



North American Energy Standards Board

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TO: NAESB Retail Structure Review Committee and Managing Committee Members, and Posting for Interested Parties
FROM: James Cargas, NAESB Deputy Director
RE: Notes from Retail Structure Review Committee Conference Call on Dec. 2, 2005
DATE: December 6, 2005

Dear NAESB Retail Structure Review Committee and Managing Committee Members,

A Retail Structure Review Committee (RSRC) conference call was held on December 2, 2005. The following notes and assignments resulted from the meeting.

Retail Structure Review Committee:

Friday, December 2, 2005

- Administrative:
- Mr. Cargas reviewed the anti-trust warning and took roll-call.
 - The draft agenda was amended to permit discussion of the EC meeting before the Committee's final report. The amended agenda was adopted by consensus.
- Discussion of Nov. 30 Retail EC Meetings:
- RSRC members reviewed the report prepared by Ms. Kiselewich summarizing the various comments made during the Nov. 20 joint REQ/RGQ Executive Committee (EC) meeting.
 - The consensus at the EC meeting was that many thought combining the retail quadrants was a good and necessary move, but questioned the timing. There was significant concern that the retail quadrant limited resources would be redirected from business practice development to bylaws amendments and quadrant restructuring to the detriment of the completion of business practices development. The recent subcommittee restructuring and the associated disruption it caused was cited as an example.
 - Combining the quadrants would not solve the lack of participation or reduction in membership issues. It could be viewed as merely optical.
 - Minor amendments to the bylaws, like a downward adjustment to the minimum number of members, was viewed as still drawing resources away from business practice activities and only an optical move.
 - There was discussion of setting a 6 to 9 month recruitment goal, but this was rejected as setting the quadrants up for failure given recent trends.
 - NARUC members are generally not supportive of combining the quadrants at this time, may be more appropriate after the current competitive market business practice work plans are completed.
 - There was consensus that the 2006 Annual Plans still focused on the deregulated markets despite several universal market applicable requests (retail contracts, electronic billing, and green power). The 2007 Annual Plan must ensure that the retail quadrants remain relevant to the marketplace, or NAESB will become a two-quadrant organization.
 - With the use of web casting and reductions in in-person meetings, the retail quadrants have reduced their cost burden on the other quadrants as much



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as can be achieved at this time. Combining the quadrants will not result in a cost savings, and may actually reduce income due to potential loss of memberships.

Review of Draft Final Report:

- Based on the above discussion, the RSRC reached consensus on the following points:
 - Recommendation will be to not make any structural changes at this time, but to revisit the issue in 6 to 9 months after extending the waiver for another year.
 - Permit the subcommittees to conclude their work on customer choice business practices as laid out when the quadrants were formed.
 - If national open access policies do not change in the next 9 months, then the 2007 Annual Plans should contain more focus on business practice development applicable to all markets, including traditional regulated markets.
 - In 1Q 2006, the retail quadrants must review strategies for work after completion of the original customer choice business practices. A strategic planning session should be held with the Advisory Council at its Sat., Feb. 11, 2006 meeting in Washington, DC.
- Mr. Bourbonnais agreed to amend the draft Final Report, include the consolidation proposal, and circulate it for comments. If absolutely necessary, an emergency conference call may be arranged prior to the Dec. 13 Board meeting.

Presentation to Board on Dec. 13:

- Mr. Novak, with assistance from Mr. Koogler and Ms. Kiselewich, will present the proposal and final report to the Board on Dec. 13.
- Mr. Novak agreed to amend the draft presentation to conform to amendments made to the Final Report.

Other Business:

- None.

Action Items:

- Mr. Bourbonnais agreed to amend the draft Final Report to include the above consensus points and circulate it for comments (completed Dec. 3).
- Mr. Novak agreed to amend the draft Board presentation to conform to amendments made to the Final Report.
- Mr. Novak, with assistance from Mr. Koogler and Ms. Kiselewich, will present the Final Report to the Board on Dec. 13.
- A RSRC presentation and strategic planning session will be scheduled with the NAESB Advisory Council during its Sat., Feb. 11, 2006 meeting in Washington, DC.

Upcoming RSRC Conference Calls and Meetings:

- Tuesday, December 13, at 9:00am Central - Board Meeting Presentation
- Tuesday, January 17, at 10:00am Central - RSRC Conference Call
- Saturday, February 11, 2005 at 5:00pm Eastern - NAESB Advisory Committee presentation and strategic planning session.



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Attendance:

	Name:		Organization:	Quadrant(s):
1	William Bourbonnais		WPS Resources	REQ, RGQ, WEQ, WGQ
2	Ruth Kiselewich		Baltimore Gas & Electric	REQ, RGQ, WGQ
3	James Cargas		NAESB	
4	Leonard Haynes		Southern Companies	RGQ
5	David Koogler		Dominion	REQ, RGQ, WEQ, WGQ
6	Mike Novak		National Fuel Distribution	WGQ, RGQ