



Virginia Electric Choice

Information for Customers of AEP

February 12, 2002

New bill format displays two charges for transmission services

In January 2002, AEP “unbundled” its electric bills. That means that each service a customer receives is identified as a separate line item on the bill. In the past, generation, transmission and distribution services were bundled together as a single bill charge called “Rate Billing.” Customers now see two charges on their bill related to transmission service: Open Access Transmission Tariff (OATT) service and Retail Transmission.

Transmission Service

Transmission service is the movement of electric energy from power plants where it is generated to the distribution system of the local utility where it can be delivered to nearby homes and businesses. We generally think of transmission service as moving that power over long distances at high voltage.

Traditionally, the integrated utility company has provided generation, transmission and distribution services. However, in a restructured electric industry, transmission is a separate service made available from the transmission provider. The same person or company that supplies a customer’s energy supply typically arranges for and purchases transmission service from the transmission provider on behalf of the customer.

Open Access Transmission Tariff

Transmission service is regulated by the Federal Energy Regulatory Commission (FERC) because it is regional in nature and typically crosses state lines.

Transmission providers file an Open Access Transmission Tariff (OATT) with the FERC that describes their services and charges for transmitting electricity. OATT has two advantages. First, it provides open and equal access to the transmission system to all transmission customers. Second, it establishes “postage stamp” rates for electricity transmitted within the control area governed by the OATT – rates that do not vary significantly depending upon where in the control area the power is received and where it is delivered.

Because the energy supplier typically arranges for transmission service, the charge is included with the Electricity Supply Service charges and is paid to the company that provides these services.

OATT, along with generation and fuel charges, is a component of a customer’s “price to compare” – the price customers can use to compare offers from various suppliers.

Retail Transmission

Customers also see a Retail Transmission service component on their bills. The Retail Transmission component is the difference between the total transmission component of current rates as approved by the Virginia State Corporation Commission, and the amount recovered through the OATT approved by the FERC.

Retail Transmission is a charge or credit for each customer based on the customer’s type or class of service. Retail Transmission is paid to a customer’s local utility, regardless of the customer’s supplier for Electricity Supply Service. Therefore, it is not part of the customer’s price to compare.

For More Information

For more information please contact your assigned AEP account representative. Or contact AEP at 1-888-707-4237 or visit www.aep.com and click on Customer Choice, then Virginia.