



State of Michigan
Jennifer M. Granholm, Governor

Michigan Public Service Commission
J. Peter Lark, Chairman
Laura Chappelle, Commissioner
Monica Martinez, Commissioner

MEMORANDUM

Date: May 16, 2006
To: Sue Devon, Director
Regulated Energy Division
From: Sheila Cornfield
Subject: Alternative Electric Supplier Application: **U-14818**
American PowerNet Management, L.P.

I recommend approving an Alternative Electric Supplier license for American PowerNet Management, L.P. (American PowerNet). Below are summary items from the American PowerNet application process and a listing of the key items related to the fitness of American PowerNet Management, L.P., as an Alternative Electric Supplier.

American PowerNet Management, L.P.

American PowerNet is registered with the Michigan Corporations Division as a foreign limited partnership, ID number L90113, and is chartered in Pennsylvania. American PowerNet was formed on November 11, 1999 in the State of Pennsylvania.

American PowerNet is privately held and has a wholly-owned affiliate, American PowerNet Services, L.P.; a Pennsylvania limited partnership company, which provides energy management services.

American PowerNet Management, L.P. operations

American PowerNet is licensed and operates in the wholesale and retail markets in Maryland, Virginia, New Jersey and Washington D.C. American PowerNet is not currently serving customers in the Washington D.C. area.

American PowerNet's customer base represents over 100 MW of commercial and industrial load. American PowerNet serves approximately 10 large commercial, industrial, and governmental entities. American PowerNet procures all of its electricity from the wholesale market, which supports a retail obligation.

American PowerNet has extensive experience and expertise to reliably serve in both wholesale and retail markets. American PowerNet has a leading position in the retail electric aggregation business and is the first independent company in the country to develop and provide wholesale electric procurement services to large retail clients.

American PowerNet has an office in Escanaba, Michigan. American PowerNet plans to establish a toll-free telephone number for customer contact and services throughout the state, which is currently not a requirement.

With respect to Part II items of the Application:

Item 13 -- Two years of audited financial documents.

American PowerNet's financials are combined with its affiliate, American PowerNet Services, L.P. American PowerNet submitted financials for 2004 and 2005, which staff has reviewed. These financials have not been audited; Staff has spoken with American PowerNet's accountant regarding these financials. Staff concludes that the financial resources available to the applicant are sufficient for licensing.

Item 14 - Letter of credit or bond

A Letter of Credit in the amount of \$100,000 for American PowerNet was issued on May 12, 2006 and delivered to the Commission on May 15, 2006.

Item 15 - Resumes or bios

Bios and Resumes of key personnel were provided and are attached to this memo. These show extensive combined experience in the industry representing approximately 100 years of regulated and unregulated utility experience.

Item 16 - Business plan/risk management

Brian Ballinger, Bill Stosik and I met with American PowerNet representative Scott Helms on April 20, 2006. In that meeting, the general business plan including the target market and contracts by American PowerNet was discussed. In addition, American PowerNet provided an outline of its risk management strategy and discussed their customer complaint resolution process.

Staff is satisfied that American PowerNet has a sound business plan and is qualified to serve in Michigan's Electric Choice market.

Items related to fitness: American PowerNet Management, L.P.

1. American PowerNet Management, L.P., is a Pennsylvania Limited Liability Company formed in 1999.
2. American PowerNet Management, L.P., is a retail electricity marketer.
3. American PowerNet Management, L.P., serves retail electricity customers in Maryland, Virginia and New Jersey.
4. American PowerNet Management, L.P., obtains its electricity supply from the wholesale market.

Attachments: (1) Part 1 Application; (2) Affidavit; (3) Letter of Credit; (4) Resumes of key personnel; (5) Verification of registration to do business in Michigan

cc: Brian Ballinger with attachments