

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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| In the matter of the application of        | ) |                  |
| <b>INTEGRYS ENERGY SERVICES, INC.,</b>     | ) |                  |
| for approval of a renewable energy plan to | ) | Case No. U-15833 |
| comply with the requirements of Public Act | ) |                  |
| 295 of 2008.                               | ) |                  |
| _____                                      | ) |                  |

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| In the matter of the application of            | ) |                  |
| <b>QUEST ENERGY, L.L.C.,</b> for approval of a | ) |                  |
| renewable energy plan to comply with the       | ) | Case No. U-15842 |
| requirements of Public Act 295 of 2008.        | ) |                  |
| _____  | ) |                  |

At the April 16, 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**

On October 21, 2008, the Commission opened dockets in these cases addressing the regulatory issues created by the passage of Public Act 286 of 2008, an amendment to the “Customer Choice and Electricity Reliability Act,” 2000 PA 141; MCL 460.10 *et seq.*, and Public Act 295 of 2008, the “Clean, Renewable and Efficient Energy Act,” MCL 460.1001 *et seq.* (Act 295). In the orders, the Commission required Integrys Energy Services, Inc., (Integrys) and Quest Energy, L.L.C., (Quest), licensed alternative electric suppliers (AES), to file with the Commission plans for establishing renewable energy programs. In addition, the Commission allowed a provider,

including an AES, to consolidate its case with another provider as long as the petition to consolidate was filed on or before November 19, 2008. The orders required renewable energy plans to be filed within 90 days after the Commission issued a temporary order pursuant to Section 191 of Act 295. The Commission issued a temporary order in Case No. U-15800 on December 4, 2008.

On November 19, 2008, Integrys and Quest each filed petitions to consolidate the above referenced cases. The petitions allege that Quest is a wholly owned subsidiary of Integrys. Due to their common ownership, Integrys and Quest state that consolidation of the cases will encourage administrative and operational efficiency. A joint caption format will also allow Integrys and Quest to file separate responses to Commission directives when necessary.

On February 25, 2009, Integrys and Quest filed with the Commission applications for approval of their renewable energy plans. In their applications, Integrys and Quest propose to meet the renewable energy portfolio requirements by using weather-normalization to calculate electricity sales from the previous year and to begin purchasing renewable energy credits (REC) by 2012 to meet the 10% goal by 2015. Integrys' and Quest's renewable energy supply may come from commercial arrangements such as existing eligible renewable energy (operating facilities), wholesale contracted renewable electric generation, qualifying REC transactions, or customer-owned renewable electric generation. At this time, Integrys and Quest will not recover from customers the cost of compliance but reserve the right to implement a surcharge up to the statutory limit upon notification of the Commission, depending upon the availability of RECs and/or supply from generators.

The Commission Staff reviewed Integrys' and Quest's applications and recommends the Commission find that Integrys and Quest are in compliance with the requirements of Act 295.

Section 23(2) of Act 295, MCL 460.1023(2), provides that an AES's proposed renewable energy plan must fulfill both of the following requirements: (a) the plan must describe how the AES will meet the renewable energy standards, and (b) the plan must specify whether the number of megawatt-hours (MWh) used in the calculation of the renewable energy portfolio will be weather-normalized or based on the average number of MWh sold to Michigan retail customers annually during the previous three years. The Commission finds that the renewable energy plans filed by Integrys and Quest meet these two requirements.

Section 23(3) of Act 295, MCL 460.1023(3), requires that the Commission provide an opportunity for public comment on Integrys' and Quest's renewable energy plans. A notice of the opportunity for public comment was distributed by Integrys and Quest in accordance with the instructions of the Commission's Executive Secretary. Comments were due to be filed March 27, 2009. No comments were received.

The Commission finds that consolidation in a joint caption format of the above referenced cases will encourage administrative and operational efficiency. From this date forward, Integrys and Quest shall be permitted to file consolidated documents and responses to Commission directives in Case No. U-15833.

THEREFORE, IT IS ORDERED, that:

A. The renewable energy plans of Integrys Energy Services, Inc., and Quest Energy, L.L.C., are approved.

B. The consolidation petitions of Integrys Energy Services, Inc., and Quest Energy, L.L.C., are granted.

C. Integrys Energy Services, Inc., and Quest Energy, L.L.C., shall file an annual report with the Commission describing the status of compliance with the requirements of Public Act 295 of 2008 by May 1, 2010, and annually thereafter until further order of the Commission.

D. Absent an earlier application filed by Integrys Energy Services, Inc., and Quest Energy, L.L.C., for authority to amend their plans, the renewable energy plans approved by this order shall be reviewed by the Commission in two years.

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

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Orjiakor N. Isiogu, Chairman

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Monica Martinez, Commissioner

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Steven A. Transeth, Commissioner

By its action of April 16, 2009.

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Mary Jo Kunkle, Executive Secretary