RECOMMENDATION TO GISB EXECUTIVE COMMITTEE

Request #: R96030

Type of Request (check all that apply) (E-5):

A-3	____	New Document (Data Dictionary attached)
A-1	__X__	New Data Element (Data Dictionary)
A-6	____	Revision to Data Element (Data Dictionary attached)
A-2	____	New Code Value (Table attached)
A-2	____	Revision to Code Value (Table attached)
	____	Revision to Business Process Documentation
	____	Revision to X12
A-4	____	New Business Practice Standard
A-5	__X__	Revision to Business Practice Standard

Abstract / Discussion (E-1, E-3, E-4):

Outstanding balances should be reported at the invoice level.
MSTF does not support R96030. Sponsor agreed to withdraw this request.
MSTF recommends replacing Standard 3.3.21 with the purpose of the Statement of Account.

Proposed Standard: **The purpose of the Statement of Account is to report outstanding balances by invoice.**

No data elements are attached, the revision requested by MSTF does not require additional data elements. Attached is a further explaination of the Statement of Account.

Applicable Documents:

Statement of Account Data Set (standard 3.4.3)

Associated Revisions:

Standard 3.3.21

Is Revision Required to Support an Existing GISB Standard? If So, State Standard Number and Language:

N/A

Applicable to Upstream/Downstream Process? If So, State Task Force Referred To:

Technical Task Force, implementation guide and ASC X12 mapping for the Statement of Account Data Set (3.4.3)

Sense of the Room Results: 13 support 0 opposed (for all proposals)

Executive Committee Sponsor: Steve Meadows

GISB Subcommittee/Task Force: Market Settlement

Requester: Market Settlement Co-Chair and BPS Invoicing Chair

Due Date (E-6): December 10, 1996

- DATA DICTIONARY REQUEST # R96030
PROPOSED REVISIONS

Business Name	Definition	Usage (E-2)	Condition

*** Indicates Common Code**

CODE VALUES REQUEST # R96030
PROPOSED REVISIONS

Business Name	Usage	Code Value	Code Value Description

11/19/96
Explaination

GISB
STATEMENT OF ACCOUNT
DATA SET

The GISB Statement of Account Data Set was developed in the first round of Task Force meetings as part of the Invoicing Task Force. The standard which resulted from the Task Force meetings and subsequent GISB membership ratification is standard number 3.3.21 which states "Indicate paid amount on prior period adjustments on the statement of account". The purpose of this paper is to discuss the current industry practices and the practicality of implementation of this standard.

Generally, in the gas industry today , very few companies supply a statement of account to customers. The exception exist in instances where numerous invoices remain unpaid and are delinquent. Quasi statements of accounts, usually in the form of a letter, are used to report to the customer the delinquent invoices and dollar amounts which remain unpaid. The purpose of a statement of account is to give the customer a summary of data contained in the invoice and remittance statement as an amount due from the customer.

From the discussion which took place in the task force meetings leading up to the development of this standard, it is apparent that there was concern that when prior period amounts are invoiced and paid, the customer was not assured of the proper application of his payment to the appropriate invoice detail items. Never the less, the task force recommendation was to report amounts paid against prior period invoice items on the statement of account.

It is most appropriate to illustrate two approaches to the use of the statement of account and the necessary detail to provide each. Method A involves reporting prior period adjustments as invoice revisions. Method B involves reporting prior period adjustments in the current invoice without revising previously issued invoices. Method B is widely used within the gas industry today and is supported by GISB standards for invoicing.

INVOICE, REMITTANCE STATEMENT, STATEMENT OF ACCOUNT
EXAMPLE ASSUMPTIONS

Method A

Invoice:
Month 1

Invoice 123	**Line 1**	**Current Month Item**	**$100**
Invoice 000	**Line 1**	**Month X Adjustment**	**$ 50**

Month 2

Invoice 456	**Line 1**	**Current Month Item**	**$200**
Invoice 123	**Line 2**	**Month 1 Adjustment**	**$-50**

Payment :
Month 1

Invoice 123	**Line 1**	**$50**
Invoice 000	**Line 1**	**$50**

Month 2

Invoice 456	**Line 1**	**$150**

Statement of Account:

Month 1

Invoice 123	**$50**
Invoice 000	**$ 0**

Month 2

Invoice 123	**$ 0**
Invoice 456	**$ 50**

INVOICE, REMITTANCE STATEMENT, STATEMENT OF ACCOUNT
EXAMPLE ASSUMPTIONS

Method B

Invoice:
Month 1

Invoice 123	**Line 1**	**Current Month Item**	**$100**
Invoice 123	**Line 2**	**Month 0 Adjustment**	**$ 50**

Month 2

Invoice 456	**Line 1**	**Current Month Item**	**$200**
	Invoice 456	**Line 2**	**Month 1 Adjustment**

$ -50

Payment :
Month 1

Invoice 123	**Line 1**	**$50**
Invoice 123	**Line 2**	**$50**

Month 2

Invoice 456	**Line 1**	**$150**

Statement of Account:

Month 1

Invoice 123	**$ 50**

Month 2

Invoice 456	**$50**

An alternative to Method B above is to provide additional detail by month for the statement of account. This may be illustrated as follows:

Month 1

	Invoice 123	**Month 1**	
$ 50			
	Invoice 123	**Month 0**	**$-50**

Month 2

	Invoice 123	**Month 0**	
$-50			
	Invoice 123	**Month 1**	
$ 50			
	Invoice 456	**Month 2**	
$ 50			
	Invoice 456	**Month 1**	
$-50			

In this illustration, the applicable time period (month) is then reconciled to determine the net outstanding balance. Therefore, the outstanding balance would be $-50 for Month 0 and $50 for Month 2.

This illustration most closely represents the intent of the GISB standard. It requires additional accounts receivable and accounts payable support to maintain internally. This method would create voluminous data for statements in which there were numerous prior period adjustments for a customer.

All of the information contained in the last illustration is exchanged by suppliers and customers through the invoicing and remittance statement process. Methods |A and B are more efficient from a processing viewpoint, and are easily handled with existing accounts receivable and accounts payable processing systems. The last method illustrated is a more detailed presentation of Method B.