



Strengthening Our AEP-Vendor Partnership

Can we work together to pay you more quickly?

American Electric Power values its relationship with you, our supplier. Our Purchasing and Accounts Payable Departments have designed this packet to show you how to help AEP pay your invoices more quickly and more in-line with our pre-arranged payment terms.

How will this packet benefit you?

By reading and using the techniques outlined within this packet, you might expect to see the following benefits:

1. More accurate, timely payments and reduced or eliminated late payments.
2. Improved communication between AEP and your organization.
3. Reduced need for you to process sales tax on AEP's transactions.

What's in this packet?

1. Frequently Asked Questions and their answers related to AEP's invoice payment process.
2. A sample invoice and a list of specific information needed by AEP to effectively pay your invoices as well as a sample Purchase Order showing the fields where some of this information can be found. These requirements are both process- and system-related as AEP employs the use of Optical Character Recognition (OCR) technologies to expedite the invoice payment process.
3. Information about AEP's direct-pay relationship with various tax agencies.

Need more info?

We appreciate your consideration of this material. Should you have any questions regarding the information in this packet, please send email to vendormgmt@AEP.com.



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Frequently Asked Questions

1. Question – Why have we not received payment on a past-due invoice?

Answer - Common reasons for delayed payment include:

A. Reason: The invoice has not been received by AEP’s Accounts Payable Department.

Resolution:

1. AEP’s Accounts Payable Department will ask the vendor for a copy of the invoice.
2. Once the invoice has been matched with all appropriate back-up material (e.g. a receipt of goods, required approvals, etc.) the payment should be processed.

B. Reason: The invoice is missing information or contains inaccurate information.

Resolution:

1. AEP’s Accounts Payable Department will attempt to obtain missing information or correct the inaccurate information.
2. If attempts to gather the required information are not successful, the Accounts Payable Department may return the invoice to the vendor for clarification. See the attached invoice template and invoice requirements for more information.

C. Reason: The invoice price does not match the pre-negotiated price on the Purchase Order.

Resolution:

1. AEP’s Accounts Payable Department will contact the appropriate AEP buyer to determine which price is accurate based on set blanket order pricing or vendor quotation.
2. If the Purchase Order price is accurate (and the invoiced amount is inaccurate), the invoice total will be adjusted to reflect Purchase Order pricing.
3. If the invoice amount is accurate (and the Purchase Order price is inaccurate), the payment will be issued for the amount specified on the invoice and the Purchase Order will be adjusted accordingly.

D. Reason: The invoice is not approved by an AEP representative.

Resolution:

1. If an invoice has been routed for an AEP representative’s approval but approval has not been obtained within a specified time frame, the invoice will be assigned to an Accounts Payable resolution team member for further investigation. NOTE: Every invoice should reference a Purchase Order Number or a Contract Number. If no Purchase Order Number or Contract Number is referenced on the invoice, the name of the individual who has ordered the merchandise should be provided to avoid delayed payment resulting from approver identification issues.



E. Reason: Issues when receiving goods, including:

1. Reason: The ordered material wasn't delivered to the correct location.

Resolution:

- a) AEP's Accounts Payable Department will request that the vendor supply a proof of delivery.
- b) Based on information provided on the proof of delivery, an Accounts Payable Representative will determine the location to which the material was delivered and provide that information to the receipting storeroom.
- c) The receipting storeroom will verify the receipt of the goods and process a receipt, which will facilitate the payment process.

2. Reason: The quantity of goods received does not match the quantity of goods invoiced.

Resolution:

- a) AEP's Accounts Payable Department will contact the receiving storeroom for verification of the quantity received and perhaps request proof of delivery from vendor to justify the invoiced quantity.
- b) If the invoiced quantity is inaccurate, the Accounts Payable department will authorize for payment only the amount associated with the correct amount of received goods.
- c) If there was an error by the storeroom staff in receipting for the goods, the receipt of goods will be adjusted to reflect the correct amount and payment will be processed accordingly.

3. Reason: Delays in the routing of the packing list/shipping documents from outlying (remote) locations to the main inventory (receipting) location.

Resolution:

- a) Because material is sometimes delivered directly to a job site instead of a receipting storeroom location, it is important that all invoices specifically outline the location to which the goods are shipped as well as the name of the AEP contact, if available. This will ensure that, if the necessary paperwork is not forwarded properly within AEP, the Accounts Payable Department can provide that information to the receipting storeroom.
- b) The receipting storeroom will verify the receipt of goods at the "remote" location and process a receipt, which will facilitate the payment process.

4. Reason: The shipment is lost, damaged or incorrect.

Resolution:

- a) If incorrect material is received, AEP's storeroom will contact the vendor to obtain a Return Material Authorization (RMA) and return instructions.
- b) If a shipment is lost or damaged and the shipping terms indicate the responsibility belongs to AEP, the storeroom will acknowledge the receipt of the goods and initiate a freight claim with the carrier. Once the storeroom has receipted for the goods, the payment process will continue. If responsibility belongs to the shipper, payment will be delayed until the replacement shipment is received.



5. Reason: Material is shipped against a cancelled or expired Purchase Order.

Resolution:

- a) If an order has been placed against a canceled or expired Purchase Order, AEP's Accounts Payable Department will contact the storeroom to determine whether the material will be accepted or returned to the vendor.
- b) If the order is accepted, AEP's Accounts Payable Department will either contact the appropriate AEP buyer to issue a replacement Purchase Order or will approve the payment of the invoice by treating it as a "non-PO" order (generally only done under specific circumstances). In either event, the payment to the vendor will be issued as appropriate.
- c) If AEP determines that the shipment made against the invalid Purchase Order will not be accepted, the storeroom will request a Return Material Authorization from the vendor.

2. Question – Why did AEP deduct sales tax from its payment to our company?

Answer - In certain instances, AEP has received approval from the tax authority to pay sales tax directly to the specific state and/or locality. In such instances, AEP will not pay sales tax through its vendors (even though the invoice might include sales tax). See appendix B for direct pay permit information.

3. Question – Why did AEP not pay the entire invoiced amount?

Answer - If the short pay was not related to AEP's "direct pay" arrangement (as described in Question 2), the short payment could have been the result of a discrepancy between the invoiced price and the pre-arranged price outlined in the original Purchase Order. In that case, AEP's Accounts Payable Department will contact the appropriate buyer to investigate the discrepancy. To resolve this issue, the buyer can either revise the Purchase Order to reflect the correct price or advise the Accounts Payable Department to short pay the invoice.

4. Question – Why did AEP deduct freight charges from the payment?

Answer - When the Purchase Order is initiated it outlines the Free On Board (FOB) and other shipping terms. If the vendor does not follow the terms outlined on the Purchase Order, AEP's buyer may advise AEP's Accounts Payable Department to deduct all non-approved freight charges from the payment. If a "collect" freight bill was already paid directly to the carrier by AEP for a particular shipment, the buyer also may advise the Accounts Payable Department to deduct from the payment any added freight charges for that shipment.

5. Question – Who can I contact to check the status of a payment?

Answer - All telephone inquiries should be directed to AEP's Accounts Payable Call Center at **(330) 438-7102**. In the event the Call Center cannot provide payment information, the attendant will direct the inquiry to a team member for investigation and resolution.



Sample Invoice

The following is an example of an invoice that meets all of the needs of AEP's Accounts Payable process. Although your company might not be able to duplicate this exact invoice format, it is intended to illustrate an example of an invoice that should progress through AEP's payment process in the most effective and timely manner. AEP understands it can be difficult to modify an invoice format, but the closer the invoice comes to including the information outlined in this example, the quicker your invoice should be paid by AEP.

Your Company Name <i>Your Company Slogan</i> Address City, State ZIP Phone 123.456.7890 Fax 123.456.7891				INVOICE DATE 1/1/2000 INVOICE 100	
Bill To: Name Company Address City, State ZIP Phone		Ship To: Name Company Address City, State ZIP Phone			
Comments or Special Instructions:					
ACCT NUMBER	P.O. NUMBER	SHIP DATE	SHIP VIA	F.O.B.	PAY TERMS
QUANTITY	UP	DESCRIPTION	UNIT PRICE	AMOUNT	
		Supplier Catalog ID Customer Catalog ID		\$ -	
Remit to:				SUBTOTAL	\$ -
				SALES TAX	
				SHIPPING & HANDLING	
				OTHER CHARGES	
				TOTAL	\$ -
Make all checks payable to Your Company Name If you have any questions concerning this invoice, contact Name, Phone Number, Email					
THANK YOU FOR YOUR BUSINESS!					



Explanation of Sample Invoice Fields

We understand that suppliers have their own invoice format. The suggestions shown on the invoice template and in the definitions below are made with our unique requirements in mind.

To improve the efficiency of its invoice processing, AEP uses an Optical Character Recognition (OCR) scanner that turns hard-copy invoices into electronic documents. Once a digital copy has been created, the system locates specific information on the electronic invoice and transfers it to an electronic payment voucher, from which the actual payment is processed. Please note that when information on the hard-copy invoice is missing, illegible, or inaccurate the payment process can be significantly lengthened. The fields below marked with an asterisk (*) are the fields the OCR scanner reads and auto-populates.

Included in Appendix A of this packet is a sample Purchase Order that can be referenced to better identify information that should be pulled from the Purchase Order to populate invoices sent to AEP for payment. Numbers such as "1" are used below to reference the place on the sample Purchase Order (Appendix A) that ties to the discussion within this document.

IMPORTANT NOTE: Vendors that process invoices via ERS or EDI should NOT send paper invoices to AEP Accounts Payable. Doing so may cause unnecessary delays in processing your payment.

FIELD	DESCRIPTION
Invoice & Date*	<ul style="list-style-type: none">• Invoice Numbers are used to match invoices to specific payments.• The Date field is used to specify the date the invoice was created.
Bill To	<ul style="list-style-type: none">• This information is provided on the Purchase Order and will, in most cases, reflect the current AEP Accounts Payable address. Third party billings may specify a different bill to address.• See field 1 on appendix A
Ship To	<ul style="list-style-type: none">• If no PO number is provided at the time of order, the requestor's name should be provided to expedite approval for payment of the invoice.• See <i>field 2 on appendix A</i>
Account Number	<ul style="list-style-type: none">• This is helpful information if A/P is required to contact the vendor.



FIELD	DESCRIPTION
P.O. Number*	<ul style="list-style-type: none">• This field must contain the entire customer PO number; and, in accordance with OCR scanner requirements, nothing should be between the field title and the PO number itself (i.e. there should not be a line under the verbiage P.O. Number and the actual PO Number).• Omission of any part of the PO number may delay invoice processing and payment.• AEP's PO numbers consist of 9 or 13 digits — The first three (3) digits designate the paying business unit, followed by six (6) digits that designate the PO number. In addition, some orders may append a blanket release number, which consists of four (4) digits.• See field 3 on appendix A
Ship Date	<ul style="list-style-type: none">• This field is used by A/P when it requires that the invoice be matched to a receipt.
Ship Via/FOB	<ul style="list-style-type: none">• This information is used by AEP's Procurement department to determine whether the PO shipping terms are being adhered to and whether accompanying freight charges should be paid.• See field 4 on appendix A
Pay Terms*	<ul style="list-style-type: none">• Payment terms are designated on the Purchase Order. The supplier should contact an AEP buyer if unable to accept PO payment terms.• See field 5 on appendix A
Quantity	<ul style="list-style-type: none">• A/P uses this information to match invoiced quantity to the quantity received and to determine whether items are on backorder.• See field 6 on appendix A
Description	<ul style="list-style-type: none">• This information is used to determine exactly which items were received. It also can be used to ensure that the items received match those on the PO.• See field 7 on appendix A
Supplier Catalog ID	<ul style="list-style-type: none">• A/P uses this information to match invoiced items to material received.
Customer Catalog ID	<ul style="list-style-type: none">• A/P uses this information to match invoiced items to material received. See field 8 on appendix A



FIELD	DESCRIPTION
Unit Price	<ul style="list-style-type: none">• A/P and Procurement use this information to verify the accuracy of billing.• A/P uses this information to match invoiced items to material received.• See field 9 on appendix A
Amount	<ul style="list-style-type: none">• This field reflects extended amount (quantity multiplied by the price) for a particular line item.
Subtotal	<ul style="list-style-type: none">• If the value of the material received (based on AEP PO) does not match the amount in this field, payment processing will be delayed until buyer approves charges.
Sales Tax*	<ul style="list-style-type: none">• AEP has “direct pay” permits in certain states, which allows AEP to pay sales tax directly to tax agencies (and not to AEP’s vendors). See appendix B for a list of direct pay permits. NOTE: AEP’s PO’s specify that invoices should be mailed to American Electric Power. The affiliated (AEP) company paying the invoice also is listed on the PO. It is this company’s (the affiliate’s) direct pay permit number that will appear on the PO, if applicable.• Other taxes should be referenced within the description field of the invoice and not included in the sales tax field.• See fields 10a & 10b on appendix A
Shipping & Handling*	<ul style="list-style-type: none">• FOB terms are designated on the PO. If the PO terms do not allow for payment of added freight charges, this amount should not be included on invoice unless approved by buyer.
Other Charges	<ul style="list-style-type: none">• These are charges that are not specified on PO such as pallet charges, excise tax, etc. and may require buyer approval.
Total Due*	<ul style="list-style-type: none">• This field contains the gross amount to be paid by AEP.
Remit To	<ul style="list-style-type: none">• This is critical information that is entered on the voucher by A/P and will determine where check is mailed.



Appendix B – Direct Pay Tax Information

Most states provide sales/use tax direct payment permits to those companies who qualify. The direct payment permit enables the holder of the permit to make purchases free from sales tax and then self-assess the appropriate tax on taxable transactions. The AEP companies listed below have been granted direct payment permits for the states identified.

The listing of direct payment permits remains in force until the expiration, cancellation, or surrender of a permit. If such event should occur, we shall promptly notify in writing, the applicable vendors of such cancellation or surrender. If your company does business with any of the following AEP companies, your company most likely is affected.

Company Name	State	Direct Pay Identification Number	Effective Date	Federal ID No.
American Electric Power Service Corporation	OH	98-002717	01/01/01	13-4922641
American Electric Power Service Corporation	OK	196724	03/01/01	13-4922641
American Electric Power Service Corporation	TX	1-13-4922641-2	01/01/01	13-4922641
AEP Texas Central Company	TX	1-74-0550600-1	05/12/69	74-0550600
AEP Texas North Company	TX	1-75-0646790-5	07/01/77	75-0646790
Appalachian Power Company	VA	998006-7	09/01/66	54-0124790
Appalachian Power Company	WV	91-1-030509	07/01/94	54-0124790
Cardinal Operating Company	OH	98-002454	10/05/94	34-1025410
Columbus Southern Power Company	OH	98-000343	10/05/94	31-4154203
Houston Pipe Line Company	TX	1-52-2334477-9	01/01/02	52-2334477
Indiana Michigan Power Company	IN	350410455 001 4	01/09/96	35-0410455
Indiana Michigan Power Company	MI	35-0410455	12/04/96	35-0410455
Indiana Michigan Power Company	WV	91-1-068432	07/01/94	35-0410455
Kentucky Power Company	KY	039123	01/01/99	61-0247775
Ohio Power Company	OH	98-001134	10/05/94	31-4271000
Ohio Power Company	WV	91-1-043811	07/01/94	31-4271000
Ohio Valley Electric Corporation	OH	98-001137	01/01/53	34-4392702
Public Service Company of Oklahoma	OK	135599	12/06/97	73-0410895
Southwestern Electric Power Company	AR	162396-80-001	02/27/96	72-0323455
Southwestern Electric Power Company	LA	6024947-003-DP	03/12/97	72-0323455
Southwestern Electric Power Company	OK	135586	12/06/97	72-0323455
Southwestern Electric Power Company	TX	1-72-0323455-8	02/01/95	72-0323455
Wheeling Power Company	WV	91-1-042662	07/01/94	55-0309620