

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
CONSTELLATION NEWENERGY-GAS)	
DIVISION, LLC , for a license as an)	Case No. U-14867
alternative gas supplier.)	
_____)	

At the June 15, 2006 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 April 25, 2006, Constellation NewEnergy-Gas Division, LLC (Constellation NewEnergy) 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, Constellation NewEnergy 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 Constellation NewEnergy. Based on this review, the Staff recommends to the Commission that Constellation NewEnergy be granted a license to operate as an AGS.

The application shows that Constellation NewEnergy is a Kentucky limited liability company and is a subsidiary of the Constellation Energy Group Corporation (Constellation). Constellation NewEnergy has operated as a supplier in the Michigan electric-choice markets since December 2002. *See*, Case No. U-13660. The Staff noted that this provides significant experience in handling Michigan customers and markets. The Staff further observed that Constellation NewEnergy presently serves Michigan transportation gas customers and has successfully done so for many years.

The Staff reviewed Constellation NewEnergy's personnel descriptions and histories. Based on that review, the Staff determined that Constellation NewEnergy 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 Constellation NewEnergy's parent, Constellation, which has over \$17.1 billion in annual revenues. Based on the information provided and the recommendation of the Staff, the Commission finds that Constellation NewEnergy possesses the appropriate managerial and technical capabilities to serve customers within the state of Michigan.

With respect to its financial capability, Constellation NewEnergy's financials are combined under Constellation and not reported separately. Constellation NewEnergy has 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 Constellation NewEnergy's financial capabilities meet Act 634 requirements. The Commission agrees.

Act 634 requires Constellation NewEnergy to maintain an office within the state of Michigan. Constellation NewEnergy has an established office in Fort Gratiot, Michigan. The Staff determined that Constellation NewEnergy'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 Constellation NewEnergy'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. Constellation NewEnergy has satisfied the statutory requirements to obtain a license as an AGS.

THEREFORE, IT IS ORDERED that:

A. Constellation NewEnergy-Gas Division, LLC, is granted a license as an alternative gas supplier.

B. Constellation NewEnergy-Gas Division, LLC, shall comply with the regulatory requirements of 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 June 15, 2006.

/s/ Mary Jo Kunkle

Its Executive Secretary

B. Constellation NewEnergy-Gas Division, LLC, shall comply with the regulatory requirements of 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

Chairman

Commissioner

Commissioner

By its action of June 15, 2006.

Its Executive Secretary

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-14867

County of Ingham)

Patricia A. Fronta being duly sworn, deposes and says that on June 15th 2006, A.D. she served a copy of the attached Commission order by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Patricia Fronta

Subscribed and sworn to before me
this 15th day of June 2006

Notary Public, Ingham County, Michigan
My Commission expires August 16, 2011

SERVICE LIST
CASE NO. U-14867

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