

Sublessee has abandoned or vacated the Subleased Premises or notified the Sublessor of any other address. Attention: Legal Department

with a copy to: N/A

15.2 When this Sublease requires service of a notice, that notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure Section 1161 or any similar or successor statute. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Sublease) shall replace and satisfy the statutory service-of-notice procedures, including those required by Code of Civil Procedure Section 1162 or any similar or successor statute

ARTICLE 16

ATTORNEYS' FEES AND COSTS

16.1 Sublessor Made Party to Litigation. If Sublessor becomes a party to any litigation brought by someone other than Sublessee and concerning this Sublease, the Subleased Premises, or Sublessee's use and occupancy of the Subleased Premises to the extent, based upon any real

-13-

alleged act or omission of Sublessee or its authorized representatives, Sublessee shall be liable to Sublessor for reasonable attorneys' fees and court costs incurred by Sublessor in the litigation.

16.2 Certain Litigation Between the Parties. In the event any action or proceeding at law or in equity or any arbitration proceeding be instituted by either party, for an alleged breach of any obligation of Sublessee under this Sublease, to recover rent, to terminate the tenancy of Sublessee at the Subleased Premises, or to enforce, protect, or establish any right or remedy of party to this Sublease Agreement, the prevailing party (by judgment or settlement) in such action or proceeding shall be entitled to recover as part of such action or proceeding such reasonable attorneys' fees, expert witness fees, and court costs as may be fixed by the court or jury, but this provision shall not apply to any cross-complaint filed by anyone other than Sublessor in such action or proceeding.

16.3 Sublessor's Costs. In any case where Sublessee requests permission from Sublessor to assign, sublet, make alterations, or receive any other consent or obtain any waiver from or modification to the terms of this Sublease, Sublessee shall pay to Sublessor a reasonable administrative charge and Sublessor's reasonable attorney's fees incurred by Sublessor in reviewing such request.

ARTICLE 17

LETTER OF CREDIT

Letter of Credit. In lieu of the cash Security Deposit set forth in Section 4.1 above, Sublessee may provide to Sublessor an unconditional, irrevocable Letter of Credit ("Letter of Credit") in the amount of Two Hundred Fourteen Thousand Six Hundred Fifty-Seven and 35/100 Dollars (\$214,657.35) in favor of Sublessor and issued by a bank reasonably acceptable to Sublessor ("Issuer"). The Letter of Credit shall (1) be fully transferable by Sublessor without payment of transfer fees, (2) permit multiple drawings, and (3) provide that draws, including partial draws, at Sublessor's election, will be honored

Upon the delivery to the Issuer a certificate signed by Sublessor, or its authorized agent, that Sublessor is entitled to make the requested draw pursuant to the terms of the Sublease. The Letter of Credit is to be issued pursuant to SP98 rather than UCP 500. If Sublessee fails to pay Rent or any other sums as and when due hereunder, or otherwise defaults with respect to any provision of this Sublease, Sublessor may (but shall not be obligated to) use, apply or retain all or any portion of the Letter of Credit for payment of any sum for which Sublessee is obligated or which will compensate Sublessor for any loss or damage which Sublessor may suffer thereby. Any draw or partial draw of the Letter of Credit shall not constitute a waiver by Sublessor of its right to enforce its other remedies hereunder, at law or in equity. If any portion of the Letter of Credit is drawn upon, Sublessee shall, within ten (10) days after delivery of written demand from Sublessor, restore said Letter of Credit to its original amount. The Letter of Credit shall be in effect for the entire term of this Sublease plus sixty (60) days beyond the expiration of the Sublease term. The Letter of Credit will automatically renew each year during the Sublease term unless the beneficiary under the Letter of Credit is given at least thirty (30) days prior notice of a non-renewal by the issuing bank, and Sublessor shall be able to draw on the Letter of Credit in the event of such notice. The parties agree that the provisions of Civil Code Sections 1950.7 and 1951.7 do not apply to the Letter of Credit or any proceeds from the Letter of Credit.

-14-

ARTICLE 18

EXHIBITS

Exhibits and Attachments. All exhibits and attachments to this Sublease are a part hereof.

IN WITNESS WHEREOF, Sublessor and Sublessee have executed and delivered this Sublease on the date first set forth above.

SUBLESSOR

SUBLESSEE

ETRADE Consumer Finance Corp.,
a Delaware corporation

Commonwealth Energy Corporation,
a California corporation

By: /s/ [ILLEGIBLE]

By: /s/ IAN B. CARTER

Its: C.T.O./C.A.O.

Its: CEO

By: /s/ [ILLEGIBLE]

By: /s/ JOHN A. BARTHROP

Its: C.O.O.

Its: Secretary

-15-

EXHIBIT A

SUBLEASED PREMISES

[FLOOR PLAN]

600 ANTON BOULEVARD, COSTA MESA, CA: 20TH FLOOR

[FLOOR PLAN]

600 ANTON BOULEVARD, COSTA MESA, CA: 21ST FLOOR

EXHIBIT B

MASTER LEASE

EXHIBIT C

FURNITURE

EXHIBIT D

BILL OF SALE

BILL OF SALE

By this Bill of Sale with the effective date of _____ (the "Effective Date") and for the consideration of One Dollars (\$1.00) hereby acknowledged as received, E*TRADE Financial Corp., a Delaware corporation ("SELLER") does hereby unconditionally convey, transfer and deliver to and Commonwealth Energy Corporation, a _____ ("BUYER") all right, title and interest to that certain personal property set forth in Exhibit A attached hereto, and without warranty except as to title, and "as is" and "where is" in all respects.

This Bill of Sale shall in all respects be governed by, and construed in accordance with the laws of the State of California, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, this Bill of Sale is executed as of the Effective Date.

SELLER

E*TRADE Financial Corp., a Delaware corporation

By: _____
Its: _____

EXHIBIT A

EXHIBIT E

ENTRY AND INDEMNITY AGREEMENT

This Entry and Indemnity Agreement (the "Agreement") is entered into as of

May ____ 2004 (the "Effective Date") between E*TRADE CONSUMER FINANCE CORP. a Delaware corporation fka GANIS CREDIT CORPORATION ("Licensor"), and Commonwealth Energy Corporation, a California corporation ("Licensee").

A. Deutsche Financial Services Corporation, a Nevada corporation, as "Lessee" entered that certain Lease Agreement dated on May 15, 1999, with 600 Anton Boulevard Associates, a California general partnership ("Master Lessor") is amended by that certain First Amendment to lease made and entered into the 26th day of February, 2001 (the "First Amendment") and assigned to Licensor's predecessor in interest Ganis Credit Corporation, a California corporation (the "Assignee"). The Original Lease, the First Amendment and the Assignment are collectively referred to herein as the "Master Lease".

B. Licensor and Licensee have executed that certain Sublease Agreement dated May __, 2004 ("Sublease Agreement") with respect to the Subleased Premises (as defined in the Sublease Agreement) consisting of approximately 38,677 square feet of space consisting of the entire 20th and 21st floors of the building known as Plaza Tower, located at 600 Anton Boulevard, Costa Mesa, California.

C. The Master Lease requires that the Master Lessor consent to the Sublease Agreement.

D. Prior to receipt of Master Lessor's consent to the Sublease Agreement, Licensee desires to enter upon the Subleased Premises for the purpose of installing Licensee's furniture, fixtures and communication equipment

E. Licensor is willing to allow Licensee a limited license on the Sublease Premises, but only in accordance with the terms of this Agreement.

F. Terms not defined herein shall have the meanings set forth in the Sublease Agreement.

In this factual context, the parties agree as follows:

1. Limited License. Licensor grants Licensee a limited and revocable license to enter upon the Subleased Premises solely for the limited the purposes of installing Licensee's furniture, fixtures and communication equipment (the "Permitted Activities"). All activities at the Subleased Premises shall be at Licensee's sole cost and expense and at Licensee's sole risk. The license term shall continue until the Commencement Date of the Sublease Agreement, but in no event shall the license extend beyond August 1, 2004 (the "License Period"). The approval by Licensor of any Permitted Activity shall not be deemed in any way to obligate Licensor in the event the Master Lessor does not consent to the Sublease or the Permitted Activities.

2. Conduct of Activities. Licensee shall not conduct any activities other than the Permitted Activities at the Subleased Premises and the Permitted Activities shall be conducted in full compliance with each law, zoning restriction, ordinance, rule, regulation or requirement of any governmental or quasi-governmental agency with jurisdiction over the Subleased Premises.

3. Indemnification. Licensee shall not permit any mechanic's or other liens to be filed against the Subleased Premises, the Premises or the Building as a result of its or its representatives' actions and Licensee at its sole cost shall cause any liens so filed to be removed within five (5) days after notice of filing, by bond or otherwise. Licensee at its sole cost shall indemnify, protect, defend (with counsel reasonably acceptable to Licensor and Master Lessor), release, waive and hold harmless Licensor and Master Lessor, and their trustees, directors officers, beneficiaries, employees and agents, from and against any claims, liabilities and expenses, including without limitation, reasonable attorneys' fees and costs of defense and costs and expenses of all

Experts and consultants, arising directly or indirectly, in whole or in part, out of any act or omission in connection with the Subleased Premises by or on behalf of Licensee or its employees, invitees, agents or contractors, or in connection with or resulting from Licensee's entry on the Subleased Premises, or in connection with Licensee's failure to restore the Subleased Premises if required to do so pursuant to Section 10 below. This indemnity shall survive the termination or expiration of this Agreement.

4. Insurance. Prior to any entry onto the Subleased Premises, Licensee shall obtain and provide satisfactory evidence of coverage of the insurance required under the Master Lease. Such insurance shall name Licensor and Master Lessor as an additional insureds. Licensee shall maintain this policy in effect so long as this Agreement is outstanding.

5. Attorneys' Fees. If any legal action or other proceeding is commenced which is related to this Agreement, the losing party shall pay the prevailing party's actual attorneys' fees and expenses incurred in the preparation for, conduct of or appeal or enforcement of judgment from the proceeding. The phrase "prevailing party" shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

6. Waiver or Amendment. No amendment of or waiver of any obligation under this Agreement will be enforceable unless set forth in a writing signed by the party against which enforcement is sought.

7. Notices. All notices, consents, requests, demands or other communications to or upon the respective parties shall be in writing and shall be effective for all purposes upon receipt on any business day before 5:00 PM local time and on the next business day if received after 5:00 PM or on other than a business day, including without limitation, in the case of (i) personal delivery, (ii) delivery by messenger, express or air courier or similar courier, (iii) delivery by United States first class certified or registered mail, postage prepaid and (iv) transmittal by telecopier or facsimile, addressed as follows:

To Licensor: Mark Raveslout
Executive Vice President
CB Richard Ellis
200 Park Avenue
New York, NY 10166

With a copy to: Hopkins & Carley
70 S First Street
San Jose, CA 951139
Attention: Julie A. Frambach, Esq.

To Licensee:

In this section "business days" means days other than Saturdays, Sundays, and federal and state legal holidays. Either party may change its address by written notice to the other in the manner set forth above. Receipt of communications by United States first class or registered mail will be sufficiently evidenced by return receipt. In the case of illegible or otherwise unreadable facsimile transmissions, the receiving party shall promptly notify the transmitting party of any transmission problem and the transmitting party shall promptly resend any affected pages.

8. Successors and Assigns. This Agreement is binding upon, and inures to the benefit of, the parties and their respective successors and assigns.

9. Counterparts. This agreement may be executed in multiple counterparts,

Each of which shall be deemed an original, and counterpart signature pages may be assembled to form a single original document. For this purpose, facsimile signature pages shall be considered equivalent to ink originals.

10. Restoration. If Master Lessor does not consent to the Sublease Agreement on or before _____, within ten (10) business days after such date. Licensee promptly shall restore the Subleased Premises to its condition as of the Effective Date hereof including, without limitation the removal of Licensee's furniture and equipment (excluding any of Licensor's equipment) from the Subleased Premises and vacate the Subleased Premises. Licensee may remain in the Subleased Premises for the purpose of complying with the provisions of this section until the last day of the ten business (10) day period set forth in this paragraph 10.

11. Due Authority. If Licensee signs as a corporation, each of the persons executing this Agreement on behalf of Licensee represent and warrant that they have the authority to bind Licensee, Licensee has been and is qualified to do business in the State where the Subleased Premises is located, that the corporation has full right and authority to enter into this Agreement, and that all persons signing on behalf of the corporation were authorized to do so by appropriate corporate actions. If Licensee signs as a partnership, trust or other legal entity, each of the persons executing this Agreement on behalf of Licensee represent and warrant that they have the authority to bind Licensee, Licensee has complied with all applicable laws, rules and

governmental regulations relative to its right to do business in the State where the Subleased Premises is located and that such entity on behalf of the Licensee was authorized to do so by any and all appropriate partnership, trust or other actions. Licensee agrees to furnish promptly upon request a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the authorization of Licensee to enter into this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

LICENSOR:
E*TRADE CONSUMER FINANCE CORP.,
CORPORATION fka GANIS CREDIT
CORPORATION

By: _____
Its: _____

LICENSEE:
COMMONWEALTH ENERGY
CORPORATION
a California corporation

By: _____
Its: _____

BY: _____
Its: _____

EXHIBIT 10.32

REVISED SECURITY AGREEMENT

THIS REVISED SECURITY AGREEMENT, dated October 27, 2004, (this "Agreement") is by and between Commonwealth Energy Corporation, a California corporation, located at 600 Anton Boulevard, Suite 2000, Costa Mesa, California 92626 (the "Debtor") and DTE Energy Trading, Inc., a Michigan corporation,

located at 414 South Main Street, Suite 200, Ann Arbor, Michigan 48104 (the "Secured Party"). This Revised Security Agreement replaces the Security Agreement dated July 24, 2002 between Debtor and Secured Party.

RECITALS

A. Debtor and Secured Party are parties to several agreements: (i) an EEI Power Purchase and Sale Agreement, dated July 1, 2003, between Debtor and Secured Party, together with all Transactions and Confirmations from time to time thereto (as the same may be amended, extended or replaced from time to time, the "Master Agreement"); (ii) a Revised Escrow Agreement, dated October 27, 2004 between and among Standard Federal Bank (the "Escrow Agent"), Debtor and Secured Party (the "Revised Escrow Agreement"); and (iii) a Revised Operating Agreement dated October 27, 2004 between Debtor and Secured Party (the "Revised Operating Agreement"). The Master Agreement, the Revised Escrow Agreement and the Revised Operating Agreement, together with this Revised Security Agreement, are each referred to herein as a "Transaction Agreement" and are collectively referred to herein as the "Transaction Agreements").

B. As security for the performance and observance by Debtor of its obligations under the Transaction Agreements, Debtor has agreed to grant to Secured Party a security interest in certain of Debtor's assets related to the retail sales customers ("RSC's") of Debtor to be served pursuant to the Master Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, and other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

In consideration of the facts set forth in the Recitals, the execution and delivery of the Transaction Agreements, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtor hereby agrees with and for the benefit of Secured Party as follows:

1. DEFINED TERMS

The terms "Accounts", "Deposit Accounts", "Investment Property" and "General Intangibles" shall have the meanings ascribed to them in the Uniform Commercial Code as adopted by the State of Michigan. Other capitalized terms not otherwise defined herein shall have the same meanings as in the Master Agreement unless the context dictates otherwise.

2. CREATION OF SECURITY INTEREST

In order to the secure the full and prompt payment, performance and observance by Debtor of all of its duties and obligations under any of the Transaction Agreements (collectively, the "Obligations"), Debtor does hereby grant to and create in favor of the Secured Party, its successors and assigns, a present and continuing first priority security interest in: (a) all contracts and agreements

between Debtor and any RSC for which Secured Party is providing wholesale electric energy and related services to serve such RSC including, without limitation, those contracts and agreements listed on Attachment 1 hereto, as the same may be amended from time to time (collectively, the "RSC Contracts"); (b) all Accounts arising from, and related to, the RSC Contracts, including, without limitation, all accounts receivable from an RSC for which Secured Party is providing energy for purchases of electric energy and related services and any other right of Secured Party to payment from an RSC in whatever form, all

whether now owned or existing or hereafter arising or acquired (collectively, the "Secured Party Accounts"); (c) all cash and other funds deposited in Deposit Account Number #1054515459 (the "Lockbox Account"), maintained with the Escrow Agent and Deposit Account Number #400641.1 (the "Escrow Account") maintained with the Escrow Agent established pursuant to the Revised Escrow Agreement; (d) the Lockbox Account and the Escrow Account themselves; (e) all Investment Property into which the cash and other funds deposited into the Lockbox Account and the Escrow Account are invested from time to time including, without limitation, money market funds and other securities; (f) all General Intangibles of Debtor relating to the RSC's; and (g) all proceeds and products of any of the foregoing, including without limitation all proceeds of the Secured Party Accounts, the Lockbox Account and the Escrow Account, and all proceeds of, and all other profits, rentals or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or realization upon, any Collateral or the proceeds thereof, including, without limitation, all claims of Debtor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance with respect to any Collateral, and any condemnation or requisition payments with respect to any Collateral, in each case whether now existing or hereafter arising (collectively, "Proceeds") (the Collateral referenced in items (a) through (g) above is collectively referred to herein as the "Collateral").

3. SECURITY INTEREST ABSOLUTE

Debtor agrees that all rights of Secured Party and the security interests granted to Secured Party hereunder, shall be absolute and unconditional, irrespective of:

(a) any lack of validity or enforceability of any of the Obligations;

(b) the failure of Secured Party: (i) to assert any claim or demand or to enforce any right or remedy against the Debtor or any other person or entity under the provisions of any Transaction Agreement and this Agreement; or (ii) to exercise any right or remedy against any guarantor of, or collateral securing, any Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other extension, compromise or renewal of any Obligations;

(d) any reduction, limitation, impairment or termination of any Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and Debtor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any of the terms of any Transaction Agreement or this Agreement;

(f) any addition, exchange, release, surrender or nonperfection of any collateral (including the Collateral), or any amendment to or waiver or release of or addition to or consent to departure from any guaranty, for any of the Obligations; or

(g) any other circumstance which might otherwise constitute a

defense available to, or a legal or equitable discharge of, the Debtor, any surety or any guarantor.

4. DEBTOR'S WARRANTIES AND REPRESENTATIONS

In addition to any representations and warranties of Debtor set forth in the Transaction Agreements, all of which are incorporated herein by this reference. Debtor hereby warrants and represents to and for the benefit of Secured Party that:

(a) Organization: Good Standing. Debtor is a corporation, duly organized, validly existing and in good standing under the laws of the State of California. Debtor's exact legal name is as set forth in the first paragraph of this Agreement. Debtor is qualified to do business and in good standing under the laws of the State of Michigan.

(b) Authority. Debtor has full power and authority, and has completed all proceedings and obtained all approvals and consents of whatever kind necessary, to execute, deliver, and perform this Agreement and the transactions contemplated hereby;

(c) No Default or Lien. The execution, delivery, and performance of this Agreement will not contravene, or constitute a default under or result in a lien upon any property of Debtor (other than the lien granted hereby) pursuant to Debtor's organizational documents, any applicable law or regulation or any contract, agreement, judgment, order, decree, or other instrument binding upon or affecting Debtor;

(d) Enforceability. This Agreement constitutes a legal, valid, and binding obligation of Debtor, enforceable in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights generally, or by equitable principles relating to enforceability (regardless of whether the application of such principles is considered in a proceeding in equity or at law). This Agreement grants to Secured Party a valid, first-priority, enforceable lien on and security interest in the Collateral;

(e) Ownership. Debtor is the sole owner of, and has good and marketable title to, the Collateral, free and clear of all claims, interests, charges, options, liens, encumbrances and defects of title of any kind whatsoever;

(f) No Dispute. All of the Collateral consisting of Accounts does and will evidence bona fide sales to the customers named in Debtor's books. No dispute, right of setoff, counterclaim or defenses exists as of the date hereof with respect to any of the Collateral;

(g) Trade Names. Attachment 2 lists all trade names, aliases and other names by which Debtor and any predecessor in interest was previously known within the last six years;

(h) Address. Debtor's address set forth in the first paragraph of this Agreement is the location of principal place of business;

(i) Disclosure. All information furnished by Debtor to Secured Party for purposes of, or in connection with, the Transaction Agreements and this Agreement is and will be true and accurate in all material respects, and none of such information shall be incomplete by omitting to state any fact necessary to make such information not misleading in light of the circumstances under which it was furnished;

(j) No Violations. Debtor is not in any material violation of any judgment, order, decree, law, rule, regulation, permit or license; and

(k) Lien Search. Attached hereto as Attachment 3 are true, accurate and certified copies of UCC lien searches with respect to Debtor and its predecessors in interest through the date of this Agreement in all applicable jurisdictions.

5. DEBTOR'S COVENANTS

In addition to all covenants of Debtor set forth in the Transaction Agreements, all of which are incorporated herein by this reference. Debtor hereby agrees:

(a) Maintenance of Existence. Debtor shall maintain and preserve its existence and good standing in the jurisdiction of its organization and in the State of Michigan and shall not make any change in its name, organizational structure or in the jurisdiction under the laws of which Debtor is organized, without the prior written consent of Secured Party, which shall not be unreasonably withheld.

(b) Location of Office. In the event that Debtor should change the location of principal place of business listed in the first paragraph of this Agreement, Debtor shall give written notice of same to Secured Party at least thirty (30) days in advance of any such change.

(c) Liens. Debtor shall not sell, exchange, lease, transfer, encumber or pledge the Collateral, create any security interest therein (except that created by this Agreement), or otherwise dispose of the Collateral or any of Debtor's rights therein or under this Agreement without the prior written consent of Secured Party. Debtor will not permit any other security interest to attach to any of the Collateral, permit the Collateral to be levied upon under any legal process, or permit anything to be done that may impair the value of any of the Collateral or the security intended to be afforded by this Agreement. Debtor may assign the Collateral in the case of a sale or merger of all or a part of the Debtor's business(es) and the Secured Party will not unreasonably move to prevent such assignment; provided, however, that Secured Party's first priority security interest will continue upon such assignment.

(d) Books and Records. Debtor will keep all of its books and records in accordance with sound business practices sufficient to allow the preparation of financial statements in accordance with generally accepted accounting practices. The originals of all such books and records shall be kept at Debtor's address appearing in the first paragraph of this Agreement. Secured Party shall have the right to inspect Debtor's books and records as they pertain to Transactions involving the Secured Party or the RSC's upon forty-eight (48) hours prior notice. Any such inspection shall be made during normal business hours.

(e) Reports. Debtor will promptly furnish Secured Party with copies of publicly filed quarterly financial statements, (10-Q or 10-K statements filed with the Securities and Exchange Commission) and audited or unaudited quarterly financial statements of Debtor. Debtor shall immediately provide to Secured Party written notice of any default or Event of Default under any Transaction Agreement or this Agreement.

(f) Subordination: Perfection. Debtor will execute, file, record, or procure from third persons all subordination agreements and other documents and instruments and take all

such other action that Secured Party considers reasonable or necessary to perfect, continue perfection of, or to maintain the first priority of Secured Party's security interest in, and the value of, the Collateral. Debtor will place upon the documents evidencing the Collateral the notice of Secured Party's security interest that Secured Party from time to time requests. Actions that Secured Party may require Debtor to take under the preceding sentence include, without limitation: (1) giving notice to Debtor's RSC's of Secured Party's security interest in the Accounts; (2) obtaining from any third party financing source who has a security interest in the Collateral a written acknowledgment that the security interest of such third party is junior and subordinate in all respects to the security interest granted by Debtor to Secured Party pursuant to this Agreement; (3) obtaining from any third party who has possession or control of any Collateral a written acknowledgment and undertaking that such third party holds the Collateral solely for the benefit of Secured Party; (4) registering any Collateral that constitutes Investment Property or Deposit Accounts in the name of Secured Party and taking all other actions requested by Secured Party to give Secured Party control of the Collateral; and (5) making Secured Party the sole "customer" of the bank or financial institution with respect to the Lockbox Account and the Escrow Account.

(g) Payment of Taxes, etc. Debtor shall pay promptly when due all taxes, assessments, charges, encumbrances and liens now or hereafter imposed upon or affecting any Collateral. In the event of a default by Debtor in paying those taxes, assessments, charges, encumbrances or liens, it shall be lawful for Secured Party to pay and discharge them, and the amounts expended by Secured Party in the payment or discharge of those taxes shall be a lien upon the Collateral, secured by this Agreement and payable on demand with interest at the highest default rate set forth in the Loan Documents.

(h) Defense of Litigation. Debtor shall appear in and defend any action or proceeding that may affect its title to, or Secured Party's interest in, the Collateral.

(i) Compliance with Laws. Debtor shall comply with all laws, regulations, and ordinances relating to the possession, operation, maintenance, and control of the Collateral.

(j) Notice. Upon 5 Business Days' prior written notice to Debtor, Secured Party shall have the right from time to time to contact Debtor's RSC's for the purpose of verifying the existence, amount, and collectibility of and other information regarding Debtor's Accounts with RSC's.

(k) Payment of Secured Party's Costs and Expenses. If Secured Party commences proceedings for the purpose of collecting any monies which may be secured in any way by this Agreement, or to recover, collect or protect its interest in the Collateral by reason of a default or breach by Debtor, Debtor agrees to pay Secured Party's reasonable attorneys' fees, additional advances and debts, and all costs, fees, charges and expenses in connection therewith; together with any and all disbursements incurred by Secured Party in connection with the collecting, taking, maintaining and disposing of the Collateral, including all premiums on bonds and undertakings, fees for public officers, custodians, auctioneers, charges for use and occupancy of premises and for electric current; all of which shall be a lien upon the Collateral, secured by this Agreement and payable on demand with interest at the highest lawful rate. Counsel fees and disbursements are in no event to affect, but are to be paid in addition to, any statutory court costs and disbursement.

(l) Collection of Accounts. Debtor shall instruct all RSC's to make

all payments on Secured Party Accounts directly to the Lockbox Account and shall use all commercially reasonable efforts to cause all such persons or entities to agree to make such payments to the Lockbox Account.

(m) Banking Relationship. Debtor shall not borrow any money from, enter into any credit transaction with or otherwise become obligated in any manner to pay any amounts to the Escrow Agent or any affiliate of the Escrow Agent, other than pursuant to the terms of the Revised Escrow Agreement.

(n) Copies of RSC Contracts. Within 30 days of execution. Debtor agrees to provide Secured Party with a copy of each RSC Contract in which Secured Party has a security interest.

6. DEFAULT

A default under this Agreement shall be deemed to exist upon the occurrence of any of the following (an "Event of Default"):

(a) Default Under Any Transaction Agreement. An Event of Default occurs and continues under any Transaction Agreement;

(b) Misrepresentation By Debtor. Any representation or warranty by Debtor hereunder, or in any Transaction Agreement, shall be inaccurate or incomplete in any material respect;

(c) Breach of Covenant. Debtor shall fail to fully perform or comply with any of Debtor's covenants or agreements contained in this Agreement or any Transaction Agreement. In the event of such breach. Secured Party will notify Debtor in writing and Debtor shall have two (2) Business Days to cure such breach;

(d) Debtor Bankruptcy. Debtor shall become insolvent, file bankruptcy, shall have a receiver, trustee or other person appointed to manage its operations or shall otherwise fail to pay its creditors in the ordinary course of business when debts are due; and

(e) Supplier Bankruptcy. Any supplier of wholesale electricity to Debtor (other than Secured Party) shall become insolvent, file bankruptcy, shall have a receiver, trustee or other person appointed to manage its operations, and such event should have a material, detrimental financial impact to Debtor. [See notice requirements set forth in Article 4.2(vii) of the Revised Operating Agreement dated October 27, 2004.]

7. REMEDIES

Upon the occurrence of any such Event of Default, Secured Party may, at its option, and without notice to or demand on Debtor, exercise all rights of a secured party under the Uniform Commercial Code, in addition to all rights and remedies available to Secured Party under any Transaction Agreement, at law, in equity, or otherwise, in addition, upon an Event of Default, Secured Party or a licensed alternative energy supply ("AES") designated by Secured Party shall have the right, but not the obligation, to assume the RSC Contracts which have been pledged to Secured Party hereunder. If Secured Party elects to assume such RSC Contracts (the "Assumed RSC Contracts"), the Secured Party shall notify Debtor and the RSC under the Assumed RSC Contracts identifying, in each case, the relevant RSC Contract and the effective date of such assignment (the "Assignment Effective Date"). On the Assignment Effective Date, Secured Party or its licensed AES designee shall be deemed to be substituted as "AES" under the Assumed RSC Contracts in place of Debtor and shall be deemed to have assumed all of Debtor's obligations and all rights and privileges pursuant to the Assumed

SC Contracts arising on and after the Assignment Effective Date.

8. WAIVER OF BREACH

The acceptance of any partial payment by Secured Party after maturity, or the waiver of any breach or default, shall not constitute a waiver of any other or subsequent breach or default or prevent Secured Party from immediately pursuing any or all its remedies hereunder, or under any other document providing additional security to Secured Party.

9. TERMINATION

This Agreement shall terminate when indefeasible payment in full and the performance and satisfaction of all Obligations have been made. Upon such termination the Secured Party shall assign transfer and deliver without recourse and without warranty to the Debtor any Collateral previously assigned or delivered to the Secured Party (and any property received in respect thereof) as has not theretofore been sold or otherwise applied pursuant to the provisions of this Agreement; provided however, that this Agreement shall be automatically reinstated effective as of the original date of execution of this Agreement, if at any time payment, in whole or in part, of any of the Obligations is reduced, rescinded or must otherwise be restored or returned by the Secured Party for any reason whatsoever, including the bankruptcy, insolvency, dissolution, liquidation or reorganization of the Debtor or upon or as a result of the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to Debtor the Debtor or any of its property or otherwise.

10. MISCELLANEOUS PROVISIONS

(a) Binding Effect. This Agreement shall bind and inure to the benefit of Debtor and Secured Party and their respective successors and assigns.

(b) Entire Agreement. This Agreement, together with the Transaction Agreements, constitutes the entire agreement of Debtor and Secured Party with respect to the subject matter hereof and thereof, superseding all prior and contemporaneous negotiations, agreements and understandings whether written or oral.

(c) Modification. This Agreement may be amended only by a written instrument executed by both the Debtor and the Secured Party.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Michigan without regard to conflicts of laws principles.

Executed on the day and year set forth above.

COMMONWEALTH ENERGY CORPORATION

By: /s/ Peter Weigand
Its: President

("Debtor")

DTE ENERGY TRADING, INC.

By: /s/ Randall D. Balhorn
Its: President

("Secured Party")

EXHIBIT 10.33

REVISED OPERATING AGREEMENT

This Revised Operating Agreement (this "Agreement") is dated as of October 7, 2004 (the "Effective Date"), is made and entered into between DTE Energy Trading, Inc., a Michigan corporation ("Supplier"), and Commonwealth Energy Corporation, a California corporation ("Buyer") and supercedes the Revised Operating Agreement between the Parties dated July 24, 2003. Buyer and Supplier are each a "Party" and, collectively, are the "Parties."

RECITALS

WHEREAS, Supplier is a power marketer that makes wholesale electricity sales to third parties. Buyer is in the business of providing electricity services to retail customers in Michigan (collectively, the "Customers") under the Detroit Edison Electric Choice Program (the "DECo Program"). Buyer agrees that supply it purchases from Supplier will only be used to serve its Customers within the DECo Program. Moreover, because of certain credit concessions that Supplier is making, Buyer agrees that Supplier will be its primary Energy supplier for its Customers in the DECo Program; however, Buyer has the right to purchase Energy from an alternative supplier under the terms of Article 4 herein. Nonetheless, Supplier is not precluded from selling wholesale Energy supply to other alternative electric suppliers ("AES") other than Buyer that are participating in the DECo Program;

AND WHEREAS, Buyer agrees to purchase full or partial requirements Energy supply products from Supplier pursuant to a series of supply Transaction Confirmations ("Confirmations") governed by the EEI Master Power Purchase and Sale Agreement executed by the Parties dated July 1, 2003 (the EEI Master Agreement). The Parties will determine whether a particular Transaction or set of Transactions will be for full or partial requirements Energy supply, and such Transaction(s) will be memorialized in each relevant Confirmation. Nevertheless, each Transaction will be for a fixed, maximum amount of supply at a fixed price, and, depending on the product, there may also be a fixed, minimum amount of supply at a fixed price ("Transaction Program(s)"). In the case of full requirements Energy supply, Supplier will hold open each Transaction Program to new Customers for the earlier of: six (6) months or until Buyer has allocated the maximum amount of supply for its Customers; provided, however, that the relevant Transaction Program will remain open to new Customers unless the volumetric, weighted average of the Cinergy On-Peak forward market price for all available July, August, January, and February months (within a window equal to the number of months of the Customer term under the Delivery Period as set forth in each relevant Transaction) beginning the third month after the month in which each Transaction is executed changes by more than 10% when compared to the volumetric, weighted average of the Cinergy On-Peak forward market price for all available July, August, January, and February months (within the same window specified above) beginning the third month after the current month for each day of the six (6)-month window. If the above-referenced forward market price change threshold is triggered, then Supplier will provide Buyer a seven (7)-Business Day notice that Supplier is closing the Transaction Program to new Customers. During the pendency of the 7-Business Day notice period, Buyer may finalize contract negotiations with new Customers, as available, for up to ten percent (10%) of the maximum amount of supply specified in the relevant Transaction, provided however, that the maximum amount of supply to be provided under each Transaction cannot exceed the maximum amount of supply specified in each Transaction. After the notice period has expired, the Transaction Program may be closed to new Customers. Upon acceptance by Supplier of each Customer under the

relevant Transaction Program, the Buyer's contract pricing associated with each Customer remains in effect for up to two (2) years.

AND WHEREAS, under certain circumstances, Supplier agrees to supply Buyer's Customers with full requirements Energy supply under Transactions where Supplier, rather than Buyer, assumes substantial risk related to firm Energy supply, aggregate Customer load

load forecasting and transmission and ancillary services, including imbalance charges;

AND WHEREAS, in other circumstances. Supplier agrees to supply Buyer's Customers with partial requirements Energy supply in cases where Supplier is providing a more standard Energy product that might not include load forecasting, transmission and ancillary services, including imbalance charges, when Buyer will assume greater risk related to some elements of Energy supply;

AND WHEREAS, in full or partial requirements Energy supply Transactions, Buyer desires to, and Supplier may agree that Buyer may forego providing Supplier with the usual level of Performance Assurance, such as a Letter of Credit or cash, required to cover Seller's customary credit requirements to insure payment for Energy supply and certain Mark-to-Market fluctuations;

AND WHEREAS, Supplier agrees to assume certain limited credit risk because Buyer has agreed: (i) to permit Supplier to monitor Buyer's credit management of large Customer accounts; (ii) to grant Supplier certain operational and financial oversight to its Michigan business; and (iii) to provide Supplier Performance Assurance for all Wholesale Energy purchases made pursuant to a Transaction and Confirmation. Such Performance Assurance shall be calculated pursuant to the mutually agreed terms set forth in Exhibit B - Performance Assurance Calculation (as such exhibit may be amended from time to time), incorporated by reference and attached hereto.

NOW, THEREFORE, in consideration of the following mutual covenants, agreements, and obligations, the Parties agree as follows:

ARTICLE 1 DEFINITIONS

1.1 DEFINITIONS INCORPORATED BY REFERENCE FROM OTHER AGREEMENTS. ALL initially capitalized terms not otherwise defined below or herein shall have the meaning set forth in the EEI Master Agreement dated July 1, 2003, the Revised Escrow Agreement dated October 27, 2004, or the Revised Security Agreement dated October 27, 2004 executed between the Parties.

"Contract Quantity" means the agreed quantity of FRSP and/or PRSP for the specified period as set forth below in Section 3.1 or as agreed to in various Transaction(s).

"Customers" means the retail customers who have entered into the Retail Contracts with Buyer as of the date of this Agreement, as identified on Exhibit A, or such other retail customers as may become substituted Customers from time to time.

"DECO Delivery Points means the delivery point for all Energy provided hereunder to Customers in the DECO Program shall be the retail end use Customer's meter(s).

"Full Requirements Service Product" or "FRSP" means firm Energy as measured and delivered to the Customers' retail meters which shall include load following energy, load forecasting and scheduling services, applicable Detroit

Edison and MISO transmission, and ancillary services charges, including imbalance charges. The exact services included under a particular Transaction will be set forth in the applicable Confirmation.

"Local Distribution Company" or "LDC" means The Detroit Edison Company.

"Load Factor" means the monthly and/or annual Energy (MWh) used by customers

divided by the product of the hours in the month and/or year and the peak demand (MW) in the month and/or year.

"MISO" means the Midwest Independent System Operator.

"Off-Peak" means Mon to Fri Hour Ending ("HE") HE 0100 thru 0700 and HE 1400 EPT, and all 24 hours EPT on Saturdays, Sundays, and NERC holidays during the Delivery Period of a Transaction(s).

"On-Peak" means Mon to Fri HE 800 thru HE 2300 EPT, excluding NERC holidays during the Delivery Period of a Transactions).

"Partial Requirements Service Product" or "PRSP" means firm Energy measured and delivered to the Customers' retail meters which may include certain Supplier services, such as scheduling services and certain applicable Detroit Edison and MISO transmission, and ancillary services charges, including imbalance charges. The exact services included under the particular Transaction will be set forth in the applicable Confirmation.

"Retail Contracts" means each of the Energy Service Agreements, as such agreements may be amended from time to time, entered into between Buyer and a Customer, as identified on Exhibit A as such exhibit may be amended from time to time.

"Retail Load" means, for any hour during the Delivery Period, the aggregate FRSP and/or PRSP of the Retail Customers under the Retail Contracts, as long as such aggregate FRSP and/or PRSP falls within the mutually agreed upon parameters agreed to by the Parties.

ARTICLE 2 BUYER AND SUPPLIER OBLIGATIONS

2.1 BUYER OBLIGATIONS. Buyer shall provide all of the services and perform all of its obligations under the Retail Contracts in accordance with: (i) the terms of the Retail Contracts, (ii) all regulations applicable to an AES, (iii) any applicable provisions of the relevant governing tariff(s), and (iv) the provisions of this Agreement.

(a) Alternative Electric Supplier. Buyer shall act as an AES under applicable regulations for all Customers receiving Energy purchased by Buyer from Supplier under this Agreement, which includes, but is not limited to, the following:

(i) Customer Enrollment: Buyer shall submit to the applicable LDC a request for enrollment for each Customer in the DECo Program;

(ii) Assistance with Forecasting: Buyer shall provide Supplier with the relevant data for analyzing the individual loads of each of its Customers and the aggregate Retail Load, taking into account, among other things, historical usage, weather conditions and other system conditions, to forecast the anticipated Retail Load for each hour during the Delivery Period;

(iii) Meter Data Management Services: Buyer shall, or shall cause a commercially competent and qualified designee to, read, validate, edit, and transfer meter data as required for calculation of the bill to each Customer, and shall provide any other metering or related data management services required by the Retail Contracts for the Customers and provide Supplier with necessary interval customer meter data to facilitate accurate forecasting and pricing;

(iv) Billing Services: Buyer shall calculate monthly bills for each Customer in accordance with the applicable Retail Contract and applicable meter data. Buyer or its commercially competent and qualified designee shall deliver monthly bills to each Customer;

(v) Portfolio Accounting: Buyer shall work with Supplier to maintain the accounts and records for the portfolio of electric Energy sold and scheduled for delivery to Retail Load; and

(vi) Buyer's Data Obligations: Buyer shall provide Supplier's appropriate sink identification to the LDC at time of Customer enrollment, coordinate installation of phone lines, if required, for all accounts under the DECo Program, notify Supplier when Customer account commences and/or terminates with Buyer, provide each Customer's information to Supplier, including Customer name, address, electric utility rate code, historic billing information, account number(s), meter number(s), load profile group, start and/or termination date, significant Customer demand additions or reductions, and any meter change information provided by the LDC.

(b) Revenues Deposited into Lockbox Account. Buyer shall deposit, or cause to be deposited by each Customer and/or LDC, into the Lockbox Account, any and all amounts owed to Buyer for sales of Energy and related services to Customers under, pursuant to, or with respect to any Retail Contract identified on Exhibit A.

2.2 TERMINATION OF A RETAIL CONTRACT. If a Retail Contract is terminated for any reason prior to the end of the Delivery Period, then with respect to that portion of the Contract Quantity represented by such terminated Retail Contract ("Affected Quantity") during the remaining hours of the Delivery Period, Buyer shall use its best efforts to locate and propose one or more additional Customers to purchase part or all of such Affected Quantity. If the product to be provided is FRSP and Buyer is unable to find any eligible additional Customers, then the Affected Quantity shall revert to Supplier and Buyer shall no longer be required to take delivery of, or pay for, such FRSP. In the case of PRSP, the terms and conditions of the Confirmation will control.

2.3 SUPPLIER OBLIGATIONS. Supplier shall provide all of the services and perform all of its obligations under Transactions) in accordance with: (i) the Retail Contracts, as applicable, (ii) all regulations applicable to a wholesale supplier of an AES, (iii) any applicable provisions of the relevant governing tariff(s), (iv) the provisions of this Agreement, and (v) whether the product provided to Buyer is FRSP or PRSP.

(a) FRSP Obligations to Buyer. Supplier shall act as a wholesale supplier of Energy under applicable regulations for all Customers receiving Energy purchased by Buyer from Supplier under this Agreement, which includes, but is not limited to, the following:

(i) Load Forecasting: Supplier shall analyze the individual loads of the Customers and the aggregate Retail Load, taking into account, among other things, historical usage, weather conditions and other system conditions, to forecast the anticipated Retail Load for each hour during the Delivery Period. Buyer may request and Seller will provide its monthly load forecast from time to time;

(ii) Contract Pricing for Buyer Associated with Customers Prior to Supplier's Issuance of a 7-Business Day Notice to Buyer. As long as Supplier receives notice of such Buyer's acceptance of Customer and Customer meets the appropriate criteria under the relevant Transaction Program prior to Supplier's Issuance of a 7-Business Day Notice to Buyer for closure of that Transaction Program. Supplier agrees that Buyer's Contract Price associated with each Customer will remain fixed for a period of up to two (2) years. Nothing in this part shall be construed to retroactively change the pricing of Energy being delivered to Buyer and associated Customers already acknowledged by Supplier as covered by a Transaction Program.

(iii) Contract Pricing for Buyer Associated with Customers Covered by the Transaction Program After Issuance of Supplier's 7-Business Day Notice to Buyer. Supplier will hold open each Transaction Program to Buyer for new Customers for the earlier of: six (6) months or until Buyer has allocated the maximum amount of supply for its Customers; provided, however, that the relevant Transaction Program will remain open to Buyer for new Customers unless the volumetric, weighted average of the Cinergy On-Peak forward market price for all available July, August, January, and February months (within a window equal to the number of months of the Customer term under the Delivery Period as set forth in each relevant Transaction) beginning the third month after the month in which each Transaction is executed, changes by more than 10% when compared to the volumetric, weighted average of the Cinergy On-Peak forward market price for all available July, August, January, and February months (within the same window specified above) beginning the third month after the current month for each day of the six (6) month window. If the above-referenced forward market price change threshold is triggered, then Supplier will provide Buyer a seven (7)-Business Day notice that Supplier is closing the Transaction Program to new Customers. During the pendency of the 7-Business Day notice period. Buyer may finalize contract negotiations with new Customers, as available, for up to ten percent (10%) of the maximum amount of supply specified in the relevant Transaction; provided however, that the maximum amount of supply to be provided under each Transaction cannot exceed the maximum amount of supply specified in each Transaction. After the notice period has expired, the Transaction Program may be closed to new Customers. Upon acceptance by Supplier of each Customer under the relevant

Transaction Program, Buyer's contract pricing associated with each Customer remains in effect for up to two (2) years.

(iv) Load Following Energy: Supplier shall schedule and deliver to each Customer, firm, full requirements Energy supply as needed;

(v) Scheduling Transmission Services: Supplier shall schedule with and purchase from the applicable transmission provider, network integrated transmission service to ensure firm Energy delivery to each Customer; and

(vi) Ancillary Services, including Imbalance Charges. Supplier agrees to provide all ancillary services, and assume all imbalance charge risk on behalf of Buyer's Customers.

(b) PRSP Obligations to Buyer. Supplier shall act as a wholesale supplier of Energy under applicable regulations for Customers receiving PRSP purchased by Buyer from Supplier under this Agreement, including, but not limited to, the following:

(i) Load Forecasting: Supplier shall analyze the individual loads of the Customers and the aggregate Retail Load, taking into account, among other things, historical usage, weather conditions and other system conditions, to forecast the anticipated Retail Load for each hour during the Delivery Period. Buyer may request and Seller will provide its monthly load forecast from time to time;

(ii) Energy: Supplier shall schedule and deliver to each Customer firm, partial requirements Energy supply as needed and as specified in the relevant Confirmation;

(iii) Scheduling Transmission Services: Supplier shall schedule with and purchase from the applicable transmission provider, network integrated transmission service to ensure firm Energy delivery to each Customer; provided, however, Supplier may pass through such costs to Buyer as appropriate under the terms of the Confirmation; and

(vi) Ancillary Services, including Imbalance Charges. Supplier agrees to provide all ancillary services, and assume all imbalance charge risk on behalf of Buyer's Customers provided, however, Supplier may pass through such costs to Buyer as appropriate under the terms of the Confirmation.

(c) Credit Assistance to Buyer for FRSP and PRSP Transactions. Supplier agrees to extend to Buyer, subject to the terms and conditions of the EEI Master Agreement and related Confirmation(s), unsecured credit equivalent to

approximately two months' Customer account receivables (to be posted to a Lockbox Account). In addition, Buyer agrees to provide to Seller, Performance Assurance pursuant to the methodology, calculations and data set forth in Exhibit B.

2.4 SHARING OF DATA. Supplier and Buyer agree to cooperate and share relevant data necessary to provide electric service to Customers. This may include current and historical electricity usage data, payment and credit history, Dun & Bradstreet number and other data reasonably necessary. In addition, the Parties agree to share password-protected data and information relevant to providing electric service to Customers under Transactions. Except as otherwise specifically authorized by Customers or required by applicable law, regulation, or court order, the Parties shall maintain, in confidence, all such Customer data.

ARTICLE 3 CONTRACT QUANTITY AND CONTRACT PRICE OF ENERGY

3.1 DEFINITION OF CONTRACT QUANTITY. Subject to the terms of this Agreement, during the relevant Delivery Period(s) set forth in a Transaction(s), Supplier shall sell and deliver, or cause to be delivered, at the Delivery Points, and Buyer shall purchase and receive, or cause to be received, at the

Delivery Points up to a maximum demand (MW) and an estimated volume of Energy (MWh) of FRSP and/or PRSP at the Contract Price (the "Contract Quantity") during each applicable hour of each specified month of the Delivery Period(s). Buyer shall notify Supplier of any anticipated addition of Customers by notifying Supplier of the expected increase or decrease in Retail Load as required under Section 2.1 (a) herein.

3.2 BASIS FOR THE CONTRACT PRICE. Subject to Section 2 above, as applicable, the Contract Price for each MWh of FRSP or PRSP is set according to a fixed price for all Energy sold to Buyer's Customers associated with each transaction.

3.3 MANAGEMENT OF CONTRACT QUANTITY. Supplier agrees to submit the proper documents to the MISO for each hour of the Delivery Period thereby scheduling the delivery at the applicable Delivery Points of the applicable quantities of Energy equal to the Contract Quantity.

ARTICLE 4 OPERATING ISSUES

4.1 PRIMARY SUPPLIER TO BUYER. Supplier will be the primary supplier to Buyer for supplying its DECO Program Customers, under either an FRSP product or PRSP product, as long as Supplier is willing to sell the FRSP or PRSP product to Buyer at competitive prices.

If Buyer determines that an offer from Supplier for either an FRSP or PRSP product is not competitive in the relevant market, Buyer has the right to seek pricing from other suppliers for the Supplier-specified On-Peak and Off-Peak Energy block components of the offered FRSP or PRSP product. Specifically, when notified by Buyer that it intends to seek competitive offers for such On-Peak and Off-Peak Energy block components, Supplier will provide Buyer with specific data regarding the On-Peak and Off-Peak Energy blocks, e.g., size, delivery point and associated terms and conditions, price for the respective Energy blocks, and delivery period.

If Buyer receives an offer for the specified On-Peak and Off-Peak Energy blocks (on terms substantially identical, as determined by Supplier, including type of product and delivery point, to the terms specified by Supplier) from a Third-Party Supplier ("TPS"), Buyer will advise Supplier of the TPS-offer terms and conditions. Third Party Supplier means an entity that is not a Customer and that agrees to sell electric power and/or transmission capacity to Buyer. Supplier must either match the TPS offer or advise Buyer of its decision not to match the offer. If Supplier matches the offer, it will be included in a revised FRSP or PRSP offer to Buyer. If Supplier

declines to match the TPS offer, then Buyer may buy the specified Energy blocks from the TPS and sell the specified Energy blocks to Supplier at the same offer price as Buyer purchased the specified Energy blocks from the TPS. The terms and conditions must be equivalent to the terms and conditions initially specified by Supplier to Buyer. Supplier will then execute a FRSP or PRSP transaction with Buyer at a price equal to the Supplier's purchase price for the specified Energy blocks plus the difference between Supplier's initial FRSP or PRSP offer less the price Supplier quoted Buyer for the specified Energy blocks.

4.2 CREDIT PROTECTIONS PROVIDED BY BUYER TO SUPPLIER. Buyer agrees: (i) to require each Customer to send invoiced payments to a Lockbox Account as required under the Revised Security Agreement and Revised Escrow Agreement, (ii) to include the required Supplier assignment provision in each documented and executed Retail Contract, (iii) to provide Supplier with the required Performance Assurance pursuant to Exhibit B hereto; (iv) to provide Supplier with copies of quarterly financial statements in the form of 10-K and 10-Q

statements filed with the Securities and Exchange Commission along with audited or unaudited quarterly financial statements of Buyer; (v) to provide Supplier with the right to review the creditworthiness and load attributes of potential ECO Primary Supply Rate (D-6) customers; (v) to provide Supplier with all contract terms and conditions for all documented and executed Retail Contracts; (vi) to provide Supplier with Buyer's general credit policies and procedures; and (vii) to provide Supplier, upon request, with a list of all other wholesale energy suppliers, the percentage of Buyer's total energy supply portfolio represented by purchases from such other suppliers, and the regions in which the transactions with the other suppliers occurred.

4.3 CREDIT ASSURANCES PROVIDED DIRECTLY BY CUSTOMERS. From time to time, Buyer may, consistent with Section 5. CREDIT and Section 7. MATERIAL ADVERSE CHANGE in Buyer's Master Retail Energy Supply Agreement, obtain a Letter of Credit, prepayment, cash, or other collateral from a Customer associated with a Transaction. In such instances, the Parties recognize that this form of credit assurance is intended to inure to the benefit of both the Buyer and Supplier.

ARTICLE 5 REVISED SECURITY AND REVISED ESCROW AGREEMENTS

5.1 COMMITMENT TO COMPLETE. Supplier and Buyer have already executed a Security Agreement and an Escrow Agreement. Within thirty (30) days of execution of this Agreement, Supplier and Buyer shall execute a Revised Escrow Agreement and a Revised Security Agreement.

5.2 CREDIT ASSURANCES PROVIDED BY CUSTOMERS. The relevant Escrow Account shall be maintained during the entire Term of this Agreement, and thereafter until all amounts due for Energy and related services sold to each Retail Contract(s) entered into pursuant hereto shall have been settled per the Revised Escrow Agreement and Revised Security Agreement.

ARTICLE 6 INVOICING, PAYMENT AND ACCOUNT RECONCILIATION

6.1 INVOICING AND PAYMENT. The Parties understand and agree that Supplier Invoicing shall initially be based on Energy delivered to Customers on a calendar month basis modified for line losses. Once the Parties have agreed to an invoice amount, Buyer shall prepare a Form of Distribution Request ("Distribution Request") for Supplier's final review and approval prior to submission to the Escrow Agent for distribution. For example, if Supplier delivers Energy to Customers during July 2004, Supplier shall use July delivery data to create its July invoice payable under the September 2004 invoice for Buyer's review. Customer invoiced payments received for July deliveries shall accrue in the Lockbox/Escrow Account until the next

disbursement date occurs [September 2004]. Based on the Distribution Request procedure set forth in the Revised Escrow Agreement, which is incorporated herein by reference, the Parties shall discuss the September invoice initially prepared by Supplier. The Parties shall cooperate to resolve any disputes over invoices that arise. Buyer shall review and approve the undisputed portion of Supplier's invoice. Based on that agreement of the Parties, Buyer shall then prepare a Distribution Request for Supplier's final review and approval within three (3) Business Days of Supplier's receipt of such Distribution Request, prior to submission to the Escrow Agent. Once Supplier has approved and delivered a fully-approved Distribution Request which appears to comply in all material respects as required, the Escrow Agent shall make distributions as set forth in the Revised Escrow Agreement by the EARLIER OF: two (2) Business Days of receipt of a fully-approved Distribution Request, or by the twenty-fifth (25th) day of the month, if a Business Day and a fully-approved Distribution Request has been received. The Parties agree to follow this same procedure each

month. Billing adjustments shall be made, as appropriate, after Energy imbalance information becomes available per Section 6.2 below.

6.2 ACCOUNT RECONCILIATION. Any disputed portions of the invoice, along with any credits and charges due and owing either Party, based on Energy imbalance data, and as modified for line losses, will be included in a reconciliation Charge/Credit submitted as part of the monthly invoice subsequently provided to Buyer by Supplier. The Parties agree to expeditiously resolve any and all disputes, and the Parties agree to follow this same procedure each month. If the Parties are unable to resolve a payment dispute through settlement checkout with each other, they agree to seek to resolve such dispute through the Dispute Resolution procedure set forth herein in Article 8.4.

ARTICLE 7
PARTIES' RESPONSIBILITIES WITHIN THE DECO PROGRAM

7.1 THE DECO PROGRAM. Supplier shall function as a Marketer on behalf of Buyer under the Marketer Agreement for Electric Choice Program between The Detroit Edison Company and Supplier, and Buyer shall act as an AES/Retailer under the AES/Retailer Agreement for Electric Choice Program between The Detroit Edison Company and Buyer.

ARTICLE 8
MISCELLANEOUS ISSUES

8.1 CONFIDENTIALITY. The terms of this Agreement, including the Transaction(s) hereunder, are confidential and are not to be disclosed to any third Party without the prior written consent of the non-disclosing Party except to the extent disclosure may be required by law, regulation or judicial or administrative order.

8.2 GOVERNING LAW. This Agreement is to be construed under the laws of the State of Michigan, without regard to any choice of law rules that would otherwise require the application of the laws of another state. State and federal courts situated in the State of Michigan shall have exclusive jurisdiction to resolve any disputes with respect to this Agreement. Each Party irrevocably consents to the jurisdiction described above for any actions, suits or proceedings arising out of or relating to this Agreement.

8.3 CONFLICTING TERMS, in the event of any conflict between the terms of this Agreement and the terms of the EEI Master Agreement, the terms of this Agreement shall control. In the event of any conflict between the terms of this Agreement and any provision of the Revised Security Agreement or the Revised Escrow Agreement, the terms of the Revised Security Agreement or the Revised Escrow Agreement will control. In the event of any conflict between the terms of this Agreement and the terms of a particular Confirmation, the terms of the particular Confirmation shall control.

8.4 ALTERNATIVE DISPUTE RESOLUTION. The Parties agree to seek to resolve any dispute herein pursuant to good faith business negotiations. In the event of such a dispute, the aggrieved Party shall promptly identify in writing the nature of the outstanding dispute in sufficient detail so as to allow the other Party to respond to the issue. Each Party agrees to (a) set a time and place for face-to-face meeting between a senior representative of each Party within 10 Business Days of written notice of the dispute, (b) identify in writing its own position on the dispute, and (c) propose a resolution of the dispute. The Parties agree to hold no fewer than one meeting within the time frame required above in this Section 8.4(a) and to meet for at least a total of two hours at the face-to-face meeting to discuss their respective positions and explore a contractual resolution of the dispute. Such good faith procedures shall be a

condition precedent to any declaration of default by one Party against the other, arbitration or litigation of the dispute.

8.5 ENTIRE AGREEMENT. This Agreement, including the exhibits hereto, contain the Parties' entire agreement relating to the subject matter hereof and supersedes any other agreements, written or oral, between the Parties concerning such subject matter. No amendment or alteration to this Agreement shall be effective unless in writing and signed by the Parties.

8.6 NO WAIVER. No waiver at any time by any Party hereto of its rights with respect to the other Party or with respect to any matter arising in connection with this Agreement shall be considered a waiver with respect to any subsequent default whether of a like kind or different in nature.

8.7 ASSIGNMENT. Neither Party may assign this Agreement or any right or obligation under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

8.8 No PARTNERSHIP OR JOINT VENTURE. This Agreement does not establish and should not be construed as establishing any partnership or joint venture by and between the Parties, and neither Party shall have any duties, obligations or liabilities arising under such a relationship. This Agreement shall not impart any rights enforceable by any third party (other than a permitted successor or assignee bound by this Agreement). The Parties acknowledge and agree that Buyer is not in any way affiliated with Supplier and that Supplier is a wholesale electricity provider contracted by Buyer solely to perform the activities set forth herein and in the relevant agreements between them.

8.9 SEVERABILITY. If any provision of this Agreement is held invalid or unenforceable, all other provisions shall not be affected. With respect to any provision held invalid or unenforceable, the Parties shall amend or modify this agreement as necessary to effect as closely as possible the Parties' original intent.

8.10 COUNTERPARTS. This Agreement may be executed in any number of counterparts and each executed counterpart shall have the same force and effect as an original instrument.

8.11 TERM. This Agreement shall continue indefinitely and shall terminate only upon 30 days' prior written notice by one Party to the other Party; provided, however, that such termination shall not affect or excuse the performance of either Party under any provision of this Agreement that by its terms survives any such termination, and, provided further, that this Agreement and any other documents executed and delivered hereunder shall remain in effect with respect to any Transaction(s) entered into prior to the effective date of such termination until both Parties have fulfilled all of their obligations with respect to such Transaction(s).

8.12 ASSUMPTION BY BUYER OF ANOTHER AES'S SALES CONTRACTS. In Supplier's sole discretion, in the event that a Michigan alternative energy supplier ("AES") has defaulted under one or more of its agreements with Supplier, the Parties shall agree that the following general principles and procedure would apply: (1) Buyer would promptly assume AES customer sales contracts "AS IS" and would simultaneously assume the wholesale supply arrangement between defaulted AES and Supplier; (2) Supplier would furnish assurances to Buyer that a positive margin exists between the defaulted AES's customer sales contracts and the defaulted AES/Supplier supply contract; (3) Supplier would guarantee a minimum dollar per MWh margin (to be determined based on the value of the defaulted AES retail customer contracts portfolio or some other mutually agreed upon value, e.g., \$0.50 per MWh to cover the cost of operations); (4) Supplier would furnish the defaulted AES customer portfolio in such a manner that would permit easy

Review and assessment by Buyer, e.g., Supplier will denote non-standardized language components in any defaulted AES customer sales contracts, e.g., varying late fee payment to 1%, etc.; (5) Buyer would be prepared to issue notices promptly to former defaulted AES customers regarding its assumption of the defaulted AES customer sales contracts; and (6) Buyer would work with Supplier to identify any additional steps that are necessary to complete Buyer's assumption of the defaulted AES customer sales contracts and the defaulted AES/Supplier supply contract(s).

8.13 NOTICES. Any notice required or given pursuant to this Agreement ("Notice") shall be in writing and delivered by means of private overnight delivery, or by facsimile transmission, addressed as follows:

To Supplier:

DTE Energy Trading, Inc.
414 S. Main Street, Suite 400
Ann Arbor, MI 48104
Ann: Marcia Hisson, Contract Administration
Phone No.: 734.887.2042
Fax No.: 734.887.2235

To Buyer:

Commonwealth Energy Corporation
600 Anton, 20th Floor
Costa Mesa, CA 92626
Attn: Robert Gunnin,
Vice President Energy Supply
Phone No.: (714)259-2502
Fax No.: (714) 259-2592

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

COMMONWEALTH ENERGY CORPORATION

By: /s/ Peter Weigand
Its: President

("Debtor")

DTE ENERGY TRADING, INC.

By: /s/ Randall D. Balhorm
Its: President

("Secured Party")

EXHIBIT 14.1

COMMERCE ENERGY GROUP, INC.

CODE OF BUSINESS CONDUCT AND ETHICS

I. INTRODUCTION

Set forth herein is the Code of Business Conduct and Ethics adopted by Commerce Energy Group, Inc. ("CEG"). This Code summarizes the basic principles and standards of conduct to guide all directors, officers and employees of CEG in our goal to achieve the highest business and personal ethical standards as well as compliance with the laws and regulations that apply to our business. All of our directors, officers and employees must conduct themselves accordingly in every aspect of our business and seek to avoid even the appearance of improper behavior. Our goal has been, and will continue to be, to advance the highest standards of ethical conduct. We expect all of our agents, consultants, contractors, suppliers and representatives to be guided by the principles and standards set forth in this Code. The Code does not supersede, change or alter existing CEG policies and procedures, including, but not limited to, CEG's Employee Handbook and Insider Trading Policy.

The Code of Business Conduct and Ethics is designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that CEG files with the Securities Exchange Commission and in other public communications,
- Compliance with applicable governmental laws, rules and regulations,
- The prompt internal reporting of violations of the Code, and
- Accountability for adherence to the Code.

The Code covers a wide range of business practices and procedures, but is not intended to summarize all applicable laws and regulations or to respond to every question or concern that may arise. If you have a question regarding any of the goals, principles, or standards discussed or policies or procedures referred to in this Code or are in doubt about the best course of action to take in a particular situation, please contact CEG's General Counsel or follow the procedures set forth in Section XVI of this Code.

Every director, officer and employee of CEG has a duty to adhere to this Code. Every director, officer and employee of CEG shall receive a copy of this Code and be required to sign an acknowledgement of receipt in the form attached hereto as Exhibit A. Any individual who violates the standards in this Code is subject to disciplinary action, up to and including termination, and civil and criminal prosecution, if appropriate. If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described in Section XVI of this Code.

II. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Obeying the law, both in letter and in spirit, is the foundation on which CEG's ethical standards are built. All directors, officers and employees must respect and obey the laws of the cities, states and countries in which we operate. Although not all employees are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel. Compliance with the law does not obviate the need to act with the highest ethical standards.

CEG provides a wide range of training, both mandatory and voluntary, for employees to promote understanding and compliance with various laws, rules and regulations.

III. CONFLICTS OF INTEREST

A "conflict of interest" exists when a person's private interest interferes in any way with the interests of CEG. A conflict situation can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her CEG work objectively and effectively. Conflicts of interest may also arise when a director, officer or employee, or members of his or her family, receives improper personal benefits as a result of his or her position with CEG. Loans to, or guarantees of obligations of, officers and employees, and their family members, may create conflicts of interest. Loans to directors and executive officers of CEG are prohibited by law and may not be made.

A conflict of interest may arise if a director, officer or employee of CEG works simultaneously for a competitor, customer or major supplier. You are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.

Conflicts of interest are prohibited as a matter of CEG policy, except under guidelines approved by the Board of Directors. Conflicts of interest may not always be clear cut. If questions arise, you should consult CEG's General Counsel. The Chief Executive Officer and directors must report any such circumstance to and obtain approval from the Audit Committee.

Any director, officer or employee who becomes aware of a conflict or a potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or follow the procedures described in Section XVI of this Code.

IV. INSIDER TRADING

Directors, officers and employees of CEG who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non public information about CEG should be considered confidential information. To use non public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal. Please refer to CEG's Insider Trading Policy for more information regarding CEG's policies and procedures with respect to trading in CEG's securities. If you have any questions, please consult CEG's General Counsel.

This guidance also applies to trading in securities of other companies for which you receive information in the course of your employment with CEG.

All employees are prohibited from conducting commodity transactions in their personal accounts in any commodity in which the Company transacts.

V. CORPORATE OPPORTUNITIES

Directors, officers and employees are prohibited from personally benefiting from opportunities that are discovered through the use of corporate property, information or position without the consent of CEG's Board of Directors. No director, officer or employee may use corporate property" information, or position for improper personal gain. Directors, officers and employees owe a duty to CEG to advance its legitimate interest when the opportunity to do so arises.

VI. COMPETITION AND FAIR DEALING

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary

-2-

information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. No director, officer or employee of CEG should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any CEG director, officer, employee, family member of any of the foregoing or agent unless it:

- is not a cash gift;
- is consistent with customary business practices;
- is not excessive in value;
- cannot be construed as a bribe or payoff; and
- does not violate any laws or regulations.

Please discuss with your supervisor any gifts or proposed gifts that you are not certain are appropriate.

VII. DISCRIMINATION AND HARASSMENT

The diversity of CEG's employees is a tremendous asset. As evidenced by our equal employment opportunity and anti harassment policies, CEG is firmly committed to providing equal employment opportunity to qualified individuals regardless of race, color, religion, gender, age, national origin, sexual orientation, disability, veteran status, marital status, or other protected status. CEG will not tolerate illegal discrimination or harassment of any kind. Our anti-harassment policy explains in detail the types of conduct that are prohibited. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome conduct of a sexual nature. Violations of our anti harassment and equal employment opportunity policies should be reported immediately as provided in those policies and in Section XVI, below.

All of our employees deserve a work environment where they will be respected and CEG is committed to providing an environment that supports honesty, integrity, respect, trust and responsibility. All of our employees should contribute to the creation and maintenance of such an environment and our executive officers and management and supervisory personnel should take a leadership role in achieving a work environment that meets our diversity standards and is free from discrimination and harassment.

VIII. HEALTH AND SAFETY

CEG strives to provide each employee with a safe and healthy work environment. Each employee has a responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions and complying with visitor hosting procedures and other facility security related policies and procedures.

Violence and threatening behavior are not permitted. Employees should report to work in condition to perform their duties, free from the influence of

Alcohol, illegal drugs or controlled substances. Employees who report to work under the influence of or in possession of illegal drugs or alcohol are subject to disciplinary action up to and including termination.

IX. RECORD KEEPING

CEG requires honest and accurate recording and reporting of information in order to make responsible business decisions.

-3-

Many directors, officers and employees regularly use business expense accounts, which must be documented and recorded accurately. No one should rationalize or even consider misrepresenting facts or falsifying records. If you are not sure whether a certain expense is legitimate, ask your supervisor or the Corporate Accounting Department. Rules and guidelines are available from the Corporate Accounting Department.

All of CEG's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect CEG's transactions, and must conform both to applicable legal requirements and to CEG's system of internal controls and generally accepted accounting principles. Unrecorded or "off the books" funds or assets should not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e mail, internal memos, and formal reports. Records should always be retained or destroyed according to CEG's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation please consult CEG's General Counsel.

X. FINANCIAL REPORTING AND DISCLOSURE

All transactions involving CEG and its subsidiaries must be documented, in reasonable detail, and accounted for on the books and records of CEG in accordance with generally accepted accounting principles and applicable laws and regulations. CEG's Chief Financial Officer ("CFO") is the chief accounting officer of CEG and is responsible for establishing and maintaining accounting policies and procedures, disclosure controls and internal control standards and the requirements for financial reporting to CEG's Management and others.

XI. CONFIDENTIALITY

Directors, officers and employees must safeguard the confidentiality of confidential information entrusted to them by CEG or its customers, except when disclosure is authorized by the Legal Department or required by laws or regulations. Confidential information includes all non public information that might be of use to competitors, or harmful to CEG or its customers, if disclosed. It also includes information that suppliers and customers have entrusted to us. The obligation to preserve confidential information continues even after employment ends. All officers and employees must complete training on CEG Privacy and Security policies and procedures and comply with applicable federal and state privacy requirements. Any violation of HIPAA privacy requirements should be reported to your supervisor.

XII. PROTECTION AND PROPER USE OF CEG ASSETS

All directors, officers and employees should endeavor to protect CEG's assets, including funds, property, electronic communications systems, information resources, data, facilities, equipment and supplies to ensure their

efficient use. Protection of CEG's assets is vital since theft, carelessness and waste have a direct impact on CEG's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation pursuant to Section XVI of this Code. CEG assets should not be used for non-CEG business, although we recognize that incidental personal use may be permitted without adversely affecting the interests of CEG. Personal use of CEG assets must always be in accordance with CEG policy. You should consult your supervisor for appropriate guidance and permission.

The obligation of directors, officers and employees to protect CEG's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, software programs, patents, trademarks and copyrights, as well as business, marketing and service plans, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information is a violation of CEG policy. It could also be illegal and result in civil or criminal penalties. Each employee of CEG is required to comply with the provisions of the

-4-

Intellectual Property and Technical Information Agreement, whether or not such agreement has been executed by the employee.

XIII. PAYMENTS TO GOVERNMENT PERSONNEL

The U.S. Foreign Corrupt Practices Act prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. It is strictly prohibited to make illegal payments to government officials of any country.

In addition, the U.S. government has a number of laws and regulations regarding business gratuities that may be accepted by U.S. government personnel. The promise, offer or delivery to an official or employee of the U.S. government of a gift, favor or other gratuity in violation of these rules would not only violate CEG policy but could also be a criminal offense. State and local governments, as well as foreign governments, may have similar rules. CEG's General Counsel can provide guidance to you in this area.

XIV. IMPROPER INFLUENCE ON CONDUCT OF AUDITS

No director, officer or employee of CEG shall take any action (e.g., offering or paying bribes or other financial incentives, providing inaccurate or misleading legal analysis, blackmailing, and making physical threats) or make any false, misleading or inaccurate oral or written statement to fraudulently influence, coerce, manipulate or mislead an independent auditor engaged in the performance of an audit of CEG's financial statements for the purpose of rendering the financial statements materially misleading.

XV. COMPLIANCE PROCEDURES

Each director, officer and employee of CEG must work to ensure prompt and consistent action against violations of this Code. However, in some situations it may be difficult to know if a violation has occurred. Since we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will enable you to focus on the specific

question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.

- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from CEG resources. In the case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with your office manager or Human Resources manager. If that also is not appropriate, call CEG's General Counsel.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, every effort will be made to protect your anonymity.

-5-

CEG does not permit retaliation of any kind against employees for good faith reports of ethical violations or misconduct.

- Always ask first, act later. If you are unsure of what to do in any situation, seek guidance before you act.

VI. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

Directors, officers and employees are encouraged to promptly discuss with, or otherwise disclose to, their supervisors, managers or other appropriate personnel any observed or suspected illegal or unethical behavior. In the case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with your office manager or your Human Resources manager. If that also is not appropriate, call CEG's General Counsel.

Reporting of violations will remain confidential to the degree possible. No employee of CEG may be discharged, demoted, suspended, threatened, harassed or in any other manner be discriminated against in the terms and conditions of their employment because of reporting or aiding in the investigation of illegal or unethical behavior. Directors, officers and employees are expected to cooperate in internal investigations of misconduct.

XVII. VIOLATIONS OF THE CODE AND DISCIPLINARY ACTION

Every director, officer and employee of CEG has a duty to adhere to this Code. Any individual who violates the standards in this Code is subject to disciplinary action, up to and including termination, and civil and criminal prosecution, if appropriate. CEG will promptly and properly document all reasons for disciplinary actions taken against its directors, officers and employees for violations of the Code.

XVIII. WAIVERS OF THE CODE OF BUSINESS CONDUCT AND ETHICS

Any waiver of this Code for directors or executive officers of CEG may be

made only by CEG's Board of Directors or a committee thereof and will be promptly disclosed as required by law or by stock exchange or market rule or regulation.

-6-

Exhibit A

FORM OF ACKNOWLEDGMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS

I acknowledge that I have received a copy of the Company's Code of Business Conduct and Ethics and acknowledge that it is my responsibility to read it, understand its contents, and adhere to all of the terms of and procedures in the policy. I further acknowledge that nothing in the Code of Business Conduct and Ethics changes my at-will employment relationship with the Company, which means that either I or the Company can terminate my employment at any time, for any or no reason, with or without notice. I also understand that the Company reserves the right to modify or terminate its Code of Business Conduct and Ethics with or without notice, at any time in its sole discretion.

-----	-----	-----
Employee Name (Printed)	Employee Signature	Date

-7-

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

The following entities are wholly-owned subsidiaries of Commerce Energy Group, Inc.:

Name	Jurisdiction of Organization
-----	-----
Commonwealth Energy Corporation	California
ElectricAmerica, Inc.	Delaware
electric.com, Inc.	Delaware
Skipping Stone Inc.	Delaware
UtiliHost, Inc.	Delaware

Exhibit 23.1

Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-117246) pertaining to the Commonwealth Energy Corporation 1999 Equity Incentive Plan, as amended (which has been assumed by Commerce Energy Group, Inc.), of our report dated October 22, 2004, with respect to the consolidated financial statements of Commerce Energy Group, Inc. included in the Annual Report (Form 10-K) for the year ended July 31, 2004.

S/ ERNST & YOUNG LLP

Orange County, California
November 15, 2004

CERTIFICATIONS

I, Richard L. Boughrum, certify that:

1. I have reviewed this annual report on Form 10-K of Commerce Energy Group;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal controls over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 15, 2004

By: /s/ RICHARD L. BOUGHRUM

RICHARD L. BOUGHRUM
Senior Vice President and Chief
Financial Officer
(Principal Financial Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
RULE 13(a)-14(b) AND 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Commerce Energy Group (the "Company") on Form 10-K for the fiscal year ending July 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Richard L. Boughrum, Senior Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. 1350, as adopted pursuant to 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 15, 2004

By:

/s/ RICHARD L. BOUGHRUM

RICHARD L. BOUGHRUM
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)



Decide with Confidence

Comprehensive Report

To save report(s) to your PC, [click here for instructions](#).

[Print this Report](#)

Enhanced Format: [View this report with charts and graphs for quicker decision making.](#)

Copyright 2005 Dun & Bradstreet - Provided under contract for the exclusive use of subscriber 264734337L

ATTN: **undefined**

Report Printed: MAR 25 2005

Overview

BUSINESS SUMMARY

COMMONWEALTH ENERGY CORP

(SUBSIDIARY OF COMMERCE ENERGY GROUP INC,
COSTA MESA, CA)

ELECTRIC AMERICA

UTILIHOST

ACT ADVANCED CLIENT TECHNOLOGIES

600 Anton Blvd, Ste 2000

Moved From: 15901 Red Hill Ave, Ste-100, Tustin,
Ca

Costa Mesa, CA 92626

D&B D-U-N-S Number: 17-634-3341

This is a **headquarters (subsidiary)** location.
Branch(es) or division(s) exist.

Web site: www.electric.com

Telephone: 714 259-2500

Fax: 714 259-2575

Chief executive: IAN CARTER, CEO/CHB

Year started: 1997

Employs: 185 (175 here)

Financial statement date: APR 30 2004

Sales F: \$165,526,000

Net worth: \$93,017,000

History: CLEAR

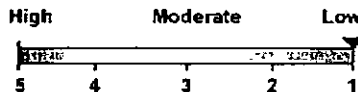
Financing: SECURED

Now Included with this Report NEW!	
D&B's Credit Limit Recommendation How much credit should you extend? Learn More View Now	
Payment Trends Profile Payment trends and industry benchmarks Jump to Payment Trends	

RECEIVED
2005 APR -8 PM 4: 17
PA PUC
SECRETARY'S BUREAU

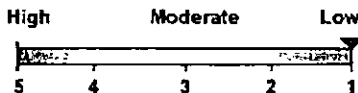
Credit Score Class: **1**

Low risk of severe payment delinquency over next months



Financial Stress Class: **1**

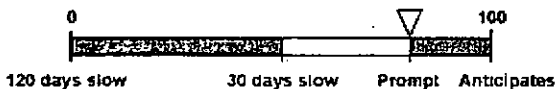
Low risk of severe financial stress over the next 12 months



12-Month D&B PAYDEX®: **80**

When weighted by dollar amount, payments to suppliers average generally within terms.

Financial condition: STRONG
SIC: 4911
Line of business: Electric services



D&B Rating: 5A2
Financial strength: 5A is \$50 million and over.
Composite credit appraisal: 2 is good.

D&B EXCLUSIVE

EXECUTIVE SUMMARY

The **Financial Stress Class of 1** for this company shows that during the previous year, firms with this classification had a failure rate of 0.49% (49 per 10,000), which is lower than the national average.

The **Credit Score class of 1** for this company shows that during the previous year, 2.3% of the firms with this classification paid one or more bills severely delinquent, which is lower than the national average.

Financial information from an interim consolidated statement dated 04/30/04 is included.

Predictive Scores	This Business	Comments
Financial Stress Class	1	Failure Rate lower than the national average
Financial Stress Score	1493	Highest Risk: 1,001; Lowest Risk: 1,850
Credit Score Class	1	Probability of Severely Delinquent Payment is lower than the national average

Other Key Indicators

PAYDEX Scores	generally within terms	Pays more promptly than the average for its industry of 6 days beyond terms
Industry Median	6 days beyond terms	
Present management control	8 years	
UCC Filings	UCC filing(s) are reported for this business	
Public Filings	Evidence of open suits and judgement in the D&B database	
Financing	Is secured	
History	Is clear	
Special Events	Are reported for this business	

CREDIT CAPACITY SUMMARY

D&B Rating: 5A2
Financial strength: 5A indicates \$50 million and over.
Composite credit appraisal: 2 is good.

This credit rating was assigned because of D&B's assessment of the company's financial ratios and its cash flow. For more information, see the D&B Rating Key.

Sales: \$165,526,000
of Employees Total: 185 (175 here)

Payment Activity: (based on 36 experiences)

As of 04/30/04 **Average High Credit:** \$151,085

Worth:	\$93,017,000	Highest Credit:	\$5,000,000
Working Capital:	\$63,753,000	Total Highest Credit:	\$5,288,750

Note: The Worth amount in this section may have been adjusted by D&B to reflect typical deductions, such as certain intangible assets.

SPECIAL EVENTS

11/18/2004

Business address has changed from 15901 Red Hill Ave, Ste-100, Tustin, CA, 92780 to 600 Anton Blvd, Ste 2000, Costa Mesa, CA, 92626.

01/02/2004

EARNINGS UPDATE: According to published reports, comparative operating results for the 3 months ended October 31, 2003: Revenue of \$58,396,000, Net Income of (\$1,122,000); compared to Revenue of \$33,682,000, Net Income of (\$526,000) for the comparable period in the prior year.

Jump to:

[Overview](#) | [Payments](#) | [Public Filings](#) | [History & Operations](#) | [Banking & Finance](#)

Scores **D&B EXCLUSIVE**

FINANCIAL STRESS SUMMARY

The Financial Stress Summary Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files.

Financial Stress Class: **1**



Low risk of severe financial stress, such as a bankruptcy, over the next 12 months.

Incidence of Financial Stress

Among Businesses with this Classification:	0.49% (49 per 10,000)
National Average	1.40% (140 per 10,000)

Financial Stress National Percentile: **82** (Highest Risk: 1; Lowest Risk: 100)

Financial Stress Score: **1493** (Highest Risk: 1,001; Lowest Risk: 1,850)

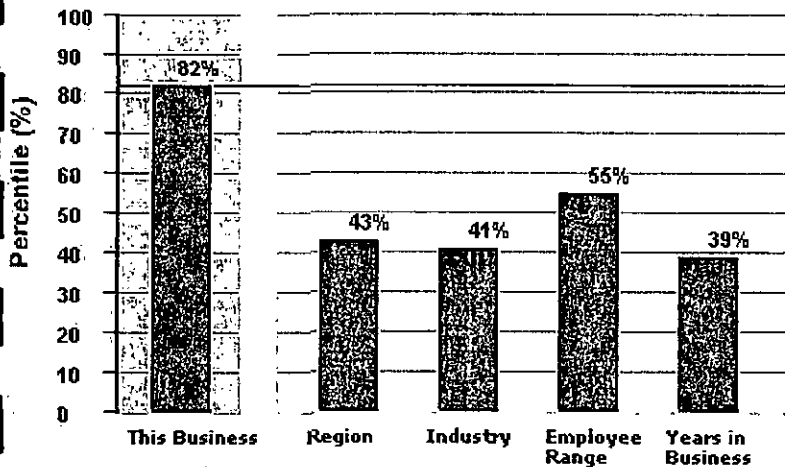
The Financial Stress Class of this business is based on the following factors:

- Control age or date entered in D&B files indicates higher risk.
- D&B files indicate a net worth of \$93,017,000.
- Quick Ratio suggests lower risk of financial stress.
- 8% of trade experiences indicate slow payment(s) are present.
- Change in Quick Ratio suggests lower risk of financial stress.
- Change in Current Ratio suggests lower risk of financial stress.

Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Incidence of Financial Stress - National Average represents the national failure rate and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on 2002.

Financial Stress Norms Comparison (%)



Norms	National %
This Business	82
Region: PACIFIC	43
Industry: INFRASTRUCTURE	41
Employee Range: 100-499	55
Years in Business: 6-10	39

Region = PACIFIC
 Industry = INFRASTRUCTURE
 Employee Range = 100-499
 Years in Business = 6-10

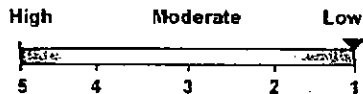
This business has a Financial Stress Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

CREDIT SCORE CLASS SUMMARY

The Credit Score class predicts the likelihood of a firm paying in a severely delinquent manner (90+ Days Past Terms) over the next twelve months. It was calculated using statistically valid models and the most recent payment information in D&B's files.

Credit Score Class: **1**



Low risk of severe payment delinquency over next 12 months.

Incidence of Delinquent Payment

Among Companies with this Classification: 2.30%

Credit Score Percentile: 99 (Highest Risk: 1; Lowest Risk: 100)

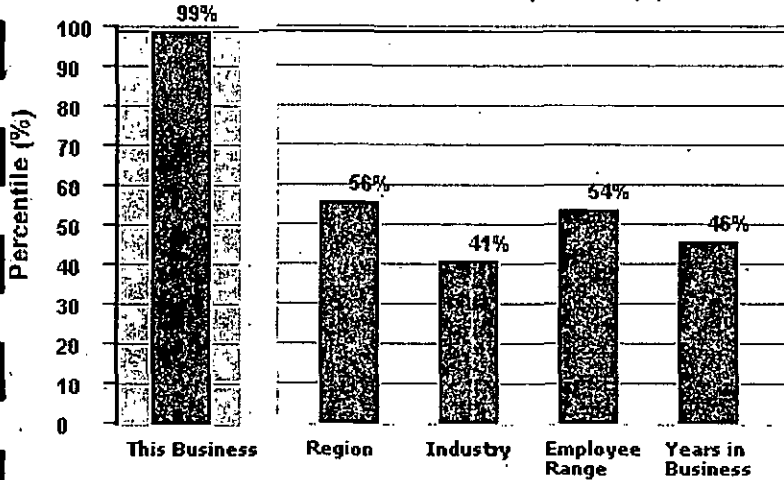
The Credit Score Class of this business is based on the following factors:

- D&B files indicate a net worth of \$93,017,000.
- Business does not own facilities.
- Quick ratio is 2.8.

Notes:

- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses. For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&B's files.

Credit Score Norms Comparison (%)



Region = PACIFIC
 Industry = INFRASTRUCTURE
 Employee Range = 100-499
 Years in Business = 6-10

Norms	National %
This Business	99
Region: PACIFIC	56
Industry: INFRASTRUCTURE	41
Employee Range: 100-499	54
Years in Business: 6-10	46

This business has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.


Jump to:

- [Overview](#) | [Scores](#) | [Public Filings](#) | [History & Operations](#) | [Banking & Finance](#)

Payments **D&B EXCLUSIVE**

PAYMENT TRENDS

Total Payment Experiences in D&B's File:	36
Payments Within Terms: (not dollar weighted)	95%
Total Placed For Collection:	0
Average Highest Credit:	\$151,085
Largest High Credit:	\$5,000,000
Highest Now Owing:	\$10,000
Highest Past Due:	\$750

Current PAYDEX is:	80	equal to generally within terms
Industry Median is:	76	equal to 6 days beyond terms
Payment Trend currently is:		unchanged , compared to payments three months ago

Indications of slowness can be the result of dispute over merchandise, skipped invoices, etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

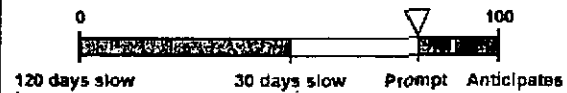
PAYDEX Scores

Shows the D&B PAYDEX scores as calculated on the most recent 3 months and 12 months of payment experiences.

The D&B PAYDEX is a unique, dollar weighted indicator of payment performance based on up to payment experiences as reported to D&B by trade references. A detailed explanation of how to read and interpret PAYDEX scores can be found at the end of this report.

3-Month D&B PAYDEX: 79

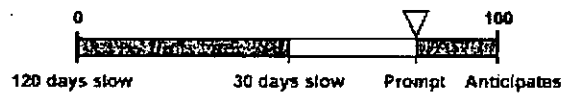
When weighted by dollar amount, payments to suppliers average 2 days beyond terms.



Based on payments collected over last 3 months.

12-Month D&B PAYDEX: 80

When weighted by dollar amount, payments to suppliers average generally within terms.



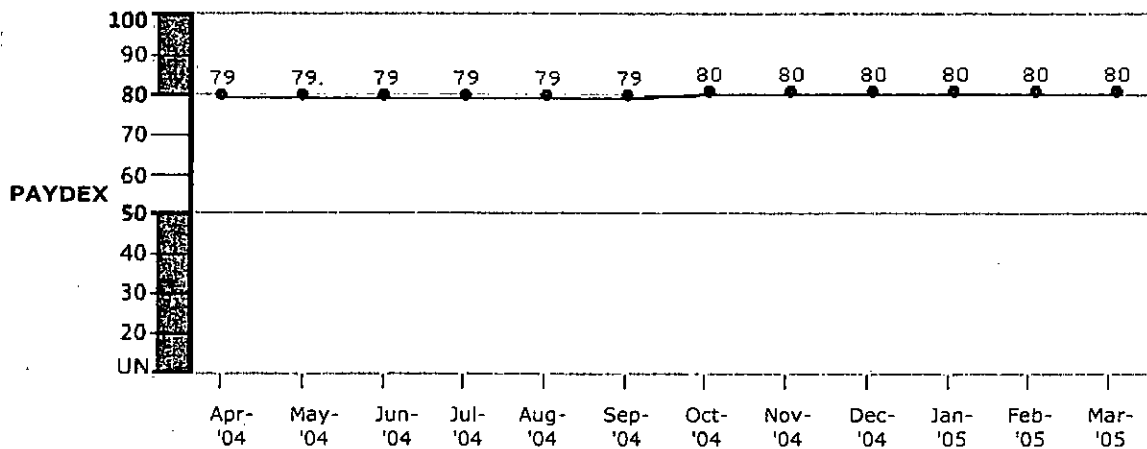
Based on payments collected over last 12 months.

PAYDEX Yearly Trend

12 Month PAYDEX Scores Comparison to Industry

	4/04	5/04	6/04	7/04	8/04	9/04	10/04	11/04	12/04	1/05	2/05	3/05
This Business	79	79	79	79	79	79	80	80	80	80	80	80
Industry Quartiles												
Upper			79			79			79			79
Median			76			76			76			76
Lower			70			70			70			70

Shows the trend in D&B PAYDEX scoring over the past 12 months.



Last 12 Months

Based on payments collected over the last 12 months.

- Current PAYDEX for this Business is 80, or equal to generally within terms
- The 12-month high is 80, or equal to generally within terms
- The 12-month low is 79, or equal to 2 days beyond terms

PAYDEX Comparison to Industry

Shows PAYDEX scores of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Electric services, based on SIC code 4911.

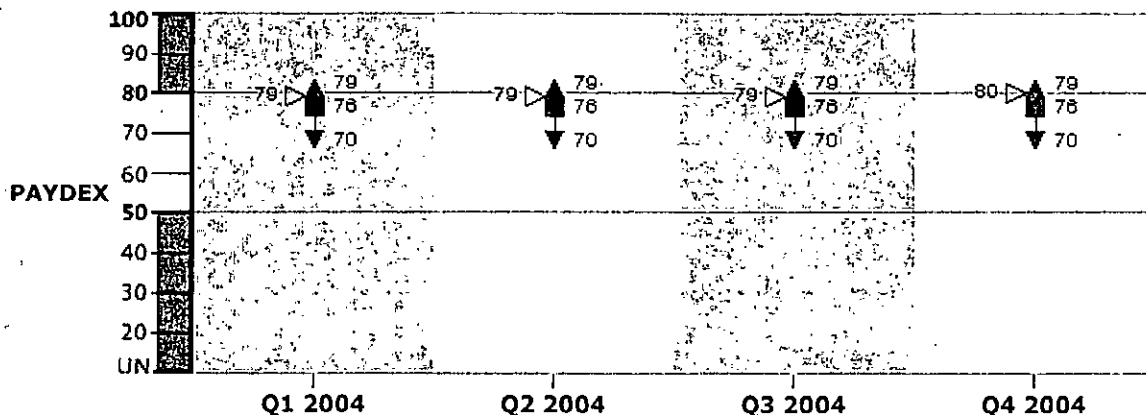
Quarterly PAYDEX Scores Comparison to Industry

Previous Year

	3/03	6/03	9/03	12/03
This Business	UN	70	69	63
Industry Quartiles				
Upper	79	80	79	79
Median	76	76	76	76
Lower	70	70	70	70

Current Year

	3/04	6/04	9/04	12/04
This Business	79	79	79	80
Industry Quartiles				
Upper	79	79	79	79
Median	76	76	76	76
Lower	70	70	70	70



Last 12 Months

Based on payments collected over the last 4 quarters.

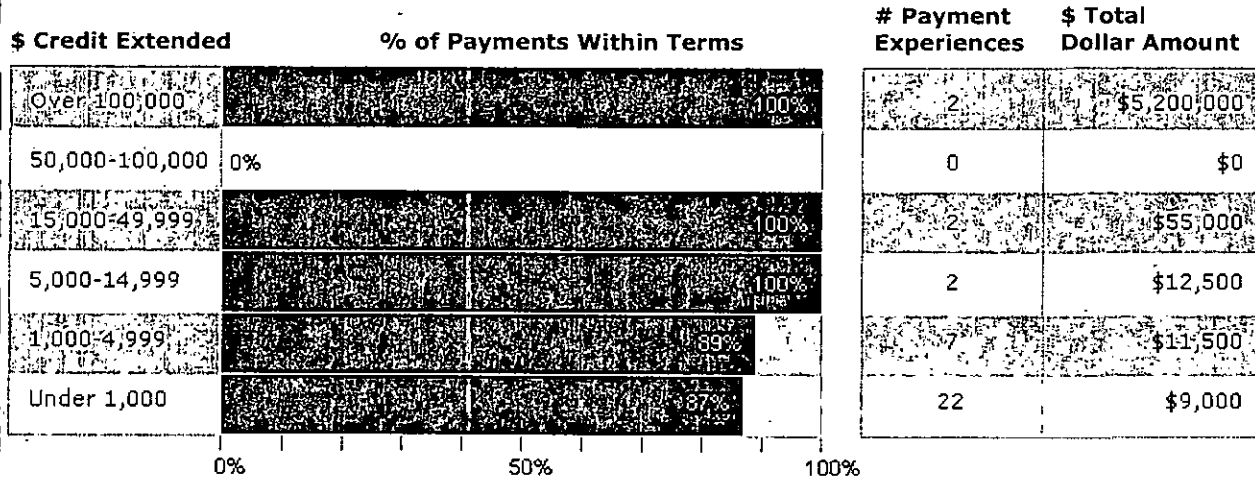
Score Comparison Key:	▷ This Business	▲ Industry upper quartile
		■ Industry median
		▼ Industry lower quartile

Current **PAYDEX** for this Business is **80**, or equal to generally within terms
 The present industry **median score** is **76**, or equal to 6 days beyond terms.

Industry upper quartile represents the performance of the payers in the 75th percentile
 Industry lower quartile represents the performance of the payers in the 25th percentile

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences used to calculate the percentage, and the total dollar value of the credit extended.



Based on payments collected over the last 12 months.

Payment experiences reflect how bills are met in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices, etc.

PAYMENT SUMMARY

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

There are 36 payment experiences in D&B's file for the most recent 12 months, with 13 experiences reported during the last three-month period.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

Total	Total Dollar	Largest High	Within	Days Slow
-------	--------------	--------------	--------	-----------

	Rcv'd (#)	Amts (\$)	Credit (\$)	Terms (%)	<31	31-60	61-90	90>
					(%)	(%)	(%)	
Top industries:								
Telephone communicatns	9	13,250	5,000	88	12	0	0	0
Misc general gov't	4	2,300	750	100	0	0	0	0
Nonclassified	3	550	250	100	0	0	0	0
Natural gas distrib	2	5,200,000	5,000,000	100	0	0	0	0
Executive office	2	30,100	30,000	100	0	0	0	0
Radiotelephone commun	2	1,750	1,000	100	0	0	0	0
Misc equipment rental	2	200	100	100	0	0	0	0
Ret mail-order house	1	25,000	25,000	100	0	0	0	0
Ret-direct selling	1	7,500	7,500	100	0	0	0	0
Misc publishing	1	2,500	2,500	100	0	0	0	0
Data processing svcs	1	1,000	1,000	100	0	0	0	0
Mfg misc office eqpt	1	1,000	1,000	100	0	0	0	0
General warehousing	1	750	750	0	100	0	0	0
Misc business credit	1	750	750	100	0	0	0	0
Whol computers/softwr	1	750	750	100	0	0	0	0
Short-trm busn credit	1	250	250	100	0	0	0	0
Mfg photograph equip	1	250	250	100	0	0	0	0
Air courier service	1	100	100	100	0	0	0	0
Other payment categories:								
Cash experiences	0	0	0					
Payment record unknown	1	750	750					
Unfavorable comments	0	0	0					
Placed for collections:								
With D&B	0	0	0					
Other	0	N/A	0					
Total in-D&B's file	36		5,000,000					

The highest **Now Owes** on file is \$10,000 The highest **Past Due** on file is \$750

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed. Indications of slowness can be result of dispute over merchandise, skipped invoices, etc.

PAYMENT DETAILS

Detailed payment history

Date Reported (mm/yy)	Paying Record	High Credit (\$)	Now Owes (\$)	Past Due (\$)	Selling Terms	Last Sale Within (months)
02/05	Ppt	1,000	0	0		1 mo
	Ppt	500	0	0		6-12 mos
	Ppt	100	100	0		1 mo
	Ppt	100	100	0		1 mo
	(005)	100				6-12 mos
	Satisfactory.					
01/05	Ppt	25,000	10,000	0	N30	1 mo

	Ppt	250	250	0		1 mo
	Ppt	250	0	0		6-12 mos
	Ppt-Slow 30	750	100	0		1 mo
	Slow 30	750	500	500		1 mo
12/04	Ppt	2,500	0	0	N30	6-12 mos
	Ppt	750	0	0	N30	6-12 mos
	Ppt	500	0	0		6-12 mos
	Ppt	50	50	0		1 mo
11/04	Ppt	7,500	250	0	N30	1 mo
	Ppt	750	0	0	N30	2-3 mos
	Ppt	250	0	0		6-12 mos
	(018)	750				1 mo
	Satisfactory.					
	(019)	750				1 mo
	Satisfactory.					
	(020)	750				1 mo
	Satisfactory.					
10/04	Ppt	5,000	0	0		6-12 mos
	Ppt	2,500	750	0		1 mo
	Ppt	1,000	0	0		6-12 mos
	Ppt	250	100	0		1 mo
	Ppt	250	0	0		6-12 mos
	Ppt-Slow 30	2,500	1,000	750		1 mo
	(027)	50				6-12 mos
	Satisfactory.					
09/04	Ppt	1,000	0	0		6-12 mos
	Ppt	750	100		Lease Agreement	
08/04	(030)	750	0	0		6-12 mos
05/04	Ppt	30,000				1 mo
04/04	Ppt	250	0	0		6-12 mos
03/04	Ppt	1,000	0	0		6-12 mos
	Ppt	100	50	0		1 mo
01/04	Ppt	5,000,000			N30	1 mo
	Ppt	200,000			N30	1 mo

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

Jump to:

[Overview](#) | [Scores](#) | [Payments](#) | [History & Operations](#) | [Banking & Finance](#)

Public Filings

PUBLIC FILINGS

The following data includes both open and closed filings found in D&B's database on the subject company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	1	11/15/2001
Liens	1	11/02/2000
Suits	2	04/19/2004
UCC's	16	06/10/2003

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

JUDGMENTS

Judgment award: \$320
Status: Unsatisfied
CASE NO.: 01CS006886
Judgment type: Judgment
Against: COMMONWEALTH ENERGY CORPORATION
In favor of: STEPHEN LEE GJOLME
Where filed: ORANGE COUNTY SMALL CLAIMS COURT/SANTA ANA, SANTA ANA, CA
Date status attained: 11/15/2001
Date entered: 11/15/2001
Latest Info Collected: 02/20/2003

LIENS

A lienholder can file the same lien in more than one filing location. The appearance of multiple liens filed by the same lienholder against a debtor may be indicative of such an occurrence.

Amount: \$1,112
Status: Released
CASE NO.: 000593530
Type: State Tax
Filed by: CA EMPLOYMENT DEVELOPMENT DEPARTMENT
Against: COMMONWEALTH ENERGY CORP.
Where filed: ORANGE COUNTY RECORDER OF DEEDS, SANTA ANA, CA
Date status attained: 05/07/2001
Date filed: 11/02/2000
Latest Info Received: 11/05/2004

SUITS

Status: Pending
CASE NO.: 04CC05038
Plaintiff: JOSEPH OGUNDIJI JOSEPH P SALINE
Defendant: COMMONWEALTH ENERGY CORPORATION AND OTHERS
Where filed: ORANGE COUNTY SUPERIOR COURT, SANTA ANA, CA
Date status attained: 04/19/2004
Date filed: 04/19/2004
Latest Info Received: 06/28/2004

Suit amount: \$340
Status: Judgment entered
CASE NO.: 01CS006886
Plaintiff: STEPHEN LEE GJOLME

Defendant: COMMONWEALTH ENERGY CORPORATION
Cause: Debt, non-payment
Where filed: ORANGE COUNTY SMALL CLAIMS COURT/SANTA ANA, SANTA ANA, CA
Date status attained: 11/15/2001
Date filed: 10/11/2001
Latest Info Collected: 02/20/2003

If it is indicated that there are defendants other than the report subject, the lawsuit may be an action to clear title to property and does not necessarily imply a claim for money against the subject.

UCC FILINGS

Collateral: Negotiable instruments including proceeds and products - Account(s) including proceeds and products - Contract rights including proceeds and products
Type: Original
Sec. party: ILLINOVA ENERGY PARTNERS INC, MIDVALE, UT
Debtor: COMMONWEALTH ENERGY CORP
Filing number: 003922128
Filed with: SECRETARY OF STATE/UCC DIVISION, SPRINGFIELD, IL
Date filed: 10/09/1998
Latest Info Received: 11/03/1998

Collateral: Negotiable instruments including proceeds and products - Account(s) including proceeds and products - Contract rights including proceeds and products
Type: Original
Sec. party: ILLINOVA ENERGY PARTNERS, INC., MIDVALE, UT
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 9828861030
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA
Date filed: 10/08/1998
Latest Info Received: 10/23/1998

Type: Termination
Sec. party: ILLINOVA ENERGY PARTNERS, INC., MIDVALE, UT
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 9828861030
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA

Date filed: 05/18/2000
Latest Info Received: 05/31/2000
Original UCC filed date: 10/08/1998
Original filing no.: 9828861030

Collateral: Inventory including proceeds and products - Account(s) including proceeds and products - Farm products/crops including proceeds and products - Contract rights including proceeds and products - and OTHERS
Type: Original
Sec. party: COAST BUSINESS CREDIT, A DIVISION OF SOUTHERN PACIFIC BANK, LOS ANGELES, CA
Debtor: COMMONWEALTH ENERGY CORPORATION and OTHERS
Filing number: 0016160600
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA

Date filed: 06/07/2000
Latest Info Received: 06/28/2000

Type: Termination
Sec. party: COAST BUSINESS CREDIT, A DIVISION OF SOUTHERN PACIFIC BANK, LOS

Debtor: ANGELES, CA
 COMMONWEALTH ENERGY CORPORATION and OTHERS
Filing number: 02231C0020
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA
Date filed: 08/16/2002
Latest Info Received: 08/27/2002
Original UCC filed date: 06/07/2000
Original filing no.: 0016160600

Collateral: Accounts receivable including proceeds and products - Inventory including proceeds and products - Assets including proceeds and products - Account(s) including proceeds and products - and OTHERS
Type: Original
Sec. party: THE CIT GROUP/CREDIT FINANCE, INC. FOR ITSELF AND AS AGENT, LOS ANGELES, CA
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 9823660513
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA
Date filed: 08/21/1998
Latest Info Received: 08/29/1998

Type: Termination
Sec. party: THE CIT GROUP/CREDIT FINANCE, INC. FOR ITSELF AND AS AGENT, LOS ANGELES, CA
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 9823660513
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA
Date filed: 10/02/1998
Latest Info Received: 10/14/1998
Original UCC filed date: 08/21/1998
Original filing no.: 9823660513

Collateral: Accounts receivable and proceeds - Account(s) and proceeds
Type: Original
Sec. party: DTE ENERGY TRADING, INC., ANN ARBOR, MI
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 0308060438
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA
Date filed: 03/20/2003
Latest Info Received: 04/03/2003

Collateral: Account(s)
Type: Amendment
Sec. party: DTE ENERGY TRADING, INC., ANN ARBOR, MI
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 03167C0397
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA
Date filed: 06/10/2003
Latest Info Received: 06/30/2003
Original UCC filed date: 03/20/2003
Original filing no.: 0308060438

Collateral: Accounts receivable and proceeds
Type: Original
Sec. party: CALPINE ENERGY SERVICES, L.P., HOUSTON, TX
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 0126860327
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA

Date filed: 09/24/2001
Latest Info Received: 10/08/2001

Collateral: Leased Inventory including proceeds and products - Account(s) including proceeds and products - Chattel paper including proceeds and products - General intangibles(s) including proceeds and products - and OTHERS
Type: Original
Sec. party: MCI CAPITAL SERVICES, FRANKLIN, TN
Debtor: COMMONWEALTH ENERGY CORP
Filing number: 0114160667
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA

Date filed: 05/18/2001
Latest Info Received: 06/04/2001

Collateral: Business machinery/equipment
Type: Original
Sec. party: FLEET BUSINESS CREDIT, LLC, TROY, MI
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 0301460607
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA

Date filed: 01/09/2003
Latest Info Received: 01/28/2003

Collateral: Computer equipment
Type: Original
Sec. party: FLEET BUSINESS CREDIT, LLC, TROY, MI SAVIN CORPORATION, STAMFORD, CT
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 0232560371
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA

Date filed: 11/20/2002
Latest Info Received: 12/12/2002

Collateral: Business machinery/equipment
Type: Original
Sec. party: SAVIN CORPORATION, STAMFORD, CT FLEET BUSINESS CREDIT, LLC, TROY, MI
Debtor: COMMONWEALTH ENERGY CORPORATION
Filing number: 0229860127
Filed with: SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA

Date filed: 10/24/2002
Latest Info Received: 11/12/2002

There are additional UCC's in D&B's file on this company available by contacting 1-800-234-3867.

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

Jump to:

[Overview](#)

| [Scores](#)

| [Payments](#)

| [Public Filings](#)

| [Banking & Finance](#)

History & Operations

HISTORY

The following information was reported **11/18/2004**:

Officer(s): IAN CARTER, CEO/CHB
JAMES L OLIVER, CFO
RICHARD PAULSEN, COO

DIRECTOR(S): THE OFFICER(S)

Business started 1997 by principal. 100% of capital stock is owned by outside investors and officers. As of March 1998 there were approximately 2,500 investors on record, none of which owned 10% or greater.

No outside investor owns more than 10% of the stock.

IAN CARTER: Graduated University of Southern California with a MBA degree. April 2000 to present active here. He has over 30 years of experience in finance, business management, real estate and systems development. Previously with IBM, Coldwell Banker Commercial Brokerage and held officer position with the US Army.

JAMES L OLIVER born 1948. Graduated University of Southern California with a BA degree. December 2000 to present active here. Has 25 years of experience in diversified business management, finance and accounting. Previously employed with Emerson Electric.

RICHARD PAULSEN. April 2000 to present active here. Previously was self employed as a consultant and Olicon Imaging Systems, Inc.

Business address has changed from 15901 Red Hill Ave, Ste-100, Tustin, CA, 92780 to 600 Anton Blvd, Ste 2000, Costa Mesa, CA, 92626.

CORPORATE FAMILY

For more details on the Corporate Family, use D&B's Global Family Linkage product.

[Buy Selected Report\(s\)](#)

Parent:

Select business below to buy a Comprehensive Report.

Commerce Energy Group, Inc. Costa Mesa, CA DUNS # [15-389-3024](#)

Branches (US):

Select companies below to buy Business Information Report(s).

Commonwealth Energy Corp San Diego, CA DUNS # [09-239-1338](#)

Commonwealth Energy Corp Santa Monica, CA DUNS # [80-032-3037](#)

Commonwealth Energy Corp Cherry Hill, NJ DUNS # [82-888-4465](#)

[Buy Selected Report\(s\)](#)

BUSINESS REGISTRATION

CORPORATE AND BUSINESS REGISTRATIONS REPORTED BY THE SECRETARY OF STATE OR OTHER OFFICIAL SOURCE AS OF MAR 18 2005:

This data is for informational purposes only, certification can only be obtained through the Sacramento Office of the California Secretary of State.

Registered Name: COMMONWEALTH ENERGY CORPORATION

Business type: CORPORATION

Corporation type: PROFIT

Date incorporated: AUG 15 1997

State of incorporation: CALIFORNIA

Filing date: AUG 15 1997

Registration ID: C1909805

Status: ACTIVE

Where filed: SECRETARY OF STATE/CORPORATIONS DIVISION, SACRAMENTO, CA

Registered agent: CORPORATION SERVICE COMPANY WHICH WILL DO BUSINESS IN CALIFORNIA AS CSC - LAWYERS INCORPORATING SERVICE, 2730 GATEWAY OAKS DR STE 100, SACRAMENTO, CA, 958330000.

Principals: IAN B CARTER, PRESIDENT, 15901 RED HILL AVE SUITE 100, TUSTIN, CA, 927800000

OPERATIONS

11/18/2004

Description: Subsidiary of Commerce Energy Group Inc, Costa Mesa, CA which operates as a holding company of electric services.

Provides wholesale and retail sales of electric services, specializing in green certified and clean power distribution and energy saving products (100%). Website is www.electric.com.

Terms are monthly billings. Sells to general public. Territory : California, Pennsylvania and also licensed in New Jersey, Michigan and Texas.

Nonseasonal.

Employees: 185 which includes officer(s) and 25 part-time. 175 employed here.

Facilities: Leases 34,000 sq. ft. in a two story cinder block building. Occupy space on the first and second floor.

Location: Suburban business section on main street.

Branches: They have a branch located at 535 Rte 38, Ste 123, Cherry Hill, NJ. 08002. This operates as a sales office.

SIC & NAICS

SIC:

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations than if we use the standard 4-digit code.

NAICS:

221122 Electric Power Distribution

The 4-digit SIC numbers link to the description on the Occupational Safety & Health

Administration (OSHA) Web site. Links open in a new browser window.

49119901 Distribution, electric power

Jump to: [Overview](#) | [Scores](#) | [Payments](#) | [Public Filings](#) | [History & Operations](#)

Banking & Finance

STATEMENT UPDATE

06/15/2004

Interim Consolidated statement dated APR 30 2004:

Assets		Liabilities	
Cash	54,102,000	Accts Pay	21,720,000
Accts Rec	24,320,000	Accruals	6,791,000
Income Taxes Refund Receivables	4,689,000		
Deferred Income Tax Asset	2,772,000		
Prepaid Exps & Other Current Assets	6,381,000		
Curr Assets	\$92,264,000	Curr Liabs	\$28,511,000
Fixt & Equip	2,838,000	Deferred Income Tax Liabilities	187,000
Restricted Cash & Cash Equivalents	6,928,000	Minority Interest	743,000
Investments-Other	96,000	PREFERRED STOCK	932,000
Deposits	4,807,000	COMMON STOCK	60,440,000
Goodwill & Other Intangible Assets	5,813,000	RETAINED EARNINGS	21,933,000
Total Assets	\$112,746,000	Total	\$112,746,000

From AUG 01 2003 to APR 30 2004 sales \$153,955,000; cost of goods sold \$139,587,000. Gross profit \$14,368,000; operating expenses \$23,690,000. Operating income \$(9,322,000); other income \$1,585,000; other expenses \$8,962,000; net income before taxes \$(16,699,000); Federal income tax \$(3,400,000); (net loss) \$13,299,000.

Statement obtained from Securities And Exchange Commission. Prepared from books without audit.

BANKING

05/04 Account(s) averages moderate 7 figures. Account open over 5 years.

KEY BUSINESS RATIOS

Statement date: APR 30 2004
 Based on this number of establishments: 15

Industry Norms based on 15 establishments

	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales	(8.6)	5.8	4
Return on Net Worth	UN	7.9	UN
Short-Term Solvency			
Current Ratio	3.2	1.0	1
Quick Ratio	2.8	0.4	1
Efficiency			
Assets Sales	UN	300.5	UN
Sales / Net Working Capital Utilization	2.4	5.6	3
Total Liabs / Net Worth	UN	230.5	UN

UN = Unavailable

FINANCE

12/16/2003

Three-year statement comparative:

	Fiscal Consolidated Jul 31 2001	Fiscal Consolidated Jul 31 2002	Interim Consolidated Oct 31 2002
Current Assets	71,162,433	71,162,433	72,537,538
Current Liabs	20,978,877	20,978,877	14,668,766
Current Ratio	3.39	3.39	4.95
Working Capital	50,183,556	50,183,556	57,868,772
Other Assets	35,853,513	35,853,513	29,542,903
Net Worth	86,037,069	86,037,069	87,411,675
Sales	183,263,762	117,768,270	33,682,372
Long Term Liab	0	0	0
Net Profit (Loss)	60,529,417	(8,646,089)	(526,288)

Fiscal Consolidated statement dated JUL 31 2003:

Assets		Liabilities	
Cash	40,921,000	Accts Pay	24,936,000
Accts Rec	37,861,000	Accruals	7,127,000
Deferred Income Tax Asset	2,772,000		
Prepaid Exp & Other Curr Assets	6,920,000		
Curr Assets	\$88,474,000	Curr Liabs	\$32,063,000
Fixt & Equip	2,984,000	Deferred Income Tax Liabs	187,000
Restricted Cash/Cash Equivalent	20,773,000	Minority Interest	603,000
Investments-Other	5,362,000	PREFERRED STOCK	855,000
Deposits	4,207,000	COMMON STOCK	56,853,000

Goodwill	3,007,000	RETAINED EARNINGS	35,309,000
Intangible Assets	1,063,000		
Total Assets	\$125,870,000	Total	\$125,870,000

From AUG 01 2002 to JUL 31 2003 annual sales \$165,526,000; cost of goods sold \$128,179,000. Gross profit \$37,347,000; operating expenses \$24,947,000. Operating income \$12,400,000; other income \$902,000; other expenses \$2,767,000; net income before taxes \$10,535,000; Federal income tax \$5,113,000. Net income \$5,422,000.

Statement obtained from Securities And Exchange Commission. Prepared from statement(s) by Accountant: Ernst & Young LLP, Orange County, California.

ACCOUNTANT'S OPINION .

A Review Of The Accountant's Opinion Indicated That The Financial Statement Meets Generally Accepted Accounting Principles And The Audit Contains No Qualifications.

Accounts receivable shown net less \$2,981,000 allowance. Fixed assets shown net less \$4,751,000 depreciation.

On December 16, 2003, the financial information was updated.

CUSTOMER SERVICE

If you have questions about this report, please call our Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. If you are outside the U.S. contact your local D&B office.

*** Additional Decision Support Available ***

Additional D&B products, monitoring services and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. or visit our website at www.dnb.com.

Copyright 2005 Dun & Bradstreet - Provided under contract for the exclusive use of subscriber 264734337L



Decide with Confidence

Comprehensive Report

To save report(s) to your PC, [click here for instructions](#).

[Print this Report](#)

Enhanced Format: [View this report with charts and graphs for quicker decision making.](#)

Copyright 2005 Dun & Bradstreet - Provided under contract for the exclusive use of subscriber 264734337L

ATTN: undefined

Report Printed: MAR 25 2005

Overview

BUSINESS SUMMARY

COMMERCE ENERGY GROUP, INC.
600 Anton Blvd Ste 2000
Costa Mesa, CA 92626

D&B D-U-N-S Number: 15-389-3024

Now Included with this Report		NEW!
D&B's Credit Limit Recommendation How much credit should you extend?		
▶ Learn More	▶ View Now	
Payment Trends Profile Payment trends and industry benchmarks		
▶ Jump to Payment Trends		

This is a **headquarters** location.
Branch(es) or division(s) exist.

Telephone: 714 259-2500

Chief executive: IAN B CARTER, CEO-CHB

Stock symbol: EGR

Year started: 2004

Employs: 175 (4 here)

Financial statement date: JAN 31 2005

Sales F: \$210,623,000

Net worth F: \$73,662,000

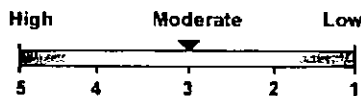
History: CLEAR

Financial condition: STRONG

SIC: 4911

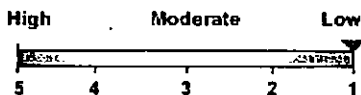
Credit Score Class: **3**

Moderate risk of severe payment delinquency over next 12 months



Financial Stress Class: **1**

Low risk of severe financial stress over the next 12 months



D&B Rating: **5A2**

Financial strength: **5A is \$50 million and over.**

Composite credit appraisal: **2 is good.**

Line of business: Electrical services

D&B EXCLUSIVE

EXECUTIVE SUMMARY

The **Financial Stress Class of 1** for this company shows that during the previous year, firms with this classification had a failure rate of 0.49% (49 per 10,000), which is lower than the national average.

The **Credit Score class of 3** for this company shows that during the previous year, 12.3% of the firms with this classification paid one or more bills severely delinquent, which is lower than the national average.

Financial information from an interim consolidated statement dated 01/31/05 is included.

Predictive Scores	This Business	Comments
Financial Stress Class	1	Failure Rate lower than the national average
Financial Stress Score	1464	Highest Risk: 1,001; Lowest Risk: 1,850
Credit Score Class	3	Probability of Severely Delinquent Payment is lower than the national average.

Other Key Indicators

Industry Median	6 days beyond terms
Operations	Profitable
Present management control	1 year
UCC Filings	UCC filing(s) are not reported for this business
Public Filings	No record of open Suit(s), Lien(s), or Judgment(s) in the D&B database
History	Is clear
Special Events	Are reported for this business

CREDIT CAPACITY SUMMARY

D&B Rating:	5A2
Financial strength:	5A indicates \$50 million and over.
Composite credit appraisal:	2 is good.

This credit rating was assigned because of D&B's assessment of the company's financial ratios and its cash flow. For more information, see the D&B Rating Key.

Sales:	\$210,623,000	Payment Activity:	
# of Employees Total:	175 (4 here)	(based on 4 experiences)	
As of 01/31/05		Average High Credit:	\$1,000
Worth:	\$73,662,000	Highest Credit:	\$2,500
Working Capital:	\$56,782,000	Total Highest Credit:	\$3,250

Note: The Worth amount in this section may have been adjusted by D&B to reflect typical deductions, such as certain intangible assets.

SPECIAL EVENTS

03/02/2005

ANNOUNCED PURCHASE OF ASSET: According to published reports, Commerce Energy Group, Inc. (Costa

Mesa, CA) announced it has entered into an agreement to acquire the assets of ACN Energy, a division of ACN, Inc.

As a result of this transaction, Commerce Energy Group will be rebranding its retail business unit, electricAmerica, as Commerce Energy, Inc and transitioning the ACN Energy licenses and customers to that entity. Upon completing the transition, Commerce Energy Inc. will have electricity customers in Texas, California, Pennsylvania, New Jersey, and Michigan, and natural gas customers in New York, California, Pennsylvania, Ohio, Georgia, and Maryland. Commerce Energy plans to cross sell and expand in each of these markets by offering customers in all markets both natural gas and electricity where regulations allow. Employees of ACN Energy will be offered employment with Commerce Energy.

The purchase price for the acquisition consists of \$6.5 million in cash, plus 930,233 shares of Commerce Energy's Common Stock, valued at \$2.0 million, based upon the AMEX closing February 8, 2005 market price for Commerce's Common Stock. The shares of Commerce Common Stock to be issued to ACN in the acquisition will be held in escrow and released to ACN as certain customer acquisition targets are achieved. If the targets are not achieved in full, any shares not released to ACN will be returned to Commerce Energy. ACN was also paid at closing approximately \$5.5 million dollars for certain cash prepayment items relating to the assets being acquired.

Jump to:

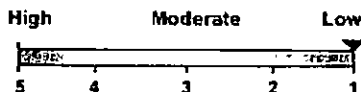
- [Overview](#) | [Payments](#) | [Public Filings](#) | [History & Operations](#) | [Banking & Finance](#)

Scores **D&B EXCLUSIVE**

FINANCIAL STRESS SUMMARY

The Financial Stress Summary Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files.

Financial Stress Class: 1



Low risk of severe financial stress, such as a bankruptcy, over the next 12 months.

Incidence of Financial Stress

Among Businesses with this Classification:	0.49% (49 per 10,000)
National Average	1.40% (140 per 10,000)

Financial Stress National Percentile: 69 (Highest Risk: 1; Lowest Risk: 100)

Financial Stress Score: 1464 (Highest Risk: 1,001; Lowest Risk: 1,850)

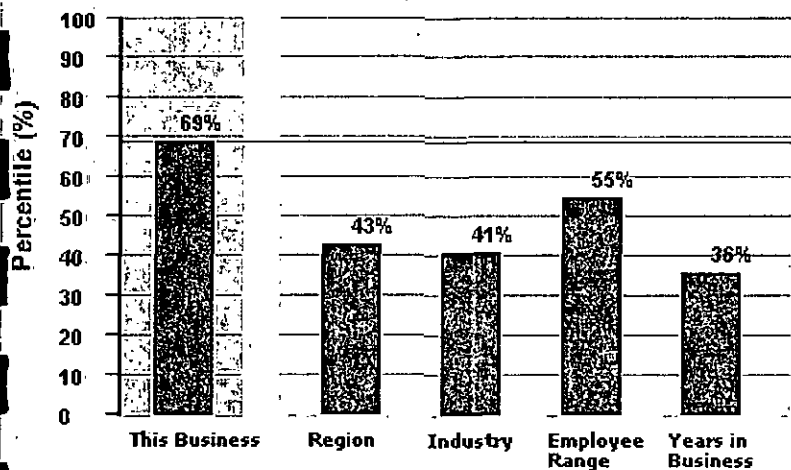
The Financial Stress Class of this business is based on the following factors:

- No record of open suit(s), lien(s), or judgement(s) in the D&B files.
- 25% of trade experiences indicate slow payment(s) are present.
- Control age or date entered in D&B files indicates higher risk.
- D&B files indicate a net worth of \$73,662,000.
- Change in Net Worth suggests higher risk of financial stress.
- Quick Ratio suggests lower risk of financial stress.
- Change in Quick Ratio suggests lower risk of financial stress.
- Change in Current Ratio suggests lower risk of financial stress.

Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Incidence of Financial Stress - National Average represents the national failure rate and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on 2002.

Financial Stress Norms Comparison (%)



Region = PACIFIC
 Industry = INFRASTRUCTURE
 Employee Range = 100-499
 Years in Business = 1-2

Norms	National %
This Business	69
Region: PACIFIC	43
Industry: INFRASTRUCTURE	41
Employee Range: 100-499	55
Years in Business: 1-2	36

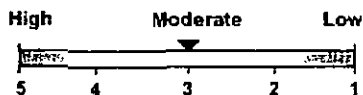
This business has a Financial Stress Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

CREDIT SCORE CLASS SUMMARY

The Credit Score class predicts the likelihood of a firm paying in a severely delinquent manner (90+ Days Past Terms) over the next twelve months. It was calculated using statistically valid models and the most recent payment information in D&B's files.

Credit Score Class: 3



Moderate risk of severe payment delinquency over next 12 months.

Incidence of Delinquent Payment

Among Companies with this Classification: 12.30%

Credit Score Percentile: 54 (Highest Risk: 1; Lowest Risk: 100)

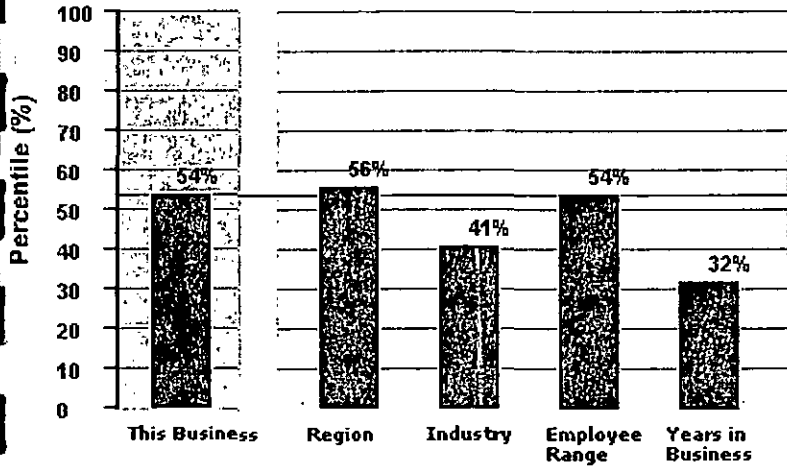
The Credit Score Class of this business is based on the following factors:

- 25% of trade experiences indicate slow payment(s) are present.
- Control age or date entered in D&B files indicates higher risk.
- No record of open suit(s), lien(s), or judgments(s) in the D&B files.
- D&B files indicate a net worth of \$73,662,000.
- Business does not own facilities.
- Quick ratio is 2.6.

Notes:

- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses. For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&B's files.

Credit Score Norms Comparison (%)



Region=PACIFIC
 Industry=INFRASTRUCTURE
 Employee Range=100-499
 Years in Business=1-2

Norms	National %
This Business	54
Region: PACIFIC	56
Industry: INFRASTRUCTURE	41
Employee Range: 100-499	54
Years in Business: 1-2	32

This business has a Credit Score Percentile that shows:

- Higher risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Similar risk compared to other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

Jump to:

[Overview](#) | [Scores](#) | [Public Filings](#) | [History & Operations](#) | [Banking & Finance](#)

Payments **D&B EXCLUSIVE**

PAYMENT TRENDS

Total Payment Experiences in D&B's File:	4
Payments Within Terms: (not dollar weighted)	N/A
Total Placed For Collection:	0
Average Highest Credit:	\$1,000
Largest High Credit:	\$2,500
Highest Now Owing:	\$1,000
Highest Past Due:	\$100

Current PAYDEX is:	unavailable
Industry Median is:	76 equal to 6 days beyond terms
Payment Trend currently is:	unavailable

Indications of slowness can be the result of dispute over merchandise, skipped invoices, etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

PAYDEX Scores

D&B has not received a sufficient sample of payment experiences to establish a PAYDEX score.

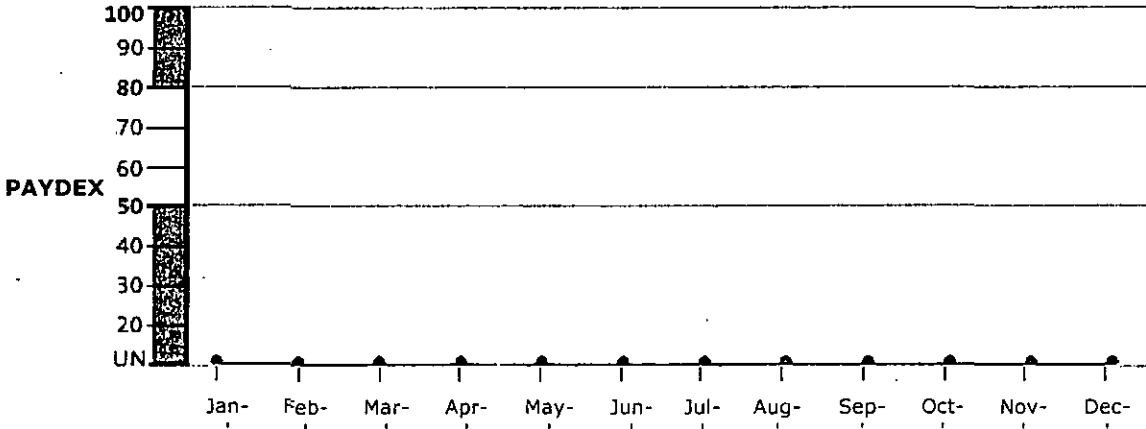
D&B receives nearly 400 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received. At this time, none of those experiences relate to this company.

PAYDEX Yearly Trend

12 Month PAYDEX Scores Comparison to Industry

	1/	2/	3/	4/	5/	6/	7/	8/	9/	10/	11/	12/
This Business	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN	UN
Industry Quartiles												
Upper			79			79			79			79
Median			76			76			76			76
Lower			70			70			70			70

Shows the trend in D&B PAYDEX scoring over the past 12 months.



Last 12 Months

Based on payments collected over the last 12 months.

Current PAYDEX for this Business is unavailable.

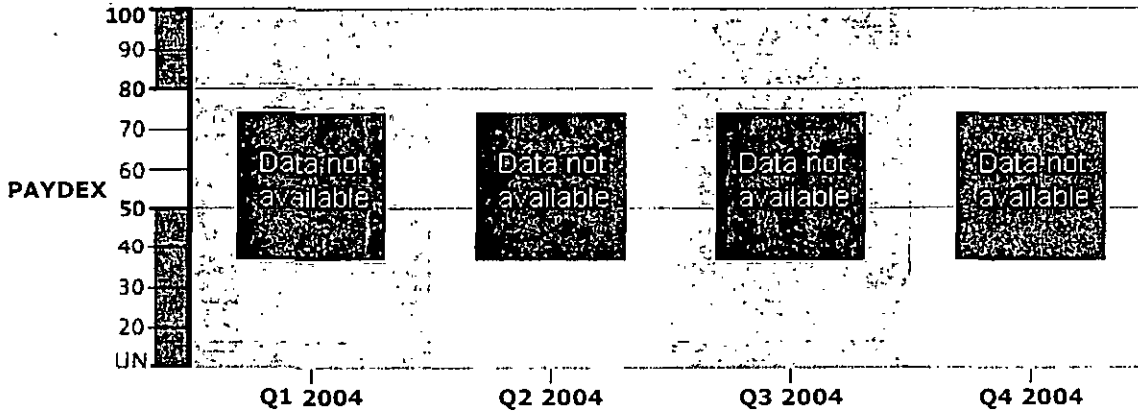
PAYDEX Comparison to Industry

Shows PAYDEX scores of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Electrical services, based on SIC code 4911.

Quarterly PAYDEX Scores Comparison to Industry

Previous Year _____ Current Year _____

	3/03	6/03	9/03	12/03		3/04	6/04	9/04	12/04
This Business	UN	UN	UN	UN	This Business	UN	UN	UN	UN
Industry Quartiles					Industry Quartiles				
Upper	79	80	79	79	Upper	79	79	79	79
Median	76	76	76	76	Median	76	76	76	76
Lower	70	70	70	70	Lower	70	70	70	70



Last 12 Months

Based on payments collected over the last 4 quarters.

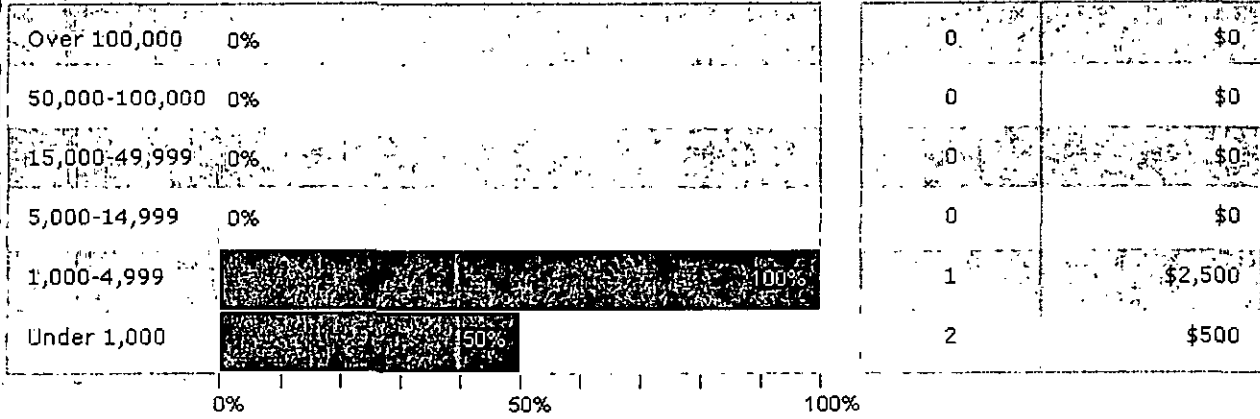
Score Comparison Key:	▷ This Business	▲ Industry upper quartile
	■ Industry median	▼ Industry lower quartile

- Current **PAYDEX** for this Business is unavailable
- The present industry **median score** is **76**, or equal to 6 days beyond terms.
- Industry upper quartile represents the performance of the payers in the 75th percentile
- Industry lower quartile represents the performance of the payers in the 25th percentile

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences used to calculate the percentage, and the total dollar value of the credit extended.

\$ Credit Extended	% of Payments Within Terms	# Payment Experiences	\$ Total Dollar Amount
--------------------	----------------------------	-----------------------	------------------------



Based on payments collected over the last 12 months.

Payment experiences reflect how bills are met in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices, etc.

PAYMENT SUMMARY

D&B has not received a sufficient sample of payment experiences to establish a PAYDEX score.

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

There are 4 payment experiences in D&B's file for the most recent 12 months, with 3 experiences reported during the last three month period.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	Total Rcv'd (#)	Total Dollar Amt (\$)	Largest High Credit (\$)	Within Terms (%)	Days Slow (%)			
					<31	31-60	61-90	90>

Top industries:

Nonclassified	1	2,500	2,500	100	0	0	0	0
Whol furniture	1	250	250	100	0	0	0	0
Air courier service	1	250	250	0	50	50	0	0

Other payment categories:

Cash experiences	0	0	0					
Payment record unknown	1	250	250					
Unfavorable comments	0	0	0					

Placed for collections:

With D&B	0	0	0					
Other	0	N/A	0					
Total in D&B's file	4		2,500					

The highest **Now Owes** on file is \$1,000 The highest **Past Due** on file is \$100

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed. Indications of slowness can be result of dispute over merchandise, skipped invoices, etc.

PAYMENT DETAILS

Detailed payment history

Date Reported (mm/yy)	Paying Record	High Credit (\$)	Now Owes (\$)	Past Due (\$)	Selling Terms	Last Sale Within (months)
01/05	Ppt	2,500	1,000	0		1 mo
	Ppt	250	0	0	N30	4-5 mos
	(003)	250	250	0		1 mo
12/04	Slow 30-60	250	100	100		1 mo

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

Jump to:

[Overview](#) | [Scores](#) | [Payments](#) | [History & Operations](#) | [Banking & Finance](#)

Public Filings**PUBLIC FILINGS**

A check of D&B's public records database indicates that no filings were found for COMMERCE ENERGY GROUP, INC. at 600 Anton Blvd Ste 2000, Costa Mesa CA.

D&B's extensive database of public record information is updated daily to ensure timely reporting of changes and additions. It includes business-related suits, liens, judgments, bankruptcies, UCC financing statements and business registrations from every state and the District of Columbia, as well as select filing types from Puerto Rico and the U.S. Virgin Islands.

D&B collects public records through a combination of court reporters, third parties and direct electronic links with federal and local authorities. Its database of U.S. business-related filings is now the largest of its kind.

Jump to:

[Overview](#) | [Scores](#) | [Payments](#) | [Public Filings](#) | [Banking & Finance](#)

History & Operations**HISTORY**

The following information was reported **03/10/2005**:

Officer(s): IAN B CARTER, CEO-CHB+
JOHN A BARTHROP, GEN COUNSEL
PETER WEIGAND, PRES+
RICHARD L BOUGHRUM, CFO

DIRECTOR(S): THE OFFICER(S) and Gregory L Craig, Mark C Pocino, Charles E Bayless, Mark S Juergensen and Robert C Perkins.

Business started 2004.

Company's common stock is traded on the American Stock Exchange under the symbol "EGR". As of Dec 12 2004

There were 30,619,290 shares of the company's common stock outstanding. As of Nov 11 2004 there were approximately 2,419 stockholders of record. As of Nov 19 2004 beneficial owners of 5% or more of the company's common stock are as follows: Ian B Carter 9.6%. As of Nov 19 2004 all directors and executive officers as a group (9 persons) own 17.9 percent of the company's common stock.

IAN B CARTER. Has been the Chairman of the Board of Directors and Chief Executive Officer of Commerce Energy since Dec 2003. Has been Chairman and Chief Executive Officer of Commonwealth since Jan 2000 and was the President from Mar 2003 through Mar 2004. During the preceding four month period prior to Jan 2000 acted as Interim President of Commonwealth. Has served as a director of Commonwealth since 1999. From Oct 1988 to Aug 1999 operated his own businesses, including a mortgage banking firm and a merchant banking firm. Prior to that served as an investment specialist for Coldwell Banker Commercial Brokerage and worked as a Systems Engineer and Salesman with IBM. Also served in the United States Army serving in Vietnam, Europe and the Pentagon. Received his Bachelor of Science degree in Engineering from the United States Military Academy at West Point, New York, and his Masters in Business Administration in finance from the University of Southern California.

JOHN A BARTHROP. Has been a Senior Vice President, Senior Vice President, General Counsel and Secretary of Commerce Counsel and Secretary since Apr 2004. Has served as General Counsel and Secretary of Commonwealth since May 1999. From Aug 1998 to May 1999 practiced law with the firm of Eadington, Merhab & Eadington. From Jul 1996 to Aug 1998 was a principal member of the business and litigation law firm of Smith, Sinek & Barthrop. Was an adjunct professor at Whittier College of Law. Obtained a Bachelor of Science degree from the University of Washington, and a Juris Doctorate degree from University of California, Hastings College of Law.

PETER WEIGAND. Became President of company and Commonwealth in Apr 2004. Has also served on Commerces board of Directors since Apr 2004. Since 1996 served as Chairman and Chief Executive Officer of Skipping Stone, an energy consulting and technology firm he founded. Prior to forming Skipping Stone held senior management positions at several energy marketing companies. Holds a Bachelor of Business Administration from Wichita State University.

RICHARD L BOUGHRUM. Became Senior Vice President, Chief Financial Officer of company and Commonwealth in Apr 2004. From Jan 2004 to Apr 2004 served as an independent contractor with Skipping Stone. From Apr 1990 to Nov 2003 was an investment banker with Goldman Sachs & Co. in New York. Is an honors graduate of the University of Illinois with a Bachelor of Science degree in Journalism. Also has a Masters of Science degree in Communications and a Masters in Business Administration in Finance from the University of Illinois.

GREGORY L CRAIG. Director since 2004. Served as the Chief Executive Officer of Cook Inlet Energy Supply, a North American energy services company he founded, since 1990.

MARK C POCINIO. Currently retired.

CHARLES E BAYLESS. Director since 2004. Has served as a director of Dynegy Inc. since February 2000.

MARK S JUERGENSEN. Director since Dec 2003. Served as Vice President of Sales and Marketing for PredictPower, an energy solution software company he co-founded, since May 2000.

ROBERT C PERKINS. Has served as Chairman and Chief Executive Officer of Hospital Management Services, a provider of financial and management consulting services to hospitals and similar institutions, since Jun 1969. Received his Bachelor of Science degree in accounting from Bob Jones University.

CORPORATE FAMILY

For more details on the Corporate Family, use D&B's Global Family Linkage product.

Subsidiaries (US):

Select businesses below to buy Comprehensive Report(s).

Commonwealth Energy Corp

Costa Mesa, CA

DUNS # 17-634-3341

OPERATIONS

03/10/2005

Description: Through its subsidiaries, provides electrical services.
Employees: 175 which includes officer(s) and 2 part-time. 4 employed here.
Facilities: Leases 34,000 sq. ft. in 2 story cinder block building.
Location: Suburban business section on main street.

Subsidiaries: This business has 5 subsidiaries listed below.

- Commonwealth Energy Corp, Tustin, CA. DUNS #176343341. (100%) chartered 1997. Operates as electric services.
- Skipping Stone Inc (100%).
- UtiliHost Inc.
- ElectricAmerica, Inc.
- Electric.com, Inc.

SIC & NAICS

SIC:
 Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations than if we use the standard 4-digit code.

NAICS:
 221119 Other Electric Power Generation

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

49110000 Electric services

Jump to:
[Overview](#) | [Scores](#) | [Payments](#) | [Public Filings](#) | [History & Operations](#)

Banking & Finance

STATEMENT UPDATE

03/18/2005

Interim Consolidated statement dated JAN 31 2005:

Assets		Liabilities	
Cash	49,983,000	Accts Pay	23,251,000
Accts Rec	32,272,000	Accruals	8,004,000
Income Taxes Refund Receivable	4,430,000		

Deferred Income Tax Asset	74,000		
Prepaid Exps & Other Current Assets	1,278,000		
Curr Assets	\$88,037,000	Curr Liabs	\$31,255,000
Fixt & Equip	2,253,000	COMMON STOCK	60,594,000
Restr Cash/Cash Equivalents	4,333,000	UNEARNED RESTR STOCK COMPENSATION	(208,000)
Investments-Other	91,000	RETAINED EARNINGS	13,818,000
Deposits	6,699,000	OTHER COMPREHENSIVE LOSS	(542,000)
Goodwill & Other Intangible Assets	3,504,000		
Total Assets	\$104,917,000	Total	\$104,917,000

From AUG 01 2004 to JAN 31 2005 sales \$119,545,000; cost of goods sold \$101,333,000. Gross profit \$18,212,000; operating expenses \$16,765,000. Operating income \$1,447,000; other income \$406,000; other expenses \$1,601,000; net income before taxes \$252,000; net income \$252,000.

Statement obtained from Securities And Exchange Commission. Prepared from books without audit.

Explanations

The net worth of this company includes intangibles.

KEY BUSINESS RATIOS

Statement date: JAN 31 2005
Based on this number of establishments: 15

Industry Norms based on 15 establishments

	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales	0.2	5.8	3
Return on Net Worth	UN	7.9	UN
Short-Term Solvency			
Current Ratio	2.8	1.0	1
Quick Ratio	2.6	0.4	1
Efficiency			
Assets Sales	UN	300.5	UN
Sales / Net Working Capital	2.1	5.6	3
Utilization			
Total Liabs / Net Worth	UN	230.5	UN

UN = Unavailable

FINANCE

1/24/2005

Two-year statement comparative:

Fiscal	Interim
--------	---------

	Consolidated Jul 31 2004	Consolidated Oct 31 2004
Current Assets	94,822,000	91,525,000
Current Liabs	36,717,000	33,172,000
Current Ratio	2.58	2.76
Working Capital	58,105,000	58,353,000
Other Assets	16,001,000	16,107,000
Net Worth	74,106,000	74,460,000
Sales	210,623,000	
Long Term Liab	0	0
Net Profit (Loss)	(21,720,000)	

Interim Consolidated statement dated OCT 31 2004:

Assets		Liabilities	
Cash	53,757,000	Accts Pay	26,808,000
Accts Rec	27,452,000	Accruals	6,364,000
Income Taxes Refund Receivables	4,423,000		
Deferred Income Tax Assets	74,000		
Prepaid Expenses/Other Curr Assets	5,819,000		
Curr Assets	\$91,525,000	Curr Liabs	\$33,172,000
Fixt & Equip	2,409,000	COMMON STOCK	60,796,000
Restricted Cash	4,268,000	UNEARNED RESTRIC STOCK COMPENSATION	(232,000)
Investments-Other	96,000	RETAINED EARNINGS	12,446,000
Deposits	5,663,000	OTHER COMPREHENSIVE INCOME	1,450,000
Goodwill & Intangible Assets	3,671,000		
Total Assets	\$107,632,000	Total	\$107,632,000

From AUG 01 2004 to OCT 31 2004 sales \$58,496,000; cost of goods sold \$52,406,000. Gross profit \$6,090,000; operating expenses \$5,960,000. Operating income \$130,000; other income \$189,000; other expenses \$1,439,000; net income before taxes \$(1,120,000). (net loss) \$1,120,000.

statement obtained from Securities And Exchange Commission. Prepared from books without audit.

Accounts receivable shown net less \$3,193,000 allowance. Fixed assets shown net less \$6,742,000 depreciation.

The report was updated using information the company filed with the Securities and Exchange Commission.

CUSTOMER SERVICE

If you have questions about this report, please call our Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. If you are outside the U.S. contact your local D&B office.

*** Additional Decision Support Available ***

Additional D&B products, monitoring services and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Customer Resource Center at 1.800.234.3867 from anywhere within the U.S. or visit our website at www.dnb.com.

Copyright 2005 Dun & Bradstreet - Provided under contract for the exclusive use of subscriber 264734337L



An Exelon Company

Exelon

Energy Delivery

March 25, 2005
PECO - Exelon Corporation
EED-Energy Acquisition-Electric & Gas Choice
2301 Market Street
Philadelphia, PA. 19102

RECEIVED
2005 APR -8 PM 4:17
PA PUC
SECRETARY'S BUREAU

Commerce Energy Group, Inc.
600 Anton Boulevard
Suite 2000
Costa Mesa, California 92626

Dear Prospective Pennsylvania Gas Supplier

EED-Energy Acquisition-Electric & Gas Choice creditworthiness review is completed and Commerce Energy Group, Inc has met the creditworthiness business requirement involved with the Pennsylvania Gas Choice - Low Volume Transportation program.

Please note, although the creditworthiness requirements were met, as referenced within Section 7.13 (Creditworthiness of a Natural Gas Supplier (NGS) Serving Low Volume Transportation Customers) of the Gas Service Tariff, PECO has the right to re-assess the creditworthiness of the company if PECO has any reason to suspect a change in the marketer's financial condition. In addition, PECO has transitioned all of our ACN Energy Gas Choice accounting to reflect Commerce Energy, Inc. as the company of record.

If you should have any questions regarding this matter, please contact the Electric & Gas Choice Hotline at 215-841-3700.

Sincerely,

Carlo Ciabattoni
Manager
Energy Acquisition-Electric & Gas Choice

Commerce Energy, Inc.

RECEIVED
2005 APR -8 PM 4: 17
PA FILE
SECRETARY'S BUREAU

Peter Weigand President

Mr. Weigand has more than 20 years of experience in the deregulated natural gas and electric markets in North America covering strategy and corporate development, wholesale and retail trading, and energy technology.

As a member of senior management for several large deregulated energy firms, Mr. Weigand directed trading activities, technology departments, retail and end-user business units and merger and acquisition activities. Mr. Weigand has extensive software design and management experience across the energy transaction value chain, risk management, billing, and scheduling and e-commerce applications. To date, he has designed eight software and Internet applications and has assisted on countless others in the energy field. In addition, Mr. Weigand has authored three textbook training manuals covering topics in Natural Gas, Electricity, and Risk Management and is regularly published in both national business and energy publications.

In 1996 Mr. Weigand founded Skipping Stone, Inc., an energy consulting and technology firm with offices in Philadelphia, Houston, Boston, San Jose, and Florida. Skipping Stone is comprised of professional service and technology groups along with its wholly-owned subsidiary, CapacityCenter.com, Inc. Since inception the company has served over 200 energy clients.

Mr. Weigand was recognized as an Entrepreneur of the Year by Ernst & Young in 2002 and was named one of the Top 50 Influential People in Energy Technology by Pennwell Publications. Mr. Weigand holds a Bachelor of Business Administration from Wichita State University.

Richard L. Boughrum Senior Vice President; Chief Financial Officer

Mr. Boughrum has 25 years of investment banking experience with Goldman, Sachs & Co. and Salomon Brothers in corporate finance and the debt and equity capital markets in New York, London and San Francisco.

Mr. Boughrum has been involved with the power and utilities sector of the national energy markets since 1990. In 1995 Mr. Boughrum became a member of the Energy & Power Group of Goldman Sachs' Investment Banking Division in New York. Mr. Boughrum began his Investment Banking career with Goldman

Sachs in 1978 as a Commercial Paper Trader. He worked in the Capital Markets Divisions of Salomon Brothers and Goldman Sachs from 1983 to 1995.

He has extensive experience in the utility and independent merchant power sector throughout its process of deregulation over the past decade. Mr. Boughrum has advised electric power and utility clients on capital-raising transactions in the domestic and international debt and equity capital markets, state deregulation strategies, stranded cost recovery plans, securitization financings, generation asset divestitures, merchant plant financings, initial public offerings of merchant power companies, commodity risk management, commodity financing structures, recapitalization plans for financially distressed companies, and mergers and acquisitions.

He is a frequent speaker and participant in industry conferences and has spoken recently on "Investing in Power and Utility Stocks - The Crises in Confidence and Valuation" and "The Power Sector Implications of the Enron Bankruptcy."

Mr. Boughrum is an honors graduate of the University of Illinois with a B.S. degree in Journalism. He also has an M.S. degree in Communications and an MBA in Finance from the University of Illinois.

In New York City, Mr. Boughrum served in the not-for-profit sector as a board member for several organizations, including the 125-year old Bowery Mission, a provider of homeless services.

Eric Alam
Senior Vice President of Sales/Marketing

Eric Alam has nearly 20 years of experience in leading and managing businesses across various aspects of the energy industry, with the distinction of having attained first officer level position with a Fortune 30 company at the age of 28. He has extensive expertise in the areas of sales force development, strategic business planning, financial and physical energy product development, energy asset development, mergers and asset integration, and retail to wholesale product development.

Before joining Commerce Energy, Mr. Alam was a Principal with Skipping Stone, Inc. where he participated in the development of the original Skipping Stone business plan, serving as a member of the Skipping Stone Board of Directors throughout his tenure. In addition, he has authored numerous white papers and articles and has been a sought-after speaker at industry conferences on topics from technology to trading, risk management and sales force development. Mr. Alam built and led various practice areas while at Skipping Stone, including Retail Markets, Wholesale Trading and Risk Management, Customer Acquisition

and Tech Solutions. His professional experience also includes serving at the executive level at Penn Union Energy Services (Pennzoil), Enron Corporation, Tenneco, Inc., and EnTrade.

Mr. Alam earned a Bachelor of Science degree in Economics and Business Administration at Vanderbilt University.

Tom Ulry
Senior Vice President of Operations

Mr. Ulry has more than 17 years of energy industry experience in both fast paced start-up companies and mature business environments. His professional career includes extensive experience in executive level operations positions with an emphasis in the Energy sector.

Mr. Ulry comes to Commerce from ACN Energy, a division of ACN, Inc. that was acquired by Commerce in February 2005. ACN, Inc is a network sales organization offering a broad range of services across the deregulated industries, where he held the position of Global Vice President and Chief Operations Officer. Previously, Mr. Ulry served as Senior Vice President for Nicor Energy, L.L.C. While at Nicor Energy, his responsibilities included managing the profit and loss center for the company's consumer business unit generating an excess of \$165 million in revenue, and expanding sales channels, which resulted in a 90% increase of new customers. Prior to his tenure at Nicor Energy, Mr. Ulry held the position of President and Chief Operating Officer for Energy.com Corporation, successfully launching the company with an e-commerce store specializing in energy related products.

Mr. Ulry started his professional career at Access Energy Corporation in 1987 and also worked with Unicorp Energy, Inc. as their Manager of Information Systems. Mr. Ulry served as Director of Operations for Aquila Inc./Broad Street Oil & Gas where he designed, built and implemented front-, mid- and back-office systems in support of Sales, Order Management, Billing and Demand Forecasting. Mr. Ulry holds an Associates Degree in Information Technology.

Andrew Coppola
Vice President of Energy Supply

Mr. Coppola has 23 years of marketing and trading experience in the non-regulated Energy industry – fostering significant growth and value in each of the companies he has been associated with. Before joining Commerce Energy, he served as Vice President of Product Management at ACN Energy (acquired by

Commerce in February 2005) - in charge of all Supply and Fulfillment activities, Product Development and Management, and Hedging and Trading functions.

Prior to joining ACN Energy, he was responsible at DTE Energy Trading for physical and financial gas portfolios and marketing activities related to wholesale business, optimization of robust natural gas and electric asset portfolios, development of services to support changing supply/demand requirements, maximization of gas tolling opportunities, and in charge of a Commercial & Industrial book of business with sales of approximately 30 Bcf per year.

Throughout his career, he has managed a wide range of activities including Midwest Trading, Wholesale Origination, and Structured Transactions for a wide range of LDCs and municipal customers, Commercial & Industrial marketing programs, and a number of strategic marketing partnerships.

Andrew has previously worked for non-regulated marketing affiliates of CMS Energy and The Coastal Corporation (now EIPaso). He earned a Bachelors of Business Administration Degree from the University of Michigan.

Glenn N. Kinser
Director – Risk Management

Glenn Kinser has over 11 years of experience in the non-regulated Energy Industry. Throughout his career he has worked in various roles including marketing, business planning, physical and financial trading, risk management, strategy management and business information systems.

Before joining Commerce Energy, Mr. Kinser was Director – Risk Management for ACN Energy, Inc where he was responsible for instilling an enterprise risk management culture within the company which included the identification, measurement, monitoring and control of the risks that faced the organization. In addition to ACN Energy, Mr. Kinser has also worked for the non-regulated marketing affiliates of DTE and MCN Energy Group as well as Continental Energy Marketing Inc.

Mr. Kinser earned his Bachelors of Business Administration degree from the University of New Haven and his Masters of Business Administration – Finance from Wayne State University.

Anthony Cusati, III
Senior Market Manager

Mr. Cusati has served as ACN Energy's Manager of Accounting, Billing Operations Manager and Market and Product Manager in his 5 year tenure and brings over 20 years of finance and accounting experience to the Energy team. Prior to joining ACN he held several finance, accounting and operations positions in the healthcare field, among which as the Chief Financial Officer for the Psychiatric Hospital Division at Tenet Healthcare, Inc., (formally known as National Medical Enterprises, Santa Monica, CA.) He holds a B.S. degree in Business Administration with Accounting as the major from Roger Williams University, Bristol, RI.

Current duties as the Senior Market Manager at Commerce Energy include:

- Representing Commerce Energy internally and externally across the business spectrum,
- Take accountability for coordination of resources and needs,
- Coordinate internal and external resources,
- Insure compliance, profitability, and identification of business risks and opportunities,
- Monitor all activities at the LDC and PUC/PSC level relating to changes to tariffs, rules and statutes.

Key market contacts include

- Nominations personnel, LDC Managers, Customer Service, Accounting, Billing, Settlements, Enrollments and Credit and Collections
- Public Utility Commissions, Attorneys, Competitors

Current assignment as Senior Market Manager include the following gas service markets:

- Atlanta Gas Light Company (Georgia)
- Columbia of Ohio (Columbus, OH and surrounding communities)
- Dominion of East Ohio (Cleveland, OH and surrounding communities)
- KeySpan Energy Delivery (New York City's 5 boroughs)
- PECO Gas (Greater Philadelphia, PA)
- Baltimore Gas and Electric (Baltimore, MD market)

Joseph B. Bianchi
Manager Energy Operations

Joseph Bianchi joined ACN Energy in August 2003. He is responsible for the supervision of all natural gas scheduling, forecasting and planning for retail sale in all states that ACN Energy is active. Personally schedules the Ohio Markets (Dominion East Ohio and Columbia of Ohio). Duties include: Daily Scheduling, Forecasting and Planning of natural gas sale on both the utilities and transport on all necessary pipelines. He also negotiates and contracts for all transport and storage capacity with pipelines to meet the necessary Utility requirements on a peak day. Supervises the reviews and reconciliation of all invoices and coordinate with Accounts Payable the payment of all approved invoices. He also negotiates any credit requirements with Pipelines and Utilities.

Joseph Bianchi has over 25 years experience working for one of the largest Interstate Pipelines in United States. As Director of Operations he was responsible for the handling of over 100,000 nomination requests per year from receipt, approval and scheduling of the transport nomination requests from the supply regions in Louisiana (onshore and offshore) and the Oklahoma Panhandle regions to the Midwest market areas. Oversaw the capacity analysis, curtailment and dispatching of all transport requests. A committee member for 7 years with GISB / NAESB where he worked closely with fellow committees members to develop Business Practice Standards and models for Nomination, Flowing Gas and Capacity Release that was eventually adopted by the FERC. Educational Background includes a Bachelor of Science degree in Engineering from Oakland University and some post graduate work in Business Management from Wayne State University.

OCT 07 1997

To: Commonwealth Energy Corporation Docket No. ER97-4253-000

Appendix
Page 1 of 4Waivers and Authorizations Under the Commission's
Regulations Which are Granted or Denied for
Unaffiliated Power MarketersWaivers and Authorizations Granted/Denied

The following Regulations are waived for power marketers:

- 1) Subparts B and C of Part 35, regarding the filing of rate schedules, except for Sections 35.12(a), 35.13(b), 35.15 (which requires a power marketer to file a Notice of Cancellation or Termination when it ceases its marketing activities), and 35.16 (which requires a power marketer to file a notice of succession whenever its name or operational control is changed).
- 2) Part 41, regarding accounts, records, and memoranda;
- 3) Part 101, regarding the uniform system of accounts; and
- 4) Part 141, regarding statements and reports.

See Citizens Energy Corporation (Citizens Energy), 35 FERC ¶ 61,198 (1986), Citizens Power and Light Corporation (Citizens P&L), 48 FERC ¶61,210 (1989), and Enron Power Marketing, Inc. (ENRON), 65 FERC ¶ 61,305 (1993), order on rehearing, 66 FERC ¶ 61,244 (1994).

The requirements of Part 34 of the Commission's Regulations regarding securities and assumptions of liabilities are statutory in nature and cannot be waived. If a power marketer requests blanket approval under Part 34, a notice will be published in the Federal Register establishing a period during which protests may be filed. Absent a request to be heard within the period set forth in the notice, the power marketer is authorized to issue securities and assume obligations or liabilities as guarantor, endorser, surety, or otherwise in respect of any security of another person; provided that such issue or assumption is for some lawful object within the corporate purposes, compatible with the public interest, and reasonably necessary or appropriate for such purposes. See Citizens P&L and Enron.

Requests that the Commission waive the requirements of Part 46 of its Regulations regarding interlocking directors are denied. In Enron, the Commission stated that the requirements of Part 46 regarding interlocking directors are statutory in nature and may not be waived.

The full requirements of Part 45 of the Commission's Regulations are waived for power marketers. Instead, a person holding or who may hold an otherwise proscribed interlocking directorate involving the power marketer shall file a sworn application providing: (1) full name and business address, and (2) all jurisdictional interlocks, identifying the affected companies and the positions held by that person. See Enron.

You submitted for filing with the Commission a rate schedule under which you will engage in wholesale electric power and energy transactions as a marketer. Pursuant to authority delegated to the Director, Division of Rate Applications, under 18 C.F.R. 375.308, your submittal is accepted for filing and is designated and made effective as shown below.

Commonwealth Energy Corporation
Rate Schedule FERC No. 1 Effective: Date of This Order

Any waivers requested in your application are granted or denied along with the authorizations and subject to the conditions provided in the Appendix.

Under 18 C.F.R. 385.210, interventions are timely if made within the time prescribed by the Secretary. Under 18 C.F.R. 385.214, the filing of a timely motion to intervene makes the movant a party to the proceeding, if no answer in opposition is filed within fifteen days. The filing of a timely notice of intervention makes a State Commission a party to the proceeding.

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such action is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the applicant.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 CFR 385.713.

Sincerely,



Donald J. Gelinas, Director
Division of Rate Applications

The Commission reserves the right to require a further showing that neither public nor private interests will be adversely affected by continued Commission approval of the power marketer's issuances of securities or assumptions of liabilities, or by the continued holding of any affected interlocks.

Requests for disclaimer of jurisdiction over brokering activities, in which title to electricity is not taken, must be filed separately as a petition for a declaratory order accompanied by the appropriate filing fee. See Citizens Energy and Portland Energy Services, Inc., 68 FERC ¶ 61,223 (1994).

Requests that the Commission waive annual charges for power marketers, under Part 382 of the Commission's Regulations, are denied. See Morgan Stanley Capital Group, Inc. (Morgan Stanley I), 69 FERC ¶ 61,175 (1994) and Morgan Stanley Capital Group, Inc. (Morgan Stanley II), 72 FERC ¶ 61,082 (1995).

Requests for a blanket waiver of the 60-day prior notice requirement for rate schedule filings made by a power marketer's suppliers, are denied. See Aquila Power Corporation, 70 FERC ¶ 61,021 (1995). However, in Central Hudson Gas & Electric Corp., et al., 60 FERC ¶ 61,106, reh'g denied, 61 FERC ¶ 61,089 (1992), and Prior Notice and Filing Requirements Under Part II of the Federal Power Act, Docket No. PL93-2-002, 64 FERC ¶ 61,139 (1993), the Commission explained its policy on waiver of notice for all jurisdictional sellers. Responding to concerns that sellers may be unable to file new services 60 days prior to the effective date, the Commission stated that it would grant waiver of the 60 day notice requirement 1) for uncontested filings involving new services that were filed at least one day prior to the commencement of service, or 2) for service agreements under tariffs already on file as long as the service agreements are filed within 30 days after service commences.

Requests for waiver of the provisions of Section 203 regarding the disposition of jurisdictional facilities, the merger or consolidation of such facilities, or the acquisition of the securities of another public utility, are denied. The provisions of Section 203 are statutory in nature and may not be waived. See Browders Recovery (Iade County), Inc., 20 FERC ¶ 61,138 (1982). Requests for clarification that sales of accounts receivable are not dispositions of jurisdictional facilities and are, therefore, not within the scope of Section 203, are granted. See Enron. Requests for clarification that the assignment of a power sales contract constitutes a disposition of jurisdictional facilities under Section 203, are granted. See Enron. Requests for clarification that funds received from the sale of electricity are not jurisdictional facilities within the meaning of Section 203, are granted. See Citizens Energy. Also, requests for clarification that the requirements of Section 203 do not apply to the facilities of a power marketer that are not involved in the generation, transmission or sale for resale of

electric energy, are granted. See Howell Gas Management Co., 40 FERC ¶ 61,336 (1987).

Requests that the Commission waive its requirement that purchasers of electricity under market-based rate schedules certify that the purchase price was equal to or less than its avoided cost, are moot. The Commission dropped the requirement in Louisville Gas & Electric Company, 62 FERC ¶ 61,016 (1993).

Reporting Requirements

Power marketers must provide, within 30 days of the end of each calendar quarter, the following information for each transaction in which it engaged during the prior quarter:

- 1) identification of buyer/seller;
- 2) description of the service, s.g., purchase/sale, firm/non-firm;
- 3) delivery point(s);
- 4) price(s);
- 5) quantity, s.g., MWh/MW; and
- 6) dates of service

See Citizens P&L and Enron.

Requests for different reporting requirements are denied, pending the Commission's completion of the generic review of reporting requirements for all public utilities with market-based rates announced in Morgan Stanley I. See Citizens Lehman Power Sales, 71 FERC ¶ 61,149 (1995).

Requests to include in the quarterly reports only those risk management transactions that result in the actual delivery of electricity, until the Commission issues an order addressing the issue of its jurisdiction over risk management transactions, are granted. See Morgan Stanley I.

Requests to file quarterly transaction reports on a confidential basis are denied. See National Electric Associates, L.P., 50 FERC ¶ 61,378 (1990). See also ATG Trading Corporation, 71 FERC ¶ 61,348 (1995), LG&E Power Marketing, Inc., 68 FERC ¶ 61,247, and Enron.

Power marketers must file with the Commission any change in status. See Citizens P&L, Enron, and Morgan Stanley II. Changes in status include departures from the characteristics the Commission has relied upon in approving the power marketer's market-based pricing, including but not limited to:

- 1) lack of ownership of generation or transmission facilities or other inputs to electric power production other than those identified in the application for market-based rates;

Wednesday, March 09, 2005

In regards to: 2005 PA Gross Receipts Tax

PA Department of Revenue
Dept 280407
Harrisburg, PA 17128-0407

To Whom It May Concern:

Commonwealth Energy Corporation d.b.a. electricAmerica is submitting our 2005 estimated Gross Receipts Tax (GRT) payment by March 15th, as required, in the amount of \$2,417,968.

This represents a significant decrease from our 2004 GRT payment. Regrettably, wholesale market conditions have made it increasingly difficult to compete in the electric marketplace in PA and ultimately we felt compelled to cancel service to approximately 22,695 customers returning them to their incumbent utility, PECO. This represents a decrease of approximately half of our 2004 customer base. January through April GRT estimates for these customers is included within our payment. GRT for the remaining months of 2005 for these customers will be paid by the incumbent utility or whatever new supplier these customers choice.

We are not however exiting the Pennsylvania energy market. We continue to serve approximately 23,310 customers within the PECO service territory. Additionally on February 9, 2005, Commerce Energy Group, Inc., the holding company for Commonwealth and electricAmerica, entered into an agreement to acquire the assets of ACN Energy, a division of ACN, Inc.

ACN Energy currently has approximately 8,500 electric customers in PA. ACN will continue to be responsible for all 2004 GRT payments and will be submitting a GRT estimated payment for January through May 15, 2005. The remaining 2005 estimated GRT for ACN Energy electric customers is included in our payment.

The total 2005 payment of \$2,417,968 2005 includes \$2,225,368 estimated GRT for electricAmerica customers and \$192,600 estimated GRT for electric customers acquired through the ACN Energy acquisition.

In Pennsylvania all Gas & Electric Supplier licenses, utility agreements & customers of both energy entities are to be transitioned to Commerce Energy of Pennsylvania, Inc. d/b/a Commerce Energy, a new corporate entity formed for this express purpose, in the coming months. We will contact your agency regarding this transition within the next several months in a separate communication for instructions.

Respectfully,

Rebecca A. Schlanert
Associate Vice President
Commonwealth Energy Corp/electricAmerica
Commerce Energy Group, Inc.
Office: (714) 481-6598

RECEIVED
2005 APR -8 PM 4: 17
PA PUC
SECRETARY'S BUREAU

ORIGINAL

RECEIVED
2005 APR -8 PM 4:05
PA PUC
SECRETARY'S BUREAU

A-125138

DERRICK PRICE WILLIAMSON
DIRECT DIAL: (717) 237-5446
E-MAIL ADDRESS: DWILLIAMSON@MWN.COM

April 8, 2005

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

DOCUMENT
FOLDER

VIA HAND DELIVERY

RE: Joint Petition of ACN Energy, Inc., and Commerce Energy, Inc., for Approval to Transfer Natural Gas Supplier License from ACN Energy, Inc., to Commerce Energy, Inc.; Docket No. P-_____

Dear Secretary McNulty:


Please find enclosed for filing the original and three (3) copies of the Joint Petition of ACN Energy, Inc., and Commerce Energy, Inc., for Approval to Transfer Natural Gas Supplier License from ACN Energy, Inc., to Commerce Energy, Inc. Please note that the Joint Petitioners respectfully request expedited treatment of the Joint Petition and Commission action on the Joint Petition at either the May 5, 2005, or May 20, 2005, Public Meeting.

Pursuant to Pennsylvania Public Utility Commission requirements, the necessary parties have been served with a copy of this Joint Petition, as evidenced by the attached Certificate of Service. Please date stamp the enclosed copy of this transmittal letter and kindly return it for our filing purposes. Thank you.

Sincerely,

McNEES WALLACE & NURICK LLC

By


Derrick Price Williamson
Charis Mincavage

Counsel to ACN Energy, Inc., and Commerce Energy, Inc.

Enclosures

c: James Shurskis, Bureau of Fixed Utility Services (via hand delivery)
Certificate of Service

51

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing document upon the participants listed below, in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA FIRST-CLASS MAIL

Irwin A. Popowsky
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120-1921

William Lloyd
Commerce Building, Suite 1102
Office of Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

Kevin Carrabine
PECO Energy Company
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101-8699


Charis Mincavage

Dated this 8th day of April, 2005, in Harrisburg, Pennsylvania.

RECEIVED
2005 APR - 8 PM 4:05
PA PUC
SECRETARY'S BUREAU

ORIGINAL

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIVED
2005 APR -8 PM 4:07
PA PUC
SECRETARY'S BUREAU

JOINT PETITION OF ACN ENERGY,
INC., AND COMMERCE ENERGY, INC.,
FOR APPROVAL TO TRANSFER NATURAL
GAS SUPPLIER LICENSE FROM ACN
ENERGY, INC., TO COMMERCE ENERGY,
INC.

DOCKET NO.

A-125138

JOINT PETITION FOR APPROVAL TO TRANSFER
NATURAL GAS SUPPLIER LICENSE

TO THE HONORABLE, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to Section 2208(d) of the Natural Gas Choice and Competition Act, 66 Pa. C.S. § 2208(d), and Section 62.112 of the Public Utility Code, 52 Pa. Code § 62.112, ACN Energy, Inc. ("ACN Energy"), and Commerce Energy, Inc. ("CEI") (collectively, "Petitioners"), hereby submit this Joint Petition ("Petition") to the Pennsylvania Public Utility Commission ("PUC" or "Commission") to request the Commission's approval of the transfer of ACN Energy's Natural Gas Supplier ("NGS") license to CEI. Simultaneous with this filing, CEI is submitting an Application for approval to offer, render, furnish, or supply natural gas services as an NGS to the public in the Commonwealth of Pennsylvania. This Application is attached hereto as Exhibit

No. 1.¹

DOCKETED

APR 25 2005

DOCUMENT
FOLDER

As discussed more fully herein, ACN Energy is an affiliate of ACN, Inc. ("ACN"), which has several other affiliate companies. Recently, ACN Energy, along with certain other ACN affiliate companies, entered into an agreement to sell the assets of ACN Energy to Commonwealth Energy Corporation ("CEC"), which is an affiliate of Commerce Energy Group,

¹ Because this Application is quite voluminous and is being filed simultaneously with this Petition, Exhibit No. 1 does not contain the exhibits to the Application.

Inc. ("CEG"). Although neither CEG nor any of its affiliates has an NGS license, the PUC approved CEC's application for an Electric Generation Supplier ("EGS") license in 1999. As a result, Commonwealth Energy Company d/b/a electricAmerica, Inc., currently has an EGS license in Pennsylvania. With the acquisition of ACN Energy, CEG has changed the name of CEC to Commerce Energy, Inc. Accordingly, because the PUC previously found that CEC and its parent company had the necessary technical, financial, and managerial fitness required for an EGS license, and because nothing has changed with respect to these entities, the PUC should grant this Joint Petition.

In support of its Joint Petition, ACN Energy and CEI state as follows:

I. BACKGROUND

A. *ACN Energy, Inc.*

ACN Energy started as a wholly-owned subsidiary of ACN, which is a leading direct selling company offering highly competitive fixed and mobile telephone services, Internet access, and gas and electricity services to consumers and small businesses in North America, Europe, and Australia. ACN Energy has been offering alternative electricity and natural gas services to customers in several deregulated states, including Pennsylvania, California, Georgia, Maryland, New York, and Ohio.

On July 30, 1999, ACN Energy submitted its Application to the Commission to obtain its NGS license. On October 19, 1999, the PUC granted ACN Energy's Application at Docket No. A-125014. ACN Energy currently serves approximately 2,000 natural gas customers in Pennsylvania.² Of that number, approximately 1,800 are residential customers and 200 are commercial customers. All of these customers are located in the PECO Energy Company

² On November 19, 1998, the PUC granted ACN Energy an EGS license at Docket No. A-110102. ACN Energy currently services approximately 8,000 electric customers in Pennsylvania.

("PECO") service territory. ACN Energy does not provide service to customers outside of this service territory.

B. Commerce Energy, Inc.

CEG, CEI's parent company, is a provider of energy products and services to residential, commercial, and industrial customers; utilities; governments; and, energy asset owners. CEG has various affiliates, including CEC, which holds state and federal licenses for retail and wholesale energy commodities; Skipping Stone, Inc., which is an energy consulting firm; and, UtilitHost, Inc., which is an outsourcing services provider.

On July 1, 1999, CEC filed an Application with the PUC requesting approval to offer electricity generation services in Pennsylvania.³ On September 15, 1999, the PUC approved CEC's Application and granted Commonwealth Energy Corporation d/b/a Advantage Energy, Inc., an EGS license. On October 12, 1999, CEC filed an application with the Department of State to change its name to Commonwealth Energy Corporation d/b/a electricAmerica, Inc. On October 29, 1999, CEC informed the PUC of this change, and the PUC reissued CEC's license in the name of Commonwealth Energy Corporation d/b/a as electricaAmerica, Inc.⁴ To date, electricAmerica currently serves approximately 29,000 electric customers in Pennsylvania, in only the PECO service territory. Of those customers, the majority are commercial customers, with several residential customers and one lighting customer.

³ A copy of CEC's EGS Application is attached hereto as Exhibit No. 2.

⁴ A copy of this License is attached hereto as Exhibit No. 3. Exhibit No. 4 to this Joint Petition provides a flow chart of the company structure of CEG prior to the acquisition of ACN Energy.

C. Acquisition of ACN Energy, Inc., by Commonwealth Energy Corporation

On February 9, 2005, CEC and ACN Energy entered into an agreement under which CEC acquires the assets of ACN Energy.⁵ As a result of this acquisition, CEG is able to achieve several key objectives towards its corporate strategies of diversifying into natural gas and expanding its market footprint, while lowering its regulatory risk profile. Through this acquisition, CEG will have electricity customers in Texas, California, Pennsylvania, New Jersey, and Michigan, with natural gas customers in New York, California, Pennsylvania, Ohio, Georgia, and Maryland. CEG also hopes to cross-sell and expand in each of these markets.

As part of this transaction, CEG is rebranding its retail unit from Commonwealth Energy Company to Commerce Energy, Inc.⁶ ACN Energy seeks to transfer its NGS license to CEI, and, in the accompanying Application, CEI seeks an NGS license.⁷

II. TRANSFER OF LICENSE

ACN Energy seeks to transfer its NGS license to CEI. As noted above, CEI is the successor in name to CEC, the entity that received an EGS license from the PUC. Previously, the Commission determined that CEC and its parent company, CEG, possessed the necessary technical, financial, and managerial fitness requirements to obtain an EGS license. CEI and its parent company, CEG, continue to meet and maintain the regulatory requirements and fitness

⁵ A copy of this Agreement is attached hereto as Exhibit No. 5. As indicated in the Agreement, ACN and CEG were parties to the Agreement with respect to certain enumerated provisions.

⁶ Exhibit No. 6 to this Joint Petition provides a flow chart of the company structure resulting from the acquisition of ACN Energy and the rebranding of CEC to CEI. Exhibit No. 7 to this Joint Petition contains the Department of State filing made by CEI evidencing the name change from CEC to CEI. CEI is awaiting action by the Department of State with respect to this filing.

⁷ CEG recognizes that its EGS license is in CEC's name. In order to address the impact of the name change to CEI with respect to the EGS license, a separate filing will be made in the near future.

previously acknowledged by the Commission in granting an EGS license. Accordingly, the Petitioners' request to transfer this NGS license is just, reasonable, and in the public interest.

III. IMPACT ON ACN ENERGY CUSTOMERS

As part of this transfer of ACN Energy's license, ACN Energy will also assign its current NGS customer base to CEI. CEI will continue to provide service to ACN Energy's natural gas customers pursuant to the terms and conditions of ACN Energy's Disclosure Statement, which is attached to CEI's accompanying Application and as Exhibit No. 8 hereto. In addition, many of the ACN Energy customer service representatives will continue with CEI. As a result, the assignment of customers from ACN Energy to CEI will be virtually seamless and transparent.

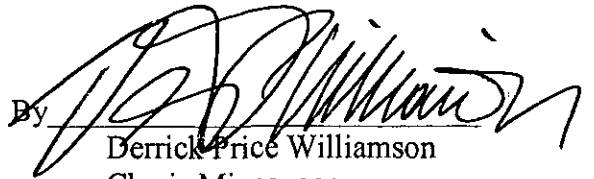
CEI will provide notice of this assignment to ACN Energy's customers on approximately April 18, 2005. Prior to sending this notice to customers, it was reviewed by the Commission's Bureau of Consumer Services ("BCS") and is attached hereto as Exhibit No. 9. See 52 Pa. Code § 62.75(2).

As indicated in CEI's accompanying Application, CEI intends to initially provide NGS service in only the PECO Energy Company ("PECO") service territory. In order to provide service in this territory, CEI has already contacted PECO to address any credit issues. To that end, PECO has acknowledged that CEI meets its NGS creditworthiness requirements. See Exhibit No. 10.

IV. CONCLUSION

Wherefore, ACN Energy, Inc., and Commerce Energy, Inc., respectfully request that the Pennsylvania Public Utility Commission: (1) grant this Petition; (2) authorize the transfer of ACN Energy's NGS license at A-110102 to CEI; (3) approve CEI's accompanying Application for an NGS license; and (4) provide any other approvals that the Commission deems necessary.

Respectfully submitted,

By 

Derrick Price Williamson
Charis Mincavage
100 Pine Street
Harrisburg, PA 17108
Tele.: 717.232.8000
Fax: 717.237.5300

Counsel to ACN Energy, Inc. and
Commerce Energy, Inc.

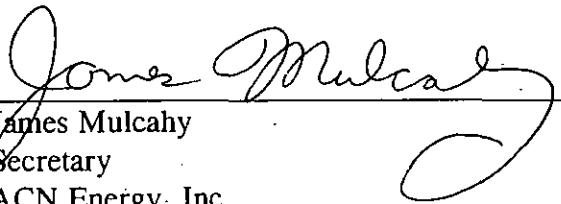
Date: April 8, 2005

VERIFICATION

STATE OF Michigan :
 : SS.
COUNTY OF Oakland :

I, James Mulcahy, hereby state that the facts in the foregoing Joint Petition are true and correct to the best of my knowledge, information, and belief, and that I expect to be able to prove the same at any hearing held in this matter. I understand the statements herein are made subject to the penalties of 18 Pa. C.S. §4904, relating to falsification to authorities.

Date: 4/5/05


James Mulcahy
Secretary
ACN Energy, Inc.

VERIFICATION

STATE OF CALIFORNIA

:

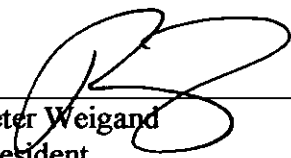
SS.

COUNTY OF ORANGE

:

I, Peter Weigand, hereby state that the facts in the foregoing Joint Petition are true and correct to the best of my knowledge, information, and belief, and that I expect to be able to prove the same at any hearing held in this matter. I understand the statements herein are made subject to the penalties of 18 Pa. C.S. §4904, relating to falsification to authorities.

Date: March 28, 2005



Peter Weigand
President
Commerce Energy, Inc.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of Commerce Energy, Inc., :
for Approval to Offer, Render, Furnish, or :
Supply Natural Gas Service as a Natural : Application Docket: _____
Gas Supplier to the Public in the :
Commonwealth of Pennsylvania :

**APPLICATION OF
COMMERCE ENERGY, INC.**

Derrick Price Williamson
Charis Mincavage
McNees Wallace & Nurick LLC
100 Pine Street
Harrisburg, PA 17108
Tele.: 717.232.8000
Fax: 717.237.5300

Counsel to Commerce Energy, Inc.

Dated: April 8, 2005

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of **Commerce Energy, Inc.**, for approval to offer, render, furnish, or supply natural gas supply services as a Natural Gas Supplier to the public in the Commonwealth of Pennsylvania.

To the Pennsylvania Public Utility Commission:

1. **IDENTITY OF THE APPLICANT:** The name, address, telephone number, and FAX number of the Applicant are:

**Commerce Energy, Inc.
600 Anton Boulevard
Suite 2000
Costa Mesa, CA 92626**

**Telephone: 714.259.2500
Facsimile: 714.259.2501**

Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number.

See Attachment A, the Joint Petition of ACN Energy, Inc., and Commerce Energy, Inc., for Approval to Transfer a Natural Gas Supplier License from ACN Energy, Inc., to Commerce Energy, Inc. ("Joint Petition"). The Joint Petition sets forth the substantive information regarding this issue.

2. a. **CONTACT PERSON:** The name, title, address, telephone number, and FAX number of the person to whom questions about this Application should be addressed are:

**Derrick Price Williamson, Esq.
Charis Mincavage, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166**

**Telephone: 717.232.8000
Facsimile: 717.237.5300**

- b. **CONTACT PERSON-PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY:**
The name, title, address telephone number and FAX number of the person with whom contact should be made by PEMA:

**Anthony Cusati, III
Commerce Energy, Inc.
32991 Hamilton Court
Farmington Hills, MI 48334**

**Telephone: 248.699.3481
Facsimile: 703.935.1267**

- 3.a. **ATTORNEY:** If applicable, the name, address, telephone number, and FAX number of the Applicant's attorney are:

**Derrick Price Williamson, Esq.
Charis Mincavage, Esq.
McNees Wallace & Nurick LLC
100 Pine Street
P.O. Box 1166
Harrisburg, PA 17108-1166**

**Telephone: 717.232.8000
Facsimile: 717.237.5300**

- b. **REGISTERED AGENT:** If the Applicant does not maintain a principal office in the Commonwealth, the required name, address, telephone number and FAX number of the Applicant's Registered Agent in the Commonwealth are:

**CT Corporation
1515 Market Street, #1210
Philadelphia, PA 19102**

Telephone: 215.563.7750

4. **FICTITIOUS NAME:** (select and complete appropriate statement)

The Applicant will be using a fictitious name or doing business as ("*d/b/a*");

Attach to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

Or

The Applicant will not be using a fictitious name.

5. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:** (select and complete appropriate statement)

The Applicant is a sole proprietor.

If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

or

The Applicant is a:

- domestic general partnership (*)
- domestic limited partnership (15 Pa. C.S. §8511)
- foreign general or limited partnership (15 Pa. C.S. §4124)
- domestic limited liability partnership (15 Pa. C.S. §8201)
- foreign limited liability general partnership (15 Pa. C.S. §8211)
- foreign limited liability limited partnership (15 Pa. C.S. §8211)

Provide proof of compliance with appropriate Department of State filing requirements as indicated above.

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

or

The Applicant is a:

- domestic corporation (none)
- foreign corporation (15 Pa. C.S. §4124)
- domestic limited liability company (15 Pa. C.S. §8913)
- foreign limited liability company (15 Pa. C.S. §8981)
- Other _____

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. **See Attachment B.** Additionally, provide a copy of the Applicant's Articles of Incorporation. **See Attachment C, which provides a copy of the Articles of Incorporation of Commonwealth Energy Corporation. See also Attachment D, which provides an Amendment to the Articles of Incorporation referencing the name change from Commonwealth Energy Corporation to Commerce Energy, Inc.**

Give name and address of officers.

Peter Weigand, President

600 Anton Boulevard, Suite 2000, Costa Mesa, CA 92626

Richard Boughrum, Chief Financial Officer, Treasurer, and Secretary

600 Anton Boulevard, Suite 2000, Costa Mesa, CA 92626

The Applicant is incorporated in the state of California. See Attachment C, which provides a copy of the Articles of Incorporation of Commonwealth Energy Corporation. See also Attachment D, which provides an Amendment to the Articles of Incorporation referencing the name change from Commonwealth Energy Corporation to Commerce Energy, Inc.

6. **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:** (select and complete appropriate statement)

Affiliate(s) of the Applicant doing business in Pennsylvania are:
Give name and address of the affiliate(s) and state whether the affiliate(s) are jurisdictional public utilities.

See Attachment A, which provides information regarding this issue.

Does the Applicant have any affiliation with or ownership interest in:

- (a) any other Pennsylvania retail natural gas supplier licensee or licensee applicant,
- (b) any other Pennsylvania retail licensed electric generation supplier or license applicant,
- (c) any Pennsylvania natural gas producer and/or marketer,
- (d) any natural gas wells or
- (e) any local distribution companies (LDCs) in the Commonwealth

If the response to parts a, b, c, or d above is affirmative, provide a detailed description and explanation of the affiliation and/or ownership interest.

See Attachment A for a detailed description and explanation of the affiliate interests.

Provide specific details concerning the affiliation and/or ownership interests involving:

- (a) any natural gas producer and/or marketers,
- (b) any wholesale or retail supplier or marketer of natural gas, electricity, oil, propane or other energy sources.

Not applicable.

Provide the Pa PUC Docket Number if the applicant has ever applied:

- (a) for a Pennsylvania Natural Gas Supplier license, or
- (b) for a Pennsylvania Electric Generation Supplier license.

See Attachment A for information regarding this issue.

- If the Applicant or an affiliate has a predecessor who has done business within Pennsylvania, give name and address of the predecessor(s) and state whether the predecessor(s) were jurisdictional public utilities.

Not applicable.

or

- The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.

See Attachment A for information regarding this issue.

7. APPLICANT'S PRESENT OPERATIONS: (select and complete the appropriate statement)

- The Applicant is presently doing business in Pennsylvania as a
 - natural gas interstate pipeline.
 - municipal providing service outside its municipal limits.
 - local gas distribution company
 - retail supplier of natural gas services in the Commonwealth
 - a natural gas producer
 - Other. (Identify the nature of service being rendered.)

Commonwealth Energy Company d/b/a electricAmerica, Inc., is doing business in Pennsylvania as an Electric Generation Supplier in the PECO Energy Company service territory. The entity is being renamed Commerce Energy, Inc. See Attachment A.

or

- The Applicant is not presently doing business in Pennsylvania.

8. APPLICANT'S PROPOSED OPERATIONS: The Applicant proposes to operate as a:

- Supplier of natural gas services.
- Municipal supplier of natural gas services.
- Cooperative supplier of natural gas services.
- Broker/Marketer engaged in the business of supplying natural gas services.
- Aggregator engaged in the business of supplying natural gas services.
- Other (Describe):

9. **PROPOSED SERVICES:** Generally describe the natural gas services which the Applicant proposes to offer.

Commerce Energy, Inc., intends to engage in the retail sale of natural gas in the residential, commercial, and industrial markets in PECO Energy Company's service territory. See Attachment A for additional information.

10. **SERVICE AREA:** Generally describe the geographic area in which Applicant proposes to offer services.

Commerce Energy, Inc.'s, marketing area will initially encompass the entirety of PECO Energy Company's service territory.

11. **CUSTOMERS:** Applicant proposes to initially provide services to:

- Residential Customers
- Commercial Customers - (Less than 6,000 Mcf annually)
- Commercial Customers - (6,000 Mcf or more annually)
- Industrial Customers
- Governmental Customers
- All of above
- Other (Describe):

12. **START DATE:** The Applicant proposes to begin delivering services **upon receipt of its Natural Gas Supplier license from the Pennsylvania Public Utility Commission.**

13. **NOTICE:** Pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14, serve a copy of the signed and verified Application with attachments on the following:

Irwin A. Popowsky
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120-1921

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

William Lloyd
Commerce Building, Suite 1102
Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Any of the following Natural Gas Distribution Companies through whose transmission and distribution facilities the applicant intends to supply customers:

<p>NUI Valley Cities Gas (NUI Transportation Services) Mike Vogel PO Box 31 75 Union, NJ 07083-1975 PH: 908.289.S000ext.5441 FAX: 908.2898.6444</p>	<p>National Fuel Gas Distribution Corp. Paul R. Mundy 10 Lafayette Square Buffalo, NY 14203 PH: 716.857.7756 FAX: 716.857.7479 e-mail: mundyp@natfuel.com</p>
<p>Penn Fuel [North Penn Gas Company & Penn Fuel Gas] Jim Evans or Tom Olsen 2 North 9th Street GENA94 Allentown, PA I8101 PH: 610.774.7981 610.774.4975 FAX: 610.774.5694 610.774.4975 e-mail: jevans@papl.com or teolson@papl.com</p>	<p>The Peoples Natural Gas Company Joe Gregorini or Bill McKeown 625 Liberty Avenue Pittsburgh, PA 15222 e-mail: jgregorini~png.cng.com PH: 412.497.6851 or 412.497.6840 FAX: 412.497.6630</p>
<p>T. W. Phillips Gas and Oil Company Robert M. Hovanec 205 North Main Street Butler, PA 16001 PH: 724.287.2725 FAX: 724.287.5021 e-mail: rhovanec@twphillips.com</p>	<p>UGI Chris Brown or Bob Krieger PO Box 12677 or 225 Morgantown Rd. Reading, PA 15222 Reading, PA 15222 PH: 610.796.3425 PH: 610.796.3516 FAX: 610.796.3559</p>
<p>PG Energy Richard N. Marshall or Wendy K. Saxe One PEI Center Wilkes-Barre, PA I 871 1-0601 e-mail: marshall@pgenergy.com or saxe@pgenergy.com PH: 570.829.8795 FAX: 570.829.8652</p>	<p>Equitable Gas Company Antionette Litchy 200 Allegheny Center Mall Pittsburgh, PA I 5212-5352 PH: 412.395.3117 FAX: 412.395.3156</p>
<p>Carnegie Natural Gas Company Donald A. Melzer 800 Regis Avenue Pittsburgh, PA 19236 PH: 412.655.8510 ext. 331 FAX: 412.655.0335</p>	<p>Columbia Gas of PA, Inc. Erich Evans or Heather Bauer 200 Civic Center Drive Columbus, OH 43215 PH: 614.460.6254 or 614.460.5554 FAX: 614.460.4291</p>
<p>Philadelphia Gas Works Eric Burgis 800 West Montgomery Avenue Philadelphia, PA 19122 email: eric.burgis@pgworks.com PH: 215.684.6907 FAX: 215.684.6564</p>	<p>PECO Kevin Carrabine 300 Front Street Building 2 Conshohocken, PA 19428 PH: 610.832.6413</p>

Pursuant to Sections 1.57 and I.58 of the Commission's Regulations, 52 Pa. Code §§1.57 and 1.58, attach Proof of Service of the Application and attachments upon the above named parties. Upon review of the Application, further notice may be required pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14.

14. **TAXATION:** Complete the TAX CERTIFICATION STATEMENT attached as Appendix B to this application.

A completed Tax Certification Statement is attached hereto at Attachment E.

15. **COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.

Commerce Energy, Inc. (Commonwealth Energy Corporation d/b/a electricaAmerica, Inc.), has been fully compliant as an Electric Generation Supplier in Pennsylvania. In July 2001, the Public Utilities Commission of California issued an order approving a settlement entered into by Commonwealth Energy Corporation. The settlement resolved issues raised in an Investigation instituted in 1999 in which Commonwealth Energy Corporation was the Respondent. Since that time, Commonwealth Energy Corporation has been fully compliant in California. As noted above, Commerce Energy, Inc., has served as an EGS in Pennsylvania since 1999 without sanction or investigation.

16. **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION:** All services should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.

- a. **Contacts for Consumer Service and Complaints:** Provide the name, title, address, telephone number and FAX number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with Applicant, the Distribution Company, the Pennsylvania Public Utility Commission or other agencies.

**Barbara St. Amant
Consumer Affairs Representative
Commerce Energy, Inc.
600 Anton Boulevard, Suite 2000
Costa Mesa, CA 92626**

**Telephone: 714.481.6583
Facsimile: 714.258.0480**

***Commerce Energy, Inc.'s, Customer Service telephone number is 1.800.ELECTRIC
(1.800.353.2874) Ext. 6583***

- b. Provide a copy of all standard forms or contracts that you use, or propose to use, for service provided to residential customers.

See Attachment F, which contains Commerce Energy, Inc.'s, current enrollment form.

- c. If proposing to serve Residential and/or Small Commercial customers, provide a disclosure statement. A sample disclosure statement is provided as Appendix B to this Application.

See Attachment G, which contains Commerce Energy, Inc.'s, Disclosure Statement.

I 7. FINANCIAL FITNESS:

A. Applicant shall provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- Actual (or proposed) organizational structure including parent, affiliated or subsidiary companies. **See Attachment H.**
- Published parent company financial and credit information. **See Attachment I. In addition, the annual reports can be found on commerceenergy.com.**
- Applicant's balance sheet and income statement for the most recent fiscal year. Published financial information such as 10K's and 10Q's may be provided, if available. **See Attachment I.**
- Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradstreet Credit Report and Robert Morris and Associates financial form or other independent financial service reports. **See Attachment J.**
- A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.
- Audited financial statements. **See Attachment I.**
- Such other information that demonstrates Applicant's financial fitness.

Please refer to Attachment A, which provides additional information regarding Commerce Energy, Inc.'s, financial fitness.

In addition, ACN Energy, Inc., currently maintains a cash deposit with PECO Energy Company. In consideration of the transfer of ACN Energy's NGS license to Commerce Energy, PECO has acknowledged that Commerce Energy meets its NGS creditworthiness requirements. See Attachment K.

B. Applicant must provide the following information:

- Identify Applicant's chief officers including names and their professional resumes.

See Attachment L for the officers' names and professional profiles.

- Provide the name, title, address, telephone number and FAX number of Applicant's custodian for its accounting records.

**Ken Robinson
Controller
Commerce Energy, Inc.
600 Anton Boulevard, Suite 2000
Costa Mesa, CA 92626**

**Telephone: 714.259.2528
Facsimile: 714.259.2553**

18. **TECHNICAL FITNESS:** To ensure that the present quality and availability of service provided by natural gas utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- The identity of the Applicant's officers directly responsible for operations, including names and their professional resumes. **See Attachment L.**
- A copy of any Federal energy license currently held by the Applicant. **See Attachment M.**
- Proposed staffing and employee training commitments. **As noted previously, Commerce Energy maintains an Electric Generation Supplier license in Pennsylvania, and Commerce Energy continues to meet and maintain the managerial requirements previously acknowledged by the Commission in granting this license. Moreover, as detailed in Attachment A, Commerce Energy's parent company is acquiring ACN Energy, Inc., which currently maintains EGS and NGS licenses in Pennsylvania. As a result; many of the customer service representatives from ACN Energy will continue with Commerce Energy.**
- Business plans.

19. **TRANSFER OF LICENSE:** The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. **See 66 Pa. C.S. Section 2208(D).** Transferee will be required to file the appropriate licensing application.

20. **UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.
21. **REPORTING REQUIREMENTS:** Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:
- a. **Reports of Gross Receipts:** Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on an annual basis no later than 30 days following the end of the calendar year.
- Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 22 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive natural gas market. See Attachment N.
22. **FURTHER DEVELOPMENTS:** Applicant is under a continuing obligation to amend its application if substantial changes occur in the information upon which the Commission relied in approving the original filing.
23. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.
24. **FEE:** The Applicant has enclosed the required initial licensing fee of \$350.00 payable to the Commonwealth of Pennsylvania.

Applicant: Commerce Energy, Inc.

By:


Peter Weigand
President

Date:

04/07/05

AFFIDAVIT

State of California :

:
: ss.

County of Orange :

Peter Weigand, Affiant, being duly sworn according to law, deposes and says that:
He is the President of Commerce Energy, Inc.; and that he is authorized to and does make this affidavit for said Applicant.

That Commerce Energy, Inc., the Applicant herein, acknowledges that Commerce Energy, Inc., may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That Commerce Energy, Inc., the Applicant herein, asserts that it possesses the requisite technical, managerial, and financial fitness to render natural gas supply service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That Commerce Energy, Inc., the Applicant herein, certifies to the Commission that it is subject to, will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 22 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional natural gas sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

Applicant, by filing this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission.

That Commerce Energy, Inc., the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. §506, and the standards and billing practices of 52 Pa. Code Chapter 56.

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Commission's Office of Communications or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

That the facts above set forth are true and correct to the best of his knowledge, information, and belief.



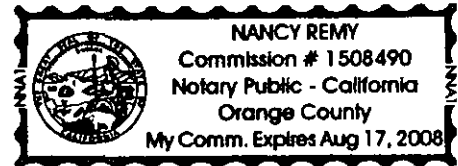
Signature of Affiant

Sworn and subscribed before me this 29th day of March, 2005.



Signature of official administering oath

My commission expires 8/17/08



AFFIDAVIT

State of California

:

ss.

County of Orange

:

Peter Weigand, Affiant, being duly sworn according to law, deposes and says that:
He is President of Commerce Energy, Inc.; and that he is authorized to and does make this
Affidavit for said Applicant.

That the Applicant herein Commerce Energy, Inc., has the burden of producing information and
supporting documentation demonstrating its technical and financial fitness to be licensed as a
natural gas supplier pursuant to 66 Pa. C.S.
§ 2208(c)(1).

That the Applicant herein Commerce Energy, Inc., has answered the questions on the application
correctly, truthfully, and completely and provided supporting documentation as required.


That the Applicant herein Commerce Energy, Inc., acknowledges that it is under a duty to update
information provided in answer to questions on this application and contained in supporting
documents.

That the Applicant herein Commerce Energy, Inc., acknowledges that it is under a duty to
supplement information provided in answer to questions on this application and contained in
supporting documents as requested by the Commission.

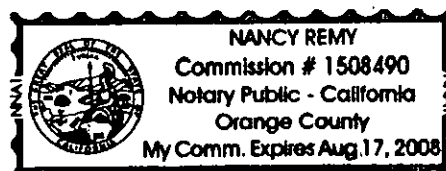
That the facts above set forth are true and correct to the best of his knowledge, information, and
belief, and that he expects said Applicant to be able to prove the same at hearing.


Signature of Affiant

Sworn and subscribed before me this 29th day of March, 2005.


Signature of official administering oath

My commission expires 8/17/08.



BEFORE THE PENNSYLVANIA
PUBLIC UTILITY COMMISSION

APPLICATION OF
COMMONWEALTH ENERGY CORPORATION

for approval to offer, render, furnish, or supply
electricity generation services
as a broker and/or marketer
of electricity and related services
to the public in the
Commonwealth of Pennsylvania

Docket No. A-110117

Commonwealth Energy Corporation
15901 Red Hill Avenue
Suite 100
Tustin, CA 92780
(714) 259-2500

Todd S. Stewart, Esquire

Malatesta Hawke & McKeon LLP
100 North Tenth Street
Harrisburg, PA 17101
(717) 236-1300

Counsel for Commonwealth
Energy Corporation

Dated: July 1, 1999

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of Commonwealth Energy Corporation, for approval to offer, render, furnish, or supply electricity or electric generation services as a Broker and/or Marketer of Electricity and related services to the public in the Commonwealth of Pennsylvania.

To the Pennsylvania Public Utility Commission:

1. **IDENTITY OF THE APPLICANT:** The name, address, telephone number, and FAX number of the Applicant are:

Commonwealth Energy Corporation
15901 Red Hill Avenue
Suite 100
Tustin, CA 92780
(714) 259-2500
(714) 259 2598 (fax)

Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number.

None

2. a. **CONTACT PERSON:** The name, title, address, telephone number, and FAX number of the person to whom questions about this Application should be addressed are:

John Barthrop
Chief Counsel and Secretary
Commonwealth Energy Corporation
15901 Red Hill Avenue
Suite 100
Tustin, CA 92780
(714) 259-2500
(714) 259-2598 (fax)

- b. **CONTACT PERSON-PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY:** The name, title, address telephone number and FAX number of the person with whom contact should be made by PEMA:

Jeff Bailey (714) 258-0470
Operations Manager (714) 259-2516 (fax)
15901 Red Hill Avenue
Suite 100
Tustin, CA 92780

3. a. **ATTORNEY:** If applicable, the name, address, telephone number, and FAX number of the Applicant's attorney are:

Todd S. Stewart
Malatesta Hawke & McKeon LLP
PO Box 1778
100 North 10th Street (717) 236-1300
Harrisburg, PA 17101 (717) 236 4841 (fax)

- b. **REGISTERED AGENT:** If the Applicant does not maintain a principal office in the Commonwealth, the required name, address, telephone number and FAX number of the Applicant's Registered Agent in the Commonwealth are:

Corporation Service Company

4. **FICTITIOUS NAME:** (select and complete appropriate statement)

The Applicant will be using a fictitious name or doing business as ("d/b/a"):

Attach to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

or

The Applicant will not be using a fictitious name.

5. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:** (select and complete appropriate statement)

The Applicant is a sole proprietor.

If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

or

The Applicant is a:

- domestic general partnership (*)
- domestic limited partnership (15 Pa. C.S. §8511)
- foreign general or limited partnership (15 Pa. C.S. §4124)
- domestic limited liability partnership (15 Pa. C.S. §8201)
- foreign limited liability general partnership (15 Pa. C.S. §8211)
- foreign limited liability limited partnership (15 Pa. C.S. §8211)

Provide proof of compliance with appropriate Department of State filing requirements as indicated above.

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

- * If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

OR

- The Applicant is a :
- domestic corporation (none)
 - foreign corporation (15 Pa. C.S. §4124)
 - domestic limited liability company (15 Pa. C.S. §8913)
 - foreign limited liability company (15 Pa. C.S. §8981)
 - Other _____

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. Additionally, provide a copy of the Applicant's Articles of Incorporation.

Applicant's Articles of Incorporation and Department of State filings are attached hereto as Appendix A.

Give name and address of officers.

Frederick M. Bloom, CEO	15901 Red Hill Avenue, Suite 100, Tustin, CA 92780
David Mensch, President	15901 Red Hill Avenue, Suite 100, Tustin, CA 92780
Donald H. Coltrain, Senior V.P.	15901 Red Hill Avenue, Suite 100, Tustin, CA 92780
Eric M. Juarez, CFO and COO	15901 Red Hill Avenue, Suite 100, Tustin, CA 92780
John A. Barthrop, Secretary	15901 Red Hill Avenue, Suite 100, Tustin, CA 92780

The Applicant is incorporated in the state of California.

6. **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:** (select and complete appropriate statement)

- Affiliate(s) of the Applicant doing business in Pennsylvania are:

Give name and address of the affiliate(s) and state whether the affiliate(s) are jurisdictional public utilities.

- If the Applicant or an affiliate has a predecessor who has done business within Pennsylvania, give name and address of the predecessor(s) and state whether the predecessor(s) were jurisdictional public utilities.

or

- ✓ **The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.**

7. **APPLICANT'S PRESENT OPERATIONS:** (select and complete the appropriate statement)

- The Applicant is presently doing business in Pennsylvania as a
- vertically-integrated provider of generation, transmission, and distribution services.
 - municipal electric corporation providing service outside its municipal limits.
 - electric cooperative
 - local gas distribution company
 - nonintegrated provider of electric generation, transmission or distribution services.
 - Other. (Identify the nature of service being rendered.)

or

- ✓ **The Applicant is not presently doing business in Pennsylvania.**

8. **APPLICANT'S PROPOSED OPERATIONS:** The Applicant proposes to operate as a:

- Generator and supplier of electric power.
- Municipal generator and supplier of electric power.
- Electric Cooperative and supplier of electric power
- ✓ **Broker/Marketer engaged in the business of supplying electricity.**
- Aggregator engaged in the business of supplying electricity
- Other (Describe):

9. **PROPOSED SERVICES:** Generally describe the electric services or the electric generation services which the Applicant proposes to offer.

Applicant intends to engage in the business of selling electricity to residential, commercial, industrial and governmental customers in the Southeastern Pennsylvania region. Applicant also expects to sell energy efficiency products, and to engage in performance contracting for demand side energy management.

10. **SERVICE AREA:** Generally describe the geographic area in which Applicant proposes to offer services.

Applicant proposes to serve in the region of southeastern Pennsylvania.

11. **CUSTOMERS:** Applicant proposes to initially provide services to:

- Residential Customers
- Commercial Customers - (25 kW and Under)
- Commercial Customers - (Over 25 kW)
- Industrial Customers
- Governmental Customers
- All of above**
- Other (Describe):

12. **FERC FILING:** Applicant has:

- Filed an Application with the Federal Energy Regulatory Commission to be a Power Marketer.
- Received approval from FERC to be a Power Marketer at Docket No. ER97-4253-000.**
A copy of the FERC order granting certificate is attached hereto as Appendix B.
- Not applicable

13. **START DATE:** The Applicant proposes to begin delivering services on **September 15, 1999**.
(approximate date).

14. **NOTICE:** Pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14, serve a copy of the signed and verified Application with attachments on the following:

Irwin A. Popowsky
Consumer Advocate
1425 Strawberry Square
Harrisburg, PA 17120

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

Bernard A. Ryan, Jr.
Commerce Building, Suite 1102
Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Any of the following Electric Distribution Companies through whose transmission and distribution facilities the applicant intends to supply customers:

Frank M. Nadolny, General
Manager of Regulatory Affairs Unit
Duquesne Light Company
411 Seventh Street
P.O. Box 1930
Pittsburgh, PA 15230-1930

John P. Litz, Division Controller
UGI Utilities, Inc.
Electric Division
400 Stewart Road
P.O. Box 3200
Hanover Industrial Estates
Wilkes-Barre, PA 18773-3200

(Metropolitan Edison Company or Pennsylvania Electric
Company)
Blaine W. Uplinger, Jr., Director of Governmental and
Regulatory Affairs
GPU Energy
100 APC Building
800 North third Street
Harrisburg, PA 17102-2025

Paul E. Russell, Associate
General Counsel
Pennsylvania Power & Light
Company
Two North Ninth Street
Allentown, PA 18108-1179

Thomas P. Hill, Vice President and Controller
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101-8699

Stephen L. Feld, Attorney
Pennsylvania Power Company
First Energy Corporation
76 South Main Street
Akron, OH 44308

John L. Munsch, Attorney
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Pursuant to Sections 1.57 and 1.58 of the Commission's Regulations, 52 Pa. Code §§1.57 and 1.58, attach Proof of Service of the Application and attachments upon the above named parties. Upon review of the Application, further notice may be required pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14.

15. **TAXATION:** Complete the TAX CERTIFICATION STATEMENT.

The completed tax certification is attached hereto as Appendix C.

16. **COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.

Neither applicant nor any individual identified herein has been convicted of a crime involving fraud or similar activity.

17. **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION:** Electricity should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.

- a. **Contacts for Consumer Service and Complaints:** Provide the name, title, address, telephone number and FAX number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with Applicant, the Electric Distribution Company, the Pennsylvania Public Utility Commission or other agencies.

**Martin Charloff, Director, Sales, 15901 Red Hill Ave., Tustin, California 92780
Telephone: (714) 259-2500 Fax Number: (714) 259-6572**

- b. Provide a copy of all standard forms or contracts that you use, or propose to use, for service provided to residential customers.

A copy of Applicant's standard "Electric Service Agreement" is attached hereto as Appendix D.

- c. If proposing to serve Residential and/or Small Commercial (under 25 kW) customers, provide a disclosure statement. A sample disclosure statement is provided as Appendix C to this Application.

A copy of Applicant's Sample Disclosure Statement for residential customers is attached hereto as Appendix E.

18. **BONDING:** In accordance with 66 PA. C.S. Section 2809(C) (1)(i), the Applicant is:

- Furnishing a copy of initial bond, letter of credit or proof of bonding to the Commission in the amount of \$250,000.

A copy of Applicant's bond in the amount of \$250,000 is attached hereto as Appendix F.

- Furnishing proof of other initial security for Commission approval, to ensure financial responsibility.
- Filing for a modification to the \$250,000 and furnishing a copy of an initial bond, letter of credit or proof of bonding to the Commission for the amount of \$_____. Applicant is required to provide information supporting an amount less than \$250,000.

At the conclusion of Applicant's first year of operation it is the intention of the Commission to tie security bonds to a percentage of Applicant's gross receipts resulting from the sale of generated electricity consumed in Pennsylvania. The amount of the security bond will be reviewed and adjusted on an annual basis.

19. **FINANCIAL FITNESS:**

- A. Applicant shall provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- Applicant's balance sheet and income statement for the most recent fiscal year. Published financial information such as 10K's and 10Q's may be provided, if available.

A copy of Applicant's most recent Financial Statement is attached hereto as Appendix G.

- Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradstreet Credit Report and Robert Morris and Associates financial form or other independent financial service reports.

A copy of a Dunn and Bradstreet report on Applicant is attached hereto as Appendix H.

- A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.

A description of Applicant's insurance coverage is attached hereto as Appendix I.

B. Applicant must provide the following information:

- Identify Applicant's chief officers including names and their professional resumes.

A list of Applicant's Chief Officers, including their professional resumes is attached hereto as Appendix J.

- Provide the name, title, address, telephone number and FAX number of Applicant's custodian for its accounting records.

**Eric Juarez, CFO
15901 Red Hill Avenue
Suite 100
Tustin, CA 92780
(714) 259-2541
(714-259-2563 (fax))**

20. **TECHNICAL FITNESS:** To ensure that the present quality and availability of service provided by electric utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- The identity of the Applicant's officers directly responsible for operations, including names and their professional resumes.

**Jeff Bailey
Operations Manager
15901 Red Hill Avenue
Suite 100
Tustin, CA 92780
(714) 258-0470
(714) 259-2516 (fax)**

- Proposed staffing and employee training commitments
- Business plans
- Documentation of membership in ECAR, MAAC or other regional reliability councils shall be submitted if applicable to the scope and nature of the applicant's proposed services.
- An affidavit stating that you will adhere to the reliability protocols of the North American Electric Reliability Council, the appropriate regional reliability council(s), and the Commission, and that you agree to comply with the operational requirements of the control area(s) within which you provide retail service.

A copy of Applicant's reliability Affidavit is attached hereto as Appendix K.

21. **TRANSFER OF LICENSE:** The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 Pa. C.S. Section 2809(D). Transferee will be required to file the appropriate licensing application.

22. **ASSESSMENT:** The Applicant acknowledges that Title 66, Chapter 5, Section 510 grants to the Commission the right to make assessments to recover regulatory expenses and that as a supplier of electricity or an electric generation supplier it will be assessed under that section of the Pennsylvania Code. The Applicant also acknowledges that the continuation of its license as a supplier of electricity or an electric generation supplier will be dependent upon the payment of all prior years assessments.

23. **UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.

24. **REPORTING REQUIREMENTS:** Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:
 - a. **Reports of Gross Receipts:** Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on a quarterly and year to date basis no later than 30 days following the end of the quarter.
 - b. The Treasurer or other appropriate officer of Applicant shall transmit to the Department of Revenue by March 15, an annual report, and under oath or affirmation, of the amount of gross receipts received by Applicant during the prior calendar year.
 - c. Applicant shall report to the Commission the following information on an annual basis:
 - the percentages of total electricity supplied by each fuel source

Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 28 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive electric market.

25. **FURTHER DEVELOPMENTS:** Applicant is under a continuing obligation to amend its application if substantial changes occur in the information upon which the Commission relied in approving the original filing.
26. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.
27. **FEE:** The Applicant has enclosed the required initial licensing fee of \$350.

Applicant: Commonwealth Energy Corp.

By: Frederick M. Bloom

Title: Chief Executive Officer

Date: June 29, 1999

AFFIDAVIT

State of California

ss.

County of Orange

Frederick M. Bloom, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

He is the Chief Executive Officer of Commonwealth Energy Corporation; That he/she is authorized to

and does make this affidavit for said Applicant;

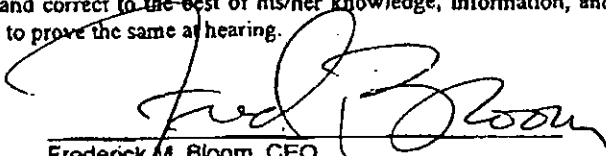
That the Applicant herein Commonwealth Energy Corporation has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be licensed as an electric generation supplier pursuant to 66 Pa. C.S. § 2809 (B).

That the Applicant herein Commonwealth Energy Corporation has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein Commonwealth Energy Corporation acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents.

That the Applicant herein Commonwealth Energy Corporation acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

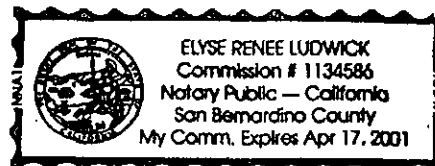
That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief, and that he/she expects said Applicant to be able to prove the same at hearing.


Frederick M. Bloom, CEO

Sworn and subscribed before me this 29th day of June, 1999.


Signature of official administering oath

My commission expires April 17, 2001.



AFFIDAVIT

State of California

ss.

County of Orange

Frederick M. Bloom, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

He is the Chief Executive Officer of Commonwealth Energy Corporation; That he is authorized to and does make this affidavit for said Applicant;

That Commonwealth Energy Corporation, the Applicant herein, acknowledges that Applicant may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That Commonwealth Energy Corporation, the Applicant herein, asserts that [he/she/it] possesses the requisite technical, managerial, and financial fitness to render electric service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

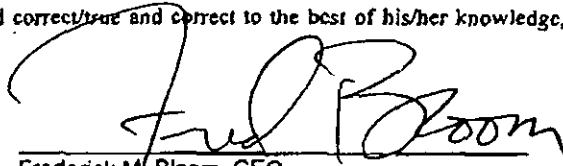
That Commonwealth Energy Corporation, the Applicant herein, certifies to the Commission that it is subject to and will pay, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 28 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of Chapter 28, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional Gross Receipts and power sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

As provided by 66 Pa. C.S. §2810 (C)(6)(iv), Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission.

That Commonwealth Energy Corporation, the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. §506, §2807 (C), §2807(D)(2), §2809(B) and the standards and billing practices of 52 PA. Code Chapter 56.

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Bureau of Public Liaison or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

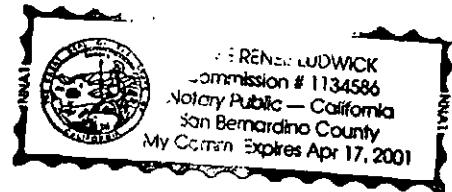
That the facts above set forth are true and correct/~~true~~ and correct to the best of his/her knowledge, information, and belief.


Frederick M. Bloom, CEO

Sworn and subscribed before me this 29th day of June, 1999.


Signature of official administering oath

My commission expires April 17, 2001.



AFFIDAVIT

Commonwealth of Pennsylvania

ss.

County of Dauphin

Todd S. Stewart, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

He is the Attorney for Commonwealth Energy Corporation;

That he is authorized to and does make this affidavit for said Applicant;

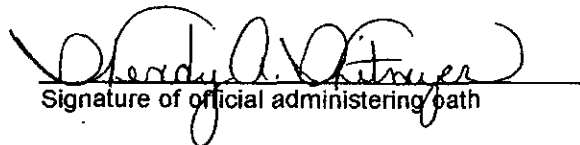
That Commonwealth Energy Corporation, the Applicant herein certifies that it has caused the notice of the filing of its electric generation license application to be published in The Philadelphia Inquirer on July 5, 1999;

That Commonwealth Energy Corporation, the Applicant will submit to the Commission the proof of publication from each newspaper in which notice of the application filing was published as soon as it is available.

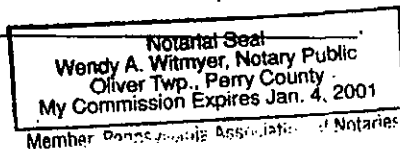
That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief, and that he/she expects said Applicant to be able to prove the same at hearing.


Signature of Affiant

Sworn and subscribed before me this 30th day of June, 1999.


Signature of official administering oath

My commission expires



**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
NOTICE**

Application of Commonwealth Energy Corporation For Approval To Offer, Render, Furnish Or Supply Electricity Or Electric Generation Services, A Marketer/Broker Engaged In The Business Of Supplying Electricity, To The Public In The Commonwealth Of Pennsylvania, Docket No. A-110117.

On July 1, 1999, Commonwealth Energy Corporation filed an application with the Pennsylvania Public Utility Commission ("PUC") for a license to supply electricity or electric generation services as (1) a generator and supplier of electric power, (2) a broker/marketer engaged in the business of supplying electricity, and (3) an aggregator engaged in the business of supplying electricity. Commonwealth Energy Corporation proposes to sell electricity and related services in southeastern Pennsylvania under the provisions of the new Electricity Generation Customer Choice and Competition Act.

The PUC may consider this application without a hearing. Protests directed to the technical or financial fitness of Commonwealth Energy Corporation may be filed within 15 days of the date of this notice with the Secretary of the PUC, P.O. Box 3265, Harrisburg, PA 17105-3265. You should send copies of any protest to Todd S. Stewart, attorney at the address listed below. Please include the PUC's "docket number" on any correspondence, which is

A-110117.

By and through Counsel: Todd S. Stewart

Commonwealth Energy Corporation

P.O. Box 1778

Harrisburg, PA 17101

(717)236-1300

(717)236-4841

TABLE OF CONTENTS

Articles Of Incorporation and Department of State Filings..... **Appendix A**

FERC Order Granting Power Marketer Certificate **Appendix B**

Tax Certification Statement **Appendix C**

Electric Service Agreement **Appendix D**

Sample Disclosure Statement For Residential Customers..... **Appendix E**

Applicant's Bond **Appendix F**

Applicant's Financial Statement..... **Appendix G**

Dunn And Bradstreet Credit Report **Appendix H**

Description Of Insurance Coverage..... **Appendix I**

Chief Officers, Including Professional Resumes **Appendix J**

Reliability Affidavit..... **Appendix K**

1909805

ENDORSED
FILED
In the office of the Secretary of State
of the State of California

ARTICLES OF INCORPORATION
OF
COMMONWEALTH ENERGY CORPORATION

AUG 15 1997

BILL JONES, Secretary of State

ARTICLE ONE

The name of this corporation is:

COMMONWEALTH ENERGY CORPORATION

ARTICLE TWO

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California, other than the banking business, trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

ARTICLE THREE

The name and address in the State of California of this corporation's initial agent for service of process is:

GARY C. WYKIDAL
245 Fischer Ave., Ste. A-1
Costa Mesa, CA 92626

ARTICLE FOUR

This corporation is authorized to issue two classes of shares which shall be designated "common" shares and "preferred" shares. The total amount of common shares that may be issued is fifty million (50,000,000). The total number of preferred shares that this corporation shall have the authority to issue is one million (1,000,000). Said preferred shares shall have the rights, privileges and preferences as determined by the Board of Directors from time to time.

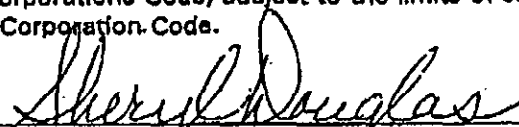
ARTICLE FIVE

The liability of the Directors of the Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

ARTICLE SIX

This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) for breach of duty to the corporation and its shareholders through bylaw provisions or through agreements with the agents, or both, in excess of the indemnification expressly permitted by Section 317 of the California Corporations Code, subject to the limits of such excess indemnification set forth in Section 204 of the Corporation Code.

DATED: August 14, 1997


Sheryl Douglas, Incorporator

D:\COMMON\ARTICLES

APPENDIX A

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
COMMONWEALTH ENERGY CORPORATION

200312
ENDORSED - FILED
In the Office of the Secretary of State
of the State of California

FEB 19 1999

BILL JONES, Secretary of State

The undersigned certify that:

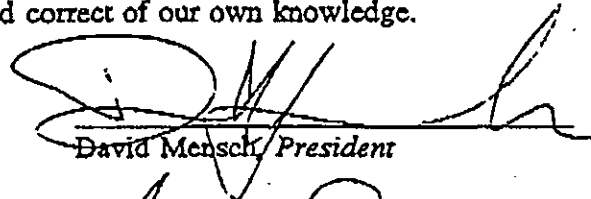
1. They are the president and secretary, respectively of COMMONWEALTH ENERGY CORPORATION, a California corporation.
2. Article Four of the Articles of Incorporation of this corporation is amended to read as follows:

This corporation is authorized to issue two classes of shares which shall be designated "common" shares and "preferred" shares. The total amount of common shares that may be issued is fifty million (50,000,000). The total number of preferred shares that this corporation shall have the authority to issue is ten million (10,000,000). Said preferred shares shall have the rights, privileges and preferences as determined by the board of directors from time to time.

3. The foregoing amendment of Articles of Incorporation has been duly approved by the board of directors.
4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 and Section 903, California Corporations Code. The total number of outstanding common shares of the corporation is 10,939,931. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%. The total number of outstanding preferred shares of the corporation is 919,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: December 31, 1998


David Mensch, President


Donnie E. Price, Secretary



Entity Number _____

Secretary of the Commonwealth

APPLICATION FOR CERTIFICATE OF AUTHORITY

DSCB:15-4124/6124 (Rev 90)

Indicate type of corporation (check one):

Foreign Business Corporation (15 Pa.C.S. § 4124)

Foreign Nonprofit Corporation (15 Pa.C.S. § 6124)

In compliance with the requirements of the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) the undersigned association hereby states that:

1. The name of the corporation is: Commonwealth Energy Corporation

2. The name which the corporation adopts for use in this Commonwealth is (complete only when the corporation must adopt a corporate designator for use in Pennsylvania):

Commonwealth Energy Corporation

3. (If the name set forth in paragraph 1 or 2 is not available for use in this Commonwealth, complete the following):

The fictitious name which the corporation adopts for use in transacting business in this Commonwealth is:

The corporation shall do business in Pennsylvania only under such fictitious name pursuant to the attached resolution of the board of directors under the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) and the attached form DSCB:54-311 (Application for Registration of Fictitious Name).

4. The name of the jurisdiction under the laws of which the corporation is incorporated is:

California

5. The address of its principal office under the laws of the jurisdiction in which it is incorporated is:

15901 Red Hill Ave., Suite 100 Tustin California 92780
Number and Street City State Zip

6. The (a) address of this corporation's proposed registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) _____
Number and Street City State Zip County

(b) c/o: Corporation Service Company Dauphin
Name of Commercial Registered Office Provider County

For a corporation represented by a commercial registered office provider, the county in (b) shall be deemed the county in which the corporation is located for venue and official publication purposes.

JUN 30 09

PA Dept. of State

31130 11

7. (Check one of the following):

(Business corporation): The corporation is a corporation incorporated for a purpose or purposes involving pecuniary profit, incidental or otherwise.

(Nonprofit corporation): The corporation is a corporation incorporated for a purpose or purposes not involving pecuniary profit, incidental or otherwise.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this Application for a Certificate of Authority to be signed by a duly authorized officer thereof this 29th day of June, 19 99.

COMMONWEALTH ENERGY CORPORATION

(Name of Corporation)

BY: x

Fred Bloem
Fred Bloem

(Signature)

TITLE: Chief Executive Officer

FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON, D.C. 20426

OCT 07 1997

To: Commonwealth Energy Corporation

Docket No. ER97-4253-000

You submitted for filing with the Commission a rate schedule under which you will engage in wholesale electric power and energy transactions as a marketer. Pursuant to authority delegated to the Director, Division of Rate Applications, under 18 C.F.R. 375.308, your submittal is accepted for filing and is designated and made effective as shown below.

Commonwealth Energy Corporation

Rate Schedule FERC No. 1

Effective: Date of This Order

Any waivers requested in your application are granted or denied along with the authorizations and subject to the conditions provided in the Appendix.

Under 18 C.F.R. 385.210, interventions are timely if made within the time prescribed by the Secretary. Under 18 C.F.R. 385.214, the filing of a timely motion to intervene makes the movant a party to the proceeding, if no answer in opposition is filed within fifteen days. The filing of a timely notice of intervention makes a State Commission a party to the proceeding.

This action does not constitute approval of any service, rate, charge, classification, or any rule, regulation, contract, or practice affecting such rate or service provided for in the filed documents; nor shall such action be deemed as recognition of any claimed contractual right or obligation affecting or relating to such service or rate; and such action is without prejudice to any findings or orders which have been or may hereafter be made by the Commission in any proceeding now pending or hereafter instituted by or against the applicant.

This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 CFR 385.713.

Sincerely,



Donald J. Gellman, Director
Division of Rate Applications

APPENDIX B

APPENDIX B

**COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

TAX CERTIFICATION STATEMENT

A completed Tax Certification Statement must accompany all applications for new licenses, renewals or transfers. Failure to provide the requested information and/or any outstanding state income, corporation, and sales (including failure to file or register) will cause your application to be rejected. If additional space is needed, please use white 8 1/2" x 11" paper. Type or print all information requested.

1. CORPORATE OR APPLICANT NAME Commonwealth Energy Corporation	2. BUSINESS PHONE NO. (714) 259-2541 CONTACT PERSON(S) FOR TAX ACCOUNTS: Eric Juarez
3. TRADE/FICTITIOUS NAME (IF ANY)	
4. LICENSED ADDRESS (STREET, RURAL ROUTE, P.O. BOX NO.) (POST OFFICE) STATE (ZIP) 15901 Red Hill Avenue, Suite 100 Tustin California 92780	
5. TYPE OF ENTITY <input type="checkbox"/> SOLE PROPRIETOR <input type="checkbox"/> PARTNERSHIP <input checked="" type="checkbox"/> CORPORATION	

8. LIST OWNER(S), GENERAL PARTNERS, OR CORPORATE OFFICER(S)

NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
Frederick M. Bloom, CEO	_____ - _____ - _____
David Mensch, President	_____ - _____ - _____
Eric M. Juarez, CFO	_____ - _____ - _____
John A. Barthrop, Secretary	_____ - _____ - _____
NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
	_____ - _____ - _____

9. LIST THE FOLLOWING STATE TAX IDENTIFICATION NUMBERS. (ALL ITEMS: A, B, AND C MUST BE COMPLETED).

A. SALES TAX LICENSE (8 DIGITS) APPLICATION PENDING N/A _____ - _____ - _____ <input type="checkbox"/> <input type="checkbox"/>	C. CORPORATE BOX NUMBER (7 DIGITS) APPLICATION PENDING N/A 1 9 0 9 8 0 5 <input type="checkbox"/> <input type="checkbox"/>
B. EMPLOYER ID (EIN) (9 DIGITS) APPLICATION PENDING N/A 3 3 0 7 6 9 5 5 <input type="checkbox"/> <input type="checkbox"/>	

10. Do you have PA employes either resident or non-resident? YES NO

11. Do you own any assets or have an office in PA? YES NO

NAME AND PHONE NUMBER OF PERSON(S) RESPONSIBLE FOR FILING TAX RETURNS

David Reed PA SALES AND USE TAX Controller	David Reed EMPLOYER TAXES Controller	David Reed CORPORATE TAXES Controller
PHONE (714) 259-2528	PHONE (714) 259-2528	PHONE (714) 259-2528

Telephone inquiries about this form may be directed to the Pennsylvania Department of Revenue at the following numbers:
 (717) 772-2673, TDD# (717) 772-2252 (Hearing Impaired Only)



CORPORATE OFFICE
15901 Red Hill Avenue, #100
Tustin, CA 92780
(800) 962-4655 (714) 258-0470

FIELD OFFICE
5405 Morehouse Drive, #100
San Diego, CA 92121
(888) 867-7757 (619) 546-1105

FIELD OFFICE
74-361 Highway 111, #5
Palm Desert, CA 92211
(800) 994-0007 (760) 862-9002

ELECTRIC SERVICE AGREEMENT

THIS ELECTRICITY SUPPLY AGREEMENT (the "Agreement") is entered into by and between Commonwealth Energy Corporation ("Commonwealth"), a California corporation, and _____ ("Customer"), with service to commence on service commencement date ("Effective Date"),

RECITALS

WHEREAS, Commonwealth is in the business of providing electricity and related services to direct access Customers in California and is licensed to do so by the California Public Utilities Commission (ESP #1092) and the Federal Energy Regulatory Commission (FERC);

WHEREAS, Customer is a commercial or industrial enterprise and controls the purchase of electricity and related services for the Account(s) ["Account(s)"] listed on Attachment A to this Agreement; and

WHEREAS, Customer desires to purchase electricity and related services from Commonwealth in direct access transactions subject to the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual promises set forth in this Agreement, Commonwealth and Customer agree as follows:

TERMS AND CONDITIONS

- FULL REQUIREMENTS.** Commonwealth shall sell and deliver and Customer shall purchase and receive one-hundred percent (100%) of the electricity requirements for the Account(s) to the extent that those requirements are not already met by Customer's existing on-site generation.
- EXCLUSIVE AGENT.** Commonwealth shall be Customer's exclusive electricity purchasing agent for the term of this Agreement.

3. **ENERGY CONSUMPTION INFORMATION.** Customer hereby authorizes Commonwealth to obtain Customer's current and historical electricity cost and usage data, payment and credit history, and other data reasonably necessary for Commonwealth to provide electric service pursuant to this Agreement. Customer agrees, upon request, to provide Commonwealth with facility descriptions, operating information, meter identification numbers and locations, and such other information available to Customer as Commonwealth may reasonably require to provide electric service pursuant to this Agreement. Except as otherwise specifically authorized by Customer, or as required by applicable law, regulation, or court order, Commonwealth shall maintain, in confidence, all such information.
4. **SERVICE PROGRAM ELECTION.** Customer shall pay Commonwealth for all electricity delivered by Commonwealth and received by Customer pursuant to the payment provisions in section _____. Customer shall accept delivery of electricity from Commonwealth pursuant to the terms of the service programs indicated below:

- A. **Qualified Customer Credit Subaccount Program (<20 kW):** All accounts below 20 kW demand rate schedule which are eligible for an "Energy Credit" through a cents per kilowatt-hour (kWh) rebate shall receive 100% California-based, Green-e, certified renewable power. The price for electricity delivered to Customer in a billing cycle shall be equal to the resulting sum, (subtrahend) which is 1 cent above the Average Power Exchange Energy Charge for such period less the referenced "Energy Credit".

The amount of Credit shall be advanced to Customer on the bill as part of the calculation method. (For example: if the existing tariff is 10 cents per kWh and the Credit is 1.5 cents per kWh, the tariff for bill calculation will be calculated at $(10 \text{ cents} + 1 \text{ cent} - 1.5 \text{ cents}) = 9.5 \text{ cents}$ per kWh, a savings of 0.5 cent per kWh.

- B. **Qualified Customer Credit Subaccount Program (>20kW, Max. \$1,000/meter/yr.):** All accounts above 20 kW demand rate schedule which are eligible for a "Energy Credit" through a cents per kWh rebate shall receive 100% California-based, Green-e, certified renewable power. Green-e certified power and Credits available up to 66,667 kWh of energy usage. The price for electricity delivered to Customer in a billing cycle shall be 1 cent above the Average Power Exchange Energy Charge for such period less the "Energy Credit". A cap or maximum of \$1,000 per meter per year shall apply at which time the cents per kWh rebate shall suspend.

Should the cents per kWh rebate change for Service Program A or B, Customer has the options upon 30 day written notice to (i) terminate, (ii) seek new price or (iii) default back to Utility Distribution Company (UDC). See **Attachment B** for rate eligibility.

- C. **Hydropower Electric Program (>20 kW):** All accounts above 20 kW demand rate schedule which are not eligible for "Energy Credit" through a cents per kilowatt-hour (kWh) rebate shall receive hydropower generated electric service at a price equal to the Average Power Exchange Energy Charge for such period, essentially at an identical price to the monthly UDC tariff.

Commonwealth reserves the right to substitute alternative reasonably available clean power should the company be unable to supply exclusively hydropower. Alternatives may include natural gas or PX system power. At all times 100% of power needs will be supplied.

Selection: A. **Qualified Customer Credit Subaccount Program (<20 kW):** (Initials) _____

Selection: B. **Qualified Customer Credit Subaccount Program (>20 kW):** (Initials) _____

Selection: C. **Hydropower Service Program (>20 kW):** (Initials) _____

5. **BILLING.** Commonwealth shall bill Customer for services provided pursuant to this Agreement through one of three billing options, at Commonwealth's sole discretion. Commonwealth shall either arrange for:

- A. **Consolidated UDC Billing Services:** Customer's Utility Distribution Company (UDC) [i.e., SCE, PG&E, or SDG&E] to prepare and send Customer a consolidated bill for both UDC and Commonwealth charges, process all Customer payments, and convey the amounts received from Customer for Commonwealth charges to Commonwealth; or
- B. **UDC and Commonwealth Dual Billing Services:** Customer's UDC to prepare and send Customer a partial bill for UDC charges and Commonwealth to prepare and send Customer a partial bill for Commonwealth charges, Customer will convey payment for UDC charges to UDC and Customer will convey payment for Commonwealth charges to Commonwealth and UDC and Commonwealth will process their respective payments received from Customer; or
- C. **Consolidated Commonwealth Billing Services:** Commonwealth to prepare and send Customer a consolidated bill for both UDC and Commonwealth charges, process all Customer payments, and convey the amounts received from Customer for UDC charges to UDC.

In any event, Customer shall be responsible for paying any and all costs, charges, fees, and taxes, including public purpose program and competitive transition charges, related to the transmission, distribution and consumption of electricity provided to Customer pursuant to this Agreement.

Recurring Fees:

Monthly fees may be assessed for ancillary services pertaining to meter maintenance, reading, and billing services. Additional fees may be applied for On-Line Energy Use Tracking.

6. **DELIVERY POINTS.** The delivery points ("Delivery Points") for electricity sold to Customer pursuant to this Agreement shall be the "Point of Delivery" for each Account as defined in the rate schedules of Customer's UDC.
7. **DIRECT ACCESS AUTHORIZATION.** Customer shall execute all authorizations required by state or federal law to enable Commonwealth to provide services pursuant to this Agreement. Upon execution of this Agreement, Commonwealth shall promptly submit a Direct Access Service Request ("DASR") to Customer's UDC. If, for any reason, a DASR is not submitted or Customer's UDC fails to approve a DASR submitted by Commonwealth on Customer's behalf within three (3) months of the Effective Date, this Agreement may be terminated by either party, without penalty, by providing written notice of termination to the party.
8. **DISCLAIMER OF WARRANTY.** COMMONWEALTH EXPRESSLY DISCLAIMS ALL WARRANTIES REGARDING THE QUALITY OF ELECTRICITY DELIVERED TO CUSTOMER PURSUANT TO THIS AGREEMENT, WHETHER WRITTEN, ORALLY EXPRESSED, OR IMPLIED, INCLUDING, WITHOUT LIMITATION, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
9. **FORCE MAJEURE.** In the event that Commonwealth's performance of its obligations under this Agreement is interrupted or delayed by any occurrence not caused by either party, whether such occurrence is an act of God or public enemy, or whether such occurrence is caused by storm, earthquake, or other natural forces, or by war, riot, public disturbance, or the acts or omissions of anyone not a party to this Agreement, then Commonwealth shall be excused from such performance and any further performance required under this Agreement for whatever period is reasonably necessary to remedy the effects of that occurrence.
10. **LIMITATION OF LIABILITY.** IN THE EVENT COMMONWEALTH FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT, CUSTOMER'S SOLE REMEDY SHALL BE TO TERMINATE THIS AGREEMENT BY WRITTEN NOTICE TO COMMONWEALTH. COMMONWEALTH SHALL NOT BE LIABLE TO CUSTOMER FOR ANY INJURY, DAMAGES, OR CLAIMS ARISING FROM OR RELATING TO THIS AGREEMENT, WHETHER ARISING IN CONTRACT, TORT (INCLUDING BUT NOT LIMITED TO INTENTIONAL TORTS, NEGLIGENCE, AND STRICT LIABILITY), OR OTHERWISE, AND CUSTOMER HEREBY EXPRESSLY WAIVES ANY OTHER LEGAL OR EQUITABLE REMEDY OTHER THAN THAT PROVIDED FOR IN THE FIRST SENTENCE OF THIS SECTION.
11. **INDEMNITY.**
 - 11.1 **General Indemnity** Each party shall indemnify and defend the other from all claims for any loss, damage, or injury to persons or property, including without limitation all consequential, incidental, exemplary, or punitive damages arising from or relating to the indemnifying party's performance under this Agreement.
 - 11.2 **Special Indemnity** Customer shall indemnify and defend Commonwealth from all claims for any loss, damage, or injury to persons or property, including without limitation all consequential, incidental, exemplary, or punitive damages arising from or relating to the distribution or consumption of electricity beyond the Delivery Point for each Account(s).

12. **ENTIRE AGREEMENT.** This Agreement, including any Attachment, Exhibit or Schedule hereto, embodies the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings between the parties, whether written or oral, with respect to the subject matter hereof. If Commonwealth determines that it must modify this Agreement to comply with the Rules and/or applicable law or regulation, Commonwealth shall inform Customer by written notice. Customer may, within fourteen (14) days of receipt of such notice, terminate this Agreement by written notice to Commonwealth. In the event that Customer terminates this Agreement as provided for in this Section, Customer shall still be obligated to pay for the electricity and related services provided to Customer pursuant to this Agreement prior to the date that such termination becomes effective. Except as provided for in this Section, this Agreement may not be amended except by a written amendment signed by both Customer and Commonwealth.

13. **SEVERABILITY.** If any provision of this Agreement is held to be void or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall remain in full force and effect.

14. **HEADINGS.** Headings are for the convenience of the parties and shall be ignored for purposes of interpreting this Agreement.

15. **ASSIGNMENT.** Commonwealth may assign its rights and obligations under this Agreement to a third party. Customer does not have the right to assign its rights and obligations under this Agreement to a third party, and any attempt by Customer to assign its rights and obligations under this Agreement is void and without effect.

16. **GOVERNING LAW.** The formation, interpretation and performance of this Agreement is governed by California law.

17. **TERM.** This Agreement shall become effective as of the date of execution written below. Except as otherwise provided, this Agreement shall continue in effect unless written cancellation by either party is given at least thirty (30) days in advance of the date when such termination is to become effective; provided said notice shall not be given prior to at least twelve (12) months after service begins under this Agreement. Notwithstanding the above, if Customer fails to make payment of all amounts due to Commonwealth within thirty (30) days of the invoice date, Commonwealth may terminate this Agreement and in such event will provide written notice of termination to Customer mailed to the address for the Account(s).

18. **METERS.** At Customer's option Commonwealth shall, during the term of this Agreement, furnish the services of one or more electricity meters to Customer for measurement of electricity on Customer's premises in accordance with the selected Meter Specifications, Features and Pricing Options document furnished to Customer by Commonwealth, said terms subject to change without notice. (See Attachment C)

This Agreement is executed by authorized representatives this _____ day of _____, _____.
Date Month Year

Signature of Commonwealth

Signature of Customer

Printed Name

Printed Name

Title

Title

ATTACHMENT B

A. Eligible "Energy Credit" Rate Schedules - (<20kW)

Pacific Gas & Electric Service Territory - Residential

E-1, E-8, E-13, E-7, E-9, E-6, E-10, E-11, E-12, EE, EM, ES, ESR, ET, E-A7, E-SEG, EL-1, EML, ESL, ESRL, ETL, EL-7, EL-A7, EL-8

Pacific Gas & Electric Service Territory - Small Commercial

A-1, A-6, A-6W, A-6X

Edison Service Territory - Residential

D, D-CARE, DE, DS, TOU-D-1, TOU-D-2, TOU-EV-1, TOU-EV-2, DM, DMS-1, DMS-2, DMS-3, D-APS

Edison Service Territory - Small Commercial

GS-1, TOU-GS-1, TOU-EV-3, GS-APS

San Diego Gas & Electric Service Territory - Residential

DR, DR-L1, DM, DS, DT, DT-RV, D-SMF, EV-TOU, EV-TOU-2, EV-TOU-3, DR-TOU, DR-VTOU

San Diego Gas & Electric Service Territory - Small Commercial

A, A-TC, AD

B. Eligible "Energy Credit" Rate Schedules - (>20kW, Max. \$1,000/meter/yr.)

Pacific Gas & Electric Service Territory - Commercial & Industrial

E-19S, E-25S, E-19P, E-19T, E-25P, E-25T, A-RTP, E-20S, E-20P, E-20T, E-37W, E-37X, A-10, A-15, E-19V, E-19W, E-19X, E36, E36W, E36X

Edison Service Territory - Commercial & Industrial

TOU-8-S, TOU-8-CR-1-S, TOU-8-RTP-S, TOU-8-SOP-S, TOU-8-SOP-RTP-S, TOU-8-P, TOU-8-CR-1-P, TOU-8-RTP-P, TOU-8-SOP-P, TOU-8-T, TOU-8-CR-1-T, TOU-8-RTP-T, TOU-8-SOP-T, TOU-8-SOP-RTP-T, I-6-S, I-6-P, I-6-T, RTP-2-S, RTP-2-1-S, RTP-2-P, RTP-2-I-P, RTP-2-T, RTP-2-I-T, RTP-3-S, RTP-3-P, RTP-3-T, RTP-TPP-1, GS-2, GS-2-RTP, TOU-EV-4, TOU-GS-2, TOU-GS-2-SOP, RTP-GS-3

San Diego Gas & Electric Service Territory - Commercial & Industrial

DR-TOU-2, AL-TOU, AL-TOU-C, AY-TOU, AO-TOU, AO-TOU-C, A6-TOU, A-V1, A-V2, A-V2-O, A-V3, A-V6-C, A-TOU, AL-TOU-2, LR

ATTACHMENT A

Customer Name	Meter Address	Electric Meter No.	Account No.
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		
	Street Address: <hr/> City: _____ State: _____ Zip: _____		

ATTACHMENT C

METER TYPE

- CEC-M1
- CEC-M2
- CEC-M3
- CEC-MQ4

MOUNTING/PHYSICAL COMPONENTS

- Socket Type
- Bottom Connected (A-base)
- Switchboard
- Portable

REAL-TIME SITE METERING SOFTWARE

- \$ _____
- Declined

TYPE SERVICE TO BE METERED

- _____ phase, _____ wire
- wye
- delta

DISPOSITION

- Remove meter from service
- Meter buyout at year _____
- Purchase price \$ _____ or _____ mos. @ \$ _____/mo.
- Installment: _____ mos. @ \$ _____/mo.
- KYZ Relay \$ 70.00
- RS232/RS485 Port \$ _____
- Outage Callback \$ 40.00
- WAN \$ _____
- Wireless modem connection \$ 250.00
- Power quality monitoring \$ 40.00
- Rental = \$ _____/month

TYPE REGISTER FUNCTION

- Watt hour/demand
- Watt hour/time-of-use
- Watt hour and Var hour demand OR
- Time-of-use
- Watt hour and VA demand time-of-use

OUTPUT RELAYS

- KYZ
- Programmable relay

METER TEST AMPS OR CLASS

- 200 amps
- Over 200 amp

**Sample Disclosure Statement Format
for Electric Generation Suppliers**

This is an agreement for electric generation service, between EGS name and customer's name and full address

Background

- We at EGS's name are licensed by the Pennsylvania Public Utility Commission to offer and supply electric generation services in Pennsylvania. Our PUC license number is A-110XXX.
- We set the generation prices and charges that you pay. The Public Utility Commission regulates distribution prices and services. The Federal Energy Regulatory Commission regulates transmission prices and services.
- If you ask us, we can bill you directly for our service.
- Right of Recision - You may cancel this agreement at any time before midnight of the third business day after receiving this disclosure.

Definitions

- Generation Charge - Charge for production of electricity.
- Transmission Charge - Charge for moving high voltage electricity from a generation facility to the distribution lines of an electric distribution company.
- Nonbasic Charges - Define each nonbasic service being offered.

Terms of Service

1. (a) Basic Service Prices - Itemize Basic Services you are billing for and their prices.

You will pay EGS rate per kWh for electric generation service.
Suppliers are to include any variable pricing conditions and limits, if charging a variable rate.

You will pay EGS rate per kWh for electric transmission service.
Suppliers are to include transmission service prices if billed.

(b) Nonbasic Service Prices - Itemize Nonbasic Services you are offering and their prices.

2. Length of Agreement

You will buy your electricity generation service for the above street address from EGS's name beginning date through date of expiration, if any.

3. Special Terms and Conditions - List and explain all that apply.

Sign-up bonuses
Add-ons
Limited time offers
Other Sales Promotions
Exclusions

4. Special Services - Provide explanation of price, terms and conditions, including advanced metering deployment, if applicable.

5. Penalties, Fees and Exceptions - List any that apply including a late payment charge. The print size for this section must be larger than the print in the rest of the agreement.

EGS License Application
PA PUC Document # 119647

6. **Cancellation Provisions** - *This category may consist of both customer initiated cancellation provisions and supplier initiated cancellation provisions.*

7. **Renewal Provision** - *If this is a fixed term agreement with automatic renewal, explain the procedure here.*

8. **Agreement Expiration/Change in Terms**

If you have a fixed term agreement with us and it is approaching the expiration date or if we propose to change our terms of service, we will send you written notice in each of our last three bills or in separate mailings before either the expiration date or the effective date of the changes. We will explain your options in these three advance notices.

9. **Dispute Procedures**

Contact us with any questions concerning our terms of service. You may call the PUC if you are not satisfied after discussing your terms with us.

10. **Contact Information**

Generation Supplier Name: _____

Address: _____

Phone Number: _____

Internet Address: _____

Electric Distribution Company Name: _____

Provider of Last Resort Name: _____

Address: _____

Phone Number: _____

Public Utility Commission (PUC)

Address:

Electric Competition Hotline Number:

P.O. Box 3265 Harrisburg, PA 17105-3265
1-888-782-3228

Universal Service Program Name: _____

Phone Number: _____

AMERICAN STATES INSURANCE COMPANY
License Bond #6002734

KNOW ALL MEN BY THESE PRESENTS THAT Commonwealth Energy Corporation as Principal, and AMERICAN STATES INSURANCE COMPANY of INDIANAPOLIS, INDIANA, as Surety, are firmly bound unto Pennsylvania Public Utility Commission, as Obligee, the penal sum of two hundred fifty thousand dollars (\$250,000.), lawful money of the United States of America for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors and administrators, successors and assigns, jointly, severally, and firmly by these presents.

SIGNED, SEALED AND DATED THIS 25th day of June, 1999.

THE CONDITION OF THIS OBLIGATION IS SUCH, that Whereas the Principal has made application for a license to the Obligee to offer, render, furnish or supply electricity or electric generation services to the public.

NOW THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH THAT THE Principal must act in accordance with Section 2809(c)(1)(i) of the Public Utility Code, 66 Pa. C.S. 2809(c)(1)(i), to assure compliance with applicable provisions of the Public Utility Code, 66Pa. C.S. 101, et seq. and the rules and regulation of the Pennsylvania Public Utility Commission by the Principal as a licensed electric generation supplier, to ensure the payment of Gross Receipts Tax as required by Section 2810 of the Public Utility Code, 66Pa. C.S. 2810; and to ensure the supply of electricity at retail in accordance with contracts, agreements or arrangement. Payment of claims shall have the following priority: (I) The Commonwealth of Pennsylvania; (II) Electric Distribution Companies for the reimbursement of Gross Receipts Tax; and (III) Private Individuals. Proceeds of the bond may not be used to pay any penalties or fines levied against the Principal for violations of the law, or for the payment of any other tax obligations owed to the Commonwealth of Pennsylvania.

NOW THEREFORE, IF THE Principal shall, during the period commencing on the aforesaid date, faithfully observe and honestly comply with such rules, regulations and statues that are applicable to an electric generation supplier licensed in Pennsylvania and fulfills its obligation to pay the Gross Receipts Tax to the Commonwealth, and to deliver electricity at retail in accordance with contracts, agreements and arrangements, require the execution of this bond, then this obligation shall become void and of no effect.

PROVIDED, the Surety may terminate its future liability under this Bond sixty (60) days after furnishing written notice of such intention to terminate. This termination shall not affect the liability of the Surety and the Principal for any liability incurred by the Principal prior to the effective date of such termination. Any claim under this bond must be instituted within three (3) months of the effective date of termination.

THIS BOND WILL EXPIRE June 25, 2000, but may be continued by continuation certificate signed by Principal and AMERICAN STATES INSURANCE COMPANY. AMERICAN STATES INSURANCE COMPANY may at any time terminate its liability by giving sixty (60) days written notice of the Obligee, and AMERICAN STATES INSURANCE COMPANY shall not be liable for any default after such sixty day notice period, except for defaults occurring prior thereto.

Signed, sealed and dated June 25, 1999.

COMMONWEALTH ENERGY CORPORATION

BY: [Signature]
(Principal)

AMERICAN STATES INSURANCE COMPANY
(Surety)

BY: [Signature]
Attorney in Fact PAT M. WALKER

POWER
OF ATTORNEY

AMERICAN STATES INSURANCE COMPANY
INDIANAPOLIS, INDIANA 46206

No. 10374

KNOW ALL BY THESE PRESENTS:

That AMERICAN STATES INSURANCE COMPANY, an Indiana corporation, does hereby appoint
*****PAT M. WALKER*****

its true and lawful attorney(s)-in-fact, with full authority to execute on behalf of the company fidelity and surety bonds or undertakings
other documents of a similar character issued by the company in the course of its business, and to bind AMERICAN STATES INSURA
COMPANY thereby as fully as if such instruments had been duly executed by its regularly elected officers at its home office, in amoun
penalties not exceeding the sum of:

FIVE HUNDRED THOUSAND AND NO/100 DOLLARS*****DOLLARS (\$ 500,000.00

IN WITNESS WHEREOF, AMERICAN STATES INSURANCE COMPANY has executed and attested these presents

this 28th day of December, 19 9

R.A. Pierson
R.A. PIERSON, SECRETARY

W. Randall Stoddard
W. RANDALL STODDARD, PRESIDENT

CERTIFICATE

Extract from the By-Laws of AMERICAN STATES INSURANCE COMPANY

"Article 8, Section 8.1 1. - FIDELITY AND SURETY BONDS ... the President, any Vice President, the Secretary, and any Assistant
President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorn
in-fact or under other appropriate titles with authority to execute on behalf of the corporation fidelity and surety bonds and other documen
similar character issued by the corporation in the course of its business.... On any instrument making or evidencing such appointment
signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the corporation
seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall no
necessary to the validity of any such instrument or undertaking."

I, R. A. Pierson, Secretary of AMERICAN STATES INSURANCE COMPANY, do hereby certify that the foregoing extracts of the By-Law
this corporation, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws and the Pow
Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 25th day of June, 1997

R.A. Pierson
R.A. PIERSON SECRETARY

COMMONWEALTH ENERGY CORPORATION

**Financial Statements and
Report of Independent Certified Public Accountants**

July 31, 1998 and January 31, 1999

APPENDIX G

Stephens, Reidinger & Beller LLP

Certified Public Accountants

2201 Dupont Drive, Suite 400

Irvine, CA 92612

Telephone 949 752 7400

Facsimile 949 752 1883

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
Commonwealth Energy Corporation

We have audited the accompanying balance sheet of Commonwealth Energy Corporation (a California corporation) as of July 31, 1998 and January 31, 1999, and the related statements of operations, stockholders' equity, and cash flows for the period from August 15, 1997 (date of inception) through July 31, 1998 and for the six months ended January 31, 1999. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Commonwealth Energy Corporation as of July 31, 1998 and January 31, 1999, and the results of its operations and its cash flows for the period from August 15, 1997 (date of inception) through July 31, 1998 and for the six months ended January 31, 1999 in conformity with generally accepted accounting principles.

Stephens, Reidinger & Beller LLP

Irvine, California
April 29, 1999

COMMONWEALTH ENERGY CORPORATION

BALANCE SHEET

July 31, 1998 and January 31, 1999

ASSETS

	<u>July 31, 1998</u>	<u>January 31, 1999</u>
Current assets		
Cash and cash equivalents (\$1,339,613 and \$1,754,067 restricted, respectively)	\$ 4,242,966	\$ 3,373,938
Accounts receivable, net of allowance for doubtful accounts of \$1,150,000 at January 31, 1999	520,157	4,462,198
Unbilled energy receivable	1,416,749	1,503,928
Inventory	-	741,305
Prepaid expenses	1,325,738	615,364
Total current assets	7,505,610	10,696,733
Property and equipment		
Furniture, fixtures and equipment, at cost	581,839	1,226,155
Less accumulated depreciation	(53,033)	(125,901)
Total property and equipment	528,806	1,100,254
Other assets		
Deposits and investments	402,105	329,717
Performance bonds	325,000	335,000
Total other assets	727,105	664,717
Total assets	\$ 8,761,521	\$ 12,461,704

See accountants' report and notes to financial statements.

COMMONWEALTH ENERGY CORPORATION

BALANCE SHEET

July 31, 1998 and January 31, 1999

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>July 31, 1998</u>	<u>January 31, 1999</u>
Current liabilities		
Accounts payable	\$ 1,552,655	\$ 2,686,255
Accrued payroll, taxes and other liabilities	<u>165,135</u>	<u>315,763</u>
Total current liabilities	1,717,790	3,002,018
Stockholders' equity		
Preferred stock - 10,000,000 shares authorized with no par value; 1,838,000 shares issued and outstanding	821,000	821,000
Common stock - 50,000,000 shares authorized with no par value; 20,240,402 and 25,085,656 shares issued and outstanding, respectively	11,484,126	22,528,225
Additional contributed capital	<u>983,640</u>	<u>1,483,640</u>
Total contributed capital	13,288,766	24,832,865
Accumulated deficit	<u>(6,245,035)</u>	<u>(15,373,179)</u>
Total stockholders' equity	<u>7,043,731</u>	<u>9,459,686</u>
Total liabilities and stockholders' equity	<u>\$ 8,761,521</u>	<u>\$ 12,461,704</u>

See accountants' report and notes to financial statements.

COMMONWEALTH ENERGY CORPORATION

STATEMENT OF OPERATIONS

For the period from August 15, 1997 (date of inception) through July 31, 1998 and
the six months ended January 31, 1999

	For the period ending	
	<u>July 31, 1998</u>	<u>January 31, 1999</u>
Revenues		
Energy revenues	\$ 667,363	\$ 13,959,357
Power planner sales	-	258,051
Interest income	46,929	17,579
	<hr/>	<hr/>
Net revenues	714,292	14,234,987
 Costs and expenses		
Energy purchases	674,965	15,617,020
Service and scheduling costs	24,527	866,144
Power planners	-	137,940
Provision for doubtful accounts	-	1,150,000
Administrative expenses	4,405,889	4,240,854
Selling and marketing expenses	1,853,946	1,351,173
	<hr/>	<hr/>
Total costs and expenses	6,959,327	23,363,131
	<hr/>	<hr/>
Net loss	\$ (6,245,035)	\$ (9,128,144)

See accountants' report and notes to financial statements.

COMMONWEALTH ENERGY CORPORATION

STATEMENT OF STOCKHOLDERS' EQUITY

For the period from August 15, 1997 (date of inception) through July 31, 1998 and
the six months ended January 31, 1999

	Common Stock	Preferred Stock	Additional Contributed Capital	Accumulated Deficit	Total Stockholders' Equity
Proceeds from common stock issue, net of costs	\$ 11,484,126	\$ -	\$ -	\$ -	\$ 11,484,126
Proceeds from preferred stock issue	-	821,000	-	-	821,000
Stock options granted for services	-	-	983,640	-	983,640
Net loss for the period ended July 31, 1998	-	-	-	(6,245,035)	(6,245,035)
Balance July 31, 1998	11,484,126	821,000	983,640	(6,245,035)	7,043,731
Proceeds from common stock issue, net of costs	11,044,099	-	-	-	11,044,099
Stock options granted for services	-	-	500,000	-	500,000
Net loss for the six months ended January 31, 1999	-	-	-	(9,128,144)	(9,128,144)
Balance at January 31, 1999	<u>\$ 22,528,225</u>	<u>\$ 821,000</u>	<u>\$ 1,483,640</u>	<u>\$ (15,373,179)</u>	<u>\$ 9,459,686</u>

See accountants' report and notes to financial statements.

COMMONWEALTH ENERGY CORPORATION

STATEMENT OF CASH FLOWS

For the period from August 15, 1997 (date of inception) through July 31, 1998 and
the six months ended January 31, 1999

	For the period ended	
	<u>July 31, 1998</u>	<u>January 31, 1999</u>
Cash from operating activities		
Net gain (loss)	\$ (6,245,035)	\$ (9,128,144)
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Depreciation	53,033	72,868
Increase in accounts receivable	(520,157)	(3,942,041)
Increase in unbilled energy receivable	(1,416,749)	(87,179)
Increase in inventory	-	(741,305)
Decrease (increase) in prepaid expenses	(1,325,738)	710,374
Decrease (increase) in deposits and investments	(727,105)	62,388
Increase in accounts payable	1,552,655	1,133,600
Increase in accrued expenses	162,635	150,628
Net cash provided (used) by operating activities	<u>(8,466,461)</u>	<u>(11,768,811)</u>
Cash flows from investing activities		
Purchases of property and equipment	(581,839)	(644,316)
Net cash provided (used) by investing activities	<u>(581,839)</u>	<u>(644,316)</u>
Cash flows from financing activities		
Issuance of note payable	2,500	-
Proceeds from issuance of stock	12,305,126	11,044,099
Additional contributed capital from stock options	983,640	500,000
Net cash provided (used) by financing activities	<u>13,291,266</u>	<u>11,544,099</u>
Net increase (decrease) in cash, and cash equivalents	4,242,966	(869,028)
Cash and cash equivalents at beginning of period	<u>-</u>	<u>4,242,966</u>
Cash and cash equivalents at end of period	<u>\$ 4,242,966</u>	<u>\$ 3,373,938</u>

See accountants' report and notes to financial statements.

COMMONWEALTH ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

July 31, 1998 and January 31, 1999

ORGANIZATION AND BUSINESS

Commonwealth Energy Corporation (the Company) incorporated on August 15, 1997 to purchase power from generating facilities and resell that power to homes and businesses in California and other states as they become deregulated. The Company is a Federal Energy Regulatory Commission licensed power marketer and is registered with the California Public Utilities Commission as an Energy Service Provider. The operations of the Company initially consisted primarily of marketing efforts to secure a share of the electric power resale market, which has become available as a result of the deregulation of the electric power industry. The Company, which was considered to be a development stage company through July 31, 1998, started serving the public and generating revenue on April 1, 1998, the effective deregulation date. The Company is currently providing power to approximately 40,000 residential, business and governmental customers.

Although the Company commenced billings to its customers in May 1998 and has continued to build its base of business in the succeeding months activities, it has sustained cumulative net losses since inception of \$15,373,179 and losses have continued to date. The Company has financed its development stage and operational losses from the proceeds of common and preferred stock sales to individual investors under a series of private placement memorandums. The Company expects losses to continue until profit margins and the customer base increase sufficiently to offset its operating expenses.

The continuity of the Company and the implementation of its business plan are dependent upon the ability of the Company to generate cash through stock sales, venture capital or long term financing. There is no assurance that such cash proceeds will be available. Management believes that the Company can increase its profit margins and customer base and continue to raise capital through stock sales in amounts sufficient to sustain its activities and fund its operations for the remainder of 1999 and into the year 2000.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Company.

Basis of Presentation

The financial statements are presented on the accrual basis of accounting. Certain prior period amounts have been reclassified to be consistent with the current period presentation.

COMMONWEALTH ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)

July 31, 1998 and January 31, 1999

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Cost Recognition

Revenues from energy sales are recognized as energy is delivered to customers. Direct energy costs include energy purchased, independent system operator fees and scheduling coordination fees.

Unbilled Energy Receivable

Unbilled energy receivable represents the amount of energy actually purchased and delivered to customers, but not yet billed. Unbilled receivables are estimated at the number of kilowatt hours delivered times 95% of the PX energy cost as published by Southern California Edison for residential customers. As a result of the constantly changing billing rate, it is management's belief that this method is the best available measure of the cost of energy sold.

Inventories

Inventories consist of residential and industrial Power Planners and are stated at lower of cost (as determined on a first-in first-out basis) or market.

Accounts Receivable

Accounts receivable at January 31, 1999 consists of \$5,451,291 in billings to customers for energy sales, \$147,276 for sales of Power Planners and \$13,631 of employee and other advances. The Company provides an allowance for potential uncollectible accounts based on its collection history. An allowance for doubtful accounts in the amount of \$1,150,000 has been recorded as of January 31, 1999. As of July 31, 1998 accounts receivable include \$517,940 of energy billings and \$2,217 of other receivables.

Fair value of financial instruments

The Company's financial instruments consists primarily of cash, accounts receivable, unbilled energy receivable and accounts payable. The carrying amounts of these financial instruments as of July 31, 1998 and January 31, 1999 approximate their fair values due to their short-term nature.

Property and Equipment

Property and equipment are carried at cost. Maintenance, repairs and renewals are expensed as incurred. Depreciation of property and equipment is provided over their estimated useful lives, which range from five to ten years, using the straight-line method.

COMMONWEALTH ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)

July 31, 1998 and January 31, 1999

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company has incurred a net operating loss to date and has no current income tax liability. A deferred tax asset for the future tax benefit of the net operating loss has not been established since there is no assurance that the Company will be able to utilize the net operating loss in the future and certain limitations may apply to restrict the utilization based on past and future ownership changes.

Deposits and Investments

The Company carries its deposits and investments at the lower of cost or estimated net realizable value. There is no established market for the financial interests of the Company's investments and its holdings do not represent control over investee operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH RESTRICTIONS

Cash includes \$1,339,613 as of July 31, 1998 and \$1,754,067 as of January 31, 1999, which are restricted for contracted energy purchase obligations. The Company's purchase contract stipulates that proceeds from sales of energy are to be deposited to a restricted cash account and withdrawals are limited to the purchases of energy. Amounts in excess of outstanding current and forward purchase obligations are available to the Company for operations.

NOTE 3: CONCENTRATIONS OF CREDIT RISK

Cash includes \$4,626,132 (before outstanding checks of \$383,166) as of July 31, 1998 and \$3,501,981 (before outstanding items of \$128,043) as of January 31, 1999, on deposit with financial institutions. The resulting cash balances are \$4,306,809 and \$3,100,893, respectively, in excess of the \$100,000 per institution limit insured by the Federal Deposit Insurance Corporation.

COMMONWEALTH ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)

July 31, 1998 and January 31, 1999

NOTE 4: COMMITMENTS

Leasing Arrangements

The Company conducts its main operations in Tustin from facilities that are leased under a five-year non-cancelable operating lease expiring on April 24, 2004. The Company also leases facilities in Palm Desert and San Diego. The location in Palm Desert is leased under a three-year non-cancelable operating lease expiring on February 15, 2001. In addition to the lease payments the Company is charged for certain operating expenses of the property. There is an option to renew at an increased monthly rental. The location in San Diego is leased under a three-year non-cancelable operating lease expiring on January 31, 2001. There is an option to renew for an additional three years at that time with an annual increase in rent of \$0.05 per square foot.

The following is a schedule of the minimum rental payments required under the above operating leases.

<u>Year</u>	<u>Amount</u>
1999	\$ 305,684
2000	442,644
2001	359,925
2002	370,593
2003	381,252
2004	<u>95,979</u>
Total	<u>\$ 1,956,077</u>

Purchase Commitment

In April of 1999 the Company entered into a three year contractual arrangement ending on June 30, 2002, for the purchase of energy. The Company has agreed to issue letters of credit to finance the purchases of energy in the amounts of \$3,256,200 on April 30, 1999, \$4,572,000 on December 15, 1999, \$5,760,000 on December 15, 2000 and \$5,850,000 on December 15, 2001.

COMMONWEALTH ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)

July 31, 1998 and January 31, 1999

NOTE 5: CONVERTIBLE PREFERRED STOCK

The 10% Convertible Preferred Stock carry annual dividends that are cumulative and are paid at the discretion of management quarterly with interest accruing at 10% from the date of issuance of the stock. Cumulative unpaid dividends were \$101,369 as of January 31, 1999. Each Convertible Preferred share is convertible into one share of Common Stock in the Company at the shareholder's discretion and has full voting rights. In addition, preferred shareholders are entitled to preferential liquidation rights over Common Stock in the amount of \$.50 per share plus all declared but unpaid dividends.

NOTE 6: COMMON STOCK

The Common Stock has no conversion or preemptive shareholder rights as to any securities issued by the Company and are not liable for assessments and further calls. Each share of Common Stock is entitled to one vote on all matters voted on by shareholders, and is entitled to equal dividends when, and as declared by the Board of Directors from funds legally available.

Proceeds from the sale of stock are reported net of issuance costs. During the six months ended January 31, 1999, \$12,550,112 was raised from the sale of common stock. Costs of \$1,506,013 associated with the sale and issuance of this stock have been deducted from the common stock account. Costs of \$1,566,017 associated with the issuance of \$13,050,143 of common stock sold prior to August 1, 1998 have been reclassified for purposes of consistency from accumulated deficit as previously reported to a reduction of the common stock account.

NOTE 7: TWO FOR ONE STOCK SPLIT

On October 7, 1998 the Board of Directors of the Company approved a resolution to split on a two for one basis all shares of common stock, preferred stock, and options to purchase stock of the Company. Approval by the shareholders was granted on December 5, 1998 for the stock split and related amendment to the articles of incorporation increasing the authorized number of shares of preferred stock.

COMMONWEALTH ENERGY CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (Continued)

July 31, 1998 and January 31, 1999

NOTE 8: STOCK OPTIONS

Options to purchase a total of 8,134,590 shares of Common Stock have been granted, or committed to be granted, to employees, directors and service providers as of January 31, 1999, for exercise through December 31, 2002. The option price of these shares range between \$.005 and \$1 per share. To date no options have been exercised. The compensation cost of the options granted for services is measured by the excess of estimated market value of the stock over the option price. This cost is recognized at the date of grant since all options for services are fully vested. Options granted as incentive for stock sales do not result in a charge to operations since the related benefit is associated with an increase in common stock. Compensation in the amount of \$983,640 and \$500,000 has been recorded as an expense of the corporation and as additional contributed capital for the periods ended July 31, 1998 and January 31, 1999, respectively.

NOTE 9: YEAR 2000 AWARENESS PROGRAM

The Company recognizes that the arrival of the year 2000 poses unique challenges to the ability of all systems to recognize the date change from December 31, 1999 to January 1, 2000 and has adopted a plan designed to address the issues related to this transition. Ultimately, the potential impact of the year 2000 issues will depend not only on corrective measures the Company undertakes but also on the way in which the year 2000 issue is addressed by governmental entities, vendors, customers, counterparts, and other entities who provide or receive data and services from the Company. Management is addressing these issues and believes its year 2000 plan will permit the Company to function effectively into the year 2000.

Business Information Report^{bid}

Page 1 of 6

For: ERIC JUAREZ, CFO
DUN & BRADSTREET INC

June 18, 1999
4: 43 pm

This report should not be reproduced or redistributed.

BUSINESS SUMMARY

COMMONWEALTH ENERGY CORP	DUNS: 17-634-3341	RATING	3A2
15991 RED HILL AVE #201 AND BRANCH(ES) OR DIVISION(S) JUSTIN CA 92780 TEL: 714 258-0470	ELECTRIC SERVICES SIC NO. 4911	STARTED WORTH EMPLOYS HISTORY FINANCING FINANCIAL CONDITION STATEMENT DATE	1997 \$7,018,669 140(110 HERE) CLEAR SECURED STRONG DEC 31 1998
CHIEF EXECUTIVE: FREDERICK BLOOM, CEO-CHB			

CUSTOMER SERVICE

If you have questions about this report, please call our Customer Service Center at 1-800-333-0505 from anywhere within the U.S. If you are outside the U.S., contact your local D&B office.

*** Additional Decision Support Available ***

Additional D&B products, credit recommendations and specialized investigations are available to help you evaluate this company or its industry. Call Dun & Bradstreet's Solution Center at 1-800-362-3425 from anywhere within the U.S.

SUMMARY ANALYSIS

The Summary Analysis section reflects information in D&B's file as of June 14, 1999.

RATING SUMMARY

The Rating was changed on February 6, 1999 because the relationship between company's profits and their worth improved. The "3A" portion of the Rating (the Rating Classification) indicates that the company has a worth from \$1 million to \$10 million. The "2" on the right (Composite Credit Appraisal) indicates an overall "good" credit appraisal. This credit appraisal was assigned because of the age of the business, the company's strong financial position, and its payment record.

Below is an overview of the company's D&B Rating(s) since 09/12/97:

RATING	DATE APPLIED
--------	--------------

Provided under contract for the exclusive use of DUN & BRADSTREET INC.

Copyright 1999 D&B Inc. V3.9

APPENDIX H

This report should not be reproduced or redistributed.

SUMMARY ANALYSIS (continued)

-----	-----
3A2	02/06/99
3A4	12/07/98
3A2	03/28/98
1A2	01/10/98
2A2	11/27/97
--	09/12/97

PAYMENT SUMMARY

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

The PAYDEX for this company is 70.

This PAYDEX score indicates that payments to suppliers average 15 days beyond terms, weighted by dollar amounts. When dollar amounts are not considered, approximately 95% of the company's payments are within terms.

Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	TOTAL RCV'D	TOTAL DOLLAR AMOUNTS	LARGEST HIGH CREDIT	% W/IN TERMS	DAYS SLOW			
					<31	31-60	61-90	91+
	#	\$	\$	%	%	%	%	%
Total in D&B's file	16	69,650	25,000					
Payment By Industry:								
1 Telephone communictns	4	6,550	5,000	100	-	-	-	-
2 Nonclassified	2	8,250	7,500	100	-	-	-	-
3 Short-trm busn credit	2	2,750	2,500	100	-	-	-	-
4 Misc equipment rental	2	1,000	1,000	100	-	-	-	-
5 Electric services	1	25,000	25,000	-	100	-	-	-
6 Ret stationery	1	15,000	15,000	100	-	-	-	-
7 Ret computer/software	1	10,000	10,000	100	-	-	-	-
8 Whol furniture	1	1,000	1,000	100	-	-	-	-
9 Air courier service	1	50	50	100	-	-	-	-
Other Payment Categories:								
Cash experienes	0	0	0					
Payment record unknown	1	50	50					
Unfavorable comments	0	0	0					
Placed for collection with D&B	0	0						

This report should not be reproduced or redistributed.

PAYMENT SUMMARY (continued)

other	0	N/A
The highest "Now Owes" on file is \$25,000		
The highest "Past Due" on file is \$20,000		
D&B receives over 315 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received.		

PAYMENTS

REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
	Antic - Anticipated (Payments received prior to date of invoice)					
	Disc - Discounted (Payments received within trade discount period)					
	Ppt - Prompt (Payments received within terms granted)					
05/99	Ppt	15000	2500	-0-		1 Mo
	Ppt	5000	-0-	-0-		1 Mo
	Ppt	2500	50	-0-		1 Mo
	Ppt	1000	-0-	-0-		1 Mo
	Ppt	50	50	-0-		1 Mo
04/99	Ppt	7500	5000	-0-		1 Mo
	Ppt	1000	-0-	-0-	N30	6-12 Mos
	Ppt	750	750	-0-		1 Mo
	Ppt	250	250	-0-		
	Lease agreement					
	Slow 30	25000	25000	20000	N30	1 Mo
03/99	Ppt	500	-0-	-0-		6-12 Mos
02/99	Ppt					
	Lease agreement					
	Ppt	50	-0-	-0-		6-12 Mos
12/98	(014)	50				4-5 Mos
09/98	Ppt	1000	1000	-0-		1 Mo
	Lease agreement					
06/98	(016)	10000	250	250	Regular terms	4-5 Mos
	Satisfactory.					

* Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported. Amounts may be rounded to nearest figure in prescribed ranges.

This report should not be reproduced or redistributed.

FINANCE

02/05/99	Interim Nov 30 1997	Interim Feb 28 1998
Curr Assets	506,546	654,944
Curr Liabs	21,247	41,149
Current Ratio	23.8	15.9
Working Capital	485,299	613,795
Other Assets	238,413	763,501
Interim statement dated DEC 31 1998:		
Cash	\$ 1,218,457	Accts Pay \$ 651,037
Accts Rec	4,087,999	Other Curr Liabs 336,891
Other Curr Assets	5,020,424	
Curr Assets	10,326,880	Curr Liabs 987,928
Other Assets	1,474,396	EQUITY 10,813,348
Total Assets	11,801,276	Total 11,801,276
Submitted by Eric M Juarez, cfo. Extent of audit, if any, not indicated.		
--0--		
On FEB 04 1999 Eric M Juarez, cfo, referred to the above figures.		

PUBLIC FILINGS

The following data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

*** UCC FILING(S) ***

COLLATERAL: Negotiable instruments including proceeds and products - Account(s) including proceeds and products - Contract rights including proceeds and products

FILING NO:	003922128	DATE FILED:	10/09/1998
TYPE:	Original	LATEST INFO RECEIVED:	11/03/1998
SEC. PARTY:	ILLINOVA ENERGY PARTNERS INC, MIDVALE, UT	FILED WITH:	SECRETARY OF STATE/UCC DIVISION, IL
DEBTOR:	COMMONWEALTH ENERGY CORP		

COLLATERAL: Negotiable instruments including proceeds and products - Account(s) including proceeds and products - Contract rights including proceeds and products

FILING NO:	9828861030	DATE FILED:	10/08/1998
TYPE:	Original	LATEST INFO RECEIVED:	10/23/1998
SEC. PARTY:	ILLINOVA ENERGY PARTNERS, INC., MIDVALE, UT	FILED WITH:	SECRETARY OF STATE/UCC DIVISION, CA
DEBTOR:	COMMONWEALTH ENERGY CORPORATION		

This data is for informational purposes only, certification can only be obtained through the Sacramento Office of the California Secretary of State.

This report should not be reproduced or redistributed.

HISTORY (continued)

This data is for informational purposes only, certification can only be obtained through the Sacramento Office of the California Secretary of State.

BUSINESS TYPE: Corporation -
Profit

DATE INCORPORATED: 08/15/1997
STATE OF INCORP: California

Business started 1997 by principal. 100% of capital stock is owned by investors & Frederick M Bloom. As of March 1998 there were approximately 250 investors on record, none of which owned 10% or greater.

FREDERICK BLOOM born 1960. 1997 to present active here as Chairman of the Board and Chief Executive Officer. 1996-present active with affiliate. 18 years experience in investment banking.

DAVID MENSCH, Most recently president of Commonwealth Energy. Prior to Commonwealth Energy, spent four years as general manager of operations for First Commodity Corporation of Boston and eight years as director of operations for American National Franchise Consultants, Inc, where his responsibilities included supervising a staff of sales managers and licensed commodity brokers.

ERIC M JUAREZ. Currently active as chief financial officer. Prior employed as controller and director of finance by Great States Insurance Company. Previously employed by Coopers and Lybrand.

Affiliates: The following are related through common principals, management and/or ownership. Regal Group, Tustin, CA. DUNS #08-809-0923. Intercompany relations: None reported by management.

OPERATION

02/17/99 Provides wholesale and retail sales of electric services, specializing in power distribution and energy saving products (100%). Terms are monthly billings. Sells to general public. Territory: California.
EMPLOYEES: 140 which includes officer(s). 110 employed here.
FACILITIES: Leases 15,000 sq. ft. on second floor of a two story building.
LOCATION: Suburban business section on main street.
BRANCHES: Maintains a branch at 74-361 Hwy 111, #5, Palm Desert, CA 92211 which 1,800 sq ft and an additional location in San Diego, CA.
06-18(727 /727) 99999 098083083 H

-- END OF REPORT --

INSURANCE SCHEDULE

Agency Name: Philip B. Robinson Insurance

Policy Number	Coverage	Company	Limits
CLS0560179	Commercial Liability	Scottsdale	\$1 Mil per occurrence \$2 Mil aggregate
UMS0003586	Commercial Umbrella	Scottsdale	\$1 Mil per occurrence \$2 Mil aggregate
C1000710	EE Practices Liability	Lloyds of London	\$2 Mil per occurrence \$4 Mil aggregate
WC2630913	Workers Compensation	Pacific National	\$1 Million
01CE308154	Commercial Property/Crime	American States	Various up to \$600 K.
02CC863427	Commercial Auto	American States	\$1 Million
7511532198	Directors & Officers Liability	Executive Risk	\$3 Million

NOTE: We are getting quotes now for General Liability to be increased from \$3,000,000 to \$15,000,000 and expect it to be in place within two weeks

EXECUTIVE OFFICERS

FREDERICK M. BLOOM- CHIEF EXECUTIVE OFFICER - CHAIRMAN OF THE BOARD

Frederick M. Bloom, 38, is a co-founder, Chairman of the Board and C.E.O. of the Company. During 1995 and 1996, Mr. Bloom was Executive Vice-President in charge of marketing and capitalization for DRTV Holdings, Inc., an infomercial marketing company. While at DRTV, Mr. Bloom's duties included coordination of marketing efforts such as infomercial and commercial production, media scheduling, telemarketing, advertising design, public relations, capitalization and shareholder relations. From 1992 to 1995, Mr. Bloom was an independent marketing and business consultant, assisting numerous companies with capitalization, marketing plan design and implementation and telemarketing call-center set-up, training and operations. Previously, Mr. Bloom operated as a telemarketing consultant assisting firms in establishing inbound and outbound telemarketing centers and coordinating advertising efforts. From 1987 to 1991, Mr. Bloom was founder and co-owner of First Pacific Trading Group, a commodity futures brokerage. From 1983 to 1987, Mr. Bloom was a stockbroker with Bateman Eichler, Hill Richards. Mr. Bloom attended Long Beach State University and studied Business Management.

DAVID MENSCH - PRESIDENT - DIRECTOR

David Mensch, 46, is a co-founder, President and Director of the Company. Prior to becoming President, he served as Senior Executive Vice President of the Company. He also served as C.F.O. and C.O.O. of the Company from its inception until November 15, 1997. Mr. Mensch has over 21 years of diversified experience in business management and corporate finance. During 1995 and 1996 Mr. Mensch was Compliance Officer for DRTV Holdings, Inc. and was responsible for maintaining adherence to securities laws. From 1987 to 1995, Mr. Mensch was Director of Operations for American National Franchise Consultants, Inc., a national and international firm involved in the development and expansion of new franchises. His responsibilities included the interviewing, hiring, training and motivating of the franchise sales staff. He also conducted final closing interviews with new franchisees and designed, implemented and conducted franchisee training programs. From 1982 to 1986, Mr. Mensch was General Manager of Operations of First Commodity Corporation of Boston. He was responsible for the supervision of a staff of 60, including all sales managers, licensed Commodity Brokers and support staff.

DONALD H. COLTRAIN - SENIOR VICE PRESIDENT - DIRECTOR

Donald H. Coltrain, 56, served as the Manager of Power Services and Contracts of the Power Department of the Imperial Irrigation District from June of 1991 through February, 1998. He was responsible for Power Contracts, Customer Services, System Operations, Purchasing and Stores Department and Energy Conservation. He managed over 90 employees in this position. From 1966 to 1991, Mr. Coltrain was employed by Southern California Edison Company. During Mr. Coltrain's 25 year tenure with SCE, he held several key positions, including Supervisor of the Power Contracts Division, where his responsibilities included supervising and developing senior level engineers to negotiate power contracts and settlement agreements. Mr. Coltrain also negotiated Firm Transmission Services Agreements, Capacity Exchange Agreements, Axis Project Agreements, the Solar Power Pilot Plant Agreements and SCE's purchases from Commission Federal de Electricidad, Mexico. Mr. Coltrain's knowledge and experience in negotiations enabled him to be recognized as a leader in the electric utility industry. Mr. Coltrain has testified before the Federal Energy Regulatory Commission and the California Public Utilities Commission, participated in the analysis, negotiation and development of more than 90 unique generation, transmission, purchases, sales and exchange contracts and has coordinated technical studies for the evolution of resource alternatives. Mr. Coltrain holds a Bachelor of Arts Degree in Economics from California State University, Long Beach. Mr. Coltrain works part time for the Company.

JOHN A. BARTHROP - GENERAL COUNSEL

John A. Barthrop, 57, has over 31 years of practicing business and corporate law. He has been Associate Counsel for Beneficial Standard Group of Companies, General Counsel for a regional shopping center developer and owned and managed his own law firm for over 15 years, specializing in financing and business transactions and business litigation. Mr. Barthrop obtained his Juris Doctorate from Hastings College of Law and is licensed to practice before the Supreme Court in California and the U.S. District Courts.

ERIC M. JUAREZ - TREASURER AND CHIEF FINANCIAL OFFICER

Eric M. Juarez, 37, has twelve years experience in public and private accounting. From March, 1991 to September, 1996, he served as controller of Great States Insurance Company, which was a specialty workers compensation insurance carrier. He was promoted to Vice President of Finance in September, 1996, and later became Director of Finance in 1997. At Great States Insurance Company, he was responsible and accountable to management for all aspects of financial reporting, both internal and external, and, among other things, assisted in the implementation and maintenance of internal controls. From July, 1986, until February, 1991, Mr. Juarez worked at the accounting firm of Coopers & Lybrand, where he was eventually promoted from staff accountant to senior associate. As a senior associate, he had overall responsibility for performance of financial audits, which included design and implementation of audit strategy and testing plan, supervising, directing and training staff accountants and preparing internal budgets and time usage analysis. Mr. Juarez holds a Bachelor of Science degree in accounting from California Polytechnic University, Pomona.

KEY EMPLOYEES

JEFF BAILEY

Jeff Bailey, 51, has over twenty years of diversified management and operations experience and is in charge of administration and call-center oversight for the Company. During 1997 and early 1998, Mr. Bailey was president of the Warehousing, Installation and Transportation Division of Royson Cabinet Manufacturing, Inc. In 1996 and 1997, he served as branch manager of GTE Telnet Services which marketed long distance, 800#s, ISDN lines and other telecom services to businesses. From 1989 to 1996, Mr. Bailey was General Manager, District Manager and Regional Sales Manager for Iron Mountain Records Management, a \$150 million leader in the field of critical record storage for Fortune 500 companies. Mr. Bailey earned his degree in criminology from California State University Long Beach.

AFFIDAVIT

State of California

ss.

County of Orange

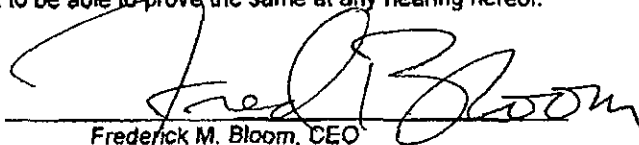
Frederick M. Bloom, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He is the Chief Executive Officer of Commonwealth Energy Corporation;

That he is authorized to and does make this affidavit for said Applicant;

That Commonwealth Energy Corporation, the Applicant herein, hereby states that it will comply with, and adhere to, the reliability protocols of the North American Electric Reliability Council in its provision of service as an electric generation supplier in the Commonwealth of Pennsylvania. Commonwealth Energy Corporation also will comply with the reliability protocols of any appropriate regional reliability councils, as well as any rules or orders concerning reliability which might be issued or promulgated by the Pennsylvania Public Utility Commission. Commonwealth Energy Corporation will comply with appropriate and necessary operational requirements of the control areas in which it operates within the Commonwealth of Pennsylvania.

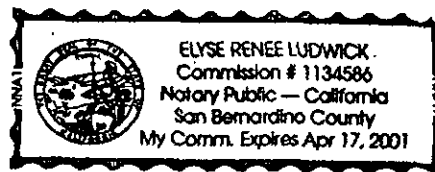
That the facts/statements above set forth are true and correct to the best of his/ knowledge, information, and belief and that he expects said Applicant to be able to prove the same at any hearing hereof.


Frederick M. Bloom, CEO

Sworn and subscribed before me this 29th day of June, 1999


Signature of official administering oath

My commission expires April 17, 2001.



PENNSYLVANIA PUBLIC UTILITY COMMISSION

IN THE MATTER OF THE APPLICATION OF: A-110117

Application of Commonwealth Energy Corporation, d/b/a electricAmerica for approval to offer, render, furnish or supply electricity generation services as a broker and/or marketer of electricity and related services to the public in the Commonwealth of Pennsylvania.

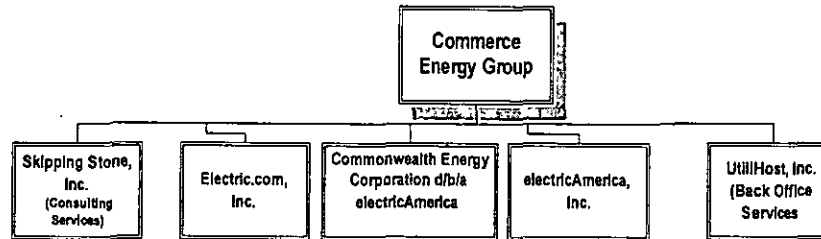
The Pennsylvania Public Utility Commission hereby certifies that after an investigation and/or hearing, it has, by its report and order made and entered, found and determined that the granting of the application is necessary or proper for the service, accommodation, convenience and safety of the public and hereby issues to the applicant this **LICENSE FOR ELECTRIC GENERATION** evidencing the Commission's approval.

In Witness Whereof, The PENNSYLVANIA PUBLIC UTILITY COMMISSION has caused these presents to be signed and sealed, and duly attested by its Secretary at its office in the city of Harrisburg this 15th day of September 1999.



James J. McNulty
Secretary

Corporate Structure



COMMERCE ENERGY GROUP INC filed this 8-K on 02/10/2005.

Outline Back to Results Printer Friendly Next Page »

EXHIBIT 2.1

ASSET PURCHASE AGREEMENT

BY AND AMONG

COMMONWEALTH ENERGY CORPORATION

AS BUYER
AND

ACN UTILITY SERVICES, INC.,
ACN ENERGY, INC.
AND
ACN POWER, INC.,

AS SELLERS

AND
AMERICAN COMMUNICATIONS NETWORK, INC.

AND
COMMERCE ENERGY GROUP, INC.

WITH RESPECT TO CERTAIN
SPECIFIC PROVISIONS HEREIN

DATED AS OF FEBRUARY 9, 2005

TABLE OF CONTENTS

SECTION 1. Certain Definitions

SECTION 2. Transfer of Assets

 2.1 Assets To Be Transferred

 2.2 Consents and Novation

 2.3 Option Assets

SECTION 3. Consideration for Acquired Assets

 3.1 Amount of Purchase Price

 3.2 Assumption of Liabilities

 3.3 Excluded Liabilities

 3.4 Accounts Receivables and Closing Prorations

 3.5 Bulk Sales Law Compliance

 3.6 Allocation of Purchase Price

SECTION 4. Representations and Warranties of Sellers

 4.1 Good Standing

SECTION 8.	Conditions of the Sellers' Obligations to Close
8.1	Agreement and Conditions
8.2	Representations and Warranties
8.3	Deliveries
8.4	Certificate
SECTION 9.	Deliveries of Sellers on the Closing Date
9.1	Title to Acquired Assets
9.2	Certificates
9.3	Secretary's Certificate
9.4	Authorization
9.5	Escrow Agreement
9.6	Sales Agency Agreement
9.7	Transition Agreement
9.8	Security Agreement
9.9	Energy Agreements
9.10	Operating Agency Agreement
9.11	Other Deliveries
SECTION 10.	Deliveries of Buyer on the Closing Date
10.1	Purchase Price
10.2	Secretary's Certificate
10.3	Escrow Agreement
10.4	Sales Agency Agreement
10.5	Transition Agreement
10.6	Security Agreement
10.7	Energy Agreements
10.8	Operating Agency Agreement
SECTION 11.	Additional Covenants
11.1	Mail
11.2	Further Assurances
11.3	Notification to Customers
11.4	Non-Transferred Assets
11.5	Trading Restrictions
SECTION 12.	Confidentiality
SECTION 13.	Indemnification
13.1	Indemnification by Sellers
13.2	Indemnification by Buyer
13.3	Procedures for Indemnification
SECTION 14.	Survival of Representations; Effect of Certificates
SECTION 15.	Fees and Disbursements
SECTION 16.	Notices
SECTION 17.	Termination

SECTION 18.	Miscellaneous
18.1	Entire Agreement
18.2	Taxes
18.3	Governing Law; Jurisdiction; Waiver of Jury Trial
18.4	Severability
18.5	Waiver
18.6	Binding Effect; Assignment
18.7	No Third-Party Beneficiaries
18.8	Expenses Related to Audit Rights
18.9	Pronouns
18.10	Counterparts
18.11	Headings

3

EXHIBITS

Exhibit A	- Form of Escrow Agreement
Exhibit B	- Form of Sales Agency Agreement
Exhibit C	- Form of Transition Agreement
Exhibit D	- Form of Security Agreement
Exhibit E	- Form of NAESB
Exhibit F	- Form of EEI
Exhibit G	- Form of ISDA
Exhibit H	- Form of Operating Agency Agreements
Exhibit I	- Form of Letter Netting Letter

SCHEDULES

Schedule A	Acquired Assets
Schedule A-1	Assets with Closing Dates Cash Adjustments
Schedule A-2	Assets with Future Cash Adjustments (upon Assignment)
Schedule B	Option Assets
Schedule C	Phase-Out-Addendum
Schedule D	Disbursement of Share Escrow
Schedule 3.1(c)	Estimated Closing Adjustment
Schedule 4.2	Jurisdictions of Qualification
Schedule 4.2A	Activities conducted by ACN Energy's subsidiaries
Schedule 4.3	Authorization; Consents
Schedule 4.4	Seller Governmental Approvals
Schedule 4.5A	Financial Statements; Liabilities; Books and Records of Account
Schedule 4.7A	Title to Assets; Liens and Encumbrances
Schedule 4.7B	Material Assets
Schedule 4.8	Trademarks, Service Marks, Trade Names, Patents and Copyrights
Schedule 4.9A	Material Contracts
Schedule 4.9B	Bonds, Deposits, Guarantees or other Credit Support
Schedule 4.10	Purchase and Sales Commitments and Orders; Customers and Vendors
Schedule 4.11	Employees of ACN Energy; Job Description Compensation
Schedule 4.11C	Vacation and Bonuses of Employees of ACN Energy
Schedule 4.12A	Employee Benefit Plans
Schedule 4.14	Orders, Decrees, Etc
Schedule 4.15B	Permits; Notice of Violation

Schedule 4.16A	Actions Not in the Ordinary Course
Schedule 4.18	Bank Accounts; Powers of Attorney
Schedule 4.20	Contracts with Related Parties
Schedule 5.3	Buyer Governmental Approvals
Schedule 5.6	CEG's Shares of Common Stock Reserved for Issuance
Schedule 6.6	Employee Information

4

AGREEMENT dated as of February 9, 2005 (the "Agreement") by and among Commonwealth Energy Corporation, a California corporation ("Buyer"), and ACN Utility Services, Inc., a Michigan corporation ("ACN Utility Services"), ACN Energy, Inc., a Michigan corporation ("ACN Energy"), and ACN Power, Inc., a Michigan corporation ("ACN Power", and collectively with ACN Utility Services and ACN Energy, "Sellers" or the "ACN Energy Entities"), and, as to Sections 3.1(b) & 4.22 only, Commerce Energy Group, Inc., a Delaware corporation ("CEG"), and as to Sections 4.22, 6.11 and Article 13 only, American Communications Network, Inc. ("Parent").

W I T N E S S E T H:

WHEREAS, Sellers own and operate a retail electric power and natural gas sales business (the "Retail Energy Business"); and

WHEREAS, Buyer desires to purchase from Sellers and Sellers desire to sell, convey, transfer, assign and deliver to Buyer, all of the assets, properties, rights and business of the Retail Energy Business, other than the Excluded Assets (as defined below), upon the terms and conditions and for the purchase price hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration set forth herein, the sufficiency of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

SECTION 1...Certain Definitions. For purposes of this Agreement, the following terms shall have the respective meanings set forth below:

"ACN Energy" means ACN Energy, Inc., a Michigan corporation and wholly owned subsidiary of Seller.

"ACN Energy Entities" has the meaning set forth in the recitals.

"ACN Power" means ACN Power, Inc., a Michigan corporation and wholly owned subsidiary of Seller.

"ACN Utility Services" means ACN Utility Services, Inc., a Michigan corporation and wholly owned subsidiary of Seller.

"Acquired Assets" means the assets of the Retail Energy Business set forth on Schedule A attached hereto and those of the Option Assets which Buyer elects to purchase pursuant to the terms hereof.

"Action" means any claim, action, suit, proceeding or investigation, whether at law, in equity or in admiralty or before any court, arbitrator, arbitration panel or Governmental Authority.

"Affiliate" of a party means any Person which, directly or

indirectly, controls, is controlled by or is under common control with such party.

5

"AMEX" means the American Stock Exchange.

"Assumed Liabilities" has the meaning specified in Section 3.2 hereof.

"Balance Sheet" has the meaning specified in Section 4.5 hereof.

"Balance Sheet Date" means December 31, 2004.

"Buyer" has the meaning set forth in the preamble hereof.

"Buyer Designee" has the meaning specified in Section 2.1(b) hereof.

"Closing" means the closing of the transactions contemplated hereby, which shall take place at the offices of Jaffe Raitt Heuer & Weiss, P.C., on the Closing Date at 10:00 A.M., or at such other time or place as the parties may agree upon in writing.

"Closing Date" means February 9, 2005 or such other date as the parties may agree upon in writing.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"CEG" means Commerce Energy Group, Inc., a Delaware corporation and the parent of Buyer.

"Contracts" mean contracts, agreements, mortgages, indentures, licenses, leases, commitments, plans, arrangements, sales orders, purchase orders and binding commitments of every kind, whether written or oral.

"Counterparty" or "Counterparties" means any Person or Persons, as applicable, other than the Seller, that is a party or are parties, as applicable, to one or more of the Contracts.

"Counterparty Consent" means, with respect to each Contract, an assignment and assumption agreement duly executed and delivered by the applicable assignor, the applicable assignee and one or more authorized officers of the sole Counterparty or all Counterparties to such Contract, as applicable which is reasonably satisfactory to the Buyer.

"Customer Notification" has the meaning specified in Section 11.3.

"Damages" mean all losses, liabilities, damages, deficiencies, obligations, fines, expenses, claims, demands, actions, suits, proceedings, judgments or settlements, including interest and penalties recovered by a third party with respect thereto and out-of-pocket expenses and reasonable attorneys' and accountants' fees and expenses incurred in the investigation or defense of any of the same or in asserting, preserving or enforcing any of the Indemnified Party's rights hereunder, suffered by an Indemnified Party.

"EEI" means the EEI Master Power Purchase and Sale Agreement, dated January 31, 2005, between ACN Utility and Buyer.

"Employee Benefit Plan" has the meaning set forth in Section 3(3) of ERISA.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any other corporation or trade or business controlled by, controlling or under common control with a Seller within the meaning of Section 414(c) of the Code or Section 4001(a)(14) or Section 4001(b) of ERISA.

"Escrow Agent" means Computershare Trust Company, Inc., 350 Indiana Street, Suite 800, Golden, Colorado 80401.

"Escrow Agreement" means the escrow agreement in substantially the form of Exhibit A attached hereto to be entered into on the Closing Date among Parent, Buyer CEG and the Escrow Agent.

"Estimated Prepayment Amount" has the meaning set for in Section 3.1(c).

"Excluded Assets" mean those assets of Sellers not listed on Schedule A attached hereto and the Option Assets which Buyer does not elect to purchase pursuant to the terms hereof.

"Excluded Liabilities" has the meaning specified in Section 3.3 hereof.

"Financial Statements" has the meaning specified in Section 4.5 hereof.

"GAAP" means United States generally accepted accounting principles.

"Governmental Authority" means any agency, instrumentality, department, commission, court, tribunal or board of any government, whether foreign or domestic and whether national, federal, state, provincial or local, including any self-regulatory organization having jurisdiction over the Parties, the Parent's Subsidiaries, the Contracts set forth on Schedule 4.9, the Retail Energy Business, the Acquired Assets, the Option Assets, or otherwise relating in any way to the subject matter hereof.

"Indemnified Party" has the meaning specified in Section 13.3 hereof.

"Indemnifying Party" has the meaning specified in Section 13.3 hereof.

"ISDA" means the International Swaps and Derivatives Association, Inc. 2002 Master Agreement and Credit Support Annex, dated January 31, 2005, between ACN Utility and Buyer.

"Last Seller Pay Date" means March 4, 2005.

"Laws" mean laws, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies.

"Liabilities" mean debts, liabilities, obligations, duties and responsibilities of any kind and description, whether absolute or contingent, monetary or non-monetary, direct or indirect, known or unknown or matured, unmatured, or of any other nature.

"Lien" means any security interest, lien, mortgage, claim, charge, pledge, restriction, equitable interest or encumbrance of any nature.

"NAESB" means the NAESB Base Contract for Sale and Purchase of Natural Gas, dated January 31, 2005, between ACN Utility and Buyer.

"Netting Letter" means the letter agreement between ACN Utility and Buyer, dated January 31, 2005, whereby the parties agree to enter into an EEI Master Netting Agreement.

"Non-Transferred Contract" has the meaning specified in Section 2.2(a) hereof.

"Option Assets" means those assets of the Retail Energy Business set forth on Schedule B attached hereto, which Buyer has an option to acquire on the terms set forth herein. To the extent any assets, property, rights or business of a Seller or any of Parent's Subsidiaries used in connection with or otherwise related to the Retail Energy Business as a going concern do not appear on Schedules A and B hereto, the general language shall govern and such assets, property, rights and business shall be deemed Option Assets.

"Option Expiration Date" means the close of business on the 60th day after the Closing Date.

"Parent" has the meaning set forth in the preamble hereof.

"Parties" means, collectively, Buyer and Sellers.

"Party" means any of such Persons.

"Permits" has the meaning specified in Section 4.15(b) hereof.

"Person" means any natural person, corporation, business trust, joint venture, association, company, firm, partnership, or other entity or government or Governmental Authority.

"Pre-Closing Billed Receivables" has the meaning specified in Section 3.4(b) hereof.

"Phase-Out Addendum" means Schedule C attached hereto.

"Phase-Out Period" has the meaning specified in the Phase-Out Addendum.

"Proprietary Right" means patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice); all registered and unregistered statutory and common law copyrights; all registered and unregistered trademarks,

service marks, licenses, logos, sales materials and trade names; all registrations, applications and renewals for any of the foregoing; all trade secrets, confidential information, know-how, customer lists, formulae, manufacturing and production processes and techniques, research and development information, product designations, quality standards, investigations, drawings, specifications, designs, plans, improvements, proposals, technical and computer data; all license agreements and sublicense agreements to and from third parties relating to any of the foregoing; all other proprietary rights (including, without limitation, all computer software and documentation); and all copies and tangible embodiments of the foregoing (in whatever form or medium).

"Proration Time" means, as to Contracts relating to the sale, purchase, transportation or delivery of natural gas, 9:01 am Eastern Standard Time on February 1, 2005, and as to any other Acquired Assets, 12:01 am in the time zone of the Territory to which such Acquired Asset relates (or if such Acquired Asset relates to no particular Territory, 12:01 am Eastern Standard Time) on February 1, 2005.

"PUC(s)" has the meaning specified in Section 11.3.

"Purchase Price" has the meaning specified in Section 3.1 hereof.

"Retail Energy Business" has the meaning set forth in the recitals.

"Returns" mean all returns, declarations, reports, estimates, information returns and statements required to be filed with or supplied to any taxing authority in connection with any Taxes.

"Sales Agency Agreement" means the Agency Agreement in substantially the form of Exhibit B attached hereto to be entered into on the Closing Date among Seller, Buyer and an entity designated by Buyer.

"Securities Act" means the Securities Act of 1933, as amended.

"Sellers" has the meaning set forth in the preamble hereof.

"Seller Ancillary Documents" means all conveyances, covenants, warranties, deeds, assignments, bills of sale, confirmations, powers of attorney, approvals, consents and all further instruments as may be necessary, expedient or proper in order to complete any and all conveyances, transfers, and assignments provided for herein and to convey to Buyer such title to the Acquired Assets as Sellers are obligated hereunder to convey.

"Shares" has the meaning specified in Section 3.1(b) hereof.

"Subsidiary" means, with respect to any Person, (i) any corporation or other Person of which securities or other interests (other than securities or other interests having such power only upon the happening of a contingency that has not occurred) having the power (x) to elect a majority of that corporation's or other Person's board of directors or similar governing body or (y) to direct the business and policies of that corporation or other Person are held by

such Person or one or more of Subsidiaries of such Person (or a combination

thereof) and (ii) any partnership or limited liability company (a) the sole general partner or the managing general partner or managing member of which is such Person or a Subsidiary of such Person or (b) the only general partners or managing members of which are such Person or one or more Subsidiaries of such Person (or a combination thereof).

"Taxes" mean all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, excise, real and personal property, sales, transfer, license, withholding, payroll and franchise taxes, taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes, fuel taxes, environmental taxes, license, registration and documentation fees, and customs' duties; tariffs and similar charges, imposed by any Governmental Authority and shall include any interest, penalties or additions to tax attributable to any of the foregoing.

"Transaction Documents" means this Agreement, the Sales Agency Agreement, Transition Agreement, Escrow Agreement, Security Agreement, NAESB, EEI, ISDA, Operating Agency Agreements, and each Seller Ancillary Document.

"Transferred Contracts" means all Contracts included within the definition of Acquired Assets, and transactions outstanding under such Contracts, except for such Contracts or transactions, if any, with respect to which no Counterparty Consent has been received and such consent is required under the terms of such Contract or transaction for that assignment thereof.

"Transferred Customers" means those customers of the Retail Energy Business for which regulatory approval, UDC approval and/or customers' approval with respect to such transfer to Buyer has been received and which are actually transferred to Buyer on and/or after the Closing.

"Transferred Employee" has the meaning specified in Section 6.6 hereof.

"Transition Agreement" means the Transition Services Agreement in substantially the form of Exhibit C attached hereto to be entered into on the Closing Date between Sellers and Buyer.

"UDC(s)" has the meaning specified in Section 11.3 hereof.

"Unbilled Receivables" has the meaning specified in Section 3.4 hereof.

"WARN" has the meaning specified in Section 6.6 hereof.

SECTION 2. Transfer of Assets.

2.1 Assets To Be Transferred. (a) Based upon and subject to the terms, agreements, warranties, representations and conditions of this Agreement, Sellers hereby agree to sell, convey, transfer, assign and deliver to Buyer on the Closing Date or from time to time thereafter as contemplated by Sections 2.2, 2.3 and 6.4, and Buyer hereby agrees to buy and

accept on the applicable date, for the Purchase Price, free and clear of all Liens, all of the Sellers' right, title and interest in and to the Acquired Assets.

(b) Buyer may designate one or more of its Subsidiaries as the purchaser hereunder of all or any portion of the Acquired Assets (any such Subsidiary so designated being referred to herein as a "Buyer Designee"). Buyer's rights under this Agreement shall be deemed automatically assigned to any Buyer Designee with respect to the portion of the Acquired Assets to be acquired by such Buyer Designee, provided that any such assignment shall not relieve Buyer from any liability hereunder.

2.2 Consents and Novation. (a) This Agreement shall not constitute an agreement to assign any interest in any Contract or any claim, right or benefit arising thereunder or resulting therefrom if an assignment without the consent of a third party (including any Governmental Authority), or without novation of the same, would constitute a breach or violation thereof or affect adversely the rights of the Seller or the Buyer thereunder (any of such, a "Non-Transferred Contract"). If novation is required in order to transfer and assign any interest to the Buyer, or if the consent of a third party is required in order to assign any such interest and such consent is not obtained prior to the Closing Date, or if an attempted assignment would be ineffective or would adversely affect the Sellers' ability to convey the benefit of such Non-Transferred Contract to the Buyer, (i) the Buyer shall be entitled to the benefits of each such Non-Transferred Contract accruing after the Proration Time, (ii) the Buyer shall assume as Assumed Liabilities all obligations and liabilities relating to or arising out of or incurred in connection with such Non-Transferred Contract that relate to the period after the Proration Time, (iii) except as provided in Section 2.2(b), the Sellers shall continue to deal with the other contracting party(ies) as the prime contracting party and (iv) the Sellers will use their best efforts to cooperate with Buyer in obtaining all such consents and cooperate with the Buyer until such consent or novation is obtained or effected in any lawful and economically feasible arrangement so that the Buyer shall receive the interest of the Sellers in the benefits under any such Non-Transferred Contract, including performance by the Sellers or the Buyer as agent for the Sellers as set forth in Section 2.2(b). The Sellers shall promptly assign to the Buyer each such Non-Transferred Contract after receipt of the appropriate consent or novation.

(b) From and after the Closing, Sellers authorize and appoint Buyer as their exclusive agent to take all actions and administer all Non-Transferred Contracts to the fullest extent allowed under the applicable contract and, to the extent within Buyer's reasonable control, to manage the Retail Energy Business for Sellers. Buyer shall indemnify and hold Sellers harmless from and against all Liabilities and Damages from third party claims relating to the period after the Proration Time relating to (x) such Non-Transferred Contract, or (y) Buyer's management of the Retail Energy Business as aforesaid, except to the extent arising out of the gross negligence, bad faith or willful misconduct of the Sellers or their Affiliates. All expenses reasonably incurred by Sellers with respect to the Non-Transferred Contracts utilized in the Retail Energy Business from and after the Proration Time shall be paid by Buyer. All revenues not associated with an unreimbursed expense paid by Sellers with respect to the Non-Transferred Contracts from and after the Proration Time shall be for the benefit of and paid to Buyer. Sellers shall take no action, nor cause any action to be taken under the contracts and arrangements for which Buyer has been appointed agent unless requested by Buyer to do so. Such Buyer-

requested Sellers actions shall not be considered actions of Seller for the purposes of expense or revenue recognition under this Agreement.

2.3 Option Assets. From the date hereof until the Option Expiration Date, Buyer shall have the option from time to time to designate any of the Option Assets as Acquired Assets by delivering notice of such election to Seller. If Buyer so elects, Buyer shall be required to pay to Sellers any cash prepayment amounts as set forth in Section 3.1(d); otherwise there shall be no purchase price adjustment. For purposes of this Agreement, all Option Assets which Buyer elects to purchase pursuant to this Section shall be deemed Acquired Assets and all Option Assets which Buyer does not elect to purchase on or before the Option Expiration Date pursuant to this Section shall be deemed Excluded Assets. Until the Option Expiration Date, any Option Assets which have not been acquired pursuant to the terms hereof shall be treated under this Agreement as Acquired Assets except insofar as doing so would obligate Buyer to acquire such assets, assume any Liabilities with respect to them or otherwise increase Buyer's Liabilities hereunder.

SECTION 3. Consideration for Acquired Assets.

3.1 Amount of Purchase Price. The total consideration (the "Purchase Price") to be paid by Buyer for the Acquired Assets is as follows:

(a) On the Closing Date, Buyer shall pay \$6,500,000 plus the Estimated Prepayment Amount, subject to adjustment as set forth Section 3.1(c), to Sellers by means of a wire transfer of immediately available funds in such amount to an account number and depository designated by Sellers.

(b) As soon as practicable following the approval by the AMEX of the listing of the Shares on the AMEX (CEG to promptly seek such approval), CEG shall deposit in escrow a number of shares (rounded down to the nearest whole number) (the "Shares") of CEG common stock, par value \$.001 per share, equal to (i) \$2,000,000 divided by (ii) the per-share closing price of CEG's common stock on the AMEX on the last trading day immediately prior to the Closing Date, (the "Purchase Price Stock Escrow"). In reliance on the representations of the Sellers in this Agreement, the Shares shall not be registered under the Securities Act. The Shares shall be issued in the name of the Escrow Agent and will be held by the Escrow Agent and released to Parent or CEG as applicable, in accordance with the provisions set forth in Schedule D hereto and the Escrow Agreement. Notwithstanding any provision of this Agreement or the Sales Agency Agreement, CEG shall have no obligation to issue any shares of CEG common stock pursuant to this Agreement or the Sales Agency Agreement, into escrow or otherwise, if the issuance of such shares of CEG common stock, together with all prior issuances under this Agreement and the Sales Agency Agreement in the aggregate, would result in the issuance of more than 14.9% of the shares of CEG Common Stock outstanding immediately prior to the execution of this Agreement.

(c) On the Closing Date Buyer shall pay to the Sellers the estimated amount set forth in Schedule 3.1(c) in respect of certain cash prepayment items which relate to the period subsequent to the Proration Time, and which relate to those Acquired Assets set forth in

Schedule A-1 ("Estimated Prepayment Amount"). Within 30 days following the Closing, Sellers shall send to Buyer a statement in reasonable detail recalculating the prepayment amount. Buyer shall have 30 days after receipt to review such statement. On the 30th day, Buyer shall pay Sellers, or Sellers shall pay Buyer, as applicable, any final adjustment to the Estimated Prepayment Amount as shown on such schedule which has not been disputed by Buyer. If Buyer disputes Sellers' final adjustment, Buyer shall so notify Sellers, and following

resolution of the dispute, Buyer shall pay Sellers, or Sellers shall pay Buyer, as applicable, the final adjustment.

(d) With respect to the Acquired Assets set forth on Schedule A-2 or any Option Assets which Buyer has elected to purchase and which include prepayment amounts, upon the actual assignment of such Assets to Buyer, Buyer shall be responsible for paying Sellers the amount of any cash prepayment amount relating to the period after assignment. On a monthly basis, Seller shall send Buyer an invoice showing the prepayment amount, and Buyer shall have 30 days from receipt to review such invoice. Thereafter, the procedures of 3.1(c) shall apply.

3.2 Assumption of Liabilities. Subject to Sections 2.2, 2.3 and 6.4 with respect to the timing of transfer, the Acquired Assets will be sold, conveyed, transferred and assigned to the Buyer by Sellers on the Closing Date (or with respect to any later acquired Option Assets, the date of the applicable transfer thereof) free and clear of all liens, security interests, mortgages, claims, restrictions, charges and encumbrances (collectively, "Liens") whatsoever. The Buyer does not assume, accept or undertake any obligations, duties, debts or liabilities of the Sellers, their shareholders, subsidiaries or affiliates of any kind whatsoever, nor will Buyer provide any kind of credit support to the Sellers, their shareholders, subsidiaries or affiliates pursuant to this Agreement or otherwise, except as provided in Section 2.2 and except that Buyer hereby agrees to assume the Sellers' Liabilities with respect to the Acquired Assets from and after the Proration Time which are set forth on Schedule A hereto, but in each case only to the extent such Liabilities arose in the ordinary course of business, are to be performed after the Proration Time and not in violation of any of the terms, agreements, warranties and representations in this Agreement (collectively, the "Assumed Liabilities"); provided that if any Liability referred to in this sentence relates both to any time period prior to the Proration Time and on the Proration Time such Liability shall be prorated so that the Assumed Liabilities only include the portion thereof directly relating to the Acquired Assets and/or to the period from and after the Proration Time. Buyer is not assuming and shall not assume any Liabilities of Parent or its Subsidiaries other than the Assumed Liabilities.

3.3 Excluded Liabilities. Except as provided in Section 3.2 and notwithstanding anything else to the contrary contained herein, the Sellers shall retain, and Buyer is not assuming and shall not be liable for any Liabilities of Sellers or other Affiliates of Sellers, including, without limitation, any Liabilities (i) under Contracts which shall not have been assigned to Buyer pursuant to this Agreement (including, but not limited to, any union agreements); (ii) for indebtedness for borrowed money; (iii) by reason of or arising as the result of any default or breach by Sellers of any Contract, for any penalty assessed against Sellers under any Contract or relating to or arising out of any event which with the passage of time or after giving of notice, or both, would constitute or give rise to such a breach, default or penalty, whether or not such Contract is being assigned to and assumed by Buyer pursuant to this

Agreement; (iv) the existence of which would conflict with or constitute a breach of any representation, warranty, covenant or agreement of Sellers contained herein; (v) to any shareholder or any ERISA Affiliate of Sellers, to any present or former employee, officer or director of or consultant to Sellers or their Affiliates (or independent contractor retained by Seller), or to any Employee Benefit Plan sponsored or maintained by Sellers or any ERISA Affiliate,

including, without limitation, any bonuses, vacation or sick pay, any termination or severance pay related to Sellers or Sellers' Affiliates' employees, and any post retirement medical benefits or other compensation or benefits; (vi) relating to the execution, delivery and consummation of this Agreement and the transactions contemplated hereby, including, without limitation, any and all Taxes incurred as a result of the sale contemplated by this Agreement; (vii) for any Taxes of the Sellers including federal, state or local taxes imposed as a result of being or having been a member of a group filing a combined, consolidated or affiliated return); (viii) relating to or arising out of any environmental matter, including, without limitation, any violation of any environmental law or any other law relating to health and safety of the public or the employees of Sellers or Sellers' Affiliates; (ix) relating to, or arising out of, services rendered by Sellers or Sellers' Affiliates, or the conduct or operation of the business of Sellers or Sellers' Affiliates, prior to the Closing Date; or (x) relating to the Excluded Assets (collectively, the "Excluded Liabilities").

3.4 Accounts Receivables and Closing Prorations. (a) All prepaid contracts assumed by Buyer, all unbilled customer accounts receivables and all liabilities, including residual commissions, shall be prorated as of the Proration Time such that pursuant to and consistent with the provisions of the Phase-Out Addendum attached hereto as Schedule C, Sellers receive or are due all income and pay all expenses related to any period prior to the Proration Time.

(b) As provided herein, to the extent Buyer has hired employees of Sellers performing such functions, Buyer shall collect receivables existing as of the Proration Time that were billed as of the Closing (the "Billed Receivables") and bill and collect (the "Unbilled Receivables"), as herein provided and in accordance with the Phase-Out Addendum. As also provided herein, to the extent Buyer has not yet hired employees of Sellers performing such functions, Sellers shall cause their and their Affiliates' employees, at the direction of Buyer, to collect the Billed Receivables and bill and collect the Unbilled Receivables, as herein provided and in accordance with the Phase-Out Addendum. With respect to all Billed Receivables, to the extent that Buyer has hired employees of Sellers performing such functions, Buyer agrees to use ordinary and customary industry efforts to collect the Billed Receivables, at Buyer's cost. ACN Energy will maintain its current lockbox to which Buyer agrees to direct payments of Billed Receivables in its ordinary course. Any payments received by Buyer in its lockbox(es) for Sellers' Billed Receivables shall be remitted to Sellers promptly, pursuant to the operation of the Phase-Out Addendum, that it has received collection of such Billed Receivables. With respect to all Unbilled Receivables, Buyer agrees to act as Sellers' agent and to use ordinary and customary industry effort to bill the Unbilled Receivables and to collect the Unbilled Receivables, at Buyer's cost. Buyer shall remit to Sellers Sellers' pro rata share (based on the operation of the Phase-Out Addendum) of each Unbilled Receivable which Buyer collects promptly pursuant to the operation of the Phase-Out Addendum that it has received collection of such Unbilled Receivables. In the event that any Billed Receivable or Unbilled Receivable remains unpaid

ninety (90) days after the date of the first invoice evidencing that Billed Receivable or Unbilled Receivable and the date on which Seller is entitled to exercise remedies under applicable Law, Buyer shall have no further obligations with respect to such Billed Receivable or Unbilled Receivable and Sellers shall be entitled to institute any such further collection efforts as Sellers deem appropriate, at Sellers' cost. In the event Sellers receive in their lockbox

receivables attributable to the period following the Proration Time ("Buyer Receivables"), Sellers shall remit such amount(s) to Buyer promptly pursuant to the operation of the Phase-Out Addendum.

3.5 Bulk Sales Law Compliance. Sellers agree to pay and discharge all claims of creditors which may be asserted against Buyer by reason of Sellers and Sellers' Affiliates' noncompliance with the provisions of the bulk sales or transfer Law of any state, province or other applicable jurisdiction which may require such compliance on account of the provisions herein and the transactions contemplated hereby and to indemnify and hold Buyer harmless from and against claims suffered or incurred by Buyer by reason of or arising out of (a) the failure of Sellers or Sellers' Affiliates to pay or discharge the same when due or (b) such noncompliance with any applicable Bulk Sales Law.

3.6 Allocation of Purchase Price. As soon as reasonably practicable after the Closing Date, Buyer's and Sellers' independent auditors shall agree on an allocation of the Purchase Price and other consideration paid pursuant to this Agreement, and based on such allocation, Buyer and Sellers shall prepare Internal Revenue Service Form 8594, in accordance with Section 1060 of the Code and the regulations thereunder, and such forms with respect to other jurisdictions as may be required by all applicable laws relating to allocation of the Purchase Price. Any adjustment to the Purchase Price or other consideration paid pursuant to this Agreement shall result in an appropriate adjustment to such allocation. Sellers and Buyer shall timely file with the appropriate Governmental Authorities copies of said Form 8594 and any other such required form as prepared by Buyer and Sellers and shall utilize the allocation of the Purchase Price and other consideration paid pursuant to this Agreement contained on said Form 8594 in the preparation of any Returns and forms (including attachments thereto) which relate to the transactions contemplated hereby. Neither Sellers nor Buyer shall file any Return containing an allocation of the Purchase Price that differs from an allocation established pursuant to this Section 3.6.

SECTION 4. Representations and Warranties of Sellers. Each Seller hereby warrants and represents to Buyer as of the date hereof and as of the Closing as follows:

4.1 Good Standing. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan and has all power and authority to own or lease its assets and to operate and carry on its business as presently conducted.

4.2 ACN Energy Entities. Except as listed in Schedule 4.2(A), all of the activities of the Retail Energy Business are currently conducted by or through the ACN Energy Entities, the ACN Energy Entities and all the Acquired Assets and Option Assets are owned by the ACN Energy Entities, Parent has no Subsidiaries involved in any aspect of the business of the Retail Energy Business and neither Parent nor any of its Subsidiaries of Parent has made any advances to or investments in, or owns any securities of or other interests in, any firm,

corporation, association, business organization, enterprise or entity, which are related to the Retail Energy Business or its assets, properties or business. Each ACN Energy Entity is duly organized, validly existing and in good standing under the laws of its state of incorporation or organization, has full corporate power and authority to conduct its business as it is presently being conducted

and to own, lease and operate its properties and assets. Each ACN Energy Entity is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the ownership of property or nature of its business requires such qualification. Each jurisdiction in which each ACN Energy Entity is qualified to do business as a foreign corporation is listed on Schedule 4.2 hereto. There are no other jurisdictions where the failure of any ACN Energy Entity to be qualified as a foreign corporation would materially adversely affect the Acquired Assets, the business of the Retail Energy Business or the transactions contemplated herein.

4.3 Authorization; Consents. The execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors of Parent and each Seller, to the extent required by applicable law, the shareholders of Sellers and all other corporate action of Parent and Sellers necessary to authorize the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby have been taken. This Agreement and each Transaction Document constitutes the legal, valid and binding obligation of Parent and each Seller enforceable against them in accordance with its terms. Except as set forth on Schedule 4.3 hereto, no consent of any lender, trustee, security holder of Parent or any Seller, or other Person, is required for Parent or any Seller to enter into and deliver this Agreement and each Transaction Document or to consummate the transactions contemplated hereby, nor do the articles of incorporation or by-laws or any Material Contract or other instrument to which any Seller or Parent is bound, or affecting any of their respective properties, conflict with or restrict the execution and delivery of this Agreement or the other Transaction Documents or the consummation of the transactions contemplated hereby or thereby.

4.4 Governmental Approvals. Except as set forth in Schedule 4.4, no governmental authorization, approval, order, license, permit, franchise, or consent and no registration, declaration or filing by Parent or any Seller with any Governmental Authority (including, without limitation, any filing or registration pursuant to the Securities Act or the securities or blue sky laws of any state or territory) is required in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby or thereby.

4.5 Financial Statements; Liabilities; Books and Records of Account. (a) Annexed hereto as Schedule 4.5A are the following financial statements (collectively, the "Financial Statements") with respect to the Retail Energy Business: (a) the audited consolidated financial statements of the Retail Energy Business for the years ended December 31, 2002 and 2003; and (b) the unaudited consolidated financial statements of the Retail Energy Business as of December 31, 2004 (the unaudited consolidated statement of net worth of the Retail Energy Business as of December 31, 2004 is referred to herein as the "Balance Sheet"). The Financial Statements, in each case, are true and complete with respect to each item therein and have been

prepared in conformity with GAAP heretofore adopted by, and applied consistently with the past practices of, Sellers and fairly present the financial position, results of operations and changes in financial position of the Retail Energy Business as at, or for the periods ended on, such dates in all material respects. All Financial Statements include all material elements of revenue and cost associated with the conduct of the business of the Retail Energy Business

(whether direct or indirect and whether incurred at any of the leased premises or at any other locations), including, without limitation, the allocated or directly charged costs of any materially significant services provided to the Retail Energy Business by Sellers or any Affiliate of Sellers. Other than corporate overhead and rent, Schedule 4.5A reflects all group and division overhead charges and intercompany allocations attributed to the Retail Energy Business. Since December 31, 2002, the Retail Energy Business has conducted its accounting procedures in a consistent manner without material change of policy or procedure.

(b) On the Balance Sheet Date, other than as listed on Schedule 4.5 there were no Liabilities of any Seller in connection with the Acquired Assets other than those Liabilities disclosed or provided for in the Balance Sheet. On the date hereof and on the Closing Date, there are no and will be no other Liabilities any Seller in connection with the Acquired Assets except those incurred since the Balance Sheet Date, in the ordinary course of the business of the Retail Energy Business, and not in material violation of or in conflict with any of the terms, agreements, warranties, representations and conditions of Sellers contained in this Agreement.

(c) The records and books of account of each Seller in any way relating to the Retail Energy Business are complete and accurate in all material respects. Copies of all such books and records have been provided or made available to Buyer.

4.6 Taxes. With respect to Taxes relating to the Retail Energy Business, each Seller is in compliance with all applicable Laws, whether or not such Taxes are owed by Seller.

4.7 Title to Assets; Liens and Encumbrances. The ACN Energy Entities are the owners of, and except as set forth in Schedule 4.7A, have good and marketable title to, all of the Acquired Assets subject to no Liens. Except as set forth in Schedule 4.7B, the Acquired Assets constitute all of the material assets used in, related to or required by the Sellers for, the normal conduct of the Retail Energy Business's business. The Acquired Assets do not include any owned real property.

4.8 Trademarks, Service Marks, Trade Names, Patents and Copyrights. Schedule 4.8 hereto sets forth a true, correct and complete list of all Proprietary Rights used by the Retail Energy Business in the conduct of its business. Except as indicated on Schedule 4.8, each such Proprietary Right is owned by the Sellers and is not subject to any license, royalty arrangement or dispute. To Sellers' knowledge (a) no other Proprietary Rights are used in or are necessary for the conduct of the Retail Energy Business's business as now conducted, (b) none of such Proprietary Rights used by the Sellers nor the Retail Energy Business as now conducted infringes any Proprietary Right or other such right of any other Person and (c) no claim has been asserted or threatened by any Person with respect to the ownership, validity, license or use of, or any infringement resulting from, any of the Proprietary Rights used by the Retail Energy Business and there is no basis for any such claim. No shareholder, officer, director or employee

of Parent or any of its Subsidiaries owns or has any interest in any Proprietary Rights or any trade secret, invention or process, if any, used by the Retail Energy Business in connection with its business.

4.9 Contracts. (a) Schedule 4.9 hereto contains a true and complete list of each Material Contract, including all amendments and modifications thereto, to which any Seller is a party or to which it is subject or by which it is bound relating to, or in any way affecting, the Retail Energy Business or the Acquired Assets. As used herein, "Material Contract" means any contract that has involved in calendar year 2004, or is likely (absent any unforeseen change from the status quo) throughout calendar year 2005 or any year thereafter to involve an annualized revenue or expense of \$50,000.00 or more. True, correct and complete copies of all Material Contracts listed on Schedule 4.9 have heretofore been delivered by Sellers to Buyer. Except as set forth on Schedule 4.9, no Material Contract requires the consent of any other Person or results in early termination or acceleration of any right or obligation by reason of the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. Each of the Material Contracts constitutes the legal, valid binding obligation of such Seller enforceable in accordance with its terms and, to Sellers' knowledge, is a valid and binding obligation of all of the other parties thereto enforceable against them in accordance with their terms and each such Material Contract is in full force and effect without modification. To Seller's knowledge, each Seller has performed all obligations required to be performed by it and is not in default under any Material Contract, and no event has occurred thereunder which, with or without the lapse of time or the giving of notice, or both, would constitute a default by it thereunder. To Sellers' knowledge, no other party is in default under any Material Contract. No shareholder, partner, member, officer, director or employee of Parent or any of its Subsidiaries is a party to or subject to or bound by any Material Contract or has any right which in any way relates to the Acquired Assets.

(b) Schedule 4.9B sets forth a true and complete list of all bonds, deposits, guarantees or other credit support posted or accepted under any Material Contract or otherwise in connection with the Acquired Assets.

4.10 Purchase and Sales Commitments and Orders; Customers and Vendors. Schedule 4.10 hereto sets forth a true and complete description and number in accordance with the customary recordkeeping practices of the Seller of the customers of the Retail Energy Business broken down by UDC. To Sellers' knowledge, no Seller has received any oral or written notice from any Governmental Authority threatening or intending to take action that would be materially adverse to the Retail Energy Business, the Acquired Assets or with respect to more than 10% of the Retail Energy Business customer base. To Sellers' knowledge, no Seller has received any notice or has any knowledge that any existing, significant group or sub-group of customers of the Retail Energy Business (i) intends to terminate or is considering terminating its business relationship with the Retail Energy Business or (ii) has requested such group or sub-group be granted economic concessions, rebates or changes with respect to products or services provided by the Retail Energy Business that would be adverse to Buyer.

4.11 Employees; Compensation; Labor Relations; Vacation Time, Bonuses, Etc. (a) Schedule 4.11 hereto lists the names, title or job description, employer and total annual

18

compensation of all employees of ACN Energy, Inc. as of the date hereof (the "Existing Employees").

(b) There are no labor strikes, disputes, slow downs, work stoppages

union organizing efforts or other labor troubles or grievances pending or, to any Sellers' knowledge, threatened against or involving the Retail Energy Business. No unfair labor practice complaint before the National Labor Relations Board or any similar or comparable state, local or foreign agency, no discharge or grievance before the Equal Employment Opportunity Commission and no complaint, charge or grievance of any nature before any similar or comparable state, local or foreign agency, in any case relating to the Retail Energy Business or the conduct of its business or the Acquired Assets is pending or, to Seller's knowledge, threatened. To Seller's knowledge, no Seller has received notice, nor has knowledge, of the intent of any Governmental Authority responsible for the enforcement of labor or employment laws to conduct any investigation of or relating to the Retail Energy Business or the conduct of its business or the Acquired Assets. To the knowledge of each Seller, no officer or key employee of the Retail Energy Business has any plans to terminate his or her employment with the Retail Energy Business. No Existing Employees are subject to any employment agreement or collective bargaining agreement. All such Existing Employees are "at will."

(c) The vacation periods for the Existing Employees normally occur during the periods described on Schedule 4.11C hereto, which Schedule also sets forth the method for accruing vacation pay used by Sellers on their books and records. Except as set forth on such Schedule 4.11C, at the Balance Sheet Date there were, at the date hereof there are and on the Last Seller Payment Date there will be, no bonuses, profit sharing, incentives, commissions or other compensation of any kind with respect to work done prior to the Balance Sheet Date, the date hereof or the Last Seller Payment Date, respectively, due to or expected by the Existing Employees, not fully paid prior to such date or, with respect to compensation for work done prior to the Balance Sheet Date, not fully accrued on the Balance Sheet. Except as set forth on Schedule 4.11C, no bonuses, profit sharing or incentives and no increases in compensation have been paid, accrued or granted by any Seller to Existing Employees for any period after the Balance Sheet Date. The Existing Employees are employed by ACN Energy, Inc. All brochures, agreements and other documents setting forth personnel policies relating to the Existing Employees, including, without limitation, information concerning compensation, severance, termination and other employee perquisites and benefits, have been furnished to the Existing Employees by Seller's affiliates and have been furnished to Buyer and are listed in Schedule 4.11C hereof.

4.12 Employee Benefits. (a) Except for those plans set forth on Schedule 4.12A hereto (the "Plans"), Sellers do not maintain, contribute to or have or have had an obligation to contribute to any Employee Benefit Plan, whether or not such plan has been terminated and whether or not such plan is of a legally binding nature or in the form of an informal understanding in which former or present employees of the Retail Energy Business have participated or currently participate.

(b) True, correct and complete copies of all the material documents embodying the Plans, including, without limitation, the plan and trust instruments and summary

plan description, have been furnished to Buyer. Each Plan which is intended to comply with Section 401(a) of the Code and each trust related thereto is qualified and exempt within the meaning of Sections 401 and 501 of the Code, respectively, and a determination letter has been received from the Internal Revenue Service with respect to each such Plan stating that such Plan and its

related trust are qualified and exempt within the meaning of Sections 401 and 501 of the Code, respectively, and a copy of each such determination letter has been furnished to Buyer. To Seller's knowledge, nothing has occurred since the date of the most recent determination letter of each such Plan that could adversely affect the qualified status of such Plan or tax-exempt status of any related trust.

(c) With respect to any group health plan, the group health plan continuation coverage requirements of Section 4980B of the Code and Part 6 of Title I of ERISA ("COBRA"), have been fulfilled in all material respects.

(d) Neither any Seller nor any ERISA Affiliate has ever (i) terminated an Employment Benefit Plan subject to Title IV of ERISA or (ii) contributed to any "multiemployer plan," as such term is defined in Section 3(37) of ERISA, and neither any Seller nor any ERISA Affiliate has effected either a "complete withdrawal" or a "partial withdrawal," as those terms are defined in Sections 4203 and 4205, respectively, of ERISA, from any such multiemployer plan.

(e) Sellers do not maintain or contribute to any "employee welfare benefit plan" (as such term is defined in Section 3(1) of ERISA), or other employee benefit plan or arrangement, providing post-employment or post-retirement benefits (other than an "employee pension benefit plan," as such term is defined in Section 3(2) of ERISA and other than COBRA continuation coverage) or, if any such plan exists, it is listed on Schedule 4.12A. There has been no written or oral communication to the Transferred Employees by the Parent or any of its Subsidiaries that would reasonably be expected to promise or guarantee such Transferred Employees retiree health or life insurance or other retiree death benefits on a permanent basis.

4.13 Legal Proceedings. To Sellers' knowledge, there are no material Actions pending or, to the knowledge of Sellers, threatened against any Seller respect to or otherwise affecting the Retail Energy Business or the Acquired Assets. To the best knowledge of each Seller, no Seller is in default with respect to any order, writ, injunction or decree of any Governmental Authority.

4.14 Orders, Decrees, Etc. To Sellers' knowledge, except as set forth in Schedule 4.14 hereto, there are no orders, decrees, injunctions, rulings, publications, decisions, directives, consents, pronouncements or regulations of any court or any Governmental Authority issued against, or binding on, any Seller in any way relating to the Acquired Assets or the Retail Energy Business's business which may have a material adverse effect over the Acquired Assets or the Retail Energy Business's method or manner of doing business.

4.15 Compliance With Law; Permits and Licenses.

20

(a) To Seller's knowledge, each Seller is in current compliance with all Laws of any Governmental Authority applicable to the Retail Energy Business, its assets, property, business, employees or operations in all material requests.

(b) The Sellers presently hold, and will hold at the Closing Date

or the time of transfer of the applicable Acquired Assets, all required permits, licenses, certificates and franchises from applicable Governmental Authorities (the "Permits") which are necessary for or material to the ownership or operation of the Acquired Assets or the conduct of the Retail Energy Business, each of which is listed in Schedule 4.15(b) hereto; all such Permits are in full force and effect and each Seller is in full compliance with the terms and provisions of its applicable Permit. Except as set forth in Schedule 4.15(b), no notice of violation of any Permit has been received. For any Permits which may expire during the Phase Out Period, which are set forth in Schedule 4.15(b), renewal applications have been or will be timely filed and prosecuted.

4.16 Actions Not in Ordinary Course; No Change.

(a) Except as set forth on Schedule 4.16A hereto, since the Balance Sheet Date, the Sellers have not, relating to the Retail Energy Business or the Acquired Assets, (i) incurred any Liability, except current liabilities in the ordinary course of business and Liabilities incurred under Contracts entered into in the ordinary course of business of the Retail Energy Business; (ii) made with respect to the Retail Energy Business any capital expenditures or additional commitments for capital expenditures and none are planned; (iii) discharged any Liability, other than current liabilities shown on the Balance Sheet and current liabilities incurred since the Balance Sheet Date in the ordinary course of business of the Retail Energy Business; (iv) sold or transferred any assets or written off any receivables other than in the ordinary course of the Retail Energy Business; (v) mortgaged, pledged or subjected to any other Lien any of its assets or properties; (vi) suffered any losses or waived any rights of substantial value; (vii) granted any material bonuses or commissions or materially increased the compensation payable to any of its employees, directors or officers or increased the aggregate payment of any fees; (viii) made any loans to any individuals, firms, corporations or other entities; (ix) made any change in any method of accounting or auditing practice; or (x) entered into any transaction not in the ordinary course of business or agreed (whether or not in writing) to do any of the foregoing. From the Balance Sheet Date to the Closing Date, the Retail Energy Business and the Acquired Assets has been and will be operated only in the regular and ordinary course.

(b) Since the Balance Sheet Date, there has not been (i) any material adverse change (whether or not in the ordinary course of business) in the business, condition (financial or otherwise), prospects, operations, customer base, employee or vendor relations, assets or Liabilities of the Retail Energy Business or the Acquired Assets or (ii) any material damage, destruction or loss, whether or not covered by insurance, materially affecting the business, assets, properties or rights of the Retail Energy Business or the Acquired Assets.

4.17 Reserved.

4.18 Bank Accounts; Powers of Attorney. Set forth on Schedule 4.18 hereto is a list of each bank or other financial institution in which the Sellers maintain an account or safe

deposit box related to the Retail Energy Business, including the current lockbox, the corresponding number of each such account or safe deposit box and the names of all persons holding check-signing or withdrawal powers or other

authority with respect thereto. Also set forth on Schedule 4.18 are the names of all persons, if any, holding powers of attorney from the Sellers and a summary statement of the terms thereof.

4.19 No Brokers. None of the Sellers or any Affiliate of Sellers has entered into any contract, agreement, arrangement or understanding with any Person or firm which will result in the obligation of Buyer or its Affiliate to pay any finder's fee or financial advisory fee, brokerage fee or commission or similar payment in connection with the transactions contemplated hereby.

4.20 Arrangements with Related Parties. Schedule 4.20 sets forth a true and complete list of all contracts or other arrangements relating to the Retail Energy Business among Parent or any of its Affiliates on one hand and any other Affiliate of the Parent on the other. Except as expressly provided herein, none of the Assumed Liabilities include any Liabilities owed to Sellers, their Affiliates or their respective stockholders, partners, members, directors, managers, officers, employees or agents.

4.21 No Omissions. Sellers do not know of any facts or circumstances not disclosed to Buyer which indicate that the Acquired Assets may be materially adversely affected or which otherwise should be disclosed to Buyer in order to make any of the representations or warranties made herein on the part of the Sellers not misleading. To Seller's knowledge, no representation or warranty by Sellers contained in this Agreement, and no statement contained in any Schedule, Exhibit, certificate or other instrument furnished to Buyer under or in connection with this Agreement, contains any untrue statement of any material fact, or omits to state any material fact necessary in order to make the statements contained herein or therein not misleading.

4.22 Stock Legend; Restricted Securities. Parent and Sellers represent and warrant to Buyer and CEG as follows:

(a) Parent is acquiring the Shares, when and if released to Parent pursuant to Schedule D hereto and the Escrow Agreement, for its own account and not with a present view to, or for sale in connection with, any distribution thereof. Sellers consent to the placement of the following legend on each certificate representing the Shares and acknowledge that stop transfer instructions will be placed with CEG's transfer agent:

"THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND MAY NOT BE TRANSFERRED OR SOLD UNLESS (i) A REGISTRATION STATEMENT UNDER SUCH ACT (OR AN EXEMPTION FROM SUCH REGISTRATION) IS THEN IN EFFECT WITH RESPECT THERETO, (ii) A WRITTEN OPINION FROM COUNSEL FOR THE ISSUER OR OTHER COUNSEL FOR THE HOLDER REASONABLY ACCEPTABLE

22

TO THE ISSUER HAS BEEN OBTAINED TO THE EFFECT THAT NO SUCH REGISTRATION IS REQUIRED OR (iii) A 'NO ACTION' LETTER OR ITS THEN EQUIVALENT HAS BEEN ISSUED BY THE STAFF OF THE SECURITIES AND EXCHANGE COMMISSION WITH RESPECT TO SUCH TRANSFER OR SALE."

(b) Parent and Sellers understand that the Shares will not be

registered under the Securities Act for the reason that the sale provided for in this Agreement is exempt pursuant to Section 4 of the Securities Act and that the reliance of CEG and the Buyer on such exemption is predicated in part on the Parent's and Sellers' representations set forth herein. Parent and each Seller represents that it is experienced in evaluating companies such as CEG, has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment, and has the ability to suffer the total loss of its investment in the Shares. Parent and each Seller is an accredited investor within the meaning of Rule 501 of Regulation D promulgated under the Securities Act. Each Seller further represents that it has had access during the course of the transaction and prior to its acquisition of the Shares to such information relating to CEG as it has desired and that it has had the opportunity to ask questions of and receive answers from CEG concerning the transaction and to obtain additional information (to the extent CEG and the Buyer possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to it or to which it had access.

(c) Parent and Sellers understand that the Shares may not be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom and that in the absence of an effective registration statement covering the Shares or an available exemption from registration under the Securities Act, the Shares must be held indefinitely.

SECTION 5. Representations and Warranties of Buyer. Buyer warrants and represents to Sellers as of the date hereof and the Closing as follows:

5.1 Good Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of California.

5.2 Authorization. The execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby have been duly authorized by the Board of Directors of Buyer, and all other corporate action of Buyer, including all necessary shareholder approvals, authorizations and ratifications, necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been taken. This Agreement and the other Transaction Documents constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. No consents of any lender, trustee or security holder of Buyer or other Person is required for Buyer to enter into and deliver this Agreement and the other Transaction Documents and to consummate the transactions contemplated hereby and thereby.

23

5.3 Governmental Approvals. Except as set forth on Schedule 5.3, no authorization, approval, order, license, permit, franchise, or consent and no registration, declaration or filing by Buyer with any Governmental Authority is required in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby.

5.4 No Brokers. Neither Buyer nor any of its Affiliates has entered into any contract, agreement, arrangement or understanding with any

Person or firm which will result in the obligation of Sellers or their Affiliates to pay any finder's fee or financial advisory fee, brokerage fee or commission or similar payment in connection with the transactions contemplated hereby.

5.5 Authorization. No approval or authorization of this Agreement or any other agreement to be entered into in connection with the transactions contemplated by this Agreement is required by law or otherwise in order to make this Agreement or any other agreements entered into in connection herewith binding upon the Buyer, except for approval of the listing of the Shares on the AMEX. Upon the execution and delivery of this Agreement and any other agreement in connection therewith, such agreements will constitute legal, valid and binding obligations of Buyer, enforceable in accordance with their respective terms.

5.6 Shares. The authorized common equity capital of CEG consists of 150,000,000 shares of Common Stock, par value \$.001 per share, of which 30,499,290 shares have been issued and are outstanding. Except for any shares of Common Stock reserved for issuance under CEG's equity incentive plans or as disclosed in CEG's SEC reports or Schedule 5.6 hereto, there are no options, warrants, conversion privileges, preemptive rights, subscription or other rights (or agreements for any such rights), commitments, arrangements or understandings of any kind obligating CEG to issue or sell any shares of capital stock of any class of CEG or any securities convertible into or exchangeable for any such shares. The Shares, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable and free of any liens or restrictions on transfer other than restrictions on transfer under applicable state and federal securities laws. Assuming the accuracy of the representations of the Parent and Sellers in Section 4.22 of this Agreement, the Shares will be issued in compliance with all applicable federal and state securities laws.

5.7 SEC Rules. To Buyer's knowledge, CEG is in compliance with SEC and AMEX rules and regulations.

SECTION 6. Conduct Prior to the End of the Phase-Out Period.

6.1 Investigation by Buyer. Buyer may, prior to the end of the Phase-Out Period (as defined in the Phase-Out Addendum), through its own representatives (including its counsel, accountants and consultants) make such reasonable inquiries and document reviews with respect to the Option Assets and general operations of the Retail Energy Business and such review of the financial records of the Retail Energy Business as it deems necessary or advisable in connection with the transactions contemplated hereby to familiarize itself with such Option

Assets and general operations and financial records; such activities shall not, however, affect Sellers' representations, warranties and agreements hereunder. Sellers shall permit Buyer and its authorized representatives to have, after the date hereof, reasonable access to the officers, employees and premises of each Seller and to all books and records of the Retail Energy Business or related to the Acquired Assets and Option Assets; and Buyer shall have the right to make copies thereof and excerpts therefrom. Sellers shall furnish Buyer with such financial and operating data and other information with respect to the Acquired

Assets, Option Assets and the Retail Energy Business as Buyer may from time to time reasonably request. Sellers agree to permit Buyer and its authorized representatives to visit suppliers, customers and others having business relations with the Retail Energy Business. Sellers acknowledge that the rights set forth in this Section 6.1 are essential to Buyer as a means of evaluating the Acquired Assets and Option Assets and Sellers agree that in no event will Sellers seek to recover costs or damages of any kind incurred as a result of the exercise by Buyer of such rights and hereby waives any and all rights it might have to recover any such costs or damages.

6.2 Ongoing Operations.

(a) From the date hereof until the date that all Transferred Customers and Acquired Assets have transferred to Buyer, Sellers shall take direction from Buyer as to the conduct and operation of the business of the Retail Energy Business and the Acquired Assets consistent with the requirements of law and regulation applicable to the Retail Energy Business and the Acquired Assets, conduct and operate the business of the Retail Energy Business and the Acquired Assets in the ordinary and usual course consistent with past practice, preserve intact the business organization of the Retail Energy Business, use commercially reasonable efforts to preserve for Buyer the present relationship between the Retail Energy Business on the one hand and its suppliers, customers and others having business relations with it on the other, and take directions from Buyer in conducting the Retail Energy Business in a manner which will safeguard and maintain the commercial value of the Acquired Assets in all material respects. From and after the Last Seller's Pay Day, Sellers' obligations as aforesaid shall be limited to matters within their control. From the date hereof until the date that all Transferred Employees have transferred to Buyer, Sellers shall use commercially reasonable efforts to keep available to Buyer the services of Existing Employees of the Retail Energy Business.

(b) Without limiting the generality of Section 6.2(a), Seller and its Subsidiaries will not, in connection with the conduct of the business of the Retail Energy Business, without the prior written consent of Buyer:

(i) change for 2004 any accounting practices which would have the effect of altering its calculation of EBITDA from that which would be computed using the policies and practices in place with respect to 2003;

(ii) increase the rate of salary, benefits or other compensation of any employee or hire any employees other than to replace terminated employees or make any changes in any benefit plan;

25

(iii) enter into any agreement, Contract or commitment or incur any Liability other than in the ordinary course of business and consistent with its existing policies and having value of greater than \$25,000.00 per annum;

(iv) waive any rights of substantial value;

(v) dispose of, permit to lapse, or otherwise fail to preserve any of its Proprietary Rights or other similar rights, dispose of or permit to lapse any license, permit or other form of authorization, or dispose of or disclose to any person, other than an authorized representative of Buyer,

any customer list, trade secret, formula process or know-how;

(vi) pay, loan or advance any amount to or in respect of, or sell, transfer or lease any assets (whether real, personal or mixed, tangible or intangible) to, or enter into any agreement, arrangement or transaction with, any of its officers or directors, any of its Affiliates or associates or any Person having any direct or indirect interest in it or in which it or any of its officers, directors, Affiliates or associates, has any direct or indirect interest;

(vii) agree, whether in writing or otherwise, to take any action prohibited in this Section 6.2; or

(viii) without limiting any of the foregoing, take or refrain from taking any action the result of which would render any representation or warranty made to Buyer in or in connection with this Agreement inaccurate.

(c) Sellers shall inform Buyer of any material action taken or threatened to be taken by: (i) any party supplying energy or gas to Parent or any of its Subsidiaries, (ii) any Governmental Authority having jurisdiction over Parent or any of its Subsidiaries or any of their customers, (iii) any financial institution with which Parent or any of its Subsidiaries has a relationship, or (iv) any other party whose action or threatened action could reasonably be determined to be materially adverse to the interests of Buyer with respect to the Acquired Assets.

6.3 Other Transactions. Sellers will not, and will cause their Affiliates and their respective directors, officers, employees and agents not to, directly or indirectly, solicit or initiate any discussions or negotiations with, or encourage or respond to any inquiries or proposals by, or participate in any negotiations with, or provide any information to, or otherwise cooperate in any other way with, any corporation, partnership, person or other entity or group, other than Buyer and its representatives, concerning (A) any sale or other transfer of all or any substantial portion of the Retail Energy Business or the Acquired Assets; or (B) any joint venture, agency, or similar agreement that binds Sellers to sell or cause to be sold energy or energy-related products or services with any entity other than Buyer.

6.4 Consents; Third-Party; Regulatory Approvals. As soon as practicable following the execution of this Agreement, Buyer and Sellers shall work together to cause (a) the transfer of all state and federal licenses and other Permits to Buyer, to the extent required and allowed by law for Buyer to operate the Retail Energy Business, including any UDC and PUC notifications and/or approvals, (b) assignment of Contracts which are included as Acquired Assets to and assumption of such Contracts by Buyer, to the extent permissible under such

Contracts and by law, including any UDC and PUC notifications and/or approvals, to the extent required by law, and (c) any other consents or approvals required by law to transfer any of the Acquired Assets being acquired by Buyer pursuant to this Agreement and any other consents required by law with respect to approval of this Agreement. Buyer will take the lead with respect to all activities identified in this Section 6.4 and bear the costs associated with such activities with the exception of costs associated with obtaining the

approval of Seller's and its Affiliates' lenders and other such financing parties. Sellers agree to assist in effectuating such approvals where requested by Buyer and will bear their reasonable costs associated with such assistance. In accordance with the foregoing, Buyer shall be responsible, and shall reimburse Sellers for, all direct out-of-pocket costs and expenses incurred or paid by them in connection with securing necessary approvals from, giving required notices to, or making required filings with any third parties, provided that any such costs and expenses incurred or paid by Sellers shall have been first approved by Buyer in its reasonable judgment. Notwithstanding the foregoing, Sellers will be unconditionally obligated at their expense to obtain any required consents and releases of liens from their Affiliates.

6.5 Public Announcements. Sellers and Buyer agree that they will consult with each other before issuing any press releases or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereby and shall not issue any press release or make any public statement (including with respect to SEC reports and stock exchange disclosures where reasonably practicable) prior to such consultation, except as may be required by law.

6.6 Employees and Employee Benefit Plans.

(a) Employment Offer. On or before the Last Seller Pay Date, Buyer will deliver a letter in form and substance satisfactory to it to each employee identified on Schedule 6.6 offering such employee employment with Buyer or an Affiliate of Buyer. The offer of employment will be: (a) at pay levels substantially equivalent to the levels in effect for such individuals immediately prior to the Closing Date, as disclosed in Schedule 6.6 hereto; (b) with benefits consistent with individuals in the employ of Buyer (which individuals are performing similar work and receiving similar pay); (c) conditioned on Buyer's usual terms and conditions with respect to offers of employment; and (d) effective as of the close of business on the Last Seller Pay Date. Those employees accepting such offer of employment shall be known as the "Transferred Employees." All employees listed on Schedule 6.6 who are not Transferred Employees shall be known as "Non-Transferred Employees." If Sellers, between the date hereof and the Last Seller Payment Date hire additional employees, Buyer is not required to hire or offer to hire such employees which were not previously identified on such Schedule 6.6.

(b) Employee Benefits. Neither Buyer nor any of its Subsidiaries shall assume any Liabilities with respect to, and shall not receive any right or interest in, any Employee Benefit Plans of Sellers in which any of the Transferred Employees participate. The Sellers shall cause all Transferred Employees to be fully vested in their accrued benefits earned under any of Sellers' defined contribution or defined benefit plans as of the Last Seller Payment Date. Each Transferred Employee shall be credited with the period of service for which he/she was credited under the employee pension benefit and employee welfare benefit plans of Seller

for purposes of (i) eligibility to participate in Buyer's Employee Benefit Plans, and (ii) benefit accruals under each of Buyer's employee benefit plans that is a vacation or sick leave plan. Those Transferred Employees who were participants in Seller's employee welfare benefit plans (as defined in Section 3(1) of ERISA) as of the Closing Date shall participate in Buyer's employee

welfare benefit plans immediately upon commencement of employment with Buyer. Transferred Employees shall not be subject to any waiting period or preexisting condition limitation under any employee benefit plan of Buyer that is an employee welfare benefit plan (as defined in Section 3(1) of ERISA), and any and all year-to-date deductibles and co-pays for 2005 under the employee welfare benefit plans of Seller shall be credited to the Transferred Employees for purposes of their applicable deductibles and co-pay limits for 2005 under each corresponding plan of Buyer. Transferring Employees who meet any applicable service requirements for any Employee Benefit Plan of Buyer that an employee pension benefit plan (as defined in Section 3(2) of ERISA) (after receiving credit for service with Seller) shall become a participant in such plan of Buyer no later than the last day of the month in which such Transferred Employee commences employment with Buyer.

(c) Acceptance of Rollovers. Each employee benefit plan of Buyer that is a tax-qualified defined contribution plan (as defined in Section 3(34) of ERISA) that accepts rollover contributions shall accept qualifying rollover contributions of benefits distributed from each Plan of Seller that is a tax-qualified defined contribution plan, including to the extent possible notes attributable to loans to Transferred Employees that are outstanding as of the date of distribution from such Plan.

(d) Payments to Transferred Employees. Sellers shall pay to Transferred Employees all accrued vacation owing to such Transferred Employees as of the Last Seller Payment Date as well as bonuses, profit sharing, incentive commissions or other compensation of any kind for periods prior to the Last Seller Payment Date. Buyer shall not assume any vacation or sick time Liabilities with respect to the Transferred Employees, nor shall Buyer assume any Liabilities for bonuses, profit sharing, incentive commissions or other compensation of any kind under any Seller plan or arrangement.

(e) Sellers' Retention of Employment Related Liabilities. Buyer is not assuming any Liability of Parent or any of its Subsidiaries to their employees or former employees (i) for benefits (including health and welfare benefits), compensation (including vacation, holiday and overtime pay), worker's compensation, contributions, insurance premiums and administrative expenses incurred or accrued before the Closing Date, (ii) arising under the continuation coverage requirements of Section 4980B(f) of the Code and Section 601 et seq. of ERISA with respect to all United States employees of the Retail Energy Business (or any beneficiary or dependent of such employees) who, on or before the Last Seller Payment Date or otherwise, in connection with the transactions contemplated by this Agreement, have exercised or are eligible to exercise their right to such continuation coverage, (iii) to provide post-retirement health and life insurance benefits to employees (or any beneficiary or dependent of such employee) of the Retail Energy Business, or (iv) for any claims made by the employees of the Retail Energy Business, and any liability resulting from same, for events occurring on or before the Last Seller Payment Date.

(f) Payroll. Sellers shall continue to process payroll and to pay the Transferred Employees up to and including the Last Seller Pay Date. Buyer shall assume payroll processing responsibilities thereafter. Such payroll amounts (including taxes and benefits) as are paid by Sellers to such Transferred Employees allocable to the period after Closing shall be reimbursed by Buyer within 10 calendar days following receipt by Buyer of definitive

records of payment of such amounts.

(g) WARN Act. To the extent applicable, Sellers shall be responsible for all obligations under the Federal Worker Adjustment Retraining and Notification Act ("WARN") and/or analogous state and local laws, including, without limitation, the obligation to provide WARN notices, in connection with the transactions contemplated by this Agreement.

(h) Mutual Cooperation. Each of the parties hereto shall cooperate with the other parties and provide the other parties with such records, information, documentation and assistance as such parties reasonably request in order to carry out the parties' respective obligations under this agreement.

6.7 Notification. Upon becoming aware of same, until the final transfer of the Acquired Assets, a party shall give prompt written notice to the other of (i) the existence of any fact or the occurrence of any event which constitutes, or with the giving of notice or the passage of time or both would constitute, a breach or default under any Contract within the definitions of Acquired Assets or Option Assets. The giving of any such notice shall not affect, modify or limit in any way any representation, warranty, agreement or covenant of a party made herein or pursuant hereto or the other party's right to rely thereon.

6.8 Transfer Documents. Sellers shall execute and deliver to Buyer and/or the Buyer Designees, on the Closing Date or thereafter as and when Buyer acquires any of the Acquired Assets not transferred as of the Closing or exercises its option to acquire Option Assets, all further instruments as may be reasonably necessary, expedient or proper in order to complete any and all conveyances, transfers, and assignments provided for herein and to convey to Buyer and the Buyer Designees such title to the Acquired Assets as Sellers are obligated hereunder to convey, all in form and substance reasonably satisfactory to Buyer.

6.9 Covenant to Satisfy Conditions. The Parties shall use commercially reasonable efforts to ensure that the conditions set forth herein are satisfied, and that all the Acquired Assets are transferred to Buyer, insofar as such matters are within their control.

6.10 Schedules. As of the date hereof, this Agreement does not have attached any Schedules other than Schedules A-D. Seller agrees to furnish all other contemplated Schedules not later than close of business, Pacific time, on February 2, 2005 ("Seller Disclosure Schedules").

6.11 Schedule 4.2(A) Assets. With respect to any Acquired Assets or Option Assets which are listed on Schedule 4.2(A), Parent agrees to cause the applicable owner of such assets to (x) transfer same to Buyer as and when required under this Agreement as if such asset was owned by a Seller hereunder and under the same representations, warranties, terms and

conditions and (y) otherwise perform all obligations of a Seller hereunder with respect to such asset as if it were a party hereto.

SECTION 7. Conditions of Buyer's Obligations to Close. The obligations of Buyer under this Agreement are subject to the satisfaction of the

conditions set forth below, which conditions may be waived by Buyer without releasing or waiving any of its rights hereunder.

7.1 Agreement and Conditions. On or before the Closing Date, Sellers shall have complied with and duly performed all agreements and conditions on their part required to be complied with and performed pursuant to or in connection with this Agreement.

7.2 Representations and Warranties. The representations and warranties of Sellers contained in this Agreement, or otherwise made in writing in connection with the transactions contemplated hereby (including, without limitation, any representations and warranties in the Transaction Documents), shall be true and correct on and as of the date hereof and the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

7.3 No Legal Proceeding. No Action shall have been instituted or threatened before any court or Governmental Authority seeking to restrain or prohibit the acquisition by Buyer, or the conveyance by Parent and its Subsidiaries, of the Acquired Assets.

7.4 Certificate. Buyer shall have received a certificate dated the Closing Date and executed by a senior officer of each Seller on behalf of such Seller to the effect that the conditions expressed in Sections 7.1 and 7.2 have been fulfilled.

7.5 Lien Releases. US Bank shall have executed documentation terminating all security agreements and security interests, including related UCC filings, with respect to the Acquired Assets and the Option Assets, in form and substance reasonably acceptable to Buyer and the Acquired Assets and Option Assets shall be subject to no Liens other than in favor of Tenaska Power Services, Inc., pursuant to that certain Security Agreement dated March 17, 2003 and Buyer hereunder.

7.6 Deliveries. Buyer shall have received the deliveries to be made by Sellers pursuant to Section 9.

7.7 Schedules. Buyer shall have received Seller's Disclosure Schedules which shall be acceptable to Buyer in its sole discretion (it being understood that Buyer's acceptance thereof shall not be deemed a waiver of any right under Section 13.1 hereof).

SECTION 8. Conditions of the Sellers' Obligations to Close. The obligations of Sellers under this Agreement are subject to the satisfaction of the conditions set forth below, which conditions may be waived by Sellers without releasing or waiving any of their rights hereunder.

30

8.1 Agreement and Conditions. On or before the Closing Date, Buyer shall have complied with and duly performed all agreements and conditions on its part required to be complied with and performed pursuant to or in connection with this Agreement on or before the Closing Date.

8.2 Representations and Warranties. The representations and warranties of Buyer contained in this Agreement, or otherwise made in writing in

connection with the transactions contemplated hereby (including, without limitation, any representations and warranties in the Transaction Documents), shall be true and correct on and as of the date hereof and the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date.

8.3 Deliveries. Sellers shall have received the deliveries to be made by Buyer pursuant to Section 10.

8.4 Certificate. Sellers shall have received a certificate dated the Closing Date and executed by a senior officer of Buyer on behalf of Buyer to the effect that the conditions expressed in Section 8.1 and 8.2 have been fulfilled.

SECTION 9. Deliveries of Sellers on the Closing Date. Sellers agree on the Closing Date to deliver to Buyer the following:

9.1 Title to Acquired Assets. Seller Ancillary Documents as are necessary to transfer the Acquired Assets to Buyer hereunder which are being transferred at the Closing.

9.2 Certificates. The certificates of Sellers referred to in Section 7.4 hereof.

9.3 Secretary's Certificate. A certificate of the Secretary or an Assistant Secretary of each Seller setting forth a copy of the resolutions adopted by the Board of Directors of each Seller authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

9.4 Authorization. Appropriate instruments authorizing Buyer to endorse in the name of Sellers all checks, drafts, notes and other instruments for the payment of money and to receive for the account of Buyer all proceeds thereof to which the Buyer is entitled under this Agreement.

9.5 Escrow Agreement. A copy of the Escrow Agreement duly executed by Sellers.

9.6 Sales Agency Agreement. A copy of the Sales Agency Agreement duly executed by Sellers.

9.7 Transition Agreement. A copy of the Transition Agreement duly executed by Sellers.

31

9.8 Security Agreement. A copy of the Security Agreement duly executed by Sellers.

9.9 Energy Agreements. Copies of the NAESB, EEI and ISDA duly executed by the ACN Energy Entities.

9.10 Operating Agency Agreement. Copies of the Operating Agency Agreements duly executed by each of the ACN Energy Entities.

9.11 Netting Letter. A copy of the Netting Letter duly executed by

ACN Utility Services.

9.12 Other Deliveries. Such other documents or instruments as Buyer or its counsel may reasonably request.

SECTION 10. Deliveries of Buyer on the Closing Date. Buyer agrees on the Closing Date to deliver to Seller the following:

10.1 Purchase Price. The cash portion of the Purchase Price to be delivered pursuant to Section 3.1 hereof.

10.2 Secretary's Certificate. A certificate of the Secretary or an Assistant Secretary of Buyer setting forth a copy of the resolutions adopted by the Board of Directors of Buyer authorizing and approving the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby.

10.3 Escrow Agreement. A copy of the Escrow Agreement duly executed by Buyer.

10.4 Sales Agency Agreement. A copy of the Sales Agency Agreement duly executed by Buyer.

10.5 Transition Agreement. A copy of the Transition Agreement duly executed by Buyer.

10.6 Security Agreement. A copy of the Security Agreement duly executed by Buyer.

10.7 Energy Agreements. Copies of the NAESB, EEI and ISDA duly executed by Buyer.

10.8 Operating Agency Agreement. Copies of each of the Operating Agency Agreements delivered by the ACN Energy Entities pursuant to Section 9.10 duly executed by Buyer.

10.9 Netting Letter. A copy of the Netting Letter duly executed by Buyer.

SECTION 11. Additional Covenants.

32

11.1 Mail. Sellers authorize and empower Buyer from and after the date hereof (i) to receive and open mail addressed to Parent or any of its Subsidiaries and (ii) to deal with the contents thereof in a manner consistent with the purpose of this Agreement and the other agreements described herein and contemplated hereby, provided such mail and the contents thereof relate to the Acquired Assets or otherwise to the business of the Retail Energy Business, as conducted by Buyer or to any of the Assumed Liabilities. Sellers agree to deliver to Buyer promptly upon receipt any mail, checks or other documents received by it pertaining to the Acquired Assets or otherwise to the business of the Retail Energy Business, as conducted by Buyer, or any of the Assumed Liabilities. Buyer agrees to deliver to Sellers promptly any mail which it receives to which it is not entitled by reason of this Agreement or otherwise and to which Sellers are entitled.

11.2 Further Assurances. Sellers agree at any time and from time to time after the Closing Date, upon the request of Buyer, to do, execute, acknowledge and deliver, or to cause to be done, executed, acknowledged and delivered, all such further acts, assignments, transfers, powers of attorney and assurances as may be reasonably required for the better assigning, transferring, conveying, and confirming to Buyer, or to its successors and assigns, of any or all of the Acquired Assets and to carry out the terms and conditions of this Agreement.

11.3 Notification to Customers. As soon as practicable following the Closing, and only to the extent required by applicable laws, regulations and tariffs, Sellers and Buyer will cause to be sent to Sellers' active customers a notice of the proposed transfer of the active customer from Sellers to Buyer, which notice will comply with all applicable requirements of the Public Utilities Commission(s) (the "PUC(s)"), the Local Utility Distribution Company(ies) ("UDC(s)") and all other relevant governmental agencies related to the transfer of electric and/or natural gas customers (the "Customer Notification"). The Customer Notification will contain such information concerning Buyer and Sellers as is required by law and approved by Buyer and Sellers, which approval will not be unreasonably withheld or delayed.

11.4 Non-Transferred Assets. Upon the expiration of the Phase-Out Period, the remaining Acquired Assets not transferred to Buyer shall be disposed of in a manner mutually agreed to by the Parties and if the Parties shall be unable to agree, such assets shall, to the extent applicable, be terminated or, if termination of any such asset is not possible, remain with the applicable Seller. In the event that the transfer of any asset listed on Schedule 4.15(b) remains pending in any particular jurisdiction at the expiration of the Phase-Out Period, and the parties reasonably believe that permission for the transfer of such asset is likely to be granted, the Buyer may request in writing a 60-day extension of the Phase-Out Period from the Seller, which will not be unreasonably withheld or delayed.

11.5 Trading Restrictions. Sellers agree that neither they nor their Affiliates will in any manner, directly or indirectly, purchase or sell securities of CEG during any period or on any day for which the market value of the Shares is or will be determined for purposes of this Agreement, any attachment hereto or any Transaction Agreement.

SECTION 12. Confidentiality.

33

12.1 Sellers agree not to, and to cause their officers, directors, employees, stockholders and Affiliates not to, directly or indirectly, without the prior written consent of Buyer, use or disclose to any person, firm or corporation, any information, trade secrets, confidential customer information, technical data or know-how relating to the products, processes, methods, equipment or business practices of the Retail Energy Business.

12.2 Buyer agrees not to, and to cause its officers, directors, employees, stockholders and Affiliates not to, directly or indirectly, without the prior written consent of Parent, use or disclose to any person, firm or corporation, any information, trade secrets, confidential customer information, technical data or know-how relating solely to any Acquired Assets or Option

Assets which are not ultimately acquired by Buyer for any reason.

12.3 Each of the Parties acknowledges and agrees that any breach of this Section 12 is likely to result in irreparable injury to the other Party, that monetary damages will be an inadequate remedy of such breach and that, accordingly, in addition to any other remedy that such other Party may have, such other Party shall be entitled to enforce the specific performance of this Section 12 and to seek both permanent and temporary relief in the event of any breach hereof.

12.4 The foregoing shall not prevent any person from disclosing such information if already in the public domain, or if required by applicable law or stock exchange rule or if requested by a regulator.

SECTION 13. Indemnification.

13.1 Indemnification by Sellers. Parent and Sellers shall jointly and severally indemnify, defend and hold harmless Buyer and its Affiliates from and against, and pay or reimburse Buyer and its Affiliates for, any and all Damages as incurred, relating to or arising from (i) noncompliance with any applicable bulk sales or transfer law, (ii) the Excluded Liabilities, (iii) any Liability or claim arising in any way from any action taken by, or relating to the operations or employees, including former employees of, Parent or any of its Subsidiaries prior to the Closing Date, or (iv) the breach or inaccuracy of or failure to comply with any of the warranties, representations, conditions, covenants or agreements of Sellers or Parent contained in this Agreement or in any agreement or document delivered pursuant hereto or in connection herewith (including, without limitation, the Transaction Documents), or arising out of the consummation of the transactions contemplated hereby.

13.2 Indemnification by Buyer. Buyer shall indemnify, defend and hold harmless Sellers from and against, and pay or reimburse Sellers for, any and all Damages as incurred, relating to or arising from (i) any Assumed Liability or (ii) the breach or inaccuracy of or failure to comply with any warranties, representations, conditions, covenants or agreements of Buyer contained in this Agreement or in any agreement, certificate or document delivered pursuant to or in connection with this Agreement or arising out of the closing of the transactions contemplated hereby.

13.3 Procedures for Indemnification.

34

(a) In the event that any claim is asserted against any party hereto, or any party hereto is made a party defendant in any action or proceeding, and such claim, action or proceeding involves a matter which is the subject of this indemnification, then such party (an "Indemnified Party") shall give written notice to the other party hereto (the "Indemnifying Party") of such claim, action or proceeding, and such Indemnifying Party shall have the right to join in the defense of said claim, action or proceeding at such Indemnifying Party's own cost and expense and, if the Indemnifying Party agrees in writing to be bound by and to promptly pay the full amount of any final judgment from which no further appeal may be taken and if the Indemnified Party is reasonably assured of the Indemnifying Party's ability to satisfy such agreement, then at the option of the Indemnifying Party, such Indemnifying Party may take over the defense of such claim, action or proceeding with counsel reasonably satisfactory

to the Indemnified Party, except that, in such case, the Indemnified Party shall have the right to join in the defense of said claim, action or proceeding at its own cost and expense. The Indemnified Party may not settle any proceeding without the consent of the Indemnifying Party, not to be unreasonably withheld.

(b) At Sellers' or Buyers' option, any indemnity payment shall be deemed to be an adjustment to the Purchase Price.

SECTION 14. Survival of Representations; Effect of Certificates.

14.1 All representations, warranties, covenants and obligations in this Agreement or in any agreement, instrument or other document delivered in connection herewith shall survive the execution and delivery hereof and the Closing Date. Notwithstanding the preceding sentence, neither party may make or assert any claim under any representation or warranty of the other party contained herein later than one year after the Closing Date, except that the representations in Sections 4.6, 4.19 and 5.4 shall survive until 6 months after the statute of limitations with respect to the matters addressed therein has expired (including all waivers or extensions thereof); and provided that any claims made or asserted by a party within the applicable time period prescribed above shall survive such expiration until such claim is finally resolved and all obligations with respect thereto are fully satisfied. All statements contained in any officer's certificate delivered by or on behalf of any party hereto pursuant to this Agreement shall constitute and have the same force and effect as the representations and warranties of such party set forth herein.

14.2 Each statement contained in any certificate delivered in connection with this Agreement or the consummation of the transactions contemplated hereby shall constitute the representation, warranty and agreement of the party delivering such certificate and shall have the same force and effect as if it had been incorporated into this Agreement as a representation, warranty and agreement by such party.

SECTION 15. Fees and Disbursements. Except as otherwise provided herein, each party will pay its own fees and expenses in connection with this Agreement and the completion of the transactions contemplated by this Agreement.

35

SECTION 16. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be in writing and shall be deemed to have been given when hand delivered, when received if sent by telecopier or by same day or overnight recognized commercial courier service or three business days after being mailed in any general or branch office of the United States Postal Service, enclosed in a registered or certified postpaid envelope, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice:

To Sellers: American Communications Network, Inc.
32991 Hamilton Court
Farmington Hills, Michigan 48334
Attention: Chief Financial Officer
Telecopier: (248) 489-8901

- copy to -

Jaffe, Raitt, Heuer & Weiss, P.C.
27777 Franklin Road, Suite 2500
Southfield, Michigan 48034
Attention: Ralph R. Margulis
Telecopier: (248) 351-3082

To Buyer:

Commonwealth Energy Corporation
c/o Commerce Energy Group
600 Anton Blvd., Suite 2000
Costa Mesa, CA 92626
Attention: General Counsel
Telecopier: (714) 259-2575

- copy to -

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
Attention: Michael S. Shenberg, Esq.
Telecopier: 212-806-6006

provided that any notice of change of address shall be effective only upon receipt.

SECTION 17. Termination.

17.1 This Agreement may be terminated at any time prior to the Closing by any of the following:

- (a) By mutual written agreement of Buyer and Sellers; or

36

(b) By either Buyer or Sellers, if the Closing has not occurred on or before the 10th day following the date hereof upon written notice by such terminating party, provided that at the time such notice is given a material breach of this Agreement by such terminating party shall not be the reason for the Closing's failure to occur.

17.2 If this Agreement is terminated as provided in Section 17.1, then this Agreement shall forthwith become void and there shall be no liability or obligation on the part of any party hereto (or any of their respective officers, directors or employees), except based upon the obligations set forth in Sections 12, 15, and 17.2, or for any breach thereof occurring prior to termination.

SECTION 18. Miscellaneous.

18.1 Entire Agreement. This Agreement and the other Transaction Documents, including the Exhibits and Schedules hereto and thereto, sets forth the entire agreement and understanding between the parties and merges and supersedes all prior discussions, agreements and understandings of every kind and nature among them as to the subject matter hereof, and no party shall be bound by any condition, definition, warranty or representation other than as expressly provided for in this Agreement or as may be on a date on or subsequent

to the date hereof duly set forth in writing signed by each party which is to be bound thereby. Unless otherwise expressly defined, terms defined in this Agreement shall have the same meanings when used in any Exhibit or Schedule and terms defined in any Exhibit or Schedule shall have the same meanings when used in this Agreement or in any other Exhibit or Schedule. This Agreement (including the Exhibits and Schedules hereto) shall not be changed, modified or amended except by a writing signed by each party to be charged and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by each party to be charged.

18.2 Taxes. Any Taxes in the nature of a sales or transfer tax (including any realty transfer tax or realty gains transfer tax), and any stock transfer tax, payable on the sale or transfer of all or any portion of the Acquired Assets or Shares or the consummation of any other transaction contemplated hereby shall be paid by Sellers.

18.3 Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, applicable to agreements made and to be performed entirely within such State, without regard to the conflict of laws principles thereof.

(b) Any disputes or claims arising out of or in connection with this Agreement and the transactions contemplated or documents required hereby shall be submitted to the exclusive jurisdiction of the courts of the State of New York and the federal courts of the United States of America located in New York, New York, and appropriate appellate courts therefrom. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the

37

parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. This consent to jurisdiction is being given solely for purposes of this Agreement and is not intended to, and shall not, confer consent to jurisdiction with respect to any other dispute in which a party to this Agreement may become involved. Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action, or proceeding of the nature specified in this Section 18.3(b) by the mailing of a copy thereof in the manner specified by the provisions of Section 18.3.

18.4 Severability. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the parties to this Agreement to the fullest extent possible. In any event, all other provisions of this Agreement shall be deemed valid and enforceable to the fullest extent possible.

18.5 Waiver. Waiver of any term or condition of this Agreement by any party hereto shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach or failure of the same term or condition or any other term or condition of this Agreement.

18.6 Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned (whether voluntarily, involuntarily, by operation of law or otherwise) by any of the parties hereto without the prior written consent of the other parties; provided, however, that the Buyer may assign this Agreement, in whole or in any part, and from time to time, to a wholly owned, direct or indirect, Subsidiary of the Buyer or an Affiliate of the Buyer.

18.7 No Third-Party Beneficiaries. Nothing in this Agreement shall confer any rights upon any person or entity that is not a party to this Agreement except as expressly provided hereunder.

18.8 Expenses Related to Audit Rights. Wherever either party has an audit right, the party exercising its audit right shall be entitled to reimbursement of its reasonable and customary expenses associated with such audit from the other party in the event such audit results in a determination that there was a material inaccuracy adverse to the party conducting the audit. Further, the party being audited shall be entitled to reimbursement of its reasonable and customary expenses associated with supporting such audit from the party conducting the audit in the event such audit results in a determination that the subject matter audited was materially accurate. Any inaccuracies determined by any such audit shall be corrected in the favor of the party to whom the inaccuracy was adverse.

18.9 Pronouns. Whenever the context requires, the use in this Agreement of a pronoun of any gender shall be deemed to refer also to any other gender, and the use of the singular shall be deemed to refer also to the plural.

38

18.10 Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Agreement.

18.11 Headings. The headings in the sections, paragraphs, Schedules and Exhibits of this Agreement are inserted for convenience of reference only and shall not constitute a part hereof. The words "herein," "hereof," "hereto" and "hereunder," as well as other words of similar import, refer to this Agreement as a whole and not to any particular provision of this Agreement.

39

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed on the day and year first above written.

COMMONWEALTH ENERGY CORPORATION

By: /S/ PETER WEIGAND

Name: Peter Weigand
Title: President

ACN UTILITY SERVICES, INC.

By: /S/ JAMES F. MULCAHY

Name: James F. Mulcahy
Title: Secretary/Treasurer

ACN ENERGY, INC.

By: /S/ JAMES F. MULCAHY

Name: James F. Mulcahy
Title: Secretary/Treasurer

ACN POWER, INC.

By: /S/ JAMES F. MULCAHY

Name: James F. Mulcahy
Title: Secretary/Treasurer

As to Section 4.22, 6.11 and Article 13 only:

AMERICAN COMMUNICATIONS NETWORK, INC.

By: /S/ JAMES F. MULCAHY

Name: James F. Mulcahy
Title: Secretary/Treasurer

[Signature page to Asset Purchase Agreement]

As to Sections 3.1(b) and 4.22 only:

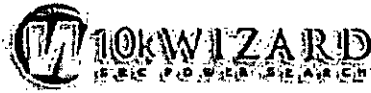
COMMERCE ENERGY GROUP, INC.

By: /S/ PETER WEIGAND

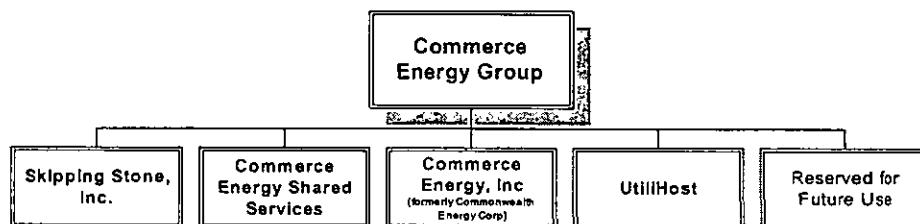
Name: Peter Weigand
Title: President

[Signature page to Asset Purchase Agreement]

Powered by:



Corporate Structure



**PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU**

Application for Amended Certificate of Authority

Foreign Corporation

(15 Pa.C.S.)

Foreign Business Corporation (§ 4126)

Foreign Nonprofit Corporation (§ 6126)

Entity Number

2890912

Name

Betsy A. Ruth, McNees Wallace & Nurick LLC

Address

100 Pine Street, P.O. Box 1166

City

Harrisburg

State

PA

Zip Code

17108-1166

Document will be returned to the name and address you enter to the left.



Fee: \$250

Filed in the Department of State on _____

Secretary of the Commonwealth

PA. DEPT. OF STATE

2000 APR - 1 AM 11:00

In compliance with the requirements of the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations), the undersigned foreign corporation, desiring to receive an amended certificate of authority, hereby states that:

1. The name under which the corporation currently holds a certificate of authority to do business within the Commonwealth of Pennsylvania is:
Commonwealth Energy Corporation

2. The name of the jurisdiction under the laws of which the corporation is incorporated is: California

3. The address of its principal office under the laws of the jurisdiction in which it is incorporated is:

600 Anton Blvd., Suite 2000 Costa Mesa CA 92626

Number and Street

City

State

Zip

4. The (a) address of this corporation's registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and Street

City

State

Zip

County

(b) Name of Commercial Registered Office Provider
c/o: CT Corporation System

County
Philadelphia

Check if applicable:

The foregoing reflects a change in Pennsylvania registered office.

DSCB.15-4126/6126-2

5 The corporation desires that its certificate of authority be amended to change the name under which it is authorized to transact business in the Commonwealth of Pennsylvania to:

Commerce Energy, Inc.

6 If the name set forth in Paragraph 5 is not available for use in this Commonwealth, complete the following:

The fictitious name which the corporation adopts for use in transacting business in this Commonwealth is:

The corporation shall do business in Pennsylvania only under such fictitious name pursuant to the attached resolution of the board of directors under the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) and the attached form DSCB:54-311 (Application for Registration of Fictitious Name).

7. Check one of the following:

The change of name reflects a change effected in the jurisdiction of incorporation

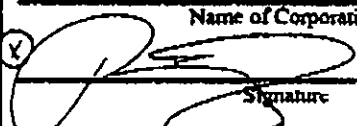
Documents complying with the applicable provisions of 15 Pa.C.S. § 4123(b) or 6123(b) (relating to exception; name) accompany this application.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this Application for an Amended Certificate of Authority to be signed by a duly authorized officer thereof this

31st day of March

2005

Commonwealth Energy Corporation
Name of Corporation


Signature

Peter Weigand, President
Title

Disclosure Statement for Natural Gas Suppliers

This is an agreement for natural gas services, between Commerce Energy, Inc. ("Commerce Energy") and

(Customer's name and full address).

Background

We at Commerce Energy are licensed by the Pennsylvania Public Utility Commission to offer and supply natural gas services in Pennsylvania. Our PUC license number is A-_____.

- We set the commodity prices and charges that you pay. The Public Utility Commission regulates distribution prices and services.
- You will receive a single bill from your natural gas distribution company ("NGDC") for our charges as well as the NGDC's charges. Commerce Energy reserves the right to assume the billing function for our services.
- Right of Rescission - You may cancel this agreement at any time before midnight of the third business day after receiving this disclosure.

Definitions

- Commodity Charges - The charges for the natural gas product, which is sold either in cubic feet or dekatherms.
- Customer Charge - A fixed monthly charge for costs incurred by Commerce Energy in servicing your account.

TERMS OF SERVICE

1. Basic Service Prices

a. Commodity Charge

You will pay a variable rate ("price"). This price includes estimated total state tax. This price excludes state sales and local taxes. Your price may vary monthly under this month-to-month agreement depending on wholesale costs and market conditions. Public market indexes that are indicative of wholesale costs include *Inside FERC's Monthly Gas Market Report* spot gas delivery charges for Texas Eastern Zone M-3 and Transco Zone 6, *Platt's Gas Daily* Texas Eastern M-3 and Transco Zone 6 daily price survey, and the daily natural gas cash and futures prices reported in the *Wall Street Journal*.

Your starting price will be \$_____ per ccf in the month you begin receiving service from Commerce Energy, and this rate will be reflected on your first bill. This starting price is valid for service beginning on or before _____.

Thereafter, your price will vary depending on wholesale market conditions, as described above. Commerce Energy will post its monthly price on its website, www.commercenergy.com, at least three days prior to the first day of each month. This monthly price will be the price that Commerce Energy will charge you for natural gas delivered to you for the billing period that begins on or after the first day of the month. You may call the Commerce Energy Rate Hotline at 1-800-353-2874 Ext. 6583 for information.

Your price shall not exceed five times the highest published price in *Platt's Gas Daily* for Transco Zone 6 over the previous 45 days.

b. Customer Charge

You will pay \$2.99 per month for the customer charge.

c. Security Deposits

We may perform a credit check, and, based on the results of a credit check, you may be required to pay a security deposit or agree to a pre-authorized credit card payment prior to switching your account to Commerce Energy. Commerce Energy will follow applicable regulations.

2. Length of Agreement

You will buy your natural gas services for the above street address from Commerce Energy beginning on your first meter reading date on or after _____, and will continue until this agreement is cancelled by either one of us according to Paragraph 5.

3. Limitation of Liability

Commerce Energy assumes no liability or responsibility for losses or consequential damages arising from the following items associated with your local distribution company: operation and maintenance of their system; any interruption of service; termination of service; or deterioration of service. Nor does Commerce Energy assume responsibility or liability for losses or consequential damages arising from any in-home damages. The remedy in any claim or suit by you against Commerce Energy will be limited to direct actual damages. By entering into this agreement, you waive any right to any other remedy. In no event will either Commerce Energy or you be liable for consequential, incidental or punitive damages. These limitations apply without regard to the cause of any liability or damages.

4. Penalties, Fees and Exceptions

You agree that you will pay your bill on or before the due date shown on the bill. If you do not pay the full amount of the bill by the due date, you will be charged a late payment fee at an interest rate of 1.5% per month on unpaid balances or otherwise in accordance with your NGDC's policies and procedures.

5. Cancellation Provisions

You may cancel this agreement for any reason by giving Commerce Energy 30 days written notice. Commerce Energy may cancel this agreement for any reason by giving you two written notices. The first notice will be sent to you 90 days before the effective date of the cancellation, and the second will be sent to you at least 60 days before the effective date of the cancellation. If you do not pay your bill on time, we may cancel this agreement for non-payment by providing 10 days written notice. If Commerce Energy cancels your service for non-payment, you must pay the balance owed under this agreement plus our reasonable collection costs up to \$50.00.

6. Agreement Expiration/Change in Terms

If we propose to change the terms of our service, we will send you two written notices. The first notice will be sent to you 90 days before the effective date of the changes and the second will be sent to you at least 60 days before the effective date of the changes. We will explain your options in these advance notices.

7. Dispute Procedures

Contact us with any questions concerning our terms or service. You may call the Public Utility Commission if you are not satisfied after discussing your terms with us.

8. Contact Information

Supplier Name: Commerce Energy, Inc.
Address: 600 Anton Blvd., Suite 2000
Costa Mesa, CA 92626
Phone Number: 1-800-353-2874 Ext. 6583
Internet Address: www.commercenergy.com

Natural Gas Distribution
Company/Supplier of Last Resort

In PECO utility area: PECO Energy Company
2301 Market Street
PO Box 8699
Philadelphia, PA 19101
(215) 841-4000

Universal Service Program: PECO Energy Customer Assistance Program 1-800-782-3228

Public Utility Commission
Address: Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Utility Choice Hotline 1-888-782-3228

.....
**Commerce Energy acquires ACN Energy
and becomes the natural gas supplier
for the ACN family.**
.....

On February 9, 2005 Commerce Energy, a leading U.S. energy service provider, acquired ACN Energy, a division of ACN, Inc. Additionally, Commerce Energy entered into a strategic alliance with ACN to continue to sell energy through ACN's Independent Representatives. Beginning June 2005, you will receive your natural gas supply from Commerce Energy. There is no impact on your current pricing plan, billing, payment, or Terms and Conditions of service.

No action is required by you. Commerce Energy will simply become your natural gas supplier, and the Commerce Energy name will begin appearing as part of your monthly bill.

You will become a valued customer of Commerce Energy, the largest non-utility energy marketer in America. We have built a solid reputation for:

- Personalized Customer Care
- Unparalleled Billing Accuracy
- Great Products and Services

As a part of our new relationship with ACN, we will continue to work with your ACN Representative and Customer Care staff. Billing questions, customer announcements and information will be addressed by Commerce Energy using the same team of dedicated customer representatives that interfaced with you at ACN.

Commerce Energy is here to serve you.
Visit us at commerceenergy.com

Or call

800-XXX-XXXX

Mon - Fri 8:00 a.m. to 9:00 p.m. EDT

You can also reach us at:

Commerce Energy, Inc.
600 Anton Boulevard,
Suite 2000

Costa Mesa, CA 92626

.....
*Your Terms and Conditions will not change. Only your ACN Energy natural gas
supplier is changing; all other products and services will remain with ACN, Inc.*
.....



An Exelon Company

Exelon

Energy Delivery

March 25, 2005
PECO - Exelon Corporation
EED--Energy Acquisition-Electric & Gas Choice
2301 Market Street
Philadelphia, PA. 19101

Commerce Energy Group, Inc.
600 Anton Boulevard
Suite 2000
Costa Mesa; California 92626

Dear Prospective Pennsylvania Gas Supplier

EED--Energy Acquisition-Electric & Gas Choice creditworthiness review is completed and Commerce Energy Group, Inc has met the creditworthiness business requirement involved with the Pennsylvania Gas Choice - Low Volume Transportation program.

Please note, although the creditworthiness requirements were met, as referenced within Section 7.13 (Creditworthiness of a Natural Gas Supplier (NGS) Serving Low Volume Transportation Customers) of the Gas Service Tariff, PECO has the right to re-assess the creditworthiness of the company if PECO has any reason to suspect a change in the marketer's financial condition. In addition, PECO has transitioned all of our ACN Energy Gas Choice accounting to reflect Commerce Energy, Inc. as the company of record.

If you should have any questions regarding this matter, please contact the Electric & Gas Choice Hotline at 215-841-3700.

Sincerely,

Carlo Ciabattoni
Manager
Energy Acquisition-Electric & Gas Choice

DATE: April 25, 2005

SUBJECT: A-125014 F2000
A-125138

TO: Bureau of Fixed Utility Services

FROM: James J. McNulty, Secretary *ddt*

Attached is a copy of the Joint Petition/Application of ACN Energy, Inc., and Commerce Energy, Inc., for approval of the transfer of the natural gas license of ACN Energy, Inc., to Commerce Energy, Inc., the cancellation of ACN Energy's natural gas license, and for Commerce Energy, Inc., to begin to supply Natural Gas Services as a Supplier of Natural Gas Services to the public in the Service Territory of Peco Energy Company.

Applicant is seeking to supply natural gas services to the public in the service territory of Peco Energy Company. Therefore, the applicant has been instructed to publish notice of the application filing in the Philadelphia Inquirer, and file proof of publication with this Commission.

This matter is assigned to your Bureau for appropriate action.

Attachment

cc: Law

ddt

DOCKETED

APR 25 2005

**DOCUMENT
FOLDER**

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
Secretary
717-772-7777

April 25, 2005

A-125014 F2000
A-125138

DERRICK PRICE WILLIAMSON ESQUIRE
CHARIS MINCAVAGE ESQUIRE
MCNEES WALLACE AND NURICK LLC
P O BOX 1166
100 PINE STREET
HARRISBURG PA 17108-1166

DOCUMENT
FOLDER

Dear Mr. Williamson:

The Joint Application of ACN Energy, Inc., and Commerce Energy, Inc., filed in this Office on April 8, 2005, for approval to transfer the Natural Gas Supplier License of ACN Energy to Commerce Energy, for ACN Energy to abandon, and for Commerce Energy to begin providing Natural Gas Services as a Supplier of Natural Gas to the public in the Service Territory of Peco Energy Company, is hereby acknowledged.

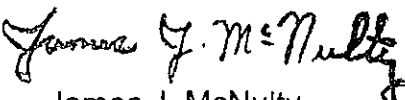
Pursuant to the Commission's Final Order, entered July 16, 1999, at M-00991249F0002, notice of filing of this Application must be published in newspapers of general circulation covering each county in which you intend to provide service. Your application states you wish to supply natural gas service to the public in the service territory of Peco Energy Company. Therefore, you must publish notice of your application in the Philadelphia Inquirer, and file proof of such notice with this Commission.

The Joint Application of ACN Energy, Inc., and Commerce Energy, Inc., will receive the attention of the Commission, and you will be advised of any further necessary procedure.

Sincerely,

DOCKETED

APR 25 2005


James J. McNulty
Secretary

JJM:ddt

PENNSYLVANIA PUBLIC UTILITY COMMISSION

RECEIPT

The addressee named here has paid the PA P.U.C. for the following bill:

DATE: 4/29/2005
RECEIPT NO: 203109

CHARIS MINCAVAGE
MCNEES WALLACE & NURICK LLC
P.O. BOX 1166
HARRISBURG PA 17108-1166

RECEIVED

APR 29 2005

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

IN RE: Application fees for COMMERCE ENERGY, INC.

Docket Number A-125138..... \$350.00

REVENUE ACCOUNT: 001780-017601-102

CHECK NUMBER: 138031
CHECK AMOUNT: \$350.00

Stephen Reed
(for Department of Revenue)

DOCKETED

MAY 2 2005

**DOCUMENT
FOLDER**

KJR