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September 5, 2007

Via Hand Delivery

Ms. Renee Jenkins
Docketing Division
Public Utilities Commission of Ohio
13th Floor
180 East Broad Street
Columbus, OH 43215-3793

Re: *In the Matter of the Application of the Ohio Edison Company, The Cleveland Electric Illuminating Company, and The Toledo Edison Company, for Approval of a Competitive Bidding Process for Standard Service Offer Electric Generation Supply, Accounting Modifications Associated with Reconciliation Mechanisms and Phase In, and Tariffs for Generation Service; Case Nos. 07-796-EL-ATA and 07-797-EL-AAM.*

Dear Ms. Jenkins:

Please find enclosed for filing in the above captioned matters the original and eleven (11) copies of the following pleadings: (1) *Motion to Intervene of Direct Energy Services, LLC* and (2) *Initial Comments of Direct Energy Services, LLC*. Please file the original and nine (9) copies of each pleading and date stamp and return the additional two copies.

Very truly yours,

BAILEY CAVALIERI LLC



Dane Stinson

Enclosures

cc: Counsel of Record

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of the Ohio Edison)	
Company, The Cleveland Electric Illuminating)	
Company, and The Toledo Edison Company, for)	
Approval of a Competitive Bidding Process for)	Case No. 07-796-EL-ATA
Standard Service Offer Electric Generation Supply,)	Case No. 07-797-EL-AAM
Accounting Modifications Associated with)	
Reconciliation Mechanisms and Phase In, and)	
Tariffs for Generation Service.)	

**MOTION TO INTERVENE
OF
*DIRECT ENERGY SERVICES, LLC***

Direct Energy Services, LLC ("Direct Energy") respectfully moves the Public Utilities Commission of Ohio for leave to intervene in the above-captioned cases pursuant to Section 4903.221, Ohio Rev. Code, and Rule 4901-1-11, Ohio Admin. Code. Direct Energy's interests in this proceeding and the reasons supporting this Motion to Intervene are set forth in the attached Memorandum in Support.

Respectfully submitted,

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MEMORANDUM IN SUPPORT

Direct Energy Services, LLC ("Direct Energy") is certified as a competitive retail electric service ("CRES") provider in Ohio, and has an interest in supplying CRES services in Ohio Edison Company's, The Toledo Edison Company's and The Cleveland Electric Illuminating Company's (the "Companies") service territories. On July 10, 2007, the Companies filed, pursuant to Section 4928.14, Ohio Rev. Code, and Chapter 4901:1-35, Ohio Admin. Code, an application for approval of a competitive bidding process ("Application"). The competitive bidding process is designed to procure electric supply beginning January 1, 2009, for the provision of standard service offer ("SSO") electric generation to the Companies' retail electric customers who do not purchase electric generation service from a competitive supplier.

Direct Energy is a subsidiary of Centrica plc. Centrica is a leading provider of energy and other energy-related services to over 32 million customers worldwide, with annual revenues of \$31 billion, \$24 billion in market capitalization, and over 30,000 employees. Direct Energy has over 5 million gas and electricity customers and more than 5,000 employees in North America. It operates in 13 U.S. states and the District of Columbia, and owns 1,260 megawatts of gas-fired generating capacity in Texas.

Rule 4901-1-11, Ohio Admin. Code, implements the provisions of Section 4903.221, Ohio Rev. Code,¹ governing intervention in proceedings before the Public Utilities Commission of Ohio ("Commission"). Pursuant to Rule 4901-1-11(A)(2), Ohio Admin. Code, the

¹ Section 4903.221, Ohio Rev. Code, permits a "person who may be adversely affected" to intervene in a Commission proceeding and provides the following criteria for the Commission to consider in ruling upon applications for intervention:

- (1) The nature and extent of the prospective intervenor's interest;
- (2) The legal position advanced by the prospective intervenor and its probable relation to the merits of the case;
- (3) Whether the intervention by the prospective intervenor will unduly prolong or delay the proceedings;
- (4) Whether the prospective intervenor will significantly contribute to full development and equitable resolution of the factual issues.

Commission may grant intervention if a person has “a real and substantial interest in the proceeding and the person is so situated that the disposition of the proceeding may, as a practical matter, impair or impede his or her ability to protect that interest, unless the person's interest is adequately represented by existing parties.” Under the rules, and consistent with the provisions of Section 4903.221, Ohio Rev. Code, the Commission may consider the following criteria in making its determination:

- (1) The nature of the person's interest;
- (2) The extent to which the person's interest is represented by existing parties;
- (3) The person's potential contribution to a just and expeditious resolution of the issues involved in the proceeding; and
- (4) Whether granting the requested intervention would unduly delay the proceeding or unjustly prejudice any existing party.

Rule 4901-1-11(B), Ohio Admin. Code.


The end of the Companies' RSP presents the Commission with a unique opportunity to revisit the status of retail electric competition in Ohio, and the Companies' application for approval of a competitive bid process offers the Commission the unique opportunity to develop a competitive supply procurement process that meets the pro-competitive policies of Ohio's electric restructuring law, Am. Sub. Senate Bill 3 (“SB 3”), including the development of a market-based SSO. See Section 4928.14, Ohio Rev. Code. Because CRES providers such as Direct Energy must procure electric supply at market rates, it is imperative that the market-based standard service offer (“MBSSO”) be designed to provide the appropriate market pricing signals to permit CRES providers to compete. Direct Energy believes that the Application provides an important initial step in the appropriate design of MBSSO; however, it is concerned that the MBSSO proposed in the Application would not provide the appropriate market pricing signals and, indeed, some of its provisions would skew the incentives of customers to shop at rates set by

market forces, as envisioned by SB 3. These provisions include, but are not limited to, the use of long-term supply contracts to establish the MBSSO price, the imposition of non-bypassable charges on customers who shop, the ability to distort market prices through the “slice of system” competitive bidding proposal, the residential rate phase-in, the amount of the Companies’ load available to a single supplier, the limitation of renewable energy credits to sources from PJM and MISO, and the failure to propose programs to foster retail competition in Ohio. Direct Energy has a real and substantial interest in these proceedings as a certified CRES and seeks to intervene to protect its ability to compete in the Companies’ markets.

Direct Energy will not unduly prolong or delay these proceedings and, indeed, has filed this motion to intervene prior to deadline for intervention established Section 4903.221, Ohio Rev. Code. With its experience as a competitive service provider, Direct Energy will contribute significantly to the full development and resolution of the factual and legal issues in these proceedings. Moreover, Direct Energy’s financial interests in this proceeding cannot be adequately represented by any other party.

Wherefore, Direct Energy respectfully requests that the Commission grant its motion to intervene in this proceeding.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dane Stinson", is written over a horizontal line.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and accurate copy of the foregoing *Motion to Intervene of Direct Energy Services, LLC* was served by regular United States mail, postage prepaid, this 5th day of September, 2007 on the persons listed below.



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