

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
SPARK ENERGY GAS, LP , for a license as an)	Case No. U-15429
alternative gas supplier.)	
_____)	

At the April 1, 2008 meeting of the Michigan Public Service Commission in Lansing, Michigan.

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

ORDER GRANTING LICENSE

On December 19, 2007, Spark Energy Gas, LP (Spark), 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.* In its application, Spark 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) is required to review the application of the AGS for conformance with Act 634 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 Spark and has recommended this company be granted a license to operate as an AGS.

The application shows that Spark is a Texas limited partnership, and that it operates as a full-service wholesale and retail marketing organization that sells natural gas to wholesale commercial, industrial, and end-use retail customers across the United States. Spark is licensed in the choice markets in Illinois, Colorado, Ohio, Pennsylvania, Virginia, West Virginia, Indiana, New York, Rhode Island, California, Georgia, Maryland, and Massachusetts. The Staff noted that this demonstrates that Spark has significant experience in working with choice customers and markets.

The Staff reviewed Spark's personnel descriptions and histories. Based upon that review, the Staff determined that Spark 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 operations in 13 other choice markets. Spark also provided an overview of its customer service hiring and training process and its procedures for addressing customer concerns and complaints. Based upon the information provided and the recommendation of the Staff, the Commission finds that Spark possesses the appropriate managerial and technical capabilities to serve customers within the state of Michigan.

With respect to its financial capability, in the Staff's review of Spark's financial statements for the two most recently audited years (2005 and 2006), the Staff found that the company's balance sheet and income sheet were in good financial shape. The Staff notes that the financials were presented on a consolidated basis because on August 1, 2003, the partners of Spark and Spark Energy, LP, each contributed a 99% controlling interest in each company to Spark Energy Holdings, LLC; these transfers were between entities under common control, thus the financial statements for 2005 and 2006 were consolidated. Spark has also provided the Staff with a surety bond of \$100,000 issued March 4, 2008. Based upon its review of the financial statements and the satisfied bond

requirement, the Staff determined that Spark's financial capabilities meet Act 634 requirements. The Commission agrees.

Act 634 requires Spark to maintain an office within the state of Michigan. Spark has recently established an office and a toll-free number in Southfield, Michigan. The Staff determined that Spark's Southfield office fulfills the Act 634 Michigan office requirement.

Based upon the submissions and all of the information provided, the Commission finds that Spark'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. Spark Energy Gas, LP, is granted a license as an alternative gas supplier subject to the conditions established in this order, including establishing a Michigan office before commencing operations.

B. Spark Energy Gas, LP, 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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of April 1, 2008.

Mary Jo Kunkle, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-15429

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County of Ingham)

E. David Lechler being duly sworn, deposes and says that on April 1st, 2008, A.D. he 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.

E. David Lechler

Subscribed and sworn to before me
this 1st day of April 2008

Sharron A. Allen
Notary Public, Ingham County, MI
My Commission Expires August 16, 2011

SERVICE LIST FOR DOCKET # U - 15429-
DATE OF PREPARATION: 04/01/2008

CASE #

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