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Public Utilities Commission of Ohio  
Docketing Division  
180 East Broad Street, 13<sup>th</sup> Floor  
Columbus, Ohio 43215-3793  
614-995-7096

October 20, 2008

RE: Direct Energy Services, LLC, Case No. 00-1936-EL-CRS

Dear PUCO:

Please find enclosed the required 10 copies, including all exhibits, affidavits, and other attachments. Additionally, enclosed, please find Direct Energy's sealed filing which contains proprietary and confidential information.

Thank you in advance for your cooperation. Please feel free to give me a call if you have any questions.

Sincerely,

Steven D. Williams  
Compliance Analyst  
Direct Energy Services, LLC  
12 Greenway Plaza, Suite 600  
Houston, TX 77046  
Tel: (713) 877-3924

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*The Public Utilities Commission of Ohio*

<b>Original CRS Case Number</b>	<b>Version</b>
<b>00 - 1936 - EL CRS</b>	<b>August 2004</b>

## **RENEWAL APPLICATION FOR RETAIL GENERATION PROVIDERS AND POWER MARKETERS**

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit A-11 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

**This PDF form is designed so that you may input information directly onto the form.  
You may also download the form, by saving it to your local disk, for later use.**

### **A. RENEWAL INFORMATION**

#### **A-1 Applicant intends to be renewed as: (check all that apply)**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Retail Generation Provider | <input checked="" type="checkbox"/> Power Broker |
| <input checked="" type="checkbox"/> Power Marketer             | <input checked="" type="checkbox"/> Aggregator   |

#### **A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address**

Legal Name Direct Energy Services, LLC  
Address 12 Greenway Plaza, Suite 600  
PUCO Certificate # and Date Certified 00-019 (3), December 2, 2004  
Telephone # (713) 877-3500 Web site address (if any) www.directenergy.com

#### **A-3 List name, address, telephone number and web site address under which Applicant does business in Ohio**

Legal Name Direct Energy Services, LLC  
Address 5400 Frantz Rd., Suite 350, Dublin, OH 43016  
Telephone # (614) 799-4900 Web site address (if any) www.directenergy.com

**A-4 List all names under which the applicant does business in North America**

See attached organizational chart

(Exhibit A-11)

**A-5 Contact person for regulatory or emergency matters**

Name John Gomoll

Title Dir. Gov't & Regulatory Affairs

Business address 1111 W. 22nd Street, Suite 810, Oak Brook, IL 60523

Telephone # (630) 954-3202

Fax # (630) 954-3223

E-mail address (if any) john.gomoll@directenergy.com

**A-6 Contact person for Commission Staff use in investigating customer complaints**

Name Andres Varela

Title Sr. Mgr., US North Operations

Business address 2225 Sheppard Ave E, 2nd Fl North York, Ont, M2J 5C2 Canada

Telephone # (416) 758-4256

Fax # (416) 758-8870

E-mail address (if any) andres.varela@directenergy.com

**A-7 Applicant's address and toll-free number for customer service and complaints**

Customer Service address PMB #51, 7385 N State Route 3, Westerville, OH 43082

Toll-free Telephone # (888) 566-9988

Fax # (800) 457-9686

E-mail address (if any) contactdirectenergy@directenergy

**A-8 Applicant's federal employer identification number # 20-1340064**

**A-9 Applicant's form of ownership (check one)**

☐ Sole Proprietorship

☐ Partnership

☐ Limited Liability Partnership (LLP)

☒ Limited Liability Company (LLC)

☐ Corporation

☐ Other \_\_\_\_\_

**PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:**

**A-10 Exhibit A-10 "Principal Officers, Directors & Partners" provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.**

**A-11 Exhibit A-11 "Corporate Structure," provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America.**

## **B. MANAGERIAL CAPABILITY AND EXPERIENCE**

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- B-1** Exhibit B-1 "Jurisdictions of Operation," provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services.
- B-2** Exhibit B-2 "Experience & Plans," provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.
- B-3** Exhibit B-3 "Disclosure of Liabilities and Investigations," provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.
- B-4** Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.  
☒ No      ☐ Yes

If yes, provide a separate attachment labeled as Exhibit B-4 "Disclosure of Consumer Protection Violations" detailing such violation(s) and providing all relevant documents.

- B-5** Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service denied, curtailed, suspended, revoked, or cancelled within the past two years.  
☒ No      ☐ Yes

If yes, provide a separate attachment labeled as Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation" detailing such action(s) and providing all relevant documents.

## **C. FINANCIAL CAPABILITY AND EXPERIENCE**

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- C-1** Exhibit C-1 "Annual Reports," provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.

- C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.
- C-3 **Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business.
- C-4 **Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).
- C-5 **Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRES operation, along with a list of assumptions, and the name, address, e-mail address, and telephone number of the preparer.
- C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.
- C-7 **Exhibit C-7 "Credit Report,"** provide a copy of the applicant's credit report from Experian, Dun and Bradstreet or a similar organization.
- C-8 **Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.
- C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the five most recent years preceding the application.

## D. TECHNICAL CAPABILITY

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- D-1 Exhibit D-1 "Operations" provide a written description of the operational nature of the applicant's business. Please include whether the applicant's operations include the generation of power for retail sales, the scheduling of retail power for transmission and delivery, the provision of retail ancillary services as well as other services used to arrange for the purchase and delivery of electricity to retail customers.
- D-2 Exhibit D-2 "Operations Expertise," given the operational nature of the applicant's business, provide evidence of the applicant's experience and technical expertise in performing such operations.
- D-3 Exhibit D-3 "Key Technical Personnel," provide the names, titles, e-mail addresses, telephone numbers, and the background of key personnel involved in the operational aspects of the applicant's business.
- D-4 Exhibit D-4 "FERC Power Marketer License Number," provide a statement disclosing the applicant's FERC Power Marketer License number. (Power Marketers only)

  
\_\_\_\_\_  
Signature of Applicant and Title



Sworn and subscribed before me this 30 day of October, 2008  
Month Year

  
\_\_\_\_\_  
Signature of official administering oath

Steven D. Williams Compliance Analyst  
\_\_\_\_\_  
Print Name and Title

My commission expires on Sept. 20, 2009

# **AFFIDAVIT**

State of TEXAS :

HOUSTON ss.  
(Town)

County of HARRIS :

Nathan Kaeckon, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the VP Mass Finance (Office of Affiant) of Direct Energy Services (Name of Applicant);

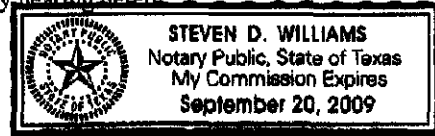
That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
6. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
7. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
8. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

*[Signature]*  
Signature of Affiant & Title



Sworn and subscribed before me this 30 day of October, 2008  
Month Year

*[Signature]*  
Signature of official administering oath

Steven D. Williams Compliance Analyst  
Print Name and Title

My commission expires on Sept 20, 2009



**Exhibit A-10**  
**“Principal Officers, Directors & Partners”**

**Direct Energy Services, LLC**

<b>Deryk King</b> Chief Executive Officer	25 Sheppard Ave West, 15th Floor Toronto, Ontario M2N 6S6 (416) 590-3504
<b>Phillip Tonge</b> President	12 Greenway Plaza, Suite 600 Houston, TX 77046 (713) 877-3501
<b>Jay Hellums</b> SVP, Energy Procurement	12 Greenway Plaza, Suite 600 Houston, TX 77046 (713) 877-3642
<b>William Cronin</b> Chief Operations Officer	2319 Whitney Avenue, 4 <sup>th</sup> Floor Hamden, CT (203) 230-5623
<b>David Clarke</b> Chief Financial Officer and Senior Vice President, Finance	25 Sheppard Ave West, 15th Floor Toronto, Ontario M2N 6S6 (416) 590-3504
<b>Nathan Kroecker</b> Vice-President, Finance (Texas)	12 Greenway Plaza, Suite 600 Houston, TX 77046 (713) 877-3744
<b>Jim Steffes</b> Vice President	12 Greenway Plaza, Suite 600 Houston, TX 77046 (713) 877-3818
<b>Lisa Delsante</b> Assistant Secretary	150 East 52 <sup>nd</sup> Street, 15 <sup>th</sup> Floor New York, NY 10022 (203) 219-3127
<b>Brandon Parent</b> Assistant Secretary	25 Sheppard Ave West, 14th Floor Toronto, Ontario M2N 6S6 (416) 590-3696
<b>Maura Clark</b> President, C&I Energy	Two Gateway Center Pittsburgh, PA 15222 (412) 394-5601

**Exhibit A-11**  
**“Corporate Structure”**

The following entities from the attached organizational chart are retail and/or wholesale entities: Direct Energy Marketing, Inc.; Energy America, LLC; Direct Energy Services, LLC; Direct Energy Business, LLC (formerly Strategic Energy, LLC); Direct Energy, LP; WTU Retail Energy, LP; and CPL Retail Energy LP.

Footnote 1. Centrica Canada Limited and Direct Energy Marketing Limited own 227 and 873 Preferred controlling shares, respectively.

Footnote 1: Centrica Canada Limited and Direct Energy Marketing Limited own 727 and 873 Preferred non-voting shares, respectively

**Exhibit B-1**  
**"Jurisdictions of Operation"**

**Direct Energy Services, LLC**

**Jurisdictions of Operation**

**Direct Energy Services, LLC or an affiliate currently is licensed and active in the following states:**

**Power**

California  
Connecticut  
Delaware  
District of Columbia  
Illinois  
Maine  
Maryland  
Massachusetts  
Michigan  
New Jersey  
New York  
Ohio  
Pennsylvania  
Rhode Island  
Texas

**Gas**

Connecticut  
Illinois  
Massachusetts  
Michigan  
New York  
Ohio  
Pennsylvania  
Rhode Island

**Direct Energy Services, LLC or an affiliate is licensed but currently inactive in the following states:**

**Power**

California  
Delaware  
District of Columbia  
Michigan  
Ohio  
Rhode Island

**Gas**

Maryland  
New Jersey

**Exhibit B-2**  
**"Experience and Plans"**

**Direct Energy Services, LLC**

**Experience & Plans**

It is Direct Energy's intention to continue to fully comply with Sec. 4928.08, Ohio Rev. Code and all the rules promulgated by the Public Utilities Commission of Ohio as contained in Chapter 4901:1-24, Ohio Admin. Code.

In addition to meeting requirements specified in the Commission's Rules, Direct Energy has implemented, or is in the process of implementing, a number of measures designed to minimize consumer complaints arising from marketing and sales activities.

Direct Energy has a procedure for complaint handling and dispute resolution. Complaints are generally received through one of the following avenues: (1) placing a call to our toll free customer service lines, (2) faxing a complaint to 1-800-457-9686, or (3) mailing a letter to Direct Energy at P.O. Box 642156, Omaha, NE, 68164. These methods of contact and dispute resolution are detailed for the customer in the written contract. In addition, there is a process through which Direct Energy can receive consumer complaints directly from PUCO. Direct Energy has established a complaint resolution group that can be contacted by the PUCO at the following e-mail address: [contactdirectenergy@directenergy.com](mailto:contactdirectenergy@directenergy.com). This e-mail addressed is staffed by members of Direct Energy's complaint escalation team to ensure that there is always someone available to immediately start working on a complaint received from a state regulatory agency. Direct Energy promptly responds to complaints received either directly from a customer or from the State's Commission. Any resolution via the State's regulatory Commission includes direct communication with the consumer to resolve the issues raised by the complaint.

In addition to applicable legal and regulatory requirements, the contract with the customer guides the respective rights and responsibilities of both Direct Energy and the customer. As a result, the residential customer's rights and responsibilities are fully set forth in the terms and conditions of service. Specifically, the language includes, but is not limited to, the following:

- The length of the agreement;
- Pricing and billing arrangements;
- Customer's right of rescission/cancellation; and,
- Who to contact in the event the customer has a dispute involving Direct Energy's service.

Regarding billing practices for our mass markets customers (residential and small commercial), Direct Energy provides rate information to the utility, and they bill the customers directly. For our commercial and industrial customers, Direct Energy uses its internal billing system to produce invoices, and then bills the customers directly for commodity charges.

**Exhibit B-3**  
**“Disclosure of Liabilities and Investigations”**

**Direct Energy Services, LLC**

**Disclosure of Liabilities and Investigations**

**Summary of U.S. Regulatory and Disciplinary Proceedings  
As of October 20, 2008**

Direct Energy Business, LLC (“Direct Energy”) has never been the subject of regulatory or disciplinary proceedings, however, in the interest of full disclosure, certain affiliates of Direct Energy have been the subject of regulatory and disciplinary proceedings, which are detailed below.

- Energy America, LLC (“Energy America”) has been the subject of regulatory and disciplinary proceedings in New Jersey, Michigan, Georgia, and Texas. However, Energy America has paid fines to or entered into amicable agreements with the States identified to resolve the matters and has worked cooperatively with regulators to assure that they will not occur again.
- In 2007, Energy America had a proceeding pending before the Federal Energy Regulatory Commission (“FERC”). However, the underlying complaint was dismissed by the FERC with prejudice.
- Direct Energy LP has been the subject of a regulatory proceeding in Texas.
- Strategic Energy, which was acquired by Direct Energy Services, LLC in 2008, has been the subject of a regulatory proceeding with the California ISO.

**Energy America: New Jersey**

In December 1999, Energy America, was a respondent in a proceeding before the New Jersey Board of Public Utilities, docket number ES99110852U. A Consent Order was issued in February 2000 resolving claims that Energy America has improperly marketed to New Jersey customers. Prior to the Consent Order being issued Energy America met certain conditions, including submitting all agent training materials to the Board of Public Utilities staff for review, providing Board of Public Utilities Staff with a dress rehearsal of its revised sales presentation, submitting its third party verification program for review and receiving approval from the Board of Public Utilities and the Division of Consumer Affairs to resume marketing. As part of the Consent Order Energy America agreed to continue its practice of allowing consumers to cancel their contracts at no cost and to contact all New Jersey customers enrolled with Energy America by mail and provide them with an opt-out letter and return postage paid envelope. While Energy America did not admit to any acts which violated any New Jersey laws or regulations, Energy America agreed to make payment to the State of New Jersey for the purposes of further consumer education and funding future investigative and enforcement activities and to pay attorneys’ fees and costs incurred by the Board of Public Utilities and the Division of Consumer Affairs in connection with this matter.

### **Energy America: Georgia**

In July 2000, Energy America was a respondent in a proceeding before the Georgia Public Service Commission, docket number 12126-U. The proceeding resolved claims that Energy America had enrolled door-to-door customers without appropriate authorizations. Energy America did not admit to any acts which violated any Georgia laws or regulations. However, Energy America did agree to a stipulation implementing certain measures including establishing an energy fund to assist low income and elderly customers and paying costs and expenses to the Georgia PSC.

In July 2003, Energy America was a respondent in a proceeding before the Georgia Public Services Commission, docket number 16602-U. The proceeding resolved claims that Energy America had enrolled customers without the appropriate authorizations. Energy America did not admit to any acts which violated any Georgia laws or regulations. Pursuant to a stipulation, Energy America agreed to credit the accounts of complaining customers and to contribute to Georgia's Low-Income Heating Assistance Program.

On January 6, 2004, the Georgia Public Service Commission approved a Stipulation between Energy America and the staff of Georgia Public Service Commission to resolve a matter arising out of the Energy America's inadvertent failure to timely pay its provider of mailbox services (docket number 9557-U). Consistent with applicable rules, Energy America had maintained a mailbox, as among other things, the primary mailing address for certain payments, including Low Income Home Energy Assistance Program ("LIHEAP") payments, and other correspondence from Energy America's customers in the State. As a result of Energy America's inadvertent failure to pay the vendor, payments sent to Energy America at the mailbox address were not forwarded to Energy America resulting in the disconnection of service to several customers. In resolution of these issues, Energy America agreed to reinstate the accounts of all affected customers and made a voluntary contribution to the LIHEAP fund.

### **Energy America: Michigan**

In July 2002, Energy America entered into an Assurance of Voluntary Compliance with the Michigan Attorney General's office to resolve alleged violations of the Michigan Consumer Protection Act. The assurance expired in August 2004 as Energy America had met all substantive terms of the Assurance. In the Assurance Energy America agreed to de-enroll any consumers that alleged they did not authorize the company to enroll them for natural gas service unless Energy America could establish by clear and convincing evidence the consumers allegations were invalid, to not make any false or misleading representations to consumers, to comply with written or verbal requests by consumers to stop soliciting them and to verify future consumer enrollments through taped third party verification or by sending confirmation letters. Energy America did not admit to any acts which violated any Michigan laws or regulations. As part of the Assurance Energy America paid costs and expenses to the Michigan Attorney General's office.

### **Energy America: Federal Energy Regulatory Commission**

On March 15, 2007, the Illinois Attorney General filed a complaint with the Federal Energy Regulatory Commission ("FERC"), alleging that (i) certain electricity suppliers engaged in price manipulation in an auction that Commonwealth Edison Company and the Ameren Companies held in September 2006 and (ii) that the resulting prices are unjust and unreasonable. Energy America was a participant in the auction and was named as a defendant along with fourteen other energy providers. On October 4, 2007, the FERC dismissed the complaint with prejudice.

### **Energy America and Direct Energy, LP: Texas**

On December 10, 2002, the Public Utility Commission of Texas ("PUCT") issued Notices of Violation ("NOVs") to 25 different Retail Electric Providers ("REPs") who missed the requisite 21-day timeframe for responding to customer complaints forwarded by the PUCT. In addition, there were a number of alleged violations for failing to provide sufficient documentation related to a complaint. Many of these cases were resolved through settlement agreements, which were subsequently approved by the PUCT. Republic Power, LP (d/b/a/ Energy America), now operating under the certificated name, Direct Energy, LP, received two NOVs and worked with PUCT Staff to reach a settlement in both cases. The settlements, which included recommended administrative penalties totaling \$25,650, were filed on Aug. 18, 2003; however, the settlements were never placed on the PUCT's agenda for final orders. On March 9, 2007, and after first advising Direct Energy of the PUCT's plans to close out the cases, the PUCT Staff filed proposed final orders, which were subsequently approved by the PUCT on March 29, 2007.

On December 22, 2003, Republic Power (d/b/a Energy America) entered into a Stipulation and Settlement Agreement with the Public Utility Commission of Texas ("PUCT"), docket number 28306, to resolve certain technical violations of the Texas Commission's rules relating to the selection or changes of retail electric providers ("REP"). A Notice of Violation ("NOV") issued by the PUCT had alleged that (i) a pre-checked box on the Company's internet customer enrollment form failed to properly "provide a statement with a box that must be checked by the customer to indicate that the customer has read and agrees to select the REP to provide electric service and the time and date of the customer's enrollment"; (ii) the Company's "Term of Service" document did not contain a required "Electricity Facts Label"; and that (iii) the enrollment package e-mailed by the company to new customers enrolled via the internet failed to include a document entitled "Your Rights As A Customer." Republic Power acknowledged its technical violation of the checkbox requirement and, in fact, had corrected the technical violation prior to the NOV. No customer complaints were received by the PUCT regarding the violation.

The Stipulation and Settlement Agreement also addressed certain complaints that arose out of Republic Power's telemarketing efforts, as conducted by several third party telemarketing firms. It was learned that in violation of Republic Power's instructions, the telemarketing firms had switched certain customers without obtaining proper approval or without making certain required disclosures required by PUCT rules. Republic Power



addressed this situation by suspending telemarketing activities, terminating relationships with these vendors, and implementing a number of controls and compliance measures before resuming telemarketing activities. Pursuant to the Stipulation and Settlement Agreement, in consideration of an administrative penalty of \$750,000, all matters that were the subject of the NOV and customer switching related complaints that occurred on or before August 31, 2003 were deemed fully resolved. As part of the settlement, the PUCT staff and Republic Power acknowledged that customer confusion about the restructured retail electric market may have been a contributing factor to the lodging of some customer complaints. The parties pledged to work together cooperatively to identify and expeditiously resolve any further problems.

These violations were technical and inadvertent in nature or the result of actions of third parties. Applicant resolved these issues in a responsible and reasonable manner and is working cooperatively with regulators to prevent their re-occurrence.

On August 24, 2007, Direct Energy and the Staff of the Public Utility Commission of Texas ("PUCT" or "Commission") filed a Settlement Agreement and Report to the Commission (Docket No. 34671) to resolve a matter related to differing interpretations of the existing PUCT rules for renewal of electric service with respect to small commercial customers. Direct Energy's renewal practice for small commercial customers was to send renewal notices to its customers whose contracts were about to expire. The notices offered to renew the contracts for another 24-month term, and would be effective if the customer did not take action by a specific, disclosed date. The notices included the appropriate disclosures of the renewal product's terms, including notice of an early cancellation fee. Each small commercial customer was also provided the opportunity to contact the Company to decline the renewal offer without penalty. This renewals approach allowed Direct Energy's customers to continue receiving service with the Company on a product comparable to their existing contract without taking any further action. Direct Energy believes that this approach provided a valuable and desirable service to customers and that this renewals practice is not prohibited by the PUCT's rules.

After investigating Direct Energy's renewal practices, the PUCT Staff concluded that Direct Energy and Staff interpreted the existing rules related to renewals differently and that Direct Energy's interpretation was incorrect. Specifically, the PUCT Staff believes that renewing customers for a time period greater than 31 days requires the customer's affirmative consent; however, it was explicitly noted in the Settlement Agreement that:

- Direct Energy and the PUCT Staff interpreted the PUCT rules "differently, and although Staff contends that the Company's interpretation of this rule was incorrect, Staff found no evidence of any willful or negligent violation."
- "Direct Energy fully cooperated with Staff's investigation."
- "After being notified of Staff's concerns regarding Direct Energy's contract renewal practices, the Company voluntarily modified its contract renewal practices to address the issues raised by Staff."

Direct Energy strongly believes that it correctly interpreted and adhered to the renewal rules in the Texas market and that its customers thought so as well. Approximately 5,200 small commercial customer renewals occurred during the period covered by the

PUCT's investigation – of these, 25% elected to exercise their option to select another supplier; the other 75% remained with Direct Energy. It is important to note that the PUCT received only 3 customer complaints, with 2 of those arriving after publicity surrounding a settlement by another provider on the same issue.

On December 14, 2007, the Commission issued a Final Order approving a revised Settlement Agreement between Commission Staff and Direct Energy, in which Direct Energy agreed to: 1) provide notice to all affected customers that they are no longer subject to a term commitment and may choose another service plan or provider without being charged a cancellation fee; 2) provide refunds of early cancellation penalties that may have been levied; and 3) expend \$895,000 to fund the development and presentation of an education program regarding the retail electric market in the Electric Reliability Council of Texas targeted to small commercial customers in lieu of paying an administrative penalty.

#### **Strategic Energy: California ISO**

On August 22, 2008, the California ISO ("CAISO") issued a \$93,364 penalty against Strategic Energy, LLC in connection with a failure by our contracting partner San Diego Gas & Electric to adequately report load meter data for the April 27 – May 28, 2007 trading days. Strategic Energy quickly realized this error and promptly self-reported it to the CAISO, however, pursuant to the CAISO's tariff, which is approved by the FERC, a penalty is mandatory. Strategic Energy has worked with its Wholesale Compliance team to develop procedures to prevent future occurrences of this nature.

**Exhibit C-1**  
**“Annual Reports”**

Direct Energy Services, LLC, is a wholly-owned subsidiary of Centrica, plc. Therefore, Direct Energy Services, LLC’s financial affairs are part of the audited, consolidated financial statement and annual report of its parent corporation, Centrica, plc.

Please see the links below for access to Centrica’s Annual Reports from 2006 and 2007, the most recent Annual Reports available.

2007: <http://www.centrica.co.uk/files/reports/2007ar/index.asp?pageid=3>

2006: <http://www.centrica.co.uk/files/reports/2006ar/index.asp?pageid=45>

**Exhibit C-2**  
**“SEC Filings”**

Direct Energy Services, LLC, is a wholly-owned subsidiary of Centrica, plc. Therefore, Direct Energy Services, LLC’s financial affairs are part of the audited, consolidated financial statement and annual report of its parent corporation, Centrica, plc. Centrica, plc does not file with the SEC because it is a United Kingdom company.

**Exhibit C-3**  
**“Financial Statements”**

Direct Energy Services, LLC, is a wholly-owned subsidiary of Centrica, plc. Therefore, Direct Energy Services, LLC’s financial affairs are part of the audited, consolidated financial statement and annual report of its parent corporation, Centrica, plc. Please see Exhibit C-1 which contains the Annual Reports for Centrica, plc, which include financial statements. Also see Exhibit C-6 which contains a Support Agreement.

**Exhibit C-4**  
**“Financial Arrangements”**

This document contains confidential and proprietary information. It is being submitted under seal and Direct Energy has filed a Motion for a Protective Order.

**Exhibit C-5**  
**“Forecasted Financial Statements”**

This document contains confidential and proprietary information. It is being submitted under seal and Direct Energy has filed a Motion for a Protective Order.

**Exhibit C-6**  
**“Credit Rating”**

The current credit rating for Centrica, plc as reported by Fitch Ratings on October 23, 2008, is A.

The current credit rating for Centrica, plc as reported by Moody's Investors Service on October 23, 2008, is A3.

Attached is a redacted version of the Support Agreement. An unredacted version was submitted under seal.



<HELP> for explanation.

Enter # <GO> for historical ratings.

Related Functions

Company Tree Ratings

CREDIT PROFILE

Centrica PLC

Page 1/1

MOODY'S

1) Outlook	STABLE	14) Senior Unsecured Debt	DBRS	WR
2) Issuer Rating	A3	15) Short Term		WR
3) Senior Unsecured Debt	A3			
4) Short Term	P-2			

STANDARD & POOR'S

5) Outlook	NEG
6) LT Foreign Issuer Credit	A
7) LT Local Issuer Credit	A
8) ST Foreign Issuer Credit	A-1
9) ST Local Issuer Credit	A-1

FITCH

10) Outlook	NEG
11) LT Issuer Default Rating	A
12) Senior Unsecured Debt	A
13) Short Term	F1

## **SUPPORT AGREEMENT**

This Support Agreement is made as of August 6, 2004 by and between \_\_\_\_\_, a company incorporated \_\_\_\_\_ ("Parent"), and \_\_\_\_\_, a Delaware limited liability company ("Subsidiary").

### **WHEREAS:**

- (A) Parent is the indirect owner of 100% of the outstanding common stock of Subsidiary; and
- (B) Parent and Subsidiary desire to take certain actions to enhance and maintain the financial condition of Subsidiary.

**NOW THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

#### **1. Execution and Delivery of this Agreement**

Each of Parent and Subsidiary represents that the execution and delivery of this Support Agreement has been duly authorised by it and this Support Agreement will constitute its legal, valid and binding obligation in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganisation and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

#### **2. Stock Ownership**

Parent is the indirect owner of 100% of the common stock of Subsidiary.

#### **3. Liquidity Provision**

If, during the term of this Support Agreement, Subsidiary is unable to make timely payment of any obligations of Subsidiary, Parent, promptly upon notice from Subsidiary, shall provide to Subsidiary up to an aggregate of US\$ \_\_\_\_\_ in the form of cash or liquid assets.

#### **4. Notices**

Any notice, instruction, request, consent, demand or other communication required or contemplated by this Support Agreement shall be in writing, shall be given or made or communicated by United States first class mail, facsimile transmission or hand delivery, addressed as follows:

If to Parent:

If to Subsidiary:

5. **Successors**

This Support Agreement shall be binding upon the parties hereto and their respective successors and assigns.

6. **Obligations of Parent**

This Support Agreement is not, and nothing herein contained, and nothing done pursuant hereto by Parent shall constitute or shall be construed or deemed to constitute an evidence of indebtedness, or any obligation or liability, of Parent as guarantor, endorser, surety or otherwise in respect of any securities of Subsidiary of any subsidiary of Subsidiary.

7. **Governing Law**

This Support Agreement shall be governed by and construed in accordance with the laws of the State of New York.

8. **Remedies**

The parties to this Support Agreement acknowledge and agree that breach of any of the covenants of Parent set forth herein may not be compensable by payment of money damages and, therefore, that the covenants of Parent set forth herein may be enforced in equity by a decree requiring specific performance. Such remedies shall be cumulative and non-exclusive and shall be in addition to any other rights and remedies Subsidiary may have under this Support Agreement.

**IN WITNESS WHEREOF** the parties hereto have set their hands as of the day and year first above written.

By: .....  
Director

By: ...  
Company Secretary

By: .....  
Authorised Signatory

**Exhibit C-7**  
**“Credit Report”**

Please see the attached Dun & Bradstreet credit report for Direct Energy Services, LLC.



**ATTN:**Naz Karimabadi  
**Report Printed:**July 08, 2008

## Application : DIRECT ENERGY SERVICES, LLC

- **D-U-N-S® Number:** 15-235-8441 - DIRECT ENERGY SERVICES, LLC
- **Application Number:** FCCKETL34
- **Trade Names:** (FOREIGN PARENT IS CENTRICA PLC, WINDSOR, ENGLAND.) - DIRECT ENERGY
- **Endorsement/Billing Reference:** naz.karimabadi@directenergy.com

### D&B Address

<b>Address</b>	263 Tresser Blvd 8th Fl Stamford,CT - 06901	<b>Application Address</b>		• <b>Assigned to:</b> Credit Department
<b>Phone</b>	203 328-3540	<b>Address</b>	263 TRESSER BLVD FL 8 STAMFORD,CT - 069013205	• <b>Application</b> <b>Submitted:</b> 07/08/2008
<b>Fax</b>		<b>Phone</b>	203 328-3540	• <b>Last View Date:</b>
<b>Location</b>	Headquarters (Subsidiary)	<b>Fax</b>		
<b>Type</b>				
<b>Web</b>	www.directenergyservices.com			

## Company Summary

### Application Decision Reasons

**Status:** Approved **Approved:** An automated decision resulted in a "Approved" outcome on 07/08/2008.

The "FSS Approval" rule triggered this review because of the following conditions

Condition	Value
<b>Financial Stress Score National Percentile Is Greater Than or Equal To 21</b>	92

And the following conditions were not met:

Condition	Value
<b>Out of Business Indicator Is True</b>	False
<b>Bankruptcy Found Is True</b>	False

Based on the "Approved" rule the credit terms recommended are :

<b>Credit Limit</b>	\$0.00
<b>Payment Terms</b>	Not Set
<b>Early Payment Discount</b>	Not Set

**Analyst Instructions**No instructions provided for this Decision.

### Score Bar

### D&B 12-month PAYDEX®

#### 12-month D&B PAYDEX®: 68

(Lowest Risk:100; Highest Risk:1)

When weighted by dollar amount, Payments to suppliers average 17 days beyond terms

### Public Filings

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	Number of Records	Most Recent Filing Date
Bankruptcies	0	-
Judgments	0	-
Liens	1	10/20/05
Suits	0	-
UCC's	3	11/19/07

The public record items contained herein may have been paid, terminated, vacated or released prior to today's date.

### Financial Stress Score Class

#### Financial Stress Score Class: 1

(Lowest Risk:1; Highest Risk:5)

Low risk of severe financial stress over the next 12 months.

Commercial Credit Score Class	3	Approved Credit Terms	
PAYDEX®	68		
Financial Stress Class	1	Approved Credit Limit	\$0.0
D&B Rating	1R2	Approved Payment Terms	Not Set
D&B 3-month PAYDEX®		Approved Early Payment Discount	Not Set
		Approved Term Status	Active

3-month D&B PAYDEX®: 69

(Lowest Risk:100; Highest Risk:1)

When weighted by dollar amount, Payments to suppliers average 16 Days Beyond Terms

Company Overview

This is a headquarters (subsidiary) location

Branch(es) or Division(s) exist	Y
Manager	LOIS HEDG-PETH, MEMBER
Year Started	2004
Employees	260 (1 Here)
SIC	4924
Line of business	Retail provider of electricity and natural gas commodities and services
NAICS	221210
History Status	CLEAR

Commercial Credit Score Class

Commercial Credit Score Class: 3

(Lowest Risk:1; Highest Risk:5)

Medium risk of severe payment delinquency over next 12 months.

Small Business Risk Insight

Credit Application

Business

Company Name	DIRECT ENERGY SERVICES, LLC
ID	FCCKETL34



**Company Details**

Business Name:	DIRECT ENERGY SERVICES, LLC	Province/State:	Connecticut
Country:	United States Of America	Province:	
Reason Code:		Zip/Postal Code:	069013205
Address - Primary Street (No P.O. Boxes):	263 TRESSER BLVD FL 8	Company Phone:	203 328-3540
Secondary Street Address:		D-U-N-S® Number:	15-235-8441
City:	STAMFORD	Application Custom Question 2:	
County:			

**Contact Information**

First Name:	Phone Number:
Last Name:	Secondary Phone Number:
Title in Business:	Fax Number:
Department:	E-mail Address:

**Profile**

Region:	USGM	Start Date:	
Business Unit:		Years In Business:	4
Customer Type:		Date of Incorporation:	
SIC Code:	4924	State of Incorporation:	
Public Company:	No	Number of Employees:	260
Business Structure:		Risk Category:	
Is this business a public or privately-held business?:		Does this business have any bankruptcies, judgments, tax liens or pending suits?:	

**Business Identification**

Is this business an existing customer?:	D-U-N-S® Number - Parent:	77-855-7603
Account Number:	D-U-N-S® Number -	15-235-8441

Federal Tax ID:

Ultimate Parent:

D-U-N-S®

Number - Global 77-855-7603

Ultimate:

**Request**

Requested

Amount:

Anticipated

Volume (KWH):

Are bank or trade  
references

available?:

Is a personal

guarantee

available?:

Processing

Priority:

**Account Detail**

Product Line:

Account

Activation Date:

Account

Assignee: Credit Department

Last Year's

Sales:

Last Payment

Date:

Last Payment

Amount:

Application

Custom Question

1:

**Order Information**

Last Order Date:

Last Order

Number:

Last Order

Amount:

Sales Rep Name:

Sales Rep

Number:

Sales Rep Phone

Number:

Sales Rep E-mail

Address:

**Corporate Linkage****Parent****Company****City , Country****D-U-N-S? NUMBER**

CENTRICA PLC

Windsor , UNITED  
KINGDOM

77-855-7603

**Subsidiaries (Domestic)****Company****City , State****D-U-N-S? NUMBER**

STRATEGIC ENERGY, L.L.C.

PITTSBURGH ,  
Pennsylvania

80-077-0810

**Branches (Domestic)**

<b>Company</b>	<b>City , State</b>	<b>D-U-N-S? NUMBER</b>
DIRECT ENERGY SERVICES, LLC	BETHESDA , Maryland	60-293-9592
DIRECT ENERGY SERVICES, LLC	WALLINGFORD , Connecticut	61-469-6065
DIRECT ENERGY SERVICES, LLC	PITTSBURGH , Pennsylvania	82-715-6550

**Affiliates (Domestic)**

<b>Company</b>	<b>City , State</b>	<b>D-U-N-S? NUMBER</b>
CPL RETAIL ENERGY L.P.	HOUSTON , Texas	01-774-0544
BASTROP ENERGY PARTNERS, L.P.	CEDAR CREEK , Texas	02-949-6531
DIRECT ENERGY, LP	HOUSTON , Texas	03-971-3354
CENTRICA US HOLDINGS INC	WILMINGTON , Delaware	12-426-5781
RESIDENTIAL SERVICES GROUP INC	DAYTON , Ohio	13-292-9097
DIRECT ENERGY INC	STAMFORD , Connecticut	14-875-8951
WTU RETAIL ENERGY LP	HOUSTON , Texas	60-685-5018

**Affiliates (International)**

<b>Company</b>	<b>City , Country</b>	<b>D-U-N-S? NUMBER</b>
Centrica Canada Limited	North York , CANADA	25-992-5550
GreenSource Capital Inc	Markham , CANADA	25-996-2496
Centrica Energie GmbH	DUSSELDORF , GERMANY	55-109-6626
CENTRICA TRUSTEES LTD	Windsor , UNITED KINGDOM	52-571-2097
CENTRICA QUEST LTD	Windsor , UNITED KINGDOM	54-425-8502
CENTRICA TRADING LTD	Slough , UNITED KINGDOM	54-429-2436
CENTRICA BETA HOLDINGS LTD	Windsor , UNITED KINGDOM	73-437-9808
CENTRICA HOLDINGS LTD	Windsor , UNITED KINGDOM	34-825-9537
CENTRICA DELTA LTD	ISLE OF MAN , UNITED KINGDOM	36-483-8750
CENTRICA JERSEY LIMITED	Jersey , UNITED KINGDOM	21-754-8291
CENTRICA ENERGIA S.L.	MADRID , SPAIN	86-308-4443

**Predictive Scores****Credit Capacity Summary**

This credit rating was assigned because of D&B's assessment of the company's financial ratios and its cash flow. For file://C:\Documents and Settings\swilliams4\Desktop\OHIO Power Renewal Exhibits\X2008 Exhibit Cr... 10/20/2008

more information, see the  
" D&B Rating Key".

Number of employees: 1R indicates 10 or more employees

D&B Rating : 1R2

Composite credit appraisal: 2 is good

The Rating was changed on June 3, 2008 because of a change in the company's total number of employees.

The 1R and 2R ratings categories reflect company size based on the total number of employees for the business. They are assigned to business files that do not contain a current financial statement. In 1R and 2R Ratings, the 2, 3, or 4 creditworthiness indicator is based on analysis by D&B of public filings, trade payments, business age and other important factors. 2 is the highest Composite Credit Appraisal a company not supplying D&B with current financial information can receive.

**Below is an overview of the  
company's rating history since  
07-10-2004**

Number of Employees 260 (1 here)  
Total:

D&B Rating	Date Applied	Payment Activity:	(based on 17 experiences)
1R2	06-03-2008		
2R2	06-07-2006	Average High Credit:	\$1,940
--	07-10-2004	Highest Credit:	\$10,000
		Total Highest Credit:	\$29,100

## D&B Credit Limit Recommendation

Conservative credit Limit	\$600,000
Aggressive credit Limit:	\$1,000,000

Risk category for this business : **LOW**

This recommended Credit Limit is based on the company profile and on profiles of other companies with similarities in size, industry, and credit usage.

Risk is assessed using D&Bs scoring methodology and is one factor used to create the recommended limits. See Help for details.

## Financial Stress Class Summary

The Financial Stress Class Summary Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&Bs extensive data files.

The Financial Stress Class of 1 for this company shows that firms with this classification had a failure rate of 1.2% (120 per 10,000), which is lower than the average of businesses in D & B's database

## Financial Stress Class : 1

(Lowest Risk:1; Highest Risk:5)

Low risk of severe financial stress, such as bankruptcy, over the next 12 months.

**Incidence of Financial Stress:**

- Among Businesses with this Classification: **1.20 %** (120 per 10000)
- Average of Businesses in D&Bs database: **2.60 %** ( 260 per 10000)
- Financial Stress National Percentile : **92** (Highest Risk: 1; Lowest Risk: 100)
- Financial Stress Score : **1471** (Highest Risk: 1001; Lowest Risk: 1875)

The Financial Stress Class of this business is based on the following factors:

- 28% of trade dollars indicate slow payment(s) are present.
- Control age or date entered in D & B files indicates higher risk.
- Payment experiences exist for this firm which are greater than 60 days past due.

**Notes:**

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Incidence of Financial Stress - National Average represents the national failure rate and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&Bs file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on sample data from 2004

<b>Norms</b>	<b>National %</b>
This Business	92
Region: NORTHEAST	50
Industry: INFRASTRUCTURE	49
Employee range: 100-499	99
Years in Business: 3-5	42

This Business has a Financial Stress Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

**Credit Score Class Summary**

The Credit Score class predicts the likelihood of a firm paying in a severely delinquent manner (90+ Days Past Terms) over the next twelve months. It was calculated using statistically valid models and the most recent payment information in D&Bs files.

The Credit Score class of 3 for this company shows that 14.3% of firms with this classification paid one or more bills severely delinquent, which is lower than the average of businesses in D & B's database.

Credit Score Class : 3

(Lowest Risk:1; Highest Risk:5)  
Moderate risk of severe payment delinquency over next 12 months.

Incidence of Delinquent Payment

- Among Companies with this Classification: **14.30 %**
- Average compared to businesses in D&B's database: **20.10 %**
- Credit Score Percentile : **63** (Highest Risk: 1; Lowest Risk: 100)
- Credit Score : **486** (Highest Risk: 101; Lowest Risk:670)

The Credit Score Class of this business is based on the following factors:

- 28% of trade dollars indicate slow payment(s) are present.
- Payment experiences exist for this firm which are greater than 60 days past due.
- No record of open lien(s), or judgment(s) in the D & B files.
- Business does not own facilities.

Notes:

- The Credit Score Class indicates that this firm shares some of the same business and payment characteristics of other companies with this classification. It does not mean the firm will necessarily experience delinquency.
- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses. For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&Bs files.
- The Credit Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Credit Class, Percentile, Score and Incidence statistics are based on sample data from 2004

Norms	National %
This Business	63
Region: NORTHEAST	50
Industry: INFRASTRUCTURE	42
Employee range: 100-499	75
Years in Business: 3-5	50

This business has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

Trade Payments

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences to calculate the percentage, and the total credit value of the credit extended.

\$ Credit Extended	# Payment Experiences	\$ Total Dollar Amount	% of Payments Within Terms
Over 100,000			
50,000-100,000	0	\$0	0%
15,000-49,999	0	\$0	0%
5,000-14,999	3	\$22,500	78%
1,000-4,999	3	\$4,500	44%
Under 1,000	9	\$2,100	72%

Based on payments collected over last 12 months.

Payment experiences reflect how bills are met in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

### Payment Summary

- There are 17 payment experience(s) in D&Bs file for the most recent 12 months, with 7 experience(s) reported during the last three month period.
- The highest Now Owes on file is \$2,500 . The highest Past Due on file is \$100

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	Total Rev'd (#)	Total Dollar Amts (\$)	Largest High Credit (\$)	Within Terms (%)	Days Slow <31 31-60 61-90 90>		
					(%)		
Top Industries							
Nonclassified	3	10,250	7,500	76	24	0	00
Whol office supplies	2	10,250	10,000	51	0	0	049
Executive office	2	600	500	100	0	0	00
Data processing svcs	1	5,000	5,000	100	0	0	00
Trucking non-local	1	1,000	1,000	100	0	0	00
Misc equipment rental	1	1,000	1,000	100	0	0	00
Pulp mill	1	500	500	0	0	100	00
Ret mail-order house	1	250	250	100	0	0	00
Mechanical contractor	1	100	100	100	0	0	00
Whol service paper	1	100	100	50	50	0	00
Short-trm busn credit	1	50	50	0	0	0	0100
Photocopying service	1	0	0	0	0	0	00
Radiotelephone commun	1	0	0	0	0	0	00
Other payment categories							
Cash experiences	0	0	0				
Payment record unknown	0	0	0				
Unfavorable comments	0	0	0				
Placed for collections:							
With D&B	0	0	0				

Other	0	N/A	0
Total in D&Bs file	17	29,100	10,000

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Indications of slowness can be result of dispute over merchandise, skipper invoices etc.

## Payment Details

Date Reported (mm/yy)	Paying Record	High Credit (\$)	Now Owes (\$)	Past Due (\$)	Selling Terms	Last Sale Within (month)
05/08	Slow 60	500	0	0		4-5 mos
04/08	Ppt	1,000	0	0		6-12 mos
	Ppt	100	0	0	N30	6-12 mos
	Ppt-Slow 30	100	100	100		1 mo
03/08	Ppt	250	0	0		6-12 mos
	Ppt	0	0	0		1 mo
	Slow 120	50	0	0		6-12 mos
	Ppt	1,000	1,000		Lease Agreement	
	Ppt	0	0			1 mo
	Ppt-Slow 120	10,000	0	0		4-5 mos
01/08	Ppt	7,500	0	0		6-12 mos
	Slow 30	2,500	0	0		6-12 mos
10/07	Ppt	250	250	0		1 mo
	Ppt	100				1 mo
08/07	Ppt	5,000	2,500	0		1 mo
06/07	Ppt	250	250		N30	1 mo
03/07	(017) Satisfactory	.500				6-12 mos

Payments Detail Key: red - 30 or more days beyond terms

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc. Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

## Public Filings

### Summary

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	0	-
Liens	1	10/19/05
Suits	0	-



UCCs

3

11/19/07

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

**Liens**

A lien holder can file the same lien in more than one filing location. The appearance of multiple liens filed by the same lien holder against a debtor may be indicative of such an occurrence.

Amount	\$11,552
Status	Released
FILING NO.	2356663
Type	Local Tax
Filed By	CITY OF STAMFORD
Against	DIRECT ENERGY SERVICES LLC AND OTHERS
Where Filed	UCC COMMERCIAL RECORDING DIVISION, HARTFORD, CT
Date Status Attained	12/12/05
Date Filed	10/19/05
Latest Info Received	02/14/06

**UCC Filings**

Collateral	Accounts receivable including proceeds and products
Type	Original
Sec. Party	NIAGARA MOHAWK POWER CORPORATION, SYRACUSE, NY
Debtor	DIRECT ENERGY SERVICES, LLC
Filing No.	6190051 3
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2006-06-05
Latest Info Received	07/05/06



Collateral	Assets including proceeds and products - Account(s) including proceeds and products - Oil, gas and minerals including proceeds and products - Contract rights including proceeds and products - and OTHERS
Type	Original
Sec. Party	UBS REAL ESTATE INVESTMENTS INC., NEW YORK, NY
Debtor	LEXHAM OLIVE, LLC C/O LEXHAM PRIVATE INVESTORS, LLC
Filing No.	2007 1174233
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2007-03-29
Latest Info Received	05/20/07



Collateral	Account(s) and proceeds - Chattel paper and proceeds - General intangibles(s) and proceeds
Type	Original
	NATIONAL FUEL GAS DISTRIBUTION CORPORATION, WILLIAMSVILLE,

DNBi

Sec. Party	NY
Debtor	DIRECT ENERGY SERVICES, LLC, WALLINGFORD, CT
Filing No.	2007 4400312
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2007-11-19
Latest Info Received	12/20/07

The public record items contained herein may have been paid, terminated, vacated or released prior to today's date.

## Government Activity

### Activity summary

Borrower (Dir/Guar)	NO
Administrative Debt	NO
Contractor	YES
Grantee	NO
Party excluded from federal program(s)	NO

### Possible candidate for socio-economic program consideration

Labour Surplus Area	N/A
Small Business	YES (2007)
8(A) firm	N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

## History and Operations

### Company Overview

Company Name:	DIRECT ENERGY SERVICES, LLC
Doing Business As :	(FOREIGN PARENT IS CENTRICA PLC, WINDSOR, ENGLAND.) , +DIRECT ENERGY
Street Address:	263 Tresser Blvd 8th Fl Stamford , 06901
Phone:	203-328-3540
URL:	<a href="http://www.directenergyservices.com">http://www.directenergyservices.com</a>
History	Is clear
Present management control	4 years

### History

The following information was reported: **06/02/2008**

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Officer(s): LOIS HEDG-PETH, MEMBER  
BILL CRONIN, MEMBER

Incorporated in the state of CT as an LLC.

Ownership information provided verbally by Rob Loller, Fin Dir, on Nov 15 2005.

Business started 2004 by members.

#### RECENT EVENTS :

On June 3, 2008, sources stated that Direct Energy Services, LLC, Stamford, CT, announced the successful completion of its acquisition of Strategic Energy, L.L.C., Pittsburgh, PA on June 2, 2008. With this acquisition, Strategic Energy, L.L.C. will operate as a subsidiary of Direct Energy Services, LLC. Financial terms of the acquisition were not disclosed.

LOIS HEDG-PETH. Antecedents are unknown.

BILL CRONIN. 2004-present active here.

#### Operations

06/02/2008

Subsidiary of CENTRICA PLC, Windsor, .

(Foreign parent is CENTRICA PLC, Windsor, ENGLAND.).

Description: Retail Provider of electricity and natural gas commodities and services (100%).

Terms are on contractual basis.

Nonseasonal.

Employees: 260 which includes partners. 1 employed here.

Facilities: Occupies 2,000 sq. ft. in brick building.

Branches: Maintains a branch in Bethesda, MD and Wallingford, CT.

Subsidiaries: This business has multiple subsidiaries, detailed subsidiary information is available in D & B's linkage or family tree products.

#### SIC & NAICS

##### SIC:

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&Bs use of 8-digit SICs enables us to be more specific to a companys operations that if we use the standard 4-digit code.

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

4924 0000 Natural gas distribution

##### NAICS:

file://C:\Documents and Settings\swilliams4\Desktop\OHIO Power Renewal Exhibits\X2008 Exhibit Cr... 10/20/2008

Financial Statements

Company Financial: D&B

D&B currently has no financial information on file for this company.  
You can ask D&B to make a personalized request to this company on your behalf to obtain its latest financial information by clicking the Request Financial Statements button below.

Additional Financial Data

On NOV 15 2005 Rob Loller, Fin Dir, deferred all information.

As of November 15 2005 a search of Dun & Bradstreets Public Record database found no open suits, liens, judgements or UCCs to which Direct Energy Services, LLC at 263 Tresser Blvd 8th Fl, Stamford CT was named defendant or debtor. Public records received hereafter will be entered into the database and will be included in reports which contain a Public Filings section.

Key Business Ratios

D & B has been unable to obtain sufficient financial information from this company to calculate business ratios. Our check of additional outside sources also found no information available on its financial performance.  
To help you in this instance, ratios for other firms in the same industry are provided below to support your analysis of this business.

Based on this Number of Establishments	10		
	Industry Norms Based On 10 Establishments		
	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales	UN	5.3	UN
Return on Net Worth	UN	12.0	UN
Short-Term Solvency			
Current Ratio	UN	1.0	UN
Quick Ratio	UN	0.5	UN
Efficiency			
Assets / Sales	UN	143.6	UN
Sales / Net Working Capital Utilization	UN	31.3	UN
Total Liabilities / Net Worth	UN	219.1	UN

UN = Unavailable

## Audit Trail

### Audit Trail

Date/Time of the Event	Event Name	Triggered By	Message
07/08/2008 02:03 PM EST	Inbox Start Status Changed	Naz Karimabadi	The application status was set to 'Approved'.The application was assigned to Credit Department.
07/08/2008 02:03 PM EST	Application Decisioned	Naz Karimabadi	The credit application was reviewed and resulted in the status of 'Approved'.
07/08/2008 02:03 PM EST	D&B Report Found	Naz Karimabadi	D&B Report was found for DIRECT ENERGY SERVICES, LLC , D-U-N-S Number 15-235-8441.
07/08/2008 02:03 PM EST	D&B Report Searched	Naz Karimabadi	D&B Report was searched for DIRECT ENERGY SERVICES, LLC , D-U-N-S Number 15-235-8441.
07/08/2008 02:03 PM EST	Application Created	Naz Karimabadi	The credit application was created.

### Originating Credit File

<b>Business Name</b>	<b>DIRECT ENERGY SERVICES, LLC</b>
<b>Type</b>	D&B LiveReport
<b>Status</b>	D-U-N-S Number 15-235-8441
<b>Date Created</b>	Tracked
	03/04/2008 10:39 AM EST

### All Credit Files with same D-U-N-S® Number as this Application

Company Name	Type	Status	Date Created
DIRECT ENERGY SERVICES, LLC	Application - #FCN4P9KQ4	Approved	03/04/2008 10:39 AM EST
DIRECT ENERGY SERVICES, LLC	D&B LiveReport	Tracked	03/04/2008 10:39 AM EST
DIRECT ENERGY SERVICES, LLC	D-U-N-S Number 15-235-8441		
DIRECT ENERGY SERVICES, LLC	Application - #FCCXWHPQN	Approved	05/05/2008 03:45 PM EST
DIRECT ENERGY SERVICES, LLC	Application - #FCCTEVWHD	Approved	07/08/2008 09:55 AM EST

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**Exhibit C-8**  
**“Bankruptcy Information”**

Direct Energy Services, LLC, has not been involved in any bankruptcy proceeding since the last filing for certification in October 2006.

**Exhibit C-9**  
**“Merger Information”**

Direct Energy Services, LLC, acquired Strategic Energy, LLC, in June 2008. Please see attached copy of notice previously sent by Direct Energy Services, LLC to the Ohio Public Utilities Commission dated June 30, 2008.



Direct Energy

**Via Overnight Mail**

June 30, 2008

Ohio Public Utilities Commission  
Attn: Mr. Charles Stockhausen  
180 E. Broad St.  
Columbus, OH 43215-3793  
800-686-7826

RE: Update to information for Direct Energy Services, LLC – License #00-0019(3)

Mr. Stockhausen:

Pursuant to the requirements of Ohio Administrative Code 4901:1-24-10, please allow this correspondence to serve as notice that Direct Energy Services, LLC, ("Direct Energy") (License #00-0019(3)) acquired Strategic Energy, LLC, ("Strategic Energy") (License #00-005(i)).

The former corporate parent of Strategic Energy, as should be reflected in PUC files, was Great Plains Energy, Inc. of Kansas City, MO. **The new corporate owner of Strategic Energy is Direct Energy Services, LLC, an indirect wholly owned subsidiary of Centrica plc.** As a result of this change in ownership, Direct Energy Services, LLC, is now affiliated with Strategic Energy, LLC, a CRES provider currently licensed to operate within the State of Ohio. At this time, Strategic Energy is not changing its name or its services.

Regulatory approvals from FTC and FERC for this transaction were issued on May 2, 2008, and May 13, 2008, respectively. Approval from CFIUS was issued on May 28, 2008, and the transaction closed on June 2, 2008.

Additionally, Direct Energy has made changes to its officers. Please find attached Direct Energy's updated list of officers, Attachment A.

If you have any questions regarding this notice, please contact me.

Sincerely,

Steven D. Williams  
Compliance Analyst

12 Greenway Plaza  
Suite 600  
Houston, TX 77046  
Tel: 713-877-3503

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## **ATTACHMENT A**

## ATTACHMENT A

The following is a current list of the Officers and Directors of Direct Energy Services, LLC:

**Officers:**

Deryk I. King  
Chief Executive Officer  
(416) 590-3504

Phillip W. Tonge  
President  
(713) 877-3501

Jay Hellums  
Senior Vice President, Energy Procurement  
(713) 877-3642

Bill Cronin  
Chief Operations Officer  
(203) 328-3566

David Clarke  
Chief Financial Officer and Senior Vice President, Finance  
(416) 590-3348

Jamey Seely  
Secretary  
(713) 877-3507

Brandon Parent  
Assistant Secretary  
(416) 590-3696

Lisa Delsante  
Assistant Secretary  
(203) 328-3572

James Steffes  
Vice President  
(713) 877-3818

Nathan Kroeker  
Vice President, Finance  
(713) 877-3744

Maura Clark  
President, C&I Energy  
(203) 328-3543

**Directors:**

Bill Cronin  
(203) 328-3566

## **Exhibit D-1 "Operations"**

Direct Energy Services, LLC, has the resources and expertise to successfully procure and deliver power, interface with electric distribution companies, and provide excellent customer service. Extensive experience in both the gas and electric industry in other states provides the institutional knowledge for Direct Energy Services, LLC, to successfully serve the retail electric market in Ohio.

In providing service to its Ohio customers, Direct Energy Services, LLC, will draw on the technical capability of its own personnel, who have industry-leading experience in providing energy services in retail markets, and the technical ability of its parent company, Centrica plc. Centrica plc is a diversified energy company with substantial operations in Western Europe and North America. In North America, Centrica's affiliates supply energy and essential home services to residential customers and provide electricity and a multitude of products and services that support wise energy use and conservation.

As part of Centrica, Direct Energy Services, LLC, has over five million commercial and residential customer relationships for gas, electric, and related services across North America.

Overall, Direct Energy Services, LLC, has over 500 employees across the United States.

Direct Energy Services, LLC, has familiarity with Electronic Data Interchange ("EDI"). Direct Energy Services, LLC, will continue to use its current EDI vendor, Energy Services Group ("ESG"). Over 100 energy companies have utilized ESG for compliant systems and ongoing management of billing and transactions for natural gas and electric utility service territories. ESG has worked with commercial and industrial energy suppliers, residential energy suppliers, metering companies, financial organizations, ISOs, natural gas and electricity distribution companies, and other energy market participants. Moreover, ESG has been a pioneer in the development and utilization of competitive energy data exchange protocols. Working hand in hand with their clients' operations, ESG was the first company to be certified by an energy company trading partner for EDI protocols in Connecticut, Rhode Island, Virginia, Maryland, New Jersey, New York and Pennsylvania.

**Exhibit D-2**  
**“Operations Expertise”**

The principals and management of Direct Energy Services, LLC, have extensive experience in the energy industry, including particular experience in the areas of natural gas, power supply, energy marketing, deregulation, economic and financial planning, strategic planning and acquisitions in the energy industry, customer contracting and customer relations, utility system planning and project development, scheduling, balancing, risk management, billing and accounting.

Direct Energy Services, LLC, already has experience as a competitive supplier in the Midwest region and familiarity with operations in the region. Moreover, through its experience as a competitive gas supplier in Ohio, Direct Energy Services is familiar with the issues and interests of Ohio customers.

**Exhibit D-3**  
**“Key Technical Personnel”**

**Jay Hellums**

Senior Vice President, Energy Management

[jay.hellums@directenergy.com](mailto:jay.hellums@directenergy.com)

713-877-3642

As Senior Vice President, Energy Management, Jay is responsible for the gas and power procurement and trading activities supporting the company's U.S. and Canadian markets.

Before joining Direct Energy, Jay was Managing Director and Head of European Operations at El Paso Merchant Energy Europe Limited in the United Kingdom, where he was in charge of the formation and management of gas and power trading and marketing operations.

Prior to joining El Paso, Jay held senior management positions with the Enron Corporation and Bankers Trust. He has 20 years of experience in the energy industry.

He received a BBA in Finance from the University of Houston and an MBA from Rice University in Houston, Texas.

**Tim Ray**

Vice President, Gas Southern Region

[tim.ray@directenergy.com](mailto:tim.ray@directenergy.com)

713-877-3644

Tim joined the company in August 2002. Prior to this he was the Vice President of the Energy Management Group for New Power overseeing both national power and natural gas operations.

He has spent his entire 22-year career in the natural gas industry. His career began in 1985 where he was employed as an accountant by Columbia Gas Transmission Corp., a U.S. interstate pipeline company. He was employed with Columbia through 1990 where he left as the Supervisor of Natural Gas Accounting. Tim subsequently joined Access Energy, the largest independent U.S. marketer of natural gas at the time, as Manager of Natural Gas Analysis in 1990 and also served as Manager of Financial Accounting. After acquisition of Access by Enron Corp., he moved into the energy supply management area as Manager of Gas Supply for the Western territory of the United States. Upon relocation in 1998 to Houston, Texas, he was promoted to Director of Gas Supply Management for Enron Energy Services, the retail-marketing subsidiary of Enron Corp. where he managed the U.S. retail supply operations to its customers behind 100 local distribution companies.

Tim is a graduate of West Virginia University with a B.Sc. in Business Administration majoring in Accounting and passed the Certified Public Accountancy examination in 1989.

**Rob Comstock**

Senior Vice President, Canada Home Services

[robert.comstock@directenergy.com](mailto:robert.comstock@directenergy.com)

203-230-5622

As Senior Vice President, Canada Home Services, Rob is responsible for managing all aspects of day to day customer operations as well as operational and systems strategy for both mass market and C&I customers.

Prior to joining Direct Energy, Rob spent two years at a retail energy start up where he had responsibility for operations, including the integration of operational systems, organizations, and infrastructures relating to multiple large acquisitions. Rob also spent 10 years in the Oil industry, most recently as the division head with P&L responsibility for a \$400 million in revenue business. In addition, Rob spent time in a number of functional roles, including Finance, HR, and Marketing.

Rob graduated from Hofstra University with a BA in Finance.

**Exhibit D-4**  
**"FERC Power Marketer License Number"**

<b>Federal Regulatory Body</b>	<b>License/Holder</b>	<b>Name/Type</b>	<b>Docket No.</b>	<b>Effective Date (MBR Granted)</b>
FERC	Direct Energy Services, LLC	MBR Tariff	ER06-386-002	6-Feb-06