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**BYLAWS**  
**Of**  
**NORTH AMERICAN ENERGY STANDARDS BOARD, INC. (NAESB)**  
**A Delaware Non-Stock, Non-Profit Corporation**

**ARTICLE 1 - DEFINITIONS**

**Section 1.1 Definitions**

The following terms used in these Bylaws shall have the meanings set forth below.

- A. "Act" means the Delaware General Corporation Law, as amended.
- B. "Agent" means an individual, partnership, firm, corporation or other entity representing the interests of a member of NAESB, but who, itself, is not necessarily a member of NAESB.
- C. "Balanced Voting" means that, in the context of EC Subcommittees and task forces, with respect to Standards/Model Business Practices development, voting is governed by rules and procedures that provide for balance of interests among industry Segments and Quadrants participating in NAESB so as to avoid having any one interest exert undue influence over any decision.
- D. "Board" means the Board of Directors of NAESB.
- E. "Certificate" means the Certificate of Incorporation, as amended from time to time, of the NAESB.

- 23 F. "Director" means an individual serving on the Board.
- 24 G. "EC" means the Executive Committee of NAESB, Inc. (in whole, as a Quadrant EC, or  
25 any combination of the Quadrant EC(s)).
- 26 H. "EC Subcommittee" means a subcommittee established by the EC pursuant to Section  
27 10.5 of these Bylaws.
- 28 I. "Exhibit" means an attachment to these Bylaws.
- 29 J. "Majority" means a simple majority of each of the applicable Quadrants for the  
30 purposes of voting.
- 31 K. "Members" means individuals and entities that satisfy the requirements for membership  
32 set forth in Article 5 of the Bylaws, and includes Voting Members and Non-Voting  
33 Members.
- 34 L. "Model Business Practice" means a protocol or procedure for the conduct of specified  
35 acts or transactions. The term "Model Business Practice" does not imply enforceability  
36 by NAESB.
- 37 M. "NAESB" means the North American Energy Standards Board, Inc.
- 38 N. "Operating Procedures" means the policies and rules that govern the behavior and  
39 operation of committees, subcommittees and task forces of NAESB, as established and  
40 maintained by the Parliamentary Committee of the Board, (as established in Section  
41 7.8(b)). They apply equally to all Quadrants and Segments.
- 42 O. "Quadrant" means any one of the following industry sectors that make up NAESB: gas  
43 wholesale, electric wholesale, gas retail, and electric retail. A particular Quadrant may  
44 be referred to as the "Wholesale Gas Quadrant," "Wholesale Electric Quadrant,"  
45 "Retail Gas Quadrant," or "Retail Electric Quadrant."
- 46 P. "Reconsideration" means a review of a proposed Standard or proposed Model  
47 Business Practice subsequent to adoption by the EC and prior to ratification, as  
48 described in Section 10.3(h) of these Bylaws.

- 49 . Q. "Segment" means one of the co-equal member groupings of a given Quadrant, as  
50 defined by that Quadrant and approved by the Board as an Exhibit to these Bylaws.
- 51 R. "Standard" means a protocol or procedure for the conduct of specified acts or  
52 transactions. The term "Standard" does not imply enforceability by NAESB.
- 53 S. "Triage Process" refers to the actions taken from the time a request for a proposed  
54 Standard or a proposed Model Business Practice is received by the NAESB office,  
55 through consideration by the Triage Subcommittee, and until such time as the EC  
56 assigns the request for consideration.
- 57 T. "Voting Member" means an individual, partnership, firm, corporation or other entity  
58 whose NAESB dues are current and who meets the requirements for membership of a  
59 given Segment(s) within a Quadrant(s), and who has joined such Quadrant(s) and  
60 Segment(s). A Voting Member may only be a member of multiple Quadrants and  
61 Segments if it has paid dues in each such Quadrant and Segment.

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## 64 **ARTICLE 2 - PURPOSES, SCOPE, ACTIVITIES AND POLICIES**

### 65 **Section 2.1 Purposes, Scope and Activities**

66 The purposes, scope and activities of NAESB are set forth in Article II of the Certificate.

### 67 **Section 2.2 Policies**

- 68 (a) As expressed in Article IV, Section 1 of the Certificate, NAESB's policy is to encourage  
69 a widely-based membership of diverse stakeholders whose business interests are  
70 directly affected by the adoption of Standards and Model Business Practices for their  
71 commercial activities. Consistent with this approach, NAESB's policy is that all  
72 meetings of NAESB, including those of its Members, Board, EC, Advisory Council (as  
73 established in Section 7.9), Board committees, EC Subcommittees and task forces,

74 shall be open to any member of the public and the minutes thereof shall be available to  
75 the public, except as provided in Section 9.1 of these Bylaws.

76 (b) The principles governing NAESB are:

77 **Independence** – NAESB should be an independent body. While it may have informal  
78 liaisons to trade associations, other standards organizations and government agencies, it  
79 should be a separately incorporated, fully independent, organization.

80 **Openness** -- NAESB should conduct its activities in the open. Openness should  
81 apply to all aspects of its organizational governance, elections and Standards or Model  
82 Business Practices development processes, including work products and related  
83 meetings. The meetings, agendas and items set for discussion and/or possible vote  
84 should be publicly noticed, and interested parties, regardless of membership should  
85 have the opportunity to participate.

86 **Voluntary** -- Participation in NAESB should be voluntary and adherence to its  
87 Standards and Model Business Practices should, from NAESB's perspective, also be  
88 voluntary. Membership should not be dependent upon whether the company seeking  
89 membership implements the Standards and Model Business Practices. NAESB will not  
90 maintain any type of enforcement activity.

91 **Balance of Interests** – The voting with respect to governance, Standards, Model  
92 Business Practices, and Operating Procedures should provide for balance among  
93 industry Segments and Quadrants participating in NAESB so as to avoid any one  
94 interest group or group of interests having the ability to exert undue influence over any  
95 decision.

96 **Inclusivity** – All interested parties have the opportunity to participate in the activities of  
97 the standards organization and to join NAESB. All participants should be identified and  
98 associated with a Segment and Quadrant.

99 **Consensus-Based Decisions** -- The voting rules should be constructed so that  
100 decisions based upon consensus are encouraged. In addition, with respect to voting

101 upon the Standards or Model Business Practices issued or to be issued by NAESB,  
102 energy Quadrants and their Segments should be assured that each energy Quadrant and  
103 its Segments can protect its interests by requiring both super-majorities and a minimum  
104 per Segment, and that a per Quadrant threshold be achieved for passage of such  
105 Standards and Model Business Practices by NAESB.

106 **No Advocacy** – NAESB should be prohibited from taking advocacy positions on its  
107 Standards or Model Business Practices as a party to any proceeding before a  
108 governmental agency. This is not intended to preclude NAESB’s duly authorized  
109 representatives from educating or communicating with any group as to NAESB’s  
110 procedures and/or work product(s).

111 **Membership Driven** – NAESB should be membership driven. The paid staff should  
112 perform administrative functions to support NAESB’s activities. Requests for  
113 Standard(s) or Model Business Practices should be proposed by identified persons and  
114 not by NAESB or its committees and subcommittees. NAESB’s staff should neither  
115 have a vote nor a role with respect to conducting the affairs of NAESB other than to  
116 provide ministerial functions.

117 **Develop Practices, Not Policy** – The committees, subcommittees and task forces of  
118 NAESB should endeavor not to create policy in their Standards or Model Business  
119 Practices development activities absent being requested to do so by the Board.

120 **Incorporate Best Practices** – To the extent reasonable, the Standards and Model  
121 Business Practices to be established should reflect standardization and streamlining of  
122 activities chosen as best practices from among existing and reasonably anticipated  
123 policies and practices.

124 **Broad Applicability** – To the extent reasonable, the Standards and Model Business  
125 Practices to be established should be structured such that they can be applicable to both  
126 the electric and natural gas industries. The two industries should work together to  
127 develop Standards and Model Business Practices when joint Standards and Model

128 Business Practices are appropriate. However, where operating requirements dictate the  
129 need for different approaches, discrete Standards and Model Business Practices will be  
130 established separately by Quadrant(s).

131 **ANSI Accreditation** – NAESB will actively seek to transfer to itself the current Gas  
132 Industry Standards Board accreditation as an American National Standards Institute  
133 Standards Development Organization.

134 (c) It is the policy of NAESB to comply to the fullest extent possible with both the letter  
135 and spirit of all applicable federal and state laws and regulations, including the antitrust  
136 laws. The purpose of the antitrust laws is to preserve and promote competition. Any  
137 conduct that violates Federal or State antitrust laws is detrimental to the best interests of  
138 NAESB and its Members, and is, therefore, contrary to NAESB policy. No officer,  
139 employee or member of NAESB is authorized by NAESB to act contrary to this policy.

140 **Section 2.3 Quadrants and Segments**

141 The procedures of each Quadrant and Segment, respectively, shall conform to the policies of  
142 NAESB as stated in the Certificate and these Bylaws. The Board shall have authority to enforce these  
143 NAESB policies with regard to the procedures of the Quadrants and Segments.

144 In order to have representation on the Board or the EC, a Quadrant shall have at least forty  
145 Voting Members and at least four Segments. Each Segment shall have at least five Voting Members.  
146 This minimum representation requirement shall be reconsidered by the Board prior to March 31, 2003  
147 and biannually thereafter.

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149 **ARTICLE 3 - OFFICES**

150 **Section 3.1 Offices**

151 The registered office of NAESB shall be located in Delaware. NAESB may have any number  
152 of other offices at such places as the Board may determine.

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**ARTICLE 4 - SEAL****Section 4.1 Seal**

156 NAESB may use a Corporate Seal. The Corporate Seal shall bear the name of NAESB, the  
157 year of its incorporation and the words "Corporate Seal, Delaware."

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**ARTICLE 5 - MEMBERS****Section 5.1 Voting Members**

161 (a) The general requirements for Voting Membership are set forth in Article IV, Section 1  
162 and 2 of the Certificate. Individuals, partnerships, firms or corporations shall join as  
163 Members through application for Voting Membership in one or more Quadrants and  
164 Segments. The membership requirements for each Quadrant and Segment are set forth  
165 in Exhibits 1 through 4.

166 (i) Each Voting Member shall be entitled to one (1) vote in person or by proxy,  
167 and shall designate in writing the individual authorized to cast that vote.

168 (ii) Each Voting Member may vote by proxy. Every proxy shall be executed in  
169 writing by the Voting Member or by such Voting Member's duly authorized  
170 attorney in fact and filed with the Secretary of NAESB. A proxy shall be  
171 revocable at will, notwithstanding any other agreement or any provision in the  
172 proxy to the contrary. The revocation of a proxy shall not be effective until  
173 notice thereof has been given to the Secretary of NAESB. A proxy shall not be  
174 revoked by the death or incapacity of the maker unless, before the vote is  
175 counted or the authority is exercised, written notice of such death or incapacity  
176 is given to the Secretary of NAESB. No proxy shall be valid after three (3)  
177 years from the date of its execution unless otherwise provided in the proxy.

178 (iii) As described in Article IV, Section 2 of the Certificate, each Voting Member is  
179 required, as a condition of membership, to execute a revocable appointment, in  
180 a proxy form approved by the Board, authorizing a designated proxy to vote in

181 favor of any of the proposals described in Article V, Section 3 of the Certificate;  
182 provided, however, that any Voting Member shall have the right to cast its vote,  
183 in lieu of such revocable proxy, either in favor of or in opposition to any such  
184 proposal. This proxy shall not expire until revoked by the Voting Member.

185 (iv) A trade association may join as a non-voting member. A trade association may  
186 become a Voting Member only if there are no other Voting Members of  
187 NAESB that can represent the interests of the trade association's membership,  
188 or if the Quadrant determines that the trade association's membership is  
189 otherwise under-represented by Voting Members. A trade association shall not  
190 be eligible to hold a seat on either the Board or the EC, except as an Agent of  
191 an eligible Voting Member.

192 (b) The Board may, by resolution, determine (a) the amount of the membership fee  
193 described in Article VII, Section 1 of the Certificate to be assessed to each Voting  
194 Member, and (b) the time and method of payment. Delinquency in payment of  
195 membership fees has the effect on voting rights specified in Article IV, Section 2 of the  
196 Certificate.

197 (c) Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any  
198 action required or permitted to be taken by the members at any annual or special  
199 meeting may be taken without a meeting, without prior notice and without a vote, if a  
200 consent or consents in writing, setting forth the action so taken, shall be signed by the  
201 members having not less than the minimum number of votes that would be necessary to  
202 authorize or take such action at a meeting at which all members having a right to vote  
203 thereon were present and voted. Such written consents shall be delivered to NAESB  
204 by delivery to its registered office in the State of Delaware, its principal place of  
205 business, or an officer or agent of NAESB having custody of the book in which  
206 proceedings of meetings of members are recorded. Delivery made to NAESB's  
207 registered office shall be by hand or by certified or registered mail, return receipt  
208 requested. Every written consent shall bear the date of signature of each member who

209 signs the consent, and no written consent shall be effective to take the corporate action  
210 referred to therein unless, within sixty days of the earliest dated consent delivered to  
211 NAESB in the manner required by this Section 5.1(f), written consents signed by a  
212 sufficient number of members to take action are delivered to NAESB by delivery to its  
213 registered office in the State of Delaware, its principal place of business, or an officer or  
214 agent of the Corporation having custody of the book in which proceedings of meetings  
215 of members are recorded. Delivery made to NAESB's registered office shall be by  
216 hand or by certified or registered mail, return receipt requested. Prompt notice of the  
217 taking of the corporate action without a meeting by less than unanimous written consent  
218 shall be given to those members who have not consented in writing. In the event that  
219 the action which is consented to is such as would have required the filing of a certificate  
220 by law, if such action had been voted on by members at a meeting thereof, the  
221 certificate filed shall state, in lieu of any statement required by law concerning any vote  
222 of members, that written consent has been given in accordance with the Delaware  
223 General Corporation Law, and that written notice has been given.

#### 224 **Section 5.2 Non-Voting Members**

225 As provided in Article IV, Section 3 of the Certificate, Non-Voting Members may include, but  
226 not be limited to, federal, state and local agencies; non-profit research organizations and similar entities.

#### 227 **Section 5.3 Nontransferable**

228 Membership in NAESB is not transferable to another corporation or entity, although member  
229 organizations may transfer representation from one individual to another upon written notice to the  
230 Secretary. Such transfer of representation shall not extend to transfer of Board or EC seats.

#### 231 **Section 5.4 Resignation**

232 Any Member may resign from membership by written notice to the Secretary, whereupon that  
233 Member's NAESB voting rights and member benefits shall cease.

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236 **ARTICLE 6 - MEETINGS OF MEMBERS**

237 **Section 6.1 Place of Meetings**

238 Meetings of the Members shall be held at such place as may be fixed by the Board. If no place  
239 is fixed by the Board, meetings of the Members shall be held at the registered office of NAESB.

240 **Section 6.2 Annual Meeting**

241 Unless the Board provides by resolution for a different time, the Annual Meeting of the  
242 Members shall be held in September, October, November or December of each year on the date  
243 specified by the Board in the notice of annual meeting.

244 **Section 6.3 Special Meetings of Members**

245 Special meetings of the Members may be called at any time by the Board Chair, by a Majority  
246 of the Board or by a Majority of Voting Members. Upon written request of any person entitled to call a  
247 special meeting, the Secretary shall (a) fix the date and time of the meeting, which shall be held not less  
248 than ten (10) days nor more than sixty (60) days after receipt of the request, and (b) give notice thereof  
249 in accordance with Article 11. If the Secretary neglects or refuses to fix the meeting date or give notice,  
250 the person or persons calling the meeting may do so.

251 **Section 6.4 Determination of Members of Record**

252 The Board may fix a time, not more than sixty (60) days prior to the date of any meeting of the  
253 Members or any adjournment thereof, as a record date for the determination of the Members entitled to  
254 notice of, or to vote at, such meeting. The Board may similarly fix a record date for the determination of  
255 the Members of record for any other purpose. When a determination of the Members of record has  
256 been made for purposes of a meeting, the determination shall apply to any adjournment thereof unless  
257 the Board fixes a new record date for the adjourned meeting.

258 **Section 6.5 Notice of Meetings of Members**

259 Notice of meetings of Members and meetings of Quadrants and Segments to elect or remove  
260 Directors or EC Members, or to amend their Exhibits, shall be given in the manner described in Article  
261 11 of the Bylaws. When a meeting of the Members is adjourned, it shall not be necessary to give any

262 notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than  
263 by announcement at the meeting at which such adjournment is taken, unless the Board fixes a new  
264 record date for the adjourned meeting or the Act requires notice of the business to be transacted and  
265 such notice has not previously been given.

266 **Section 6.6 Quorum**

267 The quorums for meetings of Voting Members shall be as described in Article V, Section 2 of  
268 the Certificate. The quorums may be determined by counting attendance in person or by proxy. The  
269 Voting Members present at a duly organized meeting can continue to do business until adjournment,  
270 notwithstanding the withdrawal of enough Members to leave less than a quorum. If a meeting cannot be  
271 organized because a quorum has not attended, those present may, except as otherwise provided in the  
272 Act, adjourn the meeting to such time and place as they may determine.

273 **Section 6.7 Adjournment**

274 Adjournments of any meeting of the Members may be taken.

275 **Section 6.8 Organization**

276 At every meeting of the Members, the Board Chair, or in his or her absence, the Board Vice  
277 Chair, or in the absence of the Board Chair and the Board Vice Chair, the Board Second Vice Chair or  
278 the Board Third Vice Chair, respectively, together representing each of the Quadrants within the Board,  
279 or a chair chosen by the Members, shall act as chair. The Secretary, or in his or her absence, a person  
280 appointed by the chair, shall act as secretary.

281 **Section 6.9 Voting on Particular Issues**

282 Article V, Sections 3 and 4 of the Certificate describe the voting procedures and the number of  
283 votes required for adoption and approval for particular issues with respect to NAESB.

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## **ARTICLE 7 - BOARD**

286 **Section 7.1 Board**

287           The business and affairs of NAESB shall be managed by the Board. The powers of NAESB  
288 shall be exercised by, or under the authority of, the Board except as otherwise provided by statute, the  
289 Certificate or these Bylaws. Specific powers and duties are delegated to the EC by Article III, Section  
290 5 of the Certificate. The Board may delegate such other powers to the EC, as it deems appropriate if  
291 such delegation is consistent with the Certificate.

292 **Section 7.2 Qualifications of Directors**

293           Each Director shall be a natural person at least eighteen (18) years of age who need not be a  
294 resident of Delaware and who shall be a Voting Member, or a partner in, or an officer, employee or  
295 agent of, a Voting Member.

296 **Section 7.3 Number and Election of Directors**

297           The Board shall consist of representatives of the Quadrants, each Quadrant determining the  
298 number of Directors who shall occupy seats on the Board, except that every Segment of a Quadrant  
299 shall be represented by at least one Director. Regardless of the number of Directors elected from each  
300 Quadrant, no Quadrant shall be entitled to cast a vote greater than the percentage that its Quadrant  
301 represents in relation to the total number of Quadrants represented on the Board at a given time. Each  
302 Segment within a Quadrant shall be represented by an equal number of Directors, to be determined by  
303 that Quadrant. The procedures for electing the Directors shall be as specified in each Quadrant's  
304 Exhibit. Each Quadrant shall communicate the timing of its election of Directors.

305 **Section 7.4 Term of Office**

- 306           (a) The term of office of a Director shall be for a period set by the Quadrant, not less than  
307               1 year, not to exceed three years. Quadrants may elect Directors for varying terms.  
308               Directors may be reelected to subsequent terms.
- 309           (b) Each Director shall hold office during his or her term until the earliest of: (i) the  
310               expiration of the term for which he or she was elected and until his or her successor has

311           been elected and qualified, (ii) the Director's resignation of his or her Voting  
312           Membership (if the Director is the Voting Member as an individual) or the lapse of the  
313           Director's Voting Membership for delinquency in membership fee payment, (iii) the  
314           resignation or lapse (through delinquency in membership fee payment) of Voting  
315           Membership of the entity of which the Director is a partner, officer, employee or agent,  
316           or (iv) the Director's death, resignation, or removal.

317    **Section 7.5    Vacancies**

318           Vacancies in the Board resulting from the circumstances described in Subsections 7.4(b)(ii), (iii)  
319           or (iv) above shall be filled by the Quadrant and Segment in which the vacancy occurs, in accordance  
320           with the procedures specified in that Quadrant's Exhibit.

321    **Section 7.6    Removal of Directors**

322           Procedures for removal of Directors representing a Quadrant and Segment are contained in the  
323           pertinent Exhibit.

324    **Section 7.7    Resignations**

325           Any Director may resign at any time by giving written notice to the Secretary. The resignation  
326           shall be effective upon receipt by NAESB or at such subsequent time as may be specified in the notice  
327           of resignation.

328    **Section 7.8    Board Committees**

329           (a)    The Board, by Majority vote of the entire Board, may establish, by means of resolutions  
330           to be attached hereto, committees of the Directors. The resolutions shall describe the  
331           powers and authorities of each committee, require each committee to adopt  
332           procedures, and provide opportunity for Directors from each Quadrant and Segment to  
333           participate in the committee's work.

334           (b)    There shall be a Parliamentary Committee, consisting of members of the Board with at  
335           least two Directors from each Quadrant. The function of the Parliamentary Committee  
336           is to address issues related to corporate governance, including, but not limited to, the

337 Certificate of Incorporation, the Bylaws and the Operating Procedures. Members of  
338 the Parliamentary Committee shall be appointed by the Chair of the Board, who shall  
339 serve as the chair of this committee.

340 **Section 7.9 Advisory Council**

341 The Board shall establish a standing Advisory Council, to be known as the "NAESB Advisory  
342 Council." The Advisory Council shall be composed of not more than twenty-five (25) persons who  
343 shall be knowledgeable about the issues involved in carrying out the purposes, scope and activities of  
344 NAESB. The membership of the Advisory Council should be rotated from time to time, and should  
345 reflect participation by federal, state and local agencies; public interest groups; non-profit research  
346 organizations; and similar organizations. The Advisory Council shall develop its own procedures  
347 consistent with the general guidance of the Board and not inconsistent with the Certificate. The  
348 Advisory Council shall advise both the Board and EC.

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350 **ARTICLE 8 - OFFICERS**

351 **Section 8.1 Number**

352 The officers of NAESB shall include a Chair, and up to three Vice Chairs (each representing a  
353 different Quadrant within the Board), a Secretary, a Treasurer, an Assistant Treasurer, and an Executive  
354 Director. The officers may include one or more Assistant Secretaries, other Assistant Treasurers, and  
355 such other officers as the Board may determine by resolution. Any number of offices may be held by  
356 the same person.

357 **Section 8.2 Qualifications of Officers of NAESB**

358 The officers shall be natural persons at least eighteen (18) years of age who are Directors,  
359 except that the Executive Director, Secretary, Assistant Secretaries and Assistant Treasurers need not  
360 be Directors.

361 **Section 8.3 Election and Term of Office**

362 The officers of NAESB shall be elected by the Board at any meeting of the Board. Each officer  
363 except for the Executive Director, Assistant Secretaries and Assistant Treasurers shall serve for a term  
364 of one (1) year and until his or her successor begins his or her term, or until his or her earlier death,  
365 resignation, or removal, or lapse of Director status pursuant to Subsections 7.4(b)(ii),(iii) or (iv) or  
366 Section 7.6. On expiration of the terms of the officers of NAESB, the Vice Chair shall become the  
367 Chair, the Second Vice Chair shall become the Vice Chair, the Third Vice Chair shall become the  
368 Second Vice Chair, and the Board shall elect a new Third Vice Chair. The new Third Vice Chair shall  
369 be elected in the following order of rotation, which shall be repeated indefinitely: Gas Wholesale,  
370 Electric Retail, Electric Wholesale, and Gas Retail. If no Director representing a Quadrant is willing to  
371 serve as Third Vice Chair when the rotation turns to that Quadrant, the Board shall elect a Third Vice  
372 Chair from among its remaining Directors, and the rotation shall continue thereafter as though a Director  
373 representing the Quadrant had in fact served as Third Vice Chair.

374 **Section 8.4 Removal of Officers**

375 Any officer may be removed by action of a Majority of the Directors whenever in their  
376 judgment the best interests of NAESB will be served. Such removal shall be without prejudice to the  
377 contract rights, if any, of any person so removed.

378 **Section 8.5 Resignations**

379 Any officer may resign at any time by giving written notice to the Secretary. The resignation  
380 shall be effective upon receipt by the Secretary or at such subsequent time as may be specified in the  
381 notice of resignation.

382 **Section 8.6 The Chair**

383 The Chair shall be the chief executive officer of NAESB and shall have general supervision over  
384 the business and operations of NAESB, subject to the control of the Board. The Chair shall chair all  
385 meetings of the Board and the Members. The Chair shall execute in the name of NAESB, deeds,  
386 mortgages, bonds, contracts, and other instruments to the extent authorized by the Board, except in  
387 cases where the execution thereof shall be expressly delegated by the Board to some other officer or

388 agent of NAESB. In general, the Chair shall perform all duties incident to the office of Chair and such  
389 other duties as may be assigned by the Board.

390 **Section 8.7 The Vice Chairs**

391 There shall be not more than three Vice Chairs. In the absence or disability of the Chair or  
392 when so directed by the Chair, a Vice Chair (in order of precedence) may perform all the duties of the  
393 Chair, and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the  
394 Chair. The Vice Chairs shall perform such other duties as may be assigned by the Board or the Chair.

395 **Section 8.8 The Secretary**

396 (a) Unless the Board directs otherwise, the Executive Director shall be the Secretary of  
397 NAESB.

398 (b) The Secretary shall attend all meetings of the Board and of the Members. The  
399 Secretary shall record all votes of the Board, EC and the Voting Members and the  
400 minutes of the meetings of the Board, EC and of the Members in a book or books  
401 belonging to NAESB to be kept for that purpose. The Secretary shall see that required  
402 notices of meetings of the Board and of the Members are given and that all records and  
403 reports are properly kept and filed by NAESB. The Secretary shall be the custodian of  
404 the seal of NAESB and shall see that it is affixed to all documents to be executed on  
405 behalf of NAESB under its seal. In general, the Secretary shall perform all duties  
406 incident to the office of Secretary and such other duties as may be assigned by the  
407 Board or the Chair.

408 (c) In the absence or disability of the Secretary or when so directed by the Secretary, any  
409 Assistant Secretary may perform all the duties of the Secretary, and, when so acting,  
410 shall have all the powers of, and be subject to all the restrictions upon, the Secretary.  
411 Each Assistant Secretary shall perform such other duties as may be assigned by the  
412 Board, the Chair, or the Secretary.

413 (d) To the extent not provided for by the EC, the Secretary shall appoint persons to take  
414 minutes of EC Meetings and EC Subcommittee meetings.

415 **Section 8.9 The Treasurer**

416 (a) Unless the Board directs otherwise, the Second Vice Chair shall be the Treasurer. The  
417 Executive Director shall be an Assistant Treasurer.

418 (b) The Treasurer shall be responsible for corporate funds and securities and shall keep full  
419 and accurate accounts of receipts and disbursements in books belonging to NAESB.  
420 The Treasurer shall have full authority to receive and give receipts for all money due and  
421 payable to NAESB, and to endorse checks, drafts, and warrants in its name and on its  
422 behalf and to give full discharge for the same. The Treasurer shall deposit all funds of  
423 NAESB, except such as may be required for current use, in such banks or other places  
424 of deposit as the Board may designate. In general, the Treasurer shall perform all duties  
425 incident to the office of Treasurer and such other duties as may be assigned by the  
426 Board or the Chair.

427 (c) In the absence or disability of the Treasurer or when so directed by the Treasurer, any  
428 Assistant Treasurer may perform all the duties of the Treasurer, and, when so acting,  
429 shall have all the powers of, and be subject to all the restrictions upon, the Treasurer.  
430 Each Assistant Treasurer shall perform such other duties as may be assigned by the  
431 Board, the Chair, or the Treasurer.

432 **Section 8.10 The Executive Director**

433 The Executive Director shall be the chief operating officer of NAESB, and be subject to the  
434 control of the Board. The Executive Director shall have all powers and duties necessary for managing  
435 the day-to-day operating and business affairs of NAESB and directing all activities of NAESB as  
436 prescribed by the Board. Unless the Board directs otherwise, the Executive Director shall be the  
437 Secretary of NAESB. The compensation of the Executive Director shall be fixed by the Board.

438

439 **ARTICLE 9 - MEETINGS OF DIRECTORS**

440 **Section 9.1 Place of Meetings**

441 The Board may hold its meetings at such places as the Board may appoint or as may be  
442 designated in the notice of the meeting. Meetings or portions of meetings may be closed to the public  
443 only (and the pertinent minutes withheld from the public) for discussion of paid NAESB employees or  
444 their compensation and for litigation matters involving NAESB as a corporate entity.

445 **Section 9.2 Organization**

446 Every meeting of the Board shall be presided over by the Chair, or in the absence of the Chair,  
447 a Vice Chair in order of precedence, or in the absence of the Chair and the Vice Chairs, a chair chosen  
448 by a majority of the Directors present. The Secretary, or in his or her absence, a person appointed by  
449 the chair, shall act as secretary.

450 **Section 9.3 Annual Meeting**

451 Unless the Board provides by resolution for a different time, the annual meeting of the Board  
452 shall take place immediately after the annual meeting of the Members. The newly constituted Board  
453 shall meet without prior notice at the place where the meeting of the Members was held, or at any other  
454 place and time designated in a notice given as provided in Article 11, for the purposes of organization,  
455 election of officers, and the transaction of other business.

456 **Section 9.4 Regular Meetings**

457 The Board may hold its regular meetings at such place and time as shall be designated by  
458 resolution of the Board. If the date fixed for any regular meeting is a legal holiday under the laws of the  
459 state in which the meeting will be held, the meeting shall be held on the next succeeding business day or  
460 at such other time as may be determined by resolution of the Board. The Board shall transact such  
461 business as may properly be brought before its meetings.

462 **Section 9.5 Special Meetings of the Board**

463 The Chair or at least one-third of the Directors may call special meetings of the Board, which  
464 shall be held at such time and place as shall be designated in the call for the meeting. Ten (10) days'

465 notice of any special meeting shall be given to each Director pursuant to Article 11 or by telephone.  
466 Such notice shall state the time and place of such special meeting and state the matters to be discussed  
467 at the special meeting. Action taken at special meetings shall be limited to the matters described in the  
468 meeting notice.

469 **Section 9.6 Quorum**

470 The quorum necessary for a meeting of the Board is a majority of the Directors, as described in  
471 Article V, Section 1 of the Certificate.

472 **Section 9.7 Participation and Voting in Meetings**

473 (a) One (1) or more Directors may participate in a meeting of the Board or a committee  
474 thereof by means of conference telephone or similar communications equipment by  
475 means of which all persons participating in the meeting can hear each other.

476 (b) Each Director shall be entitled to one (1) vote.

477 (c) Article V, Sections 1 and 3 of the Certificate describe the voting procedures and the  
478 number of votes required for adoption or approval for particular issues with respect to  
479 NAESB.

480 (d) No substitutes shall be permitted to vote at Board meetings.

481 (e) Notational voting by Directors is proper in the following circumstances and pursuant to  
482 the following procedures:

483 (i) In lieu of meeting: The Chair may request that any vote or action be taken by  
484 the Board without a meeting and without unanimous consent, and such action  
485 may be taken if approved by the appropriate voting levels specified in Article V  
486 of the Certificate. Notice of the Chair's request shall be given to all Directors in  
487 the manner specified in Article II of the Bylaws.

488 (ii) During meetings: Notational votes from a Director not in attendance shall be  
489 accepted and counted at a Board meeting with respect to any resolutions  
490 circulated in writing in advance of a Board meeting; provided, however, that if

491 substantive changes are made in a resolution at the Board meeting such advance  
492 notational votes shall not be counted with respect to that resolution, but the  
493 procedures specified in (iii) below should be used.

494 (iii) Following a meeting: The Board shall indicate whether, and if so for how long,  
495 notational votes will be accepted after a meeting relating to particular issues  
496 voted on at that meeting.

497 (f) While Board Members may participate and vote by means of teleconference or other  
498 electronic means, eligibility to continue serving as a Board member is dependent upon  
499 in-person attendance at no less than 25% of scheduled Board Meetings and  
500 participation in at least 75% of such meetings. Such attendance/participation threshold  
501 shall be reviewed at March 31 and September 30 of each year for the preceding twelve  
502 months.

503

## 504 **ARTICLE 10 - EXECUTIVE COMMITTEE**

### 505 **Section 10.1 Duties and Responsibilities**

506 The EC shall have the duties and responsibilities described in Article III, Section 5 of the  
507 Certificate.

### 508 **Section 10.2 EC Members**

509 (a) The EC shall consist of representatives of the Quadrants, with each Quadrant  
510 determining the number of EC Members representing that Quadrant. Regardless of the  
511 number of EC members elected from each Quadrant, no Quadrant shall be entitled to  
512 cast a vote greater than the percentage that its Quadrant represents in relation to the  
513 total number of Quadrants represented on the EC. Each Segment within a Quadrant  
514 shall be represented by an equal number of EC Members, to be determined by that  
515 Quadrant. The procedures followed for electing the EC members shall be those  
516 specified in that Quadrant's Exhibit.

- 517 (b) The term of office of an EC member shall be for a period set by the Quadrant, not less  
518 than 1 year, not to exceed three years. Each Quadrant will determine the terms for their  
519 EC members. EC member terms may vary between Quadrants. EC members may be  
520 reelected to subsequent terms. Each EC Member shall hold office during his or her  
521 term until the earliest of: (i) the expiration of the term for which he or she was elected  
522 and until his or her successor has been elected and qualified, (ii) the EC Member's  
523 resignation of his or her Voting Membership (if the EC Member is the Voting Member  
524 as an individual) or the lapse of the EC Member's Voting Membership for delinquency  
525 in membership fee payment, (iii) the resignation or lapse (through delinquency in  
526 membership fee payment) of Voting Membership of the entity of which the EC Member  
527 is a partner, officer, employee or agent, or (iv) the EC Member's death, resignation, or  
528 removal.
- 529 (c) Each EC Member shall be a natural person at least eighteen (18) years of age who need  
530 not be a resident of Delaware and who shall be a Voting Member, or a partner in, or an  
531 officer, employee or agent of, a Voting Member.
- 532 (d) Vacancies in the EC resulting from the circumstances described in Subsections 10.2  
533 (b)(ii), (iii), or (iv) above or described in Section 10.2(d) below shall be filled by the  
534 Segment in which the vacancy occurs, in accordance with the procedures specified in  
535 that Quadrant's Exhibit.
- 536 (e) Procedures for removal of EC Members representing a Segment are contained in the  
537 pertinent Quadrant's Exhibit.
- 538 (f) Any EC Member may resign at any time by giving written notice to NAESB. The  
539 resignation shall be effective upon receipt by the Secretary or at such subsequent time  
540 as may be specified in the notice of resignation.

541 **Section 10.3 EC Organization**

- 542 (a) The EC shall elect from among its members an EC Chair, and up to three vice-chairs  
543 (each representing a different Quadrant within the EC). Each of these officers shall

- 544 serve for a term of one (1) year and until his or her successor has been elected and  
545 qualified, or until his or her earlier death, resignation, or removal. The EC may appoint  
546 a secretary.
- 547 (b) Every meeting of the EC shall be presided over by the EC Chair, an EC Vice Chair (in  
548 order of precedence) or, in the absence of the EC Chair and EC Vice Chairs, a chair  
549 chosen by a Majority of the EC Members present.
- 550 (c) A majority of the EC may remove the EC Chair or an EC Vice Chair from his or her  
551 position whenever in its judgment the best interests of the EC or NAESB will be served  
552 thereby.
- 553 (d) The EC Chair and EC Vice Chairs may resign at any time by giving written notice to the  
554 NAESB Secretary. The resignation shall be effective upon receipt by the NAESB  
555 Secretary or at such subsequent time as may be specified in the notice of resignation.
- 556 (e) The EC shall divide itself into Quadrants to consider Standards and Model Business  
557 Practices. The number of Quadrants considering a particular Standard or a particular  
558 Model Business Practice shall be determined by the EC as a whole, acting upon  
559 requests presented to it through the Triage Process.
- 560 (f) By a Majority vote, the EC shall assign responsibility to one or more Quadrants to  
561 address each request for a proposed Standard or a proposed Model Business Practice,  
562 at the conclusion of the Triage Process. The Quadrant(s) assigned such responsibility  
563 shall process the request and vote on the ultimate recommendation. Only the members  
564 of the Quadrant(s) to which the request has been assigned may vote to ratify actions  
565 taken to approve a Standard or a Model Business Practice. Any Standard or Model  
566 Business Practice adopted by a Quadrant(s) shall apply only to the activities of the  
567 energy sector covered by that Quadrant(s).
- 568 (g) As part of the Triage Process, the EC may direct that two or more Quadrants jointly  
569 consider a request for proposed Standards or proposed Model Business Practices. In  
570 such event, the indicated Quadrants of the EC shall jointly act on the recommendation

571 (and in so doing, may appoint joint subcommittees or task forces to assist in such  
572 consideration) and, if applicable, the members of the affected Quadrants shall act on  
573 ratification of the Standards or Model Business Practices. To the extent that multiple  
574 Quadrants, having jointly considered Standards or Model Business Practices, cannot  
575 reach agreement on such Standards or Model Business Practices, the EC  
576 representatives of any of the participating Quadrants may, by a Majority vote, instruct  
577 the subcommittee to provide a status report. After receiving the status report, the EC  
578 representatives from any of the participating Quadrants may request the EC to re-triage  
579 the request for a proposed Standard or proposed Model Business Practice to allow a  
580 Quadrant(s) to proceed independently.

581 (h) Any Quadrant(s) that believes that it is affected by a Standard or Model Business  
582 Practice adopted by any other Quadrant(s) of the EC may seek Reconsideration of the  
583 assignment of such proposed Standard or Model Business Practice.

584 (i) Within 30 days after the publication of the meeting minutes recording the EC  
585 vote to approve a proposed Standard or Model Business Practice, any  
586 Quadrant(s) that believes itself to be affected by such action shall so indicate in  
587 a resolution adopted by a Majority vote of the EC of such Quadrant(s), which  
588 shall be forwarded by the NAESB office to the EC Chair and the entire EC.

589 (ii) Within 30 days of notice to the EC of such affirmative vote, the EC shall enter a  
590 Reconsideration action on the agenda for its next meeting. A Reconsideration  
591 action shall pass if a Majority of each Quadrant of the EC that did not vote to  
592 adopt the recommended Standard or Model Business Practice now votes in  
593 favor of Reconsideration.

594 (iii) In the event the Reconsideration action passes, an affected Quadrant and any  
595 other Quadrants that were assigned the request for a proposed Standard or  
596 proposed Model Business Practice as a result of the initial Triage Process shall  
597 jointly consider such request for a proposed Standard or a proposed Model  
598 Business Practice as described in Section 103 (g) of these Bylaws.

599 (iv) If the Reconsideration action fails, the Quadrant(s) that adopted the  
600 recommendation for a proposed Standard or a proposed Model Business  
601 Practice shall proceed with ratification of such proposals by the members of  
602 such Quadrant(s).

603 (i) The ratification of a Standard or Model Business Practice requires a 67% approval of  
604 the members of each of the applicable Quadrant(s) returning ballots.

605 (j) Minutes shall be kept of all EC and EC Subcommittee meetings and forwarded to the  
606 NAESB Secretary.

607 **Section 10.4 Meetings**

608 (a) The EC as a whole, or the EC for individual Quadrant(s), may hold regular meetings at  
609 such place and time as shall be designated by resolution of the EC as a whole or the EC  
610 for individual Quadrants, as applicable.

611 (b) Quadrant ECs will make all reasonable efforts to coordinate the times and locations of  
612 their meetings such that meetings which occur on concurrent or consecutive days will be  
613 in close physical proximity, facilitating attendance of multiple meetings by EC members,  
614 individual NAESB members of any Quadrant, or other interested parties.

615 (c) The EC Chair or at least one-third of the EC members may call special meetings of the  
616 EC which shall be held at such time and place as shall be designated in the call for the  
617 meeting. At least five (5) days' notice of any special meeting shall be given to each EC  
618 Member pursuant to Section 11.1 or by telephone. Such notice shall state the time and  
619 place of such special meeting and state the matters to be discussed at the special  
620 meeting. Action taken at special meetings shall be limited to the matters described in the  
621 meeting notice.

622 (d) The quorum necessary for EC meetings is a majority, as set forth in Article V of the  
623 Certificate.

624 (e) Each EC Member shall be entitled to one (1) vote.

- 625 (f) Article V, Section 4 of the Certificate describes the EC voting procedures and number  
626 of votes required for adoption or approval for particular issues with respect to NAESB.
- 627 (g) Each EC Member may participate and vote in EC meetings by proxy. Every proxy  
628 shall be executed in writing by the EC Member or by his or her duly authorized attorney  
629 in fact and filed with the Secretary of NAESB. A proxy shall be revocable at will,  
630 notwithstanding any other agreement or any provision in the proxy to the contrary. The  
631 revocation of a proxy shall not be effective until notice thereof has been given to the  
632 Secretary of NAESB. A proxy shall not be revoked by the death or incapacity of the  
633 maker unless, before the vote is counted or the authority is exercised, written notice of  
634 such death or incapacity is given to the Secretary of NAESB. Proxies may be limited in  
635 scope to the specific matters described in the agenda for the meeting. The voting  
636 directions contained in a proxy shall be read by the EC Chair at the beginning of the  
637 meeting.
- 638 (h) One (1) or more EC Members may participate in a meeting of the EC or a committee  
639 thereof by means of conference telephone or similar communications equipment by  
640 means of which all persons participating in the meeting can hear each other.
- 641 (i) No substitutes shall be permitted to vote at EC meetings. However, a Designated  
642 Alternate may vote at meetings of the EC in place of an absent EC Member from a  
643 given Segment. A Designated Alternate is defined as a person named in a list by the  
644 Segment that is received by the EC Secretary at least five (5) days prior to the pertinent  
645 meeting of the EC. Each Segment's list shall be developed, amended and structured in  
646 the manner described in that Quadrant's Exhibit. A Designated Alternate has all voting  
647 rights of the EC Member in whose place he or she serves, except for those matters on  
648 which the EC Member has already voted by proxy prior to the beginning of a meeting.
- 649 (j) While EC Members may participate and vote by means of teleconference or other  
650 electronic means, eligibility to continue serving as an EC member is dependent upon in-  
651 person attendance at no less than 25% of scheduled EC Meetings and participation in at

652 least 75% of such meetings. Such attendance/participation threshold shall be reviewed  
653 at March 31 and September 30 of each year for the preceding twelve months..

654 (k) Notational voting by EC Members is proper in the following circumstances and  
655 pursuant to the following procedures:

656 (i) In lieu of meeting: The EC Chair may request that any vote or action be taken  
657 by the EC without a meeting and without unanimous consent, and such action  
658 may be taken if approved by the appropriate voting levels specified in Article V  
659 of the Certificate. Notice of the EC Chair's request shall be given to all EC  
660 Members in the manner specified in Article II of these Bylaws.

661 (ii) During meetings: Notational votes from an EC Member that is not present shall  
662 be accepted and counted at an EC meeting with respect to any resolutions  
663 circulated in writing in advance of an EC meeting; provided, however, that if  
664 substantive changes are made in a resolution at the EC meeting such advance  
665 notational votes shall not be counted with respect to that resolution, but the  
666 procedures specified in (iii) below should be used.

667 (iii) Following a meeting: The EC shall indicate whether, and if so for how long,  
668 notational votes will be accepted after a meeting relating to particular issues  
669 voted on at that meeting.

#### 670 **Section 10.5 EC Subcommittees**

671 (a) The EC may establish subcommittees to be comprised of Members and other interested  
672 parties who have the opportunity to participate. Each EC Subcommittee shall employ  
673 Balanced Voting. Each EC Subcommittee shall report to, and serve at the pleasure of,  
674 the EC. EC Subcommittees shall each:

675 (i) elect a chair or co-chair, which shall be an EC Member and will serve until  
676 removed by the subcommittee's membership;

677 (ii) carry out its work in accordance with the procedures adopted by the EC for  
678 EC Subcommittees; and

679 (iii) keep regular minutes of its proceedings and provide copies of these minutes  
680 promptly to the Secretary.

681 Any task forces established by EC Subcommittees shall be comprised of Members and  
682 other interested parties.

683 (b) There shall be a Triage Subcommittee of the EC with one representative from each  
684 Segment within each Quadrant. The Triage Subcommittee shall review and recommend  
685 disposition of each request received by NAESB for a Standard, or Model Business  
686 Practice. Disposition shall mean scope, priority consistent with the Annual Plan, and  
687 assignment to a Quadrant(s) and subcommittee(s) for action. The Chair of the EC shall  
688 consult with individual Segments to appoint the members of the Triage Subcommittee  
689 and shall as also appoint its chair.

690

691

## ARTICLE 11 - NOTICE

### 692 **Section 11.1 Written Notice**

693 (a) Whenever written notice is required to be given to any person, it may be given to the  
694 person, either personally or by sending a copy by first class or express mail, postage  
695 prepaid, or courier service, charges prepaid, or by telegram (with messenger service  
696 specified), telex or TWX (with answer back received), electronic mail (or its  
697 equivalent), or by facsimile transmission, to his or her address or to his or her telex,  
698 TWX, electronic mail address or facsimile number appearing on the books of NAESB,  
699 in the case of Directors or EC Members, supplied by him or her to NAESB for the  
700 purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be  
701 deemed to have been given when deposited in the United States mail or with a telegraph  
702 office or courier service for delivery to that person or, in the case of telex or TWX,  
703 when dispatched. A notice of meeting shall specify the place, day and hour of the  
704 meeting and any other information required by the Act. Except as otherwise provided  
705 by the Act or these Bylaws, when a meeting is adjourned, it shall not be necessary to

706 give any notice of the adjourned meeting, or of the business to be transacted at an  
707 adjourned meeting, other than by announcement at the meeting at which such  
708 adjournment is taken.

709 (b) Notices given shall comply with the provisions of Article VI, Sections 1 and 3 of the  
710 Certificate.

711 **Section 11.2 Waiver by Writing**

712 Whenever any written notice is required to be given, a waiver in writing, signed by the person or  
713 persons entitled to the notice, whether before or after the time stated, shall be deemed equivalent to the  
714 giving of the notice.

715 **Section 11.3 Waiver by Attendance**

716 Attendance of a person at any meeting shall constitute a waiver of notice of the meeting except  
717 where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting,  
718 to the transaction of any business because the meeting was not lawfully called or convened.

719

720 **ARTICLE 12 - CONFLICTS OF INTEREST**

721 **Section 12.1 Interested Directors and Officers**

722 No contract or transaction between NAESB and one (1) or more of its Members, Directors, or  
723 officers or between NAESB and any other corporation, partnership, association, or other organization  
724 in which one (1) or more of its Directors or officers are directors or officers, or have a financial interest,  
725 shall be void or voidable solely for such reason, or solely because the Member, Director, or officer is  
726 present at or participates in the meeting of the Board or committee thereof which authorizes the contract  
727 or transaction, or solely because his, her, or their votes are counted for that purpose, if:

728 (a) the material facts as to the relationship or interest and as to the contract or transaction  
729 are disclosed or are known to the Board or the committee thereof and the Board or  
730 committee thereof in good faith authorizes the contract or transaction by the affirmative

731 votes of a majority of the disinterested Directors even though the disinterested Directors  
732 are less than a quorum;

733 (b) the material facts as to his or her relationship or interest and as to the contract or  
734 transaction are disclosed or are known to the Members entitled to vote thereon, if any,  
735 and the contract or transaction is specifically approved in good faith by vote of such  
736 Members; or

737 (c) the contract or transaction is fair as to NAESB as of the time it is authorized, approved,  
738 or ratified by the Board or the Members.

739 Common or interested Directors may be counted in determining the presence of a quorum at a  
740 meeting of the Board or of a committee thereof, which authorizes the contract or transaction. NAESB's  
741 adoption of a Standard shall not constitute a "contract or transaction" within the meaning of this section.

742

## 743 **ARTICLE 13 - LIMITATION OF LIABILITY; INSURANCE**

### 744 **Section 13.1 Limitation of Liability**

745 Article III, Section 6 of the Certificate contains limits on personal liability of Directors, EC  
746 Members and other persons acting for NAESB, and these limitations are incorporated herein by  
747 reference. Any repeal or amendment of Section 13.1 shall be prospective only and shall not increase,  
748 but may decrease, a Director's liability with respect to actions or failures to act occurring prior to such  
749 change.

### 750 **Section 13.2 Insurance**

751 NAESB shall purchase and maintain insurance on behalf of any person who is or was a  
752 NAESB Director or NAESB Officer and, to the extent approved by the Board, on behalf of EC  
753 Members, employees or agents of NAESB or on behalf of persons now or previously serving at the  
754 request of NAESB as a director, officer, employee or agent of another domestic or foreign corporation  
755 for profit or not-for-profit, partnership, joint venture, trust, or other enterprise against any liability  
756 asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her

757 status as such, whether or not NAESB would have the power to indemnify him or her against that  
758 liability under the Act.

759

760 **ARTICLE 14 - INDEMNIFICATION**

761 **Section 14.1 Representative Defined**

762 For purposes of Article 14, "representative" means any Director, officer, employee, or agent of  
763 NAESB.

764 **Section 14.2 Third-Party Actions**

765 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or is a  
766 party or is threatened to be made a party to any threatened, pending or completed action, suit or  
767 proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right  
768 of NAESB), by reason of the fact that he or she is or was a representative of NAESB, or is or was  
769 serving at the request of NAESB as a representative of another domestic or foreign corporation for  
770 profit or not-for-profit, partnership, joint venture, trust, or other enterprise, against expenses (including  
771 attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by  
772 him or her in connection with the action, suit or proceeding if he or she acted in good faith and in a  
773 manner he or she reasonably believed to be in, or not opposed to, the best interests of NAESB and,  
774 with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct  
775 was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, or  
776 conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption  
777 that the person did not act in good faith and in a manner that he or she reasonably believed to be in, or  
778 not opposed to, the best interests of NAESB and, with respect to any criminal action or proceeding,  
779 had reasonable cause to believe that his or her conduct was unlawful.

780 **Section 14.3 Derivative and Corporate Actions**

781 NAESB shall indemnify, to the full extent not prohibited by law, any person who was or is a  
782 party, or is threatened to be made a party, to any threatened, pending or completed action or suit by or  
783 in the right of NAESB to procure a judgment in its favor by reason of the fact that he or she is or was a

784 representative of NAESB or is or was serving at the request of NAESB as a representative of another  
785 domestic or foreign corporation for profit or not-for profit, partnership, joint venture, trust, or other  
786 enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him or her in  
787 connection with the defense or settlement of the action or suit if he or she acted in good faith and in a  
788 manner he or she reasonably believed to be in, or not opposed to, the best interests of NAESB.  
789 Indemnification shall not be made under Section 14.3 in respect of any claim, issue or matter as to  
790 which the person has been adjudged to be liable to NAESB unless and only to the extent that the Court  
791 of Chancery or the court in which the action or suit was brought determines upon application that,  
792 despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly  
793 and reasonably entitled to indemnity for such expenses that the Court of Chancery or other court shall  
794 deem proper.

795 **Section 14.4 Procedure for Effecting Indemnification**

796 Unless ordered by a court, any indemnification under Section 14.2 or Section 14.3 shall be  
797 made by NAESB only as authorized in the specific case upon a determination that indemnification of the  
798 representative is proper in the circumstances because he or she has met the applicable standard of  
799 conduct set forth in those Sections. The determination shall be made:

- 800 (a) by the Board by a majority vote of a quorum consisting of Directors who were not  
801 parties to the action, suit or proceeding; or
- 802 (b) if such a quorum is not obtainable or if obtainable a quorum of disinterested Directors  
803 so directs, by independent legal counsel in a written opinion.

804 **Section 14.5 Advancing Expenses**

805 Expenses (including attorneys' fees) incurred in defending any action, suit or proceeding referred  
806 to in Article 14 may be paid by NAESB in advance of the final disposition of the action, suit or  
807 proceeding upon receipt of an undertaking by or on behalf of the representative to repay the amount if it  
808 is ultimately determined that he or she is not entitled to be indemnified by NAESB as authorized in this  
809 Article or otherwise.

810 **Section 14.6 Supplementary Coverage**

811 The indemnification and advancement of expenses provided by or granted pursuant to Article  
812 14 shall not be deemed exclusive of any other rights to which a person seeking indemnification or  
813 advancement of expenses may be entitled under any bylaw, agreement, vote of the Members or  
814 disinterested Directors, or otherwise, both as to action in his or her official capacity and as to action in  
815 another capacity while holding that office. Section 12.1 (relating to interested Directors or officers) shall  
816 be applicable to any bylaw, contract, or transaction authorized by the Directors under this Section 14.6.

817 **Section 14.7 Duration and Extent of Coverage**

818 The indemnification and advancement of expenses provided by or granted pursuant to Article  
819 14 shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased  
820 to be a representative of NAESB and shall inure to the benefit of the heirs and personal representatives  
821 of that person.

822 **Section 14.8 Reliance and Modification**

823 Each person who shall act as a representative of NAESB shall be deemed to be doing so in  
824 reliance upon the rights provided by Article 14. The duties of NAESB to indemnify and to advance  
825 expenses to a representative provided in Article 14 shall be in the nature of a contract between NAESB  
826 and the representative. No amendment or repeal of any provision of this Article shall alter, to the  
827 detriment of the representative, his or her right to the advance of expenses or indemnification related to  
828 a claim based on an act or failure to act which took place prior to such amendment or repeal.

829

830 **ARTICLE 15 - ANNUAL REPORT**

831 **Section 15.1 Annual Report**

832 The Board shall present annually to the Members a report, verified by the Board Chair and  
833 Treasurer or by a majority of the Board, describing the activities and accomplishments of NAESB and  
834 containing a financial report addressing at least the following matters:



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## **ARTICLE 17 - CORPORATE RECORDS**

### **Section 17.1 Corporate Records**

863           NAESB shall keep at its registered office or at its principal place of business: (a) a copy of the  
864 Certificate, including all amendments thereto; (b) the original or a copy of its Bylaws, including all  
865 amendments thereto to date, certified by the Secretary of NAESB; (c) an original or duplicate record of  
866 the proceedings of the Board; (d) an original or duplicate record of the proceedings of the EC; (e) an  
867 original or a duplicate membership register showing the names of the Members, their respective  
868 addresses, and other details of membership, and (f) appropriate, complete, and accurate books or  
869 records of account.

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## **ARTICLE 18 - AMENDMENTS**

### **Section 18.1 Amendments**

873           The Bylaws of NAESB may be amended by the Board in the manner described in the  
874 Certificate. Each Quadrant's Exhibit may be adopted or amended by majority vote of the Directors  
875 representing that Quadrant or as may be specified in the procedures contained in that Quadrant's  
876 Exhibit. Votes on consistency of Quadrant procedures with the Certificate and Bylaws are in the  
877 manner described in Article V, Section 5 of the Certificate.

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## **ARTICLE 19 – TRANSITION PROCEDURES**

### **Section 19.1 Officers of the Board**

881           NAESB will be going through a transition process during the period immediately after adoption  
882 of these Bylaws. To ease such transition, executive authority shall be exercised by the existing officers  
883 of NAESB until such time as the newly constituted Board shall meet and determine upon a different  
884 organization, consistent with these Bylaws. In the absence of affirmative action on the part of a fully

885 constituted Board (consisting of at least three Quadrants), the existing officers shall remain in their  
886 positions until new officers are installed following the next scheduled election.

887 **Section 19.2 Officers of the EC**

888 EC authority shall be exercised by the existing EC officers until such time as the newly  
889 constituted EC shall meet and elect a different slate of officers in accordance with these Bylaws. In the  
890 absence of a change of officers by a fully constituted EC (consisting of at least three Quadrants), the  
891 existing officers shall remain in their positions until new officers are installed following the next scheduled  
892 election.

893 **Section 19.3 Procedures to Constitute Board & EC Representation**

894 Both the Board and the EC will be expanded to include the elected representatives of new  
895 Quadrants within 30 days of the completion of the following Quadrant formation activities:

- 896 (a) Approval of Quadrant and Segment By-laws or procedures by the existing Board.
- 897 (b) Completion of a minimum of 30 day recruiting period to solicit and enroll new members.
- 898 (c) An initial meeting of the membership of a Quadrant.
- 899 (d) Election of Board and EC representatives by the Quadrant.

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**EXHIBIT 1**

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**WHOLESALE GAS QUADRANT PROCEDURES**

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**EXHIBIT 2**

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**WHOLESALE ELECTRIC QUADRANT PROCEDURES**

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**EXHIBIT 3**

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**RETAIL GAS QUADRANT PROCEDURES**

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**EXHIBIT 4**

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**RETAIL ELECTRIC QUADRANT PROCEDURES**

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