

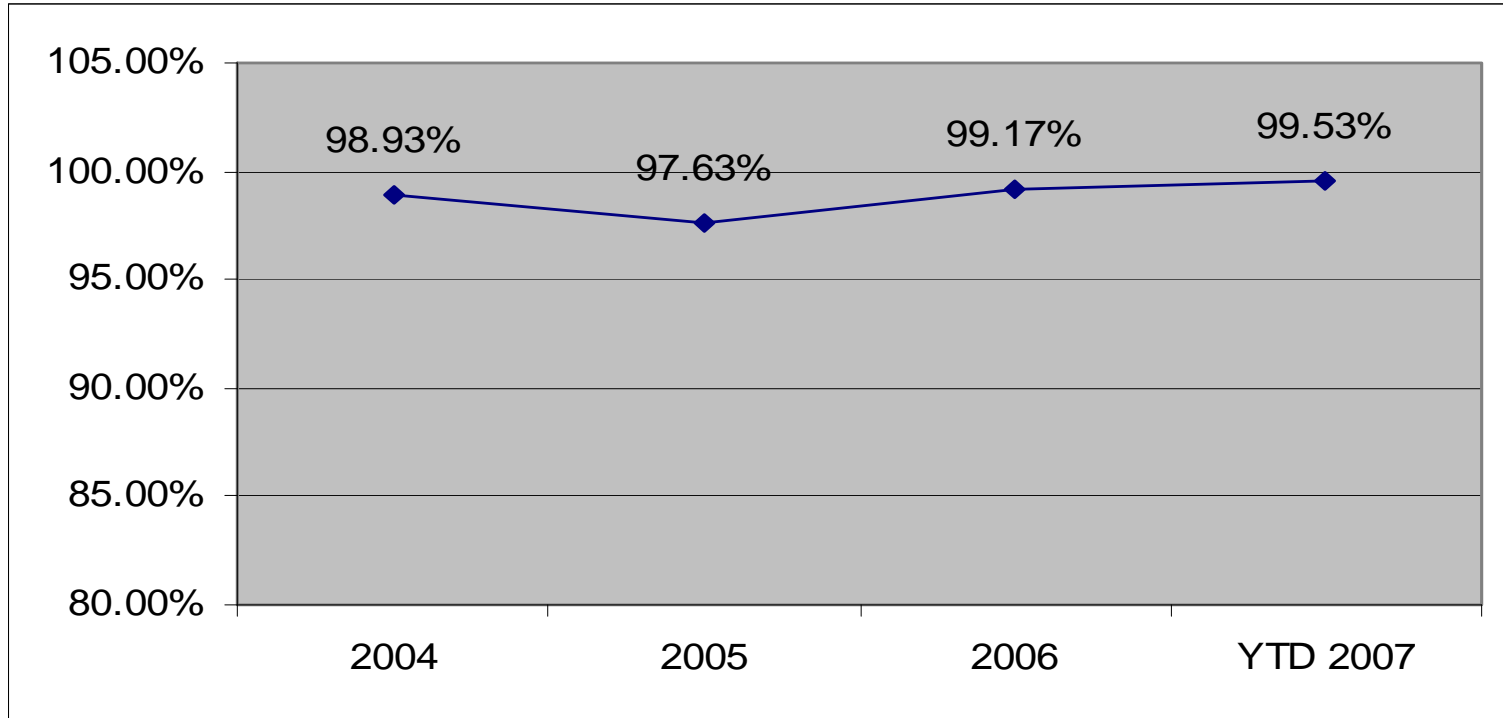


AEP-Texas
Competitive Retailer Workshop

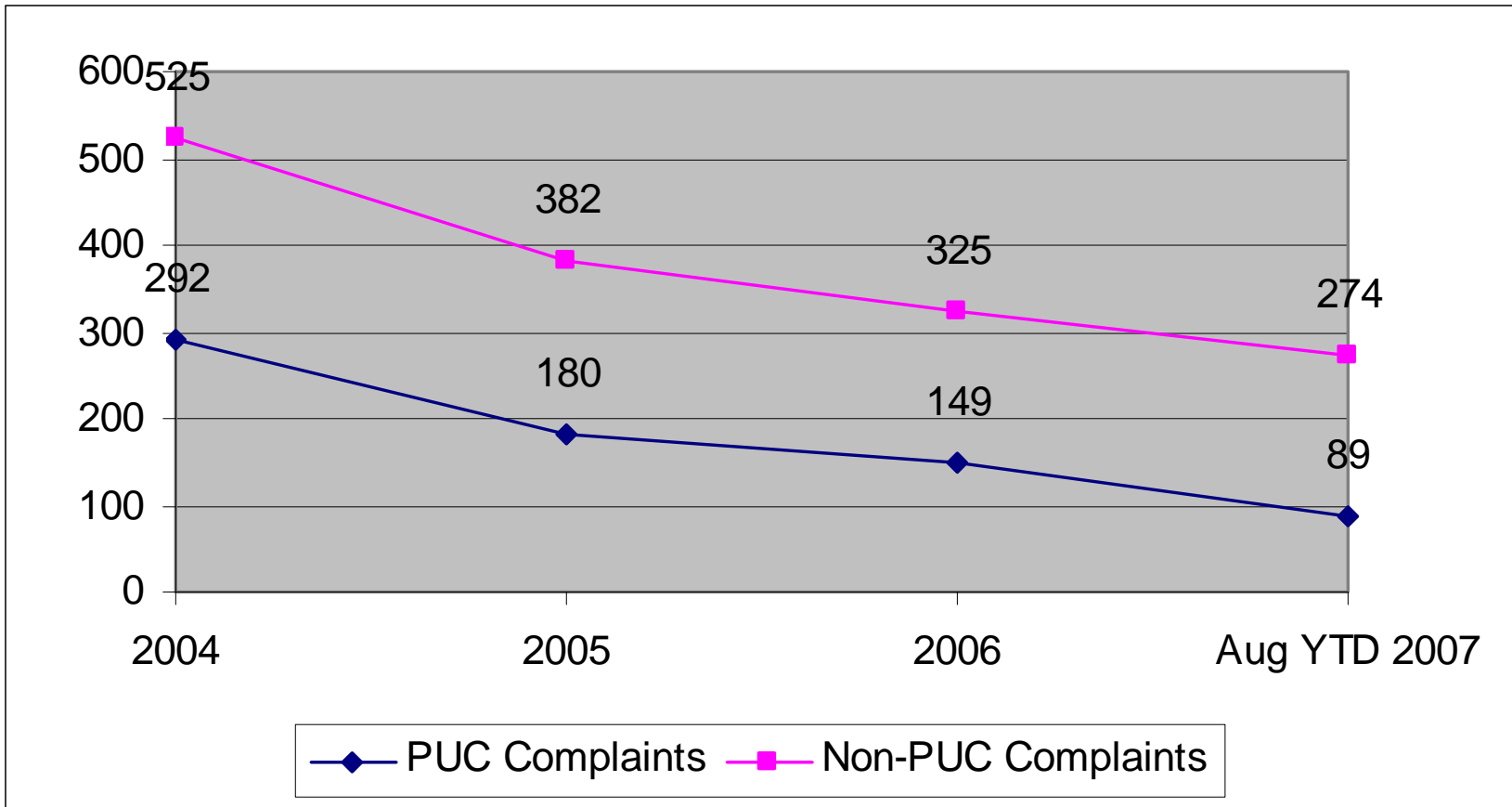
David Hooper
Director, Customer Services



Meter Reading Attainment Rate

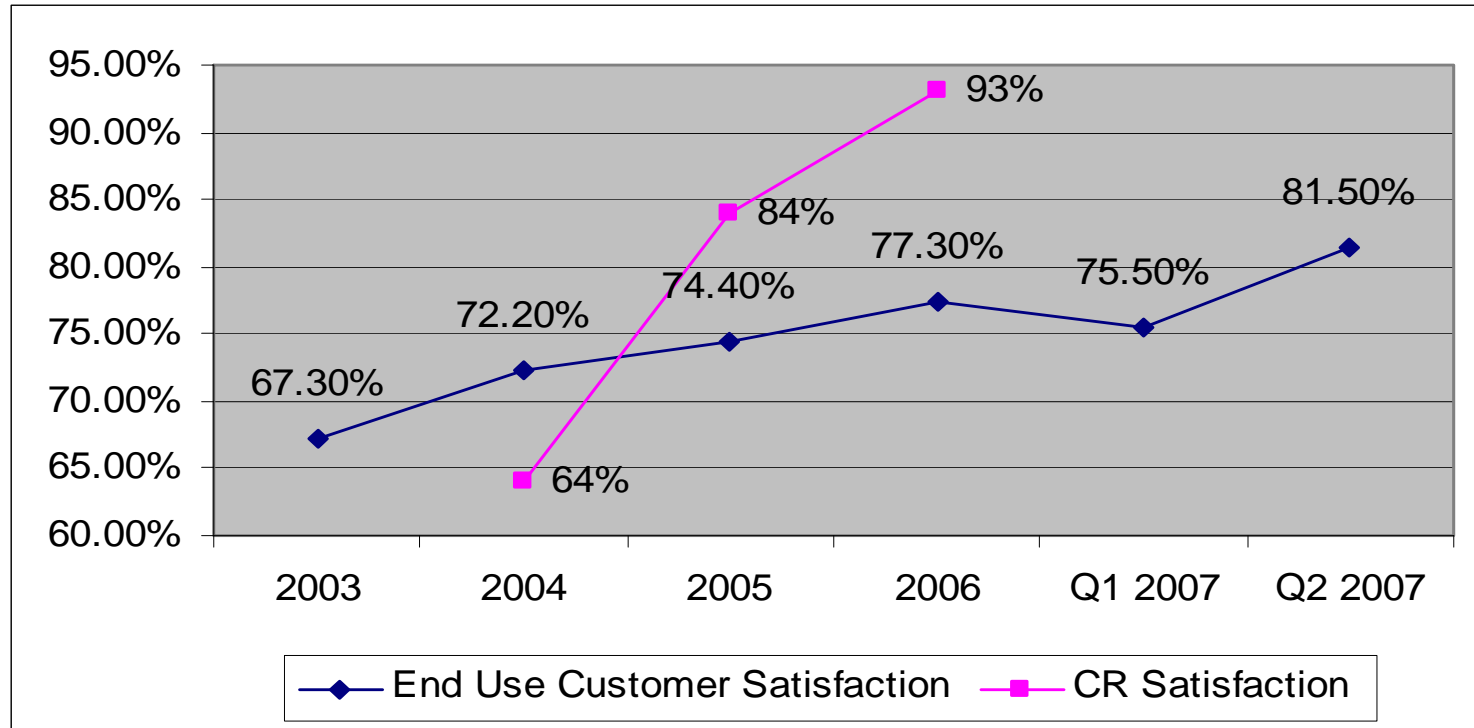


Complaints



Customer Satisfaction Index Performance

AEP TEXAS



Need for Streamlined Regulation

- Process is too slow
- Process is too costly
- Streamlined process needs to have transparency and accountability



TCC Rate Case Update

Richard Byrne
Rates Manager



TCC Request

- Initial Base Rate Request \$62.7
- Merger Credits \$20.0
- Total Base Rate Request \$82.7

- Rebuttal Base Rate Request \$50.5
- Merger Credits \$20.0
- Total Base Rate Request \$70.5



TCC Discretionary Fees

Dollars

❖ Total Disc. Revenues \$18.9 M

✓ Discretionary Fee Increase makes up 7% of the Total PFD Recommended Increased Revenues.



TCC Discretionary Fees

- ❖ Shifts the cost responsibility to those customers causing the cost, thereby holding down/reducing base rates collected from all customers.



TCC Discretionary Fees

Number of Fees by Category

		Prior to	
		<u>Rate Case</u>	<u>Bonded</u>
➤ Standard (mandated)		-0-	19
➤ Construction Service		11	6
➤ Other than Construction		<u>22</u>	<u>13</u>
➤ Total Fees:	33	38	



TCC Estimated Timeline

	<u>Date</u>
• Exceptions Filed	9/20
• Replies to Exceptions	10/4
• Commission Decision	10/18 & 11/1
• Final Order Issued	Mid-Nov.
• Rates Effective	December
• Refunds/Surcharges begin	Dec./Jan.



Upcoming Issues

- Energy Efficiency Rulemaking
- AMI Plan Approval and Cost Recovery
- ETT Integration
- CREZ Implementation
- CCN/STM Filings
- Nodal Implementation



Questions?



Safety Net Spreadsheets & Modifying Existing Orders & Contacting CRR

Don Lewis
Retail Account Manager



Purpose of Safety Nets

- The Safety Net Spreadsheet process is a manual work-around used by Competitive Retailers (CR) in the Texas retail electric market to ensure that a customer receives electric service in a timely manner.



Uses of Safety Nets

- The safety net process should be used for legitimate purposes when sending MVI transactions and not to bypass standard rules and processes.
- Invalid uses are:
 - Reconnects after DNP
 - Date changes



Types of Safety Nets

- Standard
- Priority



Standard Safety Nets

- Safety-Net Spreadsheet process for Standard Move-Ins as outlined in section 7.3.2.1 of the Retail Market Guide dated August 1, 2007.
 - Standard MVI transactions are orders submitted at least two (2) business days prior to the request date.



Standard Safety Nets

- The REP may submit a standard safety net spreadsheet one day prior to the requested MVI date if an 814.16 transaction was sent but has not received an 814.05 or 814.28 “Permit Required” from ERCOT.



Standard Safety Nets

- Standard Safety Net spreadsheets should be sent between the hours of 11:00 to 12:00 PM CPT.
- AEP will reject safety net spreadsheets received outside the 11:00 to 12:00 PM CPT time frame and/or earlier than the day prior to the requested MVI date.



Standard Safety Nets

- If the spreadsheet is rejected the following message will appear on the e-mail's subject line:

“AEP-Safety-Net-RESPONSE-Dated requested“



Standard Safety Nets

- The following message will be in the e-mail:
“Reject Code 09-Completed Unexecutable”

“ Pursuant to the Safety-net Spreadsheet Process for Standard Move-Ins as outlined in Section 7.3.2.1 of the Retail Market Guide dated August 1,2007, AEP is rejecting this request because it was not received between the hours of 11:00 to 12:00 PM CPT the Business Day prior to the Customer’s requested move-in date.”



Priority Safety Nets

- Safety-Net Spreadsheet process for Priority Move-Ins as outlined in section 7.3.2.2. of the Retail Market Guide dated August 1, 2007.
 - Priority MVI transactions are orders submitted with priority code of “99”
 - MVI orders received without the priority code (99) will have the request date scootched to provide AEP the required two business days notice



Priority Safety Nets

- The REP may submit a Priority Safety Net spreadsheet after 2PM CPT on the requested date if an 814.16 transaction was sent but has not received an 814.05 or 814.28 “Permit Required” from ERCOT.



Priority Safety Nets

- AEP will reject Priority Safety Net spreadsheets received earlier than 2:00 PM CPT.
- If the spreadsheet is rejected the following message will appear on the e-mail's subject line:
“AEP-Safety-Net-RESPONSE-Dated requested“



Priority Safety Nets

- The following message will be in the e-mail:

“Reject Code 09-Completed Unexecutable”

“ Pursuant to the Safety-net Spreadsheet Process for Priority Move-Ins as outlined in Section 7.3.2.2 of the Retail Market Guide dated August 1,2007, AEP is rejecting this request because it was received prior to 2:00 PM CPT on the requested date.”



Priority Safety Nets

- AEP will also reject all Priority Spreadsheets received after 5 PM CPT
- The following message will be in the e-mail:

Reject Code 09- Completed Unexecutable

“ AEP is rejecting this request because it was received after our normal business hours of 5PM CPT. Please note that we (do / do not see a pending MVI order date for 09/13/07)”



Modify Existing Orders



MVI/MVO Cancel Requests

- CRs should call our CRR Hotline as soon as possible to cancel an MVI/MVO transaction which is scheduled to be completed within two days of the requested date.



Switch Cancel Requests

- CRs should call our CRR Hotline as soon as possible to cancel a switch transaction which is scheduled to be completed within five days.
- AEP will stop the order from processing in our system but CR must also initiate Markettrak Cancel so that the switch order is canceled at ERCOT.



MVI Date Change Request

- If less than two (2) days prior to the request date, CR should call the CRR Hotline to change the date of the MVI and complete the transaction as a priority order.



Alternate Process

- If the MVI order is greater than two (2) days, please send the 814.08 electronic transaction to cancel the scheduled MVI order. Send the priority (code 99) MVI order with a new requested date.



How to contact us?

- CRR Hotline
- Email
- Marketrak
- Account Manager



CRR Hotline

- AEP Market Transaction Team can be reached between 8-12 and 1-5 CPT, Monday thru Friday at 1-866-237-7722 with the appropriate four digit access code



Email

- CRs can always send requests to crctx@aep.com. The Market Transaction Team will acknowledge your request with an immediate e-mail notification and the request will be completed within five (5) business days.
- Priority requests should not be sent via email but should be addressed by contacting the CRR Hotline



Marketrak

- MT requests will be completed within the market protocol which is seven (7) business days
- Priority requests should not be initiated via Marketrak but should be addressed by contacting the CRR Hotline



Account Manager

- Issues can also be escalated to your assigned Account Manager.



Questions?



Disconnects

Denial of Access
DNP on Master Meter Accounts
DNP on Fridays

Robert De Leon
CRR Manager



Denial Of Access

Before 3rd Consecutive Estimate

- We leave the market approved door hanger every time we are unable to read the meter for DOA.
- We populate the Estimation Loop on the 867 with the no read information.
- On the 2nd consecutive estimate, an AEP Customer Service Representative (CSR) is assigned to contact the customer and attempts to resolve the issue.



DOA Disconnect Process

After the 3rd Consecutive Estimate

- AEP will wait 10 Retail Business Days before processing an internal disconnect.
 - CRs can send a 650.01 RC004 to communicate the customer's selection of an available resolution
 - CRs can send a 650.01 DC004 to disconnect the customer.
- After 10 Retail Business Days any 650 DC004 will be rejected.



DOA Disconnect Process

After the 3rd Consecutive Estimate

- The order will be routed to the assigned CSR and they will make the determination of if/when the customer gets disconnected.
- Once a disconnect order is issued, Move In or Switch transactions will be rejected until the issue is resolved.
- If the issue has been resolved or is in the process of being resolved, the CSR will complete the 650 (if sent by CR) as Unexecutable.



DOA Disconnect Process

After the 3rd Consecutive Estimate

- Once the premise is de-energized, a 650 will be sent to the Rep of Record either by sending the 650.02 (if sent by CR) or 650.04.
- AEP will continue to work with the customer to resolve the issue.



DOA Reconnect Process

After Disconnection for 3 Consecutive Estimates

- CRs should issue a 650.01 RC004 if customer agreed to resolve the issue.
- Once issue has been resolved:
 - AEP will issue a reconnect order if an internal disconnect order was issued.
 - Wait for 650 RC004 if an external disconnect was issued.
- The order will be routed to the assigned CSR and they will determine if/when the customer gets reconnected.



DOA Reconnect Process

After Disconnection for 3 Consecutive Estimates

- The reconnect order will be completed within 3 business days.
- Once the premise is re-energized, a 650 will be sent to the Rep of Record either by sending the 650.02 (if sent by the CR) or 650.04



DOA Associated Fees

Scenario	TCC	TNC
• Customer was not Disconnect		
– Issue resolved without OMR	\$ 0	\$ 0
– Issued resolved with OMR	\$ 41	\$ 44
• Customer was Disconnected		
– Issued resolved without OMR	\$132	\$136
– Issue resolved with OMR	\$173	\$180
• Disconnect Order was Canceled	\$ 13	\$ 13



Master Meter Disconnects

Requirements

- CR must fulfill the tenant Notification requirements outlined in PUCT Substantive Rule 25.483 (j) which states that 4 days before disconnecting, CR must post at least 5 notices informing tenants of the disconnection for Non Pay in both English and Spanish.



Master Meter Disconnect

Process

- CR should contact their Retail Account Manager before sending a 650 DC001 if they want AEP to help fulfill the posting requirement.
- The CR should email the notice to their Retail Account Manager at least two days before the notice should be posted. The notice should be provided in both English and Spanish.



Master Meter Disconnect

Process

- On the requested date, AEP personnel will post the requested number of notices in public place at the Master Metered complex.
- CR should issue a 650 DC001 with the appropriate requested date.
- Any 650 DC001 issued without posting the proper notification will be completed Unexecutable.



Master Meter Disconnects

Associated Fees

- \$45 per site
- Fee is sent on the 810 using the SAC04 code MSC034.



Disconnect for Non Pay on Fridays

- Orders issued for a Friday date with a “N” Flag will be scootched to Monday.
- Orders not completed on a Friday with a “N” flag will be rescheduled for Monday.
- Orders with a “Y” flag could be worked on a Friday.



Questions?



Advanced Metering For AEP TEXAS

Jeff Stracener
AMI Manager



Texas Advanced Metering

- May 2005 Texas Legislature passes AMI Legislation
- Summer 2005 PUCT initiates AMI Rulemaking
- December 2005 AEP Texas suspends AMR Program



Texas Advanced Metering

- On May 10, 2007 PUCT Adopts Advanced Metering Rule to:
 - Encourage the deployment of advanced meters in Texas
 - Allow for the establishment of a nonbypassable surcharge to recover the cost of deployment



AEP Texas - Key Rule Provisions

- Technology Requirements - Minimum system features in order to obtain cost recovery through a surcharge.
 - Automated or remote meter reading
 - Two-way communications
 - Remote disconnection and reconnection capability (200 Amp or less)
 - Direct, real-time, and unfettered access to customer usage data
 - Means by which the REP can provide price signals to the customer



AEP Texas - Key Rule Provisions

- Technology Requirements (Cont)
 - The capability to provide 15-minute or shorter interval data
 - Capability to communicate with devices inside the premises, using devices such as ZigBee, Home-Plug, or the equivalent



AEP Texas - Key Rule Provisions

- Regulatory Filings

- Rule requires approval of deployment plan and surcharge requests
- Surcharge request may be filed concurrently with the deployment plan
- Surcharge request will be subject to the schedule (180 days) and discovery requirements of a rate making proceeding, deployment plan is administrative filing



AEP Texas - Key Rule Provisions

- Regulatory Filings (Cont)

- Surcharge allows for recovery of:

- Capital costs for meters
- Pilot program costs
- Costs are offset by estimated net savings (meter reading, etc.)

- Costs included in the surcharge will be rolled into Base Rates if the TDU files such a case. Further, the undepreciated costs of existing meters replaced by AMI are recoverable.



AEP Texas - Key Rule Provisions

- Regulatory Filings (Cont)
 - Amortization period of meters is 5-7 years
 - A levelized surcharge preferred
 - ROE from last rate case is utilized
 - TDU will file annual reports which will include costs incurred and revenues received from the surcharge
 - There is a “presumption” that costs spent in accordance with an approved plan are reasonable and necessary



AEP Texas - Key Rule Provisions

- Reconciliation Filings
 - The TDU will make reconciliation filings every 3 years to true-up actual costs



Why an AMI at AEP Texas?

- Texas Retail Market Benefits
 - Interval data on all meters (15 minute/hourly etc.) for forecasting and the development of new pricing products
 - Ability to support dynamic pricing (Time of Use, Real Time Pricing, etc.)
 - Prepaid metering possible
 - Ability to support consumer in-home networks
 - Web access to customer meter/usage data
 - Enable load control/DSM capabilities
 - Enable “faster” service connect/disconnect and special reads



Why an AMI at AEP Texas?

- Texas Retail Market Benefits
 - More granular load data to enable better market research
 - Lower system peak (load control)



Why an AMI at AEP Texas?

- AEP Texas Benefits
 - Voltage and load data on all meters to support system planning
 - Energy theft and tamper detection
 - Distribution equipment monitoring & control potential
 - Provides additional data that helps with preventive maintenance
 - Increased service quality (voltage data on all meters)
 - Reduced field visits (move-in, move-out, & connect/disconnect)
 - Reduction of meter reading labor expenses



2007 Texas DSM Legislation

- Electric Utility Energy Efficiency Programs, Goals, and Cost-Recovery
 - Electric utilities' annual goal is raised to 15% of annual growth in demand for the year 2008 and program costs cannot be more than 75% above the 2007 program budget
 - Electric utilities' annual goal is raised to 20% of annual growth in demand for the year 2009, and program costs cannot be more than 150% above the 2007 program budget
 - An Energy Efficiency Cost Recovery (EECR) Factor ensuring timely & reasonable cost recovery of Utility expenditures will be established by the PUC
 - PUC will establish an incentive to reward Utilities that exceed their goals



2007 Texas DSM Legislation

- Net Metering
 - Specified that it is the intent of the legislature that net metering and advanced meter information networks be deployed as rapidly as possible to allow customers to better manage energy use and control costs, and to facilitate demand response initiatives.
- Interconnection of Distributed Renewable Generation
 - Utility shall allow interconnection of generation of less than 2 MW systems that have a 5-year warranty if it doesn't exceed the utility service capacity



2007 Texas DSM Legislation

- Educational Facilities
 - Goal to reduce a school district and higher education institution annual electric consumption by 5 percent each state fiscal year for six years, beginning September 1, 2007.
 - Requires schools to purchase energy-efficient light bulbs.



Project Timeline

- July 2005 – PUCT Rulemaking begins
- January 2007 – AEP Texas AMI study team commissioned
- May 10, 2007 – PUCT Adopts Texas AMI rule
- July 18, 2007 – Project Manager selected
- Spring 2008 – Request for vendor proposals



Project Timeline

- Spring 2008 – Vendor selection(s)
- Summer 2008 – Deployment Plan & Surcharge Plan filing with PUCT
- Fall 2008 – PUCT Approval anticipated; order equipment
- December 2008 – Initial AMI Deployment in Portland & Gregory begins
- 2009 – 2014 – Build out the rest of AEP Texas AMI system



Modern Grid Project Alignment

- Distribution Automation Compatibility
- Internal & External Resources



Communication Activities

- Future Communications Activities
 - TCC & TNC Major Cities – face to face
 - Texas Retailers and ERCOT – face to face/electronic
 - TCC & TNC End-Use Customers – thru news media events
 - AEP Employees – via AEP Now



Project Management Plan

- Identify key initiatives
- Vendor Evaluation and selection
- Set a schedule for milestones
- Active participation in Texas PUC implementation phase and QuickPoint site



Questions?



Energy Efficiency Programs

Pam Osterloh
Russell Bego



Energy Efficiency Policy

PURA §39.905 / §25.181

- PURA 39.905 – “...electric utilities will administer energy savings incentive programs...”
- “...Market-neutral, non-discriminatory standard offer programs or limited, targeted market transformation programs...”
- “...incentives sufficient...to acquire additional cost-effective energy efficiency equivalent to at least 10% of annual load growth in demand ...by Jan. 1, 2004.”



Energy Efficiency Policy

PURA §39.905 / §25.181

- Programs to be implemented through Retail Electric Providers (REPs) and Energy Efficiency Service Providers (EESPs).
- Programs are available to all customers, in all customer classes.
 - Large Commercial & Industrial customers with maximum demand of 100kw and above.
 - Small Commercial & Residential customers with maximum demand less than 100kw
 - Hard-to-reach, Low-income customers 200% below federal poverty level.
- Programs are designed to reduce system peak demand, energy consumption and energy costs.



§25.181 Rule Revisions

- House Bill (HB) 3693
- Project No. 33487
- Energy Efficiency Implementation Project (EEIP)
- PUCT Approval



Program Types

- **Standard Offer Program (SOP)**
 - A program under which a utility administers standard offer contracts between the utility and energy efficiency service providers.
 - Fixed price per kW and kWh
 - First Come, First Serve
- **Market Transformation Program (MTP)**
 - Strategic efforts to induce lasting structural or behavioral changes in the market that result in increased adoption of energy efficient technologies, services, and practices.



AEP Programs

- **SOP**

- Large Commercial & Industrial (C&I)
- Emergency Load Management (ELM)
- Small Commercial & Residential (RES)
- Hard-to-Reach (HTR)
- Energy Efficiency Improvement for Not-for-Profit Agencies (EEIP)
- Targeted Low Income Weatherization



AEP Programs

- **MTP**

- AEP CitySmart Pilot (CS)
- AEP SCORE Pilot (SCORE)
- ENERGY STAR® New Homes



AEP Budgets for Energy Efficiency

	<u>2007</u>	<u>2008</u>
Texas Central	\$5,238,405	\$5,313,405
Texas North	\$1,064,400	\$ 1,064,400



SOP

Participation Process

- Application
- Security Deposit
- Agreement
- Inspections
- Payments



MTP

Participation Process

- Submit Proposal
- Agreement
- Inspections
- Payments



2008 Program Information

- Available in 4th quarter of 2007
 - Direct Mail
 - Email
 - Workshops
 - Other Outreach Activities
 - Websites



How Can REPs Participate ?

- Review Program Details
- Submit SOP Applications
- Submit MTP Proposals



Utility Websites

- www.AEPefficiency.com
 - Customer and project sponsor information
 - FAQs
 - Program contacts and links
 - List of participating project sponsors

- www.texasefficiency.com
 - Links to other utility energy efficiency web pages
 - Link to PUCT web site



Questions?



Inadvertent Process

Cindy Juarez

Debra Hille

Belinda Ybarra

Market Transaction Specialist



Inadvertent Process < 150 Days

- Inadvertent is 150 days or less
 - AEP acknowledges receipt of issue
 - AEP blocks any MVI transactions
 - AEP will reinstate the original CR to DOL+1,
 - Available meter read date, or a forward date
 - Once both CRs agree then AEP agrees in Marketrak
 - Account is setup to accept the backdated MVI



Inadvertent Process > 150 Days

- Inadvertent is greater than 150 days
 - AEP acknowledges receipt of issue
 - AEP blocks any MVI transactions
 - Both CRs must agree to cancel/rebills beyond 150 days
 - AEP will reinstate the original CR to DOL+1, Available meter read date, or a forward date
 - Once both CRs agree then AEP agrees in Marketrak
 - Account is setup to accept the backdated MVI



Possible Inadvertent

- Marketrak filed with a pending MVI
 - AEP gives an opportunity for the gaining CR to cancel the transaction
 - If the Gaining CR does not cancel the transaction, the MVI will be allowed to complete and the Standard Inadvertent Process will be followed



MVO on Inadvertent Issue

- If a MVO is pending
 - AEP will cancel the MVO
 - AEP will inform the CR that the MVO has been cancelled due to an unresolved inadvertent issue
- If a MVO is completed
 - Either the gaining or losing CR must issue a priority MVI (code 99) to restore the customer's power



3rd Party MVI on an Inadvertent Issue

- If a MVI is pending
 - AEP will cancel the MVI
 - Reason for the cancellation will be noted on 814.28



MVI Rejected

- When CR sends backdated MVI before issue is in “Agreement Reached” status in Marketrak, AEP will reject the backdated MVI



Questions?

