

**Business Practice Subcommittee  
Creditworthiness  
Final Meeting Minutes Attachment  
Proposed Standards and Strawman<sup>1</sup>  
As of 2/14/2003**

**Proposed Standard z1:**

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

- Audited Financial Statements;
- Annual Report;
- Most recent filed statements with the Securities and Exchange Commission (or an equivalent authority) or such other publicly available information;
- For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer (CFO) that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;
- For non-public entities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of financial condition prepared in accordance with GAAP or equivalent;
- For non-public entities, an existing sworn filing with a regulatory agency showing SR's current financial condition;
- List of Affiliates, Parent Companies and Subsidiaries;
- Publicly Available Credit Reports from Credit and Bond Rating Agencies;
- Private Credit Ratings, if obtained by the SR;
- Bank References;
- Trade References;
- Statement of Legal Composition;
- Statement of Length of Time Business has Been in Operation;
- Such other information as required by the TSP's lender from
  - 1) SR(s) of TSP's project financed facilities or
  - 2) SR(s) requesting service on proposed or newly constructed facilities financed by that lender(s);
- Such other information as may be mutually agreed to by the parties; and
- Such other information as the TSP may receive approval to include in its tariff or general terms and conditions.

Non-public information supplied by the SR should be treated by the TSP and its lender(s) as confidential.

**Proposed Standard z2:**

If the Transportation Service Provider (TSP) requests additional information for purposes of credit evaluation after the initiation of service, the TSP should provide the Service Requester its reason(s) for requesting the additional information.

**Proposed Standard z3**

Upon receipt of a request for information from the Transportation Service Provider (TSP) for the purpose of credit evaluation, the Service Requester's authorized representative(s) should be required to acknowledge receipt of the TSP's request.

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<sup>1</sup> Proposed Standard z1 is not part of the Strawman

**Proposed Standard z4**

Upon receipt from the Service Requester (SR) of all credit information provided pursuant to a request (or in lieu thereof a response indicating why all information requested is not provided), the Transportation Service Provider should notify the SR's authorized representative(s) that it has received such information.

**Proposed Standard z5**

The Service Requester (SR) should provide the Transportation Service Provider (TSP) with the Internet E-mail addresses of up to two authorized representatives who are designated to receive notifications regarding the SR's creditworthiness pursuant to NAESB WGQ Standard [z4]. The obligation of the TSP to provide notification is waived until the above requirement has been met. Affected parties should manage internal distribution of such notices that are received.

**Proposed Standard z6**

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

**Proposed Standard z7**

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

**Proposed Standard z8 - failed****Proposed Standard z9**

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

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

**Proposed Standard z10**

For the Service Requester (SR) to receive initial service or to continue service from a Transportation Service Provider (TSP), the SR should be (1) creditworthy in accordance with the TSP's tariff or provide credit alternative(s) in accordance with NAESB WGQ standard (z11), (2) current on all undisputed payments to the TSP for service, and (3) otherwise in compliance with the TSP's tariff or service agreement.

**Proposed Standard z11**

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

- (i) guarantee;
- (ii) an irrevocable letter of credit; or
- (iii) prepayment of service.

Such credit alternative(s) should be (1) acceptable to the TSP, provided that the TSP's acceptance should not be unreasonably withheld and (2) in accordance with standard industry practices. The TSP and SR may mutually agree that the SR will provide other forms of credit alternatives. In order for a guarantee or an irrevocable letter of credit to be accepted by the TSP, the entity that provides such guarantee or letter of credit must be creditworthy in accordance with the TSP's tariff.

**Proposed Standard z12 - withdrawn**