

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
LAKESHORE ENERGY SERVICES, L.L.C.,)	Case No. U-14286
for a license as an alternative gas supplier.)	
_____)	

At the October 14, 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 March 10, 2004, Lakeshore Energy Services, L.L.C. (Lakeshore), applied for a license to operate as an alternative gas supplier (AGS) within Michigan pursuant to 2002 PA 634 (Act 634), MCL 460.9 et seq. As part of its submission, Lakeshore provided information to demonstrate compliance with the AGS license requirements under Act 634 and under the Commission’s March 12, 2003 order in Case No. U-13694 (March 12 order). That order established the AGS licensing procedure.

Act 634 requires an AGS to have the necessary financial, managerial, and technical capabilities to serve customers within the state of Michigan. The act also requires an AGS to maintain an office within the state. Under the March 12 order, the Commission Staff (Staff) must review the application of the AGS for conformance with the act and with the Commission’s

orders. The Staff then must recommend appropriate action regarding that application to the Commission.

The Staff reviewed the license application and the information submitted by Lakeshore. The Staff recommends to the Commission that Lakeshore be granted a license to operate as an AGS.

The application shows that Lakeshore is an Oklahoma limited liability company, and that Lakeshore has not operated as a supplier in either the Michigan electric-choice or gas-choice markets. The Staff reviewed Lakeshore's personnel descriptions and histories. Based upon that review, the Staff determined that Lakeshore has sufficient experience and expertise to manage risk and to reliably supply natural gas in Michigan's gas customer choice market. The Staff's determination was influenced by the expertise and resources of Lakeshore's affiliate, Seminole Energy Services, L.L.C. (Seminole), which is also an Oklahoma limited liability company and which serves more than 1,500 commercial and industrial accounts throughout the nation. Based upon the information provided and the recommendation of the Staff, the Commission finds that Lakeshore possesses the appropriate managerial and technical capabilities to serve customers within the state of Michigan.

With respect to its financial capability, Lakeshore's two members are Seminole and RCI Energy Services, L.L.C. (RCI), a Michigan limited liability company. Seminole is a privately held business that operates in natural gas gathering, producing, wholesale marketing, and retail commercial and retail industrial marketing. RCI's registered office is in Clinton Township, Michigan. The Staff was provided financial statements of Seminole for the years 2002 and 2003, certified by Sartain Fischbein & Co., independent auditors. Lakeshore's financials are consolidated with those of Seminole, its majority member. Lakeshore also provided the Staff with a letter of credit in the amount of \$100,000. Based upon its review of the financial statements and

the letter of credit, the Staff determined that Lakeshore's financial capabilities meet Act 634 requirements. The Commission agrees.

Act 634 requires Lakeshore to maintain an office within the state of Michigan. Lakeshore has regional offices in Detroit, Grand Rapids, and Saginaw, Michigan. The Staff determined that Lakeshore's Michigan-based offices fulfilled the Act 634 Michigan-office requirement. The Commission agrees.

Based upon the submissions and all of the information provided, the Commission finds that Lakeshore's request to be licensed as an AGS is reasonable and in the public interest, and that it should be approved. However, the grant of the license is conditioned upon compliance with all of the applicable provisions of Act 634, the Commission's orders and administrative rules, and each of the delivering natural gas utilities' tariffs. 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. Lakeshore has satisfied the statutory requirements to obtain a license as an AGS.

THEREFORE, IT IS ORDERED that:

A. Lakeshore Energy Services, L.L.C., is granted a license as an alternative gas supplier.

B. Lakeshore Energy Services, L.L.C., shall comply with the regulatory requirements specified in 2002 PA 634, MCL 460.9 et seq.; the Commission's orders and administrative rules

for gas customer-choice programs approved by the Commission; and each of the delivering natural gas utilities' tariffs.

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

Chair

(S E A L)

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of October 14, 2004.

/s/ Mary Jo Kunkle

Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated October 14, 2004 granting Lakeshore Energy Services, L.L.C., a license as an alternative gas supplier, as set forth in the order.”