1. **Recommended Action:**

   - Accept as requested
   - Accept as modified below
   - Decline

2. **TYPE OF MAINTENANCE**

   - Per Request:
     - Initiation
     - Modification
     - Interpretation
     - Withdrawal
   
   - 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.
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)

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 1.4.3.2

Reconsideration of Determination of Initial Credit Limit - Challenge Process Flow

Creditworthiness Evaluation Process (Section 1.4.3.2)

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1. **Applicant**
   - Receives and Reviews Written Credit Limit Determination Result
   - Is Determination Acceptable?
     - Yes: Evaluation Complete
     - No: Prepare and Submit Challenge (Within 30 Days) (MBP 1.4.1.1)
     - No: Provides Rationale for Applicant Review (Within 5 Business Days) (MBP 1.4.1.2)

2. **Creditor**
   - Received <=30 Days?
     - Yes: Material Errors?
       - Yes: Reconsiders Written Result
       - No: Receives Notice Denying Challenge
     - No: Receives Notice Denying Challenge
   - Perform Credit Limit Reevaluation (Within 10 Business Days of Receipt of Corrected Information)
   - Prepare and Send Written Report of Result (Within 5 Business Days)

3. **Evaluation Complete**
   - Is Creditor Subject To ARA’s(1) Dispute Resolution Process?
     - Yes: Appeal to Applicable Regulatory Authority
     - No: Receives Notice Denying Challenge

---

Notes:
- Individual Model Business Practice (MBP) Numbers Cited Only When They Specify Time Frames
- ARA = Applicable Regulatory Authority

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)

Start

[Risk vs. Security?]

Yes

Stop

No

Request Add'l Security?

Yes

Send Request for Add'l Security

Creditor

Action Taken

Reduce Risk Exposure

None

New (Lower) Security Arrangement in Place

Done

Stop

Requests Made via Overnight, Fax, or E-mail

Reduce Risk by: Stopping Switches, Move Custs to Dual Billing, Reduce Product Sales, or Other ARA-Approved Remedy, Including Disqualification (if Applicant is Supplier)

Yes

Done

Establish New (Lower) Security Arrangement

Stop

Applicant

Stop

Stop

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 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 SUIS Conference Call - March 18, 2004

**Voting Record on Motion to Approve Creditworthiness Process Flow Diagrams**

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<th>Motion #</th>
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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>RGQ</td>
<td>Moved: Dan Rothfuss  Seconded: Mike Coyle</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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