

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
PROLIANCE ENERGY, LLC , for a license as)	Case No. U-14036
an alternative gas supplier.)	
_____)	

At the March 16, 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 May 28, 2003, ProLiance Energy, LLC (ProLiance), submitted a request, pursuant to Public Act 634 of 2002 (Act 634), MCL 460.9 et seq., for a license to operate as an alternative gas supplier (AGS) in Michigan. In so doing, ProLiance submitted information designed to show its compliance with the requirements for an AGS license under Act 634 and the Commission’s March 12, 2003 order in Case No. U-13694, which established a licensing procedure for AGSs.

Act 634 requires the Commission to ensure that an AGS has the necessary financial, managerial, and technical capabilities to serve customers in Michigan. AGSs are also required to maintain an office within the state. Additionally, by the March 12, 2003 order in Case No. U-13694, the Commission Staff (Staff) is responsible for reviewing the application and making a recommendation regarding a license for an applicant.

The Staff reviewed the information submitted by ProLiance and has recommended that ProLiance should be granted a license to operate as an AGS. With respect to its financial capability, ProLiance provided the Staff with a letter of credit in the amount of \$100,000. Such letters of credit provide the Commission with some independent assurance regarding the financial capability of a firm without a proven track record. Additionally, ProLiance, a well established participant in both wholesale and retail markets, provided its corporate financial information for 2002 and 2003. Moreover, although ProLiance has not actively participated in Michigan's gas choice program, it is a registered supplier under that program and it has a significant customer base in other states. The Staff also points out that ProLiance's executive officers have significant experience in the industry, which is supported by the biographical information included in the Staff's February 25, 2004 transmittal to the Commission.

Act 634 requires ProLiance to maintain an office in Michigan. The Commission finds that ProLiance has complied with that requirement. The Commission has discretion to determine what constitutes an appropriate structure and service from the Michigan office. In this regard, the Commission understands that many corporations choose to locate their main headquarters outside the boundaries of Michigan and that it would be unreasonable to require that all services provided to Michigan customers by ProLiance be rendered by and from its Michigan office. ProLiance's main headquarters is located in Indianapolis, but it does operate a regional Michigan office (in Clinton Township) and it currently has five sales representatives in this state.

Based on all of the circumstances, the Commission finds that ProLiance's request to be licensed as an AGS is reasonable and in the public interest, and should be approved. Granting ProLiance's request for an AGS license will expand the opportunities for competition. However, the grant of the license is conditioned on compliance with all applicable provisions of Act 634 and

the Commission's orders and administrative rules. Failure to comply with any of these provisions may result in revocation of the license or other penalties.

The Commission FINDS that:

a. Jurisdiction is pursuant to 2002 PA 634, MCL 460.9 et seq.; 1909 PA 300, as amended, MCL 462.2 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. ProLiance has satisfied the statutory requirements to obtain a license as an AGS.

THEREFORE, IT IS ORDERED that:

A. ProLiance Energy, LLC, is granted a license as an alternative gas supplier.

B. ProLiance Energy, LLC, shall comply with the regulatory requirements specified in Public Act 634 of 2002, MCL 460.9 et seq., and the Commission's orders and administrative rules for gas customer choice programs approved by the Commission.

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 16, 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 16, 2004 granting ProLiance Energy, LLC, a license as an alternative gas supplier, as set forth in the order.”