

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of AES)
Power Direct L.L.C. to Become a Licensed) Case No. 00-1714-EL-CRS
Certified Retail Electric Supplier in the)
State of Ohio.)

ENTRY

The Commission finds:

- (1) On September 21, 2000, AES Power Direct L.L.C. (AES) filed an application to become a licensed certified retail electric supplier in the state of Ohio.
- (2) Rule 4901:1-24-06(A), Ohio Administrative Code (O.A.C.), provides that an application shall be deemed automatically approved pursuant to Section 4928.08, Revised Code, upon the 31st day after the filing date.
- (3) On October 19, 2000, the Ohio Consumers' Counsel (OCC) filed a request that the Commission suspend the application.
- (4) In its motion requesting suspension, OCC contends that AES has failed to demonstrate the managerial capability required for certification. OCC contends that AES allowed one of its subsidiaries, Titan Energy, Inc. (TEI), to send a letter misleading its natural gas customers regarding TEI's obligation to maintain the terms and conditions of certain natural gas contracts. OCC contends that, had TEI been providing electric service, TEI's letter would have been a violation of Rule 4901:1-21-02(A)(2), O.A.C., which prohibits CRES providers from misleading, deceptive, and unconscionable acts in the administration of its contracts. OCC attached to the motion a copy of the letter TEI sent to its customers regarding renegotiation of their existing natural gas contracts.
- (5) On October 20, 2000, AES filed a memorandum contra OCC's motion to suspend. AES contends that OCC's motion is based entirely on a single incident involving TEI, a wholly owned subsidiary of AES. AES states that on July 25, 2000, the United States Bankruptcy Court for the Northern District of Georgia approved the sale of TEI's stock to AES. As a condition of this approval, the court found that TEI was not relieved from its existing contracts with its Ohio customers and that AES was to cause TEI to comply with that directive. AES also states that on September 7, 1999, TEI, then known as United Gas Management, Inc., entered into an assurance agreement with the Commission, OCC, Columbia Gas of Ohio, and the Ohio

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Attorney General that a mandatory notice be sent to TEI's customers advising them of their right to renegotiate their gas supply contracts at the end of the first year or to remain on their existing contracts. AES also claims that TEI sent that notice in error and without AES's approval, incorrectly stated that the customers' options were to enter into a new arrangement or return to Columbia, and did not advise customers of their right to remain on their existing contracts.

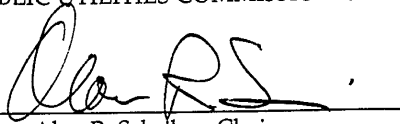
- (6) AES indicates that, as a result of the TEI letter, approximately 190 customers indicated their desire to cancel their agreement with TEI. AES further notes that another meeting was held on October 2, 2000, between AES, TEI, and other signatory parties to the assurance agreement, including OCC. At that meeting TEI agreed to and has sent letters to all affected customers correcting the notice and advising these customers that they indeed have the option of remaining on their existing contracts. AES contends that, while one of its subsidiaries incorrectly sent the notice to customers, it has addressed the problem created by TEI's error and has cooperated fully with the Commission staff and OCC to correct the problem. Further, AES will take all necessary actions to assure that any customers that cancelled their contracts are held harmless from any damages if they return to TEI.
- (7) AES's application was automatically approved on October 21, 2000. Nevertheless, we want to make it clear that we approved AES' certificate conditioned upon its actions in assuring that all customers who elected to switch gas suppliers, based on the notice sent by TEI, must be held harmless from any damages if they return to TEI. In addition, AES is directed to cause TEI to send a follow-up letter to all customers who canceled their TEI contracts to advise them that an incorrect notice was sent and to specifically note that any customer choosing to return and remain with TEI has that right, without incurring any penalty. We direct AES to fully cooperate with Commission staff on the expeditious resolution of this issue and report to staff on a monthly basis until all affected customers are either switched back to TEI or elect to remain with another supplier. Finally, we note that, upon receipt of any further information involving questionable activities by TEI, we will not hesitate to consider suspending or revoking AES' CRES certificate.

It is, therefore,

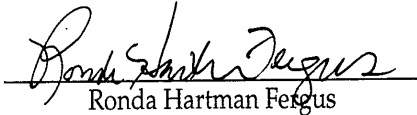
ORDERED, That AES comply with the directives in Finding (7). It is, further,

ORDERED, That a copy of this entry be served upon each party of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



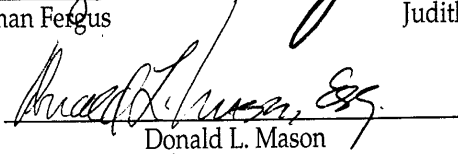
Alan R. Schriber, Chairman



Ronda Hartman Fergus



Judith A. Jones



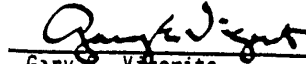
Donald L. Mason

SEF:geb

Entered in the Journal

OCT 26 2000

A True Copy



Gary E. Vigorito
Secretary

SERVICE NOTICE

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CASE NUMBER 00-1714-EL-CRS
CASE DESCRIPTION AES POWER DIRECT L.L.C.
DOCUMENT SIGNED ON October 26, 2000
DATE OF SERVICE Oct 27 2000

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