

*Electronic
Commerce
with
Allegheny Energy*



Allegheny Energy

What are the benefits of EDI?



Companies have seen substantial productivity improvements and cost reductions using this technology. EDI gives companies an edge over non-EDI competitors.

Allegheny Energy transmits a large percentage of its business documents using EDI and intends to expand its use to further reduce the great volumes of paper associated with our business.

Other benefits include:

- ✓ ***Faster and more accurate data exchange***
- ✓ ***One-time data entry***
- ✓ ***On-line data storage***
- ✓ ***Reduced clerical workload***
- ✓ ***Faster management reporting***
- ✓ ***Automatic reconciliation***
- ✓ ***Reductions in inventory safety stock***

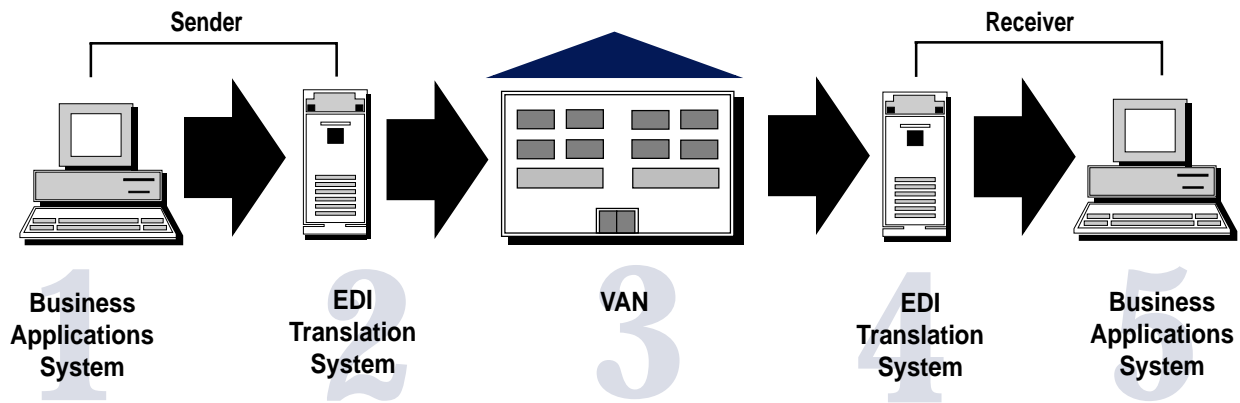
EDI Standards and Controls



EDI is a standardized format designed so various businesses can use a common language to exchange business documents. Companies which communicate using EDI are often referred to as trading partners. By using a set format, trading partners can transmit and transcribe information to each other no matter what type of equipment they operate.

Standardization also sets the rules so all partners have the same security and control.





EDI is a system independent of the trading partner's applications systems. It is not limited by differences in computer or communications equipment because it interfaces with these systems rather than being integrated into them.

Communicating using EDI is a relatively simple process:

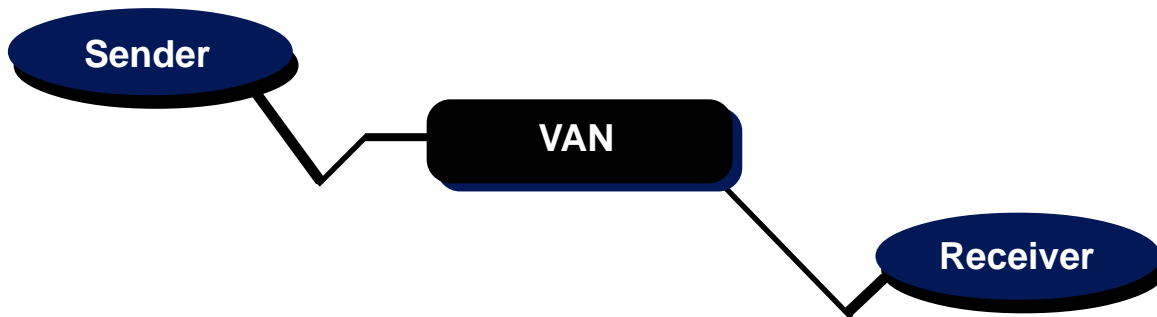
- 1** *A trading partner abstracts data using its own business applications systems.*
- 2** *EDI translates the data into standard documents called transaction sets.*
- 3** *The trading partner transmits the transaction sets through a Value Added Network (VAN) or other means, such as the Internet.*
- 4** *Transaction sets are translated into data that are compatible with a receiver's business applications systems.*
- 5** *The receiver can either print or process the information through its internal systems.*



How do you transmit data using EDI?

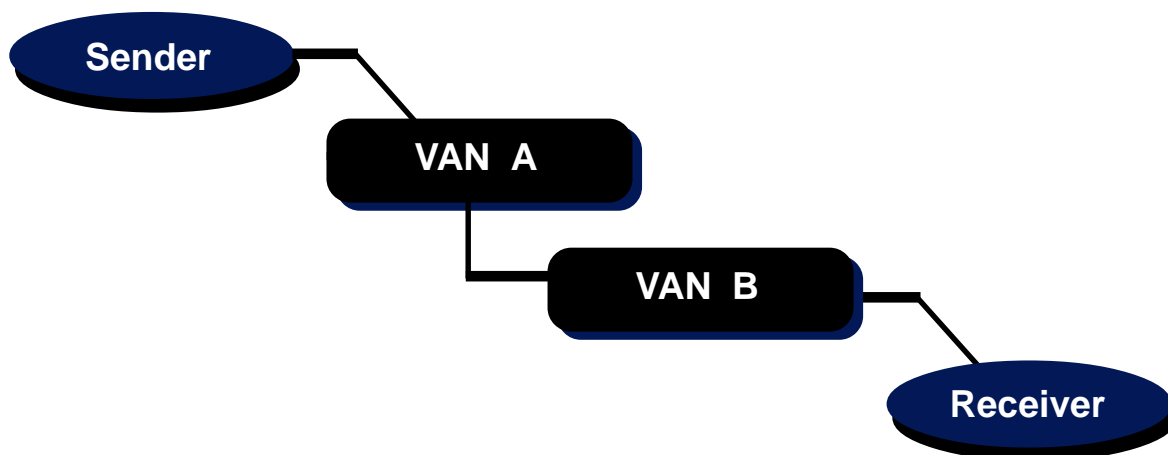


A key element to trading with EDI partners is the use of a Value Added Network (VAN). Allegheny Energy works with each trading partner to be sure EDI communication methods are compatible. Use of a VAN is essential to EDI communicators for several reasons:



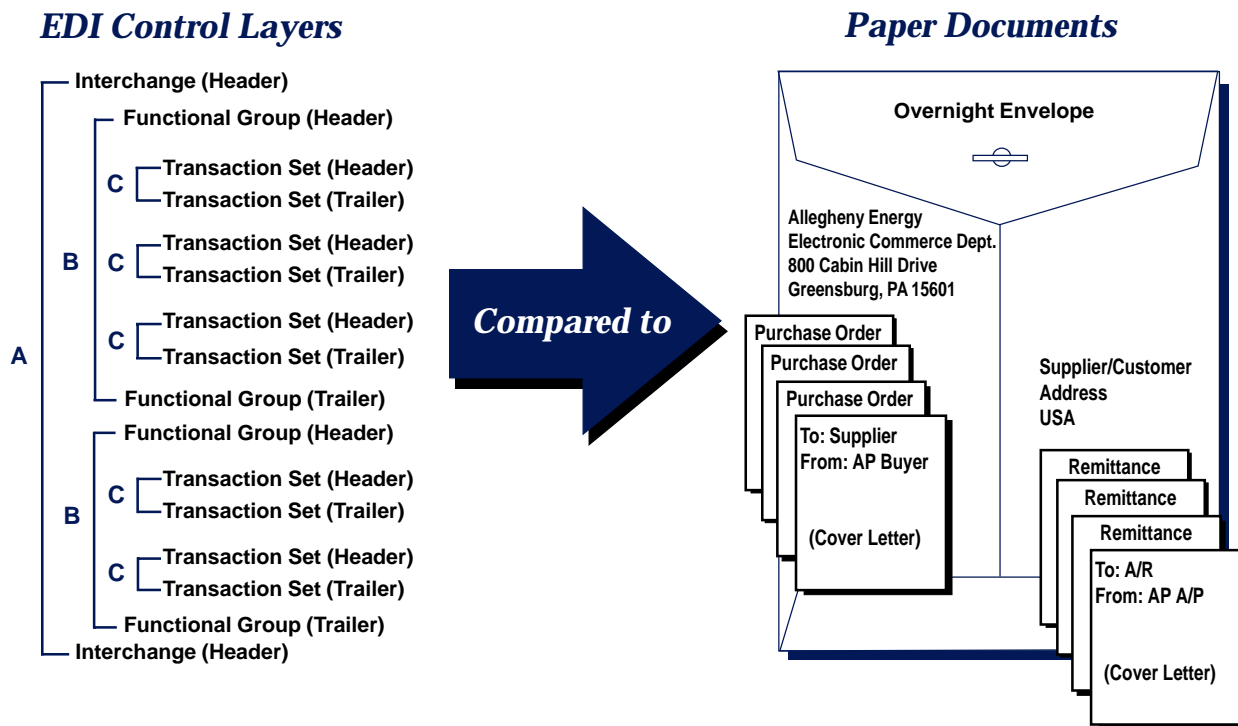
- ✓ *The VAN acts as a clearinghouse for incoming and outgoing data.*
- ✓ *It stores data and delivers it on demand.*
- ✓ *Data can be sent to the archives for delivery a second time, if necessary, without hassle to the sender.*
- ✓ *Data transmission using a VAN is secure, and users can track information.*

If trading partners subscribe to different VANS, partners can interconnect.





EDI standards consist of three control envelope layers which surround electronic business documents as illustrated below:



Interchange

A. The interchange serves as a transmission control envelope and contains data from one original sending location to one ultimate receiving location. Its control functions are similar to an overnight express mail envelope. It identifies the sender and receiver and provides a unique identification tracking number.

Functional Group

B. The functional group serves as a special control envelope to perform internal routing. It always contains documents of the same type from one sender to one receiver. Its control functions are similar to sorting like documents by the type and routing of a business unit.

Transaction Set

C. The transaction set serves as a uniform format for electronically communicating detailed information from a conventionally printed business document. Its control functions are similar to describing the specific information found on a particular business document.

Some of the more common transaction sets used by EDI partners include:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Purchase Orders | <input checked="" type="checkbox"/> Invoices |
| <input checked="" type="checkbox"/> Payment Orders | <input checked="" type="checkbox"/> Ship Notices |
| <input checked="" type="checkbox"/> Functional Acknowledgments | <input checked="" type="checkbox"/> Electronic Funds Transfers |
| <input checked="" type="checkbox"/> Purchase Order Change Requests | <input checked="" type="checkbox"/> Purchase Order Acknowledgements |



How long does it take to integrate EDI into your business systems?



A realistic time frame for initial implementation of a transaction set is approximately 12 weeks. This includes three weeks for transaction mapping/coding, two weeks for test transmissions, and four weeks for parallel testing, evaluation, and adjustments.

Of course, the time element also depends on the speed of the initial contact, the EDI experience of the trading partners, and the complexity of the transaction set.

RECOMMENDED TIME SCHEDULE

Weeks

Tasks	1	2	3	4	5	6	7	8	9	10	11	12
Trading Partner Contact												
Trading Partner Agreement												
Transaction Mapping Conference												
Transaction Mapping Finalized												
Transaction Mapping Coded & Tested												
Test Transmission												
Parallel Test Paper vs. EDI												
Parallel Test Acceptance												
Production EDI Transmission												





Because of numerous built-in protective features, EDI is a very reliable means of exchanging business data. Allegheny Energy requires trading partners to use one of these features called the functional acknowledgment. This feature enables partners to track data so they can detect problems in plenty of time to solve them. The functional acknowledgment indicates that the transaction set has been successfully received in a condition that can be processed by the trading partner.

It is very important that Allegheny Energy and its trading partners track acknowledgments during the EDI process. By acknowledging on a timely, consistent basis, partners have a better chance of detecting problems early.

Sender Responsibilities:

- Ensure that all transactions sent from a business applications system arrive at the EDI translation system.
- Ensure that all transmission interchanges are received, processed, and posted to the receiver's mailbox through the VAN.
- Ensure that the receiver retrieved the information and returned a functional acknowledgment.

Receiver Responsibilities:

- Ensure that all interchanges were successfully translated and processed by the receiver's system.
- Return a functional acknowledgment to the sender.

TO REPORT EDI PROBLEMS, CALL THE ALLEGHENY ENERGY EDI HOTLINE:

1-800-266-3559





If your company is already doing EDI, becoming a trading partner with Allegheny Energy should be a snap. Simply complete the Trading Partner Profile Form in the pocket on the opposite page and return it by FAX or mail as indicated on the form.

Also, you should complete the EDI Trading Partner Agreement included in the opposite pocket. Make sure you sign the agreement and return one copy to:

Allegheny Energy
Electronic Commerce Dept.
800 Cabin Hill Drive
Greensburg, PA 15601

If your organization is not yet doing EDI, Allegheny Energy personnel can offer advice to help you get started. Trading Partner Software Kits are available to you at a nominal cost. The Kit contains all the software and documentation you'll need to begin electronic trading. Call our EDI hotline number to learn about the Kit and EDI with Allegheny Energy.

Allegheny Energy EDI Hotline:
1-800-266-3559



This pocket contains Transaction Sets, a Trading Partner Agreement, a list of EDI contacts, and other valuable information you will need to get started on Electronic Data Interchange with Allegheny Energy.

