



AEP-Texas Competitive Retailer Workshop

September 27, 2006

AEP TEXASSM
A unit of American Electric Power





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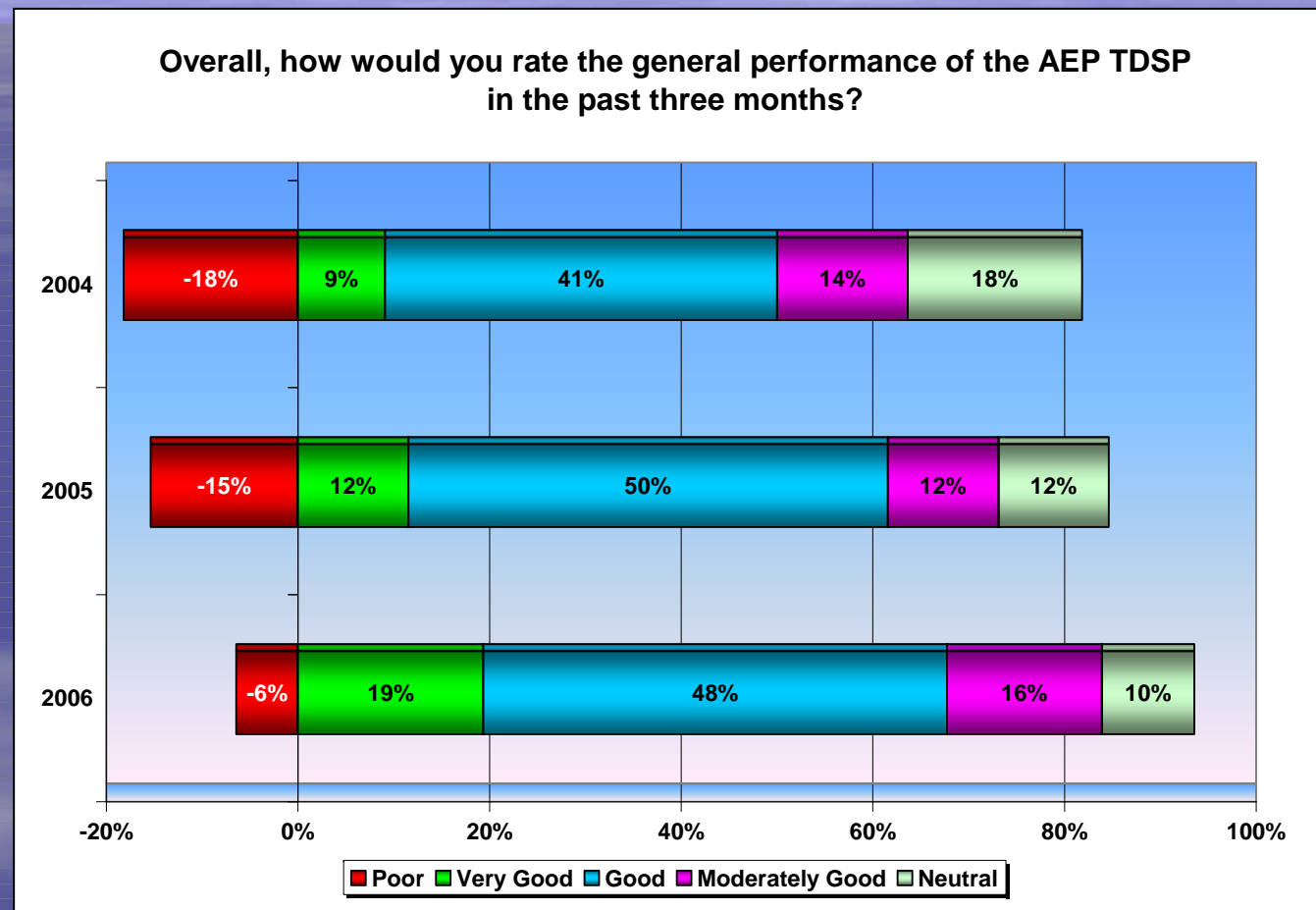
2006 Competitive Retailer Satisfaction Survey

Jeff Stracener
Manager, CRR

Methodology

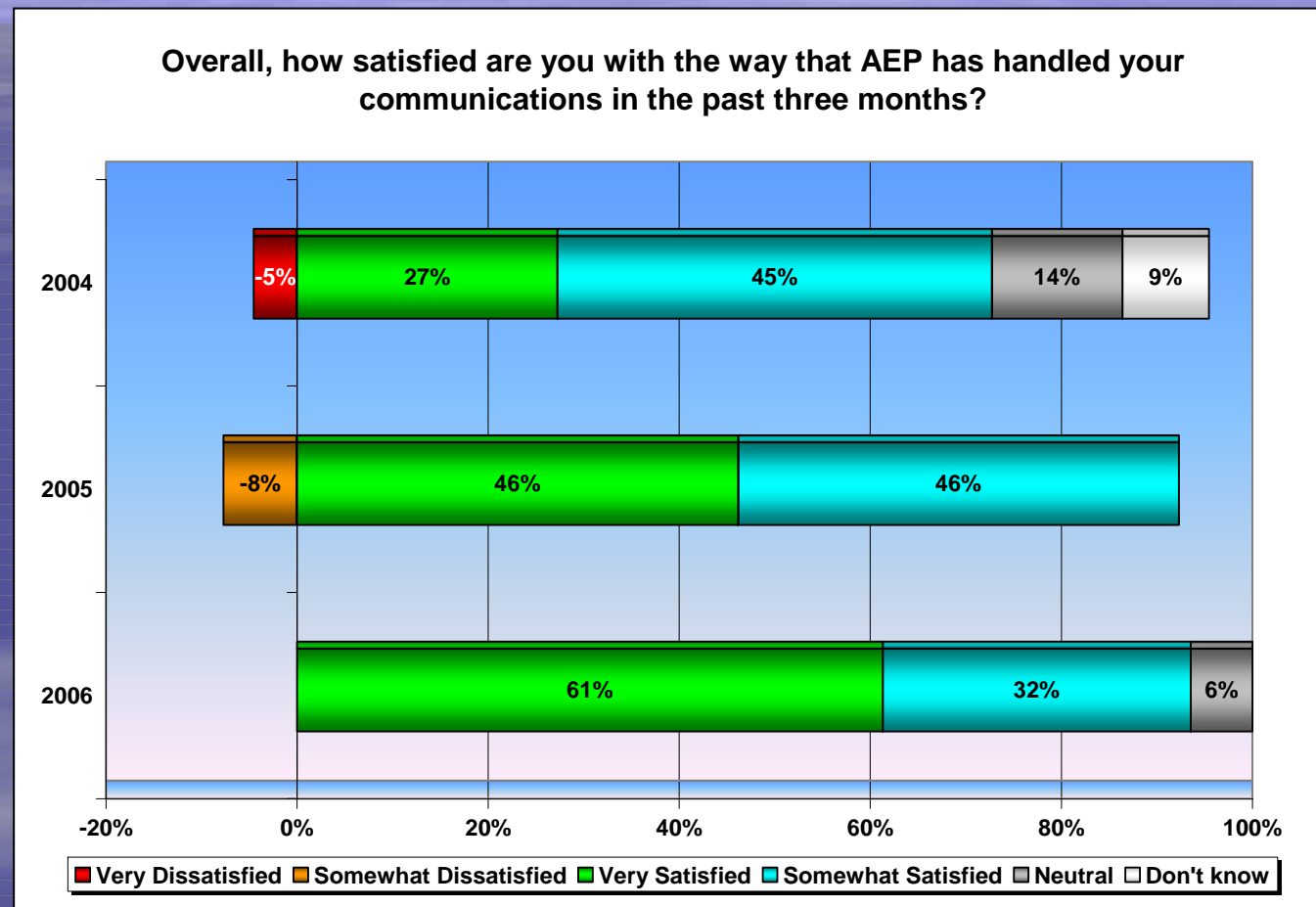
- Survey was conducted in July by the Guild Group from Austin.
- We attempted to survey 44 Competitive Retailers and were successful in completing 31 surveys (70%).
- '06 goal was to get a 75% response rate.
- '05 response rate was 57%.

Overall Satisfaction with AEP TX



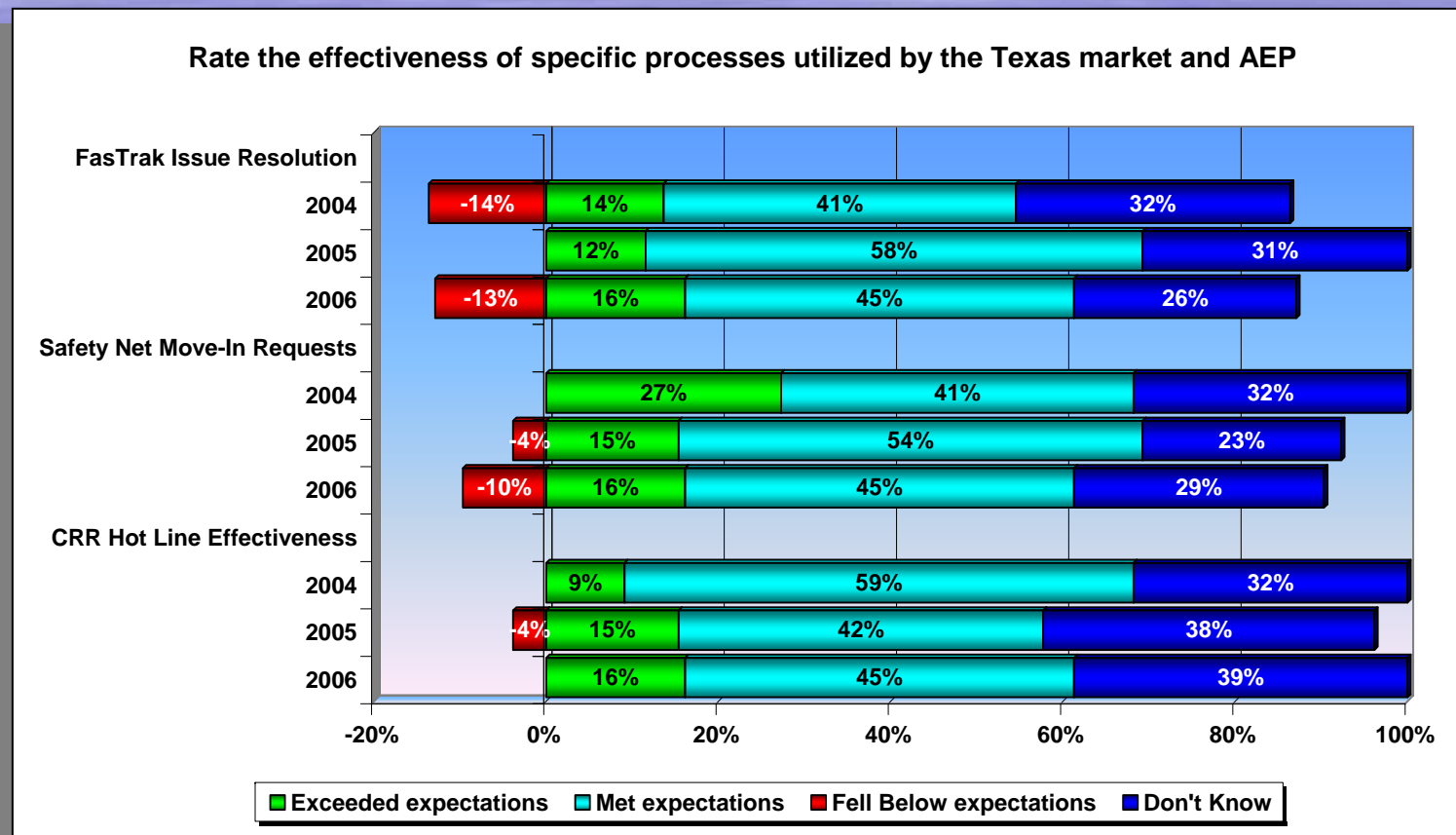
'06 Goal: No more than 10% Poor rating

Satisfaction with Communication



'06 Goal: 50% or more Very Satisfied

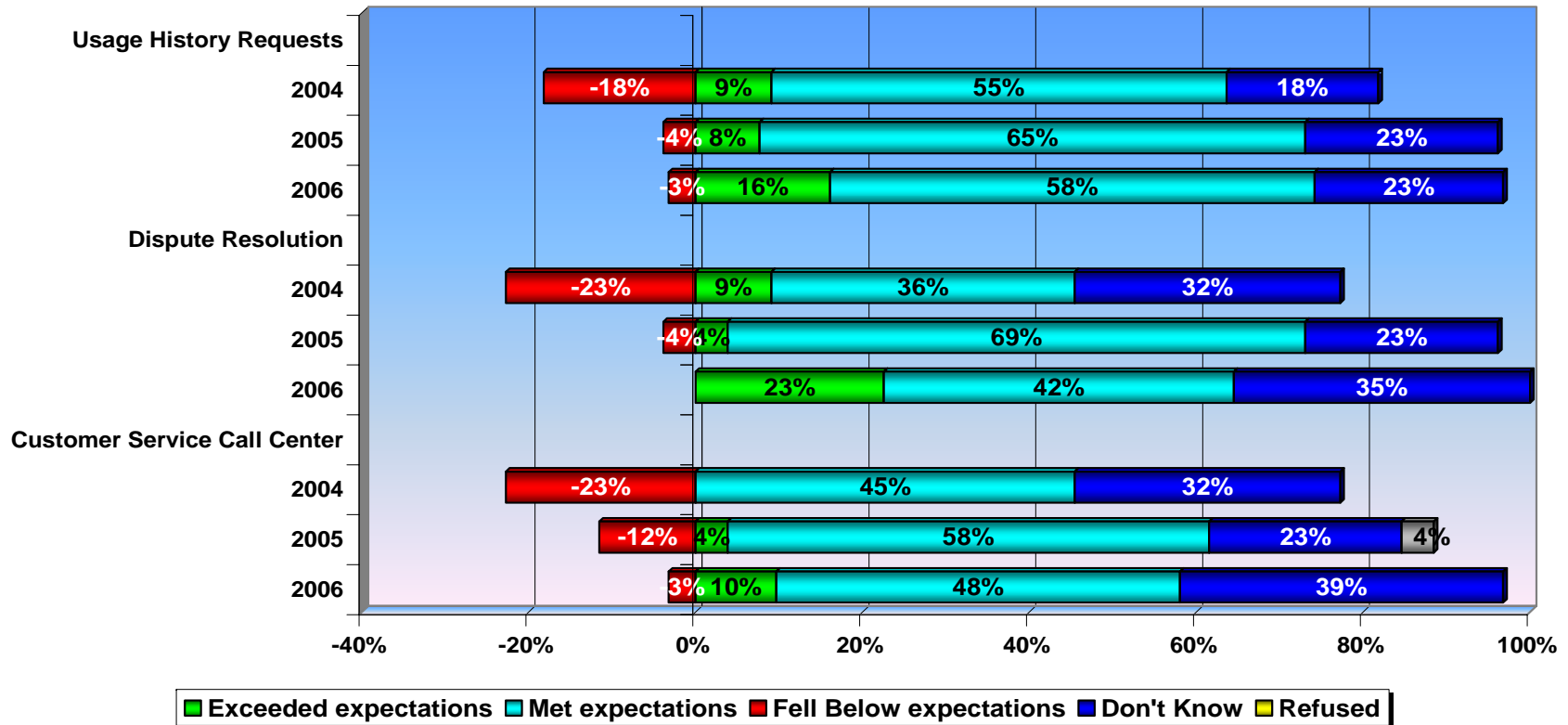
Satisfaction with CRR Hotline



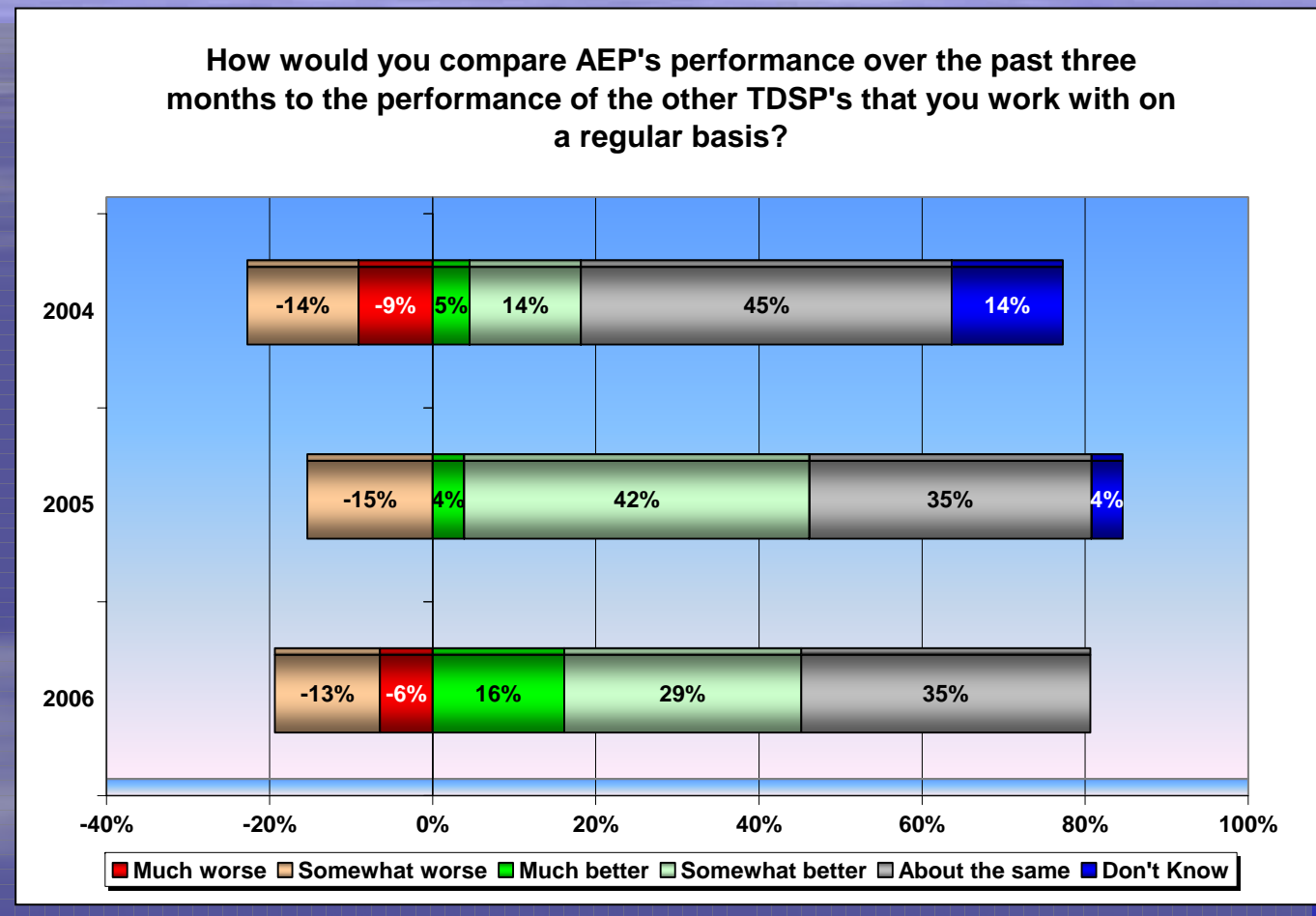
'06 Goal: CRR Hot Line meet or exceed expectations 70% of the time

Satisfaction with CSC

Rate the effectiveness of specific processes utilized by the Texas market and AEP



How do we compare to other TDSPs?



80% rate AEP at least as good as other TDSPs

Questions ?



Connected to You

Matt Gerick, P.E.
CRR Account Manager

How do You answer the following questions?

Yes

No



Do you read the morning paper or the current headline news on the internet?



Do you watch CNN Headline News or another News Broadcast during the day?



Do you ever want to be person “in the know” around your office?

If you answered Yes,
to any of the following...

Yes

No



Do you read the morning paper or the current headline news on the internet?



Do you watch CNN or another News Broadcast during the day?



Do you want to be person "in the know" around your office?

**AEP News and Notices
can be found at:**

**The AEP CR Self Service
Web Application**

All AEP Market Communications will be sent and posted on the Self Service Bulletin Board, which include:

- **News Media Releases**
- **Weather Moratoriums**
- **CWRR Lists**
- **AEPCH Information**
- **Tariff Notifications**
- **Market Announcements**
- **Rate Case Updates**

***We can even target an individual CR with a notice.**

CR Self Service Application



Welcome to the AEP Competitive Retailer Self Service Application

Login

This application is provided as a service to Competitive Retailers certified to conduct business in AEP Texas' service territory. It is our hope that this application will enhance your ability to effectively serve customers in our area. We welcome any comments or questions that you may have about this application or regarding Texas Choice. We can be reached at:

American Electric Power Competitive Retailer Relations

Phone: 1-866-237-7722

Fax: 1-361-881-5770

Email: crrtx@aep.com

You must Login to access this resource.

Please enter your User ID and Password.

User ID:

Password:

CR Self Service Application



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Bulletin Board

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Bulletin Board

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Category Filter:

	Priority	Category	Creation Date	Description
		Weather Moratoriums	2006-08-16	Heat Weather Moratorium for AEP Texas Central (Laredo Area)
		Weather Moratoriums	2006-08-09	Heat Weather Moratorium for AEP Texas North
		Weather Moratoriums	2006-08-03	Heat Weather Moratorium for AEP Texas North
		Weather Moratoriums	2006-08-01	Heat Weather Moratorium in AEP Texas North
		Weather Moratoriums	2006-07-31	AEP Heat Weather Moratorium in Texas North
		Website Outage Notifications	2006-07-20	AEP CR Self Service Application Website - Notification
		Customers Without a REP of Record	2006-07-20	URGENT- July 2006- CWRR List
		Weather Moratoriums	2006-07-20	AEP Heat Weather Moratorium
		Weather Moratoriums	2006-07-19	AEP Heat Weather Moratorium
		Weather Moratoriums	2006-07-18	AEP HEAT Weather Moratorium
		Weather Moratoriums	2006-07-14	AEP Heat Weather Moratorium
		Weather Moratoriums	2006-07-13	AEP Weather Moratorium
		Market Notices	2006-07-06	AEP's CRR Workshop on Wednesday, September 27, 2006

CR Self Service Application



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Bulletin Board Detail

[Bulletin Board Home](#) - **Bulletin Board Detail**

Bulletin Board Detail

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Bulletin Board Item #55

Category: Weather Moratoriums

Priority:  Critical

Target: Market Announcement

Creation Date: 2006-08-16 00:00:00

Expiry Date: 2007-08-16 23:59:59

Description: Heat Weather Moratorium for AEP Texas Central (Laredo Area)

Details: The National Weather Service (NOAA) has issued a Heat Advisory. Weather moratorium is in effect for the following Counties/Towns on 08-16-06 to 08-18-06. DNP's in the following counties / towns have been cancelled due to the Weather Moratorium. Counties Towns Webb Laredo, Encinal, Rio Bravo, El Cenizo, Mirando City, Olton, Bruni

File Attachments

Filename	Description
No file attachments were found.	

Sign up today!



Time is running out!



The background of the slide features a faded image of an electrician wearing a hard hat and safety vest, working on an electrical control panel. Behind the worker, a large American flag is waving. The overall scene is presented in a light, semi-transparent style.

Terms & Conditions

Robert De Leon
CRR Account Manager

2006 Changes

- Move In / Move Out
- Standard Reconnects
- Critical Care / Load
- Invoicing and Estimations

Standard Move In / Move Out

- Rule (4.3.2.1 & 4.13.12.1)
 - Work on Requested date with two day notice if received before 5PM on a Business Day.
- Change
 - Will be adding logic to alter the date if a two day notice was not given. "Scootching"
- Status
 - Scheduled to be implemented October 13, 2006

Standard Reconnects

- Rule (4.3.12.2)
 - Orders received by 2pm will be completed same day.
 - Orders received between 2pm & 5pm may be completed same day or next day.
 - Orders received after 5pm will be completed the next day
- Changes
 - Pinking up standard orders received by 2pm in our Mobile Data Computer (MDC) to be worked same day.
- Status
 - Implemented July 28, 2006

Critical Care/Load

- Rule (4.3.9)
 - Establish Certification, Renewal & Appeals Process

- Change
 - Certification
 - Completed Eligibility Form
 - Renewal
 - List sent to CR on Nov 1 of coded ESI for 12+ months.
 - Appeals
 - None

- Status
 - Implemented July 15, 2006

Invoicing & Estimations

- Rule (4.4.3, 4.7.5, 4.8.1.4, & 4.8.3)
 - Send reading within 3 business days of meter reading schedule.
 - Pay Interest on over billings if not corrected within 3 billing cycles.
 - 150 day limitation when correcting invoices or estimates.
 - “Smoothing” must occur when estimating for more than 2 billing cycles.

Invoicing & Estimations

➤ Changes

- Implemented some triggers in our CIS to identify these accounts.
- Will “Smooth” account is estimated for two billing cycles or more using a daily average when actual is obtained.
- Will “Smooth” across liability periods if required.

➤ Status

- Implemented July 15, 2006

2007

- Priority Move Ins
- Temporary Clearances
- Disconnect for Non Pay
- Priority Reconnects
- Premise Information
- DOA
- Data from Meter Reads

Priority Move In

- Rule (6.1.2.1)
 - Work on same day if received by 5pm.
 - Alter date to next business day if rec'd after 5PM
 - Must include Priority Flag.
- Changes
 - If MVI does not have the priority flag, we are "Scootching" to next business day.
- Status
 - Scheduled to be implemented October 13, 2006.

Temporary Clearance

- Rule (6.1.2.1)
 - Work on requested day with three day notice and request is for a Business Day.
 - Charge only if three day notice was not given or for after hour/non business day requests.
- Change
 - Applying fee on 810 transaction.
- Status
 - Planning Stage.

Disconnect for Non Pay

- Rule (6.1.2.1)
 - Work within three days.
- Change
 - “Scotch” if a two day notice was is not given.
 - De-Schedule Friday’s orders if requested by CR.
 - Restart clock with re-routed to Distribution.
- Status
 - Planning Stage.

Priority Reconnects

- Rule (6.1.2.1)
 - Work on same day if received by 5pm.
 - Work next day if received after 5pm.
- Change
 - “Scootching” to next business day if rec’d after 5PM.
- Status
 - Planning Stage

Premise Information

- Rule (4.3.6)
 - Maintain accurate USPS compliant addresses.
 - Distinguish between multiple ESIs at the same service address. (TDSP Standard Unit Codes)
- Change
 - Add logic to prevent duplicate addresses.
 - Use Codes tables to identify multiple ESIs at the same service address
- Status
 - Planning Phase

Denial of Access

- Rule (4.7.2)
 - Leave a door hanger each month if unable to read meter due to DOA
 - Send No Read Code and number of consecutive estimates to CR each month.
 - Disconnect if unable to gain access for 3 consecutive months

- Change
 - Modifying Usage Transaction to send No Read Code and counter information to CR
 - Create new order type for Disconnect due to DOA

- Status
 - Planning Stage

Data from Meter Read

- Rule (4.7.2)
 - Provide web access to historical usage data for Non Residential Customers .

- Change
 - Modify the current AEP historical usage website to allow all Texas customers to register and obtain their historical data.

- Status
 - Planning Phase

Questions ?

A utility worker wearing a white hard hat, safety glasses, and a light-colored shirt is working on a light fixture. The worker is positioned in a white bucket, reaching out to adjust a large, rectangular light fixture. The background is a large American flag waving in the wind against a clear blue sky. The text "Break Time!" is overlaid in the center of the image.

Break Time!



AEP Texas Rate Cases

Charles Patton
President and COO
AEP Texas

Background Information

History of Recent Rate Cases

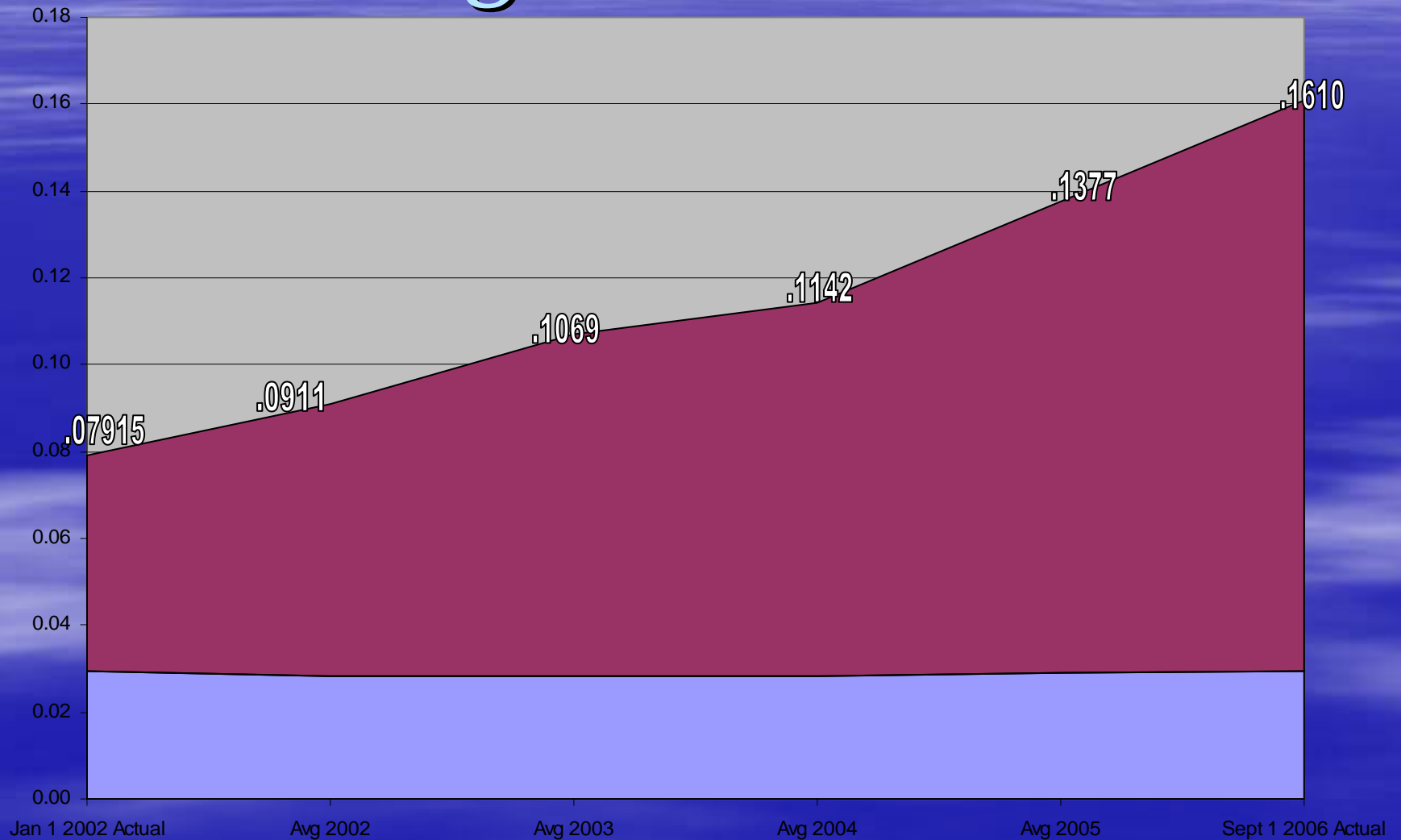
- TCC
 - 1995 – Docket 12820
 - 1996 - Docket 14965
 - 2002 - UCOS Dkt. 22352 (1999 hist. test year)
 - 2005 – Docket 28840

Return on Equity

	<u>ROE</u>
TCC T&D – 2002	0.44%
<u>TCC T&D – 2005</u>	<u>2.0%</u>
AEP Utilities – July 2006*	7.5-15%

* - Reflects financial ROE for integrated utilities

CPL Retail Residential PTB Rates including TCC Wires Rates



Rate Case Overview

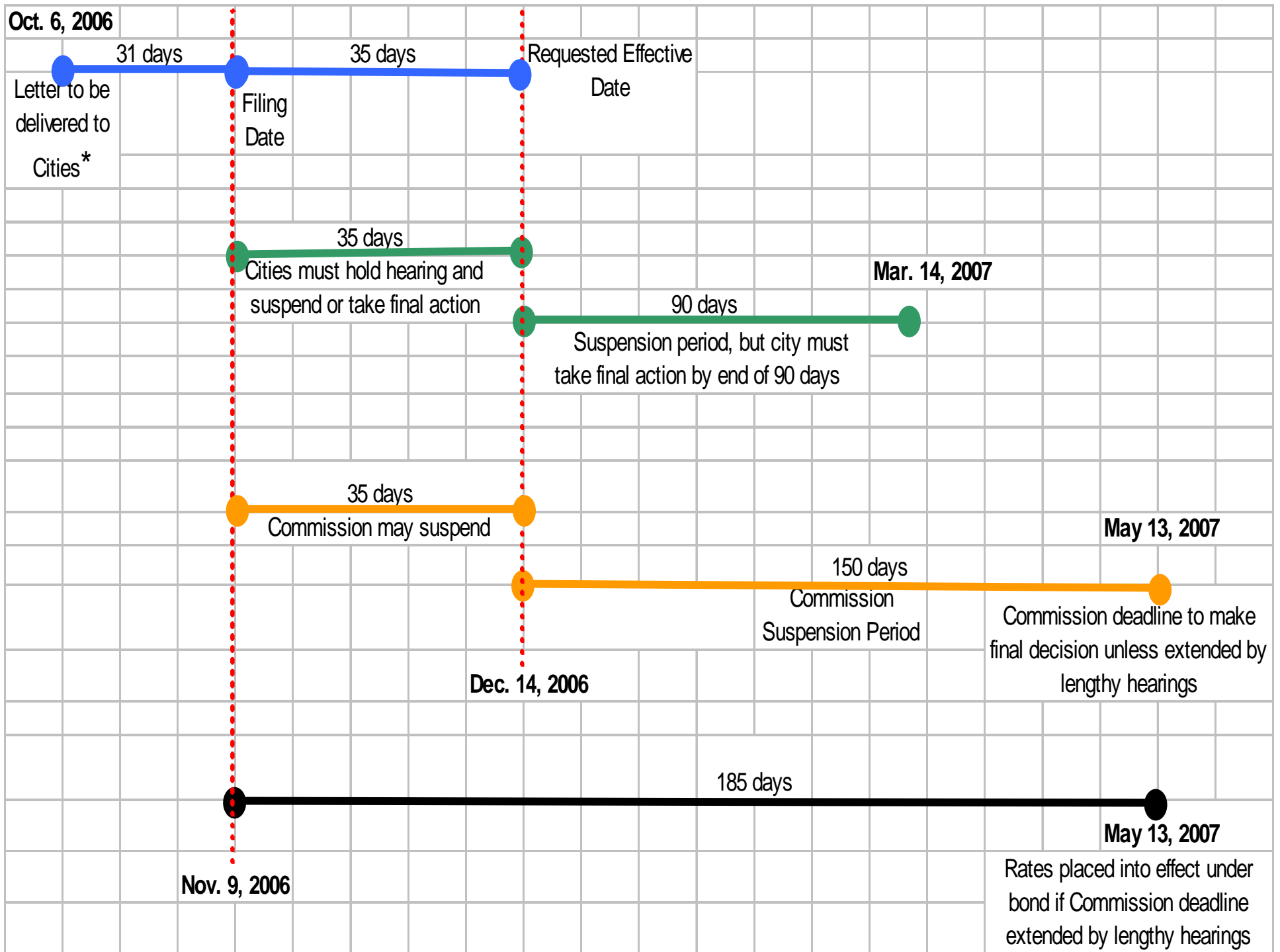
Drivers of Rate Increase

- Investment in T&D
 - Maintaining existing facilities
 - New Construction
- O&M Increases
- Catastrophe Reserve (TCC)
- Terms and Conditions & Market Standard Changes

Non-Drivers of Rate Increase

- Securitization (TC and CTC charges)
- Non-T&D issues
 - Filing will be a “clean case”

Rate Case Timeline



The background of the slide features a faded image of an electrician wearing a hard hat and safety glasses, working on an electrical panel. An American flag is draped across the scene, partially obscuring the worker. The overall tone is professional and patriotic.

Discretionary Services

Richard Byrne
Manager - Rates

Changes in Discretionary Services Fees

- Expanded from 2 to 3 classifications
- Impact of T & C Project will shift cost responsibility

Three Classifications of Discretionary Services

- **Other Than Construction Services**
- **Construction Services**
- **Standard Services**

AEP Established Fixed Fees,
when possible, for all services

Other Than Construction Services

- 22 Existing Services
- 14 Services to be proposed

Construction Services

- 11 Existing Services
- 7 Services to be proposed

Standard Service

- 17 Services
 - 12 With fixed fees
 - 2 With no charge (one has charge for short notice)
 - 2 With conditional no charge
 - 1 As calculated

Cost Responsibility

- Other Than Construction and Standard Service Fees billed to RoR
- Construction Service Fees billed to requestor

Questions ?



TCs and CTCs What are they?

Richard Byrne
Manager - Rates
&
Kelly Lassig
CRR Account Manager

TCs and CTCs – What are they?

TC (Transition Costs) – A cost recovery mechanism that the law allows for the issuance of securitization bonds as part of the financial treatment to assist in the transition cost recovery.

TCs and CTCs – What are they?

CTC (Competitive Transition Charges) – A cost over/under-recovery mechanism that utilizes traditional ratemaking as part of the financial treatment to assist in the recovery of the transition cost balances.

TCs and CTCs - What are they?

TC costs include:

“Stranded” Regulatory Assets, most of which are production related. Approved investments. “bricks and mortar”

CTC charges include

- Final fuel balance
- Capacity Auction Balance
- Retail Clawback
- Navigant Consultant refund
- Some tax benefits

AEP Texas Central's - TC-1

- Implemented in February 2002 and will exist for 14 years
- A surcharge to all customer classes
- There is a “true-up” every year

AEP Texas Central's - TC-2

- Expected to begin in October 2006 and will exist for 14 years
- A surcharge to all customer classes

AEP Texas Central's Interim CTC

- Expected to begin at the same time as the TC-2
- Is a refund for all customer classes
- Will off set some of the impact of the TC-2
- In effect October through December 2006
(Clawback to residential customers)

AEP Texas Central's Final CTC:

- Expected to begin in January 2007
- To be approved after final disposition of all legal challenges
- Will include any amounts “under-refunded” by the Interim CTC
- Will ultimately include all final balances resulting from the disposition of the legal challenges
- The Final CTC will refund/surcharge is proposed for 8 years
- Will include a true-up provision

AEP Texas North's TC

AEP Texas North did not have any stranded costs so there is no TC charge

AEP Texas North's Interim CTC

- Began in September 2006 and will continue through February 2007
- Includes final fuel balance and clawback charges
- Is a net refund to the residential customers and a surcharge to all other customer classes

AEP Texas North's Final CTC

- Expected to be approved after final disposition of all legal challenges
- Will include any remaining un-refunded/un-surcharged balances from the Interim CTC
- Will ultimately include all final balances resulting from the disposition of the legal challenges
- The duration of the application of the CTC is currently unknown

CTC Charge Code

Description	SAC04	Loop
Competitive Transition Charge (CTC)	Code	Rate
	MSC022	

TC Deposits

- CR are required to post to a deposit equal to 2 months maximum expected TC collections.
- There will be a TC deposits for both TC-1 & TC-2
- TC-1 and TC-2 deposits will be process separately and posted to different trustees
- The TC-2 deposit will be approximately 2.5 time the amount of TC-1

AEP Charge Codes

Description	SAC04 Code	Loop
Current Transition Charge (TC-1)	MSC029	Rate
New Transition Charge (TC-2)	MSC036	Rate

TC Charge-off Amounts

- TC charge-offs are those TC charges paid to AEP by the CR where the customer failed to pay the CR and the CR has expensed the amount
- Annually AEP will request TC charge-off amounts from CRs.

TC Charge-off Amounts

- TC charge-off amount supplied by the CR will be used to figure a TC charge-off allowance
- TC charge-off allowance will provide a credit against future TC Charges

TC Allowance Codes

Description	SAC04 Code	Loop
Current		
Transition Charge-Off Allowance (COA1) B2B		DSC001
New		
Transition Charge-Off Allowance (COA2) B2B		DSC002

Annual TC Notice

Annually CRs are required to notice their customers about the TC Charges.

"Included in the T & D (Delivery) charges on your bill are transition property and transition change rates. These charges were created for the purpose of securing and recovering loss associated with generation-related assets under the switch to competition and pursuant to Ordering Paragraph 12 of the Financing Order (*Application of Central Power and Light Company for Financing Order to Securitize Regulatory Assets and Other Qualified Costs*, Public Utility Commission of Texas Docket No. 21528 (March 27, 2000)) and Section 6.1.1.7 of AEP Texas Central Company's Tariff for Electric Delivery Service. Notice is hereby given that the Transition Property and the Transition Charge Rates contained in Sections 6.1.1.7 and 6.1.1.7.1 of the tariff are owned by the Special Purpose Entity and not by the REP nor by AEP Texas Central Company."

Questions ?



Quality of Service Credits

Cheryl Franklin

Market Transaction Specialist

Quality of Service Credits

The AEP/CSW merger agreement provided that impacted end-use Texas customers would receive various amounts of billing credits if AEP Texas Companies failed to meet certain service quality targets.

AEP Texas began issuing quality of service credits based on company's performance in 2005 and will end December 2006 with final credits applied to the March-June 2007 billing.

The amount of billing credits will vary depending on the type of service quality not met. The billing credits are being provided in the wires billing (810_02) in SAC04 to Retail Electric Providers (REPs), which have agreed to pass them on to the end-use customers.

Quality of Service Credits

AEP will return 4 system performance Credits on the TDSP to CR invoice (810_02) represented as SAC04

System Performance Credit

Circuit Performance Credit

Service Connect Performance Credit

Call Center Performance Credit

Quality of Service Credits

Reliability Credit Rider *System Performance* (RCRSP) will be represented as SAC04 code CRE027 on REP billing

Credits are based on targets for frequency and duration of outages (SAIFI and SAIDI). Historically these credits amount to approximately \$0.50 to \$1.00 per end use customer.

Reliability Credit Rider *Circuit Performance* (RCRCP) will be represented as SAC04 code CRE028 on REP billing

Credits are based on specific distribution feeders that did not meet targets for frequency and duration of outages. End use customers on the worst performing feeders for two or more consecutive years receive the credit. Credits have historically ranged from \$20-\$140 per customer.

Quality of Service Credits

Reliability Credit Rider *Service Connect* (RCRSC) will be represented as SAC04 code CRE029 on REP billing.

Service connects performance targets continue to be met in 2006 and we do not foresee paying any credits during the last two quarters.

Service connect targets include:

- no new construction is required,
- standard new construction (such as setting a meter),
- non-standard construction. (line extension)

Call Center Performance

Performance targets were met and continue to be met. No credits are due. Performance based on amount of time to answer a call.

Quality of Service Credits

- Quality of Service Credits have no relationship to the regulated tariffs for AEP Texas Companies.
- Will not be made unless company fails to meet service standards it has voluntarily agreed to meet.
- Credits are not based on the amount or type of electric service a customer consumes.
- Credits have no relationship with and do not affect companies' nonbypassable charges to Retail Electric Providers.
- Commission has requested a letter of agreement between company and retailers ensuring end use customer receives the credit.

Quality of Service Credits

**Any questions, please contact CRRTX
or your assigned Account Manager.**





Lunch Time!