



## **NORTH AMERICAN ENERGY STANDARDS BOARD**

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September 18, 2002  
via email

**TO:** NAESB Wholesale Gas Quadrant Pipeline Segment Board Members – Richard Kruse, Shelley Corman, Ron Mucci, Terry McGill, John Somerhalder

**RE:** Correspondence received September 17, 2002 regarding the NAESB Board of Directors Resolution dated September 9, 2002

Dear Pipeline Segment Directors:

I have your e-mail regarding the recently adopted resolution regarding EC sub-committees. Your comments will be posted, as you requested, and you may raise the matter at the Board meeting on Monday, as is the case with all notationally-voted resolutions.

To help with the discussion, let me give you the rationale both for the resolution and timing, as they are related issues. First, the purpose was to provide guidance and structure to the newly-created Quadrants, which are now in the process of organizing their ECs. For example, at the meeting of the Retail Electric EC in August, issues came up about the creation of sub-committees and establishment of procedures. Guidance on these issues was sought from the General Counsel and from me as Chairman of the Board. The issues raised in August are not limited to the REQ but will likely recur as other Quadrants move through the EC organization process. To help in addressing those issues and to keep EC resources focused on the delegated function of standard-setting, I viewed it as desirable to provide a general delineation of scope and responsibility of EC sub-committees and of the operating procedures to be used in the EC and EC sub-committee meetings of all Quadrants.

To that end, the resolution on EC sub-committees did three things: (i) it confirmed the ECs' authority to establish sub-committees for the purposes of standards-development and standards-maintenance activities, (ii) it confirmed the responsibility of the Parliamentary Committee, as set forth in the Bylaws, to establish and maintain procedures for all operations of NAESB, including NAESBOPS, governing the procedures to be followed at EC and EC sub-committee meetings, and (iii) it described the procedure to be followed in case sub-committees established by the ECs deem it desirable to engage in activities beyond standards-development and maintenance. The purpose here was to provide some sense of coordination and to avoid duplication of effort within our multi-tiered organization.

Central to the guidance for ECs was the principle, developed through the Bylaws process chaired by Ron Mucci a year ago, that the responsibility for corporate governance rests primarily with the Board, working through recommendations from the Parliamentary Committee. In accordance with Section 7.8(b) of the Bylaws, the Parliamentary Committee is exclusively a Board Committee, whose recommendations on matters of governance are submitted to the Board for approval.

I did not want the ECs to waste NAESB and member resources, which should be devoted to developing and adopting standards, by focusing on matters whose object is



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Page 2

primarily governance. That was the reason for the part of the resolution regarding what I'll refer to as non-germane sub-committees. If the EC has a reason for establishing such a sub-committee and using NAESB and member resources to support it, I think that it's proper that it first be referred to the Board through the Managing Committee or the Parliamentary Committee. In fact, I think the Parliamentary Committee will handle these requests, if made, which is appropriate at least to assure that what's being proposed is not already or intended to be a part of the Parliamentary Committee's work plan.

I have not been advised of any dissatisfaction with the Board's action by Quadrant EC officers. In fact, given the way the issue originated – based on a request for guidance from the REQ EC -- I am led to believe that the clarification of responsibilities will assist the EC Chairs in setting more firmly the direction for future EC actions.

Stated in a positive manner, this is a fairly simple way of assuring that the Board and the EC act in a logical fashion, each discharging its special responsibilities under the Bylaws: the EC's being to develop and adopt standards, and the Board's being to govern the organization and provide for its financial stability.

We can discuss this further on Monday, and the Board can make any disposition it sees fit following that discussion, should anyone wish to propose a different way of addressing the matter that meets these objectives.

Regards until then,

## **Bill**

William P. Boswell  
Chairman & CEO

cc: James Costan, NAESB General Counsel  
Rae McQuade, NAESB Executive Director  
Jim Buccigross, NAESB EC Chairman  
Jim Minneman, NAESB EC Vice Chair for the REQ Quadrant