

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
MIDAMERICAN ENERGY COMPANY for a)	Case No. U-13928
license as an alternative electric supplier.)	
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At the March 29, 2004 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

OPINION AND ORDER

On September 25, 2003, MidAmerican Energy Company (MidAmerican) submitted an application, pursuant to the Customer Choice and Electricity Reliability Act, 2000 PA 141 (Act 141), MCL 460.10 et seq., for a license as an alternative electric supplier (AES). An AES is a person selling electric generation service to retail customers in this state, other than a person who physically delivers electricity directly to retail customers. MCL 460.10g(a). With its application, MidAmerican submitted information designed to show its compliance with the statutory requirements for an AES. The Commission Staff (Staff) has reviewed the information submitted by MidAmerican, and has concluded that MidAmerican should be granted a license.

Act 141 requires the Commission to ensure that AESs have the necessary financial capability, possess technical competence to engage in energy transactions, are capable of meeting safety requirements for electric operations, and comply with all other lawful obligations. Additionally,

by the June 19, 2000 order in Case No. U-11915, AESs are required to maintain an office within Michigan.

MidAmerican is an Iowa-based, combined natural gas and electric utility. Moreover, MidAmerican is an active participant in both the wholesale gas and electric markets, and operates as an alternative energy supplier in Illinois and Ohio. The Staff also points out that MidAmerican executive officers have significant experience in the energy industry.

With respect to its financial capability, MidAmerican is an A3 (Moody's) and A- (Standard & Poors) rated utility, and therefore, the Staff recommends no letter of credit or bond requirement for this company. Additionally, MidAmerican provided its financial reports for 2001, 2002, and the first quarter of 2003, that are publicly available reports filed with the Securities and Exchange Commission. Finally, MidAmerican has established an office in Michigan.

After a review of the applicant's submission, the Commission finds that approval of the application is in the public interest. On numerous occasions, the Commission has found that competition can be advantageous to the citizens of this state. Approval of the request for a license as an AES will expand the opportunities for competition. Accordingly, the application should be approved. The grant of a license is conditioned on compliance with all applicable provisions of the statute and the Commission's orders. Failure to comply fully may result in revocation of the license or other penalties. Further, the grant of a license is conditioned upon the provision of service to customers within a reasonable time. Failure to do so may result in revocation of the license.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.

b. MidAmerican has satisfied the statutory requirements to obtain a license as an alternative electric supplier.

THEREFORE, IT IS ORDERED that:

A. MidAmerican Energy Company is granted a license as an alternative electric supplier.

B. MidAmerican Energy Company shall operate as an alternative electric supplier in compliance with the regulatory requirements specified in the Customer Choice and Electricity Reliability Act, MCL 460.10 et seq., and the Commission's orders.

C. Within 30 days, MidAmerican Energy Company shall provide the Commission Staff with documentation from the Michigan Department of Labor & Economic Growth's Bureau of Commercial Services-Corporations Division that it is properly qualified to transact business in Michigan.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days
issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chair

(S E A L)

/s/ Robert B. Nelson
Commissioner

/s/ Laura Chappelle
Commissioner

By its action of March 29, 2004.

/s/ Mary Jo Kunkle
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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Suggested Minute:

“Adopt and issue order dated March 29, 2004 granting MidAmerican Energy Company a license as an alternative electric supplier, as set forth in the order.”