

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
BLUESTAR ENERGY SERVICES, INC.,)	Case No. U-14764
for a license as an alternative electric supplier.)	
_____)	

At the February 9, 2006 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, Commissioner

OPINION AND ORDER

On August 5, 2005, BlueStar Energy Services, Inc. (BlueStar), 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, BlueStar submitted information designed to show its compliance with the statutory requirements for an AES.

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 the state of Michigan.

The Commission Staff (Staff) is responsible for review of the application and for making a recommendation regarding a license for an applicant. The Staff reviewed the information submitted by BlueStar and has recommended that this company be granted a license to operate as an AES, subject to several conditions.

The application shows that BlueStar is an Illinois corporation that supplies wholesale and retail electric services within Illinois, Maryland, and Washington D.C. BlueStar is a privately held corporation that has a wholly-owned subsidiary, Utiliquote.com, Inc., which provides energy procurement advice in the Illinois market. The Staff has reviewed BlueStar's personnel descriptions and histories. Based upon that review, the Staff determined that BlueStar has sufficient experience and expertise to manage risk and to reliably supply electricity in Michigan's electric choice market. The Staff's determination was influenced by the expertise and resources gained through BlueStar's service to over 400 megawatts of commercial and industrial load in Illinois. Based on the information provided and the recommendation of the Staff, the Commission finds that BlueStar possesses the appropriate managerial and technical capabilities to serve customers within the state of Michigan.

With respect to its financial capability, BlueStar submitted audited financial records for 2003 and 2004. These records, which included financial data for Utiliquote.com, Inc., were reviewed by the Staff. BlueStar also provided the Staff with a surety bond in the amount of \$100,000 that was issued on January 23, 2006. The Staff reports that a continuation certificate will be issued each year for renewal of the surety bond. Based upon its review of the financial statements and the

surety bond, the Staff determined that BlueStar's financial capabilities meet Act 141 requirements. The Commission agrees.

The Commission requires suppliers, including BlueStar, to maintain an office in Michigan. BlueStar has yet to open a Michigan office, but has pledged to do so following acquisition of an AES license from the Commission. Therefore, the Commission conditions approval of BlueStar's application as follows:

1. BlueStar shall open a Michigan-based office before commencing marketing activities in Michigan.
2. BlueStar shall file a notice in this docket after establishment of its Michigan office.
3. The Staff shall verify that BlueStar has opened a Michigan-based office and, after such verification, the Staff shall file a memorandum from the Director of the Commission's Regulated Energy Division in this docket to that effect and serve a copy on BlueStar.
4. BlueStar may commence marketing and serving customers in Michigan after receipt of the verification filed by the Staff.

After a review of the applicant's submission, the Commission finds that approval of the application is in the public interest as long as BlueStar complies with the above-described conditions with regard to opening an office in Michigan. On numerous occasions, the Commission has found that competition can be advantageous to the citizens of the 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 the license is also conditioned on compliance with all applicable provisions of the statute and the Commission's orders. Failure to comply fully with any of the conditions, the statute, or an order of the Commission may result in revocation of the license and/or other penalties.

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. BlueStar has satisfied the statutory requirements to obtain a license as an AES.

THEREFORE, IT IS ORDERED that:

A. BlueStar Energy Services, Inc., is granted a license as an alternative electric supplier, subject to the conditions set forth in this order.

B. BlueStar Energy Services, Inc., 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. BlueStar Energy Services, Inc., shall not commence operations as a supplier in Michigan until it has established its Michigan office and filed a confirmation of that fact in this docket, and the Commission Staff has verified that the Michigan office has been established.

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 after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark
Chairman

(S E A L)

/s/ Laura Chappelle
Commissioner

/s/ Monica Martinez
Commissioner

By its action of February 9, 2006.

/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 February 9, 2006 granting BlueStar Energy Services, Inc., a license as an alternative electric supplier, subject to certain conditions, as set forth in the order.”