

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
INTERSTATE GAS SUPPLY, INC. , for a license)	Case No. U-14075
as an alternative gas 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

ORDER GRANTING LICENSE

On May 12, 2003, Interstate Gas Supply, Inc. (IGS), 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, IGS 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 IGS and has recommended that IGS should be granted a license to operate as an AGS. With respect to its financial capability, IGS provided its consolidated financial statements for its fiscal years ending in June of 2002 and 2003, which are certified by Deloitte & Touche. The Staff has determined that the financial statements demonstrate a financial position sufficient to ensure that IGS can serve Michigan gas choice markets.

IGS is an Ohio corporation based in Dublin, Ohio. IGS is a relatively old firm in the supplier industry and was established in 1989 to serve as an alternative energy provider. Currently, IGS supplies natural gas to residential and commercial customers in Ohio, Michigan, Pennsylvania, and Kentucky. It has been participating in Michigan under the Commission's alternative gas supplier registration process, which has since been superseded by the licensing requirements of Act 634.

Act 634 requires IGS to maintain an office in Michigan. The Commission finds that IGS 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 IGS must be rendered by and from its Michigan office. IGS's 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 another state. Thus, the Michigan office provides initial screening for IGS's customer service operation.

Based on all of the circumstances, the Commission finds that IGS's request to be licensed as an AGS is reasonable and in the public interest, and should be approved. Granting IGS's request for an AGS license will maintain the presence of an existing competitor in Michigan's natural gas markets. 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. IGS has satisfied the statutory requirements to obtain a license as an AGS.

THEREFORE, IT IS ORDERED that:

A. Interstate Gas Supply, Inc., is granted a license as an alternative gas supplier.

B. Interstate Gas Supply, Inc., 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 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 Interstate Gas Supply, Inc., a license as an alternative gas supplier, as set forth in the order.”