

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 license)	Case No. U-14055
as an alternative gas supplier.)	
_____)	

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

ORDER GRANTING LICENSE

On September 25, 2003, MidAmerican Energy Company (MidAmerican) 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, MidAmerican 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 AGSs have 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.

The Staff reviewed the information submitted by MidAmerican and has recommended that MidAmerican should be granted a license to operate as an AGS. With respect to its financial capability, MidAmerican holds credit ratings of A3 (Moody's) and A- (Standard & Poors), so that it is not necessary for it to post a letter of credit or bond. Additionally, MidAmerican provided its financial reports for 2001, 2002, and the first quarter of 2003, which are public information filed with the Securities and Exchange Commission. Moreover, MidAmerican is already an active participant in wholesale gas and electric markets and operates as an alternative energy supplier in Illinois and Ohio.

Act 634 requires MidAmerican to maintain an office in Michigan. The Commission finds that MidAmerican 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 MidAmerican be rendered by and from its Michigan office.

MidAmerican's main headquarters is located in Iowa, and its Michigan office serves as a clearinghouse for customers to inquire about the availability of its gas supply service. The Michigan service location can then relay customers to sales representatives who may be in Iowa or another state. Thus, the Michigan office provides initial screening for MidAmerican's customer service operation.

Based on all of the above, the Commission finds that MidAmerican's request to be licensed as an AGS is reasonable and in the public interest, and should be approved. Granting MidAmerican'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. MidAmerican has satisfied the statutory requirements to obtain a license as an AGS.

THEREFORE, IT IS ORDERED that:

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

B. MidAmerican Energy Company 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.

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

Chair

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By its action of March 29, 2004.

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Suggested Minute:

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