1. **Recommended Action:**

   - X Accept as requested
   - ___ Accept as modified below
   - ___ Decline

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

   - X Change to Existing Practice
   - ___ Status Quo

3. **TYPE OF MAINTENANCE**

   **Per Request:**
   - X Initiation
   - ___ Modification
   - ___ Interpretation
   - ___ Withdrawal
   - ___ Principle
   - ___ Definition
   - X Model Business Practice
   - ___ Document
   - ___ Data Element
   - ___ Code Value
   - ___ X12 Implementation Guide
   - ___ Business Process Documentation

   **Per Recommendation:**
   - X Initiation
   - ___ Modification
   - ___ Interpretation
   - ___ Withdrawal
   - ___ Principle
   - ___ Definition
   - X Model Business Practice
   - ___ Document
   - ___ Data Element
   - ___ Code Value
   - ___ X12 Implementation Guide
   - ___ Business Process Documentation

4. **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.
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)

Key:
Solid Lines = Normal Process
Dashed Lines = Exceptions

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

Ratification Date xx/xx/xxxx
(Version Approved by SUIS 3/18/2004)
Model Business Practice 1.4.3.1

Reconsideration of Determination of Initial Credit Limit - Process Flow

Creditworthiness Evaluation Process (Section 1.4.3.1)

Applicant

1. Request Reconsideration by Creditor
2. Rec'd <= 30 Days of Determination? (MBP 1.4.1.1)
   - Yes: Go to Challenge Process Flow Diagram
   - No: Material Change?
3. Material Change?
   - Yes: Perform Credit Limit Determination
   - No: Rec'd <= 30 Days of Determination?
4. Rec'd <= 30 Days of Determination?
   - Yes: Gathers Needed Financial Information
   - No: Send Credit Application Form to Applicant
5. Send Credit Application Form to Applicant
6. Perform Credit Limit Determination
7. Receives Results
8. Send Notice Denying Reconsideration Request
9. Receiving Written Results
10. Receives Notice Denying Reconsideration

Creditor

11. Initiate Reconsideration
12. Material Change?
    - Yes: Send Notice Denying Reconsideration Request
    - No: Time for Periodic Review or Aware of Material Change?
13. Time for Periodic Review or Aware of Material Change?
    - Yes: Send Credit Application Form to Applicant
    - No: Material Change?
14. Material Change?
    - Yes: Send Notice Denying Reconsideration Request
    - No: Stop
15. Stop

Same Process as "Determination of Initial Credit Limit"
(See MBP 1.3.3.1 Process Flow Diagram)

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

Ratification Date xx/xx/xxxx
(Version Approved by SUIS 3/16/2004)
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)

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

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

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

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 in 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 SUIS Conference Call - March 18, 2004
**Voting Record on Motion to Approve Creditworthiness Process Flow Diagrams**

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<td>Motion for approval of the Creditworthiness process flow diagrams as amended on today's call.</td>
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<td>REQ</td>
<td>Moved: Mary Edwards Seconded: Kathy Yetman</td>
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<td>RGQ</td>
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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

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<td>1 Yvette Camp - Southern Company</td>
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