

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>THUMB ELECTRIC COOPERATIVE</b> for	)	
<i>ex parte</i> approval to renew the partial waiver from	)	Case No. U-14778
§II.F. of the code of conduct approved by the	)	
Commission in Case No. U-12134.	)	
_____	)	

At the April 30, 2009 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman  
Hon. Monica Martinez, Commissioner  
Hon. Steven A. Transeth, Commissioner

**ORDER**

On December 4, 2000, the Commission adopted the code of conduct in Case No. U-12134. On October 3, 2002, also in Case No. U-12134, the Commission issued an order addressing certain waiver requests from Michigan’s rural electric cooperatives. In that order, the Commission considered §II.F. of the code of conduct and granted a partial waiver of that section:

The Commission will permit a cooperative to cosign or help finance unregulated ventures and affiliates so long as the cooperative’s margin (or equity) ratio was at least 40% and remained above that level. (October 3, 2002 order, p. 4).

On March 2, 2009, Thumb Electric Cooperative (Thumb) filed an application requesting *ex parte* approval to renew the partial waiver from §II.F. of the code of conduct approved by the Commission in Case No. U-12134. Specifically at issue is the portion of the code of conduct that

prohibits an electric utility or alternative electric supplier from financing or cosigning loans for affiliates.

On April 7, 2009, Thumb filed an amended application limiting the waiver time frame to March 31, 2012. The amended application allows Thumb to borrow or cosign up to \$125,000 per year for its subsidiary Thumb Energy Services Corporation. Thumb also agreed to maintain the terms and conditions as set forth in the August 22, 2006 settlement agreement approved by the Commission in its September 26, 2006 order in this case.

Pursuant to its initial and amended applications, Thumb commits to a number of conditions, including limitations on the financing and the filing of annual reports and updates. In addition, Thumb agrees that the partial waiver is only effective until April 1, 2012, at which time Thumb will need to submit a new waiver request for any affiliate debt issued.

The Commission has reviewed Thumb's initial and amended applications, files, and records in this matter and finds that *ex parte* approval renewing the partial waiver from §II.F. of the code of conduct approved by the Commission in Case No. U-12134 is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The partial waiver from §II.F. of the code of conduct in Case No. U-12134 is approved.
- B. Subject to the conditions set forth in its amended application, Thumb Electric Cooperative is authorized to calculate its §II.F. code of conduct equity margin requirement based solely on its distribution assets.
- C. The partial waiver from §II.F. of the code of conduct shall expire on March 31, 2012.
- D. Borrowing or cosigning for Thumb Energy Services Corporation is limited to \$125,000 per year.

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

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Orjiakor N. Isiogu, Chairman

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Monica Martinez, Commissioner

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Steven A. Transeth, Commissioner

By its action of April 30, 2009.

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Mary Jo Kunkle, Executive Secretary