requester (SR) should confirm to the TSP whether any of the following conditions exist:

- (1) that the SR has filed for bankruptcy protection and/or is operating under any chapter of the bankruptcy laws;
- (2) that the SR is subject to liquidation or debt reduction procedures under governing laws, such as an assignment for the benefit of creditors or any creditors' committee agreement; and/or
- (3) that the SR's credit rating has been downgraded by a credit rating agency within the last six months.



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE**

**Requester:**

**Request No.: 2003 Annual Plan Item 6**

**Proposed Standard 0.3.zI**

Upon request of the Transportation Service Provider (TSP), the Service Requester should furnish the applicable information requested in NAESB WGQ Standards [0.3.zA] and [0.3.zH], including an explanation for any unavailable information, within three (3) business days or such later date acceptable to the TSP.

**Proposed Standard 0.3.zJ**

In complying with information requirements specified by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standards [0.3.zA] and [0.3.zH], the Service Requester (SR) should provide to the TSP the public documents that contain the required information. The public documents may be either the SR's public documents or, if the SR does not have the required documents, the public documents of the SR's parent company, to the extent that such documents contain the required information pertaining to the SR. If the SR provides its parent company's public documents to confirm the existence of an event specified in Standard [0.3.zH], the SR should specify where, in said public document, such information appears.

**Proposed Standard 0.3.zK**

At any time after the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), the SR may initiate a credit status re-evaluation by the TSP. As part of the SR's re-evaluation request, the SR should either update or confirm in writing the prior information provided to the TSP related to the SR's credit status. Such update should include any substantial event(s) that the SR believes could lead to a change in the SR's credit status.

**Proposed Standard 0.3.zL**

After a Transportation Service Provider's (TSP) receipt of a Service Requester's (SR) request for re-evaluation, including all required information pursuant to NAESB WGQ Standard [0.3.zK] ("SR's Request"), within [x] Business Days, the TSP should provide a written response to the SR's Request. Such written response should include either a determination of creditworthiness status, clearly stating the reason(s) for the TSP's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-evaluation determination exceed [y] Business Days from the date of the receipt of the SR's Request unless the parties mutually agree to some later date. The values for [x] and [y] should be specified in the TSP's tariff.

**Proposed Standard 0.3.zM**

For the Service Requester (SR) to receive initial service or to continue to receive service from a Transportation Service Provider (TSP), the SR should be

- (1) creditworthy in accordance with the TSP's tariff or provide credit alternative(s) in accordance with NAESB WGQ Standard [0.3.zN],
- (2) current on all undisputed payments to the TSP for service, and
- (3) otherwise in compliance with the TSP's tariff or service agreement.



## RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

**Requester:**

**Request No.: 2003 Annual Plan Item 6**

### **Proposed Standard 0.3.zN**

In the event that the Service Requester (SR) is determined to be non-creditworthy by the Transportation Service Provider (TSP), at the SR's option, the SR should provide one or more of the following forms of credit alternatives to receive initial service or continue to receive service:

- (1) guarantee;
- (2) an irrevocable letter of credit; or
- (3) prepayment of service.

Such credit alternative(s) should be acceptable to the TSP, provided that the TSP's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. The TSP and SR may mutually agree that the SR will provide other forms of credit alternatives. In order for a guarantee or an irrevocable letter of credit to be accepted by the TSP, the entity that provides such guarantee or letter of credit must be creditworthy in accordance with the TSP's tariff.

### **Proposed Standard 0.3.zO**

Except as to a Service Requester (SR) that subscribes to service in connection with construction, expansion, acquisition or lease of new facilities, the Transportation Service Provider's tariff should specify the amount of alternative credit assurance that will be required of a SR that is not creditworthy.

### **Proposed Standard 0.3.zP**

If the Service Requester (SR) provides cash as a credit alternative required by the Transportation Service Provider (TSP) pursuant to NAESB WGQ Standard [0.3.zN], the TSP should pay interest to the SR on the cash principal amount held by the TSP on the total amount of the cash received by the TSP. This cash principal amount should exclude the SR's one-month advance payment to the TSP to continue service after the TSP determines the SR to be non-creditworthy pursuant to the TSP's tariff. At the TSP's sole option and in lieu of the TSP paying interest, the TSP may allow the SR to choose to deposit a cash form of credit alternative in an escrow account where the SR will receive the interest on such cash and the TSP will have access to the cash principal for the assurance of payments to the TSP for its services provided to the SR in the event the SR fails to make such payments.

### **Proposed Standard 5.3.zA**

A Transportation Service Provider (TSP) can terminate any release if the original Service Requester's (SR) underlying service agreement is terminated due to default or failure to maintain creditworthiness, provided, however, that the release shall not terminate if the replacement shipper agrees to pay, for the remaining term of the replacement shipper's contract, one of the following:

- (1) the original SR's contract rate,
- (2) the maximum tariff rate applicable to the original SR's capacity, or
- (3) some other rate that is acceptable to the TSP.

The TSP should give the replacement shipper notice before terminating service, as specified in the TSP's tariff. This standard does not address re-releases, which should be governed by the TSP's tariff.



## RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE

**Requester:**

**Request No.: 2003 Annual Plan Item 6**

### **Proposed Standard 5.3.zB**

With respect to non-permanent releases, the Transportation Service Provider (TSP) should evaluate the creditworthiness status of the replacement shipper(s) as if that replacement shipper(s) was applying for comparable capacity with the TSP outside of the capacity release process.

### **Proposed Standard 5.3.zC**

As a pre-condition to bid on posted capacity release offers, the Service Requester (SR) should seek to pre-qualify its status with the Transportation Service Provider (TSP) as a potential replacement shipper. Upon request by the SR, the TSP should determine whether a potential replacement shipper is pre-qualified up to a requested level taking into account all obligations from services that it receives and requests from the TSP, including any service represented by the capacity release. Pre-qualifications are subject to periodic re-evaluation by the TSP.

### **Proposed Standard 5.3.zD**

The Transportation Service Provider (TSP) should not award capacity release offers to the Service Requester (SR) until and unless the SR meets the TSP's creditworthiness requirements applicable to all services that it receives from the TSP, including the service represented by the capacity release.

### **Proposed Standard 5.3.zE**

The Transportation Service Provider (TSP) should allow an existing Service Requester (SR) to permanently release capacity to a replacement shipper, under the same terms and conditions of the releasing shipper's contract, or other mutually agreeable terms and conditions, provided the replacement shipper meets the TSP's creditworthiness and other tariff provisions applicable to the TSP's qualification of a SR to receive service. Such permanent release should be pursuant to the rules, regulations, and policies of the Federal Energy Regulatory Commission (or an equivalent authority) regarding capacity release transactions.

### **Proposed Standard 5.3.zF**

The Transportation Service Provider (TSP) should provide the releasing shipper with Internet E-mail notification reasonably proximate in time with the formal notice given to its replacement shipper(s), of the following:

- (1) Past due, deficiency, or default notice pursuant to the TSP's tariff;
- (2) Suspension of service notice;
- (3) Contract termination notice due to default or credit-related issues;
- (4) Notice that a request for information has been initiated by the TSP for the purpose of credit evaluation, excluding routine communication related to credit maintenance or new service; and
- (5) Notice that a replacement shipper(s) is no longer creditworthy and has not provided credit alternative(s) pursuant to the TSP's tariff.



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE**

**Requester:**

**Request No.: 2003 Annual Plan Item 6**

**Proposed Standard 5.3.zG**

The releasing shipper should provide the Transportation Service Provider (TSP) with the Internet E-mail address of up to two authorized representatives who are designated to receive notification pursuant to NAESB WGQ Standard [5.3.zF]. The obligation of the TSP to provide notifications related to Standard [5.3.zF] is waived until the above requirement has been met. The releasing shipper should manage internal distribution of such notices that are received.

**Proposed Standard 5.3.zH**

In complying with the notifications pursuant to NAESB WGQ Standard [5.3.zF], the releasing shipper and the Transportation Service Provider may mutually agree to other forms of communication in lieu of Internet E-mail notification.

**4. SUPPORTING DOCUMENTATION**

**a. Description of Request:**

2003 Annual Plan Item 6 / 2002 Annual Plan Item 11 – Develop Creditworthiness Standards pursuant to a Annual Plan Item. Such development should be restricted to implementation of existing Commission policy, new Commission policy after it has been ordered and non-policy aspects of Creditworthiness.

**b. Description of Recommendation:**

**Business Practices Subcommittee**

See the Business Practices Subcommittee (BPS) meeting minutes, attachments, and transcripts for the supporting documentation, discussion, and voting records for the following dates:

November 6-7, 2002  
December 3-4, 2002  
December 17, 2002  
January 20, 2003  
January 22-23, 2003  
January 30, 2003  
February 5-6, 2003  
February 11, 2003  
February 14, 2003  
February 27, 2003  
March 6-7, 2003  
March 11, 2003  
March 13, 2003  
March 18-19, 2003  
March 28, 2003  
April 4, 2003  
April 11, 2003  
April 15-16, 2003  
April 21, 2003

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE**

**Requester:**

**Request No.: 2003 Annual Plan Item 6**

**c. Business Purpose:**

**d. Commentary/Rationale of Subcommittee(s)/Task Force(s):**

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**Executive Committee Meeting -WGQ Meeting Materials**  
**May 20, 2003**

---

*Comments*

**NORTH AMERICAN ENERGY STANDARDS BOARD**  
**SCANA Comments on BPS Creditworthiness Proposed Standards**  
**April 24, 2003**

---

I would like to see the following added:

1. Proposed Standard 0.3zN- add "Surety Bonds" as an acceptable credit alternative.
2. Proposed Standard 0.3zP- add "with an agreed upon escrow agent" after escrow account.

Thanks.

Dan Brown  
SCANA Corporation  
Columbia, SC  
[DSBrown@SCANA.com](mailto:DSBrown@SCANA.com)



March 19, 2003

**VIA ELECTRONIC MAIL & U.S. MAIL**

Ms. Rae McQuade  
Executive Director  
North American Energy Standards Board  
1100 Louisiana, Suite 3625  
Houston, TX 77002

Re: February 28, 2003 Memo: "Guidance to Executive Committee on Further Consideration of Creditworthiness Standards"

Dear Ms. McQuade:

This letter is to express Northern Natural Gas Company's (Northern) concern regarding the above-referenced memo of the NAESB General Counsel to you and Bill Boswell of the NAESB Managing Committee, which sets forth a proposal for the NAESB Board to instruct the Executive Committee (EC) regarding the development of creditworthiness standards.

Northern understands the purpose of the NAESB Board is to advise the EC on how it conducts its business and also understands that in discussing appropriate business standards the EC discusses Commission policy in order to ensure that it does not make policy determinations in developing standards. However, the February 28, 2003 memo appears to be interpreting recent Commission orders<sup>1</sup> regarding specific pipeline creditworthiness provisions in a way which, in our opinion, goes beyond the scope of NAESB, which is a voluntary, consensus-based, standards-setting organization that does not have the authority to create or interpret policy standards. Such action is contrary to the objectives and by-laws of NAESB, which provide that "NAESB should endeavor not to create policy."<sup>2</sup> In a resolution dated September 23, 2002, the NAESB Board itself acknowledged that the development of creditworthiness standards by the Wholesale Gas Quadrant should be restricted to:

---

<sup>1</sup> Northern Natural Gas Company, 102 FERC ¶61,076 (2003); Tennessee Gas Pipeline Company, 102 FERC ¶61,075 (2003).

<sup>2</sup> Article 2, Section 2.2 (b) of NAESB's Bylaws.

implementation of existing Commission policy, new Commission policy after it has been ordered and non-policy oriented aspects of creditworthiness.

Further, the Commission has neither required nor requested NAESB to delve into policy matters in developing creditworthiness standards. In fact, the Commission made reference to NAESB's stated restriction against developing policy in both the Northern and Tennessee orders.<sup>3</sup>

As a pipeline subject to one of the Commission orders being interpreted in the February 28 memo, Northern is troubled that its order is being treated by NAESB as if it represents final Commission policy. As you may know, Northern's order remains subject to several rehearing requests, including Northern's own rehearing request. It is not a final order. The Tennessee order is also pending rehearing. Until clear and final Commission policy is established, it is fundamentally unfair to Northern and any other party seeking rehearing to be required to comply with a standard interpreted, recommended or otherwise proffered by NAESB based on either Tennessee's or Northern's initial order. Such action would result in bad policy and confusion in the industry.

Northern is not opposed to NAESB, consistent with the Board's September 23, 2002 resolution, setting standards that will improve the process of determining a shipper's creditworthiness, e.g., standardization of documents that pipelines and their customers use to exchange credit information. However, with respect to creditworthiness provisions in a pipeline's tariff, it is inappropriate for NAESB to step into the Commission's shoes and perform the Commission's statutory obligation, which is to set policy and to determine the reasonableness of pipelines' tariffs. The Commission cannot delegate this role to NAESB, nor can NAESB assume it.

Given the current business environment, where sudden changes occur in shipper creditworthiness and pipelines face increased financial risk, it is critical that pipelines retain the ability to tailor the creditworthiness provisions in their tariffs to meet their particular business risk profile and the needs of their creditworthy shippers, consistent with established Commission policy. Pipeline companies vary dramatically in terms of the level of risk they can assume, their anticipated future risk and their ability to assume more risk. This is illustrated by certain (but not all) pipelines having recently filed to modify their creditworthiness provisions, given changes on their individual systems. The purpose of these filings is to ensure that the pipeline is able to make sound business decisions. Unfortunately, this has opened discussion on possible changes for pipelines whose existing creditworthiness terms are working for them. Why attempt to fix something that is not broken on such pipelines? For example, the type of security

---

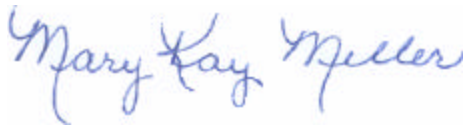
<sup>3</sup> Northern, 102 FERC ¶61,076 at par. 15; Tennessee, 101 FERC ¶61,311 at par. 11.

Ms. Rae McQuade  
March 19, 2003  
Page 3

Northern, as a pipeline designed to meet LDC winter heating needs, may require from shippers may not be applicable to pipelines that serve end-users and non-heating season markets. This illustrates one reason why commercial creditworthiness terms are not conducive to a single cookie-cutter standard. For NAESB to propose such a standard, as directed in the February 28 memo, contradicts NAESB's role of developing a consensus on business standards that facilitate transactions across the pipeline grid and may likely result in NAESB developing policies that have adverse financial implications on the way pipelines conduct business. Such attempted policy-making is contrary to the intent and purpose of NAESB.

In conclusion, NAESB should stay the course that has been set for it and for which it has been successful—that is, as a voluntary industry organization acting through consensus to establish business standards that facilitate transactions across the pipeline grid.

Sincerely,



Mary Kay Miller,  
Vice President, Regulatory and Customer Service

cc: Bill Boswell  
Jay Costan