



North American Energy Standards Board

1301 Fannin, Suite 2350, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@naesb.org

Home Page: www.naesb.org

via email and posting

TO: NAESB REQ and RGQ Members and Interested Industry Participants
FROM: Todd Oncken, Deputy Director
RE: Retail Gas and Retail Electric Quadrants Request For Comments
DATE: April 2, 2004

An industry comment period begins today and ends on May 3, 2004 for the two recommendations attached. The two recommendations contain identical model business practices. The RGQ Executive Committee and the REQ Executive Committee will follow separate processes to consider and adopt these model business practices. As such, when you prepare your comments, please indicate whether those comments apply to "Retail Gas", "Retail Electric" or "Both". The REQ and RGQ Executive Committees will meet in Florida on May 5 to review the model business practices and the comments that are directed toward their quadrants. The recommendations can also be accessed from the NAESB web site (<http://www.naesb.org/request.asp>). All comments received by the NAESB office by end of business on May 3 will be posted on the NAESB web site and forwarded to the RGQ and REQ EC members for their consideration. If you have difficulty retrieving this document, please call the NAESB office at (713) 356-0060.

Best Regards,

Todd Oncken

cc: Rae McQuade, Executive Director

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL ELECTRIC QUADRANT**

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

1. Recommended Action:

- Accept as requested
- Accept as modified below
- Decline

Effect of EC Vote to Accept Recommended Action:

- Change to Existing Practice
- Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle
- Definition
- Model Business Practice
- Document
- Data Element
- Code Value
- X12 Implementation Guide
- Business Process Documentation

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.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE RETAIL ELECTRIC QUADRANT

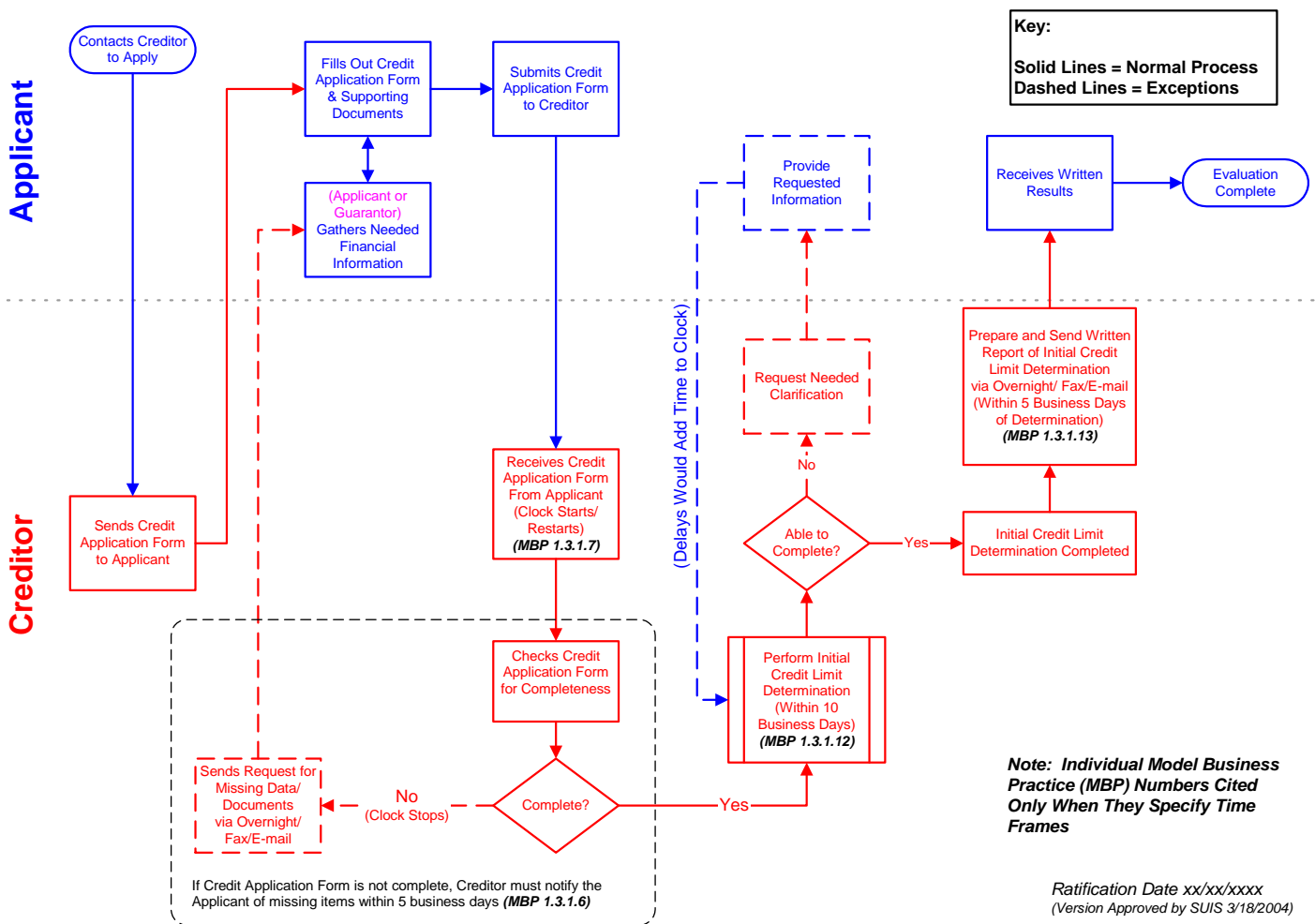
**Requester: REQ Supplier-Utility Interface Subcommittee
Request No.: 2002-2003 Annual Plan Item 2**

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)



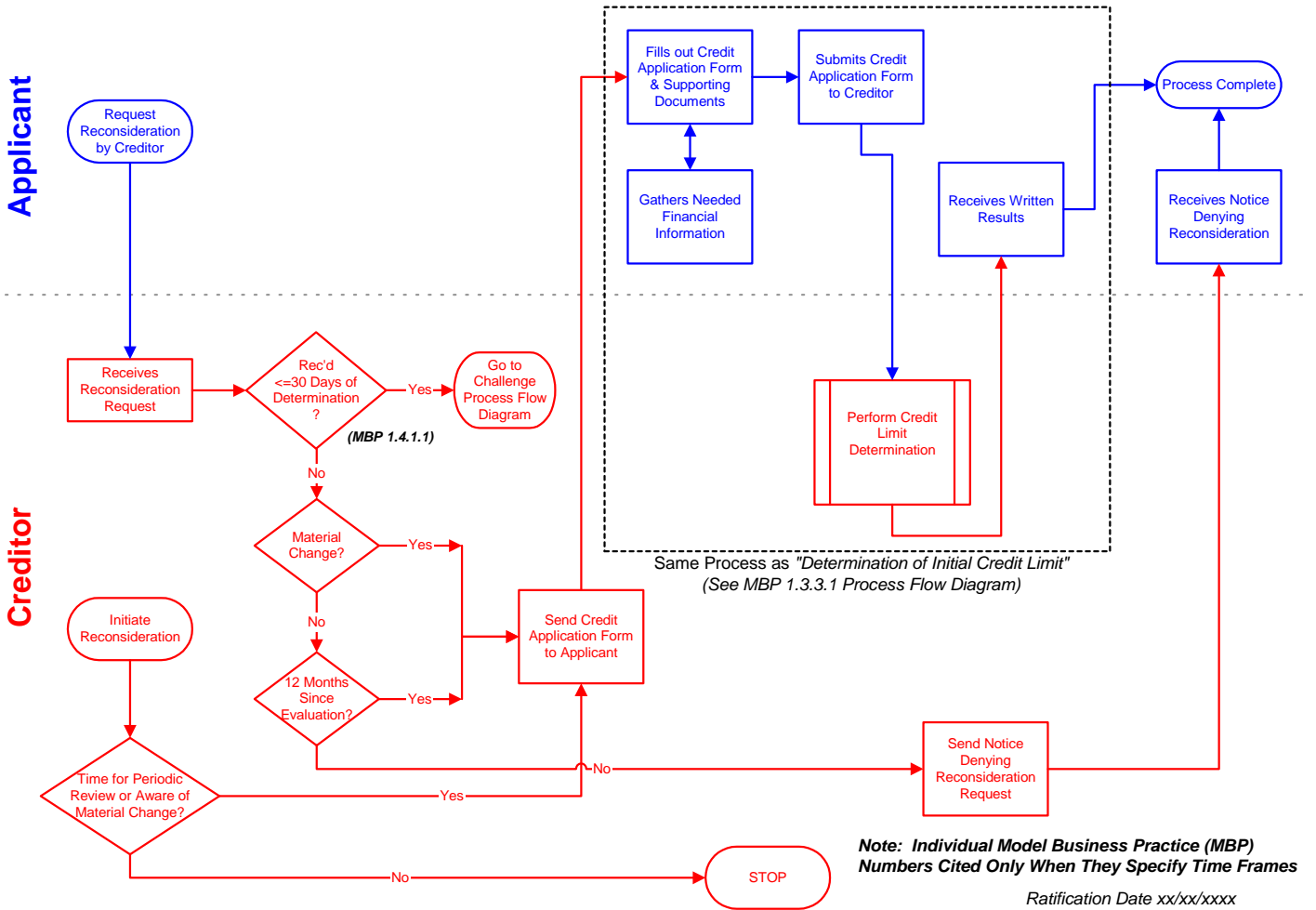
RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE RETAIL ELECTRIC QUADRANT

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

Model Business Practice 1.4.3.1

Reconsideration of Determination of Initial Credit Limit - Process Flow

Creditworthiness Evaluation Process (Section 1.4.3.1)



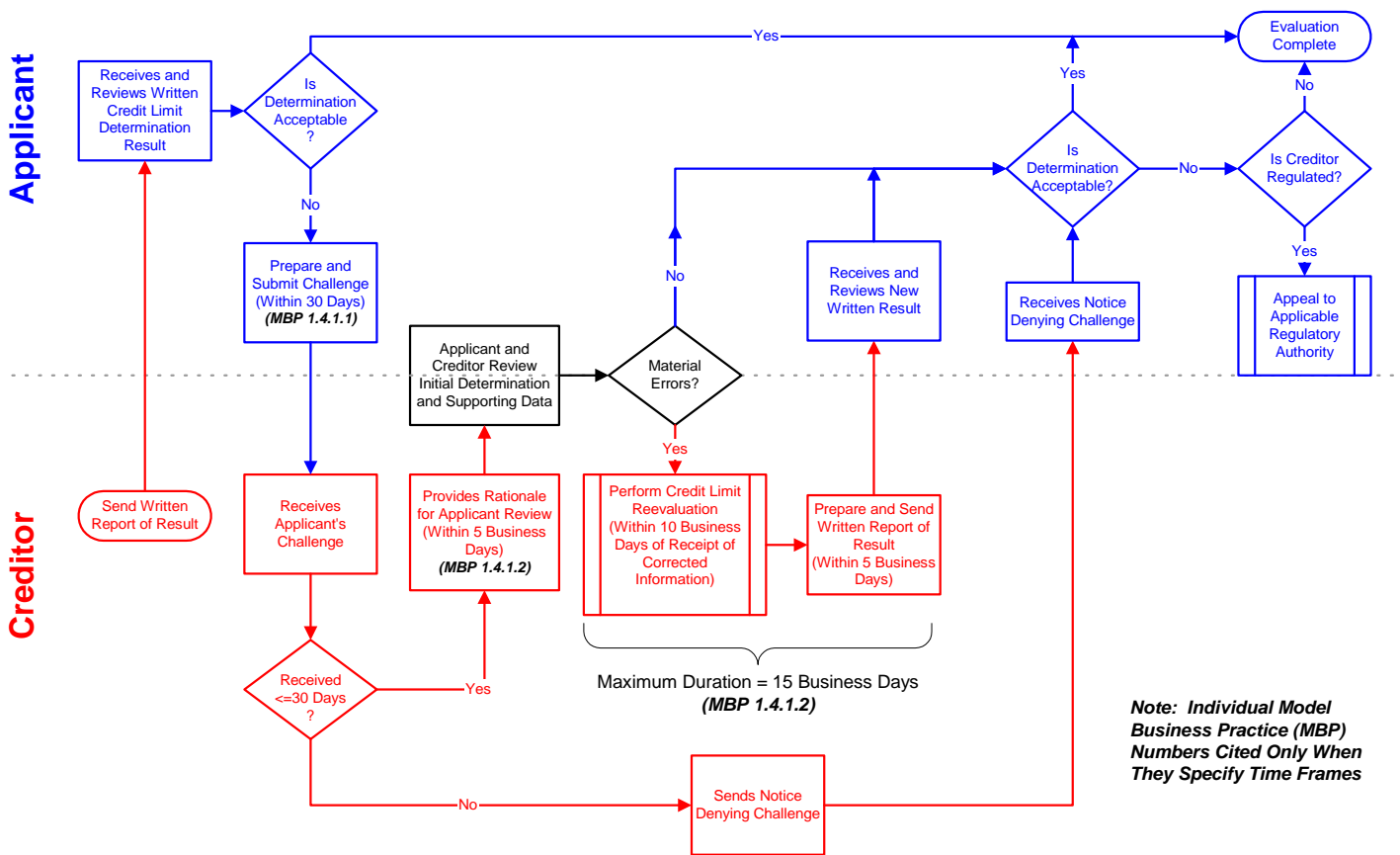
RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE RETAIL ELECTRIC QUADRANT

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

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)

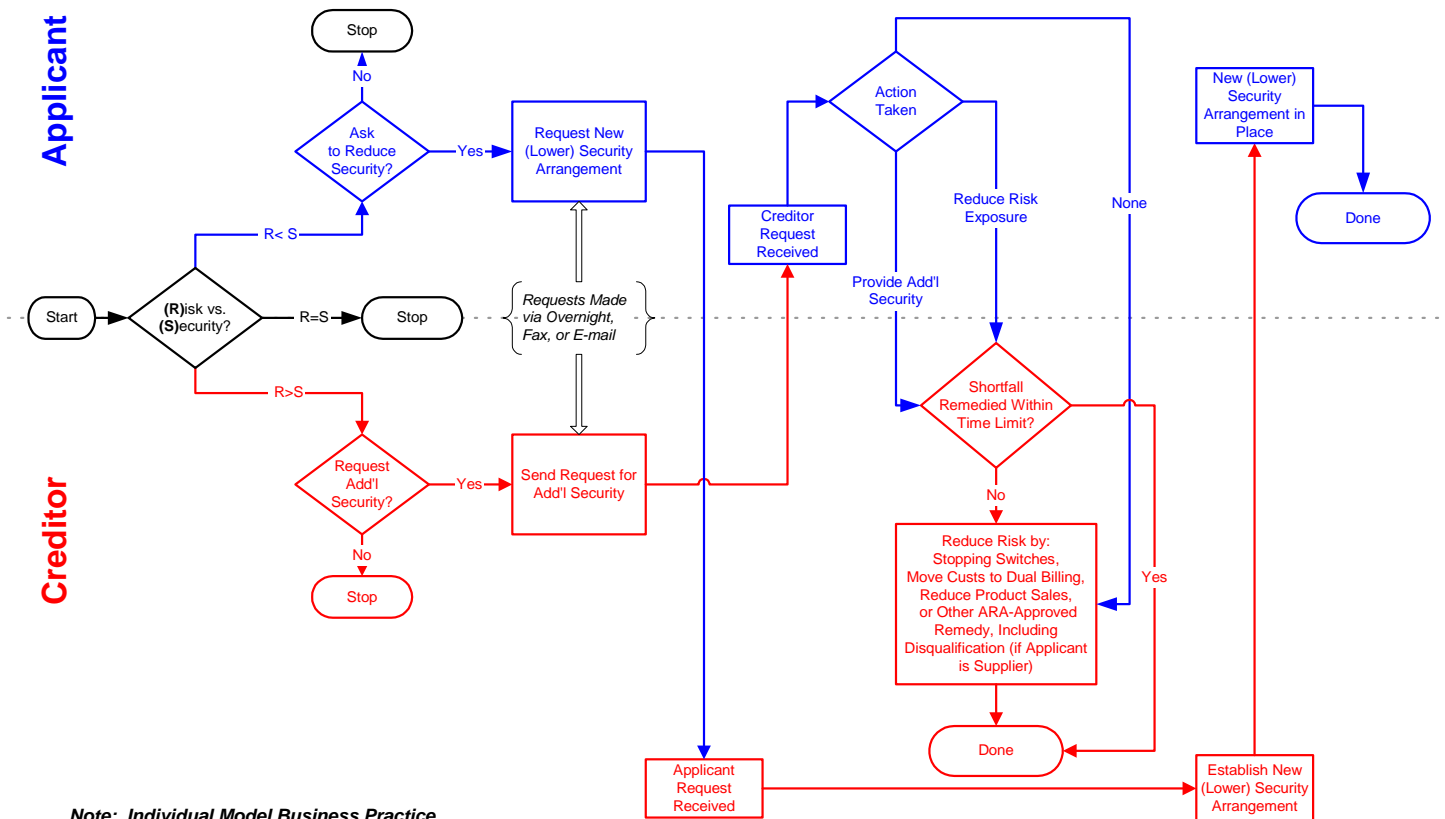
RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE RETAIL ELECTRIC QUADRANT

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

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)

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL ELECTRIC QUADRANT**

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

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:

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL ELECTRIC QUADRANT**

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

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**

| | | | | | | | | | |
|-------------------|---|----------|----------|----------|-----------------------|--------------|-------------|----------|----------------------|
| Motion # | 1 | | | | Date: 3/18/2004 | | | | |
| Motion: | Motion for approval of the Creditworthiness process flow diagrams as amended on today's call. | | | | | | | | |
| REQ Moved: | Mary Edwards | | | | Seconded: | Kathy Yetman | | | |
| RGQ Moved: | Dan Rothfuss | | | | Seconded: | Mike Coyle | | | |
| Vote Tally | Raw Votes | | | | Balanced Votes | | | | Motion Status |
| | For | Against | Total | Abstain | Total Wt | For | Against | Total | |
| REQ | | | | | | | | | |
| End Users | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0 | |
| Distributors | 8 | 0 | 8 | 0 | 2 | 2.00 | 0.00 | 2 | |
| Suppliers | 1 | 0 | 1 | 0 | 1 | 1.00 | 0.00 | 1 | |
| Services | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0 | |
| | 9 | 0 | 9 | 0 | 3 | 3.00 | 0.00 | 3 | PASS |
| RGQ | | | | | | | | | |
| End Users | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0 | |
| LDCs | 3 | 0 | 3 | 0 | 2 | 2.00 | 0.00 | 2 | |
| Suppliers | 1 | 0 | 1 | 0 | 1 | 1.00 | 0.00 | 1 | |
| Services | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0 | |
| | 4 | 0 | 4 | 0 | 3 | 3.00 | 0.00 | 3 | PASS |

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL ELECTRIC QUADRANT**

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

**Joint REQ/RGQ SUIS Conference Call - March 18, 2004
Voting Record on Motion to Approve Creditworthiness Process Flow Diagrams**

| Retail Electric Quadrant | | Motion # 1 | | |
|---|--------------------------------------|------------|----------|----------|
| | | Yes | No | Abs |
| REQ - Distributors | | | | |
| 1 | Yvette Camp - Southern Company | 1 | | |
| 2 | Patrick Eynon - Ameren | 1 | | |
| 3 | Bill Newbold - Detroit Edison | 1 | | |
| 4 | Judy Ray - Alabama Power | 1 | | |
| 5 | Ken Thiry - Wisconsin Public Service | 1 | | |
| 6 | Bill Wolfe - BG&E | 1 | | |
| 7 | Kathy Yetman - National Grid | 1 | | |
| 8 | Mary Edwards - Dominion Va Power | 1 | | |
| REQ - Distribution Companies Total | | 8 | 0 | 0 |
| REQ - Suppliers | | | | |
| 1 | Tan Adams - Georgia Power | 1 | | |
| REQ - Suppliers Total | | 1 | 0 | 0 |

| Retail Gas Quadrant | | Motion # 1 | | |
|---|--|------------|----------|----------|
| | | Yes | No | Abs |
| RGQ - Local Distribution Companies | | | | |
| 1 | Mike Coyle - PSE&G | 1 | | |
| 2 | Les Nishida - Wisconsin Public Service | 1 | | |
| 3 | Dan Rothfuss - Cinergy | 1 | | |
| RGQ - LDC's Total | | 3 | 0 | 0 |
| RGQ - Suppliers | | | | |
| 1 | Marcy McCain - Duke Energy Gas Trans | 1 | | |
| RGQ - Suppliers Total | | 1 | 0 | 0 |

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL GAS QUADRANT**

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

1. Recommended Action:

- Accept as Requested
- Accept as modified below
- Decline

Effect of EC Vote to Accept Recommended Action:

- Change to Existing Practice
- Status Quo

2. TYPE OF MAINTENANCE

Per Request:

- Initiation
- Modification
- Interpretation
- Withdrawal

- Principle
- Definition
- Model Business Practice
- Document
- Data Element
- Code Value
- X12 Implementation Guide
- Business Process Documentation

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.

RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE RETAIL GAS QUADRANT

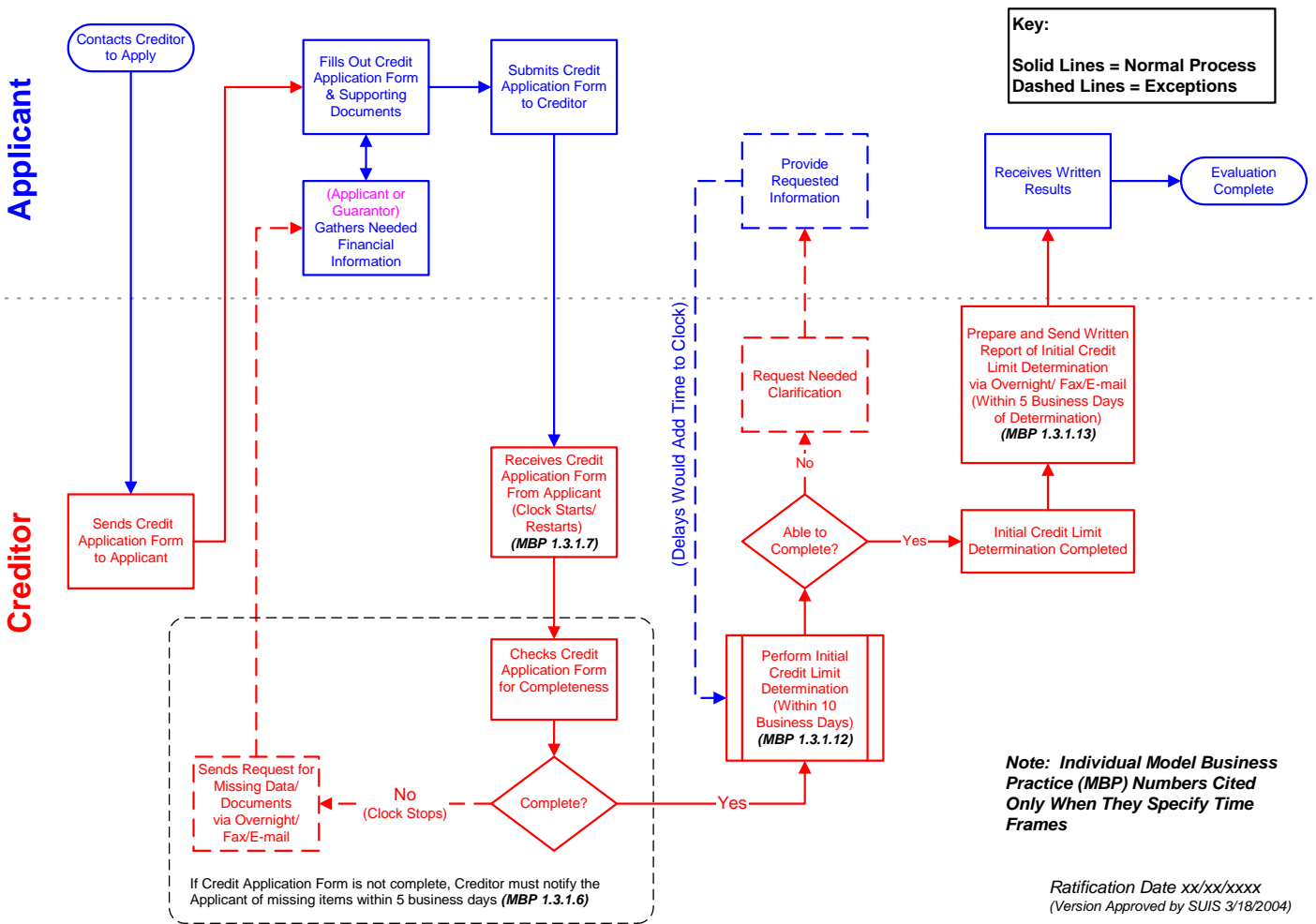
Requester: RGQ Supplier-Utility Interface Subcommittee
Request No.: 2002-2003 Annual Plan Item 2

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)



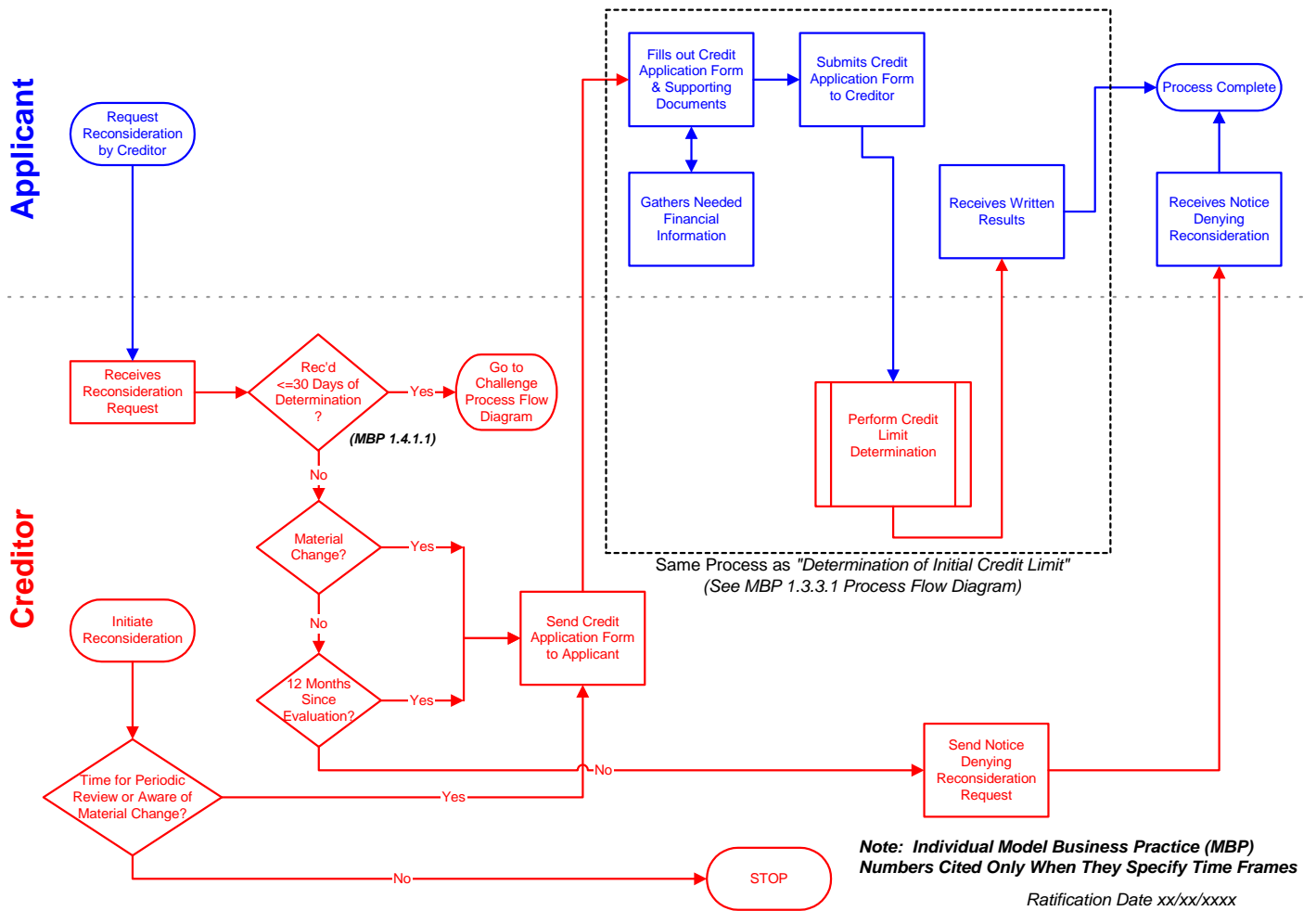
RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE RETAIL GAS QUADRANT

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

Model Business Practice 1.4.3.1

Reconsideration of Determination of Initial Credit Limit - Process Flow

Creditworthiness Evaluation Process (Section 1.4.3.1)



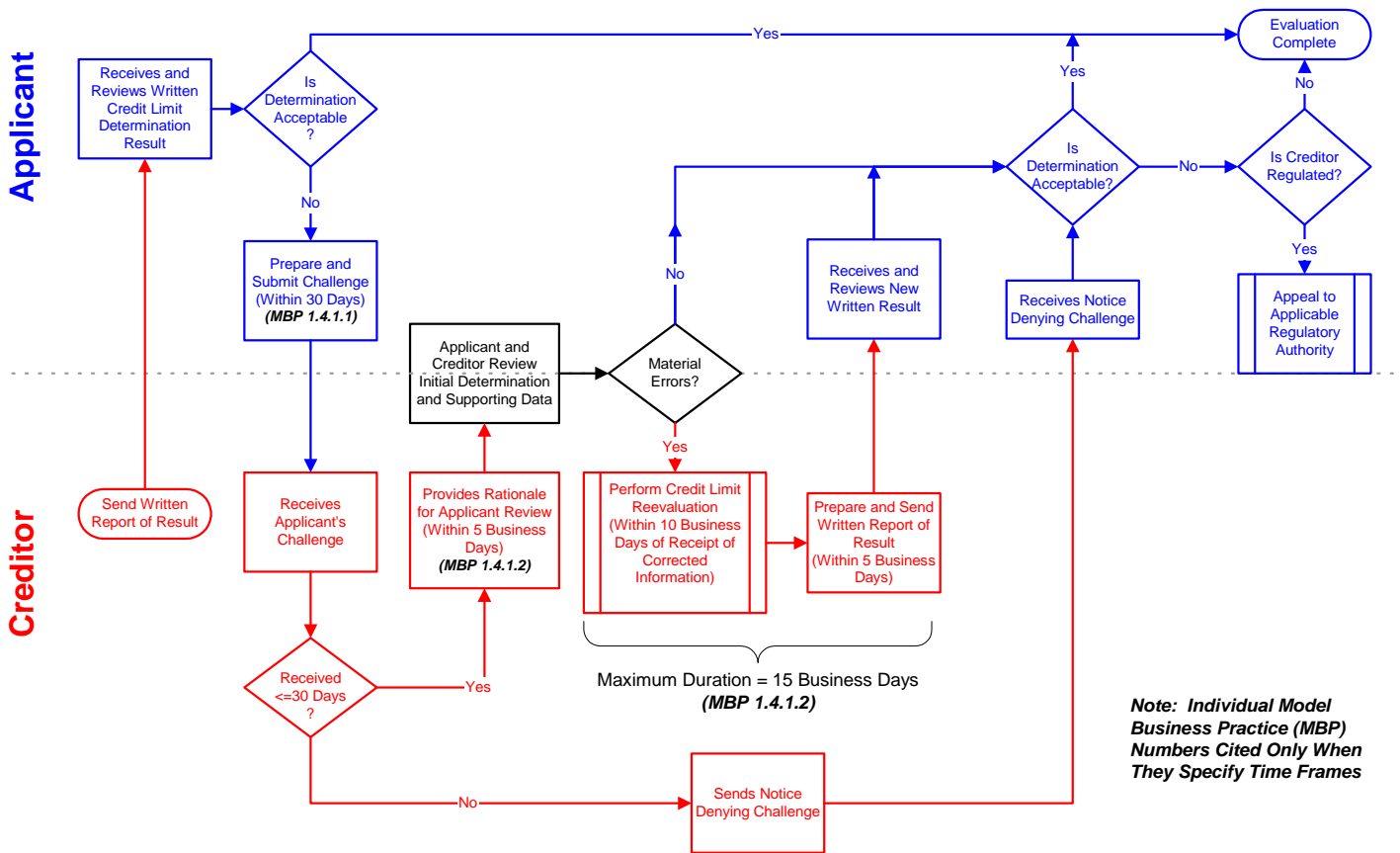
RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE RETAIL GAS QUADRANT

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

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)

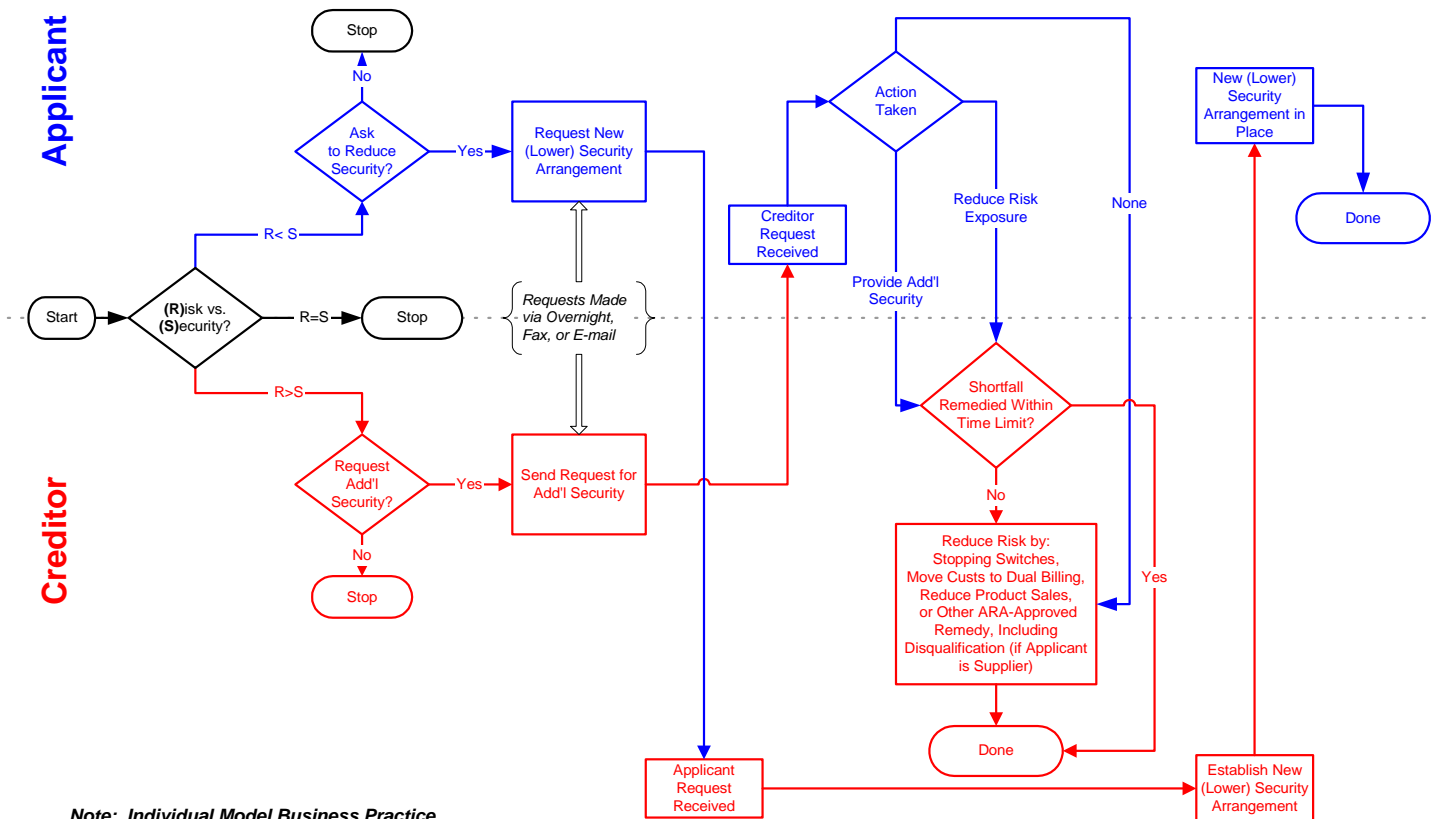
RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE RETAIL GAS QUADRANT

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

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)*

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL GAS QUADRANT**

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

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:

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL GAS QUADRANT**

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

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**

| | | | | | | | | | |
|-------------------|---|----------|----------|----------|-----------------------|--------------|-------------|----------|----------------------|
| Motion # | 1 | | | | Date: | 3/18/2004 | | | |
| Motion: | Motion for approval of the Creditworthiness process flow diagrams as amended on today's call. | | | | | | | | |
| REQ Moved: | Mary Edwards | | | | Seconded: | Kathy Yetman | | | |
| RGQ Moved: | Dan Rothfuss | | | | Seconded: | Mike Coyle | | | |
| Vote Tally | Raw Votes | | | | Balanced Votes | | | | Motion Status |
| | For | Against | Total | Abstain | Total Wt | For | Against | Total | |
| REQ | | | | | | | | | |
| End Users | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0 | |
| Distributors | 8 | 0 | 8 | 0 | 2 | 2.00 | 0.00 | 2 | |
| Suppliers | 1 | 0 | 1 | 0 | 1 | 1.00 | 0.00 | 1 | |
| Services | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0 | |
| | 9 | 0 | 9 | 0 | 3 | 3.00 | 0.00 | 3 | PASS |
| RGQ | | | | | | | | | |
| End Users | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0 | |
| LDCs | 3 | 0 | 3 | 0 | 2 | 2.00 | 0.00 | 2 | |
| Suppliers | 1 | 0 | 1 | 0 | 1 | 1.00 | 0.00 | 1 | |
| Services | 0 | 0 | 0 | 0 | 0 | 0.00 | 0.00 | 0 | |
| | 4 | 0 | 4 | 0 | 3 | 3.00 | 0.00 | 3 | PASS |

**RECOMMENDATION TO NAESB EXECUTIVE COMMITTEE
RETAIL GAS QUADRANT**

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

**Joint REQ/RGQ SUIS Conference Call - March 18, 2004
Voting Record on Motion to Approve Creditworthiness Process Flow Diagrams**

| Retail Electric Quadrant | | Motion # 1 | | |
|---|-------------------------------------|------------|----------|----------|
| | | Yes | No | Abs |
| REQ - Distributors | | | | |
| 1 | Yvette Camp - Southern Company | 1 | | |
| 2 | Patrick Eynon - Ameren | 1 | | |
| 3 | Bill Newbold - Detroit Edison | 1 | | |
| 4 | Judy Ray - Alabama Power | 1 | | |
| 5 | Ken Thiry -Wisconsin Public Service | 1 | | |
| 6 | Bill Wolfe - BG&E | 1 | | |
| 7 | Kathy Yetman - National Grid | 1 | | |
| 8 | Mary Edwards - Dominion Va Power | 1 | | |
| REQ - Distribution Companies Total | | 8 | 0 | 0 |
| REQ - Suppliers | | | | |
| 1 | Tan Adams - Georgia Power | 1 | | |
| REQ - Suppliers Toal | | 1 | 0 | 0 |

| Retail Gas Quadrant | | Motion # 1 | | |
|---|--|------------|----------|----------|
| | | Yes | No | Abs |
| RGQ - Local Distribution Companies | | | | |
| 1 | Mike Coyle - PSE&G | 1 | | |
| 2 | Les Nishida - Wisconsin Public Service | 1 | | |
| 3 | Dan Rothfuss - Cinergy | 1 | | |
| RGQ - LDC's Total | | 3 | 0 | 0 |
| RGQ - Suppliers | | | | |
| 1 | Marcy McCain - Duke Energy Gas Trans | 1 | | |
| RGQ - Suppliers Toal | | 1 | 0 | 0 |