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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

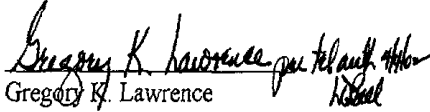
PUCO

In the Matter of the Application of)
Shell Energy Services for a Waiver of) Case No. 02-834-EL-UNC
PUCO Rule OAC 4901:1-21-11 (G)(4))

MOTION OF SHELL ENERGY SERVICES
FOR A WAIVER OF RULE 4901:1-21-11 (G)(4)
AND
MOTION FOR AN EXPEDITED RULING

Now comes Shell Energy Services Company, L.L.C. ("Shell Energy") and respectfully requests the Public Utilities Commission of Ohio ("Commission") grant a limited waiver of Ohio Administrative Code ("OAC") 4901:1-21-11 (G)(4) for the reasons set forth below in the Memorandum In Support. Shell Energy further requests an expedited ruling pursuant to OAC 4901:1-1-12 (C). Further, during the pendency of the Commission's review of this waiver Motion, Shell Energy seeks permission to maintain its "non-responding" customers, rather than immediately returning the customers to FirstEnergy Corp. service, as described in the Memorandum In Support.

Respectfully submitted,


Gregory K. Lawrence
Peter I. Trombley

Attorneys for
Shell Energy Services Company, L.L.C.

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MEMORANDUM IN SUPPORT

I. Introduction and Argument

Shell Energy Services Company, L.L.C. ("Shell Energy") is a certified Competitive Retail Electric Service provider ("CRES").¹ Shell Energy currently serves the electric energy needs of over 25,000 residential customers in the FirstEnergy Corp. ("FirstEnergy") distribution service territories as part of the Market Support Generation ("MSG") program.² Shell Energy has been active in numerous regulatory proceedings before the Public Utilities Commission of Ohio ("Commission") designed to bring Ohio consumers choice of energy suppliers. In fact, Shell Energy was the first marketer signatory to the FirstEnergy restructuring settlement that created MSG as a jump-start to electric competition.³

Pursuant to an automatic renewal clause in their Terms and Conditions ("T&C"s) of service, most of Shell Energy's customers are currently coming due for their first annual automatic renewal. As part of this renewal process, Shell Energy must increase its prices to account for Commission-approved increases in MSG prices. Shell Energy has also adopted a fixed annual, rather than seasonal, rate structure and a price increase to meet changing market conditions. This new price structure currently represents a 6% savings for the typical residential consumer when compared to the regulated utility's tariff shopping credit.⁴

These savings are contingent on the continued receipt by Shell Energy of MSG supply on the

¹ CRES Certificate No. 00-0010(1) granted in Case No. 00-1792-EL-CRS (November 2, 2000).

² Shell Energy serves electric consumers in the service territories of The Ohio Edison Company, Cleveland Electric Illuminating Company and the Toledo Edison Company. These customers are not associated with or part of any governmental aggregation program.

³ The Stipulation and Recommendation and the Supplemental Settlement Materials were approved by the Commission in: *Re FirstEnergy Corp.*, (Opinion and Order), Case Nos. 99-1212-EL-ETP, 99-1213-EL-ATA and 99-1214-EL-AAM (July 19, 2000).

⁴ This calculation is based on a customer consumption level of 750 kilowatt-hours per month.

customers' behalf. Because the new price structure is a material change, Shell Energy highlighted each change to the T&Cs and sought each customer's written consent by letter, as required by Ohio Administrative Code ("OAC") 4901:1-21-11(G)(4) (the "Rule"). To date, Shell Energy has mailed approximately 11,000 renewal notices. The vast majority of its customers (6,824 or approximately 65%) have accepted the new price structure in writing. This high level of response indicates that Shell Energy's renewal is extremely attractive to the consumers that received the letter. However, the remaining customers (3,976 or approximately 35%) have not responded to Shell Energy's renewal notices. Assuming similar customer response levels, Shell Energy expects that in total approximately 8,000 customers will not respond to Shell Energy's renewal notices.

Under the current Commission rules, if they do not respond, these 8,000 customers must be returned to FirstEnergy service at significantly higher rates and, thus, lose the 5-year MSG allocation that corresponds to their agreement with Shell Energy. Under FirstEnergy's protocols, MSG must be reallocated to other claimants in the MSG queue. By failing to respond, these customers together could lose over \$180,000 during the first renewal period if they are returned to the utility. It will be no surprise if these consumers complain to the Commission and Shell Energy regarding: (1) long-term lost savings; (2) loss of MSG; and (3) being forced off Shell Energy's service despite expressing a preference for and maintaining service with Shell Energy over the last year.⁵ Critically, under the Commission's current rules Shell Energy must begin returning customers to FirstEnergy's service on April 5, 2002.

To continue saving money for these non-responding customers and to avoid customer confusion and discontent, Shell Energy respectfully requests that the Commission waive the positive consent requirement found in the Rule and allow these 8,000 customers to maintain their

MSG supply and savings through Shell Energy's new T&Cs. Importantly, these customers will not be trapped, because, under the T&Cs, these customers may cancel Shell Energy service at any time and for any reason. The Rule states as follows (emphasis added):

Between forty-five and sixty days before the contract expires, the CRES provider shall furnish written notice of such expiration to residential and small commercial customers whose contracts automatically renew or extend.

If the automatic renewal entails any material changes to the contract (except for price reductions), the CRES provider shall notify the customer of such changes, describe or highlight each change and obtain the customer's consent to such changes pursuant to any of the enrollment procedures established in Rule 4901:1-21-06 of the administrative code.

The Rule requires Shell Energy to notify its customers of any material change to the agreement and to obtain the customers' consent to the changes in an approved manner.⁶ A stated purpose of the Rule is to provide an "efficient and cost-effective procedure to ensure that customers are intentionally rejecting or accepting offers for electric service."⁷ The Commission declined on rehearing to allow a CRES provider's failure to receive a customer's response to constitute consent in order to avoid customer confusion.⁸ However, in the order promulgating the Rule, the Commission indicated that "customer convenience" and a consumers "happiness"

⁵ Consumers may view the forced higher price, albeit incorrectly, as utility or Commission "slamming."

⁶ The approved forms of consent are: mail, facsimile, person-to-person, telephone (voice recording) and internet. OAC 4901:1-21-06.

⁷ In the matter of the Commission's Promulgation of Rules for Minimum Competitive Retail Electric Service Standards pursuant to Chapter 4928, Revised Code (Entry on Rehearing), Case No. 99-1611-EL-ORD at 11 (June, 8, 2000).

⁸ *Id.*

with its electric provider were critical factors in rejecting imposition of more stringent contracting standards based on the theory that the change in material term constituted a new contract offer.⁹

Customers often do not read their utility bill inserts or energy-related mailings. Customers who do not actively accept the new T&Cs must be returned to the FirstEnergy default service tariff rate, and, uniquely, lose MSG and pay significantly higher prices. Thus, rather than serving the convenience and interests of the customer and acknowledging their on-going choice of Shell Energy, the Rule will cause customers to lose the benefit of their choice by forcing inattentive and unsuspecting customers back to higher utility tariff rates. Furthermore, once the MSG is lost -- it is lost. These 8,000 customers will not be able to find similar savings in the marketplace even if they select a new CRES provider. The inevitable customer confusion and complaints will not serve customers' interest and will defeat the policy behind the Rule.

Shell Energy requests the following: (1) in this specific case and unique circumstance, the Commission should relax the Rule to allow Shell Energy to renew its agreements with the 8,000 customers who have not responded to Shell Energy's renewal notice;¹⁰ (2) the Commission should grant expedited treatment of this waiver request to serve the interests of the 8,000 customers, especially given that Shell Energy will be forced to drop customers beginning April 5, 2002; and (3) the Commission should allow Shell Energy to continue service to these non-responding customers while the Commission considers this Motion. Shell Energy is seeking

⁹ In the matter of the Commission's Promulgation of Rules for Minimum Competitive Retail Electric Service Standards pursuant to Chapter 4928, Revised Code (Finding and Order), Case No. 99-1611-EL-ORD at 22 (April 6, 2000).

¹⁰ The Commission has granted waivers when a company's plan was not in exact compliance with a rule, when there were unique circumstances faced by the company in implementing the plan. *See, e.g. Re FirstEnergy Corp.*, Case Nos. 99-1212-EL-ETP, 99-1213-EL-ATA and 99-1214-EL-AAM (July 19, 2000).

waiver only of the Rule as it applies to its specific facts and circumstances and for a limited period. It is not seeking to overturn the Rule or the rulemaking process.

II. Shell Energy's Special and Unique Circumstances

Shell Energy has enrolled over 25,000 residential customers in FirstEnergy service territories using MSG as its exclusive power source. These customers enrolled with Shell Energy under automatically renewing twelve-month agreements. Under the T&Cs,¹¹ the customers retain the right to leave at any time without penalty.

Shell Energy's new price structure represents a 6 % savings off the FirstEnergy shopping credit for the typical residential customer. Because of MSG, the new Shell Energy prices remain the lowest prices currently offered in the residential market.¹² Simply comparing the percent savings offered, the new Shell Energy prices provide 70% more savings off the utility tariff rates than the lowest priced alternative.¹³ If for some reason the 8,000 customers do not want this price savings, they remain free to cancel their Shell Energy service at any time.

Shell Energy has followed the renewal process required by the Rule. Shell Energy mailed renewal notices to its customers seeking signed consent forms.¹⁴ The notices included a copy of the revised T&Cs and highlighted the changes. The notices clearly stated that the customers were required to respond by signing and returning a "re-enrollment stub" in order to continue service with Shell Energy. To ease customer burden, each notice also included a postage-paid, pre-addressed return envelope.

¹¹ The Commission staff informally reviewed these T&Cs.

¹² According to the Apples to Apples chart posted on the Commission website on April 4, 2002, FirstEnergy Solutions offers a savings of 3.5% off the FirstEnergy shopping credit. There were no other price offerings posted.

¹³ This factor is calculated by dividing the Shell Energy savings percentage of 6% by the FirstEnergy Solutions savings percentage of 3.5% which results in a factor of 71.4%.

¹⁴ A sample copy of the renewal notice and new T&Cs is attached in Exhibit A.

Approximately 70% of the customers have responded by signing and returning the "re-enrollment stub" to Shell Energy. Indeed, a number of these customers felt strongly enough to use their own envelope and stamp to provide their consent to the new T&Cs. Further, to its knowledge, Shell Energy has not received any negative communication or any rejection of the revised terms in any form, written or telephonic.

However, for the remaining 8,000 customers, Shell Energy has not received any response, either positive or negative. Critically, these customers have remained with Shell Energy over the last year and saved money, despite the opportunity to cancel at any time. Shell Energy believes that these customers intend or would intend to continue to save money on their electric bills and maintain their MSG allocation. This makes sense in the unique circumstances given: (1) the lack of any economically equivalent or superior options; and (2) the great majority of customers have consented in writing to stay with Shell Energy. It is safe to assume that the choice of those 8,000 customers would be to continue with Shell Energy rather than be returned to FirstEnergy or pay a higher market price. The Commission should put the convenience and savings of the consumer and the unique structure of the MSG program ahead of rigid application of the Rule.

Unless the waiver is granted, Shell Energy will be required to return 8,000 non-responding customers to the utility and its higher default service prices. Starting on April 5, 2002, the first group of Shell Energy's customers will be returned to FirstEnergy and will lose their MSG. The number of customer drops will continue to grow on a daily basis as contracts expire (up to 571 customers will be dropped per day). Not only will the new supplier charge these customers a higher rate, but these customers also will lose their rights to the low-cost MSG power, which

under the FirstEnergy protocols must immediately be reallocated to other MSG claimants waiting in the MSG queue.

III. Shell Energy Offers Additional Customer Protections

Shell Energy only requests waiver of the requirement to receive positive consent regarding the 8,000 non-responding customers. If the waiver is granted, Shell Energy will continue its attempt to notify customers of the new T&Cs and through an additional reminder-mailing attempt to obtain the customer's affirmative consent.¹⁵ Again, these customers will be allowed to choose another supplier or return to FirstEnergy at any time without paying any contractual penalty or termination fee to Shell Energy.

IV. Shell Energy Seeks a Limited Waiver

MSG is a special and valuable product the existence of which was not contemplated when the CRES rules were developed. Loss of MSG and savings through a rigid application of the Rule is a prime example of an unintended consequence of the Rule. The requested waiver only would apply to Shell Energy and the 8,000 MSG customers. Shell Energy does not seek to overturn the entire Rule and rulemaking process.¹⁶ In a similar situation encountered last year, the Commission granted Enron Energy Services and other CRES providers a waiver of the prohibition against small commercial contracts exceeding two-years in length.¹⁷ In its order on this matter, the Commission approved the relaxation of a customer protection rule with similar impact to the Rule.

¹⁵ In fact, Shell Energy has already begun distributing an additional round of renewal notice reminders. A sample of the reminder is included in Exhibit B.

¹⁶ In the light of current market activities, Shell Energy considers the affirmative consent for renewal requirement to be a systemic problem that unreasonably burdens marketers serving small consumers. While outside the scope of this proceeding, Shell Energy encourages the Commission to consider reevaluating this rule on a broader level.

¹⁷ In the matter of the Application of Enron Energy Services for a Waiver of PUCO Rule OAC 4901: 1-21-11 (C) (October 31, 2001).

V. Shell Energy's Motion For An Expedited Ruling Should Be Granted And In The Interim, Shell Energy Should Be Permitted To Continue Service

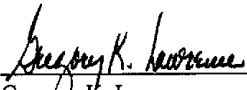
Shell Energy requests an expedited ruling¹⁸ in order to avoid returning masses of unwilling customers to the utility and force reallocation of MSG. Beginning on April 5, 2002, as many as 571 customers per day will be forced to lose MSG under rigid application of the Rule.

Shell Energy also requests immediate permission, during the pendency of this request, to retain the customers who have not responded to Shell Energy's notice. If permission is granted, while the Motion is pending before the Commission, Shell Energy will continue to serve the non-responding customers under their current, original T&Cs. To do otherwise would risk hundreds, if not thousands, of complaints from consumers forced into higher rates and lost MSG.

¹⁸ Shell Energy files a Memorandum in Support. Given the likelihood that support would not be forthcoming and under the emergent circumstances, Shell Energy did not contact potential interested parties prior to filing this Motion. OAC 4901-1-12 (C).

WHEREFORE, for the reasons set forth in this Memorandum In Support, Shell Energy respectfully requests that the Commission grant this Motion for a Waiver of 4901:1-21-11 (G)(4) on an expedited basis pursuant to Rule 4901-1-12 (C) and, in the interim, allow it to continue service to its non-responding customers.

Respectfully submitted,


Gregory K. Lawrence
Peter I. Trombley

*Attorneys for
Shell Energy Services Company, L.L.C.*

MCDERMOTT, WILL & EMERY¹⁹
600 Thirteenth Street, N.W.
Washington, DC 20005
Phone 202-756-8000
Fax 202-756-8087

¹⁹ A Motion Pro Hac Vice was filed simultaneously with this Motion.

Exhibit A

Shell Energy Renewal Notice

and

Terms and Conditions



Shell Energy

BWNGQBJ
«CUSTOMERNUMBER»
«FIRSTNAME» «LASTNAME»
«STREETADDRESS»
«CITY», «STATE» «ZIP»

IMPORTANT – PLEASE READ
YOU MUST RE-ENROLL
TO CONTINUE YOUR
POWER SAVINGS

«MailingDate»

Continue to save money on your electricity!

In order for you to remain with Shell Energy and continue to save on your electric generation, **please detach, sign and mail the Re-Enrollment Stub**. We must have positive confirmation of your choice to remain with Shell. We cannot continue providing your electricity generation service unless we receive your signed Re-Enrollment Stub. **If we do not receive your signed Re-Enrollment Stub before your initial term of service is completed, we will begin the drop process, which means you lose your MSG and return to FirstEnergy.**

It has been almost a year since Shell Energy began providing your electric generation service after receiving approval of our claim for Market Support Generation ("MSG") for your account. It is now time to renew our service agreement. The price for MSG power has increased, and as a result we must increase our rates to you. Per Ohio regulations, we would like to notify you that our price will change and request your consent. **If you do not wish to remain with Shell Energy, you will lose the Market Support Generation assigned to your account.**

The MSG allows you to continue receiving **discounted power pricing** from Shell Energy. **MSG is not transferable.** Because Shell Energy is the supplier that claimed MSG to serve you —if you change suppliers or return to the utility, you will lose the benefit of the low-cost MSG assigned to your account.

How much will I save?

Please review the pricing information in the chart below. Shell Energy's estimate of savings is based on a typical customer using 750 kWh per month. Your actual savings will depend on your annual and seasonal consumption levels.

Utility Domains	Estimated Annual Savings
Ohio Edison, Toledo Edison and Cleveland Illuminating	6% off the generation shopping credit

Act now!

Please mail your Re-Enrollment Stub today. We want to continue providing your electricity generation service and saving you money. Please use the enclosed pre-addressed, postage-paid envelope. We appreciate your business and look forward to serving you in the future.

Regards, Shell Energy Customer Care

Please Detach at Perforation ↑

Re-Enrollment Stub

Yes, I want Shell Energy to continue providing my discounted electric generation service until February 28, 2003 and I agree to the terms of service contained in the Retail Power Supply Agreement that I received with this letter.

«FirstName» «LastName»
«StreetAddress»
«City», «State» «Zip»
Account number: «CustomerNumber»

Print Name

Signature

Date

«CustomerNumber»

Please see the back of this letter for Frequently Asked Questions
Sign, detach and mail this stub to Shell Energy today!

Customer's Copy of Re-enrollment Stub - Please sign and keep for your records

Yes, I want Shell Energy to continue providing my discounted electric generation service until February 28, 2003 and I agree to the terms of service contained in the Retail Power Supply Agreement that I received with this letter.

«FirstName» «LastName»

«StreetAddress»

Print Name

«City», «State» «Zip»

Account number: «CustomerNumber»

Signature

Date

Frequently Asked Questions

What is Market Support Generation (MSG) and why is MSG so important?

Market Support Generation is a limited supply of discounted power offered by FirstEnergy. When the Ohio Legislature and the Public Utilities Commission of Ohio were developing the rules and regulations for electricity deregulation, they wanted to ensure a good start for the competitive marketplace. FirstEnergy agreed to make available a limited supply of power to marketers so that marketers could provide power at a savings to their customers.

How did I get MSG assigned to my account?

When you enrolled with Shell Energy last year, we submitted your account information to FirstEnergy and claimed MSG to serve your home. The MSG was distributed on a "first come, first served" basis to marketers whose claims were approved by FirstEnergy. You have MSG assigned to your account because your claim was approved.

What do I need to know about the MSG assigned to my account?

- 1) The first MSG price increase occurred January 1, 2002. It is anticipated that MSG prices will continue to increase over time.
- 2) MSG is assigned to the marketer and the meter at your current residence; it is not assigned to the individual(s) who live at the residence.
- 3) If you change your electricity provider—you will lose your MSG.
- 4) If you move—you will lose your MSG.

Why is Shell Energy increasing its price?

Since the price of MSG power has increased, we must change our price. We will continue to provide our customers the opportunity to save money on their electric bill by offering low, competitive pricing for the power they use.

What are my terms of service? When does this term of service end?

Please refer to the enclosed set of Terms and Conditions for detailed information about the terms of service. This contract term ends on your first meter available meter read date after February 28, 2003.

What happens if I don't send in my Re-Enrollment Stub?

If we do not receive your Re-Enrollment Stub, your electric service will be returned to the local utility unless you have enrolled with another supplier. If you do not confirm your wish to continue receiving generation service from Shell Energy, we will, as required, initiate the drop process (which may take up to 30 to 60 days to complete) to terminate service after the first year of service (i.e., twelve billing cycles) has been completed.

Why do I need to send in my Re-Enrollment Stub?

Ohio regulations require that we have positive confirmation of your desire to have Shell Energy act as your generation service provider. **We cannot serve you unless we have your permission to do so.** If you take a few moments to sign the stub and insert it into the postage-paid envelope, then we have the ability to continue your service. If you don't give us permission—we must return you to FirstEnergy and you will lose your MSG. To continue to save money on your generation service, please sign and mail your Re-Enrollment Stub today!

Please return this stub in the provided envelope, or mail to:
Shell Energy Services
PO Box 4911
Houston, TX 77210-4911

Retail Power Supply Agreement

Shell Energy Service Company, L.L.C.'s ("Shell Energy's")

Terms & Conditions ("T&Cs")

for

"Toledo Edison" Residential CRES Service

"Ohio Edison" Residential CRES Service

"Cleveland Electric Illuminating" Residential CRES Service

Version 2002.1

1. If you receive this copy of these Shell Energy T&Cs as part of the automatic renewal process with Shell Energy or as part of your initial enrollment process with Shell Energy, then you are hereinafter referred to as "the Customer."
2. What follows are the terms and conditions of retail power supply agreement between the Customer and Shell Energy for the provision of electricity to the Customer.

IMPORTANT NOTICE OF CONTINGENT PRICING

The Customer's continuation with, or Customer's initiation of, Shell Energy's CRES service under the prices shown in these T&Cs is contingent on Shell Energy's continued receipt of discounted source of power supply called Market Support Generation ("MSG") from the FirstEnergy Corporation (or from any of FirstEnergy's affiliates) (collectively "FirstEnergy"). If Shell Energy does not receive, and continue receiving, MSG on behalf of the Customer for the term of these T&Cs, then the pricing shown in these T&Cs may become void and may be replaced with a competitive market price. If Shell Energy elects to offer a competitive market price, then Shell Energy will notify the Customer of the new price terms and allow the Customer an opportunity to terminate this power supply agreement by rejecting the new price terms through reasonable methods defined in the price change notice. If the Customer fails to reject the new pricing terms, then the agreement will continue with the new prices and all terms in full force.

General Provisions

3. Certified Retail Electric Supplier identification and contact information:
Shell Energy Services Company, L.L.C.
1221 Lamar, Suite 1000
Houston, TX 77010
Internet address - www.shellenergy.com
Toll-free number - 866-743-5552
Hours of operation - Monday through Friday, 8 a.m. to 8 p.m.
Time zone reference - Eastern Time Zone
4. Shell Energy will provide generation service only. Depending on FirstEnergy service area in which the electricity is consumed, one of the following companies will provide all other services necessary for the Customer to receive electricity (including but not limited to Transmission, Distribution, and Ancillary Services) along with a single utility consolidated bill for all services: Toledo Edison Company ("TE"), Ohio Edison Company ("OE") or Cleveland Electric Illuminating Company ("CEI").

Term of Agreement

5. If a renewing Customer agrees to accept service from Shell Energy under these T&Cs, service shall continue uninterrupted at the end term of the Customer's current agreement with Shell Energy. If a Customer switching to Shell Energy from another supplier or TE, OE, or CEI agrees to accept service from Shell Energy under these T&Cs, service shall begin at the Customer's first available meter read date after the Customer receives the FirstEnergy enrollment confirmation notice from TE, OE or CEI. The term of this agreement will end on the Customer's first available meter reading date after February 28, 2003 ("Initial Period").
6. Following the Initial Period, and with a forty-five (45) to sixty (60) calendar day notice to the Customer prior to renewal, the agreement will be automatically renewed for another renewal term that will end on the Customer's first available meter reading date after February 29, 2004 ("Subsequent Period"). If Shell Energy materially changes the terms and conditions for the Subsequent Period as part of this automatic renewal, the notice to the Customer will highlight the new terms and conditions and Shell Energy will obtain the Customer's consent to the changes. Shell Energy will offer competitively priced generation services to the Customer in

the Subsequent Period. This subsequent competitive rate may either be a fixed rate or rate that varies on a monthly or seasonal basis. Forty-five (45) to sixty (60) calendar days prior to the end of the Customer's initial renewal period, Shell Energy will provide notice of the applicable rate and, if a variable rate, the factors that will affect that variable rate.

Rates of Service

7. For service during the Initial Renewal Period, Shell Energy offers the fixed prices shown below for generation service to the Customer. Shell Energy offers generation services only for these TE, OE and CEI rate classes by Schedule:

Toledo Edison Rate Class	Shell Energy energy charge (cents per kWh)*
R-01. Residential Basic	4.358
R-06. Residential Space Heating. Optional Heat	5.673

Ohio Edison Rate Class	Shell Energy energy charge (cents per kWh)*
Residential Standard. Basic	4.220
Residential Space Heating	5.353
Residential Load Management	5.990

Cleveland Electric Illuminating Rate Class	Shell Energy energy charge (cents per kWh)*
Residential. CEI Basic	4.669
Residential Water Heating.	4.973
Residential Space Heating.	5.387
Residential Space and Water Heating.	6.543

- * By choosing Shell Energy as the Customer's CRES provider, the Customer will receive a Shopping Credit from TE, OE or CEI. The actual amount of shopping credit received by the Customer will depend greatly on the amount of annual consumption, the amount of seasonal consumption and the rate under which the Customer takes service from TE, OE or CEI. The Customer should examine the relevant TE, OE or CEI rate tariff, which is available from the Public Utility Commission of Ohio ("Commission"), or call TE, OE or CEI for further information.

8. In addition to the charges of Shell Energy for generation service, the Customer will receive additional charges for TE, OE or CEI services provided by them. Shell Energy estimates, but does not warrant, that for the typical customer using 750 kWh per monthly billing cycle, said additional charges will be approximately \$53.00 per monthly billing cycle. The actual charges the Customer will incur are dependent greatly on the level of annual consumption, the level of seasonal consumption and the rates under which the Customer is taking service from TE, OE or CEI. The Customer should examine the relevant TE, OE or CEI rate tariff, which is available from the Commission and from TE, OE or CEI, respectively. The Customer may obtain additional information regarding additional charges and shopping credits from its local utility.
9. A Customer switching to Shell Energy from another supplier or from TE, OE or CEI may receive a switching fee from TE, OE or CEI. However, if this is the Customer's first switch from TE, OE or CEI, then TE, OE or CEI should not charge the Customer a switching fee. If Shell Energy, receives a switching fee from TE, OE or CEI, or other entity, as the result of the Customer switching to Shell Energy's service, Shell Energy may recover such charges through a switching fee charged to the Customer either through the TE, OE, or CEI consolidated bill or otherwise.

Billing for Services

10. TE, OE or CEI will bill the Customer on an approximately one month billing cycle. Along with its own charges, the bill rendered by TE, OE or CEI will contain Shell Energy's charges for generation services. The timing and due date of the bill are determined by TE, OE or CEI in accordance with the Commission rules. Shell Energy reserves the right to charge the Customer a late payment fee of 1.5% per month on any unpaid balance existing at the next billing date for failure to pay the amount invoiced to the Customer by the date on the invoice. Shell Energy may provide a bill for the late payment fee either directly to the Customer or through TE, OE or CEI.

Rescission and Termination

11. The Starting Customer has seven (7) calendar days to rescind this agreement without penalty following the postmark date on TE's, OE's or CEI's confirmation notice of this agreement by following the directions provided on the confirmation notice which may include telephonic, electronic or mail procedures.

12. The pricing terms of this agreement are valid only while the Customer takes service at the same location with the same TE, OE or CEI account number. If the Customer relocates its service to a new place of residence then the pricing shown above will become void and may be replaced with a competitive market price. If Shell Energy elects to offer a competitive market price, Shell Energy will notify the Customer of the new price terms and allow the Customer the opportunity to terminate this agreement by rejecting the new price terms through reasonable methods defined in the pricing change notice. If the Customer fails to reject the new pricing terms, then the agreement will continue with the new prices and all terms in full force.
13. The Customer may terminate this agreement with Shell Energy at any time without penalty for any reason, including in the event they move outside Shell Energy's service area or into an area where Shell Energy charges a different price. Termination will occur at the earliest reasonably possible opportunity.
14. This offer is valid only for a limited time and can be revoked by Shell Energy. Shell Energy reserves the right to discontinue service under this agreement without penalty and to return the Customer to TE, OE or CEI service as a result of changing market conditions including but not limited to significant changes in regulatory rules and requirements. Shell Energy will provide the Customer at least a thirty (30) calendar day notice of its intent to discontinue service prior to discontinuation of service; the timing of such notice will be at least sufficient to allow the Customer one full billing cycle to choose an alternative supplier. Furthermore, Shell Energy may terminate the agreement on at least fourteen (14) calendar days written notice should the Customer fail to pay the bill or fail to meet any agreed upon payment arrangements or for fraud or material misrepresentation of identity for the purpose of obtaining service.
15. If TE, OE or CEI terminates distribution or related services with the Customer, service under this agreement will be cancelled on the termination date.
16. The Customer remains responsible for all charges accrued by the Customer through and until the service is terminated.

Dispute Resolution Process

17. Shell Energy will attempt to resolve all customer complaints and disputes in a timely and good faith manner. Shell Energy will investigate complaints received from the Customer and provide a status report to the Customer within five (5) calendar days. Shell Energy will investigate complaints received from the Commission and provide a status report to the Customer and to the Commission within five (5) calendar days. If the investigation is not complete within fourteen (14) calendar days, Shell Energy will begin providing status reports to the Customer (or, if applicable, to the Customer and Commission staff) until the investigation is complete. These status reports will not be provided if the actions required for the investigation will require more than five (5) calendar days to complete and the consumer has been so notified. Shell Energy will inform consumer (or, if applicable, the Customer and the Commission) of the results of the investigation, either orally or in writing, no later than five (5) calendar days after the investigation is completed. Consumer retains the right to contact the Commission regarding complaints and disputes at 1-(800)-686-7826 (voice) or 1-(800)-686-1570 (TDD).

Other Provisions

18. See Environmental Disclosure report referenced below which approximates the mix of generation sources that Shell Energy expects to use to serve the Customer and the effects those sources have on the environment.
19. Shell Energy will accept the Customers currently receiving service from TE, OE or CEI under rates, as described in Rates of Service section, which Shell Energy will attempt to offer service. Currently, Shell Energy does not exclude the Customers due to creditworthiness. However, in the future, Shell Energy may elect to restrict its acceptance of new customers based on then disclosed creditworthiness standards.
20. The Customer's social security number and / or account numbers will not be released without the Customer's affirmative written consent.
21. The Customer has the right to request from Shell Energy up to twenty-four (24) months of the Customer's payment history with Shell Energy without any charge from Shell Energy.
22. Agreeing to these terms authorizes Shell Energy on behalf of the Customer to: (a) opt out of an Ohio governmental aggregation program, if applicable; and (b) obtain all Customer information (including load data, customer classification, meter location, account number, etc.), allowed to be provided to a CRES provider pursuant to Commission rules.
23. The laws of Ohio and the Commission rules govern this Agreement.

Warranties and Complete Agreement

24. The Customer warrants that it is the customer of record or otherwise authorized to enter into this contract. These Terms and Conditions constitute the entire agreement between Shell Energy and the Customer with respect to the matters set forth herein and cannot be modified except as described elsewhere in these Terms and Conditions. These Terms and Conditions superseded any promotional or other materials that are inconsistent with these Terms and Conditions. If in any jurisdiction, any of these Terms and Conditions are held to be unenforceable by a court of competent jurisdiction, such Terms and Conditions shall be restricted or eliminated to the minimum extent necessary and the remaining Terms and Conditions shall otherwise remain in full force and effect.

Disclaimers and Limited Liability

25. SHELL ENERGY MAKES NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO ENERGY PURCHASED FROM SHELL ENERGY, AND TO THE FULLEST EXTENT PERMITTED BY LAW, SHELL ENERGY, ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AFFILIATES, LICENSORS AND CONTRIBUTORS DISCLAIM ALL WARRANTIES, REPRESENTATIONS AND CONDITIONS OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE. ANY IMPLIED WARRANTY THAT CANNOT BE DISCLAIMED UNDER LOCAL LAW SHALL RUN ONLY FOR THE MINIMUM DURATION OF THE WARRANTY PERIOD.
26. Title to the electricity sold hereunder shall pass to you at the TE, OE or CEI distribution system where you or TE, OE or CEI shall be deemed to be in exclusive control and possession of the electricity and responsible for it.
27. If Shell Energy is unable to perform its obligations under this Agreement due to force majeure, performance of such obligations shall be suspended until the force majeure is corrected. Shell Energy shall initially provide at least written notice thereof to the Customer and to TE, OE or CEI after the occurrence of the force majeure. Force majeure shall mean acts of God, strikes, lightning, fires, floods, explosions, storms, breakage or damage to power lines, generation or other facilities, sudden failure of electric energy supply, failure or curtailment of transmission or distribution service, government ordered interruption of service, and any other cause not within the control of Shell Energy.
28. IN NO EVENT SHALL SHELL ENERGY, ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, AFFILIATES, LICENSORS AND CONTRIBUTORS BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, PERSONAL INJURY, WRONGFUL DEATH, LOST PROFITS, FEES, FINES, PENALTIES OR OTHER LIABILITIES RESULTING FROM THE USE OF SERVICES PROVIDED HEREUNDER, WHETHER BASED ON WARRANTY, CONTRACT, TORT OR ANY OTHER LEGAL THEORY, IRRESPECTIVE OF NOTICE.
29. With written notice to the Customer, Shell Energy may assign or transfer this agreement to another CRES provider.

Environmental Disclosure Information

30. This information can be found at www.shellenergy.com.

Exhibit B

Shell Energy Reminder Notice

IMPORTANT!

Have you re-enrolled with Shell Energy to keep the discounted electricity (MSG) assigned to your account?

"Yes" - Thank you for re-enrolling with Shell Energy. You're going to continue to save money on your electric bill.

"No" - Call us toll-free at 866-743-5552 to continue service with Shell Energy. If you don't act soon, we'll have to return your account to the utility and you will lose your discounted electricity. **Act today. Call now.**

Thanks, Shell Energy

If you have called Shell Energy or have mailed your response card, there is no need to respond to this notice.

shellenergy.com



Shell Energy



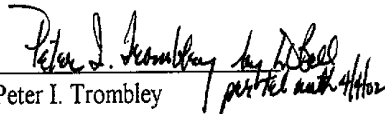
Shell Energy

Shell Energy Services Co. LLC
PO Box 4911
Houston TX 77210-4911

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PERMIT NO. 12466

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion has been served on the following parties of record by first class mail, postage pre-paid, this 5th day of April 2002.


Peter I. Trombley

*Attorney for
Shell Energy Services Company, L.L.C.*

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