

**Comments on Creditworthiness Draft #7 for Discussion at May 15, 2003 SUIS Meeting  
(with Outcomes of April 3, 2003 Meeting)**

Section	Cmnt #	Comment	Commenter	Recommendation	Draft 8 Status	Type
1.1.1.2	5	1.1.1.2 The Utility should make public general information concerning the evaluation process and methodology for determining credit limits and risk exposure. Whether this information, as well as more detailed information, is reflected in the Utility's tariff or elsewhere is subject to determination by the Applicable Regulatory Authority	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Content/ Meaning
1.2.1.2	2	Delete second sentence, since covered by new MBP 1.3.1.2 which states "Either the Supplier or the Distribution Company may take on the role of Applicant or Creditor."	Reliant	Accept Change - Makes more sense as an MBP	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
1.2.1.5	3	Delete second sentence, since covered by new MBP 1.3.1.2 which states "Either the Supplier or the Distribution Company may take on the role of Applicant or Creditor."	Reliant	Accept Change - Makes more sense as an MBP	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
1.2.4.4	10	Delete definition of Periodic Reconsideration since it doesn't appear in the document.	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
1.3.1.2	17	Insert new Model Business Practice that reads: "1.3.1.2 Either the Supplier or the Distribution Company may take on the role of Applicant or Creditor."	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
1.3.4.2	43	Add: "within five (5) business days of receipt" so first sentence reads: The Creditor should respond to a timely Challenge within five (5) business days of receipt by providing..."	Reliant	Accept change--adds a needed time frame.	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
1.3.6.0	19	NFGD recommends that Section 1.3.6 be replaced with one Model Business Practice modeled along the lines of that proposed in the Wholesale Gas Quadrant.	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Content/ Meaning
1.3.6.0	20	Move definitions of security instruments to Section 1.2 (Definitions)	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Content/ Meaning
1.3.6.1	52	1.3.6.1.4: Explains process, but doesn't explain what a Letter of Guaranty is.	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
1.3.6.1	22	1.3.6.1 Creditors should offer the option of one or more of the following forms of secured credit to those Applicants who do not qualify for sufficient unsecured credit for the risks that they present to receive initial service or continue to receive service:  (1) guarantee; (2) an irrevocable letter of credit; or (3) prepayment of service.	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Content/ Meaning

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1.3.6.1	23	Add new paragraph after new 1.3.6.1 bullet points: Such credit option(s) should be acceptable to the Creditor, provided that the Creditor's acceptance should not be unreasonably withheld, and in accordance with standard industry practices. The Creditor and Applicant may mutually agree that the Applicant will provide other forms of credit options. In order for a guarantee or an irrevocable letter of credit to be accepted by the Creditor, the entity that provides such guarantee or letter of credit must be creditworthy in accordance with the Creditor's Governing Documents.	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Content/ Meaning
1.3.7.1	55	First bullet point: Need to decide on appropriate time period.	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
1.3.7.1	8	First bullet: Did we decide on 5 days?	Detroit Edison	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
1.3.8.2	60	Delete reference to Model Non-disclosure Agreement.	Reliant	Accept Change	Change Made in Working Draft	Content/ Meaning
1.3.8.2	24	Change 1.3.8.2 to reflect tariffs or rules may already provide confidentiality. 1.3.8.2 When entering into the creditworthiness evaluation process, unless provided for with the Creditor's Governing Documents, the Applicant and the Creditor should execute a non-disclosure agreement. An example of a Non-disclosure Agreement is enclosed as Model 1.5.1.2	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Content/ Meaning
1.3.8.3	62	Second bullet point: Re-word to: ". Cooperate with the Applicant in seeking a protective order or other appropriate remedy from the Applicable Regulatory Authority."	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
1.3.9.0	8	NFGD recommends creation of a new section governing communication of information between parties. (Section 1.3.9 - SEE #9 and #10)	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Content/ Meaning
1.3.9.1	9	1.3.9.1 When notices, return-receipts or written communication are required, they may be delivered by overnight delivery, facsimile, or e-mail.	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Content/ Meaning

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1.3.9.2	10	1.3.9.2 The Applicant should provide the Creditor with the Internet E-mail address, fax number and mailing address of up to two authorized representatives who are designated to receive Creditworthiness communications. The Creditor should provide comparable information to the Applicant. The obligation of either party to provide notifications or for the Creditor to formally initiate the credit evaluation process is waived until the above requirement has been met. Both parties should manage internal distribution of communications that are received	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Content/ Meaning
1.5.1.1	63	If we keep the diagram(s), I don't believe they should become 'model business practices'. They can be included in the 'standards book' as information. GISB has handled flow diagrams in this manner. An example can be found in the Business Process and Practices section of the WGQ Capacity Release standards book.	Reliant	Discuss at Meeting	<i>Need to discuss purpose/location of diagrams at meeting</i>	Content/ Meaning
1.3.3.11	38	Change 30 days to 5 business days.	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
NDA-1	65	Add language to first sentence in Paragraph One to make the application confidential as stated in MBP's: <i>(See red-line working draft)</i>	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
NDA-2	66	Paragraph 2: Ad "or delivery" so the sentence closes with "...may enter into a written contract for the supply or delivery of electricity and/or gas."	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
NDA-2	67	Add new paragraph as Paragraph 3: <i>(See red-line working draft)</i>	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
NDA-3	69	Add new Paragraph 5 <i>(See red-line working draft)</i>	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
NDA-4	70	Paragraph 4 (new 7): Fix number of sub-items and add the word "rightfully" on sub-item C (new C) so it reads: (c) "Was rightfully in Recipients possession free of any obligation of confidence at the time of Company's communication thereof to Recipient;"	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning

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NDA-5	71	Paragraph 5 (new 8): Add " in the opinion of counsel for Recipient" to last sentence <i>(See red-line working draft)</i>	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning
NDA-5	72	Insert new paragraph 9 that discusses ownership of the confidential information.: <i>(See red-line working draft)</i>	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Content/ Meaning

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1.2.1.1	74	Capitalize "Retail Access"	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.2.1.6	4	Remove Glossary Subcommittee reference	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.2.1.7	5	Delete extra space in front of "to"	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.2.1.7	1	Remove extra space in front of "to"	Detroit Edison	Accept Change	Change Made in Working Draft	Grammar
1.2.1.9	6	Capitalize Supplier and Customer	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.2.3.2	7	Add "e.g." in parenthetical list)	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.2.3.4	9	Lowercase on "guaranty" it's not a defined term.	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.2.4.2	75	Capitalize "Material Change"	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.1.1	76	Capitalize "Customer:"	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.1.1	14	Fifth bullet: Punctuation change period to semi-colon	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.1.1	15	Sixth bullet: Punctuation change period to semi-colon and add the word "and"	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.1.1	16	Last paragraph: Change "such as:" to e.g.," and delete "or" in parenthetical statement.	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.2.3	19	Delete comma.	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.2.3	2	Remove space before the comma	Detroit Edison	Accept Change	Change Made in Working Draft	Grammar
1.3.2.5	22	Remove capitalization from "issues" in the headings for the bulleted lists.	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.3.6	8	Remove extra spaces before "for" in first sentence and before "notice" in second sentence.	Detroit Edison	Accept Change	Change Made in Working Draft	Grammar
1.3.3.9	31	First bullet: remove capitalization from "annual report"	Reliant	Accept Change	Change Made in Working Draft	Grammar

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1.3.3.9	32	Second bullet: punctuation so it reads: · Most recent SEC Form 10-K and 10-Q and any independent auditor's letter to management or, if SEC Form 10-K is unavailable, substitute audited annual financial information (including a balance sheet, income statement, cash flow statement with notes, and any independent auditor's letter to management); and"	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.3.9	33	Remove extra space in front of "that"	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.3.9	4	Remove extra spaces before "audited" in first bullet point and before "that" in second bullet point.	Detroit Edison	Accept Change	Change Made in Working Draft	Grammar
1.3.5.1	7	Number second paragraph under 1.3.5.1 as "1.3.5.2" and change subsequent "1.3.5" numbers.	Detroit Edison	Accept Change	Change Red-lined in Working Draft	Grammar
1.3.6.1	51	Capitalize "Guarantor"	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.7.1	53	Add comma after word "tariffs"	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.8.3	61	First bullet point: Capitalize "Notify"		Accept Change	Change Made in Working Draft	Grammar
1.3.3.10	5	Remove extra space before "supporting"	Detroit Edison	Accept Change	Change Made in Working Draft	Grammar
1.3.3.10	6	Remove extra space before "signing" in first bullet point	Detroit Edison	Accept Change	Change Made in Working Draft	Grammar
NDA-11	73	Paragraph 11 (new 14), Add "(a)", so there is an "(a)" to go with the "(b)" that is already there. Paragraph will now start with "The agreement: (a) is the complete..."	Reliant	Accept Change	Change Made in Working Draft	Grammar
1.3.2.5	24	Add punctuation: semi-colons etc. and the word "and" in the bulleted lists	Reliant	Accept Change	Change Made in Working Draft	Grammar

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1.0.0.0	3	NFGD also cautions against language that would permit a Creditor and Applicant to mutually agree to take another course of action. A general challenge of Model Business Practices development is balancing specificity with the need for latitude when appropriate. For example, the non-existence of a given document for an Applicant shouldn't automatically disqualify an Applicant when a substitute document may meet the needs of both parties. NFGD suggests that a new principle within the 1.1.1 Overall section addressing Mutual Agreement would be appropriate	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Overall
1.0.0.0	4	Additionally, the Model Business Practices should defer to the Regulator when ever any element of a policy decision is present	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Overall
1.3.9.0	2	Model Business Practices requiring verification should utilize email as is envisioned in Proposed Creditworthiness Standards under development in NAESB's Wholesale Gas Quadrant. This is not meant to exclude the use of signatures or mail return receipts but more to make more effective use of time when limits are placed upon response time	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Overall

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1.0.0.0	1	NFGD proposes that rather than set specific timelines within the model business practices, that variables be provided (e.g. Creditor will respond within [x] days). This type of approach would permit utilities some flexibility to develop tables, for example, that identify values of [x] for different classes of customers. Such identification should be public and could provided within utility tariffs, operating manuals, etc...	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Timing
1.3.3.6	12	Replace specified timing with "X" (Tied to comment #1).	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Timing
1.3.4.1	15	Replace specified timing with "X" (Tied to comment #1).	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Timing
1.3.4.4	16	Replace specified timing with "X" (Tied to comment #1).	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Timing
1.3.7.1	17	First Bullet: Replace specified timing with "X" (Tied to comment #1).	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Timing
1.3.7.2	18	Replace specified timing with "X" (Tied to comment #1).	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Timing
1.3.3.11	13	Replace specified timing with "X" (Tied to comment #1).	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Timing
1.3.3.12	14	Replace specified timing with "X" (Tied to comment #1).	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Timing

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1.2.3.3	8	Change "who" to "that", so it reads "The entity that guarantees..."	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Wording
1.3.1.1	11	First bullet: Change "when billing is consolidated" to "when Consolidated Billing is utilized."	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Wording
1.3.1.1	12	Second bullet: Change it to read: ". Risks associated with the Supplier's purchase of distribution services on for resale to its customers under the Single Retailer Model."	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Wording
1.3.1.1	13	Third bullet: Change it to read: ". Risks associated with the Distribution Company being the Default Provider that provides replacement energy when a Supplier defaults; and"	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Wording
1.3.2.2	18	Change "Provider of Last Resort" to "Default Provider"	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Wording
1.3.2.2	6	Insert "as practicable", so it reads: 1.3.2.2 The same criteria and methodology for calculating credit exposure should be used for all Applicants, as practicable, presenting a given risk, such as the risk associated with Consolidated Billing, Provider of Last Resort, etc.	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Wording
1.3.2.3	3	Add "prior to making their application", so it reads: 1.3.2.3 The methodology for calculating credit exposure for various risks should be publicly available , so that Applicants have a general idea of the requirements prior to making their application.	Detroit Edison	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Wording
1.3.2.3	7	1.3.2.3 Examples of the methodology for calculating credit exposure for various risks should be available to the Applicant, so that Applicants have a general idea of the requirements	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Wording
1.3.2.4	20	Change "how much" to "the amount of", so the sentence reads: "Determination of the amount of credit..."	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Wording
1.3.2.5	21	Add "where applicable" so it reads: "1.3.2.5 Specific methodologies should be developed, where applicable, for each of the major types of risks that incorporate the dollar amount at risk and the period of time it remains at risk."	Reliant	Discuss at Meeting	<i>Change Red-lined in Working Draft</i>	Wording
1.3.2.5	23	Add the word "For" to each of the sub-headings for the bulleted items.	Reliant	Accept Change	Change Made in Working Draft	Wording
1.3.3.1	25	Change "the same" to "a given"	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Wording

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1.3.3.1	26	Change "or Default Provider." to "or an entity acting as the Default Provider."	Reliant	Accept with Modification: Change to "...serving as the Default Provider."	<i>Change Red-lined in Working Draft</i>	Wording
1.3.3.4	11	Delete reference to receipt, since covered by new Section 1.3.9 1.3.3.4 The Applicant should submit the Credit Application Form and supporting documents using a method that verifies that delivery took place	National Fuel Gas Dist	Discuss at Meeting	<i>Not reflected in draft</i>	Wording
1.3.3.5	27	Change "credit evaluation" to "creditworthiness evaluation" (also 1.3.3.6)	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Wording
1.3.3.6	28	Change "may" to "should"	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Wording
1.3.3.6	29	Change "credit evaluation" to "creditworthiness evaluation" (also 1.3.3.5)	Reliant	Accept Change	<i>Change Red-lined in Working Draft</i>	Wording