

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>EXELON ENERGY COMPANY</b>	)	Case No. U-14555
for a license as an alternative gas supplier.	)	
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At the August 4, 2005 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chairman  
Hon. Laura Chappelle, Commissioner  
Hon. Monica Martinez, Commissioner

**ORDER GRANTING LICENSE**

On December 13, 2004, Exelon Energy Company (Exelon) applied for a license to operate as an alternative gas supplier (AGS) in Michigan pursuant to 2002 PA 634 (Act 634), MCL 460.9 *et seq.* As part of its submission, Exelon 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 information submitted by Exelon. The Staff recommends to the Commission that Exelon be granted a license to operate as an AGS.

The application shows that Exelon is a Delaware corporation and is a subsidiary of Exelon Corporation. Exelon has operated as a supplier in the Michigan electric choice market since October 2002. The Staff reviewed Exelon's personnel descriptions and histories. Based upon that review, the Staff determined that Exelon 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 Exelon's parent, Exelon Corporation, which has over \$14 billion in annual revenues and has as subsidiaries PECO Energy Company, which is Pennsylvania's largest utility company, and Commonwealth Edison Company, which is one of the nation's largest electric utilities. Based on the information provided and the recommendation of the Staff, the Commission finds that Exelon possesses the appropriate managerial and technical capabilities to serve customers within the state of Michigan.

With respect to its financial capability, Exelon's financials were reviewed by the Staff; however, those financials are not reported separately and are included under Exelon Generation Company, LLC (Exelon Generation), which are then consolidated with the Exelon Corporation financials. The annual revenue for Exelon Generation was \$641 million in 2004. Exelon 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 Exelon's financial capabilities meet the Act 634 requirements. The Commission agrees.

Act 634 requires Exelon to maintain an office within the state of Michigan. Exelon has an office in Highland, Michigan. The Staff determined that Exelon's Michigan-based office fulfilled the Act 634 Michigan office requirement. The Commission agrees.

Based upon the submissions and all of the information provided, the Commission finds that Exelon'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. Exelon has satisfied the statutory requirements to obtain a license as an AGS.

THEREFORE, IT IS ORDERED that:

- A. Exelon Energy Company is granted a license as an alternative gas supplier.
- B. Exelon Energy Company 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

Chairman

( S E A L )

/s/ Laura Chappelle

Commissioner

/s/ Monica Martinez

Commissioner

By its action of August 4, 2005.

/s/ Mary Jo Kunkle

Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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Chairman

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Commissioner

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Commissioner

By its action of August 4, 2005.

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Its Executive Secretary