



**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL ELECTRIC QUADRANT
As revised by the REQ EC on 5/5/04**

**Requester: REQ Supplier-Utility Interface Subcommittee
Request No.: 2002-2003 Annual Plan Item 2**

1. Recommended Action:

☒ Accept as requested
☐ Accept as modified below
☐ Decline

**Effect of EC Vote to Accept Recommended
Action:**

☒ Change to Existing Practice
☐ Status Quo

2. TYPE OF MAINTENANCE

Per Request:

☒ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle
☐ Definition
☒ Model Business Practice
☐ Document
☐ Data Element
☐ Code Value
☐ X12 Implementation Guide
☐ Business Process Documentation

Per Recommendation:

☒ Initiation
☐ Modification
☐ Interpretation
☐ Withdrawal

☐ Principle
☐ Definition
☒ Model Business Practice
☐ Document
☐ Data Element
☐ Code Value
☐ X12 Implementation Guide
☐ Business Process Documentation

3. RECOMMENDATION

SUMMARY:

Add proposed NAESB REQ Model Business Practices (Models) to the existing REQ Model Business Practices on Creditworthiness:

Process flow diagrams to be added as Models within the existing MBP's:

- 1) Determination of Initial Credit Limits – Process Flow as MBP 1.3.3.1
- 2) Reconsideration of Determination of Initial Credit Limit – Process Flow as MBP 1.4.3.1
- 3) Reconsideration of Determination of Initial Credit Limit – Challenge Process Flow as MBP 1.4.3.2
- 4) Disqualification/Remedies = Process Flow as MBP 1.5.3.1.



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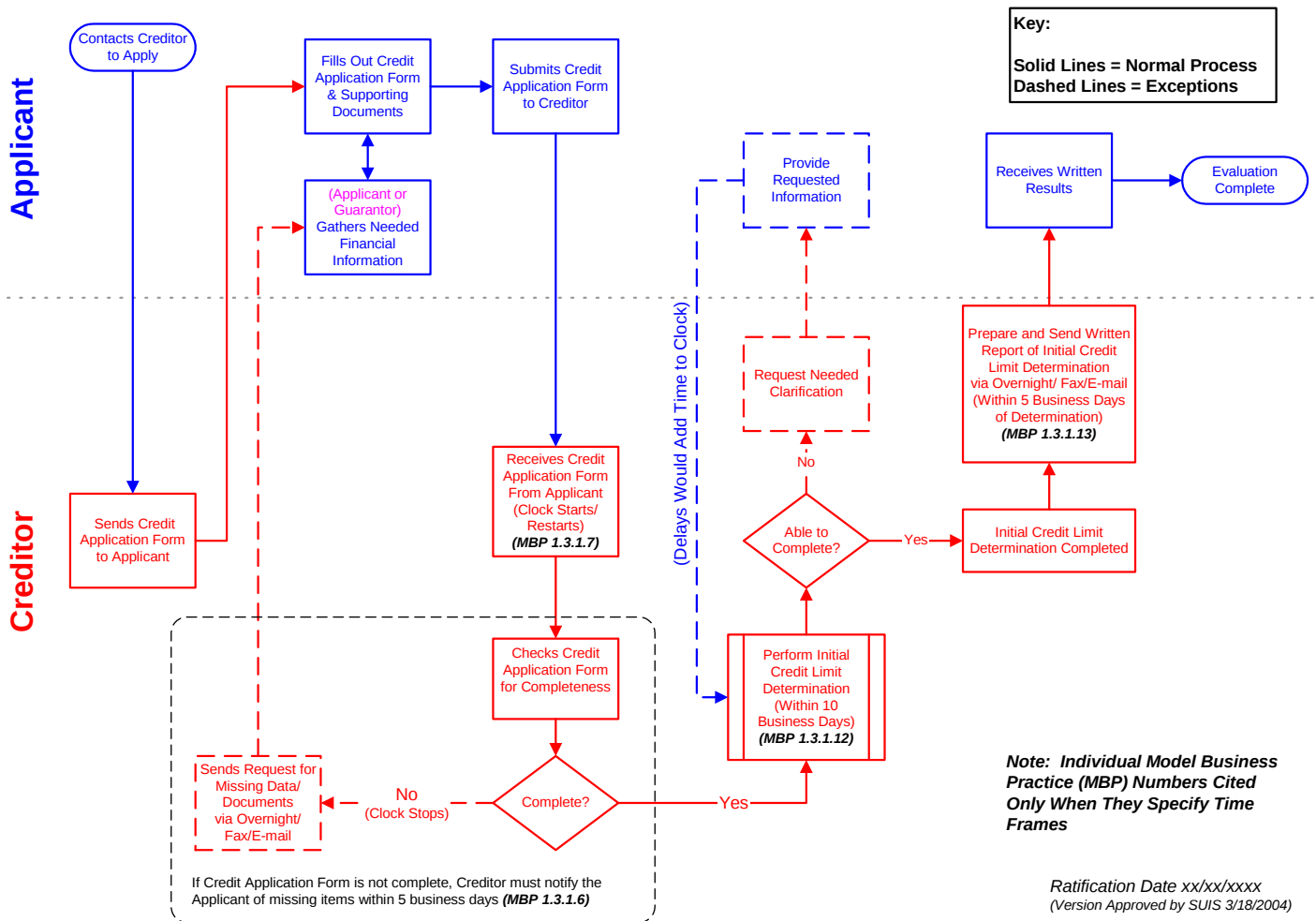
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Proposed Model Business Practices:

Model Business Practice 1.3.3.1

Determination of Initial Credit Limit - Process Flow

Creditworthiness Evaluation Process (Section 1.3.3.1)





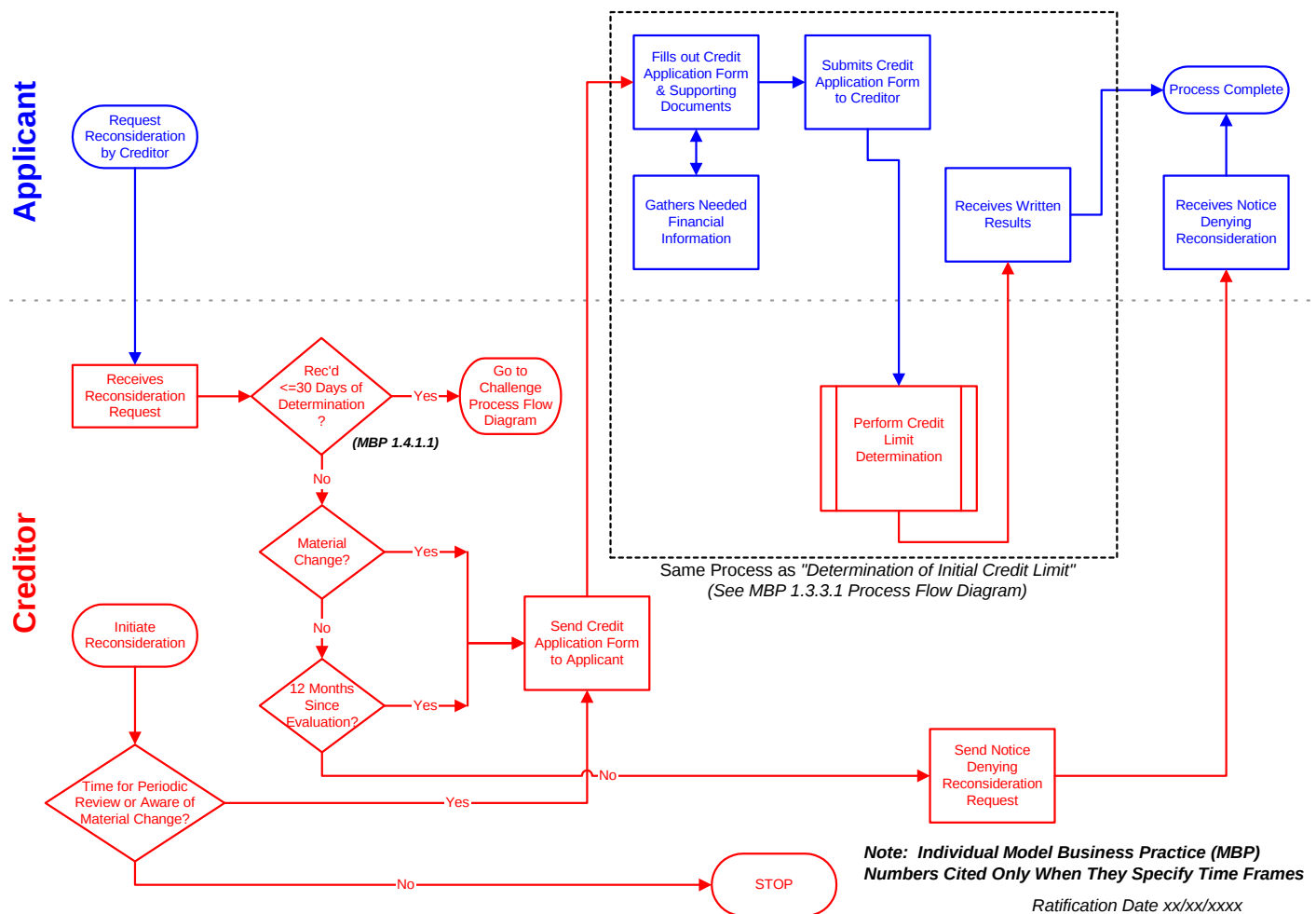
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Model Business Practice 1.4.3.1

Reconsideration of Determination of Initial Credit Limit - Process Flow

Creditworthiness Evaluation Process (Section 1.4.3.1)





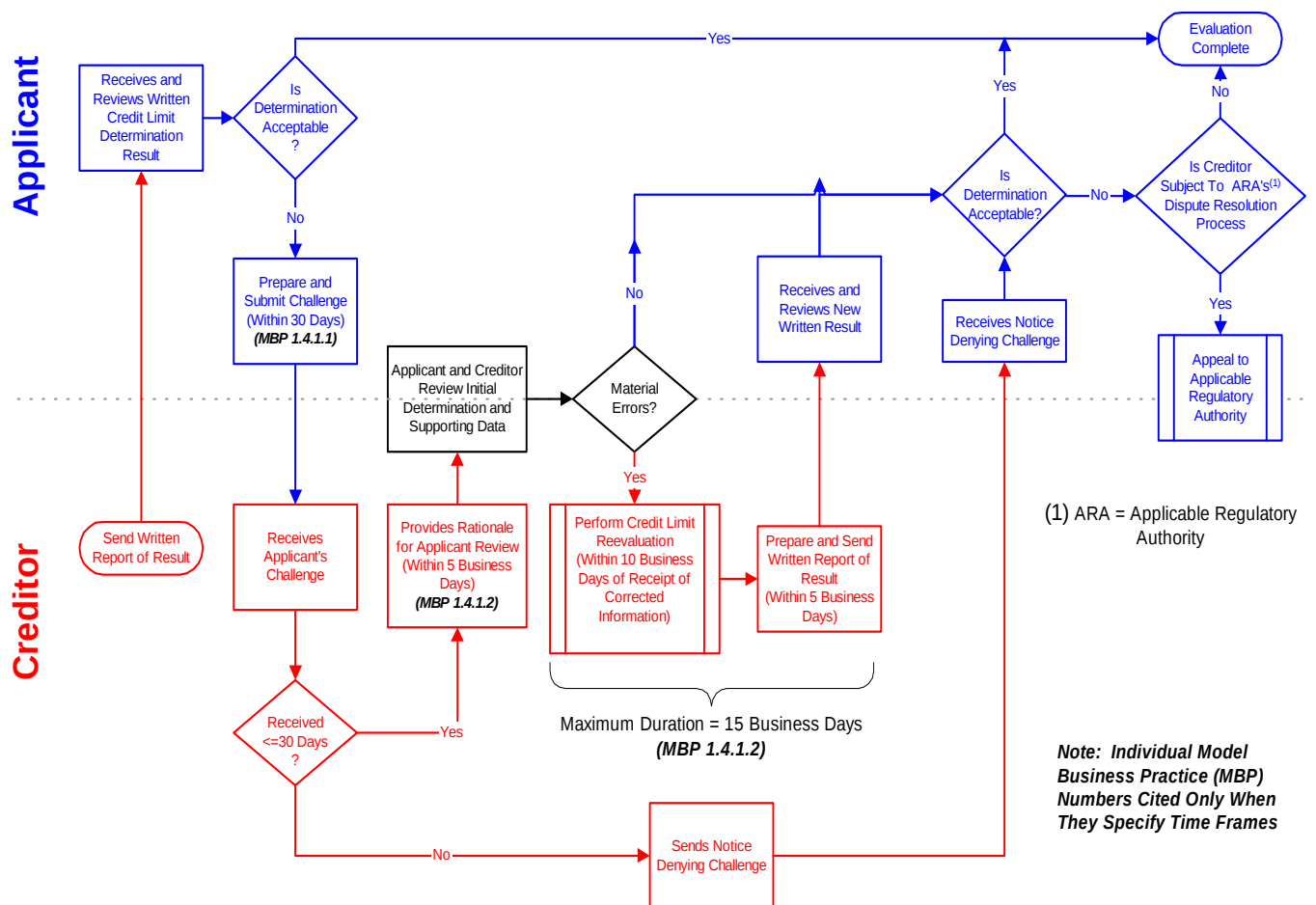
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Model Business Practice 1.4.3.2

Reconsideration of Determination of Initial Credit Limit - Challenge Process Flow

Creditworthiness Evaluation Process (Section 1.4.3.2)



Ratification Date xx/xx/xxxx
(Version Approved by SUIIS 3/18/2004)



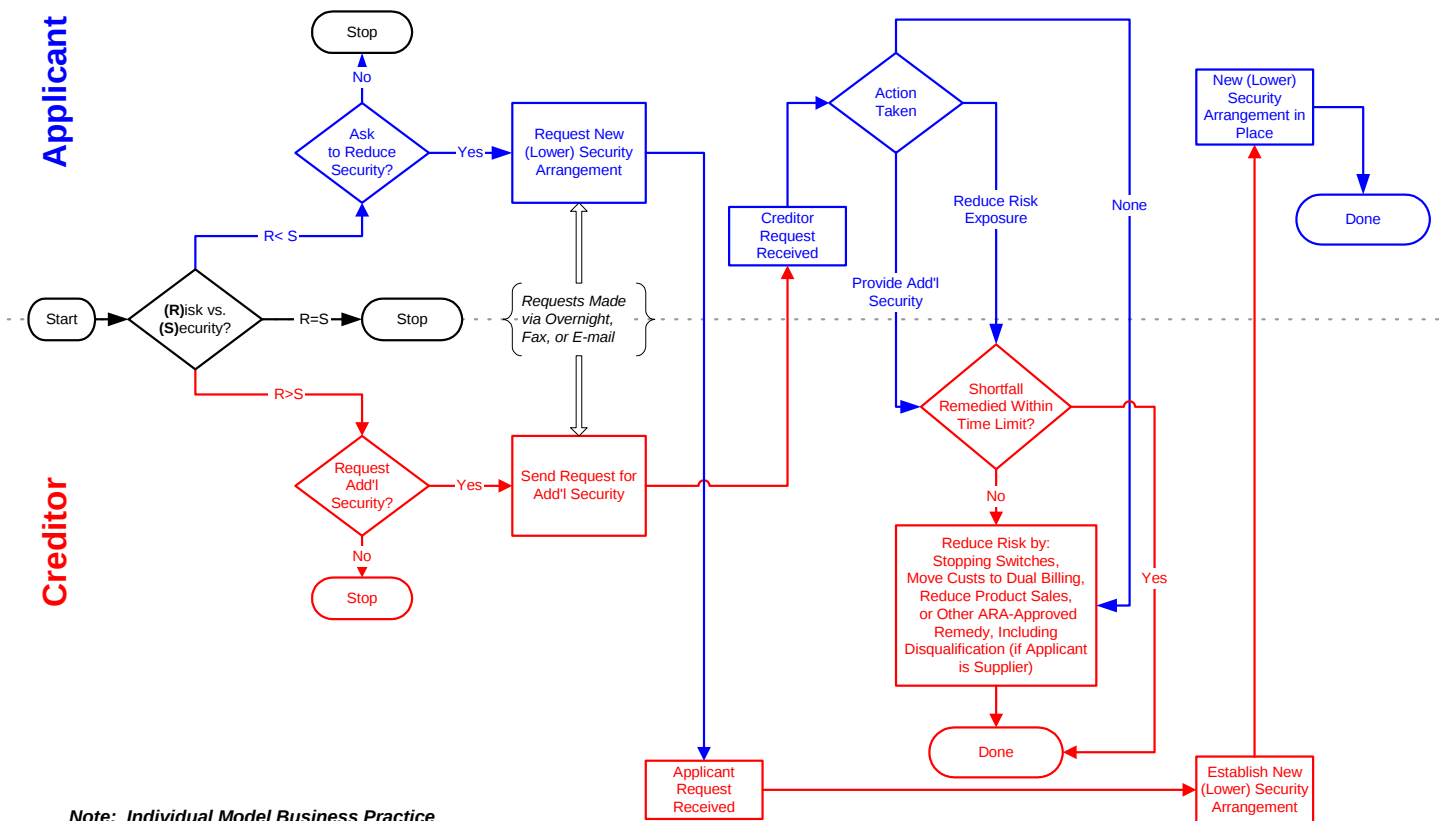
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Model Business Practice 1.5.3.1

Disqualification/Remedies - Process Flow

Disqualification/Remedies (Section 1.5.3.1)



Note: Individual Model Business Practice (MBP) Numbers Cited Only When They Specify Time Frames

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4. SUPPORTING DOCUMENTATION

a. Description of Request:

2003-2003 Annual Plan Item 2 - Develop practices for extending commercial credit by Distributors to Supplier to cover financial risk. These models complete the work on Creditworthiness.

b. Description of Recommendation:

Supplier-Utility Interface Subcommittee

The proposed Model Business Practices are the result of a series of meetings and conference calls held by the Retail Electric Quadrant's Supplier-Utility Interface Subcommittee begun in the Fall of 2002, resulting in approval of Model Business practices on an August 11, 2003 Conference Call, approval of introductory sections on January 13, 2004, and approval of the enclosed process flow diagrams as Models on March 18, 2004.

See the Supplier-Utility Interface Subcommittee (SUIS) meeting minutes, attachments, and transcripts for the supporting documentation, discussion, and voting records for the following dates:

August 5, 2002
August 9, 2002
September 18-19, 2002
October 21, 2003
November 8, 2002
January 8, 2003
February 14, 2003
February 25, 2003
April 3, 2003
April 30, 2003
May 15, 2003
June 19, 2003
July 15-16, 2003
July 31, 2003
August 11, 2003
September 11, 2003
December 3, 2003
January 13, 2004
March 3, 2004
March 18, 2004



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c. Business Purpose:

The business purpose for the proposed Model Business Practices is to facilitate the establishment of working relationships between Distribution Companies and Suppliers to enable them to serve retail access Customers. The practices do so by presenting a consistent process for establishing credit between the parties in the context of serving retail access Customers.

d. Commentary/Rationale of Subcommittee(s)/Task Force(s):

The proposed Model Business Practices were developed in a consensus-oriented process with active participation from all four REQ Segments: Distributors, Suppliers, Services, and End-Users. That a degree of consensus was reached is evidenced by the passage of a motion during the March 18, 2004 conference call to recommend all four Model Process Flow Diagrams under consideration to the Executive Committee. However, only the Distributor and Supplier Segments of REQ were represented at the March 18, 2004 conference call.

The voting record of March 18, 2004 follows:

**Joint REQ/RGQ SUIIS Conference Call - March 18, 2004
Voting Record on Motion to Approve Creditworthiness Process Flow Diagrams**

Motion #	1	Date: 3/18/2004							
Motion:	Motion for approval of the Creditworthiness process flow diagrams as amended on today's call.								
REQ	Moved:	Mary Edwards			Seconded:	Kathy Yetman			
RGQ	Moved:	Dan Rothfuss			Seconded:	Mike Coyle			
Vote Tally	Raw Votes				Balanced Votes				Motion Status
	For	Against	Total	Abstain	Total Wt	For	Against	Total	
REQ									
End Users	0	0	0	0	0	0.00	0.00	0	
Distributors	8	0	8	0	2	2.00	0.00	2	
Suppliers	1	0	1	0	1	1.00	0.00	1	
Services	0	0	0	0	0	0.00	0.00	0	
	9	0	9	0	3	3.00	0.00	3	PASS
RGQ									
End Users	0	0	0	0	0	0.00	0.00	0	
LDCs	3	0	3	0	2	2.00	0.00	2	
Suppliers	1	0	1	0	1	1.00	0.00	1	
Services	0	0	0	0	0	0.00	0.00	0	
	4	0	4	0	3	3.00	0.00	3	PASS



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**Joint REQ/RGQ SUIS Conference Call - March 18, 2004
Voting Record on Motion to Approve Creditworthiness Process Flow Diagrams**

Retail Electric Quadrant		Motion # 1		
		Yes	No	Abs
REQ - Distributors				
1	Yvette Camp - Southern Company	1		
2	Patrick Eynon - Ameren	1		
3	Bill Newbold - Detroit Edison	1		
4	Judy Ray - Alabama Power	1		
5	Ken Thiry - Wisconsin Public Service	1		
6	Bill Wolfe - BG&E	1		
7	Kathy Yetman - National Grid	1		
8	Mary Edwards - Dominion Va Power	1		
REQ - Distribution Companies Total		8	0	0
REQ - Suppliers				
1	Tan Adams - Georgia Power	1		
REQ - Suppliers Toal		1	0	0

Retail Gas Quadrant		Motion # 1		
		Yes	No	Abs
RGQ - Local Distribution Companies				
1	Mike Coyle - PSE&G	1		
2	Les Nishida - Wisconsin Public Service	1		
3	Dan Rothfuss - Cinergy	1		
RGQ - LDC's Total		3	0	0
RGQ - Suppliers				
1	Marcy McCain - Duke Energy Gas Trans	1		
RGQ - Suppliers Toal		1	0	0