

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)
to consider implementation of a voluntary electric)
supplier licensing program.)
_____)

Case No. U-11915

At the June 19, 2000 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

OPINION AND ORDER

History of Proceedings

On March 8, 1999, the Commission issued an order and notice of hearing for a proceeding to consider whether to establish a licensing program for suppliers of unbundled generation services, as an alternative to applying for a certificate of public convenience and necessity pursuant to 1929 PA 69, as amended, MCL 460.501 et seq.; MSA 22.141 et seq. (Act 69). To expedite the proceedings, the order indicated that the Commission would read the record, thereby avoiding the preparation of a proposal for decision, exceptions, and replies to exceptions.

As a starting point for developing a licensing program, the order attached a document prepared by the Commission Staff (Staff) describing its proposed voluntary electric supplier licensing program, as Exhibit A. The Staff's proposal provides a standardized set of terms and conditions

for participation by electric suppliers in the Commission's retail open access program. Each item of the proposal either summarizes a requirement that an applicant must meet in order to obtain a license initially or a term or condition that the applicant will be required to comply with on an ongoing basis as a condition of continuing licensed operations. The Staff envisions that, once the Commission has approved a licensing proposal, the Staff would incorporate the terms and conditions into a short form entitled a "Retail Access Participation Agreement" and that applicants would use the form to apply for a license from the Commission on an ex parte basis. The licensing process would take 30 days in most circumstances.

At a prehearing conference on March 29, 1999, Administrative Law Judge Robert E. Hollenshead (ALJ) granted leave to intervene to Attorney General Jennifer M. Granholm, the Association of Businesses Advocating Tariff Equity (ABATE), the City of Detroit (Detroit), CMS Marketing, Services and Trading Company (CMS-MS&T), Consumers Energy Company (Consumers), The Detroit Edison Company (Detroit Edison), Indiana Michigan Power Company, Midland Cogeneration Venture Limited Partnership, the Michigan Electric Cooperative Association, the Michigan Electric and Gas Association (MEGA), the Michigan Independent Power Producers Association, the Michigan Municipal League (Municipal League), Michigan Petroleum Association/Michigan Association of Convenience Stores (MPA/MACS), Shell Western E&P Inc. (SWEPI), National Energy Marketers Association (NEMA), Dynegy Marketing and Trade (Dynegy), Spartan Stores, Inc., MCN Investment Corporation (MCNIC), Michigan United Conservation Clubs (MUCC), and Energy Michigan.¹ The Staff also participated. The

¹The Commission's docket file does not contain a copy of Energy Michigan's petition for leave to intervene. However, the ALJ granted leave when Energy Michigan's attorney appeared at the prehearing conference.

ALJ subsequently granted a late-filed petition to intervene by the Michigan Townships Association.

The ALJ conducted evidentiary hearings on May 17-20, 1999. Thereafter, MUCC, Municipal League, CMS-MS&T, NEMA, Consumers, Energy Michigan, MPA/MACS, MCNIC, SWEPI, ABATE, Detroit Edison, Detroit, Dynegy, the Staff, and Michigan Townships filed briefs. Except for CMS-MS&T and MCNIC, the same parties and MEGA filed reply briefs. As a general matter, the issues addressed in the briefs fall into one of two categories: (1) whether it is lawful or appropriate for the Commission to establish a voluntary electric supplier licensing program that may displace Act 69 certification and the franchise requirement, and (2) specific recommendations to modify or improve various aspects of the Staff's proposed licensing program.

Public Act 141 of 2000

On June 5, 2000, new legislation entitled the "Customer Choice and Electricity Reliability Act," 2000 PA 141 (Act 141) and 2000 PA 142, became effective. Section 10a(2) of the act provides that the Commission "shall issue orders establishing a licensing program for all alternative electric suppliers."² Together with Section 10q and other statutory provisions, Section 10a provides criteria for granting licenses and enforcing the obligations of licensed suppliers under the act. In effect, Act 141 empowers the Commission, principally through its licensing and enforcement functions, to ensure that suppliers choosing to participate in Michigan retail markets meet certain statutory threshold criteria. As set forth in the act, a prospective supplier must be financially capable, possess the technical competence to engage in energy transactions, be capable

²Section 10g(a) of the act defines the term "alternative electric supplier." This order uses the term consistent with the statutory definition and applies the licensing program only to those suppliers that meet the statutory definition.

of meeting safety requirements for electric operations, and comply with all other lawful obligations. If a supplier cannot meet those minimal requirements, it would not be in the public interest to permit that supplier to solicit and sign contracts with electric consumers in Michigan or otherwise take advantage of the economic opportunities created by retail competition.

The new legislation has resolved a number of the issues raised in this case, including some parties' claims that the Commission does not have statutory authority to establish a licensing program. The Commission finds that those legal challenges have been put to rest by the act and that it need not address them further in this order. In addition, some of the proposed solutions to other issues must be altered in varying degrees to achieve consistency with the act. On the whole, however, the Commission finds that the licensing program proposed by the Staff is consistent with the act and that it provides a suitable framework for the Commission to establish a licensing procedure under Section 10a(2). This order also identifies instances in which proposals are incompatible with the act and makes appropriate modifications to achieve consistency.

The Commission recognizes that the ongoing process of electric restructuring, even with the unequivocal endorsement conferred by Act 141, will continue to evolve as markets develop. Thus, the Commission may be required on future occasions to adapt its licensing procedures as the restructured marketplace takes shape. The Commission recognizes that the procedures it authorizes in this order may undergo periodic revisions as the Commission gains experience with licensing or as changes in other circumstances require. However, the record and briefs in this case persuade the Commission that the licensing program it approves in this order is, for now, the optimal means of facilitating retail open access and the objectives of Act 141.

Business Name and Identity

Item 1 of the Staff’s licensing proposal would obligate an applicant to provide detailed business information, including its “business name, address, telephone number, contact person or agent, type of provider (marketer, utility, utility affiliate, independent power producer), business affiliation (utility and other), and any other information the Commission determines relevant to promote the objectives of the open access program.” Consumers suggests that the “type of provider” be deleted because it is not meaningful information. It further suggests that the “business affiliation” provision be changed to require the applicant to identify the type of legal organization it uses to conduct its business (i.e., whether a corporation or partnership), to require full disclosure of the true owners, and to require out-of-state licensees to provide a copy of a certificate issued by the Secretary of State to do business in Michigan.

The Commission finds that the informational requirements proposed by the Staff in Item 1 are appropriate for licensing purposes. However, it does adopt Consumers’ suggestion for the applicant to explain the legal status of its business organization. It does not find it necessary to impose further requirements as part of Item 1 as this time.

Information Disclosure and Reporting

Several conditions of the Staff’s proposed licensing program relate to information disclosure. Item 6 obligates the supplier to disclose, upon request, “detailed information about the characteristics of the products and services offered, such as the owner, source(s) and fuel type(s) of energy that is in the supplier’s portfolio.” Item 17 (as numbered in the original Staff proposal³) requires a supplier to file with the Commission copies of the following: retail customer contracts, wholesale

³ As approved in Exhibit A attached to this order, Items 11-20 of the Staff’s original proposal have been renumbered.

supply contracts, wholesale contracts and quarterly transaction reports filed with the Federal Energy Regulatory Commission (FERC), and “any other information that the Commission may determine is needed to successfully establish and implement this comprehensive retail access program, as well as to enforce the provisions of the supplier agreement.” In regard to the reporting of “other information,” Item 17 further notes that “extensive reporting requirements are not anticipated.”

Several parties express concern that the disclosure and reporting requirements are too demanding. CMS-MS&T and Dynegy say that required disclosures of a supplier’s energy portfolio could be impossible if the supplier relies on the market to obtain power from a variety of changing sources. CMS-MS&T argues that customers are unlikely to pay attention to portfolio information and that reporting requirements are costly and time-consuming. NEMA and Dynegy oppose disclosure of portfolio information, unless the supplier is marketing its services as “green energy.” MUCC, on the other hand, finds the disclosure requirements of Item 6 to be inadequate to provide consumers with information regarding the environmental consequences of their choices.

Detroit Edison, CMS-MS&T, NEMA, and Dynegy express concern that reporting might result in confidential information being compromised, particularly if others seek the information from the Commission under the Freedom of Information Act. Several parties propose that information be reported in an aggregated statistical form that prevents disclosure of the details of individual transactions.

Act 141 affects issues relating to information disclosure and reporting. Section 10a(2) empowers the Commission to impose requirements regarding records. Section 10r specifically speaks to disclosure of a supplier’s energy portfolio. In another order issued today in Case No. U-12487, the Commission is commencing a separate proceeding to implement part of

Section 10r. Depending upon what the Commission determines in that proceeding, it may be necessary to revise the disclosure requirements. Until then, the Commission finds that alternative electric suppliers should provide aggregated statistical data on a form to be developed by the Staff. In addition, the suppliers must agree to provide the Staff with access to their books and records to verify the accuracy of the reports.

FERC Authorization

Consumers and NEMA suggest that the requirement in Item 3 for an applicant to secure FERC registration as a power marketer be amended by adding the phrase “if required by law.” The Commission agrees and further clarifies Item 3 to indicate that an alternative energy supplier must obtain any and all required authorizations from the FERC.

Creditworthiness

Item 5 requires an applicant to verify that it has control over assets or an established line of credit of at least \$100,000. Act 141 requires an applicant to have “the necessary financial . . . capabilities,” § 10a(2), and to “post a bond or provide a letter of credit or other financial guarantee in a reasonable amount established by the commission of not less than \$40,000.00, if the commission finds after an investigation and review that the requirement of a bond would be in the public interest,” § 10q(3). The Commission revises Item 5 to reflect the statutory criteria and to require an applicant to indicate what amount, if any, of bond or letter of credit is appropriate under its circumstances.

Customer Billing and Dispute Resolution

Item 11, as originally proposed, states that customer billing shall be compatible with the

Commission's billing rules. Proposed Item 12 indicates that a supplier's termination of service to a customer must comply with approved procedures regarding notice and shutoff. Proposed Item 13 provides that the supplier must maintain dispute resolution procedures similar to those provided by the Commission. An attachment to the Staff's proposal identifies which of the Commission's rules provide the standards that are deemed to be applicable to alternative electric suppliers.

CMS-MS&T complains that the Commission's billing rules are too complex and are inappropriate for a market environment. CMS-MS&T suggests that the threat of license revocation, together with existing Commission complaint procedures and other laws relating to civil rights and consumer protection, should be adequate to curb supplier abuses. CMS-MS&T says that the most effective sanction for mishandling customer relations would be the customer's ability simply to change suppliers. As examples of rules that are inappropriate for alternative electric suppliers, CMS-MS&T cites the requirements for separate bills for each customer account, security deposits, dealings with customers who cannot speak English, the informal complaint procedure, the availability of pamphlets describing customer rights and responsibilities, and the winter protection plan. CMS-MS&T says that, instead of mandating a complaint procedure that provides for a hearing before a utility hearing officer,⁴ the Commission should allow alternative electric suppliers to resolve their disputes in the same manner as any other small business.

Consumers says that alternative electric suppliers should generally operate under the same procedures as those currently applicable to utilities. However, Consumers adds that the current billing rules were not promulgated to accommodate relationships between retail customers and unbundled suppliers and, for this reason, are too vague to be applied to suppliers without modifica-

⁴R 460.2165 et seq.

tion. NEMA agrees with Consumers and says that more work on a collaborative basis should be devoted to developing rules for alternative electric suppliers.

Section 10t of Act 141 imposes the requirements of the Commission's existing winter protection plan on alternative electric suppliers by restating almost word for word the provisions of the Commission's rule, R 460.2174. However, the provisions of Section 10t apply only to certain low-income and senior citizen customers during the heating season. It is significant that the Legislature did not seek to apply any additional requirements from the Commission's existing billing rules to alternative electric suppliers. The Commission does not find it prudent to immediately require alternative electric suppliers to observe consumer protection measures that are identical to its existing billing rules for the present, other than those set forth in Section 10t. As retail competition takes hold and customers gain more experience in dealing with alternative suppliers, it may be necessary to promulgate standards that are more specifically tailored to alternative electric suppliers. At the present time, however, the imposition of the same billing rules that are applicable to electric utilities could inhibit the development of a competitive market.

Brokers

Proposed Item 14 requires a supplier who relies on services provided by a broker to pledge its best efforts to hold the broker in compliance with the provisions of its Retail Access Participation Agreement. It further requires the supplier to identify the brokers it uses. As used in the Staff's proposal, a broker is someone who acts as an intermediary in arranging energy transactions between buyers and sellers, but does not itself participate in the transaction as a buyer or seller.

Detroit Edison suggests that a more comprehensive licensing scheme is necessary in order to hold brokers and agents responsible for their actions. It says that a supplier should not be punished for the actions of an affiliated agent.

CMS-MS&T argues that the Commission should not interject itself into suppliers' relationships with brokers and that attempts to hold brokers accountable for their actions would be unwieldy and ineffective. CMS-MS&T contends that requiring disclosure of a broker's identity is an invitation for the customer to bypass the supplier.

Act 141 imposes the licensing requirement on the entity identified as the alternative electric provider, which is defined in Section 10g(a) as the "person selling electric generation service to retail customers." Item 14, as proposed by the Staff, is consistent with Act 141. It does not attempt to regulate brokers or agents who do not engage in the direct sale of power, but rather it requires the alternative electric supplier to use its own efforts to ensure the broker's compliance and to disclose the broker's identity. Ultimately, the alternative electric supplier remains responsible for violations or nonperformance of its obligations, even if the direct cause was an action or inaction by an entity with whom the supplier had contracted. The Commission finds that Item 14 (renumbered Item 12 in Exhibit A of this order) strikes an appropriate balance between the supplier's responsibility and the need to monitor the actions of other market participants.

Collection of State and Local Fees and Taxes

Proposed Item 16 requires alternative electric suppliers to collect all applicable fees and taxes on behalf of governmental revenue authorities. Detroit expresses concern that the provision is inadequate to ensure its collection of the city utility users tax. Section 10a(2) addresses this issue by imposing an obligation on licensed suppliers to "collect and remit to local units of government

all applicable users, sales, and use taxes.” In the Commission’s view, the obligation is clear, and no further measure is needed to ensure tax collection. Item 16 (renumbered Item 14) shall be revised to reflect the statutory provision, thereby ensuring that compliance is a condition of a license.

Customer Education

CMS-MS&T objects to suppliers’ mandatory participation in customer education programs, as suggested in its reading of proposed Item 18. This objection has been rendered moot by Section 10r(2) of the act.

Compliance with Agreement

Proposed Item 20 indicates that noncompliance with the Retail Access Participation Agreement may result in revocation of an alternative electric supplier’s license after an evidentiary hearing. Consumers requests that Item 20 be clarified in accordance with an elaboration provided in the testimony of Staff witness Michel L. Hiser. Section 10c of Act 141 has clarified the procedures for enforcing the agreement and revoking a license in appropriate instances. The items approved in this order for inclusion in the Retail Access Participation Agreement are conditions of the license.

Detroit Edison requests a finding that distribution utilities are immune from responsibility for the actions of alternative electric suppliers. In the Commission’s view, Act 141 provides appropriate guidance as to how responsibilities for noncompliance are allocated between utilities and suppliers. No further clarification is necessary.

Self-service Power and Affiliate Wheeling

SWEPI seeks recognition that persons engaged in self-service wheeling are exempt from the licensing procedure. This issue has been resolved by Section 10a(6)-(7) of Act 141, which defines self-service power and affiliate wheeling and states that persons engaged in those activities are not electric suppliers.

Suppliers Holding Existing Act 69 Certificates

Several suppliers of unbundled generation services already hold Act 69 certificates. Because Act 141 obligates alternative electric suppliers to be licensed, previously certificated suppliers will be required to become licensed pursuant to Section 10a(2). The Commission notes that Act 141 does not require a franchise as a condition of obtaining a license.

Application Form

The Commission finds that the Staff's proposed licensing program should be approved as modified in this order. While largely consistent with Act 141, the Staff's proposal has undergone further revision to incorporate the language of the statute where appropriate. The approved program is attached to this order as Exhibit A. As noted, each item in the program represents either a requirement to be satisfied by the applicant before a license can be granted or is a condition of the license to which the applicant commits its compliance.

In keeping with the Staff's suggestion to streamline the application process, the Commission directs the Staff to devise appropriate forms and procedures for prospective suppliers to use in applying for licenses. This would include the Staff's proposal to require an applicant to undertake the commitments approved in this order by signing a form Alternative Electric Supplier

Agreement.⁵ In addition, the application form will eventually be posted on the Commission's internet site, at <http://cis.state.mi.us/mpsc>. The Staff should submit a draft of the form or forms to the Commission for its review and approval within 14 days. The Staff should concurrently serve a copy of the draft on all parties to this case.

The Commission agrees with the Staff that licensing applications will be approved ex parte and that the target timeframe for processing applications under normal circumstances should be 30 days. If an applicant is dissatisfied with a licensing decision, either because the license was denied or because it disagrees with a bond determination, it may request a contested case hearing to resolve the dispute. In a contested case hearing, the burden of proof shall be on the applicant.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

b. The Staff's proposed licensing program should be modified and approved as set forth in Exhibit A.

⁵A prospective applicant is not required to use the application form to be devised by the Staff and approved by the Commission, but it may submit an application using its own format. Although the form is optional, the requirements of the licensing program approved in today's order, including a signed commitment to adhere to the items listed in Exhibit A, are mandatory. An applicant choosing to use its own format may file its application any time after today's order.

THEREFORE, IT IS ORDERED that:

A. The licensing procedure for alternative electric suppliers set forth in Exhibit A to this order is approved.

B. The Commission Staff is directed to draft application forms with instructions for the license application process, submit the draft to the Commission within 14 days, and serve copies of the draft on the parties to this case.

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; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of June 19, 2000.

/s/ Dorothy Wideman
Its Executive Secretary

THEREFORE, IT IS ORDERED that:

A. The licensing procedure for alternative electric suppliers set forth in Exhibit A to this order is approved.

B. The Commission Staff is directed to draft application forms with instructions for the license application process, submit the draft to the Commission within 14 days, and serve copies of the draft on the parties to this case.

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; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of June 19, 2000.

Its Executive Secretary

In the matter, on the Commission's own motion,)
to consider implementation of a voluntary electric)
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_____)

Case No. U-11915

Suggested Minute:

“Adopt and issue order dated June 19, 2000 approving an alternative electric supplier licensing program, as set forth in the order.”

ALTERNATIVE ELECTRIC SUPPLIER LICENSING PROGRAM

Scope of service: Authorization granted through the Alternative Electric Supplier License is limited to provision of service by Alternative Electric Suppliers in connection with the Commission authorized retail access program established pursuant to 2000 PA 141. This authorization does not permit construction of transmission or distribution facilities.

Procedure for obtaining: Upon submission of a signed “Alternative Electric Supplier Agreement” (see below discussion on requirements), committing a supplier to adhere to fundamental program objectives and customer protections, an Alternative Electric Supplier License will be provided by the Commission ex parte, usually within 30 days.

Requirements: The proposed participation agreement will consist of a standard set of terms uniformly applicable to all alternative electric suppliers. Failure to perform the terms and conditions of the agreement can lead to revocation of license and thus removal from the program. Terms proposed for inclusion in the agreement are:

1). **Supplier identification, location, status and affiliation.** Detailed information about the supplier must be provided, including business name, address (within Michigan), telephone number, contact person or agent, type of legal entity used to conduct business (e.g., whether corporate or a partnership), type of provider (marketer, utility, utility affiliate, independent power producer), business affiliation (utility and other), and any other information the Commission determines relevant to promote the objectives of the open access program.

2). **Twenty-four hour customer contact.** A supplier agent and telephone number must be made available at all times enabling communication between the customer and supplier. The supplier shall maintain an office within Michigan.

3). **FERC authorization.** Suppliers must obtain any authorizations required by the Federal Energy Regulatory Commission, including authorization to become registered as a Power Marketer, if required by law.

4). **Business practices and ethics disclosure.** Any violations of law or business ethics by the supplier or an agent of the supplier in connection with provision of energy or energy related products and services anywhere in the United States that resulted in a conviction or acceptance of a penalty for said behavior must be disclosed. Disclosure to the Commission shall be made by the supplier at the time of the application or within 30 days of any subsequent violations.

5). **Financial Capability.** A supplier must demonstrate that it has the necessary financial capability to ensure adequate service to customers in Michigan. To meet this requirement, the applicant may submit documentation or make detailed factual representations pertaining to its financial standing by affidavit.

In addition, the applicant shall propose the means and dollar amount of any required bond or letter of credit that are appropriate for the Commission to require for purposes of compliance with Section 10q(3) of 2000 PA 141. The applicant may support its position with the documentation and representations used to demonstrate its financial capability.

6). **Product/Service disclosure.** A supplier shall make available, to the extent available and practical, detailed information about the characteristic of the products and services offered, such as the owner, source(s) and fuel type(s) of energy that is in the supplier's portfolio.

7). **Product/Service labeling and marketing practices.** Suppliers must commit to following all state, and federal laws, as well as Commission policies and practices that may be established to insure truthful representation of services is practiced in connection with the marketing and sale of electrical products and services in the Michigan retail access program.

8). **Customer enrollment.** Enrollment of customers in the Michigan retail access program must strictly follow the procedures established through the utility plans authorized by the Commission. Slamming (unauthorized switching) and cramming (unauthorized provision of additional service not requested by the customer) constitute serious offenses that may result in revocation of supplier license or other penalties.

9). **Customer confidentiality.** All information obtained by the supplier to provide service under this program concerning the customer and the customer's energy characteristics and use patterns is to be held in strict confidence. Such information may only be released to other parties upon supplier receipt of written approval by the customer.

10). **Customer data requests.** Customers shall have the right to obtain supplier billing and energy usage data applicable to the customer that is in possession of the supplier.

11). **Customer involuntary service termination.** Involuntary customer service termination must comply with Section 10t of 2000 PA 141.

12). **Broker relationship.** Suppliers relying on the services of brokers must pledge a best faith effort to hold them to compliance with the relevant provisions of this agreement. Suppliers will be expected to identify aggregators they are associated with and shall supply the Commission with the broker's address, telephone number, name of a contact and business affiliation.

13). **Reciprocity.** Participating suppliers are expected to adhere to the reciprocity requirements specified in the program as set forth in the Commission's restructuring orders, and, in the case of a municipally owned utility acting as an alternative electric supplier, the reciprocity requirements specified in Section 10y(4) of 2000 PA 141.

14). **State fee and revenue collection.** Suppliers will be required to collect all applicable state fees and charges levied on energy suppliers as a class of business providers, including those fees and charges established by the Commission to implement and enforce this program. Suppliers agree to collect and remit to local units of government all applicable users, sales, and use taxes.

15). **Reporting.** Alternative electric suppliers shall report aggregated statistical data regarding their retail sales and wholesale transactions on a form provided by the Commission Staff and shall provide access to their books and records so that the Commission Staff can verify the accuracy of the reports.

16). **Customer education.** Suppliers will be expected to participate in dissemination of information to the public to promote the retail choice program and otherwise inform the public about important aspects of participation to help customers make better informed decisions. Suppliers will also be expected to cooperate with such other information dissemination as the Commission determines to be in the public interest regarding the safe, reliable and efficient supply of electricity services to Michigan consumers.

(17). **Service quality.** A supplier must demonstrate that it has the necessary technical and managerial capabilities to ensure adequate service to customers in Michigan. In connection with this requirement, the applicant must do both of the following:

(A) Provide information, including information as to the applicant's safety record and its history of service quality and reliability, as to the applicant's technical ability to safely and reliably generate or otherwise obtain and deliver electricity and provide any other proposed services. Suppliers must commit to following all safety and quality of service rules, procedures and standards established by the Commission that are applicable to energy providers.

(B) Demonstrate that the employees of the applicant that will be installing, operating, and maintaining generation or transmission facilities within this state, or any entity with which the applicant has contracted to perform those functions within this state, have the requisite knowledge, skills, and competence to perform those functions in a safe and responsible manner in order to provide safe and reliable service.

(18). **Compliance with this agreement.** Suppliers shall be expected to fully comply with the provisions of this agreement. Failure to do so may result in revocation of the supplier's license to serve in accordance with the provisions of Section 10(c) of 2000 PA 141, leading to termination of the privilege to provide retail electric service in Michigan under this program. License revocation will be accomplished by Commission order after an evidentiary hearing to assess the facts and provide the supplier an opportunity to present a defense.