

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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| In the matter of the application of |) | |
| TEXAS RETAIL ENERGY, LLC, |) | Case No. U-17076 |
| for a license as an alternative electric supplier. |) | |
| _____ |) | |
| |) | |
| In the matter, on the Commission’s own motion, |) | |
| regarding the regulatory reviews, determinations, |) | |
| and/or approvals necessary for TEXAS RETAIL |) | Case No. U-17168 |
| ENERGY, LLC, to fully comply with |) | |
| Public Act 295 of 2008. |) | |
| _____ |) | |

At the December 6, 2012 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Orjiakor N. Isiogu, Commissioner
Hon. Greg R. White, Commissioner

ORDER

On August 24, 2012, Texas Retail Energy, LLC, (TRE) submitted an application pursuant to the “Customer Choice and Electricity Reliability Act,” 2000 PA 141, MCL 460.10 *et seq.* (Act 141), for a license as an alternative electric supplier (AES). An AES is a person selling electric generation service to retail customers in this state, other than a person who physically delivers electricity directly to retail customers. MCL 460.10g(a). With its application, TRE submitted information designed to show its compliance with the statutory requirements for an AES.

Act 141 requires the Commission to ensure that AESs have the necessary financial capability, possess technical competence to engage in energy transactions, are capable of meeting safety requirements for electric operations, and comply with all other lawful obligations. Additionally, the June 19, 2000 order in Case No. U-11915 requires AESs to maintain an office within Michigan.

On October 6, 2008, Public Act 295 of 2008, MCL 460.1001 *et seq.*, the “Clean, Renewable, and Efficient Energy Act,” was signed into law (Act 295). The Commission issued an order in Case No. U-15800 on December 4, 2008, which provides requirements for implementing Act 295. Among other things, Act 295 requires all providers of electric service in this state, including AESs, to establish renewable energy programs.

Act 295 also requires the Commission to establish a statewide net metering program. Pursuant to Section 173(1) of Act 295, the Commission promulgated rules entitled “Electric Interconnection and Net Metering Standards,” which were effective May 27, 2009. AESs are required to comply with the net metering requirements of Act 295 and the Commission’s rules.

The Commission Staff (Staff) is responsible for review of the application and for making a recommendation regarding a license. The Staff reviewed the information submitted by TRE and recommends that the Commission grant TRE a license to operate as an AES under the condition that TRE provide a supplemental filing in this docket if its current self-supply business model expands to include non-affiliate retail electric service.

TRE is a wholly-owned subsidiary of Wal-Mart Stores, Inc., and has its headquarters at 2001 SE 10th Street, Bentonville, Arkansas. TRE was incorporated in Delaware on November 27, 2002 and is a registered limited liability company in Michigan, ID Number D9222V.

According to the application, TRE is a licensed competitive retail electric supplier, which has only provided retail electricity to facilities within the group of its corporate parent, Wal-Mart, Stores, Inc., in Connecticut, Illinois, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, and Texas. TRE has been providing retail electricity since 2003 to these affiliate commercial and industrial facilities, which include Wal-Mart stores, Sam's Club operations, and warehouses.

After reviewing TRE's personnel descriptions and histories, the Staff determined that TRE has sufficient experience and expertise to manage risk and to reliably supply electricity in Michigan's electric choice market. Based on the information provided and the recommendation of the Staff, the Commission finds that TRE possesses the appropriate managerial and technical capabilities to serve affiliate retail electric customers in Michigan under its current self-supply business model. The Staff recommended Commission approval of the AES license under the condition that TRE provide a supplemental filing in this docket if its current self-supply business model expands to include non-affiliate retail electric service to demonstrate it has sufficient customer services in place to support its licensing requirements. The Commission agrees.

The Staff reviewed TRE's financials for the last two years. TRE also provided the Staff with a bond in the amount of \$100,000. Based upon their review of the financial statements and the bond, the Staff determined that TRE's financial capabilities meet the Act 141 requirements. The Commission agrees.

The Commission requires AESs to maintain an office in Michigan. TRE has its principal location at 208 North Capital Avenue, 3rd Floor, Lansing, Michigan 48933. The Staff determined that TRE has complied with the Michigan-office requirements. The Commission agrees.

After review of TRE's application, the Commission finds that approval of the application is in the public interest. On numerous occasions, the Commission has found that competition can be advantageous to the citizens of the state. Approval of the request for a license as an AES will expand the opportunities for competition. Accordingly, the application should be approved. The grant of an AES license is conditioned on compliance with all applicable provisions of the statute and the Commission's orders. Failure to comply fully may result in revocation of the license or other penalties. Further, the grant of a license is conditioned upon the provision of service to customers within a reasonable time. Failure to do so may result in revocation of the license.

The Commission also finds that, as a licensed AES in Michigan, TRE is required by Act 295 to file a renewable energy plan (REP) with the Commission. However, the Commission notes that the original deadline set by Act 295 and the order in Case No. U-15800 for filing a REP has passed. Therefore, in consideration of the fact that TRE's AES license was granted today, the Commission today has opened a separate docket for TRE's REP, which shall be filed in Case No. U-17168 by March 6, 2013.

THEREFORE, IT IS ORDERED that:

A. Texas Retail Energy, LLC, is granted a license as an alternative electric supplier under the condition that TRE provide a supplemental filing in this docket if its current self-supply business model expands to include non-affiliate retail electric service.

B. Texas Retail Energy, LLC, shall operate as an alternative electric supplier in compliance with the regulatory requirements specified in the "Customer Choice and Electricity Reliability Act," MCL 460.10 *et seq.*, and the Commission's orders.

C. Texas Retail Energy, LLC, is required to comply with the net metering requirements of Public Act 295 of 2008 and the Commission's rules.

D. Texas Retail Energy, LLC, shall file its initial renewable energy plan in Case No. U-17168 by March 6, 2013.

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

John D. Quackenbush, Chairman

Orjiakor N. Isiogu, Commissioner

Greg R. White, Commissioner

By its action of December 6, 2012.

Mary Jo Kunkle, Executive Secretary

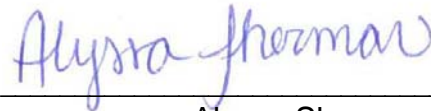
P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-17076

County of Ingham)

Alyssa Sherman being duly sworn, deposes and says that on December 6, 2012 A.D. she served a copy of the attached Commission orders by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.



Alyssa Sherman

Subscribed and sworn to before me
This 6th day of December 2012

Gloria Pearl Jones
Notary Public, Ingham County, MI
My Commission Expires June 5, 2016
Acting in Eaton County

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Director of Markets and Compliance
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Bentonville AR 72716-5530

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