

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
JUST ENERGY MICHIGAN CORP)	Case No. U-15980
for a license 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 May 21, 2009, Commerce Energy, Inc., (Commerce) filed an application 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.* On September 22, 2009, Just Energy Michigan Corp (Just Energy) filed an amended application that reflected the acquisition of Commerce by Just Energy.¹ As part of its application, Just Energy 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 in 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

¹*See also*, Case No. U-13203.

the application of the AGS for conformance with the act and with the Commission's orders. The Staff then recommends appropriate action regarding that application to the Commission.

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

The application shows that Just Energy is a natural gas marketing company that aggregates small commercial and residential customers and specializes in the purchasing, transportation, and risk management of gas supplies to this sector of the natural gas industry. The application also shows that Just Energy is a subsidiary of Just Energy US Corp (JEC), a wholly owned subsidiary and affiliate of Just Energy Income Fund (The Fund). The Fund is an open-ended, limited-purpose trust established in 1997 under the laws of the Province of Ontario to hold securities and to distribute income. It has a number of operating affiliates marketing natural gas under long-term fixed price and price-protected contracts to 2.3 million residential and commercial customers in Canada, Illinois, New York, Texas, Indiana, and Ohio. The Fund also offers "green" products through its Green Energy Option program.

On July 1, 2009, The Fund completed the purchase of all the outstanding common shares of Universal Energy Group Ltd., parent of Universal Gas & Electric Corp. (UGE) d/b/a Commerce Energy licensed in Case No. U-14732. The Fund will relinquish the license approved by the Commission in Case No. U-14732 upon expiration of UGE's current contracts. Just Energy acknowledges they are an affiliate of UGE and therefore bound by the settlement agreement approved on April 16, 2009 in Case No. U-15577.

Just Energy has volunteered to provide an extended cancellation period, without early termination fees, up to 30 days after the date of the first bill from Just Energy for residential and

small commercial customers. The Staff recommends that the Commission adopt and incorporate Just Energy's voluntary offering into the licensing order. The Commission agrees.

Just Energy was incorporated under the laws of the State of Delaware on September 16, 2009 and registered with the Michigan Department of Energy, Labor & Economic Growth, Bureau of Commercial Services on September 16, 2009. The Staff reviewed Just Energy's personnel descriptions and histories and observes that Just Energy's business affiliates and key personnel have over 100 combined years of experience in the energy industry and in business management.

Just Energy 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 Just Energy 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 Just Energy possesses the appropriate managerial and technical capabilities to serve customers within the state of Michigan.

With respect to its financial capability, Just Energy's financials are combined under The Fund, and not reported separately. Just Energy has provided the Staff with a Letter of Credit for \$100,000. Based upon its review of the financial statements and the satisfied bond requirement, the Staff determined that Just Energy's financial capabilities meet Act 634 requirements. The Commission agrees.

Act 634 also requires Just Energy to maintain an office within the state of Michigan. Just Energy has an established office in Southfield, Michigan. The Staff determined that Just Energy has complied with the Michigan-office requirements. The Commission agrees.

Based upon the submissions and all of the information provided, the Commission finds that Just Energy'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. Just Energy Michigan Corp is granted a license as an alternative gas supplier.
- B. Just Energy Michigan Corp is bound by the settlement agreement approved on April 16, 2009 in Case No. U-15577.
- C. Just Energy Michigan Corp is providing an extended cancellation period, without early termination fees, for up to thirty days after the date of the first bill for Just Energy Michigan Corp service for residential and small commercial customers.
- D. Just Energy Michigan Corp 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

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of October 29, 2009.

Mary Jo Kunkle, Executive Secretary