

NORTH AMERICAN ENERGY STANDARDS BOARD

BYLAWS ADDENDUM

EXHIBIT 4-A

**RETAIL ELECTRIC QUADRANT
DISTRIBUTOR SEGMENT PROCEDURES**

December 28, 2004

Table of Contents

- NORTH AMERICAN ENERGY STANDARDS BOARD..... 1
- RETAIL ELECTRIC QUADRANT 1
- DISTRIBUTOR SEGMENT PROCEDURES..... 1
 - 1.0 Definitions 2
 - 1.1 "Secretary". 2
 - 1.2 "Segment Member" or "Member" 2
 - 1.3 "Segment Membership" or "Membership" 2
 - 1.4 All other capitalized terms 2
 - 2.0 Purpose, Scope, Activities and Policies 2
 - 2.1 Purpose & Scope 2
 - 2.2 Principles and Policies 3
 - 2.3 Segment Requirements 4
 - 3.0 As described in the NAESB Bylaws..... 5
 - 4.0 As described in the NAESB Bylaws..... 5
 - 5.0 Members 5
 - 5.1 Membership Requirements 5
 - 5.2 Removal of Members 7
 - 6.0 As described in the NAESB Bylaws..... 7
 - 7.0 Board..... 7
 - 7.1 Representation 7
 - 7.2 Qualification of Directors 7
 - 7.3 Number and Election of Directors 7
 - 7.4 Term of Office 8
 - 7.5 Vacancies 9
 - 7.6 Removal of Directors 9
 - 7.7 Resignation of Directors 10
 - 8.0 Officers 10
 - 8.1 Segment Governance 10
 - 8.2 Qualifications of Segment Officers 10
 - 8.3 Election, Term of Office, & Succession 11
 - 8.4 Holding Segment and NAESB/REQ offices 11
 - 8.5 Removal of Segment Officers 12
 - 8.6 Distributor Segment Secretary 13
 - 9.0 As described in the NAESB Bylaws..... 13
 - 10.0 Executive Committee (EC) 13
 - 10.1 Duties and Responsibilities Within Segment EC 13
 - 10.2 Qualifications 13
 - 10.3 Number and Election of EC Members 13
 - 10.4 Term of Office 14
 - 10.5 Vacancies 15
 - 10.6 Removal of EC Members 15
 - 10.7 Resignation of EC Members 16

10.8 Designated Alternates	16
11.0 Notice	17
11.1 Notice of Member Meetings	17
11.2 Communications Processes	17
12.0 – 17.0As described in the NAESB Bylaws	17
18.0 Amendments	17
18.1 Procedure for Amendment	17

1.0 Definitions

- 1.1 "Secretary" means the Distributor Segment Secretary as defined in Section 8.6.
- 1.2 "Segment Member" or "Member" means an individual or entity (e.g., corporation, partnership) that satisfies the requirements for membership set forth in the NAESB Bylaws and REQ procedures, and further satisfies the qualifications for Distributor Segment Membership set forth in Section 5.1 of these procedures. If the Segment Member is not an individual, the term Segment Member or Member shall include that entity's representative (employee, officer, director, or partner) who is authorized to cast that Segment Member's vote.
- 1.3 "Segment Membership" or "Membership" means the Segment Members collectively.
- 1.4 All other capitalized terms shall have the same definitions as specified in the Bylaws of NAESB or in the Retail Electric Quadrant (REQ) procedures.

2.0 Purpose, Scope, Activities and Policies

2.1 Purpose & Scope

A Purpose

To contribute to the proposal, evaluation, and adoption of voluntary standards and model business practices as described in the REQ quadrant procedures from the perspective of the Distributor Segment Membership.

B Scope

The Distributor Segment of the REQ is to address issues and practices as described in the REQ quadrant procedures from the perspective of entities engaged in the local distribution of electricity.

Issues may also be addressed in conjunction with other Segments within the REQ and/or Retail Gas Quadrant (RGQ) when such issues are common to multiple Segments and/or both electric and gas distribution in the retail market.

Issues surrounding the interface of transmission and distribution providers, or other wholesale issues affecting electricity distributors may be addressed in conjunction with various Segments of the Wholesale Electric Quadrant.

2.2 Principles and Policies

A Policies

The Distributor Segment of the REQ shall comply with the policies and principles stated in the NAESB Bylaws and the REQ Procedures contained therein as an addendum.

B Meetings of the REQ Distributor Segment

1. Open Meetings

All meetings held in association with the Distributor Segment of REQ are open to any interested person, company, or organization. Only Segment Members, however, shall have a right to vote at such meetings.

2. Quorum

In order to conduct Segment business at a Segment meeting, a minimum of 33% of the Segment Membership must be in attendance. Attendance may be either in person or through interactive electronic means such as teleconferencing.

3. Meeting Minutes

Minutes of all meetings, including voting results, are to be reported by the Chair, the Vice-Chair, or the Secretary, at the Chair's discretion, to the NAESB Office for publication within 15 days of the date of the meeting.

2.3 Segment Requirements

A Segment Description

The Distributor Segment of the Retail Electric Quadrant of the North American Energy Standards Board ("NAESB") is one of four (4) co-equal Segments comprising the retail electric market. The Distributor Segment Membership is comprised of persons engaged in the local distribution of electricity.

B Representation

1. The Distributor Segment shall meet the following criteria to ensure that the broad range of Distributor interests are represented:
 - (a) A minimum of ten paid Members
 - (b) There are paid Members representing electric distributors from at least four (4) reliability regions (as defined in 2001 See Diagram 1 at end of these Procedures)

C Voting Rights

1. Only Distribution Segment Members have the right to:
 - (a) Vote in the Distributor Segment to ratify standards or model business practices adopted by the Quadrant EC. Ratification voting will be in accordance with the requirements of the NAESB Bylaws,
 - (b) Vote in the Distributor Segment to elect representatives to the Board of Directors and Executive committee. These elections shall be held in accordance with NAESB Bylaws

and REQ and Distributor Segment procedures as stated in Sections 7.3 and 10.3.

2. A Segment Member's voting rights shall be suspended for any period during which the Member is delinquent in the payment of its membership fees.

D Multiple Memberships

No person may hold more than one Membership in the Segment.

Corporate Members do not extend their Membership to their parent company, affiliates or subsidiaries. Separate corporate entities within a corporate organization may hold multiple memberships in the Distributor Segment, but each must join individually and pay a membership fee.

3.0 As described in the NAESB Bylaws or REQ Procedures attached thereto (Exhibit 4)

4.0 As described in the NAESB Bylaws or REQ Procedures attached thereto (Exhibit 4)

5.0 Members

5.1 Membership Requirements

A Distributor Segment Membership Requirements

Membership in the Distributor Segment of the Retail Electric Quadrant of the NAESB shall be open to any person that meets the following requirements:

1. The person meets the membership criteria set forth in the Bylaws (Article 5) and the Certificate of Incorporation (Article IV, Sections 1 & 2) and Section 5.1 of the REQ quadrant Procedures.
2. The person provides electric distribution to retail end-users, or is a Trade Association representing parties who provide electric distribution to retail customers and qualifies under the procedure in section 5.1 B, following.
3. The person has submitted an application to the NAESB Office declaring Distributor Segment affiliation in the REQ.

B Trade Association Participation as Members

1. The Member may be a trade association or an advocacy group representing a group of prospective Members, provided that
 - (a) the group represents an interest that is identified within the Segment, yet is
 - (i) not represented, or
 - (ii) is underrepresentedin the judgement of a simple majority of the Segment Membership, and
 - (b) the prospective representative's relationship to the group wishing to be represented in this manner is documented in one of the following ways:
 - (i) is a generally recognized representative of the subject group for other transactions (e.g. provides group insurance, group buying of another product, legislative lobbying, etc)
 - (ii) provides a letter of authorization from the group, including an expiration date for the letter of authorization
 - (c) no more than two entities within the group represented subsequently join as voting Members of the Segment, at which point the Segment Membership will reconfirm the Trade Association's eligibility for continued membership under the terms of Section 2.3 C (1) a) (above)
2. Potential trade association Members must be approved by a simple majority of the then current Distribution Segment Members.
3. The approval for a Trade Association to participate as a Member must be reconfirmed by a simple majority of the Segment Members every two years.
4. Trade Associations participating as Members have the same rights and responsibilities as all other Members.

5.2 Removal of Members

Members who do not have a significant business interest pertaining to the Distributor Segment may be removed from Distributor Segment Membership by a simple majority vote of the declared Distributor Segment Membership.

6.0 As described in the NAESB Bylaws or REQ Procedures attached thereto (Exhibit 4)

7.0 Board

7.1 Representation

The Distributor Segment of the REQ shall be represented on the Board.

7.2 Qualification of Directors

To be eligible to serve as a Distributor Segment representative on the NAESB Board of Directors, the individual must

- A be a Distributor Segment Member;
- B meet the eligibility requirements set forth in Section 7.2 of the NAESB Bylaws and Section 7.2 or the REQ procedures attached thereto.

7.3 Number and Election of Directors

- A Number of Directors

Four (4) persons who are individual Segment Members will represent the Distributor Segment on the REQ Board of Directors.
- B Nomination of Candidates

Nominations shall be made as indicated in Section 7.3 of the REQ Procedures.
- C Election of Directors

The Distributor Segment of the REQ shall elect individuals to serve on the Board as required by Article 7 of the NAESB Bylaws and in Section 7 of the REQ Procedures attached thereto.

D Election of Directors

1. The election process for REQ Distributor Segment Directors shall be:
 - (a) coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office, and
 - (b) announced by formal notice to the Segment Membership no less than 15 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
2. Elections for REQ Distributor Segment Directors shall be subject to the following provisions:
 - (a) Any Distributor Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
 - (b) Distributor Segment Members shall cast votes for candidates in a number not exceeding the number of Director seats open for election by the Distributor Segment;
 - (c) Segment Members may cast only one vote per candidate
 - (d) The candidates receiving the greatest numbers of votes shall be elected, subject to a maximum of two (2) Directors from a single reliability region (as defined in 2001, see Diagram 1 at the end of these Procedures);
 - (e) Results of the elections for the REQ Directors, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election.

7.4 Term of Office

A Term of Office

Each Director from the Distributor Segment of the REQ shall serve a term of two years on the NAESB Board, as described in the REQ quadrant procedures, Section 7.4 A.

B Change of Affiliation

In the event that the Distributor Segment Director changes affiliation to another Member within the Distributor Segment, the Director's term will continue until its natural expiration, provided that there is no other Director already representing the same Member, in which case the Director changing his or her affiliation will vacate their seat for election of a new Director.

7.5 Vacancies

Any Director seats becoming vacant shall be filled in accordance with REQ Procedures as specified in this Exhibit 4 to the Bylaws.

7.6 Removal of Directors

A A NAESB Director shall cease to hold that position upon:

1. the resignation of REQ Distributor Segment Membership by the entity of which the Director serves as a representative;
2. the lapse of the NAESB Membership dues of the Member for which the Director serves as a representative;
3. the Director's resignation, removal, or death; or
4. the first day of the NAESB operating year following an election for the seat held by the Director, wherein the Director was not re-elected by the Segment Membership as declared by the NAESB Secretary.

B Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Director if all three of the following conditions are satisfied:

1. the individual continues activity or employment in the Distributor Segment of the Electric industry with another Distributor Segment Member;
2. the individual's new employer is a Segment Member with no representatives holding seats on the Board; and
3. the Board determines that completion of the Director's term of office is in the best interest of NAESB.

- C Upon a request by a Segment Member contending that the Director does not meet the qualifications as described in Section 7.2 above, a Distributor Segment vote for removal of the Director can be called. The Segment shall provide the Director at least 30 days notice of the proposed action and an opportunity to respond. Directors may be removed from office by the Segment Membership at any time upon a 67% vote.
- D A vacancy resulting from removal of a Director shall be filled for the remainder of that term in accordance with Section 7.5 of these Procedures.

7.7 Resignation of Directors

A Director may resign his or her position by submitting a letter to the NAESB Secretary as stated in the NAESB Bylaws Section 7.7 with a copy to the Chair of the Distributor Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

8.0 Officers

8.1 Segment Governance

The Distributor Segment Members shall elect Members of the Distributor Segment to the following administrative and governance positions:

A Distributor Segment Chair

The Distributor Segment Chair will preside over all meetings of the general Distributor Segment Membership separate from meetings of the REQ.

B Distributor Segment Vice Chair

The Distributor Segment Vice-Chair will assist the Distributor Segment Chair in presiding over all meetings of the general Distributor Segment. The Vice-Chair will, along with the NAESB Office, coordinate all Segment elections once the Segment has commenced operation.

8.2 Qualifications of Segment Officers

To be eligible to serve as a Distributor Segment Officer, the individual must

- A be a Segment Member;
- B have a working knowledge of the NAESB process;
- C be willing to commit the time and resources necessary to fulfill their obligations as a Segment Officer. Candidates for Segment office will be asked to submit a letter to NAESB documenting their commitment.

8.3 Election, Term of Office, & Succession

The term of office of the Distributor Segment Chair is one year concurrent with the operating year of NAESB.

The Distributor Segment Chair will be succeeded in the following year by the Distributor Segment Vice-Chair. with a new Distributor Segment Vice-Chair elected to fill the vacant Distributor Segment Vice-Chair position.

The election of the new Vice Chair shall be coordinated with the Board and EC elections, with succession taking place at the start of the next NAESB operating year. If the Vice Chair position is vacant at the time of this election, then two Segment Chairs will be elected, with the candidate receiving the highest number of votes becoming Chair and the candidate with the second highest vote total becoming Vice Chair.

In the event the Segment Chair position is vacant, the Vice Chair shall immediately assume the Chair position and shall appoint a new Vice Chair to fill out the remainder of the operating year. If the Vice Chair position becomes vacant, the Chair shall appoint a new Vice Chair to fill out the remainder of the operating year. Appointed Segment Officers are not eligible to succeed from Vice Chair to Chair as described above. They must instead stand for election as if the office was vacant with the highest vote-getter becoming the Chair and the next highest becoming the Vice Chair.

8.4 Holding Segment and NAESB/REQ offices

A Segment Member may hold one of the Officer positions within the Segment and also serve on the Board or the Executive Committee concurrently.

8.5 Removal of Segment Officers

- A A Distribution Segment Officer shall cease to hold that position upon:
1. the resignation of REQ Distributor Segment Membership by the entity of which the Segment Officer serves as a representative;
 2. the lapse of the NAESB Membership dues of the Member for which the Segment Officer serves as a representative;
 3. the Segment Officer's resignation, removal, or death; or
 4. the first day of the next NAESB operating year following an election for the seat held to elect Segment Officers, wherein the Segment Officer was not elected by the Segment Membership as declared by the NAESB Secretary and was not an incumbent Vice-Chair succeeding the Chair as described in Section 8.3 of these Segment procedures
- B Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Distributor Segment Officer if the following conditions are satisfied:
1. the individual continues activity or employment in the Distributor Segment of the Electric industry with another Distributor Segment Member,
 2. a majority of the Segment's EC Members determine that completion of the Segment Officer's term of office is in the best interest of the Segment
- C Upon request by a Segment Member that the Segment Officer does not meet the qualifications as described in Section 8.2 above, a Distributor Segment vote for removal of the Segment Officer can be called. Segment Officers may be removed from office by the Segment Membership at any time upon a 67% vote.
- D A vacancy resulting from removal of an Segment Officer shall be filled for the remainder of that term in accordance with Section 8.3 of these Segment Procedures.

8.6 Distributor Segment Secretary

The Chair will appoint a Secretary of the meeting(s) who will take meeting minutes and record votes. This may be a standing position or this function may be performed by a NAESB Office representative.

9.0 As described in the NAESB Bylaws or REQ Procedures attached thereto (Exhibit 4)

10.0 Executive Committee (EC)

10.1 Duties and Responsibilities Within Segment EC

The Distributor Segment of the REQ shall be represented on the EC.

10.2 Qualifications

To be eligible to serve as a Distributor Segment representative on the EC, the individual must

- A be a Segment Member;
- B meet the eligibility requirements set forth in Section 7.2 of the NAESB Bylaws and Section 7.2 or the REQ procedures attached thereto.

10.3 Number and Election of EC Members

A Number of EC Members

Four (4) persons who are individual Segment Members will represent the Distributor Segment on the REQ EC.

B Nomination of Candidates

Nominations shall be made as indicated in Section 10.3 of the REQ Procedures.

C Election of EC Members

The Distributor Segment of the REQ shall be represented on the NAESB EC by individuals who shall be elected, as required by Article 10 of the NAESB Bylaws and in Section 10 of the REQ Procedures attached thereto.

1. The election process for REQ Distributor Segment representatives to the REQ EC shall be
 - (a) coordinated by the Vice-Chair of the Segment with appropriate coordination with the NAESB Office and;
 - (b) announced by formal notice to the Segment Membership no less than 15 days prior to the date of the election, with such notice indicating the name and affiliation of all candidates.
2. Elections for REQ Distributor Segment EC members shall be subject to the following provisions:
 - (a) Any Distributor Segment Member of the REQ with dues current is eligible to have one duly authorized representative cast the Member's vote;
 - (b) Distributor Segment Members shall cast votes for candidates in a number not exceeding the number of EC seats open for election by the Distributor Segment;
 - (c) Segment Members may cast only one vote per candidate
 - (d) The candidates receiving the greatest numbers of votes shall be elected, subject to a maximum of two (2) EC members from a single reliability region (as defined in 2001, see Diagram 1 at end of these Procedures);
 - (e) Results of the elections for the REQ EC, including the returned ballots, shall be forwarded to the NAESB Office, for the purpose of public record and validation of voting results, upon conclusion of any election;

10.4 Term of Office

A Term of Office

Each EC Member from the Distributor Segment of the REQ shall serve a term of two years on the REQ EC, as described in Section 10.4 of the REQ Quadrant procedures.

B Change of Affiliation

In the event that the Distributor Segment EC Member changes affiliation to another Member within the Distributor Segment, the EC Member's term will continue until its natural expiration, provided that there is no other EC Member already representing the same Member, in which case the EC Member changing his or her affiliation will vacate their seat for election of a new EC Member.

10.5 Vacancies

Vacancies shall be filled in accordance with Section 10.5 of the REQ Procedures

10.6 Removal of EC Members

A A NAESB EC Member shall cease to hold that position upon:

1. the resignation of REQ Distributor Segment Membership by the entity of which the EC Member serves as a representative;
2. the lapse of the NAESB Membership dues of the Member for which the EC Member serves as a representative;
3. the EC Member's resignation, removal, or death; or
4. the first day of the NAESB operating year following an election for the seat held by the EC Member, wherein the EC Member was not re-elected by the Segment Membership as declared by the NAESB Secretary.

B Receipt by the NAESB Secretary of a rescission letter indicating that the individual no longer represents the Member does not constitute grounds for removal of the Distributor Segment EC Member if all three of the following conditions are satisfied:

1. the individual continues activity or employment in the Distributor Segment of the Electric industry with another Distributor Segment Member,
2. the individual's new employer is a Segment Member with no representatives holding seats on the EC, and
3. the EC determines that completion of the EC Member's term of office is in the best interest of NAESB

- C Upon a request by a Segment Member contending that the EC Member does not meet the qualifications as described in Section 10.2 above, a Distributor Segment vote for removal of the EC Member can be called. The Segment shall provide the EC Member at least 30 days notice of the proposed action and an opportunity to respond. EC Members may be removed from office by the Segment Membership at any time upon a 67% vote.
- D A vacancy resulting from removal of an EC Member shall be filled for the remainder of that term in accordance with Section 10.7 of these Segment procedures.

10.7 Resignation of EC Members

A Distributor Segment EC Member may resign his or her position by submitting a letter to the NAESB Office with a copy to the Chair of the Distributor Segment of the REQ stating that he or she is resigning and giving the effective date of the resignation.

10.8 Designated Alternates

- A The Designated Alternate's authority to represent the Distributor Segment shall be as described in the REQ Procedures Section 10.7 A.
- B Selection of Designated Alternates shall follow the process described in the REQ Procedures Section 10.7 B, with the following addition:

A Designated Alternate temporarily serving in the place of an EC Member is subject to the geographic limitations placed on permanent EC Members.

1.

- C Duties of Designated Alternates

A Designated Alternate will attend and vote at meetings of the EC of the REQ or of the larger EC of NAESB, when one or more regular Distributor Segment EC Members from the Distributor Segment are unable to attend a meeting of the EC and when the absent member, or the Vice-Chair or Second Vice Chair of the REQ EC requests their attendance as a Designated Alternate. Selection

of which Designated Alternate will serve will follow the procedures stated in the REQ Procedures Section 10.7B.

11.0 Notice

11.1 Notice of Member Meetings

Segment Member meetings shall have a meeting notice posted at least 30 days in advance

11.2 Communications Processes

- A All meeting notices shall be posted on the NAESB website and transmitted in writing, facsimile, electronic mail, or other electronic means to the Segment's mailing list (described below) and other parties who have indicated an interest in the meeting.
- B The Distributor Segment Secretary will maintain a mailing list (and e-mail list) of it's Members and will directly distribute information and notices on Segment issues to Distribution Segment Members.
 - 1. The Distribution Segment Secretary will maintain a mailing list (and e-mail list) of parties who have participated in Segment proceedings during the last 12 months and will directly distribute information and notices on Segment issues these known interested parties.
 - 2. The Distributor Segment Secretary will rely upon NAESB, NRECA, APPA, EEI, and other trade associations to distribute various information and notices to other interested parties.

12.0 – 17.0 As described in the NAESB Bylaws or REQ Procedures attached thereto (Exhibit 4)

18.0 Amendments

18.1 Procedure for Amendment

- A Proposal

1. Proposed amendments to these procedures will be presented to the Segment Membership for consideration when a petition supported by at least three (3) Distributor Segment Members is submitted to the Segment Vice Chair
2. The Segment Vice Chair shall call a Segment Member meeting for the purpose of considering the proposed change(s) and shall send out a meeting announcement at least thirty (30) days prior to the meeting

B Adoption/Recommendation

1. A quorum consisting of at least 33% of the Distributor Segment Members must be present (in person or by electronic means) in order for the participants to take action on the proposed amendments.
2. Participants at the meeting will discuss the proposed change(s) and, if appropriate, draft a proposed resolution for ratification by the Membership.
3. Resolutions must be approved by 51% of the Members in attendance at the meeting to be adopted and presented to the Membership for comment and ratification.

C Ratification

1. The resolution shall be distributed to all Distributor Segment Members for a 30-day comment period
2. The Vice Chair shall accumulate the comments and publish them to all Members prior to a notational vote.
3. All Members shall receive a ballot on the proposed resolution and be allowed a minimum of 14 days to return the ballot indicating their vote.
 - (a) At the discretion of the Segment Vice Chair the balloting may be done in hard copy form or through electronic means such as internet voting or through e-mail.
 - (b) Ballots that are not returned shall be considered to have voted in approval of the proposed resolution.
 - (c) Approval by at least 67% of the Distributor Segment Members is required for the resolution to take effect.

Diagram 1
NERC Reliability Regions Used in REQ Distributor Segment Procedures
(Sections 2.3 B.1.(b), 7.3.d.2.(d), 10.3.d.2.(d))

