



## North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002  
Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: [naesb@aol.com](mailto:naesb@aol.com)  
Home Page: [www.naesb.org](http://www.naesb.org)

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### RETAIL GAS QUADRANT

### GAS PRACTICES INVENTORY TASK FORCE

#### Survey

March 27, 2003

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SUBCOMMITTEE: Supplier / Utility Interface

CATEGORY: Creditworthiness

1. What entity do you represent? National Fuel Gas Distribution Corporation, Credit, Collections and Recovery Management Department
2. What is the date of this response? April 8, 2003
3. What jurisdiction are these responses for? National Fuel jurisdiction includes service areas in the following counties: in New York, Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Livingston, Monroe, Niagara, Ontario, Steuben and Wyoming counties; in Pennsylvania, Armstrong, Butler, Clarion, Clearfield, Crawford, Elk, Erie, Forest, Jefferson, McKean, Mercer, Venango and Warren counties.
4. How often is the Delivery Service Suppliers' credit worthiness reviewed? Supplier creditworthiness is reviewed regularly (usually on a monthly basis). However, if information is received that there has been a change in the financial position of the Supplier between reviews a reevaluation for creditworthiness will be made. A reevaluation will also be made if the Supplier dramatically increases their enrollment.
5. What are the creditworthiness determinants? The standards set forth in the Retail Uniform Business Practices (referred to as the UBPs) established by the New York State Public Service Commission in April 1999 are used as creditworthiness determinants. Specifically, a minimum rating of BBB from Standard & Poors, Baa2 from Moody's or BBB from Fitch. We also would accept a minimum investment grade rating form the newest rating agency, Dominion. In addition, cash or Letter of Credit in the required amount is acceptable.
6. How do you calculate the security requirement? The following details the methodology used to calculate security in New York. The Pennsylvania Public Service Commission requires various application fees and associated license fees at the state level.



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### Volume (CCF) calculation procedures

Includes accounts that are **Pending** and **Active**. If an account is **active** with one marketer and **pending** with a new marketer, the account will be included in the **pending** marketers calculation. In all reporting types, when there is insufficient historical data, previous historical information for that Meter Location is used until the required amount of consumption is obtained. Consumption is measured in CCF. The commodity Rate is in dekatherms, capacity Rate is in CCF. Consumption, on a per customer basis, is rounded to nearest whole number.

Delivery is equal to the Sum of the two highest months of consumption (60 Day) in the last twelve months; multiplied by 60 and divided by the actual number of billing days.

Summer and Winter calculations are used. The Summer period is defined as highest consumption between April 1<sup>st</sup> and October 31. The winter period is defined as the highest consumption between November 1<sup>st</sup> and March 31<sup>st</sup>.

### Formulas

Delivery = (Transportation amt + Transition amt + Take or pay)

Charge = Pay amt + Weather Norm amt + Gross Receipts Tax amt + Sales Tax amt + Economic Zone Discount Rate  
(Rounded to the nearest 100.)

Total = (Summer Volume \* Dekatherm Conversion Factor)

Summer (Commodity Rate) + (Summer Volume \* Capacity Rate). (Rounded to the nearest 100).

Total = (Winter Volume \* Dekatherm Conversion Factor)

Winter = (Commodity Rate) + (Winter Volume \* Capacity Rate) (Rounded to the nearest 100).

Total Summer = Sum of the Delivery Charge and Total Summer.

Total Winter = Sum of the Delivery Charge and Total Winter Security.

Delivery Charge = the Transportation Rate assigned to each individual account is used, not an average rate.

7. What types of security instruments are allowed? National Fuel accepts the following forms of security, Parent guaranty (provided that the parent company meets the creditworthiness standards referenced above), Letter of Credit or Cash.
8. When may the Local Distribution Company call on the security? The LDC may call on security if a Supplier fails to make a timely payment (no later than late payment date indicated on the Supplier's invoice) and after the Supplier is contacted and fails to make payment within the extended period. In addition, the LDC may call on security if the Supplier filed for protection under Bankruptcy laws, insolvency or other applicable credit related violation of their service agreement with National Fuel or its tariff.



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SUBCOMMITTEE: Technical Electronic Implementation Subcommittee

CATEGORY: Customer Information

1. What entity do you represent? National Fuel Gas Distribution Corporation
2. What is the date of this response? April 11, 2003
3. What jurisdiction are these responses for? NY
4. What type of historical customer information is available to the Delivery Service Provider? 12 months usage-meter readings, consumption, tax district, meter number. 12 months credit -late payment charges, disconnection notices.
5. How is the customers' credit information shared with the Delivery Service Provider? Web, EDI
6. How quickly must the Local Distribution Company respond to the Delivery Service Provider's request? 2 business days.
7. How is the customers' meter read data (consumption) shared with the Delivery Service Provider? Web, EDI
8. What are the Delivery Service Provider's limits on the use of the customer information? Information provided to ESCO must be kept confidential and not disclosed to others unless authorized by customer.
9. What are the rules governing the use of customer mailing lists? NA – NFGDC does not provide mailing lists in NY.



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SUBCOMMITTEE: Customer Processes Subcommittee

CATEGORY: Uniform Utility Billing and Collection Services and Charges

1. What entity do you represent? National Fuel Gas Distribution Corporation
2. What is the date of this response? April 11, 2003
3. What jurisdiction are these responses for? NY
4. What information must be provided on the Local Distribution Company's invoice to the Delivery Service Provider? Imbalances, delivery, extraordinary customer data, special meter reading charges, adjustments to prior invoices, and other retail tariff services provided.
5. What are the invoice payment terms? Payable upon presentation. Twenty day grace period, 1.5% per month late payment charge.
6. How are billing questions and disputes managed between the Local Distribution Company and the Delivery Service Provider? Questions regarding invoices are directed to the Transportation Services Department.
7. How are overpayments managed between the Local Distribution Company and the Delivery Service Provider? Credited to the ESCOs account for future billings, or refunded to the ESCO.



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SUBCOMMITTEE: Customer Processes Subcommittee

CATEGORY: Billing Agency Arrangements

1. What entity do you represent? National Fuel Gas Distribution Corporation
2. What is the date of this response? April 11, 2003
3. What jurisdiction are these responses for? NY
4. What are the Delivery Service Provider's obligations as the customers' billing agent? Must apply customer payments, unless other wise directed by the customer, first to utility charges, past due and current, then to ESCO past due and current. Can negotiate deferred payment agreements provided it can demonstrate that the customer has given it the authority to do so. ESCOs must include a clear, plain language explanation of billing agency and its implications in their standard contract/disclosure statements. ESCOs must distribute annually to each customer the "Summary of Customer Rights Notice and the "Annual Gas Safety Notice", which will be provided by the utility.
5. What are the Local Distribution Company's obligations in administering the billing agency arrangement? Utilities must provide the ESCO with the "Summary of Customer Rights Notice" and "Annual Gas Safety Notice". Utilities should incorporate bill messages regarding a customer's specific bill. Utilities must send all disconnection related notices and deferred payment agreements directly to the customer. Utilities should inform customers of what communications to expect from them and what to expect from Billing Agents. Utilities may assess late payment charges on ESCOs only if payment is not received within 25 calendar days of the Billing Agents receipt of the customers' billing information. Any delays in transmitting billing data caused by the utility must be reflected as a comparable adjustment in corresponding due date for both the ESCO and the customer. Security may be collected from the ESCO. Utilities must continue to accept payment at all agencies where payments for other customers are accepted. Upon the failure of an ESCO to remit the customer's payment to the utility on time, the utility must notify the customer of that failure. The utility may not attempt to collect such payments directly from customers who have previously paid their billing agent.
6. What are the provisions for the use of a "lock box" payment mechanism? NA – NFGDC does not enter into "lock box" payment mechanisms.
7. What are the provisions for terminating the billing agency arrangement? Utilities may terminate a billing agency if: the ESCO has not paid the utility on a timely basis for its delivery charges, the ESCO's credit rating or security is no longer adequate, the utility draws on the ESCO's security/deposit and the ESCO does not reinstate the required security within five calendar days, or the ESCO has on several occasions failed, after notice from the utility, to meet its other obligations as billing agent.



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SUBCOMMITTEE: Customer Processes Subcommittee

CATEGORY: Dispute Resolution Process – Suppliers and LDCs

1. What entity do you represent? National Fuel Gas Distribution Corporation
2. What is the date of this response? April 11, 2003
3. What jurisdiction are these responses for? NY
4. What is the initial notification process for a dispute between a Delivery Service Provider and a Local Distribution Company? May initiate the dispute resolution process by presenting a written description of the dispute/complaint, and a proposed resolution, to the other party involved in the dispute, sent in a manner that will verify its receipt.
5. What is the hierarchy of payments between the Local Distribution Company and the Delivery Service Provider?  
Unless the customer specifies otherwise, payments are allocated first to utility charges, past due and current, and then to ESCO's charges, past due and current, and any excess funds received may be retained by the billing party as a prepayment for future charges.
6. What is their requirement to meet to resolve a dispute? If the initial exchange of written material and verbal discussions does not resolve the dispute, the complaining party may request a meeting to discuss the matter further. The responding party must agree to such a meeting to be held within 15 calendar days following the request.
7. When does the Public Service Commission become involved during dispute resolution? If a resolution is not obtained within 45 calendar days after the initial complaint letter or the mutually agreed upon time frame, either party may file the complaint with the Department of Public Service for resolution.
8. What alternate methods are available to resolve disputes? The parties may agree to use alternate dispute resolution techniques. Special circumstances may warrant the request of an expedited dispute process.



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SUBCOMMITTEE: Customer Processes Subcommittee

CATEGORY: Dispute Resolution Process – Suppliers and Customers

1. What entity do you represent? National Fuel Gas Distribution Corporation
2. What is the date of this response? April 11, 2003
3. What jurisdiction are these responses for? NA
4. What is the process for resolving a dispute between a Delivery Service Provider and a customer?  
NA
5. What is the hierarchy of payments between the Local Distribution Company and the Delivery Service Provider?  
NA
6. What is the requirement for a Delivery Service Provider to resolve a dispute? NA
7. What is the requirement for a Delivery Service Provider and a Local Distribution Company to work together to resolve a dispute between a Delivery Service Provider and a customer? NA



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SUBCOMMITTEE: Customer Processes Subcommittee

CATEGORY: Billing and Payment Processing - Dual Billing

1. What entity do you represent? National Fuel Gas Distribution Corporation
2. What is the date of this response? April 11, 2003
3. What jurisdiction are these responses for? NY
4. What are the billing options? NA – NFGDC has no marketers engaging in dual billing within its retail choice program
5. Who are the billing parties? NA
6. What billing format is used and how is it determined? NA
7. What are the minimum elements on a Delivery Service Provider's bill? NA
8. How are billing determinants communicated between the Delivery Service Provider and the Local Distribution Company or other billing party? NA



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SUBCOMMITTEE: Customer Processes Subcommittee

CATEGORY: Billing and Payment Processing – Utility Consolidated Billing

1. What entity do you represent? National Fuel Gas Distribution Corporation
2. What is the date of this response? April 11, 2003
3. What jurisdiction are these responses for? NY
4. What are the billing options? Rate Ready method: non-billing party provides rates, rate codes and bill messages in advance of billing customers.
5. What are the requirements for the Local Distribution Company to provide a consolidated bill? Under the “Multi-Retailer” model, regulated utilities offering retail access shall provide mechanisms that will allow customers to choose the manner in which they wish to be billed and one of their options is a consolidated bill from the utility.
6. What is the hierarchy of payments between the Local Distribution Company and the Delivery Service Provider?  
The payment allocation is utility past due charges, utility current charges, marketer past due charges and marketer current charges.
7. What are the functions and responsibilities of the Local Distribution Company and the Delivery Service Provider?  
Receiving rates, rate codes, calculating billing charges, receiving bill messages, printing bills, mailing bills, notifying non-billing party of amounts billed, receiving payments and posting, responding to general inquiries or complaints, maintaining records of account balances and due dates.
8. What are the minimum elements on a consolidated bill? Customer name, service address, account number, billing period, meter readings, reading type, current charges, past due charges, late payment charges, total current bill, due date, billing party name, billing party address, billing party toll-free and local telephone numbers, Utility emergency toll-free and local telephone numbers, bill messages, marketer name, marketer address, marketer telephone numbers.
9. How are payments processed between the Local Distribution Company and the Delivery Service Provider?  
Payments are sent by wire to the marketer.



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SUBCOMMITTEE: Customer Processes Subcommittee

CATEGORY: Billing and Payment Processing – Supplier Consolidated Billing

1. What entity do you represent? National Fuel Gas Distribution Corporation
2. What is the date of this response? April 11, 2003
3. What jurisdiction are these responses for? NY
4. What are the billing options? Single Retailer Model
5. What are the requirements for the Delivery Service Provider to provide a consolidated bill? The Tariff requires Suppliers to render bills in clear and plain language.
6. What is the hierarchy of payments between the Local Distribution Company and the Delivery Service Provider?  
NA - The Supplier is billed for and pays the utility charges whether or not the customer pays the Supplier.
7. What are the functions and responsibilities of the Local Distribution Company and the Delivery Service Provider?  
NFGDC provides consumption information to the Supplier.
8. What are the minimum elements on a consolidated bill? Utility Gas Emergency Phone Numbers must be displayed.
9. How are payments processed between the Local Distribution Company and the Delivery Service Provider?  
NA