

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
MY CHOICE ENERGY LLC for a license)	Case No. U-14326
as an alternative gas supplier.)	
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At the February 24, 2005 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 8, 2004, My Choice Energy LLC (My Choice) 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, My Choice 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 My Choice. The Staff recommends to the Commission that My Choice be granted a license to operate as an AGS with the following condition: My Choice must file quarterly reports to the Staff outlining customer service information for the next six quarters.

The application shows that My Choice is a Michigan limited liability company, and that it is the successor to Macomb County Energy LLC (MCE), which was registered as an AGS and operated in Michigan's gas choice program prior the passage of Act 634. Foster Blue Water Oil, L.L.C. (Foster Blue Water), is the managing member of My Choice, which is based in Richmond, Michigan. Privately held, Foster Blue Water is a transporter, wholesaler, and retailer of petroleum products and lubricants. An affiliate, Blue Flame Propane, Inc., is one of the largest propane companies within Michigan. The energy industry experience of these affiliates is directly transferable to the supply of natural gas for retail customers such as the Michigan gas choice market. Further, MCE, the predecessor firm, supplied natural gas in the Michigan gas choice program without any supply problems.

The Staff reviewed My Choice's organizational structure and its personnel assignments. This included discussions with My Choice as well as a review of MCE's restructuring (the predecessor AGS entity under Foster Blue Water) into its current structure of My Choice. Based upon that review, the Staff recommended that My Choice add a professional manager of its natural gas supply operations; such a manager would strengthen the company's experience and expertise to manage risk and to reliably supply natural gas in Michigan's choice market. The Staff notes that

this was outlined and discussed with My Choice, and that the company has hired a professional manager whose background and experience appear appropriate.

Based upon the information provided, the businesses conducted by the affiliated entities, the recent hiring of the professional manager, and the recommendation of the Staff, the Commission finds that My Choice possesses the appropriate managerial and technical capabilities to serve customers within the state of Michigan.

With respect to its financial capability, My Choice provided the Staff with a letter of credit in the amount of \$100,000. Based upon the letter of credit, and the predecessor MCE's past participation in the Michigan gas choice program, the Staff determined that My Choice's financial capability meets the Act 634 requirements. The Commission agrees.

Act 634 requires My Choice to maintain an office within the state of Michigan. My Choice has a Michigan office based in Richmond, Michigan. The Staff determined that My Choice has complied with the Act 634 Michigan-office requirement. The Commission agrees.

The Staff states that it has recommended approval of an AGS license for My Choice after many months of extensive review, discussion, and a restructuring of the AGS firm. Because of past contract complaints filed by MCE customers (My Choice's predecessor), insufficient staffing and resources at MCE, deficient MCE customer service, and untimely and inadequate company responses to customer complaints, the Staff recommends that My Choice's licensing approval should require that the AGS file quarterly reports to the Staff that include: a) the company's number of customers; b) the new customers added during the quarter; c) a statement that all contracts have been verified; and d) a listing of customer complaints opened and closed, the length of time to initially respond to each customer complaint, the time to close that complaint, and how the complaint was resolved. The Staff recommends that this reporting should be in place for the

next six quarters. The Staff states that all AGSs are required to have the same information available to the Staff for its review; however, this information is not generally required to be reported and submitted on a formal basis. The Staff notes that it worked with My Choice to resolve the listed problems, and that My Choice took the Staff's recommendations seriously. The Staff states to the Commission that, with the recommended reporting condition within the license, it recommends approval of an AGS license for My Choice.

Based upon the submissions and all of the information provided, the Commission finds that My Choice's request to be licensed as an AGS is reasonable and in the public interest, and that it should be approved. However, because of the Staff's concern, the Commission finds it reasonable that the grant of the license should be conditioned upon submitting quarterly reports of the outlined customer service complaints and inquiries for the next six quarters. This information is required to be available to the Staff, and because of past concerns, the formal submission of that information during the initial months of My Choice's licensure and operation is prudent. The Commission also finds that the grant of the license should be 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. My Choice has satisfied the statutory requirements to obtain a license as an AGS; however, that license should be conditioned as recommended by the Staff.

THEREFORE, IT IS ORDERED that:

A. My Choice Energy LLC is granted a license as an alternative gas supplier, subject to the conditions contained within ordering paragraphs B and C of this order.

B. For the six quarterly periods following issuance of this order, My Choice Energy LLC shall file with the Commission Staff quarterly reports that include: a) the company's number of customers; b) the new customers added during the quarter; c) a statement that all contracts have been verified; and d) a listing of customer complaints opened and closed, the length of time to initially respond to each customer complaint, the time to close that complaint, and how the complaint was resolved. My Choice Energy LLC shall work with the Commission Staff to establish an appropriate format and structure for the reports.

C. My Choice Energy LLC 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 February 24, 2005.

/s/ Mary Jo Kunkle
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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By its action of February 24, 2005.

Its Executive Secretary