

Electric Choice for AEP Ohio business customers



October 11, 2000

Competition arrives at Ohio's electric utility industry in just 12 weeks. To help you prepare to make the best business decisions possible, over these weeks AEP will provide you with information about restructuring and Customer Choice in Ohio and how you can become a wise shopper for electricity and related services.

A BRIEF OVERVIEW OF ELECTRIC RESTRUCTURING IN OHIO

The Ohio Electric Restructuring Act of 1999 changes the way consumers purchase electricity by introducing retail competition and Customer Choice beginning in January 2001. This means that you can choose the company that provides the electricity you use.

While you cannot begin receiving generation supply from your new provider until January, you already may be receiving marketing offers from companies that want to be your supplier.

Historically, you have received all electricity services – generation, transmission and distribution – from AEP as one product. Things are changing. Here's how.

What will change

Generation supply – Changes in Ohio law will separate – or unbundle – the supply portion of your electric service from delivery service. Various service providers will be able to compete for your generation supply business and you can choose the company that provides

this service to you. Generation supply service and its price will not be regulated.

The look of your bill – Your bill will be itemized to show what you pay for the various components of your service. You may have consolidated billing (one company bills for all services) and dual billing (companies bill only for the services they provide) options.

What will stay the same

Transmission – Because transmission service generally crosses state lines, this service and its rates are regulated by the Federal Energy Regulatory Commission. The facilities currently in place will carry the power over long distances.

Distribution – AEP will continue to provide safe and reliable distribution service to your business location. The PUCO will continue to regulate distribution service, establish and enforce service standards and set the rates you pay for distribution. You will contact AEP if your service is interrupted.

WHEN YOU WANT INFORMATION

There are several sources for additional information and answers about Customer Choice in Ohio.

If you have an assigned account representative from AEP, you can always contact that individual. Or you can call AEP's general Ohio Customer Choice information center at 1-888-237-5566.

Another excellent information source is the Ohio Electric Choice program. You can contact the Ohio Electric Choice program at 1-888-OEC-1314 or at www.OhioElectricChoice.com.

IMPORTANT DATES

October 18, 2000

Earliest date that a supplier may be certified by the PUCO.

October 22, 2000

Educational advertising begins.

December 21, 2000

Deadline for a supplier to submit a customer enrollment to AEP in order for that enrollment to become effective in January.

January 1, 2001

Customer Choice begins.





HOW YOU CAN ENROLL WITH A NEW SERVICE PROVIDER

Once you have selected that service offer which best serves your business needs, enrolling for service with a new provider is easy. You simply contract with the provider you have selected. You can do this in person, over the phone, over the internet or by fax or mail.

When AEP learns from a new provider that you wish to enroll with that company, we will send you a written confirmation of your selection. If you decide to cancel that contract, you may do so within seven days. You do

nothing if you want the enrollment to proceed.

What happens if you don't choose?

You do not have to enroll with a new supplier. If you do not choose a new electric supplier, AEP will continue to supply your electricity as your default provider at the regulated price.

Also, if at any time your supplier stops providing you with electricity for any reason, you will be returned to AEP regulated service.

NEW SHOPPING ACTIVITIES BRING NEW VOCABULARY

The arrival of competition to Ohio's electric utility industry brings with it a new vocabulary.

Aggregator—A person, local government or organization that brings together a group to buy electricity.

Broker—A certified electric supplier that arranges the sale of electricity between buyers and sellers but does not take title to any of the power sold.

Certification—A thorough review done by the PUCO to ensure a supplier or aggregator is qualified to do business in Ohio.

Electric supplier—The company that you can choose to provide electricity supply to your business. Same as competitive retail electric service provider

Fuel source—The fuel used to generate electricity, such as biomass, coal, hydropower, natural gas, nuclear, oil, solar or wind.

Local electric utility—The company that delivers electricity to your business. Same as electric distribution company.

Price to compare—The price you pay your local electric utility for the generation of

electricity. You can use this price to compare offers from electric suppliers.

Standard offer—The electric generation service a customer receives from the local electric utility if the customer does not choose an alternate supplier.

Transition charge—A charge approved by the PUCO which customers pay to allow the local electric utility an opportunity to recover money legitimately spent, that it could reasonably expect to recover as a regulated utility, that won't be recovered under competition. There are two kinds of transition charges: a regulatory transition charge and a generation transition charge. AEP customers generally will pay only the regulatory transition charge, which recovers money, the collection of which AEP has deferred. Customers will see it as a line item on bills.

Unbundled service—The separation of generation, transmission, distribution and other ancillary services into service offerings with separate prices for each.