



CEOCFO

Interviews & News!

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Not a one-size-fits-all utility company, Commerce Energy offers its customers a choice with monthly variable-rate products, fixed pricing and wind-generated electric power



**Utilities
Diversified Utilities
(EGR-AMEX)**

Commerce Energy Group, Inc.

**600 Anton Boulevard, Suite 2000
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Phone: 800-962-4655**



**Steven S. Boss
Chief Executive Officer**

BIO:

Steven S. Boss joined Commerce Energy as a member of the Board of Directors in July 2005, and was appointed chief executive officer (CEO) of the organization the following month.

Prior to joining Commerce Energy, Mr. Boss practiced law, specializing in the representation of energy companies and

commercial energy users. He also has significant operating experience in the retail energy industry. Most recently, he served as president of Energy Buyers Network LLC, an energy consulting firm that provided regulatory representation and structured direct-access energy transactions for commercial energy users.

Before that, Mr. Boss led Sierra Pacific Energy Company and Nevada Power Services, both of which were non-regulated energy services operating subsidiaries of Sierra Pacific Resources, and served as president and chief executive officer of Sunrise Energy Services Inc. During Mr. Boss' tenure, Sunrise Energy became one of the largest, independent, natural gas marketing companies in the U.S. commercial market sector. Sunrise was publicly traded and listed on the Amex and London stock exchanges.

Mr. Boss has also served in various legal and senior-management positions in a number of energy companies, and is a sought-after speaker on energy policy and energy restructuring.

He earned a Bachelor of Science degree in Aerospace Engineering from the University of Texas, a Juris Doctorate from the University of Southern California and has been a member of the California State Bar since 1974.

Company Profile:

Commerce Energy Group, Inc. (Commerce) is a leading independent U.S. electricity and natural gas marketing company, operating through its wholly-owned subsidiaries, Commerce Energy, Inc. and Skipping Stone Inc. Commerce is publicly traded on the American Stock Exchange (Amex) under the symbol: EGR. Commerce Energy, Inc. is licensed

by the Federal Energy Regulatory Commission and by state regulatory agencies as an unregulated retail marketer of natural gas and electricity to homeowners, commercial and industrial consumers and institutional customers.

Headquartered in Orange County, California, the company also has an office in Dallas, Texas, as well as several area offices located around the U.S., including Houston and Boston. For nearly a decade, customers have relied on Commerce to deliver competitive pricing, innovative product offerings and personalized customer service, in addition to quality gas and electric services.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Mr. Boss, what was your vision when you came to Commerce Energy, and how has that developed?

Mr. Boss: "When I came to Commerce Energy I found a troubled company that had been losing money for three straight years. Being passionate about this business, I envisioned getting it turned around in a two- or three-year period and putting it on the road to profitability, and I think we are doing exactly that."

CEOCFO: Please tell us more about the company.

Mr. Boss: "The company is involved in the retail sale of electricity and natural gas to residential, small business and to larger commercial customers in deregulated markets. We currently operate in 10 states. In some of them, we sell both electricity and natural gas and in others, either one product or the other."

CEOCFO: Tell us about the products and pricing that you offer your customers.

Mr. Boss: “If you think about the traditional utility model, the utilities have offered a one-size-fits-all product. Utilities get to pass their costs along to the customer. The customer has absolutely no choice in the matter. What we do is provide choice, as well as several different types of products. For example, we provide monthly variable-rate products, where you pay a price that varies with market prices, or you can fix your price for a one- or even two-year term. In several states, we also give you the option of selecting clean electricity generated by wind. So, you see, energy retailers, such as Commerce Energy, have every incentive to be efficient and competitive and the historical utility model has not given the utilities any incentive to do so, since they have the right to pass through any costs they incur.”

CEOCFO: You mentioned a variety of customers; how do you get your customers, and who are you targeting?

Mr. Boss: “We have found that we are most competitive in the mass market space, which is residential and small businesses. We also have a commercial sales division that works primarily with larger chains and national accounts that have multi-facility operations such as pizza and restaurant chains. Another example of multi-facility operations is the Los Angeles Unified School District, where we serve all the schools. These larger accounts are enrolled one-on-one, with a sophisticated sales representative representing Commerce Energy and meeting with the customer to structure a deal. For our mass markets, we use a variety of channels such as telemarketing and door-to-door sales, as well as print, radio and billboard advertising. Commerce Energy also has relationships with affinity groups such as chambers of commerce, schools and churches. We also drive traffic to our Web site, where we make it very easy for customers to enroll for service.”

CEOCFO: Why are people choosing Commerce Energy?

Mr. Boss: “It is a subjective experience in the customers mind. A lot of times it will be the price, and we strive to be very competitive. What also differentiates us and gives customers a great deal of confidence is we have been in business for 10 years and are a public company. That means that all of our activities are very transparent. Our financial results are published quarterly. We are overseen not only by our auditors, but also by the American Stock Exchange and the U.S. Securities Exchange Commission. Customers can compare our track record with many of our competitors that are relatively new start-ups.”

CEOCFO: What is the market for alternative sources like yours, and how do you help it grow?

Mr. Boss: “It is definitely growing. Particularly in electricity. There was a big movement in the late 1990s to begin de-

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regulating electricity in a number of states. Several states, such as California, tried to deregulate under a model that simply was not workable, and they ran into problems. That slowed things down. Now a number of states offer energy choice. Texas is probably the best example, where there are over five and a half million customers that can choose a competitive electric provider. It is a very vibrant market. There are 30 or 40 competitors like us. Except for the companies that are affiliated with a utility company, Commerce Energy is one of the larger and more prominent. New York is also a good example of where people have choice. We are active in a number of other states such as California, trying to get the process restarted and do it with a competitive model that actually allows the marketplace to work and competition to develop. We are very active in the legislative and regulatory processes in a number of states.”

CEOCFO: What is your financial picture like today?

Mr. Boss: “It is very good. We have a strong balance sheet and over \$30 million in restricted and unrestricted cash. We have no debt, are profitable, and have positive earnings guidance. We just announced our third quarter results, which is the fifth consecutive positive quarter that we have had. Six out of seven quarters have been positive since I took over.”

CEOCFO: I see your website says, “Delivering peace of mind along with electricity and natural gas for a decade”; will you explain the peace of mind?

Mr. Boss: “If you go back two years ago when two hurricanes hit the gulf, energy prices just skyrocketed and were very volatile. As we were going into that winter, gasoline prices were spiking way up. There were warnings in most major metropolitan areas that your winter heating bills were going to triple what they had in previous years. Natural gas prices that spring were in the \$5 range up to a high of \$15 per MMBTU by December, and then very dramatically came back off in January to the \$8 range when we had the warmest January ever recorded. That’s why our customers find it very attractive

to let us take the volatility out of the market place and give you a one- or two-year fixed price so that you know what you are paying for your natural gas or electricity for that period.”

CEOCFO: Is the investment community starting to pay attention?

Mr. Boss: “We believe they are, although we do not have an analyst following as of yet and would like to have somebody discover us and write a neutral, objective report that investors can believe. We believe we are very undervalued as a company. We are trading at not that much above our cash position with no debt and certainly below our book value. I have been on the road quite a bit over the past several months telling the story to investment entities, microcap and smallcap institutions and high net worth individuals. People are responding very well to the message. However, I think we are still yet-to-be truly discovered as a value stock, which I believe we are. One of the

problems in valuing us is that we are the only public company in this space that reports its results on a stand-alone basis. Any of our competitors that are affiliated or subsidiaries of publicly owned companies present results on a consolidated basis. That makes it hard for the marketplace to really notice us, but I think we are an outstanding investment opportunity. Right now, we are still on the path up, and these stock prices present a real value.”

CEOCFO: Why should potential investors look at an electricity company to invest in, and why should they choose Commerce Energy?

Mr. Boss: “It is a growing space in the investment landscape because of deregulation and choice among customers. While it has slowed down some, it is steadily growing in terms of areas that are adopting competitive energy markets. Companies like Commerce Energy, have an excellent opportunity to grow. In the

major markets where we participate, we generally have around 1% market share, and we are profitable at these levels. We do not need 20 to 30% market share to be extremely successful; 3 or 4% is a home-run for the company. I think there is a lot of growth and leverage from that growth available in Commerce Energy, and I think people ought to seriously look at investing here.”



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