RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL GAS QUADRANT
As revised by the RGQ EC on 5/5/04

Requester:  RGQ Supplier-Utility Interface Subcommittee
Request No.: 2002-2003 Annual Plan Item 2

1. Recommended Action:

   X  Accept as Requested
   ___ Accept as modified below
   ___ Decline

   Effect of EC Vote to Accept Recommended Action:

   X  Change to Existing Practice
   ___ Status Quo

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 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

Request Reconsideration by Creditor

Receives Reconsideration Request

Rec’d =>30 Days of Determination?

Yes

Go to Challenge Process Flow Diagram

No

(CBP 1.4.1.1)

Material Change?

Yes

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

No

Send Notice Denying Reconsideration Request

Creditor

Initiate Reconsideration

Time for Periodic Review or Aware of Material Change?

Yes

Send Credit Application Form to Applicant

No

No

STOP

Yes

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

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

Applicant

- Receives and Reviews Written Credit Limit Determination Result
  - Is Determination Acceptable?
    - Yes
    - No
      - Prepare and Submit Challenge (Within 30 Days) (MBP 1.4.1.2)

- Receives Applicant’s Challenge
  - Received <=30 Days?
    - Yes
    - No

Creditor

- Provides Rationale for Applicant Review (Within 5 Business Days) (MBP 1.4.1.2)
- Perform Credit Limit Reevaluation (Within 10 Business Days of Receipt of Corrected Information)
- Prepare and Send Written Report of Result (Within 5 Business Days)
- Send Written Report of Result

- Material Errors?
  - Yes
    - Receives Notice Denying Challenge
  - No
    - Receives Applicant Review Initial Determination and Supporting Data

- Applicant and Creditor Review Initial Determination and Supporting Data
- Prepare and Submit Challenge (Within 30 Days) (MBP 1.4.1.2)
- Prepare and Send Written Report of Result (Within 5 Business Days)
- Prepare and Send Written Report of Result (Within 5 Business Days)
- Receives Notice Denying Challenge

- Is Determination Acceptable?
  - Yes
  - No

- Is Creditor Subject To ARA’s(1) Dispute Resolution Process
  - Yes
  - No

- Appeal to Applicable Regulatory Authority

Maximum Duration = 15 Business Days (MBP 1.4.1.2)

(1) ARA = Applicable Regulatory Authority

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

Ratification Date xx/xx/xxxx (Version Approved by SUS 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 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 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 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**

<table>
<thead>
<tr>
<th>Motion #</th>
<th>Date: 3/18/2004</th>
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<tr>
<td>Motion:</td>
<td>Motion for approval of the Creditworthiness process flow diagrams as amended on today's call.</td>
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<tr>
<td>REQ</td>
<td>Moved: Mary Edwards  Seconded: Kathy Yetman</td>
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<td>RGQ</td>
<td>Moved: Dan Rothfuss  Seconded: Mike Coyle</td>
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**Vote Tally**

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<tr>
<th>Vote</th>
<th>Raw Votes</th>
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<td><strong>REQ</strong></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

<table>
<thead>
<tr>
<th>Motion # 1</th>
<th>Requester: RGQ Supplier-Utility Interface Subcommittee</th>
<th>Request No.: 2002-2003 Annual Plan Item 2</th>
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</thead>
<tbody>
<tr>
<td>REQ - Distributors</td>
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<td>REQ - Distributors</td>
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<td>Bill Wolfe - BG&amp;E</td>
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<td>Kathy Yetman - National Grid</td>
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#### Retail Gas Quadrant

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<th>Request No.: 2002-2003 Annual Plan Item 2</th>
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