

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
MIDAMERICAN ENERGY SERVICES, LLC,)	Case No. U-17888
for a license as an alternative electric supplier.)	
_____)	
)	
In the matter, on the Commission's own motion,)	
regarding the regulatory reviews, determinations,)	Case No. U-17934
and/or approvals necessary for)	
MIDAMERICAN ENERGY SERVICES, LLC,)	
to fully comply with Public Act 295 of 2008.)	
_____)	

At the September 10, 2015 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John D. Quackenbush, Chairman
Hon. Sally A. Talberg, Commissioner
Hon. Norman J. Saari, Commissioner

ORDER

On June 19, 2015, MidAmerican Energy Services, LLC (MES), 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 the state of Michigan, other than a person who physically delivers electricity directly to retail customers.¹

With its application, MES submitted information intended to show its compliance with the Act 141 mandates for an AES. Requirements include the AES having the necessary financial

¹ See, MCL 460.10g(a).

capability, the technical competence to engage in energy transactions, the ability to meet safety requirements for electric operations, and compliance with all other lawful obligations.

On October 6, 2008, Public Act 295 of 2008, the Clean, Renewable, and Efficient Energy Act, was signed into law (Act 295).² Among other things, Act 295 requires all providers of electric service in the state of Michigan, including AESs, to establish renewable energy programs (REP). The December 4, 2008 order in Case No. U-15800 provides requirements for AESs' implementation of the REP provision of Act 295.

Act 295 also requires the Commission to establish a statewide net metering program. Pursuant to Section 173(1) of Act 295, the Commission promulgated administrative rules entitled Electric Interconnection and Net Metering Standards,³ that were effective May 27, 2009. Both Act 295 and the Commission's administrative rules require AESs to comply with the net metering requirements set forth therein.

The Commission Staff (Staff) is responsible for review of the AES application and for making a recommendation regarding a license. The Staff reviewed the information submitted by MES and recommends that the Commission grant MES a license to operate as an AES in Michigan.

The application shows that MES is an indirect wholly-owned subsidiary of Berkshire Hathaway Energy Company (BHE), a holding company that owns subsidiaries that principally are engaged in energy businesses and includes MidAmerican Energy Company, a traditional franchised public utility. MES is a wholly-owned direct subsidiary of IES Holding, LLC, which is a wholly-owned direct subsidiary of BHE. MidAmerican Energy Company (a regulated utility) is now an affiliate of MES. The parent company serves approximately 11.5 million customers

² See, MCL 460.1001 *et seq.*

³ See, Mich Admin Code, R 460.640 through R 460.656.

through its subsidiaries, with 10.6 million electric customers being served throughout the United States. MES was organized in Delaware on February 27, 2015, is headquartered in Des Moines, Iowa, and was registered with the Michigan Corporations Division on March 18, 2015, ID Number D94304.

MES is a newly formed entity that is intended to become a retail electric supplier that will serve customers in multiple states upon the receipt of licensing. MES's intended retail supply business currently is a non-utility Unregulated Retail Division of MidAmerican Energy Company, a traditional franchised public utility, which will be transferred to MES on or about January 1, 2016. The Unregulated Retail Services Division of MidAmerican Energy Company initially entered competitive retail energy markets in 1999 and has been serving electric customers in Michigan as an AES since 2004, under the March 29, 2004 order in Case No. U-13928. Due to the evolution of the unregulated business plan and market expansion, corporate leadership has determined this unregulated retail division will be transferred to an unregulated affiliate within BHE. This new company is MES. MES provides unregulated electric and gas service as MidAmerican Energy Company to approximately 60,000 customers in Iowa, Illinois, Nebraska, Michigan, Maryland, Delaware, District of Columbia, Ohio, South Dakota, Texas, and Pennsylvania. Retail electric and/or gas licenses have been applied for in all of these states by MES. It is anticipated that all operational processes, staff, offices, contracts, and customers will be transferred to MES on approximately January 1, 2016. Upon completion of these transfers to the new entity MES, the AES license granted on March 29, 2004 in Case No. U-13928 will be relinquished.

Upon review of MES's personnel descriptions and histories, the Staff observed that the company's key personnel have over 193 combined years of experience at MidAmerican Energy

Company alone, which includes management and oversight of operations, marketing, sales, and customer service. The Staff determined that MES 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 MES possesses the appropriate managerial and technical capabilities to serve customers within the state of Michigan.

The Staff reviewed MES's financials for the last three years along with MidAmerican Energy Company's consolidated 10K reports. MES provided the Staff with a bond in the amount of \$100,000. Based upon its review of the financial statements and the bond, the Staff determined that MES's financial capabilities meet Act 141 requirements. The Commission agrees.

Finally, the June 19, 2000 order in Case No. U-11915 requires AESs to maintain an office within Michigan. MES has an established Michigan office located in Novi, Michigan. The Staff determined that MES has complied with the Michigan office requirement. The Commission agrees.

After review of MES'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, MES is required by Act 295 to file an 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 MES's AES license is granted, the Commission has opened a separate docket for MES's REP, which shall be filed in Case No. U-17934 by December 10, 2015.

THEREFORE, IT IS ORDERED that:

- A. MidAmerican Energy Services, LLC, is granted a license as an alternative electric supplier.
- B. MidAmerican Energy Services, 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. MidAmerican Energy Services, LLC, is required to comply with the net metering requirements of 2008 PA 295 and the Commission's administrative rules.
- D. MidAmerican Energy Services, LLC, shall file its initial renewable energy plan in Case No. U-17934 by December 10, 2015.

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. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

John D. Quackenbush, Chairman

Sally A. Talberg, Commissioner

Norman J. Saari, Commissioner

By its action of September 10, 2015.

Mary Jo Kunkle, Executive Secretary

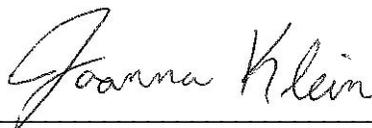
P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-17888
U-17934

County of Ingham)

Joanna Klein being duly sworn, deposes and says that on September 10, 2015 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.



Joanna Klein

Subscribed and sworn to before me
This 10th day of September 2015

Steven J. Cook
Notary Public, Ingham County, Michigan
As acting in Eaton County
My Commission Expires: April 30, 2018

Service List U-17888 & U-17934

Carrie Baird- Forristall
MidAmerican Energy Services, LLC
4299 NW Urbandale Drive
Urbandale IA 50322

MidAmerican Energy Services LLC
39555 Orchard Hill Place, Suite 600
Novi MI 48375-5381