1. **Recommended Action:**

   - X Accept as Requested
   - Accept as modified below
   - Decline

2. **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

3. **RECOMMENDATION**

   **SUMMARY:**

   Add proposed NAESB RGQ Model Business Practices (Models) to the existing RGQ 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**

- Receives Reconsideration Request
- Receives <=30 Days of Determination?
  - Yes: Go to Challenge Process Flow Diagram
  - No: Material Change?
    - Yes: Send Credit Application Form to Applicant
    - No: Material Change?
      - Yes: Send Notice Denying Reconsideration Request
      - No: Send Notice Denying Reconsideration Request

**Creditor**

- Initiate Reconsideration
- Time for Periodic Review or Aware of Material Change?
  - Yes: Perform Credit Limit Determination
  - No: Material Change?
    - Yes: Send Credit Application Form to Applicant
    - No: Send Credit Application Form to Applicant

**Flow**

- Fills out Credit Application Form & Supporting Documents
- Receives Written Results
- Receives Notice Denying Reconsideration
- Process Complete

**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)

**Flowchart Description**

1. **Application**
   - Receives and Reviews Written Credit Limit Determination Result
   - Is Determination Acceptable?
     - Yes: Prepare and Send Written Report of Result (Within 5 Business Days) (MBP 1.4.1.1)
     - No: Continue with next steps.
   - Receives Applicant's Challenge
   - Provides Rationale for Applicant Review Initial Determination and Supporting Data
   - Receives Notice Denying Challenge
   - Receives and Reviews New Written Result

2. **Creditor**
   - Receives Notice Denying Challenge
   - Is Creditworthiness Evaluation Complete?
     - Yes: Appeal to Applicable Regulatory Authority
     - No: Continue with next steps.
   - Receiving or <=30 Days?
     - Yes: Prepare and Send Written Report of Result (Within 5 Business Days) (MBP 1.4.1.2)
     - No: Receives Notice Denying Challenge
   - Material Errors?
     - Yes: Reconsideration of Determination of Initial Credit Limit - Challenge Process Flow
     - No: Prepare Credit Limit Reevaluation (Within 10 Business Days of Receipt of Corrected Information)

3. **Applicant**
   - Prepare Credit Limit Reevaluation (Within 10 Business Days of Receipt of Corrected Information)
   - Perform Credit Limit Reevaluation (Within 10 Business Days of Receipt of Corrected Information)
   - Is Determination Acceptable?
     - Yes: Evaluation Complete
     - No: Continue with next steps.
   - Receiving or <=30 Days?
     - Yes: Receives and Reviews Written Credit Limit Determination Result
     - No: Receives Notice Denying Challenge

**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

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

Ratification Date xx/xx/yyyy
(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 Gas 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 RGQ 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 Local Distribution Company and Supplier Segments of RGQ 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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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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