COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Petition of NSTAR Electric for Approval of Merger	)	D.T.E. 06-40

PETITION OF DIRECT ENERGY SERVICES, LLC
FOR LIMITED PARTICIPANT STATUS

Pursuant to G.L. c. 30A, § 10, 220 CMR 1.03(1), and the June 12, 2006 Notice of Public Hearing and Procedural Conference issued by the Department of Telecommunications and Energy ("Department"), Direct Energy Services, LLC ("Direct Energy") hereby petitions the Department to grant it limited participant status in this proceeding. In support of its Petition, Direct Energy states as follows:

1. Direct Energy is a leading North American retailer of energy and related services. The Company serves more than 5 million customers in North America. Direct Energy supplies energy to consumers in Texas, Ohio, Pennsylvania, Michigan, Massachusetts, Rhode Island, and Connecticut, and also in the Canadian provinces of Ontario and Alberta. In Texas and Alberta, Direct Energy supplies energy on both a regulated and an unregulated basis. Direct Energy provides energy-related services in every province in Canada and in many parts of the United States. In Massachusetts, Direct Energy supplies electricity and natural gas to commercial and industrial customers, and looks to expand its offerings to residential and small commercial customers as the opportunity ripens. Direct Energy's parent company, Centrica plc, has over 33 million customer relationships worldwide. Centrica has a market capitalization of $17.5 billion and $22 billion in annual revenues.

2. On May 26, 2006, Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, and Canal Electric Company (collectively the "NSTAR Companies"), d/b/a NSTAR Electric, filed a joint petition for merger ("Petition") with the Department. On June 12, 2006, the Department issued a Notice of Public Hearing and Procedural Conference soliciting petitions to intervene and participate relative to the proposed merger of the NSTAR Companies to create a single company, NSTAR Electric Company. As described in the Petition, as a result of the merger and "by operation of law," the following would occur:

(a) The facilities, properties and other rights, assets, franchises and liabilities will vest in Boston Edison.

(b) The debt of Cambridge and Commonwealth will be retired.

(c) NSTAR will cancel its common equity shares in Cambridge, Commonwealth and Canal and those three companies will cease to exist.

(d) Boston Edison will be the sole surviving corporate entity and will change its corporate name to NSTAR Electric, either upon the consummation of the transaction or thereafter.

(e) NSTAR Electric will consolidate retail rates for Default ("Basic") Service, the Pension Adjustment Factor and for Transmission Service.

Petition at 3. NSTAR Electric also asks the Department, "in approving the merger, to confirm and to ratify that all of the franchise rights and obligations currently held by Cambridge and Commonwealth continue with Boston Edison and thereafter with NSTAR Electric upon the consummation of the merger." Id.

3. As required by 220 CMR 1.03, Direct Energy will be substantially and specifically affected by the proposed by the proposed merger. The structure of the default service offered by electric distribution companies such as Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company pursuant to G.L. c. 164, § 1B(d)

is a key factor in the development and maintenance of a robust competitive retail electricity market in Massachusetts. The consolidation of the current retail rates for the default service offered by the three distribution companies that would be merged will require the Department to adopt a single approach to this service where there are now three. Direct Energy will be substantially and specifically affected by the choices the Department makes in shaping a single default service that would be offered by the merged company. Direct Energy may also be substantially affected by the requested confirmation and ratification of the NSTAR Companies' franchise rights and obligations, to the extent the Department's consideration addresses the NSTAR Companies' right and/or obligation to provide specific components of retail electric service.

4. While Direct Energy believes that it meets the standard set forth in 220 C.M.R. 1.03 for being granted intervenor status, the Company seeks only limited participant status due to its participation in the Retail Electric Suppliers Association ("RESA"), which filed a petition seeking intervenor status on June 23, 2006. Direct Energy has no desire to participate in discovery or evidentiary hearings beyond its participation through RESA. Direct Energy seeks limited participant status solely for the purpose of preserving its right to submit comments or briefs on specific matters of interest to Direct Energy that may not be addressed by RESA.

WHEREFORE, for the reasons set forth above, Direct Energy respectfully requests that this Petition for Limited Participant Status be granted.

Respectfully submitted,

DIRECT ENERGY SERVICES, LLC

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Dated: June 26, 2006