



# Michigan Customer Choice

## Information for Customers of AEP

February 26, 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 through power lines 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 for all transmission customers. Second, it establishes “postage stamp” rates for electricity transmitted within the region governed by the OATT – thus providing customers a wider area to shop for power without having to pay higher transmission fees.

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, generation and the Power Supply Cost Recovery compose your electricity supply service when you’re shopping for an alternative energy supplier. The combined charge for these services, presented on a per kilowatt-hour basis, is the figure that you generally will want to compare.

#### 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 Michigan Public Service 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 choice of electricity supplier.

### For More Information

For more information please contact your assigned AEP account representative. Or contact AEP at 1-888-237-3344 or visit [www.aep.com](http://www.aep.com) and click on Customer Choice, then Michigan.