

meaningful description of the information provided, and the procedures by which non-affiliates may obtain the same information under the same terms and conditions. The regulated company will maintain records of such information for a minimum of three years, and will make such records available for third party review within 72 hours of a written request, or at a time mutually agreeable to the regulated company and the third party.

- 7.3 No preferential access to transmission and distribution information. The regulated company will not allow preferential access by its competitive affiliates to information about its transmission and distribution systems.
- 7.4 Other limitations on information disclosure. Nothing in this code of conduct is intended to alter the specific limitations on disclosure of confidential information in other state or federal laws, or the PUCT's substantive and procedural rules.
- 7.5 Except as otherwise allowed, the regulated companies will not share information, except for information required to perform allowed corporate support services, with competitive affiliates unless the regulated companies can prove to the PUCT that the sharing will not compromise the public interest prior to any such sharing. Information that is publicly available, or that is unrelated in any way to regulated company activities, may be shared.

#### **Section 8: Safeguards relating to joint marketing and advertising.**

- 8.1 Regulated company name or logo. Before September 1, 2005, a regulated company will not allow the use of its corporate name, trademark, brand, or logo by a competitive affiliate, on employee business cards or in any written or auditory advertisements of specific services to existing or potential residential or small commercial customers located within each regulated company's certificated service area, whether through radio or television, Internet-based, or other electronic format accessible to the public, unless the competitive affiliate includes a disclaimer with its use of the regulated company's corporate name, trademark, brand, or logo. Such disclaimer of the corporate name, trademark, brand, or logo in the material distributed must be written in a bold and conspicuous manner or clearly audible, as appropriate for the communication medium, and shall state the following: "{Name of competitive affiliate} is not the same company as {name of regulated company} and is not regulated by {PUCT}, and you do not have to buy {name of competitive affiliate}'s products to continue to receive quality regulated services from {name of regulated company}."

8.2 Joint marketing, advertising, and promotional activities.

8.2.1 The regulated company will not:

- 8.2.1.1 provide or acquire leads on behalf of its competitive affiliates;
- 8.2.1.2 solicit business or acquire information on behalf of its competitive affiliates;
- 8.2.1.3 give the appearance of speaking or acting on behalf of any of its competitive affiliates;
- 8.2.1.4 share market analysis reports or other types of proprietary or non-publicly available reports, including, but not limited to, market forecast, planning, or strategic reports, with its competitive affiliates; or
- 8.2.1.5 represent to customers or potential customers that it can offer competitive retail services bundled with its tariffed services; or
- 8.2.1.6 request authorization from its customers to pass on information exclusively to its competitive affiliate.

8.2.2 The regulated company will not engage in joint marketing, advertising, or promotional activities of its products or services with those of a competitive affiliate in a manner that favors the affiliate. Such joint marketing, advertising, or promotional activities include, but are not limited to, the following activities:

- 8.2.2.1 acting or appearing to act on behalf of a competitive affiliate in any communications and contacts with any existing or potential customers;
- 8.2.2.2 joint sales calls;
- 8.2.2.3 joint proposals, either as requests for proposals or responses to requests for proposals;
- 8.2.2.4 joint promotional communications or correspondence, except that a regulated company may allow a competitive affiliate access to customer bill advertising inserts according to the terms of a PUCT-approved tariff so long as access to such inserts is made available on the same terms and conditions to non-affiliates offering similar services as the competitive affiliate that uses bill inserts;
- 8.2.2.5 joint presentations at trade shows, conferences, or other marketing-type events within the regulated companies' service territories; and
- 8.2.2.6 providing links from a regulated company's Internet web site to a competitive affiliate's Internet web site.

8.2.3 At a customer's unsolicited request, the regulated company may participate in meetings with a competitive affiliate to discuss technical or operational subjects regarding the regulated

company's provision of transmission or distribution services to the customer, but only in the same manner and to the same extent the regulated company participates in such meetings with unaffiliated electric or energy services suppliers and their customers. The regulated company will not listen to, view or otherwise participate in any way in a sales discussion between a customer and a competitive affiliate or retail electric provider.

- 8.3 Requests for specific competitive affiliate information. If a customer or potential customer makes an unsolicited request to the regulated company for information specifically about any of its competitive affiliates, the regulated company may refer the customer or potential customer to the competitive affiliate for more information. The only information that a regulated company may provide to the customer or potential customer is the competitive affiliate's address and telephone number. The regulated company will not transfer the customer directly to the competitive affiliate's customer service office via telephone or provide any other electronic link whereby the customer could contact the competitive affiliate through the regulated company. When providing the customer or potential customer information about the competitive affiliate, the regulated company may not promote its competitive affiliate or its competitive affiliate's products or services, nor shall it offer the customer or potential customer any opinion regarding the service of the competitive affiliate or any other service provider.
- 8.4 Requests for general information about products or services offered by competitive affiliates and their competitors. If a customer or potential customer requests general information from a regulated company about products or services provided by its competitive affiliates or its affiliate's competitors, the regulated company shall not promote its competitive affiliate or its affiliate's products or services, nor shall the regulated company offer the customer or potential customer any opinion regarding the service of the competitive affiliate or any other service provider. The regulated company may direct the customer or potential customer to a telephone directory or to the PUCT, or provide the customer with a recent list of suppliers developed and maintained by the PUCT, but the regulated company may not refer the customer or potential customer to the competitive affiliate except as provided for in Section 8.3 of this code of conduct.

## **Section 9: Remedies and enforcement.**

- 9.1 Internal codes of conduct for the transition period. During the transition to competition, the regulated companies will update the internal code of conduct as necessary to ensure compliance with PUCT rules.
- 9.2 Ensuring compliance for new affiliates. A regulated company and a new affiliate are bound by the code of conduct immediately upon creation of the new affiliate. Upon the creation of a new affiliate, the regulated company will immediately post a conspicuous notice of the new affiliate on its Internet site or other public electronic bulletin board for at least 30 consecutive calendar days. Within 30 days of creation of the new affiliate, the regulated company will file an update to its internal code of conduct and compliance plan, including all changes due to the addition of the new affiliate. The regulated company will ensure that any interaction with the new affiliate is in compliance with the PUCT's rules and this code of conduct.
- 9.3 Compliance audits. One year after the regulated company has unbundled pursuant to industry restructuring, and, at a minimum, every third year thereafter, the regulated company will have an audit prepared by independent auditors that verifies that the regulated company is in compliance with this code of conduct and PUCT rules. The internal audit program will not be limited to an annual internal audit of compliance. Rather, the internal audit program will be the same as internal audits of other aspects of the corporation's operations. The regulated company will file the results of each audit with the applicable commission within one month of the audit's completion. The cost of the audits will not be charged to regulated company ratepayers.
- 9.4 Informal complaint procedure. The regulated companies will establish a mechanism whereby alleged violations of the PUCT's rules regarding the code of conduct are investigated by an officer of the regulated companies, and the results of that investigation will be communicated to the complainant. The regulated companies will require that complaints pursuant to this code of conduct be placed in writing. The complaint must contain the name of the complainant and a detailed factual report of the complaint, including all relevant dates, companies involved, employees involved, and the specific claim. The regulated companies' code of conduct oversight officer will acknowledge receipt of the complaint within five working days of receipt, and will provide a written report communicating the results of the preliminary investigation within 30 days after receipt of the complaint. The results will include a description of any course of action that will be taken. In the event the regulated company is unable to resolve the complaint, the designated oversight officer will notify

the complainant of his or her right to file a formal complaint with the PUCT, and will provide the complainant with the PUCT's address and telephone number. The regulated companies will make a good faith effort to resolve the complaint on an informal basis as promptly as practicable. The regulated companies will report annually information regarding the resolution of informal complaints as required by PUCT rules. Please see Attachment B.

- 9.5 Employee Discipline Employee communication and training regarding the code of conduct will ensure that employees are knowledgeable of the terms of the code of conduct and that they understand the serious nature of any violations of the code. Employee disciplinary remedies will be consistent with the level of seriousness of the infraction, and will be consistent with AEP's overall policy dealing with conduct that is below expectations, including termination of employment, if appropriate.
- 9.6 Training. Employees are required to sign a statement indicating they received training, they understand their responsibilities under the code of conduct, and they understand the disciplinary action for failure to comply. As part of the required code of conduct training, employees shall receive copies of training materials.

#### **Section 10: Contracts between regulated companies and their competitive affiliates.**

This section of the AEP Texas code of conduct establishes the requirements for the implementation of contracts between the regulated companies and their competitive affiliates resulting from a fair, competitive bidding process.

##### **10.1 Competitive Bidding Required.**

A regulated company will conduct competitive bidding, as required by PUCT rules and this code of conduct, to procure products and services, other than corporate support services, that are offered by a competitive affiliate or to sell to any competitive affiliate assets that have a per unit value of more than \$75,000, or a total value of more than \$1 million. This section does not apply to transfers that facilitate industry restructuring unbundling or asset valuation in accordance with other governing state or federal rules or procedures.

- 10.1.1 Notice. The regulated company will provide reasonable notice of any request for proposals required under this section of the code of conduct. Such notice will include:
- notice by publication in trade journals or newspapers as appropriate;

- notice by mail to persons who previously requested to be notified of the request for proposals; and
- conspicuous notice on the regulated company's Internet site or other public electronic bulletin board.

10.1.2 Independent evaluator. The regulated company will use an independent evaluator when a competitive affiliate's bid is included among the bids to be evaluated. If an independent evaluator is required, the regulated company will maintain a record of communications with the independent evaluator. The independent evaluator will identify in writing the bids that are more advantageous and warrant negotiation and contract execution, in accordance with the criteria set forth in the request for proposals. The regulated company retains responsibility for final selection of products or services.

10.1.3 Competitive bidding procedures. The regulated company will make a request for proposals available to interested persons by conspicuously posting the request on its Internet site or other public electronic bulletin board.

- The request for proposals must clearly set forth the eligibility and selection criteria and shall specify the weight to be given to any non-cost selection criteria.
- The regulated company will strictly enforce the criteria specified in the request for proposals.

10.1.4 Evaluation of bids. The regulated company or independent evaluator, as appropriate, will evaluate each bid submitted in accordance with the criteria specified in the request for proposals. The regulated company or independent evaluator may not give preferential treatment or consideration to any bid.

10.1.5 Rejection of bids. The regulated company is not required to accept a bid and may reject any or all bids in accordance with the selection criteria specified in the request for proposals.

## 10.2 Contracts.

The regulated company will file with the PUCT a signed copy of any contracts entered into with a competitive affiliate as the result of the fair, competitive bidding process described in this code of conduct. A contract will include, at a minimum, the following provisions:

- the effective date of the agreement and parties to the agreement;
- the term of the agreement;

Attachment I  
Page 20 of 26

- a narrative describing the products or services provided to the utility, including a list by specific service of all the affiliated companies who provide or receive these services, or a narrative describing the assets being sold by the utility to the competitive affiliate;
- the obligations of the parties;
- the price for those products, services, or assets governed by the contract; and
- billing and payment procedures.

**ATTACHMENT A  
AMERICAN ELECTRIC POWER COMPANY, INC.  
CODE OF CONDUCT  
REPORTING REQUIREMENTS**

**TEXAS**

1. Annual report of affiliate activity. Using forms approved by the PUCT the regulated companies will report activities with their affiliates. The report will be filed by June 1, and will encompass the period from January 1 through December 31 of the preceding year. As described in Section 5.1, AEP will report those transactions for which the SEC requires a different costing basis than the PUCT's affiliate rules.
2. Copies of contracts or agreements. The regulated companies will reduce to writing and file with the PUCT copies of any contracts or agreements it has with its affiliates. All contracts or agreements will be filed by June 1 of each year as attachments to the Report of Affiliate Activities. In subsequent years, if no significant changes have been made to the contract or agreement, an amendment sheet may be filed in lieu of refileing the entire contract or agreement.
3. Tracking migration of employees. The regulated companies will track and document the movement between the regulated companies and competitive affiliates of all employees engaged in transmission or distribution system operations, including persons employed by a service company affiliated with the regulated companies who are engaged in transmission or distribution system operations on a day-to-day basis or have knowledge of transmission or distribution system operations. Employee migration information will be included in the regulated companies Report of Affiliate Activities. The tracking information will include an identification code for the migrating employee, the respective titles held while employed at each entity, and the effective dates of the migration.
4. Annual reporting of informal complaint resolution. The regulated companies will report to the PUCT information regarding the nature and status of informal complaints handled in accordance with the regulated companies' procedures developed pursuant to Section 9.4 of this code of conduct. (See Attachment B to code of conduct) The information reported will include the name of the complainant and a summary report of the complaint, including all relevant dates, companies involved, employees involved, the specific claim, and any actions taken to address the complaint. Such information on all informal complaints that were



initiated or remained unresolved during the reporting period will be included in the regulated companies' Report of Affiliate Activities.

5. Reporting of deviations from the code of conduct. The regulated companies will report information regarding the instances in which deviations from the code of conduct were necessary to ensure public safety and system reliability pursuant to Section 4.4 of this code. The information reported shall include the nature of the circumstances requiring the deviation, the action taken by the regulated companies and the parties involved, and the date of the deviation. Within 30 days of each deviation, the regulated companies will report this information to the PUCT and will conspicuously post the information on its Internet site within 24 hours for 30 consecutive calendar days. Such information will be summarized in the regulated company's Report of Affiliate Activities.
6. Annual update of compliance plans. Initial plans for compliance with code of conduct rules were supplied as part of the Texas regulated companies' unbundling plan filed pursuant to state restructuring. Upon creation of a new affiliate, the regulated companies will post notice on AEP's internet page ([www.aep.com](http://www.aep.com)) for 30 consecutive calendar days. (See Attachment C to Code of Conduct) Within 30 days of creation of the new affiliate, the regulated Companies will file any related updates to the regulated companies compliance plan before the effective date of the update pursuant to Section 9.2 of this code. Additionally, the regulated companies will ensure that their annual Report of Affiliate Activities reflects all approved changes to its compliance plans, including those changes that result from the creation of new affiliates.
7. Public notice. Where required to post public notice for information concerning the regulated Companies' code of conduct, such public notice will be made via AEP's internet page.

**ATTACHMENT B  
AMERICAN ELECTRIC POWER COMPANY  
TEXAS CODE OF CONDUCT  
INFORMAL COMPLAINT PROCEDURE**

The regulated companies establish this process whereby alleged violations of the PUCT's rules regarding the code of conduct are investigated by an officer of the regulated companies, and the results of that investigation will be communicated to the complainant. The regulated companies' designated officer is A.C. Moeller, Director of Business Ethics and Corporate Compliance.

The regulated companies require that complaints pursuant to the code of conduct be placed in writing. The complaint must contain the name of the complainant and a detailed factual report of the complaint, including all relevant dates, companies involved, employees involved, and the specific claim. The Companies' will acknowledge receipt of the complaint within five working days of receipt, and will provide a written report communicating the results of the preliminary investigation within 30 days after receipt of the complaint. The results will include a description of any course of action that will be taken.

In the event the regulated company is unable to resolve the complaint, the designated officer (Mr. Moeller) will notify the complainant of his or her right to file a formal complaint with the PUCT, and will provide the complainant with the PUCT's address and telephone number. The regulated companies will make a good faith effort to resolve the complaint on an informal basis as promptly as practicable. The regulated companies will report annually information regarding the resolution of informal complaints as required by PUCT rules.

**ATTACHMENT C  
AMERICAN ELECTRIC POWER COMPANY  
NOTICE OF CREATION OF NEW AFFILIATE**

American Electric Power Company, Inc. has created a new subsidiary, {name} which {describe its business function}. This Company is an affiliate of {list names of the regulated companies}, and is subject to AEP's existing Texas code of conduct.

**AMERICAN ELECTRIC POWER COMPANY, INC.  
TEXAS INTERIM CODE OF CONDUCT  
EFFECTIVE: JANUARY 10, 2000 THROUGH DECEMBER 31, 2001**

Purpose

Establish safeguards to govern the interaction between AEP's existing Texas jurisdictional utilities and their affiliates prior to January 1, 2002; to avoid potential market-power abuses; and to avoid cross-subsidization between regulated and unregulated activities.

This interim code of conduct recognizes that prior to January 1, 2002, the continuing need of AEP's Texas regulated electric utilities (Central Power and Light Company, Southwestern Electric Power Company and West Texas Utilities Company) to fulfill their continuing obligation to serve customers on an integrated basis until unbundling occurs to effect retail customer choice January 1, 2002.

Application

This interim code of conduct applies to transactions between AEP's Texas regulated electric utilities and AEP's non-regulated affiliates. It also recognizes AEP's requirements under PUHCA and FERC orders and regulations. AEP-Texas shall follow the intent of its final code of conduct prior to January 1, 2002, except for the provisions listed below, which continue to be developed.

The application of this code shall be consistent with the spirit and intent of Texas PURA §39.157(d). The AEP Code of Conduct Working Group is developing the processes to be phased in through December 31, 2001.

The interim code of conduct shall be updated prior to January 1, 2002, as necessary to comply with applicable law and commission rules and to be consistent with the actions required in the implementation of AEP's separation plan.

Areas of the code of conduct to be phased in through December 31, 2001:

AEP Code Section	PUCT Rule Section	Description
Attachment A, Paragraph 3	25.84(f)	Tracking of migrating employees
Attachment A, Paragraph 2	25.84(e)	Copies of contracts or agreements
Attachment B	25.272(i)(4)	Informal complaint procedure
Attachment B	25.84(g)	Informal complaint procedure reporting
4.4	25.84(h)	Reporting of deviations from code of conduct

Attachment I  
Page 26 of 26

AEP Code Section	PUCT Rule Section	Description
4.2	25.272(d)(2)	Sharing of employees, facilities or other resources for the unbundled company
4.3	25.272(d)(3)	Sharing of officers, directors, property, etc.
4.4	25.272(d)(4)	Employee transfers and temporary assignments
4.5	25.272(d)(5)	Sharing of office space
6.1	25.272(f)(1)	Nondiscriminatory provision of products & services
6.2	25.272(f)(2)	Discounts, rebates, fee waivers, or alternative tariff terms and conditions
7.1	25.272(g)(1)	Proprietary customer information
7.2	25.272(g)(2)	Nondiscriminatory availability of aggregate customer information
7.3	25.272(g)(3)	Access to transmission and distribution information
8.1	25.272(h)(1)	Utility name or logo
8.3	25.272(h)(3)	Requests for specific competitive affiliate information
8.4	25.272(h)(4)	Requests for general information about other information of affiliates and competitors
10.1	25.273(d)	Competitive bidding process
	BSP J10b	Plan to educate employees regarding code of conduct obligations

### Code of Conduct

This Code of Conduct shall govern relationships between the companies of the American Electric Power System and AEP Power Marketing, Inc. For purposes of this Code of Conduct, "AEP System Companies" means the operating companies of the AEP System (Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company, and all subsidiaries of such companies), AEP Generating Company and American Electric Power Service Corporation.

1) All employees of the AEP System Companies and AEP Power Marketing engaged in the merchant function, i.e., the sale of power and energy at wholesale, shall comply with the Standards of Conduct promulgated by the Commission in Order No. 889 and set forth at Section 37.2 of the Federal Energy Regulatory Commission's regulations, as those Standards relate to merchant employees.

2) No employee of the AEP System Companies shall share market information with any employee of AEP Power Marketing unless such information is already publicly available or is simultaneously made publicly available.

3) No employee of AEP Power Marketing shall share market information with any employee of the AEP System Companies unless such information is already publicly available or is simultaneously made publicly available.

4) The AEP System Companies shall not, directly or indirectly through another affiliate or affiliates, provide non-

power goods or services to AEP Power Marketing at a price that is lower than cost, or market price, whichever is higher.

5) The AEP System Companies shall not, directly or indirectly through another affiliate or affiliates, purchase non-power goods or services from AEP Power Marketing at a price above market price.

Page 1

STATEMENT OF POLICY AND CODE OF CONDUCT  
WITH RESPECT TO RELATIONSHIPS BETWEEN  
CSW POWER MARKETING, INC.,  
THE CSW OPERATING COMPANIES,  
AND AMERICAN ELECTRIC POWER COMPANY, INC.

CSW Power Marketing, Inc. (PMI) and the CSW Operating Companies (Central Power and Light Company, West Texas Utilities Company, Public Service Company of Oklahoma, and Southwestern Electric Power Company) shall conduct their business to conform to the following standards:

1. To the maximum extent practicable, the operating employees of PMI and the employees of PMI's public utility affiliates, the CSW Operating Companies, will operate independently of each other and will operate independently of the employees of American Electric Power Company, Inc. (AEP), American Electric Power Service Company, Inc. and AEP's operating company affiliates, Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company (collectively, the "AEP Operating Companies") who operate AEP's system and/or sell power from the AEP Operating Companies' assets.
2. The CSW Operating Companies may not, through their policies and procedures, give PMI or the AEP Operating Companies preference over nonaffiliated customers.
3. No employee of PMI or the CSW Operating Companies shall state or imply that favored treatment shall be available to customers as a result of PMI's affiliation with the CSW Operating Companies or the proposed affiliation with the AEP Operating Companies.
4. PMI will not obtain non-power goods and services from any of the CSW Operating Companies or the AEP Operating Companies at a price other than such CSW or AEP Operating Company's cost. If the fair market value of any goods or services exceeds the cost of any of the CSW or AEP Operating Companies to supply such goods or services to PMI, PMI will not purchase such goods or services from such CSW or AEP Operating Company.
5. PMI will not sell non-power goods or services to any of the CSW Operating Companies or the AEP Operating Companies at a price greater than the market price for similar goods or services.
6. No employee of the CSW Operating Companies shall provide any employee of PMI or of AEP or its affiliates with non-public market information, including but not limited to, transaction specific data or information concerning any opportunity to purchase or sell electricity at wholesale, unless the CSW Operating Companies simultaneously make such information publicly



Page 2

available to non-affiliates. No employee of PMI shall accept non-public market information from any employee of the CSW or AEP Operating Companies unless the CSW or AEP Operating Companies simultaneously make such information publicly available to non-affiliates.

7. All marketing information given any employees of PMI in confidence by a customer shall be kept confidential within PMI. This requirement prohibits sharing such data with the CSW Operating Companies or the AEP Operating Companies.

8. PMI shall maintain its books and records separately from those of the CSW Operating Companies, the AEP Operating Companies and PMI's other affiliates.

9. If PMI undertakes to broker electric power for any of the CSW Operating Companies or the AEP Operating Companies, PMI will offer such power to non-affiliated parties before attempting to market power PMI purchases for resale. If PMI undertakes to broker power generated by the CSW Operating Companies or the AEP Operating Companies, PMI will not impose any brokerage commission or similar fee on either party to the transaction and PMI will ensure that its engagement to broker CSW Operating Company or AEP Operating Company power is not exclusive. Further, any brokerage arrangement between PMI and any CSW Operating Company or AEP Operating Company will be subject to the condition that the CSW Operating Company or AEP Operating Company will simultaneously make publicly available to non-affiliated marketers and brokers any information that it provides to PMI.

10. To the extent PMI obtains transmission service from the CSW Operating Companies, it shall obtain such service under the CSW Operating Companies' open access transmission service tariff. To the extent PMI obtains transmission service from the AEP Operating Companies, it shall obtain such service under the AEP Operating Companies' open access transmission service tariff.

11. The CSW Operating Companies shall not obtain non-power goods and services from AEP or any of its affiliates at a price other than cost. If the fair market value of any non-power goods or services exceeds the cost to AEP or any of its affiliates to supply such goods or services to the CSW Operating Companies, the CSW Operating Companies will not purchase such goods or services from AEP or such affiliate.

12. The CSW Operating Companies will not sell non-power goods or services to AEP or any of its affiliates at a price greater than the market price for similar goods or services.

STATEMENT OF POLICY AND CODE OF CONDUCT  
WITH RESPECT TO RELATIONSHIPS BETWEEN  
CSW ENERGY SERVICES, INC.,  
THE CSW OPERATING COMPANIES,  
AND AMERICAN ELECTRIC POWER COMPANY, INC.

CSW Energy Services, Inc. (ESI) and the CSW Operating Companies (Central Power and Light Company, West Texas Utilities Company, Public Service Company of Oklahoma, and Southwestern Electric Power Company) shall conduct their business to conform to the following standards:

1. To the maximum extent practicable, the operating employees of ESI and the employees of ESI's public utility affiliates, the CSW Operating Companies, will operate independently of each other and will operate independently of the employees of American Electric Power Company, Inc. (AEP), American Electric Power Service Company, Inc. and AEP's operating company affiliates, Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, and Wheeling Power Company (collectively, the "AEP Operating Companies") who operate AEP's system and/or sell power from the AEP Operating Companies' assets.
2. The CSW Operating Companies may not, through their policies and procedures, give ESI or the AEP Operating Companies preference over nonaffiliated customers.
3. No employee of ESI or the CSW Operating Companies shall state or imply that favored treatment shall be available to customers as a result of ESI's affiliation with the CSW Operating Companies or the proposed affiliation with the AEP Operating Companies.
4. ESI will not obtain non-power goods and services from any of the CSW Operating Companies or the AEP Operating Companies at a price other than such CSW or AEP Operating Company's cost. If the fair market value of any goods or services exceeds the cost of any of the CSW or AEP Operating Companies to supply such goods or services to ESI, ESI will not purchase such goods or services from such CSW or AEP Operating Company.
5. ESI will not sell non-power goods or services to any of the CSW Operating Companies or the AEP Operating Companies at a price greater than the market price for similar goods or services.
6. No employee of the CSW Operating Companies shall provide any employee of ESI or of AEP or its affiliates with non-public market information, including but not limited to, transaction specific data or information concerning any opportunity to purchase or sell electricity at wholesale, unless the CSW Operating Companies simultaneously make such information publicly available to non-affiliates. No employee of ESI shall accept non-public market information from any employee of the CSW or AEP

Page 2

Operating Companies unless the CSW or AEP Operating Companies simultaneously make such information publicly available to non-affiliates.

7. All marketing information given any employees of ESI in confidence by a customer shall be kept confidential within ESI. This requirement prohibits sharing such data with the CSW Operating Companies or the AEP Operating Companies.

8. ESI shall maintain its books and records separately from those of the CSW Operating Companies, the AEP Operating Companies and ESI's other affiliates.

9. If ESI undertakes to broker electric power for any of the CSW Operating Companies or the AEP Operating Companies, ESI will offer such power to non-affiliated parties before attempting to market power ESI purchases for resale. If ESI undertakes to broker power generated by the CSW Operating Companies or the AEP Operating Companies, ESI will not impose any brokerage commission or similar fee on either party to the transaction and ESI will ensure that its engagement to broker CSW Operating Company or AEP Operating Company power is not exclusive. Further, any brokerage arrangement between ESI and any CSW Operating Company or AEP Operating Company will be subject to the condition that the CSW Operating Company or AEP Operating Company will simultaneously make publicly available to non-affiliated marketers and brokers any information that it provides to ESI.

10. To the extent ESI obtains transmission service from the CSW Operating Companies, it shall obtain such service under the CSW Operating Companies' open access transmission service tariff. To the extent ESI obtains transmission service from the AEP Operating Companies, it shall obtain such service under the AEP Operating Companies' open access transmission service tariff.

11. The CSW Operating Companies shall not obtain non-power goods and services from AEP or any of its affiliates at a price other than cost. If the fair market value of any non-power goods or services exceeds the cost to AEP or any of its affiliates to supply such goods or services to the CSW Operating Companies, the CSW Operating Companies will not purchase such goods or services from AEP or such affiliate.

12. The CSW Operating Companies will not sell non-power goods or services to AEP or any of its affiliates at a price greater than the market price for similar goods or services.

**SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840**

**APPLICATION OF AEP TEXAS           §           BEFORE THE STATE OFFICE  
CENTRAL COMPANY FOR           §  
AUTHORITY TO CHANGE RATES   §           OF  
  
ADMINISTRATIVE HEARINGS**

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO  
CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 11:**

(Bennett) Provide copies of all benchmarking studies of AEPSC costs conducted since the merger with CSW.

**Response No. 11:**

Please see Attachments 1 through 6 for the benchmarking studies conducted since the merger with CSW.

Due to the voluminous nature of the data required to respond to this request, the data is available for review in the voluminous room at the Austin offices of American Electric Power Company (AEP), 400 West 15th Street, Suite 610, Austin, Texas 78701, telephone number (512) 481-4562, during normal business hours.

Prepared By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

Sponsored By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

**SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840**

§  
**APPLICATION OF AEP TEXAS § BEFORE THE STATE OFFICE**  
**CENTRAL COMPANY FOR §**  
**AUTHORITY TO CHANGE RATES § OF**  
  
**ADMINISTRATIVE HEARINGS**

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO**  
**CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 12:**

(Bennett) Provide copies of all outsourcing studies of AEPSC functions since the merger with CSW.

**Response No. 12:**

Please see Attachments 1 through 9 for the outsourcing studies conducted since the merger with CSW.

Due to the voluminous nature of the data required to respond to this request, the data is available for review in the voluminous room at the Austin offices of American Electric Power Company (AEP), 400 West 15th Street, Suite 610, Austin, Texas 78701, telephone number (512) 481-4562, during normal business hours.

Prepared By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

Sponsored By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

**SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840**

<b>APPLICATION OF AEP TEXAS CENTRAL COMPANY FOR AUTHORITY TO CHANGE RATES</b>	<b>§ § § §</b>	<b>BEFORE THE STATE OFFICE  OF  ADMINISTRATIVE HEARINGS</b>
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**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO  
CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 13:**

(Bennett) Provide all instances when outsourcing was utilized since the merger with CSW. Provide the estimated savings from outsourcing the activity and the date the outsourcing began.

**Response No. 13:**

There has been no new outsourcing since the merger with CSW. Areas that were already outsourced, for example the travel department, office supplies area and most building security, have not changed since the merger.

Prepared By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

Sponsored By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

SOAH DOCKET NO. 473-04-1033  
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APPLICATION OF AEP TEXAS           §  
CENTRAL COMPANY FOR           §       BEFORE THE STATE OFFICE  
AUTHORITY TO CHANGE RATES   §  
  §                               OF  
  
ADMINISTRATIVE HEARINGS

AEP TEXAS CENTRAL COMPANY'S RESPONSE TO  
CITIES' THIRD REQUEST FOR INFORMATION

**Question No. 14:**

(Bennett) Provide a complete copy of the "Independent Audit of Compliance with the AEP Texas Code of Conduct, performed by Deloitte & Touche, LLP, covering the period January 1, 2002 through September 30, 2002."

**Response No. 14:**

The "Independent Audit of Compliance with the AEP Texas Code of Conduct, performed by Deloitte & Touche, LLP, covering the period January 1, 2002 through September 30, 2002" is voluminous and is available for review at the Austin offices of American Electric Power Company (AEP), 400 West 15th Street, Suite 610, Austin, Texas, 78701, (512) 481-4562, during normal business hours. The report can also be downloaded from the Commission's website in Project No. 26066, item number 7.

Prepared By:   Lauri S. White  
Sponsored By:   Sandra S. Bennett

Title:   Regulatory Specialist  
Title:   Assistant Controller,  
          Regulatory Accounting

**SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840**

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CENTRAL COMPANY FOR           §  
AUTHORITY TO CHANGE RATES   §           OF  
  
ADMINISTRATIVE HEARINGS**

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO  
CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 15:**

(Bennett Page 36, lines 6-12) Provide the allocation factors used to bill costs of updating accounting policies and procedures and preparing internal and external financial statements in Docket 22352.

**Response No. 15:**

During Docket No. 22352, the Service Company utilized Service IDs to capture and bill its cost. These Service IDs were comprised of two parts, the Service Code and the Customer Code. The Service Code denoted the service being provided. The Customer Code denoted the companies benefiting from that service.

Updating accounting policies and procedures was recorded using Service Code ACPOLPLN (Accounting Research/Consulting) along with the appropriate Customer Code. Service Code ACPOLPLN was allocated based on total asset dollars. Customer Code AA allocated to all companies while Customer Code TX allocated only to companies in Texas.

Preparing internal financial statements was recorded using Service Code ACINTRPT (Internal Reporting) along with the appropriate Customer Code. When the Customer Code required an allocation of the cost, total asset dollars was used as the allocation driver. Customer Code AA billed to all companies while Customer Code AB billed all domestic companies. Central Power and Light Company was also direct-billed for preparation of internal financial statements during the period addressed.

Preparing external financial statements was recorded using several Service Codes - ACEXTRPT (External Reporting), ACSECRPT (SEC Reports), ACFERCRP (FERC Reports) and ACSTATER (State Reports) along with the appropriate Customer Codes. When the Customer Code required an allocation of the cost, all of these Service Codes utilized the total asset dollar allocation factor with the exception of ACFERCRP, which spread the cost evenly across the benefiting subsidiaries represented by the Customer



Code. ACEXTRPT allocated based on Customer Code 4E (the four western division operating companies), Customer Code AA, and Customer Code AB. A portion was also direct-billed to Central Power and Light Company. ACSECRPT allocated based on Customer Code 4E, Customer Code AA, and Customer Code AB. A portion of this Service Code was also direct-billed to Central Power and Light Company. ACFERCRP allocated based on Customer Code 4E, Customer Code AB, and directly billed Central Power and Light Company. ACSTATER allocated based on Customer Code TX and direct-billed Central Power and Light Company as well.

Prepared By: Bradley M. Funk

Title: Accountant III

Sponsored By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

**SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840**

§  
**APPLICATION OF AEP TEXAS § BEFORE THE STATE OFFICE**  
**CENTRAL COMPANY FOR §**  
**AUTHORITY TO CHANGE RATES § OF**  
  
**ADMINISTRATIVE HEARINGS**

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO**  
**CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 16:**

(Bennett) Provide a copy of studies of the scope of services provided by AEPSC to the affiliate companies of AEP.

**Response No. 16:**

There are no "scope of services" studies that have been performed for services provided by AEPSC. See response to Cities 3rd Request for Information, Question Nos. 12 and 13 for benchmarking and outsourcing reports and studies regarding AEPSC services provided to affiliates.

Prepared By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

Sponsored By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

**SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840**

§  
APPLICATION OF AEP TEXAS § BEFORE THE STATE OFFICE  
CENTRAL COMPANY FOR §  
AUTHORITY TO CHANGE RATES § OF  
  
ADMINISTRATIVE HEARINGS

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO  
CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 17:**

(Bennett Page 36, lines 16-18) Identify the work order used to charge costs of preparing the FERC Form 1 for TCC.

**Response No. 17:**

The work order charged by the individual who compiles the TCC FERC Form 1 is G0001104, which allocates to TCC transmission, distribution and generation business units. The activity code used is 356, which allocates to these business units based on total assets.

Prepared By: Neil W. Felber

Title: Director, Regulated  
Accounting

Sponsored By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

**SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840**

§  
APPLICATION OF AEP TEXAS § BEFORE THE STATE OFFICE  
CENTRAL COMPANY FOR §  
AUTHORITY TO CHANGE RATES § OF  
  
ADMINISTRATIVE HEARINGS

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO  
CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 18:**

(Bennett Page 36, line 16 through Page 37 line4) Provide the amount of cost incurred by the tax department associated with preparing and filing state income tax returns.

**Response No. 18:**

The costs to prepare state income tax returns are not captured at that level of detail by the tax department. There are three activity codes that are used by the Tax Department: Coordinate Tax Compliance, Coordinate Tax Accounting & Regulatory Support Services, and Coordinate Tax Planning & Analysis. The costs incurred by the Tax Department associated with filing tax returns, ledger accounting and tax planning and analysis for the test period was \$671,594 and can be seen on Exhibit SSB-3, Class FIN, Activities 656, 657, and 658 (pages 6-7 and 27-28). The costs associated with the preparing and filing of state returns is included in the "Coordinate Tax Compliance" activity. Please note, this activity also includes the cost associated with preparing and filing federal and other tax compliance returns.

TCC does not file a state income tax return, thus it was not billed costs for filing state income tax returns.

Prepared By: Vicky L. Williams

Title: Administrator, Regulatory  
Accounting

Sponsored By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

**SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840**

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CENTRAL COMPANY FOR           §       BEFORE THE STATE OFFICE  
AUTHORITY TO CHANGE RATES   §  
   §                               OF  
  
ADMINISTRATIVE HEARINGS**

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO  
CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 19:**

(Bennett Page 42, line 14 through Page 43, line 9) Provide a list of all internal audits performed during the test year, whether completed or not, the affiliate companies included in the audit and the work order used to bill the charges for each audit.

**Response No. 19:**

Provided as an attachment is a listing of all internal audits performed during the test year.

Prepared By:   Rich A. Mueller  
Sponsored By:  Sandra S. Bennett

Title: VP, Audit Services  
Title: Assistant           Controller,  
          Regulatory Accounting

AEP Audit Services Department				
Audit Projects				
July 1, 2002 - June 30, 2003				
Project #	Project Name	Companies Work Performed For	Work Order or Benefiting Location Code	Companies/Benefiting Location Charged
CD00203	Holtec International	Agreed to W.O.	G0000196	AEP Investments Inc.
CD00302	AFN - 2002	Agreed to W.O.	G0000337	American Fiber Network, LLC
CD00402	C3 Financial Statement Audit	Agreed to W.O.	G0000109	C3 Communications
CD00502	Dell Contract Review	Agreed to W.O.	902A	All Operating Companies - All Business Units
CL00202	Digitas - 2002 - Corporate Communications	Agreed to W.O.	G0001060	All Companies
CL00302	Shaw Pittman - 2002	Agreed to W.O.	1062	All Operating Companies All Bus Units
FA00103	Insurance - Public Liability & Damage Claims	Agreed to W.O.	G0001060	All Companies
FA00203	AEP Fuel Accounting	Agreed to W.O.	G0001061	All East Oper Companies All Bus Units
FA00403	Detail Invoice and Payment Reconciliation (DIPR)	Texas market	G0001060	All Companies
FA00603	RCA System Testing & Data Conversion	Agreed to W.O.	G0001060	All Companies
FA00700	Visual Assurance	Agreed to W.O.	G0001060	All Companies
FA00703	Texas Unbilled Revenue - 2003	Agreed to W.O.	BU 211, 119	AEP Texas Central Company - Dist & AEP Texas North Company - Dist.
FA00803	Computer Equipment Leases	Agreed to W.O.	G0001060	All Companies
FA00903	Officer Expense Report Review for 2002	Agreed to W.O.	G0001060	All Companies
FA01002	AEP Educational Trust Fund	Agreed to W.O.	G0001060	All Companies
FA01003	State & Local Taxes	Agreed to W.O.	G0001060	All Companies
FA01102	COLI - 2002	All East Companies	901A	All Companies
FA01202	Ikon Office Solutions - C10206	Agreed to W.O.	G0001060	All Companies
FA01203	Assist D&T General - 2002/2003	Agreed to W.O.	G0001060	All Companies
FA01302	OneCard Travel Card - 2002	Agreed to W.O.	G0001060	All Companies
FA01303	AEPSC Corporate Governance Cost Allocations	Agreed to W.O.	G0000103	AEP Service Corporation
FA01402	EAS - Accounts Payable - 2002	Agreed to W.O.	G0001060	All Companies
FA01503	General Stores	Agreed to W.O.	G0001060	All Companies
FA01602	Bank Reconciliations - 2002	Agreed to W.O.	G0001060	All Companies
FA01702	D&T Verification of Receivables - 2002	Agreed to W.O.	G0001060	All Companies
FA01703	Review of Clearing Accounts 2003	Agreed to W.O.	G0001060	All Companies
FA01802	Corporate Separation Impact Analysis	Agreed to W.O.	G0001060	All Companies
FA01802	EAS - Accounts Receivables and Billing Thread	Agreed to W.O.	G0001060	All Companies
FA01903	Sarbanes Oxley 404 Implementation	Agreed to W.O.	G0001060	All Companies
FA02003	AEP Educational Trust Fund	Agreed to W.O.	G0001060	All Companies
FA02102	EAS - Cash/Deal Management [Treasury]	Agreed to W.O.	G0001060	All Companies
FA02103	PeopleSoft Wire Payments - 2003 Budget	Agreed to W.O.	G0001060	All Companies
FA02203	Sarbanes Quarterly Reviews 2003	Agreed to W.O.	G0001060	All Companies
FA02302	EAS - Infrastructure and Interfaces	Agreed to W.O.	G0001060	All Companies
FA02303	Bank Statement Reconciliation	Agreed to W.O.	G0001060	All Companies
FA02502	EAS - Budgets & EPM - 2002	Agreed to W.O.	G0001060	All Companies
FA10603	AEPSC Work Order Review	Agreed to W.O.	901A	All Companies
NU00203	STP Steam Generator Replacement Unit 1 - 2003	Agreed to W.O.	CPL NUCLEAR	CPL NUCLEAR
NU00303	Sargent and Lundy Contract Audits	Agreed to W.O.	629N	Cook Plant - IM
NU00403	STP Main Generator Rotor Replacement	Agreed to W.O.	CPL NUCLEAR	CPL NUCLEAR
NU00503	Cook Nuclear SNM Accountability - 2003	Agreed to W.O.	G0000190	IM Nuclear
NU00603	STP Westinghouse Refueling - 2003	Agreed to W.O.	CPL NUCLEAR	CPL NUCLEAR
NU00702	STP Contract Administration - 2002	Agreed to W.O.	CPL NUCLEAR	CPL NUCLEAR
NU00802	Cook Nuclear SNM Accountability - 2002	Agreed to W.O.	G0000190	IM Nuclear
NU00902	STP Contract Compliance	Agreed to W.O.	CPL NUCLEAR	CPL NUCLEAR
SS00202	PSIP - 2002	Agreed to W.O.	901A	All Companies
SS00302	MICP, CIP & Various Incentive Plans - 2002	Agreed to W.O.	901A	All Companies
SS00303	Intel BU/Recovery	Agreed to W.O.	G0001060	All Companies
SS00503	Supply Chain Procurement	Agreed to W.O.	G0001060	All Companies
SS00702	Workers Compensation - 2002	Agreed to W.O.	901A	All Companies
SS01103	AEP 2000 Long Term Incentive Compensation Plan	Agreed to W.O.	G0001060	All Companies
SS01202	Psoft Contract Billings	Agreed to W.O.	901A	All Companies
SS01203	Corporate-Wide Incentive Plan	Agreed to W.O.	G0001060	All Companies
SS01303	One Card Suspense Account Review	Agreed to W.O.	G0001060	All Companies
SS01402	Physical Security Review	Agreed to W.O.	901A	All Companies
SS01503	AEP Veterans & Retired Employee Association	Agreed to W.O.	G0001060	All Companies
SS01602	Indus International - 2002 - C11010	Agreed to W.O.	G0001060	All Companies
SS01603	Supply Chain/AP Flowchart	Agreed to W.O.	G0001060	All Companies
SS01703	Mainframe BU/DR	Agreed to W.O.	G0001060	All Companies
SS01802	NT Infrastructure Audit	Agreed to W.O.	G0001060	All Companies
SS01803	Open Systems BU/DR	Agreed to W.O.	G0001060	All Companies
SS01903	Property Damage System Audit	Agreed to W.O.	G0001060	All Companies
SS02002	Cendant Mobility	Agreed to W.O.	G0000103	AEP Service Corporation
SS02003	Software Development Life Cycle	Agreed to W.O.	G0001060	All Companies
SS02103	Exempt Overtime Review	Agreed to W.O.	G0001060	All Companies
SS02302	Notes Environment	Agreed to W.O.	901A	All Companies
SS02402	Peace SLA	Agreed to W.O.	1545	All TX Retail Elec Providers
SS02502	Rhone Investigation	Agreed to W.O.	G0001060	All Companies
SS02602	EAS - Payroll Thread	Agreed to W.O.	G0001060	All Companies
SS02702	NSI Consulting and Development	Agreed to W.O.	G0001441	Restructuring States All AEP
SS02802	User Registration Process Review	Agreed to W.O.	G0001060	All Companies
TR00102	East Texas HVDC Transmission Interconnection	Agreed to W.O.	912T	All West Operating Companies - Transmission
TR00103	Right of Ways - 2003	Agreed to W.O.	G0001061	All East Oper Companies All Bus Units
TR00202	LCRA Administration 2002	West Trans. Cos.	902T	All Operating Companies - Transmission
TR00203	Generator Interconnection Costs	Agreed to W.O.	G0001436	All Transmission Companies

AEP Audit Services Department				
Audit Projects				
July 1, 2002 - June 30, 2003			Work Order or	
Project #	Project Name	Companies Work Performed For	Benefiting Location Code	Companies/Benefiting Location Charged
TR00602	Overland Contract Audit	Agreed to W.O.	G0000169(70%), G0000192(30%)	CPL Generation (70%), WTU Generation (30%)
VC00103	Virginia Separation - Internal Control	Agreed to W.O.	G0001082	APCO All Bus Units
VC00203	Work Order Review	Agreed to W.O.	103	AEP Service Corporation
WR00203	Delinquent Marketing Loans - 2003	Agreed to W.O.	G0001444	All East Oper Companies - Distribution
WR00303	Storeroom - 2003 - Ashland	Agreed to W.O.	G0000110	KP Distribution
WR00403	Energy Delivery Billings & Collections - 2003	Agreed to W.O.	G0001077	All East Trans & Dist Companies
WR00500	Analytical Review of AEP Storerooms	Agreed to W.O.	G0001060	All Companies
WR00502	Wires Billing to Repts - 2002	All Tx Retail Elect Prov	902D	All Operating Companies - Distribution
WR00503	Virginia Separation	Agreed to W.O.	G0001082	APCO All Bus Units
WR00603	Mansfield Oil Company - 2003	Agreed to W.O.	G0001468	All Distribution Companies
WR00702	Indiana Affiliate Standards	Agreed to W.O.	706A	I&M (Indiana) All Business Units
WR00703	Meter Constants in MACSS vs the MDS System	CPL; WTU; PSO	G0001060	All Companies
WR00803	Shreveport Dispatch	Agreed to W.O.	G0000159	SWEPCO Distribution (non TX)
WR00900	Assistance Plans Review	Agreed to W.O.	G0001060	All Companies
WR00903	Storeroom - 2003 - Abilene Station (670) & Childress	Agreed to W.O.	G0000119	WTU Distribution
WR01003	Energy Delivery Billings & Collections - Corpus	Agreed to W.O.	G0000119 & G0000211	WTU Distribution & CPL Distribution
WR01103	Storeroom - 2003 - Roanoke CDC (937)	Agreed to W.O.	G0000140	APCO Distribution
WR01203	Storeroom - 2003 - South Bend	Agreed to W.O.	G0000170	I&M Distribution
WR01302	Red Simpson, Inc. - 2002	Agreed to W.O.	912T	All West Operating Companies - Transmission
WR01502	Special Contract Billing - 2002	Agreed to W.O.	902A	All Operating Companies - All Business Units
WR01702	Remittance Proc. - East 2002	All East Oper Cos	901A	All Companies
WR01902	TX CoC Audit Plng	Agreed to W.O.	G0001027	Trans CMBCO CPL/SEP TX/WTU
WR02102	ATT - C11284 - 2002	Agreed to W.O.	G0001060	All Companies
WR02202	Contribution In Aid of Construction - Ohio	Agreed to W.O.	G0001005	All Ohio Distribution Cos
WR02302	MACSS - PSO Conversion - 2002	Agreed to W.O.	G0001059	PSO All Business Units
WR02401	Martel Review	Agreed to W.O.	G0001528	All Ohio Operating Companies
WR02502	Storeroom - 2002 - Fort Wayne	Agreed to W.O.	G0000170	I&M Distribution
WR02702	Securitization - PUCT	Agreed to W.O.	G0000116	AEP Texas Retail GP LLC
WR02802	OSI Outsourcing Services, Inc.	Agreed to W.O.	81A	AEP Service Corporation
WR02902	Texas Billing Analysis - 2002	Agreed to W.O.	G0001116	AEPTC/AEPTN All Bus Units
WR03002	MACSS SWEPCO Conversion	Agreed to W.O.	G0001445	SWEPCO All Bus Units
WR03102	Texas Code of Conduct Audit - D&T Support	Agreed to W.O.	G0001027 & G0001009 (50-50 SPLIT)	Trans CMBCO CPL/SEP TX/WTU (50%), Dist CMBCO CPL/SEP TX/WTU (50%)
WR03202	Linesoft - 2002 - Contract 10019	Agreed to W.O.	G0001444	All East Distribution Cos
WR03302	CPL Gross Receipts - 2002	Agreed to W.O.	CPL Transmission/Distribution REP	CPL Transmission/Distribution REP
WR03402	CSP Southeast Petty Cash - 2002	Agreed to W.O.	G0000220	CSP Distribution
WR03502	Storeroom - 2002 - Harlingen	Agreed to W.O.	G0000211	CPL Distribution
WR03602	Pole Attachments	Agreed to W.O.	G0001060	All Companies
WS00102	OpenLink Devl	HPL	901A	All Companies
WS00103	Wholesale Fuel Billing Process Documentation	Agreed to W.O.	G0001469	All Generation Companies
WS00202	Coal Supplier Tonnage Shortfalls - 2002	Agreed to W.O.	824G	All Eastern Generation Companies - Fossil Only
WS00203	Trent Mesa & Desert Sky Billing and AR - 2003	Agreed to W.O.	G0000275 & G0000316	Trent Wind Farm LP & Indian Mesa Power Partners I LP
WS00403	Storeroom - 2003 - Northeastern Plant 1	Agreed to W.O.	G0000198	PSO Generation
WS00502	TX Non-Price-to-Beat Customer Processes	Texas companies	828A	All East Non Regulated Companies
WS00503	HPL-Exxon Gas Processing - 2003	Agreed to W.O.	G0000240	Houston Pipeline Company
WS00603	Ohio Gas Billing	Agreed to W.O.	157	AEP Ohio Retail Energy, LLC
WS00703	Preimplementation Review	Agreed to W.O.	G0001022	Regulated Wholesale
WS00802	Environmental Elements - 2002	Agreed to W.O.	465G	Gavin Plant OP
WS00803	Environmental Elements Follow Up	Agreed to W.O.	G0001140	All East Gen Cos - Fossil Only
WS00903	REP Sales	Agreed to W.O.	227	REP General Partner LLC
WS01003	CCD - Conesville 2003	Agreed to W.O.	G0001218	Conesville Plant Unit 4
WS01103	Brown Electric - 2003 - C6805	Agreed to W.O.	G0001002	All East Gen Except Cardinal
WS01203	DTE Synfuels Utilities Agreement Gavin - 2003	Agreed to W.O.	G0001198	Gavin Plant Unit 0
WS01302	Sweeny Cogen - 2002	Sweeny Cogeneration LP	EEA	CSW Energy Inc.
WS01303	PTMS Implementation - 2003	Agreed to W.O.	G0001007 & G0001061	All West Oper Cos All Bus Units & All East Oper Cos All Bus Units
WS01403	Storeroom - 2003 - Flint Creek Plant (FLC)	Agreed to W.O.	G0000168	SWEPCO Generation
WS01503	Phantom Equity Bridge Plan - 2003	Agreed to W.O.	G0001007, G0000185, N240023701	All West Oper Cos All Bus Units, AEP Energy Services, Inc., Houston Pipeline Company
WS01602	Kansas City Southern - 2002 - KSC C-2964	Agreed to W.O.	851G (86%), 848G (14%) (BASED ON GENERATING CAPABILITY)	Welsh Plant SWEPCO (86%), Flint Creek Plant SWEPCO (14%)
WS01603	Performance Contractors - 2003 - C11416	Agreed to W.O.	69A	AEP ProServ - All Business Units
WS01703	Energy Services Annual Incentive Plan - 2003	Agreed to W.O.	G0001007, G0000185, N240023701	All West Oper Cos All Bus Units, AEP Energy Services, Inc., Houston Pipeline Company
WS01803	AMAX/RAG Coal Contract	Agreed to W.O.	G0000168	SWEPCO Generation
WS01903	HPL and LIG Gas Measurement	Agreed to W.O.	G0000240 & G0000142	Houston Pipeline Company &
WS02003	Review of the Pro Serv Bidding & Approval Process	Agreed to W.O.	G0000143	AEP ProServ
WS02103	United Construction - 2003 - C9578	All East Gen Cos.	G0001060	All Companies
WS02203	Progress Energy Investigation - 2003	Agreed to W.O.	G0001060	All Companies
WS02302	Oklahoma Participants Billing Review 2002	Agreed to W.O.	G0001283	Oklahoma Plant Unit 0
WS02303	Oklahoma Participants Billing Review 2003	Agreed to W.O.	G0001283	Oklahoma Plant Unit 0
WS02402	UK Generation - 2002	Agreed to W.O.	NR9320059	AEP Energy Services Limited

131



SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840

§  
APPLICATION OF AEP TEXAS § BEFORE THE STATE OFFICE  
CENTRAL COMPANY FOR §  
AUTHORITY TO CHANGE RATES § OF  
  
ADMINISTRATIVE HEARINGS

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO  
CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 20:**

(Bennett Page 50) On lines 10 and 11 the Company states that the internal support "amount is commensurate with the level of services received by the affiliate." Explain the reason that the Company did not reduce internal support costs to reflect the reduction in affiliate costs through pro forma adjustments.

**Response No. 20:**

The Company agrees that internal support cost should be removed for those proforma items that generated internal support costs on the original billing.

One of the items that was removed from cost of service was not loaded with internal support costs when the original entry was made, since the entry was done manually as an adjustment to the billing. This entry was prepared on journal entry "SCBLNOLxx" which is a "no load" entry that instructs the billing system not to load the entry with internal support costs, and this journal entry is provided as Attachment 1.

This work order, SPOSTSCB01, was an entry made in December 2002 to impair the value of the Dallas office building. The work order is found on Exhibit SSB-3, page 8, for the amount of \$863,961 (Distribution) and page 28 for the amount of \$280,353 (Transmission). The total of \$1,144,314 was not allocated internal support costs, and thus no internal support related adjustment to these items should be made.

To calculate the internal support adjustment related to the remaining proforma adjustments, we divided the total Distribution as billed, less the building impairment above, by the total proforma adjustments to Distribution, again less the building impairment. The resulting percentage of 10.4% is the percent of the billed work orders subsequently removed from cost of service. That percentage was multiplied by the Internal Support billed to Distribution, resulting in an adjustment to Internal Support of (\$263,016). The same process was repeated for the Transmission adjustments, with a resulting decrease of (\$42,380). See the calculations below.

Distribution:

$$(6,663,371 - 863,961) / (56,682,028 - 863,961) = 10.39\% * 2,531,471 = \$263,016$$

where:

6,663,371 = Adjustment to COS, Exhibit SSB-3, page 24

863,961 = Work Order SPOSTSCB01, Exhibit SSB-3, page 8

56,682,028 = Total all TCC work orders, Exhibit SSB-3, page 24

2,531,471 = Total Class INTSUP, Exhibit SSB-3, page 32

Transmission:

$$(1,231,226 - 280,353) / (11,574,656 - 280,353) = 8.42\% * 503,327 = \$42,380$$

where:

1,231,226 = Adjustment to COS, Exhibit SSB-3, page 45

280,353 = Work Order SPOSTSCB01, Exhibit SSB-3, page 28

11,574,656 = Total all TCC work orders, Exhibit SSB-3, page 45

503,327 = Total Class INTSUP, Exhibit SSB-3, page 32

Prepared By: Bradley M. Funk

Sponsored By: Sandra S. Bennett

Title: Accountant III

Title: Assistant Controller,  
Regulatory Accounting

USD  
CRRNT  
31-Jan-2  
1.00

ACTUALS	ONLY	None
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103  
SCBSNOLD  
31 Jan 2003

Journal Status	Description
Journal Status	Description

To record impairment of Dallas Office Bldg, held for sale. The entry booked previously (post-SCBS) in Dec. 2002 will be reversed (post-SCBS) in Jan. 2003. This SCRSNOLDAL entry in Jan. 2003 business is to allow the mechanized billing via SCBS.

103		Total Lines:	2	Total Base Debits:	15,730,152.98	Total Base Credits:	15,730,152.98
1	4117000	10775 TX	NONBU	GLNANDA	SPOSTSCB01	999	390
Description: Loss From Disposition of Plant		Rate Type:	CRRNT	Part:	1,000000000	Statistics Amt	15,730,152.98
2	1220001	10775		Rate:	1,000000000	Statistics Amt	-15,730,152.98
Description: Depr&Amnt of Nonutil Prop-Owned		Rate Type:	CRRNT	Rate:	1,000000000	Statistics Amt	USD

PUC Docket No. 28840  
Cities 3rd, Q# 20  
Attachment 1  
Page 1 of 1

## WANTED

Prepared BENK 2/3/03  
Reviewed OK 2/3/03  
Posted ok 2/3/03 ☒ 002

**End of Report**

134

SUBSIDIARY CONCERN

**SOAH DOCKET NO. 473-04-1033  
PUC DOCKET NO. 28840**

**APPLICATION OF AEP TEXAS      §      BEFORE THE STATE OFFICE  
CENTRAL COMPANY FOR      §  
AUTHORITY TO CHANGE RATES      §      OF  
  
ADMINISTRATIVE HEARINGS**

**AEP TEXAS CENTRAL COMPANY'S RESPONSE TO  
CITIES' THIRD REQUEST FOR INFORMATION**

**Question No. 21:**

(Bennett Page 51, lines 6-10) Provide identification of each asset depreciated or amortized by AEPSC for which depreciation and amortization expense is charged to TCC. Provide the depreciation or amortization rate and service life of each asset subject to depreciation or amortization.

**Response No. 21:**

Provided as Attachment 1 is the requested identification of AEPSC assets by FERC plant account, the depreciation lives, and the amount of depreciation.

Prepared By: David G. Hummel

Title: Supervisor, Work Order  
Accounting

Sponsored By: Sandra S. Bennett

Title: Assistant Controller,  
Regulatory Accounting

**AEPSC Assets Depreciated/Amortized 7/02 to 6/03 (where a portion of the expense was allocated to AEPTC)**

Asset Location	Plant Account	Depr Rate or End of Life	Service Life or End of Life (EOL)	Depr Exp for period 07/2002 to 06/2003
Cap. Software SW15000101 : AEPSC : 9317	30300 - Intangible Property	20.00%	5 Yrs	\$20,909.68
Cap. Software SW1500201 : AEPSC : 9318	30300 - Intangible Property	20.00%	5 Yrs	\$14,454,970.64
Capitalized Software : AEPSC : 9313	30300 - Intangible Property	08/2004	EOL	\$19,099.50
Capitalized Software - Accounts Receivable Billing System : AEPSC : 9310	30300 - Intangible Property	20.00%	5 Yrs	\$51,507.98
Capitalized Software - Activity Based Profit Management System : AEPSC : 9304	30300 - Intangible Property	09/2002	EOL	\$14,394.16
Capitalized Software - AEP Service Corp Billing : AEPSC : 9315	30300 - Intangible Property	07/2005	EOL	\$15,002.82
Capitalized Software - IT Asset Management : AEPSC : 9308	30300 - Intangible Property	09/2004	EOL	\$73,373.10
Capitalized Software : AEPSC : 9303	30300 - Intangible Property	20.00%	5 Yrs	\$236,122.35
AEP HQ Bldg - 1 Riverside Plaza Columbus : AEPSC : 0009	39000 - Structures and Improvements	09/2018	EOL	\$4,146,726.34
Austin Office Building - Communications (leased) : AEPSC : 0021	39000 - Structures and Improvements	05/2003	EOL	(\$63,791.37)
Austin Office Building - State Affairs (leased) : AEPSC : 0025	39000 - Structures and Improvements	05/2005	EOL	\$26,123.64
Canton, OH : Computer Center : AEPSC : 0005	39000 - Structures and Improvements	12/2009	EOL	\$6,594.91
CSW Center - Dallas, TX : AEPSC : 0018	39000 - Structures and Improvements	3.4173%	30 Yrs	\$720,596.28
CSW Washington Office : AEPSC : 0019	39000 - Structures and Improvements	12/2002	EOL	\$8,125.95
Gahanna, OH : 825 Tech Center Dr (Leased) : AEPSC : 0012	39000 - Structures and Improvements	11/2003	EOL	\$141,606.54
J. E. Dolan Environmental Lab : AEPSC : 0006	39000 - Structures and Improvements	12/2002	EOL	\$204,272.37
Lancaster - One Memorial Way : AEPSC : 0008	39000 - Structures and Improvements	05/2041	EOL	(\$21,417.29)
Lancaster, OH : 239 W. Main, Parking Lot : AEPSC : 0001	39000 - Structures and Improvements	04/2006	EOL	\$5,079.54
Nationwide Bldg - 155 W. Nationwide Blvd : AEPSC : 0501	39000 - Structures and Improvements	09/2018	EOL	\$582.64
Office Building, Market Square : AEPSC : 0003	39000 - Structures and Improvements	01/2004	EOL	\$4,179.66
Tulsa City Plex Tower - 2488 East 81st St : AEPSC : 0020	39000 - Structures and Improvements	10/2007	EOL	\$334,003.51
AEP HQ Bldg - 1 Riverside Plaza Columbus : AEPSC : 0009	39100 - Office Furniture, Equipment	09/2018	EOL	\$34,235.49
AEPSC General Plant Equipment : AEPSC : 1000	39100 - Office Furniture, Equipment	09/2018	EOL	\$54,938.40
AEPSC General Plant Equipment : AEPSC : 1001	39100 - Office Furniture, Equipment	09/2018	EOL	\$14,391.67
CSW Center - Dallas, TX : AEPSC : 0018	39100 - Office Furniture, Equipment	10.00%	10 Yrs	\$829,210.58
CSW Washington Office : AEPSC : 0019	39100 - Office Furniture, Equipment	10.00%	10 Yrs	\$3,000.69
Lancaster - One Memorial Way : AEPSC : 0008	39100 - Office Furniture, Equipment	05/2016	EOL	\$48,757.59
Other General Plant Equipment - OK : AEPSC : 1004	39100 - Office Furniture, Equipment	10.00%	10 Yrs	\$710.00
Other General Plant Equipment - TX : AEPSC : 1002	39100 - Office Furniture, Equipment	10.00%	10 Yrs	\$23,046.94
Shreveport Office Furniture and Equipment : AEPSC : 1008	39100 - Office Furniture, Equipment	10.00%	10 Yrs	\$725.11
Tulsa City Plex Tower - 2488 East 81st St : AEPSC : 0020	39100 - Office Furniture, Equipment	10.00%	10 Yrs	\$491,409.89
CSW Center - Dallas, TX : AEPSC : 0018	39111 - Office Equip - Computers	25.00%	4 Yrs	\$365,150.09
Other General Plant Equipment - TX : AEPSC : 1002	39111 - Office Equip - Computers	25.00%	4 Yrs	\$405,432.65

**AEPSC Assets Depreciated/Amortized 7/02 to 6/03 (where a portion of the expense was allocated to AEPTC)**

Asset Location	Plant Account	Depr Rate or End of Life	Service Life or End of Life (EOL)	Depr Exp for period 07/2002 to 06/2003
Shreveport Office Furniture and Equipment : AEPSC : 1008	39111 - Office Equip - Computers	25.00%	4 Yrs	\$449.72
Tulsa City Plex Tower - 2488 East 81st St : AEPSC : 0020	39111 - Office Equip - Computers	25.00%	4 Yrs	\$675,016.34
CSW Center - Dallas, TX : AEPSC : 0018	39200 - Transportation Equipment	10.00%	10 Yrs	\$16,104.84
Transportation Equipment - Mexico City : AEPSC : 1012	39200 - Transportation Equipment	10.00%	10 Yrs	\$3,271.23
Austin Office Building - Communications (leased) : AEPSC : 0021	39700 - Communication Equipment	16.6670%	6 Yrs	\$1,166.52
CSW Center - Dallas, TX : AEPSC : 0018	39700 - Communication Equipment	16.6670%	6 Yrs	\$317,290.22
Other General Plant Equipment - TX : AEPSC : 1002	39700 - Communication Equipment	16.6670%	6 Yrs	\$13,532.46
Tulsa City Plex Tower - 2488 East 81st St : AEPSC : 0020	39700 - Communication Equipment	16.6670%	6 Yrs	\$327,808.72
AEPSC Activity : AEPSC : 6100	39800 - Miscellaneous Equipment	09/2018	EOL	\$76.55
AEPSC General Plant Equipment : AEPSC : 1000	39800 - Miscellaneous Equipment	09/2018	EOL	\$1,905.28
CSW Center - Dallas, TX : AEPSC : 0018	39800 - Miscellaneous Equipment	10.00%	10 Yrs	\$5,436.95
Lancaster - One Memorial Way : AEPSC : 0008	39800 - Miscellaneous Equipment	05/2014	EOL	\$550.74
Tulsa City Plex Tower - 2488 East 81st St : AEPSC : 0020	39800 - Miscellaneous Equipment	10.00%	10 Yrs	\$396.89

**Total AEPSC Depreciation/Amortization Expense 7/02 to 6/03**

**\$24,032,078.51**

(depreciable balance - reserve balance) / remaining months  
 depreciable balance \* (annual rate / 12 )

End of Life Depreciation (EOL) depreciates the asset through the end of life date indicated in column "C".