

AMERICAN ELECTRIC POWER'S COMMENTS ON THE NAESB WHOLESALE ELECTRIC QUADRANT SEGMENTS

American Electric Power (AEP) would like to comment on the voting of the segments at the April 5, 2002 meeting held in Houston, Texas. AEP proposes a re-vote on the number of segments at the May 8 & 9 meeting in Denver, CO. because the votes held in Houston were confusing, non-binding and in our opinion, not a fair representation of the Wholesale Electric industry.

AEP does not agree with the six (6) segment Electronic Scheduling Collaborative strawman (ESC) voted on at the NAESB meeting in Houston. Since any one segment can veto a standard if an affirmative vote of forty percent (40%) is not attained – the fewer the segments, the less chance of a standard being vetoed. The most practical way for the ESC strawman to work would be if the ISOs, RTOs, RROs, and Non-owning Transmission Operators segment would be combined with the Transmission segment.

AEP favors the Dave McMillan (Calpine) five (5) segment strawman. AEP feels that only five (5) segments, at the most, are necessary to populate the Wholesale Electric Quadrant (WEQ) of NAESB. The following are AEP's segment choices with definitions:

1. Transmission: Any entity engaged in the activity of owning, operating, and/or providing transmission service to customers of the North American Bulk Power Grid. This segment would also include RTOs, ISOs and RROs.
2. Generation: Any entity engaged in the activity of owning and/or operating electric generation facilities.
3. Marketers/Brokers: Any entity engaged in the activity of buying and selling electric energy at wholesale.
4. Distribution/LSE: Any entity engaged in the activity of delivering electric energy to wholesale and/or end use customers.
5. Customers: Any entity that is eligible to receive electric energy at wholesale; and entities that represent customer interests including trade organizations, local, state, federal, provincial, etc. regulators and other companies or individuals not otherwise eligible for membership in another segment.