STEP BY STEP ALLOCATION PROCESS FOR

NON RESIDENTIAL CHOICE CUSTOMERS – WITH ALGORITHM

(1) Assigned to each MVR SCO Supplier their pro rata share of the transferred Non Residential Choice customers. This shall be done by taking the percentage of Non Residential Choice Customers at the time the Non Residential exit percentage is achieved (30%) multiplied by the number of Non Residential Choice Customers to be assigned at the time of allocation, multiplied by the ratio of awarded tranches over all historic tranches.   [(TW/TA) * 0.3 * TCA].

(2) Assign to each MVR Choice Supplier their pro rata share of the transferred Non Residential Choice customers. This shall be done by taking the percentage of Non Residential Choice Customers at the time the Non Residential exit percentage is achieved (70%) multiplied by the number of Non Residential Choice Customers to be assigned at the time of the allocation, multiplied by the ratio of total Choice Customers the Choice Supplier served to all Choice eligible customers at the time Columbia calculates the percentage.   [(ChS / TChS) *0.7*TCA].

(3) Determine the residual number of Non Residential Choice Customers to be awarded who were not assigned by steps (1) and (2) above. Allocate the residual Non Residential Customers to each MVR supplier by the ratio of the total number of customers assigned to each MVR supplier under steps (1) and (2) divided by the total number of Non Residential Customers assigned under steps (1) and (2). [(TCA-TCAMVR) * (STCMVR/ TCAMVR)].

Where:

TW – Equals a particular supplier's total number of awarded tranches during the historic period. The historic period is defined in the Opinion and Order as tranche ownership as of the date of the Order, January 9, 2013. The historic period, therefore, includes tranches awarded for the 2013-2014 year plus all tranches awarded going forward until the year of exit ("historic period")).

: TA – equals the total number of tranches won by all SCO suppliers during the historic period.

: 0.3 (or 30%) - is the multiplier for purposes of determining the SCO suppliers allocation of SCO customers to be assigned.

: ChS –Equals the total number of Choice customers served by an individual CRNGS, on the allocation day, excluding Choice customers being served through governmental aggregations.

: TChS – Equals the total number of Choice customers served by all CRNGS at the time of allocation excluding Choice customers served through governmental aggregations.

: TCA – Equals the total number of Non Residential Choice customers to be awarded at the time of allocation.

: TCAMVR – Equals the total number of Non-Residential Choice customers awarded in steps (1) and (2) to MVR suppliers.

:STCMVR – Equals an individual MVR supplier's total number of Non-Residential Choice customers awarded under steps (1) and (2).

EXAMPLE SUPPLIER A

Calculation of number of Non Residential Choice Customers to be assigned Supplier A assuming 30,000 Non Residential customers to be assigned on April 1, 2014 with Supplier A on the assignment date of January 1, 2014 having won 4 of 48 historic tranches and serving 15% of the non governmental aggregated Choice customers. Finally, the example assumes that assignment to MVR suppliers accounts for 25,000 of the 30,000 Non Residential Choice Customers to be assigned and Supplier A's ratio is 15.6% for purposes of the residual assignment ([(3,150 + 750)]/25,000)=15.6%).

Step One: TW/TA * 0.3 * TCS = 4/48*.3*30,000 =   750 customers

 Step Two: (ChS / TChS) *0.7* TCS = 15%*.7*30,000 = 3,150

Step Three: (TCA-TCAMVR) * (STCMVR/ TCAMVR) = 5,000 * 15.6% = 780

Total assignment to Supplier A =750+3,150+780 = 4,680 customers assigned

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Summary: Exhibit /Attachment 1 to Memo Contra Hess Corporation Application for Rehearing electronically filed by JOSEPH CLARK on behalf of Direct Energy Services, LLC and Direct Energy Business, LLC and Interstate Gas Supply, Inc.