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October 15, 2012

VIA HAND DELIVERY

Executive Director Earl Taylor
c/o Sharla Dillon
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

RECEIVED
2012 OCT 15 AM 11:40
T.R.A. DOCKET ROOM

Re: *Rulemaking Regarding the Recovery of the Gas Cost Portion of Uncollectible Accounts Under the Purchased Gas Adjustment (PGA) Rules*
Docket No. 06-00225

Dear Mr. Taylor:

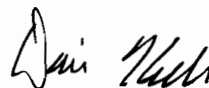
New TRA Rule 1220-04-07-.06(1)(i), which became effective September 16, 2012, states:

Each Company shall file its policy (internal procedures followed) for determining the uncollectibility of a customer account balance, disconnection of a customer's service for nonpayment, collection attempts made by the company both before and after an account balance is written-off, and conditions a customer must fulfill to be reconnected to the gas system. This written policy shall be filed with the TRA within thirty (30) days of the effective date of this Rule part.

In compliance with this new TRA rule, enclosed please find an original and five (5) copies of Piedmont Natural Gas Company, Inc.'s Credit and Collections Policy and Procedures Manual. This Manual is also being filed today by way of email delivered to the Tennessee Regulatory Authority docket manager, Sharla Dillon.

Should you have any questions concerning this matter, please do not hesitate to contact me at the email address or telephone number listed above.

Sincerely,



David Killion

Enclosures

11241382.1

Tennessee Regulatory Authority

DOCKET NO. 06-00225

**Rulemaking Regarding the Recovery of the Gas Cost Portion of
Uncollectible Accounts Under the Purchased Gas Adjustment (PGA) Rules**

PIEDMONT NATURAL GAS COMPANY, INC.

Credit and Collections Policy and Procedure Manual

CREDIT & COLLECTIONS MANUAL**Contents**

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1.0 CREDIT REQUIREMENTS

Applications for existing services may be made through the Customer Contact Center (CCC). For new services, applications may be made with a New Business Representative. At the time an applicant requests natural gas service, all applicable information shall be obtained and recorded on the service order. The customer must establish credit prior to scheduling the set-on/turn-on service order. There are several ways to establish credit for gas service as listed below:

	NC	SC	TN
Existing Pay History	X	X	X
Credit Worthiness Check	X	X	
Deposit	X	X	X
Guarantor	X	X	
Letter of Credit		X	
Surety Bond	X	X	X

The following pages outline the company policies and procedures for establishing credit worthiness for all applicants.

1.1 Identity Verification/Credit Worthiness

Residential - Identity verification and credit worthiness will be processed through LexisNexis.

Identity Verification - All customers applying for service must have their identity verified.

Instant ID:

- Request consumer verification information (complete as many fields as possible)
- Name
- Address
- Social Security Number
- Phone Number
- Date of Birth (DOB)

If the CIV (*Customer Identity Verification*), score is 40 or above proceed with the application.

If the CIV score is below 40 proceed to ProID.

ProID

- This consists of 3 personal questions only the applicant should be able to answer.

Passed - Complete consumer application for gas service

Failed - Place order on hold

Note: InstantID and ProID are used only to verify identification of applicant.

Orders Placed on hold due to customer data verification

CSR - Advise your customer to contact appropriate agency (Social Security Administration and/or Consumer Reporting Agency) to have discrepancy resolved. Once the issue has been corrected please call back to complete your order.

- Note account
- Complete Red Flag Event Log
- Team Lead and/or FACTA Liaison to investigate and resolve

**If the customer is unable to provide requested information, follow your normal FACTA guidelines.*

Credit Worthiness- This option for waiving a deposit is for new customers only.

Residential**RiskView:**

Used to determine if the applicant is eligible to have deposit waived based on previous credit history. The score must be at least **630** to waive the deposit.

Note: previous PNG customers do not have option of RiskView.

Note: SC customers may request to submit a letter of credit in lieu of running a RiskView credit worthiness check. (See letter of credit.)

Note: Exceptions require a supervisor or manager's approval.

Commercial:

North Carolina, South Carolina and Tennessee Commission regulations do not provide a distinction between credit requirements for the establishment of service for commercial applicants.

Commercial Credit Check

Commercial credit checks are performed when the commercial customer calls to have service run, turned on, or transfer account ownership but maintain the current business name.

The Process:

- CSR performs the appropriate service order being sure to populate the proper information.
- **If the customer requests** a credit report be run to verify their credit worthiness in lieu of paying a deposit, we should inform the customer that a credit report can be run through Dun & Bradstreet if they have a D&B number. If a D&B number is available, this information should be sent to the **Centralized Business Office (CBO) Collections Mailbox**

• If a D&B number is **not** available, we can utilize Experian (small business credit reports). Be sure to get the information stated below from the customer and document it on the service order as well. (The Experian credit reports will be pulled in the Centralized Business Office as stated below)

- Responsible party full name
- Responsible party social security number
- Name of Business
- Tax ID Number (be sure to note that on the service order as well)
- Premise address of new business, also if there will be an alternate address for the billing.
- Phone numbers

The information stated above should be complete and attached in an e-mail sent to the **Centralized Business Office (CBO) Collections Mailbox**

Note: If a prospective commercial applicant's name differs from the name of the parent company and is not listed in the Dunn and Bradstreet books, local trade and bank references shall be obtained during the initial application. Customer Contact Center or CBO will not allow the applicant to place an order in one name and check credit in another name, such as the case in the parent company; and the subsidiary when the company names are not the same. North Carolina, South Carolina and Tennessee Commission regulations do not provide a distinction between credit requirements for the establishment of service for commercial or industrial applicants. In view of this, commercial and industrial applicants should be thoroughly checked and reviewed due to the possibility of a substantially greater monetary loss. Credit requirements should be adhered to strictly.

If a cash deposit is required, the maximum deposit amount as prescribed in each state's regulation shall be obtained.

1.2 Existing Pay History

'Good' Pay History - Residential

If a customer places an order to activate a gas service and the Customer Service Representative (CSR) can determine the customer had previous 'good' pay history with the Company as defined below, the CSR should enter a 'NO DEP' code of '3' on the service order screen 23-03.

"GOOD" PAY HISTORY Residential (NC, SC and TN)

Customers with the following over the last twelve (12) consecutive months as shown on screens 01-03, 01-19, 15-10, 15-11, and 23-03:

- No more than two (2) late payments (see 'CREDIT HISTORY' on screens 01-19 and 15-10).
- No returned checks (see 'RTN CHK CNT' on screens 01-19 and 01-21).

- No DNP orders (see 'DISCONNECT HISTORY' on screens 01-19 and 15-10).

Note: Exceptions require a supervisor or manager's approval.

'Good' Pay History - Commercial/Industrial

If the customer is an active customer of the Company, review the payment history of the applicant.

"GOOD" PAY HISTORY Commercial/Industrial (NC, SC and TN)

Customers with the Company at least **two (2) years** and the following over the last twelve (12) consecutive months as shown on screens 01-03, 01-19, 15-10, 15-11, and 23-03:

- No more than two (2) late payments (see 'CREDIT HISTORY' on screens 01-19 and 15-10).
- No returned checks (see 'RTN CHK CNT' on screens 01-19 and 01-21).
- No DNP orders (see 'DISCONNECT HISTORY' on screens 01-19 and 15-10..)

'Unsatisfactory' Pay History

If a customer places an order to activate a gas service and the CSR can determine the customer had previous 'unsatisfactory' pay history with the Company, the CSR should inform the customer that they must secure the account, prior to connection of service, along with any outstanding balances and any applicable reconnect charges. The CSR should enter a 'NO DEP' code of 'D' and the quoted security deposit amount in the 'DEP AMT' field on the service order screen 23-03.

"UNSATISFACTORY" PAY HISTORY Commercial/Industrial (NC, SC and TN)

Customers with the following over the last twelve (12) consecutive months as shown on screens 01-03, 01-19, 15-10, 15-11, and 23-03:

- Three (3) or more late payments (see 'CREDIT HISTORY' on screens 01-19 and 15-10..)
- A returned check (see 'RTN CHK CNT' on screens 01-19 and 01-21).
- A DNP order (see 'DISCONNECT HISTORY' on screens 01-19 and 15-10).

Note: Exceptions require a supervisor or manager's approval.

Transfer of Service

If a customer calls to have their active service transferred to another address, examine the customer's previous pay history. If their previous pay history is 'unsatisfactory' and they have a deposit at their current address, the deposit should be transferred to the new account. However, if the customer owes any past due balances or reconnect fees, the new turn-on order should not be scheduled until the balance is paid in full. If the transferred deposit amount is less than the new amount required, the CSR should require the customer to pay the additional amount, prior to scheduling the order.

If the transferred deposit amount is greater than the new amount required, the customer should be given credit for the excess amount.

Exceptions: If a hardship exists, the old account should be final billed and all balances, including the security deposit should be transferred to the new account. Proper notations should be made on the accounts during the interim period.

Commercial Credit Check

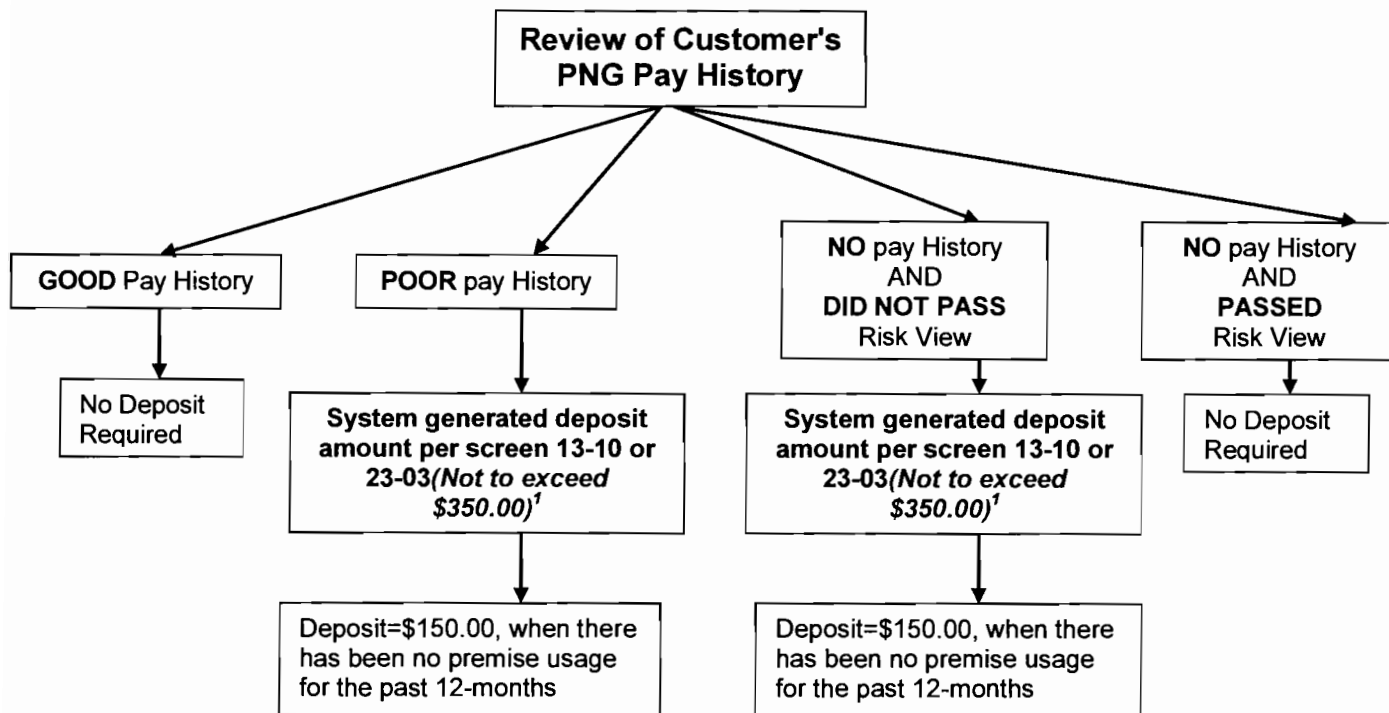
NC, SC, and TN state regulatory Commission regulations do not provide a distinction between credit requirements for the establishment of service for commercial applicants. Commercial credit checks are performed when the commercial customer calls to have service run, turned on, or transfer account ownership but maintain the current business name. See the **Customer Service Information (CSI) Manual** for this process.

If a prospective commercial applicant's name differs from the name of the parent company and is not listed in D&B, local trade and bank references will be obtained during the initial application. The CSR will not allow the applicant to place an order in one name and check credit in another name, such as the case in the parent company and the subsidiary when the company names are different. NC, SC, and TN Commission regulations do not provide a distinction between credit requirements for the establishment of service for commercial or industrial applicants. Commercial and industrial applicants should be thoroughly checked and reviewed due to the possibility of a substantially greater monetary loss. Credit requirements should be adhered to strictly. If a cash deposit is required, the maximum deposit amount as prescribed in each state's regulation will be obtained.

1.3 Deposits

Residential:

Deposit Calculations for NC, SC, and TN:



1/ a system generated deposit amount is calculated using the following criteria:

- **NC** – 2/12 of the previous 12 months of usage, for the premise.
- **SC** – The sum of the 2 highest consecutive bills, for the premise.
- **TN** – The sum of the 2 highest consecutive bills, for the premise, from the most recent winter.

NOTE: If paying the deposit causes a hardship for the customer, 50% of the deposit may be collected and the balance billed on the first utility bill. If the hardship for the customer is extreme, the entire deposit amount can be billed in up to two (2) installments. When billing deposits, enter a trigger note on screen 15-10 with date the deposit is due (40 days from the date of the application) and the deposit amount.

Deposit Amount

If it is determined that a customer must pay a deposit, use the graph above to determine the amount.

If a commercial account uses natural gas for processing (i.e., food services, packaging, consumer goods) the assigned Industrial Sales Representative should assist to determine the estimated consumption of the account so an appropriate deposit amount can be determined.

If a deposit amount is quoted to a customer, the 'NO DEP' code on screen 23-03 of the service order should be entered as a "D" and the amount quoted should be entered in the 'DEP AMT' field. A note should also be placed on screen 23-01 or 23-02 of the service order, stating a deposit of X amount was quoted. Also include quoted amount in 15-12 notes. Deposits may be paid through SpeedPay, at Pay Stations, or mailed to the Remit to address on the bill.

If the customer wishes to send in a Letter of Credit or a Guarantor Form in lieu of the deposit, a deposit billing should be entered on the account and when the completed documentation is received, the deposit billing should be removed. The customer must be notified of the time limit to enable them to submit the information within the allotted time frame.

If paying the deposit causes a hardship for the customer, 50% of the deposit may be collected and the balance billed on the first utility bill. If the hardship for the customer is extreme, the entire deposit amount can be billed in up to two (2) installments. When billing deposits, enter a trigger note on screen 15-10 with date the deposit is due (40 days from the date of the application) and the deposit amount.

Interest Refunds

Deposit interest refunds are paid to a customer using the following guidelines:

- **NC** - Refunded only when the deposit is refunded. (See Deposit Refunds.)
- **SC** - Refunded to the customer by the system, annually, after twelve (12) months of billing. Interest refunds display on the RP184 report. Interest refunds of \$50.00 or more are mailed to the customer. If the amount is less than \$50.00, it is applied to the account.
- **TN** - Refunded to residential customers by the system, after twelve (12) months of billing. The interest refund for a commercial account is refunded only by special request, and the refund is applied to the account.

Deposit interest refunds are paid to a customer when a deposit is held for more than twelve (12) months of billing:

- **SC** - Interest is applied to the account every 180 days and/or refunded + deposit if account qualified (No NSF, no more than 2 late payment charges, and no DNPs within last 12 months).
- **TN** - Interest is applied to the account every 180 days and/or refunded + deposit if account qualified (No NSF, no more than 2 late payment charges, and no DNPs within last 12 months).

Deposit Interest and Refunds

Interest and refunds of a deposit is paid to a customer using the guidelines established in the CSI Manual.

Deposit Receipts

Upon receiving a deposit, Piedmont will furnish to the customer a receipt showing the following:

- Date deposit received
- Customer name
- Service address
- Deposit amount

The Company shall keep a record of all deposits until refunded. The record should contain:

- Interest rate
- Customer's name
- Billing address of the depositor
- Each transaction concerning the deposit

Deposit Codes

A deposit code ('NO DEP' code) describes the criteria used to establish a gas account. Below is a list of the acceptable no deposit codes and their meaning:

Code	Description
9	Disaster Relief
2	Credit Check O.K.
3	Good Pay
4	Has Guarantor
5	Low Usage (deposit estimate < \$25)
6	Deposit Applied to final bill by system
7	Deposit Refunded/Applied (active accounts)
D	Deposit Required
O	Outside Agency
W	Deposit Waived
C	Credit Check Failed-Crisis Guarantor (Customer failed RV, Crisis guarantees account)
F	Credit Check Failed-Deposit Required (Customer failed RV, cash deposit required)
G	Credit Check Failed-Has Guarantor (Customer failed RV, has a guarantor)

Once money is applied to a deposit in S2K, screen 14-07 should be updated with the appropriate information. S2K will automatically generate a Deposit Certificate to be mailed to the customer.

1.4 Guarantor Information

Guarantor

A customer may request the use of a Guarantor to secure their account in lieu of paying a security deposit. A Guarantor in NC and SC is required to pay the amount of the final bill equal to or less than the amount of the security deposit if the applicant defaults in payment for any reason. The guaranteed amount may be transferred to the Guarantor's active account. Guarantors are not accepted in TN. Effective August 9, 2004, Guarantors will be added to accounts for third party notifications as indicated on the Guarantor form (Form) completed by the Customer and Guarantor.

The form contains a section advising the Guarantor may request the release of their Guarantor obligation to the Company only by means of written correspondence to the Company. This written request, presented by the Guarantor requesting release, will be effective **60 calendar days** from the date the written request is received by the Company.

See the CSI Manual Guarantor guidelines for procedures to following related to CC-03/CC-04 and CC-85 service orders.

1.4.1 Guarantor Requirements / Criteria - The CSR must inform the customer of the criteria for a Guarantor to be considered as "acceptable." See the CSI Manual for Guarantor requirements criteria. CBO is responsible for working the Daily Trial Balance report (PCSRP130) to ensure the Guarantor requirements are met.

1.4.2 Guarantor/Third Party Agreement Requirements - The CSR should inform the potential Guarantor that the Guarantor/third party notification agreement will be mailed to the customer to be appropriately filled out by both the applying customer and Guarantor. The Guarantor and third party agreement must be signed, notarized and stamped by a licensed notary. The Forms can be mailed or faxed to the applying customer (not the Guarantor) by the Company CSR. However, the Company will require these forms be returned as instructed on the form to verify authenticity.

1.4.3 Receipt of the Form - Once the completed Form is received and approved, the customer's service order can be scheduled for turn on. This may require a call to the customer for the "wanted by date" and any special instructions for access. The approved Guarantor/third party notification information should be entered on the guaranteed customer account via screen 15-04.

1.4.4 Guarantor Release

The Guarantor's contractual obligation are in effect until the applicant either establishes a satisfactory credit history with the Company, or the applicant's service is discontinued with full payment of the final bill, whichever occurs first. To establish "satisfactory credit" standing, Piedmont must receive full payment of the Customer's bill on or before the past due date for twelve (12) consecutive months, no more than two (2) late payments, and no returned payments. Once this criterion is satisfied, the Guarantor is released from their Guarantor obligations to the Company.

Guarantor Release - Guarantor Request

The Guarantor may terminate the Guarantor agreement. The request to terminate the Guarantor Agreement must be in writing from the Guarantor and is effective **60 calendar days after** the date the Company receives the written request. The Guarantor is responsible for any default in payment of the guaranteed customer's account during this 60-day period.

The following steps take place when a Guarantor requests to be released from obligations:

1. Account Documentation - All Guarantor information will remain on the account during the 60-day period of pending termination. A trigger note and date is entered on screen 15-10 on the guaranteed account noting the end date of the Guarantor's obligation, or until such time that the guaranteed customer pays a deposit or submits another approved Guarantor.
2. Trigger Note - CBO works the expiration of these trigger dates on the PCSRP130 to ensure proper actions occur. A 24-hour door tag or phone call to the customer informs them of the pending disconnection if security is not supplied. A Manager/Supervisor should review the account before disconnection proceedings occur.
3. Guarantor Letter - Upon receipt of the Guarantor's written request, the Guarantor is sent a letter acknowledging their request to terminate their obligations to the Company. This letter includes the date the removal of their obligation to the Company will occur and of their continued obligation to the Company if default of the guaranteed customers account should occur during the 60-day period.
4. Customer Letter - The customer (guaranteed account) is sent a letter that the Guarantor requested the removal of his/her guarantee obligations to the Company to secure the customer's account. The letter states the "due date" (ten (10) calendar days from the current date) in which the customer must supply another form of security for their account or the account will be subject to gas service disconnection. The security deposit amount must be noted in this letter. A trigger note on the customer's account is made and dated ten (10) calendar days forward from the date of the Guarantor requesting they be released from their obligation.

Guarantor Release - Good Pay History

When the customer establishes a 'good' pay history, the system generates release letters that are mailed to both the customer and the Guarantor. The customer receives a letter stating 'good' pay history was established and the Guarantor is released. The Guarantor receives a letter stating the customer established a 'good' pay history and he/she was released as the Guarantor. The no deposit code is changed to "3" (good pay). The Guarantor information on S2K is deleted.

1.4.5 Guarantor Collections Process (CBO Responsibility)

The guaranteed customer account is past due at day 25 of the final bill date. CBO works the "Accounts Receiving Final Bill Letter" report (ZCSR187) to identify each past due final bill account with a Guarantor. The Guarantor's obligation is transferred from the guaranteed customer account to the Guarantor's account. Notes are made on both accounts to state the reason for the transfer to/from. CBO sends a letter to the Guarantor that the guaranteed account is in default and it is the Guarantor's obligation to the Company to pay the amount equal to the deposit or the final bill, whichever is less. If the Guarantor's account was final billed before the transfer, the Guarantor requests the obligation amount be removed from their account, or the Guarantor refuses to pay the obligation, the following process is followed:

1. Create a MERCHANDISE-ONLY account via screen 22-05. **Remember to enter the existing customer number.**
2. Once the merchandise-only account is created, go to screen 15-11 and change the account status code to 'B' (FINAL BILL).
3. Transfer the guaranteed amount to the merchandise-only account via screen 13-16.
4. Access screen 15-10 of the merchandise-only account and enter a CDC code of "O" (ACTIVATE COLLECTION ACTION FOR OFF SERVICE). (NOTE: When properly set, Off Service Forecast Dates will send the account to a third party collection agency for collection action to be taken.)
5. Access screen 15-09 and enter the following:
 - DATE.COLLECT-LETTER - 25 days from the date of reactivation, including the day of reactivation.
 - PRE-COLLECT-1 - 15 days from the date in the DATE..COLLECT-LETTER field.
 - PRE-COLLECT-2 - 15 days from the date in the DATE..PRE-COLLECT-1 field.
 - CHARGE OFF DATE - 20 days from the date in the PRE-COLLECT-2 field.

NC regulations prohibit the Guarantor's gas service from being discontinued if the Guarantor defaults in the Guarantor's obligation to the Company. However, the Company may proceed with another type of collection effort that is allowed by the regulatory body and other applicable laws. This includes reporting the default to a third party collection agency and/or filing for a judgment or lien against the Guarantor's property.

1.4.6 Management Exceptions

Any exceptions to this process should be approved by a Manager or Supervisor. Exceptions should be noted on the customer account, including management approval obtained.

1.5 Letter of Credit

SC customers may request to submit a letter of credit in lieu of having a credit check run. See the VCC Manual for Letter of Credit information.

1.6 Surety Bonds

A Surety bond may be considered in lieu of a deposit for commercial/industrial accounts. A surety bond is not preferable over a cash deposit and should only be considered when specifically requested by the commercial applicant. See the VCC Manual for the Surety Bond guidelines.

1.7 New Business Applications for New Customers

The following paragraphs outline the company policies and procedures for establishing credit worthiness for new applicants applying for a new service. If a customer contacts Piedmont to have a new service line run to a premise, the customer is put in touch with a New Business Sales Representative at 877-279-3636. The Sales department will initiate an NA01 order (NCNG and ENCNG Operations departments enter NA01s), placing a 'NO DEP' code of "D" on screen 23-03.

The 'NO DEP' code "D" will place the order on "hold." A district CSR, manager, or supervisor should process the NA credit checks before the service line is run to the customer's premise.

If the customer's credit is satisfactory, the text message will indicate **"Waive Security Deposit"**. A note should be made on screen 23-02 to reflect "credit approved" and screen 23-03 should be coded with a 'NO DEP' code of "2" (credit check OK). The account must be manually taken off "hold", via screen 23-19, and the sales representative should be notified to schedule the order. A note should also be placed on screen 15-10 of the new account number, indicating the date the report was received.

If the customer's credit is unsatisfactory, the text message will indicate, **"Collect Security Deposit."**

A note should be made on screen 23-02 to reflect "deposit required", including the amount. The deposit amount should also be entered on screen 23-03 in the 'DEP AMT' field. The account will remain on "hold". Finally, note screen 15-10 of the new account, and include the date the report was received and the deposit amount required. The Sales Representative should be contacted to notify the customer of the amount of the security deposit being required. The Sales representative may offer the customer the option of securing a guarantor for the account. The guarantor must sign prior to running the service line. **Note:** Exceptions require a supervisor or manager's approval.

1.8 Financing Policy

Piedmont Natural Gas offers financing for new natural gas appliances when installed by Piedmont Natural Gas or through one of our Gas Advantage Dealers or Gas Advantage Contractors. The monthly payment can be added to a customer's gas bill using the current financing rates and terms below:

Residential*

Terms	Revised Rate	Applicable To:
Annual terms up to 60 months	14.9%	<ul style="list-style-type: none"> All natural gas equipment and installation when financed with natural gas water heater when on same contract or natural gas water heater is currently in home (based on Riskview score of 670).
Annual terms up to 60 months	17.9%	<ul style="list-style-type: none"> All natural gas equipment and installation when natural gas water heater is not in home or on same contract (based on Riskview score of 670).

- **Natural gas assisted heat pumps do not qualify for financing under this program.**
- Piping and services not including merchandise purchased from Piedmont are not eligible for financing at this time.
- Financing is based on approved credit with 0% down available.

Note: Above proposed Finance Term Table is based on amount financed with available terms.

Commercial**

Terms	Revised Rate	Applicable To:
Annual terms up to 36 months	14.9%	<ul style="list-style-type: none"> All natural gas equipment with year-round usage.**
Annual terms up to 36 months	17.9%	<ul style="list-style-type: none"> All natural gas equipment without year-round load.

For customers with approved credit, the Commercial Equipment Financing Program requires a minimum down payment of 10% of the installed price. Propane conversions do not require a down payment.

**Includes space heating equipment when financed with other year-round equipment with a load factor of 60% or more.

Customers can call the Sales Resource Center (1-877-279-3636) or apply online at www.piedmontng.com

Propane Equipment Conversion Financing

Subject to a credit approval, Piedmont will finance the price of converting existing propane equipment to natural gas usage and for new natural gas equipment installed under the same contract. The equipment or conversion must be an existing commercial building on the Company's distribution system that had no prior natural gas account. Rates are subject to change based on regulatory commission decisions, economic factors, or written notice by Piedmont Natural Gas. Propane conversions do not require a down payment.

Proposed Finance Terms by Amount									
Commercial Payment Terms Available									
\$ Financed Tier	Cash or 30 Day	12 Month	24 Month	36 Month					
< 499	✓	✗	✗	✗					
500-1,199	✓	✓	✗	✗					
1,200-2,000	✓	✓	✓	✗					
2,001-3,000	✓	✓	✓	✓					
> 3,001	✓	✓	✓	✓					

Note: Above proposed Finance Term Table is based on amount financed with available terms.

1.9 Residential Credit Criteria Policy

Payment History Criteria Satisfactory Gas Payment History Criteria

Satisfactory Gas Credit Criteria (Gas history shown on screen 01-03 in S2K)

Tier 1 Service Plus Work Only (*No Financing*)

- No more than **four** 30 Day Past Due in the last twelve months of payment history, and
- No Returned Checks

Tier 2 Contract Financing (*Service Plus or 3rd Party*)

- No more than **two** 30 Day Past Due in the last twelve months of payment history, and
- No Returned Checks

If a gas payment history is satisfactory for Tier 1 or 2, Risk View should be run to confirm credit worthiness.

If gas payment history is not satisfactory, customer will be required to pay prior to the job beginning. Risk View will not override the unsatisfactory gas payment history.

For charges less than \$250

The customer's gas payment history should be reviewed to ensure credit worthiness. If gas payment history is not available, Risk View will be used to determine credit worthiness. (Risk View is not required if **less than \$250.00**) Risk View should not be run to override unsatisfactory gas payment history. If satisfactory gas payment history exists, Piedmont will allow the customer to:

- Have the charges billed on their existing active Piedmont Natural Gas account or merchandise only account as a 30-Day Charge, or
- Pay in full upon completion of the job via Speedpay with an existing active Piedmont Natural Gas account number using the free Service Plus Speed Pay (1-866-967-3610) using their:
 - a. Credit Card (Visa, Master Card and Discover)
 - b. ACH/checking account Debit Card
 - c. Authorized Pay Station (For a list of Authorized Pay Stations, see the link below.)

<http://intranet/eprise/main/planetpiedmont/vccManual/content/index>

Note: Customer must have an “existing active” account number to use the Speedpay payment process.

If gas payment history is not satisfactory, the customer MUST pay prior to the start of the project.

For Charges \$250 to \$9,999

The customer's gas payment history should be reviewed to ensure credit worthiness. If gas payment history is not available, Risk View will be used to determine credit worthiness. If the customer's gas payment history is unsatisfactory, Risk View should NOT be run to override the unsatisfactory gas payment history. The customer **MUST** pay prior to the start of the project.

If gas payment history is satisfactory, Risk View should be run to confirm credit worthiness exists. Risk View score must be **670** or greater. If both credit conditions are met, Piedmont will allow the customer to:

- Have the charges billed on their existing active Piedmont Natural Gas account or merchandise only account as a 30-Day Charge, or
- Pay in full upon completion of the job via Speedpay with an existing active Piedmont Natural Gas account number using the free Service Plus Speed Pay (1-866-967-3610) using their:
 - Credit Card (Visa, Master Card and Discover)
 - ACH/checking account Debit Card
 - Authorized Pay Station (For a list of Authorized Pay Stations, see the link below.)

<http://intranet/eprise/main/planetpiedmont/vccManual/content/index>

Note: Customer must have an “existing active” account number to use the Speedpay payment process.

- Customer with approved credit may choose to mail in their payment with the provided Regulus envelope. (not preferred option)
- Long Term Financing is available for Equipment Sales ONLY with the following terms and with approved credit:

Available Terms: 12, 24, 36, 48, and 60 months

Current Finance Rates:

- 14.9% with water heater
- 17.9% without water heater

Note: If gas payment history is not satisfactory, Risk View should not be run to override the unsatisfactory gas payment history. The customer MUST pay prior to the start of the project.

For Charges of \$10,000 or more

The customer’s gas payment history should be reviewed to ensure credit worthiness. If gas payment history is not available, Risk View will be used to determine credit worthiness. If the customer’s gas payment history is unsatisfactory, Risk View should NOT be run to override the unsatisfactory gas payment history. The customer MUST pay prior to the start of the project.

If gas payment history is satisfactory, Risk View should be run to confirm credit worthiness exists. Risk View score must be **700** or greater with a Business Resource Managers, Sales or Operations Managers signature on the contract. If both credit conditions are met, Piedmont will allow the customer to:

- a. Have the charges billed on their existing active Piedmont Natural Gas account or merchandise only account as a 30-Day Charge, or
- b. Pay in full upon completion of the job via Speedpay with an existing active Piedmont Natural Gas account number using the free Service Plus Speed Pay (**1-866-967-3610**) using their:
 - Credit Card (Visa, master Card and Discover)
 - ACH/checking account Debit Card
 - Authorized Pay Station (For a list of Authorized Pay Stations, see the link below.)

<http://intranet/eprise/main/planetpiedmont/vccManual/content/index>

Note: Customer must have an “existing active” account number to use the Speedpay payment process.

- c. Customers with approved credit may choose to mail in their payment with the provided Regulus envelope. (not preferred option)

- d. Long Term Financing is available for Equipment Sales **ONLY** with the following terms and with approved credit:

Available Terms: 12, 24, 36, 48, and 60 months

Current Finance Rates:

- 14.9% with water heater
- 17.9% without water heater

If gas payment history is not satisfactory, Risk View should not be run to override the unsatisfactory gas payment history. The customer **MUST pay prior to the start of the project.**

Exceptions: Though credit worthiness exceptions should be rare, all considerations must be reviewed and approved by a Service Plus Manager or a CBO Collections Supervisor. If after normal business hours, contact the on-call Service Plus Manager.

Employee Credit Criteria

Piedmont employees are subject to the same credit requirements as our customers.

Residential Credit Approval Process Credit Worthiness Check through RiskView:

Credit Worthiness check through RiskView can be provided by:

- District Service Plus Coordinators and Administrative Assistants
- Sales Resource Center (1-877-279-3636)
- Service Plus Managers
- <http://png-net-01/newaccountapp/default.aspx>

1.10 Commercial Credit Criteria Policy

For charges less than \$250

The customer's gas payment history should be reviewed to ensure credit worthiness. If gas payment history is not available, D&B or Experian will be used to determine credit worthiness. (D&B or Experian is not required if **less than \$250.00**) D&B or Experian should not be run to override unsatisfactory gas payment history. If satisfactory gas payment history exists, Piedmont will allow the customer to:

- e. Have the charges billed on their existing active Piedmont Natural Gas account or merchandise only account as a 30-Day Charge, or
- f. Pay in full upon completion of the job via Speedpay with an existing active Piedmont Natural Gas account number using the free Service Plus Speed Pay (**1-866-967-3610**) using their:
 - o Credit Card (Visa, Master Card and Discover)
 - o ACH/checking account Debit Card
 - o Authorized Pay Station (For a list of Authorized Pay Stations, see the link below.)

<http://intranet/eprise/main/planetpiedmont/vccManual/content/index>

Note: Customer must have an “**existing active**” account number to use the Speedpay payment process.

If gas payment history is not satisfactory, the customer MUST pay prior to the start of the project.

For Charges \$250 to \$9,999

The customer's gas payment history should be reviewed to ensure credit worthiness. If gas payment history is not available, D&B or Experian will be used to determine credit worthiness. If the customer's gas payment history is unsatisfactory, D&B or Experian should NOT be run to override the unsatisfactory gas payment history. The customer **MUST** pay prior to the start of the project.

If gas payment history is satisfactory, D&B or Experian should be run to confirm credit worthiness exists. D&B or Experian credit worthiness will be determined by the Collections Department and communicated with requestor. If both credit conditions are met, Piedmont will allow the customer to:

- Have the charges billed on their existing active Piedmont Natural Gas account or merchandise only account as a 30-Day Charge, or
- Pay in full upon completion of the job via Speedpay with an existing active Piedmont Natural Gas account number using the free Service Plus Speed Pay (**1-866-967-3610**) using their:
 - o Credit Card (Visa, Master Card and Discover)
 - o ACH/checking account Debit Card

- Authorized Pay Station (For a list of Authorized Pay Stations, see the link below.)

<http://intranet/eprise/main/planetpiedmont/vccManual/content/index>

Note: Customer must have an “**existing active**” account number to use the Speedpay payment process.

- Customer with approved credit may choose to mail in their payment with the provided Regulus envelope. (not preferred option)
- Long Term Financing is available for Equipment Sales **ONLY** with the following terms and with approved credit:

Available Terms: 12, 24, 36, 48, and 60 months

Current Finance Rates:

- 14.9% with water heater
- 17.9% without water heater

Note: If gas payment history is not satisfactory, Experian or D&B should not be run to override the unsatisfactory gas payment history. The customer **MUST** pay prior to the start of the project.

For Charges of \$10,000 or more

The customer's gas payment history should be reviewed to ensure credit worthiness. If gas payment history is not available, D&B or Experian will be used to determine credit worthiness. If the customer's gas payment history is unsatisfactory, Experian or D&B should NOT be run to override the unsatisfactory gas payment history. The customer **MUST** pay prior to the start of the project.

If gas payment history is satisfactory, Experian or D&B should be run to confirm credit worthiness exists. D&B or Experian credit worthiness will be determined by the Collections Department and communicated with requestor. If both credit conditions are met, Piedmont will allow the customer to:

- Have the charges billed on their existing active Piedmont Natural Gas account or merchandise only account as a 30-Day Charge, or
- Pay in full upon completion of the job via Speedpay with an existing active Piedmont Natural Gas account number using the free Service Plus Speed Pay option (**1-866-967-3610**) using their:
 - Credit Card (Visa, Master Card and Discover)
 - ACH/checking account Debit Card
 - Authorized Pay Station (For a list of Authorized Pay Stations, see the link below.)

<http://intranet/eprise/main/planetpiedmont/vccManual/content/index>

Note: Customer must have an “**existing active**” account number to use the Speedpay payment process.

- Customers with approved credit may choose to mail in their payment with the provided Regulus envelope. (not preferred option)
- Long Term Financing is available for Equipment Sales **ONLY** with the following terms and with approved credit:

Available Terms: 12, 24, 36, 48, and 60 months

Current Finance Rates:

- 14.9% with water heater
- 17.9% without water heater

If gas payment history is satisfactory, D&B or Experian should be run to confirm credit worthiness exists. D&B or Experian credit worthiness will be determined by the Collections Department and communicated with requestor.

Credit Check Request Process

When it is confirmed a credit check should be run, all Commercial Credit Check Requests should be e-mailed to the Collection Team mailbox located in CBO @: *Collection Team/CS/PNG*

Enter “Commercial Credit Check for Service Plus” on the subject line of the email.

- For a Dun & Bradstreet Report
 - If a D&B number is available, the following information should be provided:
 - Name of the company
 - Dun & Bradstreet number
 - Address
 - Potential amount being financed
 - Allow a 24-48 hour return decision
- Experian Credit Check Request
 - If a D&B number is **not** available, we can use Experian (small business credit reports).
- Enter “Commercial Credit Check for Service Plus–Experian” on the subject line of the email and the following information in the body of the email:
 - Responsible party’s full name
 - Responsible party’s social security number
 - Name of Business

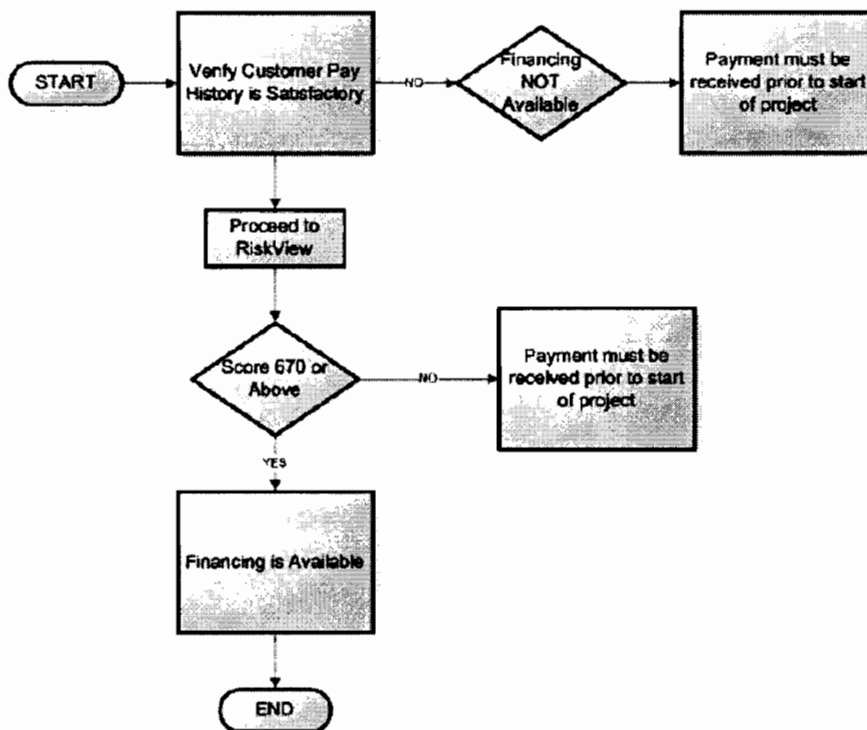
- Tax ID Number
- Premise address of new business and alternate address for the billing if applicable
- Phone numbers
- Allow a 24-48 return decision
- If there is an urgent request (exception), still send the request via Lotus Notes **Collection Team/CS/PNG**, but call one of the following to expedite the request:
 - Melanie Beamon, Collections Supervisor, 704-442-3520
 - Tanisha Martin, Lead Collection Analyst, 704-442-3518
 - Response will be provided to the Piedmont Representative requesting the report.

Exceptions: Though credit worthiness exceptions should be rare, all considerations must be reviewed and approved by a Service Plus Resource Manager or a CBO Collections Supervisor. If after normal business hours, contact the on-call Service Plus Manager.

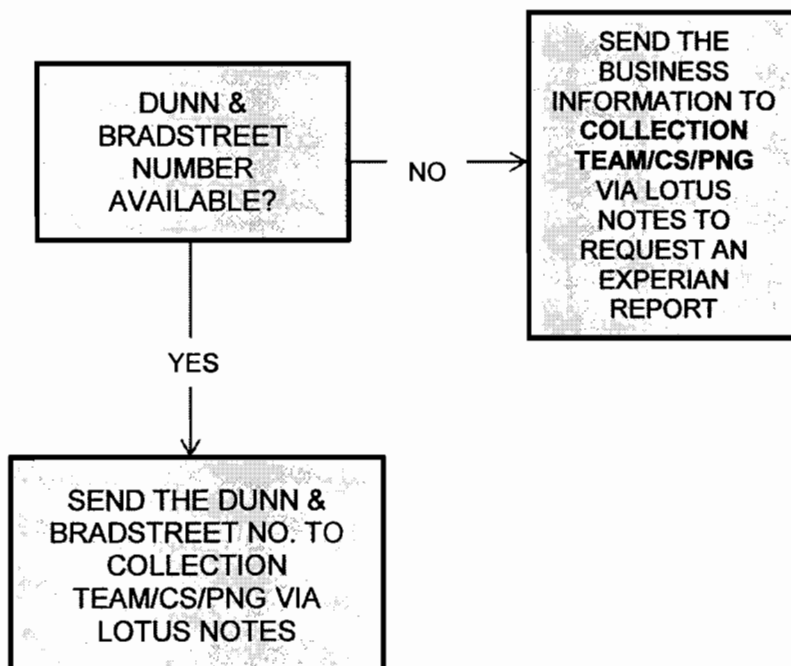
1.11 Major Account Services Credit Approval Process

- Dun & Bradstreet
 - This information should be sent to Gregg Winchester via Lotus Notes.
 - Put **MAS Credit Check for Service Plus** on the subject line of the email.
 - Put name of company, address and the Dunn & Bradstreet number in the email body.
- 24-48 hour turnaround
 - If you have an urgent request (exception), still send the request via Lotus Notes to Gregg Winchester, but call Gregg Winchester, Gas Services Support Analyst, 704-731-4520.

Credit Criteria Process (Residential) Greater than \$250



Credit Criteria Process (Commercial)



1. DUNN & BRADSTREET

- If a D&B number is available, this information should be sent to CollectionTeam/CS/PNG via Lotus Notes
- Put **Commercial Credit Check for Service Plus** on the subject line of the email.
- Put the company name and the D&B number in the body of the email.

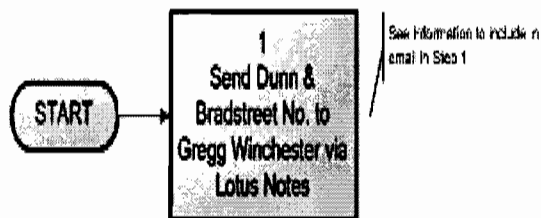
2. EXPERIAN

- If a D&B number is not available, *Experian* (small business credit reports) can be used.
- Put **Commercial Credit Check for Service Plus** on the subject line of the email.
- Responsible Party's full name
- Responsible Party's social security number or Tax ID.
- Name of Business
- Premise address of new business, also if there will be an alternate address for the billing.
- Phone numbers

NOTE: 24-48 hour turnaround

If you have an urgent request (exception), still send the request via Lotus Notes to CollectionTeam/CS/PNG, but also call **Melanie Beamon - Collection Supervisor 704-442-3520** or **Tanisha Martin -Lead Collection Analyst 704-442-3518** to expedite the process.

Credit Criteria Process (Major Account Services)



I. Dunn & Bradstreet

- o This information should be sent to Gregg Winchester via Lotus Notes
- o Put MAS Credit Check for Service Plus on the subject line of the email
- o Put name of company, address and the Dunn & Bradstreet number in the email body

Note: 24-48 hour turnaround

If you have an urgent request (exception), still send the request via Lotus Notes to Gregg Winchester, but call Gregg Winchester – Gas Services Support Analyst - 704-731-4520

2.0 LARGE VOLUME CREDIT COLLECTIONS

2.1 Large Volume Reports

The Large Volume delinquency report (CSBRP280) is generated by S2K to aid in the collection of large volume accounts. This report contains the account number and the delinquency aging. This report listing is used to make contact on all Large Volume accounts, including GMS accounts. A representative from the Industrial Services Department works these collections. All other commercial account collections are handled in the CBO.

2.2 Forecasting Large Volume

Large Volume accounts may be forecasted for collection action by accessing S2K screen 15-09, "Maintain Collection Forecast", and entering the date on which the action is requested. The system forecasts the account into the queue for review and to request a tag be generated. (Process First Contact) Payment arrangements may be established online on a customers' account to prevent disconnection of gas service. There are two types of payment arrangements, DFAC and DFA. DFAC payment arrangements are made to prevent disconnection of service for a past due amount that cannot be paid by the due date. This type of arrangement is made at the customers' request with specific dates and amounts entered online for the account. This will remove the account from collections but it will continue to accrue late charges. Arrangements are stabled on S2K via screen 13-19. Collection notes should be added to the account via screen 15-10

3.0 PAYMENT ARRANGEMENTS

Payment arrangements may not be established online on a customer's account to prevent disconnection of gas service. There are two types of payment arrangements, DFAC and DFA.

Prior to making a payment arrangement, be sure the account meets the following criteria:

- 1.) If the DNP46D is pending the customer must pay all 60/90 day past due balances prior to making an arrangement.
- 2.) If the DNP46D is routed (*Dispatched*) no arrangements are to be made, the customer must pay ALL past due balances on the account to stop disconnect.
- 3.) NO ARRANGEMENTS are to be made on accounts that previously made arrangements and failed to keep them; 2 or more returned checks; or that have had a DNP46D completed within the last 12 months.

3.1 Deferred Agreement (DFAC) Guidelines

DFAC payment arranges are made to prevent disconnection of service for a past due amount that cannot be paid by the due date. This type of arrangement is made at the customer's request with specific dates and amounts entered online for the account. Arrangements are stabled on S2K via screen 15-10.

DFAC arrangements should not be made on the following:

- Final billed account -Amounts transferred from a final billed account
- Deposits:
- Reconnection charges
- Previous DFAC amounts
- EPP accounts
- Returned checks

The following guidelines apply when making deferred payment arrangements

- Payment arrangements should not be made with customers that have previously made arrangements and failed to keep them.
- Customers with a 30 day past due balance should be allowed a two week extension when needed and they should be able to accomplish this on line or through any Customer Service Representative.
- Customers with a large past due balance should be allowed to catch up their arrears by first agreeing to pay all amounts 60 day or greater and then catching up the total arrears and the new billing by the past due date of the new billing.
- Customers with more serious problems on their account should deal with a supervisor or team lead as an exception and EPP should be considered as an alternative. We should keep in mind the larger the payment up front, the smaller the monthly payment during the EPP period.
- Security deposits should be billed only under extreme circumstances and with the approval of a supervisor or team lead.

Note: Exceptions require a supervisor or manager's approval.

R6-15/B(ii) When billing for the unregistered (slow meter) usage and the undercharge exceeds \$25.00, the utility shall allow the customer the option of paying the undercharged amount in equal payments, without any penalty of interest charges, for the period during which the meter unregistered, up to a maximum of (1) year.

R6-15/C(ii) When billing for the non-registering usage, the utility shall allow the customer the option of paying the undercharge in equal payments, without any penalty or interest charges, for a period not to exceed the customers next six (6) billing periods

3.2 DFA Guidelines

3.2.1 NC DFA Guidelines

DFA payment arrangements are established to aid the customer by deferring billing for large debit adjustments or non-registering meter charges, and do not accrue late charges.

The receivable type "DFA" displays as a separate line item on the bill, until paid. DFA arrangements are established on S2K screen 13-09.

3.2.2 SC DFA Guidelines (103-440.6 / C)

"Customer Undercharged Due To Human Or Machine Error" The customer shall be allowed to pay the deficient amount, in equal installments added to the regular monthly bills, over the same number of billing periods which occurred during the interval the customer was subject to pay the deficient amount.

3.2.3 TN DFA Guidelines (1220-4-5-.17 / F)

When a customer has been undercharged as a result of an incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, or similar reasons, the amount of the undercharge may be billed to the customer.

3.3 Updating DFAC/DFA

If necessary, changes to pending DFAC and DFA, excluding the original arrangement amount, may be made on S2K via screen 14-05 "A/R Maintenance Deferred Agreement." All payment arrangements are reversed via S2K screen 13-09.

3.4 Missed Payment Arrangements (DKA)

Payment arrangements that are not kept are reversed by the system and the monies are aged to the original status. The account is eligible for collection action with the next on cycle billing. A special cut off may be requested, which requires manual intervention by the user.

4.0 RETURN PAYMENTS

4.1 Returned Payment Processing

The Account Maintenance in CBO receives daily returned payments for all PNG operating areas. These notifications from the bank can include returned payment transactions from returned checks, PC bank postings, bank drafts and SpeedPay payments. Remittance is responsible for charging all returned payments back to the customer's S2K account. This charge back may also a "handling fee" in the amount applicable for that state. Some exceptions to this handling fee charge may occur at the discretion of Remittance personnel. The Remittance charge back process initiates the "PCSRP 167-1 Online Returned Checks Processed Detail Report." The report is sorted by daily activity. The charge back reason code is found on the customer's account via S2K screen 01-21. The five (5) charge back reason codes are:

- "01-Insufficient Funds"
- "02-Unsigned Check"
- "03- Account Closed"
- "04-Payment Stopped"
- "05-Invalid Account Number"
- "06-Unauthorized Payment"

The mainframe generates the following three (3) "Returned Check" reports:

- "PCSRP 165-1 Online Returned Checks Processed Detail Report", which is distributed to Customer Accounts. This report is a daily-unsorted cumulative report.
- "PCSRP 166-1 Online Returned Checks Processed Detail Report". This report is distributed to Cash Management. This is a sorted by daily activity cumulative activity report.
- "PCSRP167-1 Online Returned checks Processed Detail Report", which is distributed to the district business office via raps. This report will include the "return payment reason codes".

4.2 Online Returned Checks Processed Detail Report (PCSRP167-1 Report)

The Collections Group within CBO (Collections) is responsible for the collection and/or disconnection of a customer's gas service if the returned check is for "utility" receivable. When the PCSRP167-1 Report is worked, a Collection Analyst must make contact with the customer(s) in attempt to resolve the matter and avoid disconnection due to the returned payment. This attempt can include contact by phone or a 24-hour collection door tag if phone contact is not made. Notations on each customer's account are made on S2K screen 15-10, noting which contact method was successful, phone call or door tag. The Collection Analyst uses discretion to ensure the returned payment was not unintentional. This decision is based on the "charge back reason" on the PCSRP167-1.

If a check is charged back to a final billed account, the Collection Analyst will enter "off service forecast dates" so the account will fall into post final bill collection activity and ultimately charge off should the balance not be paid.

Some exceptions to this process may occur, but only through a management decision. Appropriate notes of the exception are made on the customer's account. For active accounts, when the 24-hour notification period expires, the Collection Analyst verifies no payments or satisfactory arrangements were made. If the customer made payment in full, no other collection actions are necessary. If the customer did not make satisfactory payment or arrangements, the Collection Analyst may place a DNP order to discontinue service for failure to satisfy a returned payment. The special instruction field on the DNP order should state the reason for the cut, "cut for returned payment." This order should be worked the same day the 24-hour tag expires or the next earliest date available

It is our Company policy to refuse to accept a check as payment for a returned check. Acceptable forms of payment are cash, money order, cashiers check or certified checks only. Any exceptions to this policy must be approved by management and noted in the customer's account.

4.3 Returned Checks

The return check-handling fee is charged the customer according to state regulations:

Return Check Handling Fees

- North Carolina \$25.00
- South Carolina \$25.00
- Tennessee \$20.00

The Company may refuse to accept a customer's check under the following conditions:

- The customer has at least two (2) returned checks in the past twelve (12) months.
- The customer has one (1) returned check in the past six (6) months.

Return check history for customers is on S2K screens 01-03, 01-19, 01-21 and 15-10. If a customer meets a condition above, "Cash Only" displays in the position of the normal scan line on the bill. The "Important Notice" also has the "Cash Only" message.

4.4 Bank Draft Returns

Customers with Bank Draft information established on S2K will be suspended from bank draft after one (1) returned draft and a letter will be mailed to notify of the return. If a second draft is returned the customer will be removed from bank draft and a cancellation letter will be mailed. Returned bank drafts are debited back to the customer's account the same as a returned check and handling fees are charged. See above for applicable fees. The "Paid via Bank Draft" and "Bank draft to begin next month" messages do not display on the customer's bill. The bill displays the bank draft date.

5.0 UTILITY DELINQUENCY PROCESS

The following process is the accepted process to terminate gas service for nonpaying gas service customers. The criteria used to consider customers for disconnect for non-pay (DNP) are governed by state Utility Commission regulations.

5.1 Medical Alerts

Medical alerts may be placed on a customer's account for consideration in the delinquency process. NC requires a new certificate each year and SC certificates expire after one month. TN does not regulate medical alerts.

5.2 Third Party Notification

Third Party notification may be offered to the customer to notify a third party designate of pending collection action for the gas service. TN does not regulate requirements for third party notification. Collection Activity Codes (CACs) used in the delinquency process are defined in the **CSI Manual**.

5.3 Important Notice

All accounts follow a delinquency timeline for collection action with the on-cycle billing with a past due balance (65th day of the timeline). An Important Notice is included with the on-cycle bill, ten (10) days are allowed for payment to be received to avoid further collection action, and the account displays a CAC of 'N.'

5.4 First Contact First

Contact - NC

Accounts with a past due balance over \$100.00 or no payment has been made in the previous 90 days, receive an important notice, which is included with their on cycle bill. The account is forecasted to receive a first contact on the eleventh day after the bill date, (bill date is considered day zero and customer notice expires on the tenth day).

First Contact - SC

Accounts are eligible for a first contact notice when the amount past due is greater than \$100.00, or no payment was made in the previous 90 days. The account is forecasted to receive a first contact notice on the eleventh day after the bill date (bill date is considered day zero and customers important notice expires on the tenth day). First contact notices are generated and mailed with an expiration date five days from the generated date of the notice. The CAC in the account header displays an 'S' to indicate the notice was mailed. A DNP date will be forecasted four days from the notice date.

First Contact - TN

See the CSI Manual for accounts eligible for First Contact. The accounts appear on S2K screen 2132 'DISCONNECTS DUE ON MM/DD/YY,' for collection action. See the CSI manual for CAC code descriptions. (NOTE: TN accounts DNP'd within the prior four (4) years do not require a first contact notice.)

After the collector completes the door tags, the CAC is updated during batch processing from 'D' to 'W' (door tag worked). Screen 15-09 is updated with the forecasted DNP date (two business days).

Collection Agencies

On the expiration date of the important notice, the account is electronically forwarded to a phone agency that will attempt phone contact with the customer. The 'CAC' (collection activity code) code will be updated to 'L' (phone listing sent to agency). The file is submitted after each batch process and is expected back with updated contact information on the second business day from which it was sent. (For example, if the file is generated on a Monday night's batch process, it is submitted to the agency Tuesday morning, and expected back Wednesday, by 6:00 p.m.)

The updated file is received from the agency and the accounts are updated with the agency information during batch processing. Telephone number corrections are updated during the batch process. S2K screen 15-10 displays one of the following codes returned from the agency for the action taken:

- A Answering machine
- B Message left with a responsible party (at customer's contact phone number) to contact
PNG
- C The customer was contacted and made aware of the past due amount and action to be taken
- D Four attempts, no answer
- E Unable to locate phone number
- F Payment Arrangements Established

A report is generated to indicate the action taken on each account submitted to the agency. The accounts receiving phone contact have a CAC code of 'P' (phone contact made), and a DNP date forecasted for the generation of a DNP order for the following day. If contact could not be made with the customer, a door tag is generated and the CAC code is updated to 'D' (door tag generated) within the same batch process. The DNP is forecasted three (3) business days from its tag generation date.

5.5 DNP

DNP Eligibility

Accounts that receive an "important notice" and the first contact is complete, as designated by each state, are eligible for disconnection after the expiration of the First Contact notice if one of the following has not occurred:

- Payment of past due amount
- Satisfactory payment arrangements
- Payment of entire bill.

See the CSI Manual's "Collection/Delinquency" section for CAC codes and descriptions.

Per state regulations, accounts are not cut off on Fridays or on a day preceding a holiday. The customer must have immediate recourse, via Piedmont Natural Gas, to have service restored when payment is received. (NC Rule R - 6 - 17 SC Rule 103 - 443)

NOTE: An account that receives a payment while in the delinquency process will be removed from the process if the payment to utility reduces the past due balance below the threshold. If a DNP order is pending, the order should be changed to a DNPFM and completed.

NC, SC, and TN DNPs

When an account is eligible for DNP, the system updates the CAC to 'O' which generates a DNP order during nightly batch processing. The DNP orders are reviewed each morning by a Collection Analyst prior to the order being scheduled to Service Suite 8 (Advantex) to be assigned to a technician. The Collector may not accept customer payments in the field to avoid disconnection of service before turning the meter off. However, if the Collector determines the customer is ready to make immediate payment via SpeedPay or a Pay Station, the Collector, according to regulations, should grant the customer an additional 24 hours for the payment to be made and posted to the customer's account.

The DNP orders are completed for every generated DNP with the action taken by the Collector to reflect the correct account status:

- DNPFM - Order not worked - customer made arrangements or paid prior to fieldwork complete.
- DNPNW - Order not sent to field due to manpower or collector could not complete due to time.
DNP Order worked and service was disconnected. The turn off reading and date will be entered on S2K screen 23-04.

Reconnect Fees

Refer to the online **Customer Service Information (CSI)** Manual for current reconnect fees.

5.6 Final Bill for Non Pay Disconnect

When the DNP order is completed on S2K screen 23-04 with the turn off reading and date, the Final bill flag should be an 'N'. If the account has not been paid and service reconnected, the system will final bill the account in five (5) days.

6.0 FINAL BILLED ACCOUNTS

A final bill letter will be generated 25 calendar days after final billing. S2K will update the account's CDC code to 'A' (final bill letter generated), and the account will print on the ZCSR187 'Accounts Receiving Final Bill Letters' report. CBO works this report.

The account is assigned and reported to a collection agency 40 calendar days after final billing. At this time, S2K updates the CDC to 'B' to indicate the account was reported to a collection agency.

- The CAC code is automatically updated to a 'C' (1st collection letter at agency) 55 calendar days after final billing.
- The account is charged off 75 calendar days after final billing.
- The account is removed from its current outside collection agency 405 calendar days after final billing.

7.0 CHARGE-OFF

7.1 Charge-Off Receivables

Charge-off timeline

Day	Activity	Description
1	Final Bill	Final Bill is rendered
25	First Letter	If no activity occurs within 25 days, the customer is sent the first collection letter
40	Collection Agency	If no activity occurs within additional 15 days, the account is forwarded to collection agency.
41	First Collection Agency Letter	Collection agency immediately issues the first pre-collect letters.
55	Second Collection Agency Letter	If no activity occurs within additional 15 days, the collection agency issues the second pre-collect letter.
75	Charge-Off	If to activity occurs within additional 20 days and no collection code (such as bankruptcy) is entered on S2K, the account is charged-off in S2K.

The entire process takes 75 days, with the charge-off occurring after the 75th day. Collection action taken on final billed accounts is based on calendar days not business days. If the action day falls on a non-business day, it rolls to the next business day. Any thirty (30) day or merchandise balance on the utility account is addressed by Service Plus collection policies. A daily interface occurs between S2K and collection agencies to keep account collection status current and is listed in report PCSCA161, Collection Payment Report.

A customer can make payments while the account is in pre-collect or charged-off status. Payments are entered into the system via District Cash System (DCS) or the Regulus interface. Payments made directly to Piedmont between days 25 and 75 are processed via Regulus or the Treasury department, and the collection agency is notified via report PCSRP160, the Pre-Collect Payments Report. Payments made directly to Piedmont on charged-off accounts are reported to the collection agency via report PCSRP161, Collections Payment Report. After full payment, no further collection action is taken on the account.

The collection agency does not handle pre-collect payments. If a customer in the pre-collect stage mails the collection agency the amount owed, the collection agency forwards the payment to Regulus. Any payments made to the collection agency on charged-off accounts are accumulated by the collection agency and a check issued to Piedmont at the end of each month along with an invoice detailing which accounts to credit.

Collection Agency Codes

70	First Point Resources (M - Z)
80	Sunrise Credit Services (A-L)
100	Acct returned to PNG after 365 days

Receivable Type Codes

CCC	Customer Connect Charge THD	30
	Day/Jobbing, Merchandise	
CNT	Contract	
LPC	Late payment charge	
NSF	Non-sufficient check charge	
UTL	Utility	
EPP	Equal Payment Plan	
DEP	Billed deposits	
DFAC	Deferred payment arrangement	RCC
	Reconnect Connect Charge	

Charge-off Reason Codes

A	Customer refuses to pay
B	Customer cannot be located
C	Customer claims bad merchandise
D	Customer claims did not receive
E	Bankruptcy
F	Customer is deceased

Updating/Changing CDC Codes

The CDC field on screen 15-10 displays the collection status and activity of an account after the account is final billed and payment was not made within 25 days of the final bill date. The codes in this field are system generated.

- A Final Bill letter (25 days after final bill)
- B Reported to agency (40 days after final bill)
- C Agency letter sent to customer (55 days after final bill)
- D Account is placed on hold
- H Account designated bankrupt before charge-off.
- M Account designated bankrupt after charge-off
- O Account re-activated from an inactive status
- R Account charged-off (75 days after final bill)
- E Retuned from Agency

CAC Codes (relating to final billed accounts)

- O Not actively pursued by collection agency (after final bill).
- B Actively pursued by collection agency

7.2 Transfer Charge-Off Balance

Charge-off balances should not be transferred. The outstanding balance and deposit should be paid prior to scheduling the turn on order. However, under special circumstances, when it becomes necessary to transfer a charged off balance, the following procedure should be followed:

- Credit charge-off amount using screen 13-03, balance no longer displays on screen 01-12.
- Transfer the amount to the active account via screen 13-05, balance now displays on 01-02
- Place a note on screen 15-12 regarding the transfer of the charge-off amount on both accounts.

The first on-cycle bill the customer receives will contain a disconnect notice for the transferred charge-off amount. The customer then has (10) days to pay the charge-off balance.

8.0 BANKRUPTCY

8.1 Bankruptcy

The Bankruptcy Reform Act provides guidance for utilities terminating service to customers who filed for bankruptcy. Piedmont established the following rules to comply with the Act:

1. As a general rule Piedmont will not terminate service for twenty (20) days following the filing of a petition in bankruptcy and entering an order of relief.
2. When CBO is notified by either the customer or by the court that a bankruptcy was filed, the following steps must be taken to insure compliance with the Act:
 - Initiate a "record only" order to turn off the customer's existing account and establish a new account. Bill adjustment(s) made to correctly establish the new account. The "start date" for the new account is obtained from the bankruptcy order.
 - Collect the appropriate deposit prior to processing the order. The deposit amount must follow Utility Commission requirements.
 - Code the account bankrupt via screen 15-10 to eliminate collection efforts as required by law.
 - Charge-Off the balance covered under bankruptcy.

8.2 Bankruptcy Reform Act of 1978

The Bankruptcy Reform Act of 1978 (the "Bankruptcy Code") controls how utilities can terminate service to customers who have filed bankruptcy. As a general rule, Piedmont is prevented from altering, refusing or terminating service for twenty (20) days after a bankruptcy petition is filed and/or an order for relief is entered. See Bankruptcy procedures for the Collections department within CBO for a more detailed description of Bankruptcy policies and procedures.

In no event should a manager make the decision to cut off gas in disregard of a court order. This could result in contempt of court charges being brought against Piedmont and the manager personally, vice-president, corporate counsel and secretary. Also, all managers should contact Piedmont's attorney regarding any questions or legal clarifications concerning petitions in bankruptcy.

8.3 Selected Portions of the Bankruptcy Code

A. Section 366 (11 U.S.C. § 366) Utility Service

- a) Except as provided in subsection (b) of this section, a utility may not alter, refuse, or discontinue service to, or discriminate against, the trustee or the debtor solely on the basis that a debt owed by the debtor to such utility for service rendered before the order for relief was not paid when due to contend that these standards should be modified to the extent that no deposit.
- b) Such utility may alter, refuse, or discontinue service if neither the trustee nor the debtor, within 20 days after the date of the order for relief, furnishes adequate assurance of payment, in the form of a deposit or other security, for service after such date. On request of a party in interest and after notice and a hearing, the court may order reasonable modification of the amount of a deposit or other security necessary to provide adequate assurance of payment.

B. CHAPTER 13 - Adjustment of Debts of an Individual With Regular Income SECTION 1301 (11 U.S.C. § 1301) Stay of Action Against Co-Debtor

- a) Except as provided in subsections (b) and (c) of this section, after the order for relief under this chapter, a creditor may not act, or commence or continue any civil action, to collect all or any part of a consumer debt of the debtor from any individual that is liable on such debt with the debtor, or that secured such debt, unless -
- b) A creditor may present a negotiable instrument, and may give notice of dishonor of such an instrument.
- c) On request of a party in interest and after notice and a hearing, the court shall grant relief from the stay provided by subsection (A) of this section with respect to a creditor, to the extent that -
 - 1. as between the debtor and the individual protected under subsection (A) of this section, such individual received the consideration for the claim held by such creditor;
 - 2. the plan filed by the debtor proposes not to pay such claim; or
 - 3. Such creditor's interest would be irreparable harmed by such stay.
 - 1. such individual became liable o or secured such debt in the ordinary course of such individual's business;
 - 2. The case is closed, dismissed, or converted to a case under chapter 7 or 11 of this title.
- d) Twenty days after filing of a request under subsection (c)(2) of this section for relief from the stay provided by subsection (a) of this section, such stay is terminated with respect to the party in interest making such request, unless the debtor or any individual that is liable on such debt with the debtor files and serves upon such party in interest a written objection to the taking of the proposed action.

The federal government and the state governments of North Carolina and South Carolina have instituted certain laws regarding the legal relationship between buyers and sellers of goods, especially when credit is extended by the seller to assist the buyer in making the purchase.

8.4 Federal Bankruptcy Laws

The laws and regulations issued by the federal government are primarily concerned with the type and quality of information given to a credit buyer. Federal Bankruptcy laws are summarized below:

Law	Primary Purpose
Consumer Credit Protection Act	Most comprehensive federal law dealing with credit. Defines the type and quality of information given to credit buyer.
Truth-in-Lending Act	Most commonly referred-to part of the Consumer Credit Protection Act for payment computations, information and billing disputes. Requires creditors to inform consumers of direct and indirect costs, terms, and conditions of a credit arrangement. It is applicable to virtually all types of consumer credit including all sales made by the Company when a finance charge is added or when the Company finances merchandise purchased by a customer from a third party. Specifically excluded public utility services under filed tariffs. However, the financing of merchandise by a public utility is not exempt. The Act differentiates in its coverage between "closed end" and "open end" transactions. An open-end transaction is one, which calls for the reoccurring use of credit (i.e. a credit card) while a closed end transaction is an individual sale.
Regulation Z	Interpretation of the Truth-in-Lending Act issued by the Federal Reserve Board and generally applies to all types of credit transactions where a person who regularly extends credit to a natural person for consumer purposes with payment of a finance charge to be made in four or more installments. The rules for open-end transactions are set out in Regulation Z and are more detailed, comprehensive and complex than the rules for closed end transactions
Fair Credit Reporting Act	The Fair Credit Reporting Act (Public Law 91-508) established guidelines for the accumulation, retention and dissemination of information for use in evaluating the credit worthiness, credit standing, credit capacity, character and general reputation of consumers.
Fair Debt Collection Practices Act	The methods used by debt collectors to obtain payment, including methods related to the persons to whom and times during which debt collectors can transmit information
Equal Credit Opportunity Act	The general prohibition of the Equal Credit Opportunity Act and Regulation B is that it is unlawful for any creditor to discriminate on the basis of sex, marital status, age, religion, national origin, color or race or in and credit transaction. The Act thus covers any creditor and any credit <u>transaction (including consumer credit and all other forms of credit).</u>

When an application for service is made, the Fair Credit Reporting Act could be encountered when the credit of an applicant is checked. The Equal Credit Opportunity Act could be encountered when the customer qualifies for credit. Truth-in-Lending Act and Equal Credit Opportunity Act are encountered in the preparation and completion of credit forms. Finally, the Fair Debt Collection Practices Act could be encountered when a creditor attempts to collect an outstanding obligation.

8.5 State Bankruptcy Laws

While the federal laws are concerned with giving buyers information, state laws are more concerned with defining the rights between buyers and sellers. See the Collections department policies and procedures for reference to state bankruptcy laws.