

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of	)	
<b>BORDER ENERGY, INC.</b> , for a license	)	Case No. U-15794
as an alternative gas supplier.	)	
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At the October 29, 2009 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman  
Hon. Monica Martinez, Commissioner  
Hon. Steven A. Transeth, Commissioner

**ORDER GRANTING LICENSE**

On April 27, 2009, Border Energy, Inc., (Border), 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 application, Border 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 Border and has recommended that this company be granted a license to operate as an AGS.

The application shows that Border, a stand alone entity with no affiliates or subsidiaries, is a natural gas marketing company that aggregates small commercial and residential customers specializing in the purchasing, transportation, and risk management of gas supplies to this sector of the natural gas industry. Border has significant experience in managing retail and small commercial customer business through its involvement in the Northern Indiana Public Service Company (NIPSCO) choice program.

Since its entry into the NIPSCO service territory in 2003, Border has grown its customer base from zero to currently more than 20,000 small commercial and residential retail customers in Ohio and Indiana. Border has never failed to deliver on any commitments to any of its customers. The Staff noted that this provides significant experience that will enable Border to handle Michigan customers and markets. The Commission agrees.

Border was incorporated in Ohio on January 2, 2003, as a privately held company, and is registered to do business in Michigan.

The Staff reviewed Border's personnel descriptions and histories and observes that Border's principals and key personnel have over 30 combined years of experience in the energy industry and in business management. Border provided the Staff with a detailed outline of its risk-management strategy and a description of its procedures for handling customer contacts in a timely and efficient manner. Based upon that review, the Staff determined that Border has sufficient experience and expertise to manage risk and to reliably supply natural gas in Michigan's gas customer choice market.

Based upon the information provided and the recommendation of the Staff, the Commission finds that Border possesses the appropriate managerial and technical capabilities to serve customers within the state of Michigan.

In its review of Border's financial statements for the two most recently audited years, the Staff found that the company's balance sheet and income sheet were in good financial shape. Border has been profitable every quarter since its inception.

Border has provided the Staff with a letter of credit in the amount of \$100,000. Based on its review of the financial statements and the satisfied bond requirement, the Staff determined that Border's financial capability meets the requirements of Act 634. The Commission agrees.

Act 634 requires Border to maintain an office within the state of Michigan. Border has an office in Niles, Michigan. The Staff determined that Border has complied with the Michigan-office requirements. The Commission agrees.

Based upon the submissions and all of the information provided, the Commission finds that Border'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.

THEREFORE, IT IS ORDERED that:

- A. Border Energy, Inc., is granted a license as an alternative gas supplier.
- B. Border Energy, Inc., shall comply with the regulatory requirements specified in 2002 PA 634, MCL 460.9 *et seq.*; the Commission's orders and administrative rules 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

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Orjiakor N. Isiogu, Chairman

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Monica Martinez, Commissioner

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Steven A. Transeth, Commissioner

By its action of October 29, 2009.

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Mary Jo Kunkle, Executive Secretary