

Energy Choice Matters

December 4, 2009

Proposed Illinois Electric Rules Would Waive Exit Fee for Up To 10 Days After First Bill

Illinois retail electric suppliers serving mass market customers would be prohibited from charging an early termination fee for a period of up to 10 business days after the date of the customer's first bill, under draft consumer protection rules sent to the Secretary of State to begin the first notice period (09-0592).

The majority of the proposed rules from the Illinois Commerce Commission would only apply to residential and small commercial customers (annual usage equal to or less than 15,000 kWh). Only rules regarding sales agent training and record retention would apply to all suppliers, regardless of the customers they serve.

Under the draft, any contract that contains an early termination fee shall disclose the amount of the early termination fee or the formula used to calculate the termination fee. Any such contract must also state that the early termination fee does not apply if the customer cancels the contract within a 10-day rescission period.

In addition, any agreement that contains an early termination fee shall provide the customer the opportunity to terminate the agreement without any termination fee or penalty within 10 business days after the date of the first bill issued to the customer. This requirement does not relieve the customer of obligations for services rendered under the agreement prior to termination.

The rescission period would be extended to 10 calendar days after the utility's acceptance of an

Continued P. 6

FirstEnergy Solutions to Reduce Wholesale Sales in Favor of Retail Sales

FirstEnergy Solutions intends to de-emphasize wholesale market sales, as well as sales of default service supply, in favor of direct commercial and industrial sales, and sales to governmental aggregations, executives told investors during an analysts conference yesterday.

FirstEnergy Solutions said that it will pursue a strategy of integrating its generation portfolio with retail sales, in order to reduce exposure to market volatility, counterparty risk, and collateral requirements.

Aside from limiting wholesale and balancing sales to about 6 million MWh annually, FirstEnergy Solutions told investors that it intends to decrease its emphasis on sales of default service supplies to regulated utilities, with such supplies instead dedicated to direct sales to large commercial and industrial customers, and governmental aggregations in Ohio.

FirstEnergy Solutions is not pursuing customers where it cannot back the retail sale with its owned generation. While geographically it can reach all of the retail markets in PJM and the Midwest ISO, due to congestion, it will primarily focus on Western Pennsylvania, Ohio, Illinois and Michigan.

A breakdown of FirstEnergy Solutions' forecast of retail sales and generation by type and market for 2010 is listed on page 9.

In the long-term, FirstEnergy Solutions is targeting 35 million MWh of annual direct retail sales to commercial and industrial customers, which would comprise 45% of its sales portfolio. For 2010, it

Continued P. 9

Md. PSC Defers Consideration of Delmarva POR Plan

The Maryland PSC deferred until its January 13, 2010 administrative meeting consideration of Delmarva Power's purchase of receivables compliance plan, and relieved Delmarva from implementing its purchase of receivables program until further order of the Commission.

As only reported in *Matters*, several suppliers and other stakeholders had asked for a delay to discuss Delmarva's discount rate (Only in *Matters*, 11/24/09).

The Commission, "agrees that implementation of the purchase of receivable [sic] program without acceptance of an appropriate discount rate would be premature." Consequently, the Commission rescinded the requirement that Delmarva implement its purchase of receivables program by December 7, 2009.

The PSC also noted that it is unable to delay the effective date of a tariff revision without the consent of the issuing company, but said that since Delmarva has not objected to the request for delays, such silence will be interpreted as consent.

The Commission directed Delmarva to respond to Staff's request for additional information and supporting data regarding its cost and discount rate calculations (Only in *Matters*, 11/18/09).

More broadly, Staff, the Office of People's Counsel and Baltimore Gas & Electric all filed comments in support of further proceedings or technical conferences to discuss the proposed discount rates at all electric utilities, with Staff favoring a legislative-style proceeding specific to each utility, and BGE and OPC stating that they are amendable to a technical conference.

However, Staff said that Pepco Energy Services' (PES) rehearing request regarding the discount rate should be denied, dismissing Pepco Energy Services' argument that parties did not have an opportunity to comment on the discount rate, which PES said was first raised in Staff comments on the original utility compliance plans after adoption of RM 17.

"PES correctly observes that only Staff briefed the issue of a discount rate. However, all interested parties had an opportunity to address

this issue. It may be that the retail suppliers did not address this issue because the electric companies initially offered to purchase supplier receivables at zero discount. Whatever the reason for the lack of attention to this issue, the time for addressing it is past. The Commission correctly decided that a discount rate is appropriate under a POR scenario, and has set forth the elements to be included in the discount rate," Staff said.

As only noted by *Matters*, the potential for a discount rate was raised as early as the first round of reply comments in RM 17, in comments from Dominion Retail filed on August 15, 2005.

The Office of People's Counsel backed this finding, noting that, "the concepts of POR and full cost recovery by the utilities for its adoption by the PSC were issues that arose with the first draft iteration of the regulations during the working group sessions."

"OPC itself raised the concern that POR at full face value would be the essence of subsidizing electricity suppliers by removing all business risk from the operation of electricity suppliers. OPC indicated in the working groups that any POR, if that was part of the regulation the PSC was going to institute, should reflect what the existing experience of the supplier with their customer base was for un-collectibles as a discount from the full value of the commodity receivables."

Still, OPC agrees that there is insufficient evidence to determine the appropriate discount rate, and supported a technical session to develop a record. Such discussion, "should not, however, devolve to the propriety of a discount rate, since the Commission has already rejected a surcharge to customers for full cost recovery by utilities, and accepted the alternate cost recovery method of a discount rate of purchase of receivables propounded by Staff."

OPC also said that, "[r]aising the specter of electric suppliers withdrawing from the competitive market based upon a discount rate for POR seems alarmist at best," since even a high discount rate will still likely result in lower costs than the supplier's bad debt exposure under the current payment processing order. OPC also doubted PES' arguments that a discount rate will raise rates for commercial customers, prompting them to leave utility consolidated billing in favor of dual billing, since

the rates charged currently reflect bad debt costs of the supplier, which will be eliminated by POR, and thus more than offset any discount on receivables.

Staff noted that it, "seems likely that the uncollectible risk is much lower for customers on retail supply than it is for customers on standard offer service."

Staff also stressed that the Commission's letter orders on POR compliance filings, "clearly state that no return on receivables purchased by the electric companies is warranted."

Similar to questions posed to Delmarva and Allegheny, Staff requested that the PSC direct BGE to further justify its proposed POR costs, particularly the proposed 1.25% risk factor to be included in the discount rate. Staff favors deferring action on BGE's compliance filing, and said that BGE should be directed to file an updated discount rate by January 15.

BGE asked that any technical sessions on POR be completed quickly so that the process can conclude by February 1, to allow BGE sufficient time to implement POR by April 1, 2010.

WGL Outlines Potential Md. POR Program, Consideration Continues

Washington Gas Light is seriously considering filing a purchase of receivables plan in Maryland to comply with COMAR 20.59, rather than prorating commodity and delivery receivables as originally planned (Only in Matters, 10/9/09).

WGL, which held a supplier conference call yesterday, will further discuss its plans with suppliers next week, with WGL requesting that suppliers indicate whether they would enter the market if POR were implemented.

According to several suppliers participating on WGL's call yesterday, WGL believes that under a POR program it could implement a discount rate less than 2%. Based on preliminary discussions, there would likely be a uniform discount rate across all rate classes. Due to the working-group nature of the call, the suppliers asked not to be identified.

Additionally, several suppliers indicated that there is some ambiguity regarding whether the program would be non-recourse, as a design

which would pay the supplier as customer payments are received has been discussed.

The National Energy Marketers Association had urged WGL to reconsider its decision not to pursue POR in recent comments before the PSC, and has been working with WGL to express marketers' concerns. Craig Goodman, NEM's President, credited WGL for its willingness to consider marketers' concerns even at this late date.

Goodman said that if properly structured POR were implemented at WGL, he believes that the market would see significant participation from retail suppliers, and that the market would rival New York and Pennsylvania in attracting supplier entry and offers.

Green Mountain Tops J.D. Power Texas C&I Customer Satisfaction Rankings

A J.D. Power and Associates survey named Green Mountain Energy the top ranked REP for satisfaction among business customers in the ERCOT retail market, in an inaugural study released yesterday.

Among the findings of the Texas Business Retail Electric Provider Customer Satisfaction Study, which was based on responses from 2,231 business customers between May and October 2009, is that 76% of business customers say that price is the main reason they would consider switching to another provider.

More than one-half of business customers (57%) perceive that switching providers would be difficult to do, J.D. Power reported. Additionally, more than one-half of business customers (55%) said that they pay their monthly bill by a method other than mailing their payment.

Unsurprisingly, J.D. Power found business customer satisfaction to be higher when the customer has a dedicated account representative assigned to their account. However, only 17% of business customers said that they have an account rep assigned to them by their retailer, J.D. Power reported.

The use of a business services center resulted in decreased customer satisfaction, with the use of general customer service (with

	Customer Satisfaction Index Ranking*	J.D. Power.com Power Circle Ratings For Consumers [^]				Customer Service
		Overall Satisfaction	Billing	Cost	Communications	
Green Mountain Energy	714	5	5	5	5	5
Stream Energy	664	4	4	5	4	3
Direct Energy	635	4	3	4	3	3
Gexa	633	4	3	4	3	3
Industry Average	612	N/A	N/A	N/A	N/A	N/A
Reliant Energy	593	3	3	2	3	3
TXU Energy	590	3	3	2	3	3
CPL Retail Energy	567	2	2	2	2	4

Source: J.D. Power and Associates 2009 Texas Business Retail Electric Provider Customer Satisfaction Study

* Based on a 1,000-point scale

[^] Power Circle Ratings Legend:

5: Among the best

4: Better than most

3: About average

2: The rest

Included in the study, but not ranked due to small sample size are: Cirro Energy and StarTex Power

no specific business group) producing the lowest satisfaction.

In another unsurprising finding, J.D. Power said that high satisfaction with a retailer fosters higher levels of customer commitment, which leads to higher levels of customer loyalty and advocacy.

Green Mountain Energy was ranked first with a score of 714 on a 1,000 point scale, followed by Stream Energy (664), Direct Energy (635) and Gexa Energy (633). Rankings are above.

Briefly:

IDT Energy Receives Pa. Gas License

The Pennsylvania PUC granted IDT Energy a natural gas supplier license to serve residential and all sizes of commercial customers at National Fuel Gas Distribution.

Public Power & Utility Seeks Md. License

Public Power & Utility filed an application for a Maryland license to supply electricity or electric generation services. The application was not available publicly yesterday.

Pa. PUC Approves Tradition Broker License

The Pennsylvania PUC granted Tradition Energy (TFS Energy Solutions) an electric broker/marketer/aggregator license to serve commercial customers above 25 kW and industrial customers at Allegheny Power, Duquesne Light, Met-Ed, PECO, Penelec, Penn Power, PPL, and UGI (Only in Matters, 10/14/09).

Pa. PUC Approves Energy Choice Solutions Broker License

The Pennsylvania PUC granted Energy Choice Solutions an electric broker/marketer/aggregator license to serve all sizes of commercial and industrial customers at PPL and UGI.

Pa. PUC Approves I.C. Thomasson Associates Broker License

The Pennsylvania PUC granted I.C. Thomasson Associates an electric broker/marketer/aggregator license to serve all sizes of non-residential customers at Allegheny Power, Duquesne Light, Met-Ed, PECO, Penelec, Penn Power, PPL, and UGI (Only in Matters, 9/17/09).

Pa. PUC Approves Utility Rate Analysts Broker License

The Pennsylvania PUC granted Utility Rate Analysts an electric broker/marketer license to serve all sizes of non-residential customers at PPL, Met-Ed and UGI (Only in Matters, 10/6/09).

Clean Currents Seeks Md. Gas License

Clean Currents applied for a Maryland license to supply natural gas or natural gas supply services. A copy of the application was not publicly available. Clean Currents currently holds a Maryland electric broker license.

Reach Energy to Repay TDU Debts Upon Certificate Amendment

Reach Energy, which has a pending REP

certificate amendment to reflect new ownership (Only in Matters, 11/20/09), said that it has agreed to pay past due balances to the TDUs upon approval of the certificate amendment. According to PUCT filings, Reach owes approximately \$32,860 to Oncor, and \$71,238 to CenterPoint.

Calif. PUC Approves DWR Power Charges

The California PUC yesterday set the Department of Water Resources' 2010 power charge at \$0.23139/kWh at Pacific Gas & Electric, \$0.06112/kWh at San Diego Gas & Electric, and \$0.03763/kWh at Southern California Edison (Only in Matters, 11/4/09). The DWR bond charge was set at \$0.00515/kWh at each utility.

Just Energy Contracts for Emission Offsets

Just Energy has entered into an agreement with Integrated Gas Recovery Services Inc. (IGRS) to procure 50,000 metric tonnes of emission offsets per year through 2013 from the IGRS landfill gas collection project in Essex, Ontario, to help meet growing demand for Just Energy's renewable energy products offered to Ontario customers.

Peevey Recommends Splitting LTPP Integration Proceeding

California PUC President Michael Peevey issued an Assigned Commissioner's Ruling yesterday which suspends the current schedule and activities in Rulemaking 08-02-007 (regarding integration and refinement of procurement policies underlying long-term procurement plans), with Peevey stating his intention to recommend that the Commission initiate two new rulemakings as successors to the instant proceeding. Peevey expects the 2010 procurement planning cycle will be bifurcated into two separate rulemakings: (1) a "system" planning proceeding to identify PUC-jurisdictional needs for new resources to meet system or local resource adequacy, including issues related to long-term renewables planning and once-through-cooling mitigation; and (2) a "bundled" proceeding that addresses bundled procurement policy issues and approval of IOU procurement plans under Public Utilities Code Section 454.4. This separation of issues into

different proceedings is intended to clarify jurisdictional differences, as well as to allow the IOUs' bundled procurement plans to be approved on a regular timely schedule, while robust analyses of system planning issues proceed on a separate track, Peevey said.

Energy Michigan Seeks Rehearing of Consumers Rate Decision due to School Delivery Rates

Energy Michigan filed for rehearing of the Michigan PSC's order setting Consumer Energy's base electric rates, for reasons previously enumerated in an earlier protest of Consumers' compliance filing implementing the rates (see exclusive story in Matters, 11/13/09). In brief, Energy Michigan noted that for new education rates, the distribution per kWh charge net of the education credit is different - and higher - for retail open access (ROA) customers than for bundled education customers. "This means that since per kW maximum demand rates are the same for ROA and bundled service, ROA Education customers will pay more for delivery service than bundled customers," Energy Michigan said (U-15645).

N.Y. Generators Submit Unredacted Filing in Mitigation Case, Identities Still Confidential

Three New York generators, upon whom the New York ISO is seeking to impose extra-tariff mitigation (Matters, 9/7/09), have filed with FERC partially unredacted legal briefs opposing the NYISO's mitigation. Previously, the entire briefs had been redacted, with the amended briefs now allowing stakeholders to read parts of the generators' arguments (see docket ER09-1682). However, the identities of the three generators remain confidential pending their request for rehearing of a FERC order denying confidential status to their identities (Matters, 11/4/09).

Calif. PUC Approves Cost Recovery for Edison IGCC Study

The California PUC yesterday approved a decision allowing Southern California Edison to recover up to \$30 million in costs necessary to co-fund feasibility studies of a California integrated gasification combined cycle plant with carbon capture and storage, known as the

Hydrogen Energy California project (Only in Matters, 11/4/09).

PG&E to Purchase Wind Farm Developed by Iberdrola Renewables

Pacific Gas and Electric has contracted with Iberdrola Renewables to purchase and operate a 246 MW wind farm in Southern California, which upon PUC approval would be the first wind project owned by PG&E. The total capital cost of the Manzana project will be just over \$900 million.

Illinois ... from 1

enrollment request, except that if the 10th day falls on a non-business day, the rescission period would be extended through the next business day. Customers may rescind the contract by contacting either the supplier or the utility.

Uniform Disclosure Statement

A supplier, or its agent, must disclose the following information to the customer prior to any enrollment for electric service, regardless of the form of marketing used:

- a) The legal name of the supplier; and the name under which the supplier will market its products, if different;
- b) The supplier's business address;
- c) The supplier's toll free telephone number for billing questions, disputes, and complaints;
- d) The charges for the service for the length of the contract, and if any charges are variable during the term of the contract, an explanation of how the variable charges are determined;
- e) The length of the agreement including any possible automatic renewal clause;
- f) The presence or absence of early termination fees or penalties, and applicable amounts or the formula pursuant to which they are calculated;
- g) Any requirement to pay a deposit, the estimated amount of the deposit or basis on which it is calculated, when the deposit will be returned, and if the deposit will accrue interest;
- h) Any fees assessed by the supplier to a customer for switching to the supplier;
- i) The name of the power and energy service for which the customer is being solicited;
- j) A statement that the customer may rescind

the agreement within ten calendar days after the electric utility processes the enrollment request by contacting either the supplier or the electric utility, providing both phone numbers;

k) A statement that the supplier is an independent seller of power and energy service, and that the sales agent is not representing or acting on behalf of the electric utility, governmental bodies, or consumer groups;

l) A statement that the electric utility remains responsible for the delivery of power and energy to the customer's premise and will continue to respond to any service calls and emergencies, and that switching to a supplier will not impact the customer's electric service reliability;

m) A statement that the customer will receive written notification from the electric utility confirming a switch of the customer's power and energy supplier;

n) If savings are guaranteed under certain circumstances, the supplier must provide a written statement, in plain language, describing the conditions that must be present in order for the savings to occur; and

o) If a product is being offered at a fixed monthly charge that does not change with the customer's usage and the fixed monthly charge does not include delivery service charges, the supplier must provide a statement to the customer that the fixed monthly charge is for supply charges only and that it does not include delivery service charges and applicable taxes; therefore the fixed monthly charge is not the total monthly amount for electric service.

If the Uniform Disclosure Statement is presented in writing, it shall use 12 point font or larger, and, if it is a separate document, it must not exceed two pages in length, under the draft rules.

Disclosures and Enrollments

For door-to-door and telesales, a sales agent would be required to ensure that, during the sales presentation to the customer, items (d) - (o) of the Uniform Disclosure Statement are verbally disclosed to the customer.

Additionally for door-to-door sales, the sales agent would be required to display identification which is visible at all times, and prominently displays the following:

- 1) The sales agent's full name in reasonable size type face;

2) A photograph of the sales agent, and

3) The trade name and logo of the supplier they are representing. If the sales agent is selling power and energy services from multiple suppliers to the customer, the identification shall display the trade name and logo of the agent, broker or consultant entity as that entity is defined under the ABC law.

If a door-to-door sale is authorized using a signed Letter of Agency, the sales agent shall require the customer to initial the written Uniform Disclosure Statement, a copy of which is to be left with the customer at the conclusion of the sales visit.

If a customer's enrollment is authorized by third-party verification (whether the sale is door-to-door or inbound or outbound telesales), the third-party verification (TPV) shall require the customer to verbally acknowledge that he or she understands items (d) through (o) of the Uniform Disclosure Statement. Additionally, for TPVs of door-to-door sales, the verification shall require the customer to verbally acknowledge that a copy of the Uniform Disclosure Statement was left with the customer.

Outbound telemarketing must comply with the Telephone Solicitations Act [815 ILCS 413], and provide the customer with the sales agent's name and, upon request, identification number if available. Upon a customer's request, the supplier and its sales agents shall refrain from any further marketing to that customer.

For outbound telemarketing, "[t]he Uniform Disclosure Statement and sales contract must be *provided* to the customer within three business days after the electric utility's confirmation of an accepted enrollment."

For inbound enrollment calls, the sales agent must, "[s]end the Uniform Disclosure Statement and sales contract to the customer within 3 business days after the electric utility's confirmation of an accepted enrollment" (emphasis added in both excerpts).

It's unclear whether any distinction in these requirements for sending the disclosure label is intended, but ostensibly the requirement for outbound sales calls is more onerous than inbound calls, as "provided" can be interpreted as requiring that the customer *receive* the disclosure label within three business days, not only that the supplier *sends* the disclosure label

in such time.

For both telesales and door-to-door marketing, where it is apparent that a customer's English language skills are insufficient to allow the customer to understand the solicitation and disclosures in English, the sales agent must terminate the sale unless the agent, or an interpreter, can conduct the sale in the customer's language.

Direct mail marketing must include the items of the Uniform Disclosure Statement. Additionally, if a written Letter of Agency is being used to authorize a customer's enrollment via direct mail, it shall contain a statement that the customer has read and understood the items contained in the Uniform Disclosure Statement. The document containing the items of the Uniform Disclosure Statement must remain with the customer.

For online sales, the supplier must display the items of the Uniform Disclosure Statement before requiring the customer to enter any personal information other than zip code, electric utility service territory, and/or type of service being sought.

Under the proposed rules, the enrollment website of the supplier shall, at a minimum, include:

1) All items within the Uniform Disclosure Statement;

2) A statement that electronic acceptance of a sales contract is an agreement to initiate service and begin enrollment;

3) A statement that the customer should consult the sales contract and/or contact the current supplier to learn if any early termination fees are applicable, and

4) An e-mail address and phone number where the customer can express a decision to rescind the sales contract.

Sales Agent Requirements

In one of the few requirements applicable to all suppliers regardless of the sizes of customers they serve, all sales agents, "should be familiar with power and energy services that they sell, including the rates, payment and billing options, the customers' right to cancel, and applicable termination fees." Importantly, the term "sales agent" is defined as, "any employee, agent, independent contractor, consultant, or other person that is engaged by the [supplier] to solicit

customers to purchase, enroll in, or contract for power and energy service on behalf of a [supplier]." Thus, the definition extends to any agents brokering load for the supplier, even if the broker is not an exclusive sales agent of the supplier.

A supplier and its sales agents shall not utilize false, misleading, materially inaccurate, or otherwise deceptive language or materials in soliciting or providing services.

Additionally, a supplier and its sales agents shall refrain from marketing to customers on the utility's Do Not Market List, which the electric utility shall make available at least monthly on the 15th calendar day of the month. A supplier shall use the most current version of the Do Not Market List available; however, in assessing compliance with this rule, 31 days will be afforded to a supplier to account for the time required by the supplier to disseminate and process the list internally.

Contract Renewals

Suppliers would be required to clearly disclose any renewal terms, including cancellation of automatic renewal, in their contracts.

For both automatic and non-automatic renewals (applicable to contracts of at least six months), the supplier shall send a notice of contract expiration separate from the bill at least 30 days prior to the date of contract expiration but no more than 60 days in advance of expiration. All notices shall include:

1) A statement printed or visible from the outside of the envelope or in the subject line of the email (if customer has agreed to receive official documents by e-mail) that states, "Contract Expiration Notice," and

2) The anticipated bill cycle in which the existing contract will expire.

Notices for non-automatic renewal would also be required to include:

- A full description of the renewal offer, including the date service would begin under the new offer; and
- A statement, in at least 12 point font, that the customer must provide affirmative consent to accept the renewal offer and that establishing service with another supplier can take up to 45 days and that failure to renew the existing contract or switch to

another supplier may result in the customer being reverted to default utility service (listing the length of the electric utility tariff minimum stay period if applicable).

Notices for automatic renewals (which must also comply with the Illinois Automatic Renewal Act [815 ILCS 601]), would also be required to include:

- A statement in bold lettering, in at least 12 point font, that the contract will automatically renew unless the customer cancels renewal, including the information needed to cancel;
- If the new contract term includes a termination fee, a statement that the customer has from the date of the contract renewal notice through the end of the existing contract term to notify the supplier of his or her rejection of the new contract term to avoid incurring a termination fee under the new contract term;
- Clear disclosure the contract terms; including a full description of any renewal offers available to the customer; and
- A statement in bold lettering, in at least 12 point font, that establishing service with another supplier can take up to 45 days, and failure to renew the existing contract or switch to another supplier may result in the customer being reverted to default utility service (listing length of the electric utility tariff minimum stay period if applicable).

Other Provisions

Suppliers would only be able to assign their customers to another supplier if the rates, terms, and conditions of the agreements being assigned do not change during the remainder of the time period covered by the agreements (with changes mutually accepted by the supplier and customer permitted after the assignment).

Under the draft, a residential or small commercial customer has the right to make a formal or informal complaint to the Commission, and a supplier contract cannot impair this right. "A [supplier] shall not require a residential or small commercial customer as part of the terms of service to engage in alternative dispute resolution, including requiring complaints to be submitted to arbitration or mediation by third parties," the draft holds.

The Commission shall, on at least a quarterly basis, prepare a summary of all formal and

informal complaints received, and publish such data on its web site.

Throughout the duration of a contract, and for two years thereafter, the supplier shall retain and, within seven business days after the customer's request, provide the customer a copy of the sales contract via e-mail, U.S. mail, or facsimile. The supplier may charge a fee for such copies if a customer requests more than two copies in a 12-month period.

FirstEnergy Solutions ... from 1

is targeting 25 million MWh of direct commercial and industrial sales, of which it has about 18 million MWh committed to date. For its direct commercial and industrial sales, FirstEnergy Solutions is targeting 25 to 30-month contract durations, and hopes to ladder its retail contracts so that 3% of the sales portfolio is renewed or repriced monthly.

For its governmental aggregation supply, FirstEnergy Solutions is targeting 15 million MWh of sales annually on a long-term basis (20% of the portfolio), with contracts lasting six to nine years. For 2010, it is targeting just shy of 14 million MWh in sales to aggregations, with just shy of 12 million MWh committed to date. Based on its long-term target, FirstEnergy Solutions says aggregation sales would represent \$900 million to \$1 billion in annual revenues.

For sales of default service supply to utilities, FirstEnergy Solutions is reducing its long-term target to 25 million MWh annually (35% of the sales portfolio), down from the expected 54 million MWh of default service sales in 2010.

FirstEnergy Solutions Forecast Retail Obligations and Generation Sources

2010F Uses (M MWh)	Retail – Affiliated Utility Areas		Retail – Non Affiliated Utility Areas		Wholesale & Balancing	Total
	MISO	PJM	MISO	PJM		
Direct	15.6		5.1	4.6		25.3
Aggregation	13.6					13.6
POLR	21.8	29.4		3.2		54.4
Wholesale					5.9 ⁽¹⁾	5.9
Total Uses	51.0	29.4	5.1	7.8	5.9	99.2

2010F Sources (M MWh)	Retail – Affiliated Utility Areas		Retail – Non Affiliated Utility Areas		Wholesale & Balancing	Total
	MISO	PJM	MISO	PJM		
Generation	51.0	18.0	5.1	4.1	2.7 ⁽²⁾	80.9
Purchases		11.4		3.7 ⁽³⁾	5.9 ⁽¹⁾	21.0
Total Sources	51.0	29.4	5.1	7.8	8.6	101.9

(1) Portfolio balancing sales and purchases; excludes MTM contracts in MISO

(2) Supply of distribution line losses and Seneca pumping

(3) OVEC and wind firm purchases