

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

INVESTIGATION BY THE DEPARTMENT OF
PUBLIC UTILITIES ON ITS OWN MOTION : D.P.U 19-07
INTO INITIATIVES TO PROMOTE AND :
PROTECT CONSUMER INTERESTS IN THE :
RETAIL ELECTRIC COMPETITIVE SUPPLY :
MARKET :
:

CERTIFICATION OF CHRIS KALLAHER

Chris Kallaher, swears, deposes, and states that:

1. I am over the age of eighteen and understand the obligation of making a statement under oath.
2. I am Senior Director, Corporate Affairs for Direct Energy Services, LLC (“Company”).
3. I am familiar with the information that the Company intends to file with the Department of Public Utilities (“Department”) on the Automatic Renewal Report and the Contract Pricing Report included as Attachment 1 (“Reports”) to the Hearing Officer’s August 15, 2019 Memorandum in the above-referenced proceeding (the “Confidential Information”).
4. The Company operates in a highly competitive retail market for electric supply. In this market, the Company competes with the electric distribution companies and each and every other licensed competitive supplier for a limited customer base on a variety of factors, including pricing and contract terms and marketing and customer retention strategies.

5. Through the years, the Company has spent extensive time and resources developing its business and marketing strategies and differentiating itself in the market.

6. The Confidential Information has value to the Company's competitors because the public disclosure of it would reveal information about the Company's marketing, contracting, and customer retention strategies.

7. Publicly disclosing the information in the Automatic Renewal Report would reveal whether or not the Company uses automatic renewal provisions in its contracts. Such a disclosure would reveal whether automatic renewal to a fixed price product is more or less likely to result in customer retention than automatic renewal to a monthly-priced product.

8. This disclosure could reveal whether and to what extent contractual automatic renewal provisions are more effective than efforts to retain customers through obtaining the customer's affirmative consent.

9. By allowing comparison of the numbers of customers whose contracts were expiring with the numbers of such customers whom the Company retained, public disclosure of the Automatic Renewal Report Confidential Information would reveal the overall success of the Company's customer retention efforts.

10. Based on the Confidential Information contained in the Automatic Renewal Report, competitors could modify and enhance the effectiveness of their customer retention programs without having to expend substantial time and resources to test various marketing strategies and contracting terms in the market themselves to determine which are most effective. This places the Company at an unfair competitive disadvantage because it did need to invest such time and resources.

11. The Company has spent extensive time and resources developing its pricing and contracting strategies.

12. The Confidential Information has value to the Company's competitors because the public disclosure of it would reveal the pricing and contract terms that the Company offers. This disclosure could reveal whether and to what extent certain contract and pricing options are more effective than others in obtaining and retaining customers.

13. By disclosing the number of customers that have selected pricing or contract terms, competitors could determine the overall success of the Company's marketing, contracting and pricing strategies.

14. With the Confidential Information in the Customer Pricing Report, competitors could enhance their marketing, contracting and pricing without having to expend substantial time and resources to test these various strategies in the market themselves to determine which are most effective. This places the Company at an unfair competitive disadvantage because it did need to invest such time and resources.

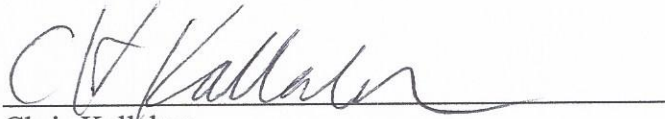
15. The Company has undertaken reasonable efforts to protect the confidentiality of the Confidential Information to ensure that it is not made known to its competitors or the public at large.

16. When the Confidential Information is provided to third-parties, it is only given subject to a confidentiality obligation, which the Company has expended time and resources drafting, implementing, and enforcing.

17. Even within the Company, the distribution of the Confidential Information is limited to those individuals who require the information to perform their duties.

18. To the best of the Company's knowledge, information and belief, there is no publicly available source from which the Confidential Information can be obtained.

Signed under the pains and penalties of perjury this 13th day of September 2019.

A handwritten signature in black ink, appearing to read "C Kallaher", written over a horizontal line.

Chris Kallaher
Senior Director, Corporate Affairs
Direct Energy Services, LLC