DTE Energy Company
2000 2nd Ave., Detroit, MI 48226-1279

**DTE Energy**

MichCon

June 19, 2007

Mr. Brian Ballinger, Supervisor
Financial Analysis Section
Michigan Public Service Commission
6545 Mercantile Way
Lansing, Michigan 48911

Re: MPSC Case No. U-10150 (Paperless) -
Michigan Consolidated Gas Company's 2006 Affiliate Transactions Compliance Report

Dear Mr. Ballinger:

Enclosed for filing is Michigan Consolidated Gas Company's Affiliate Transactions Compliance Report for the year 2006 as required by the order issued by the Michigan Public Service Commission dated October 28, 1993 in Case No. U-10150.

Very truly yours,

Peter B. Oleksiak
Vice President and Controller

Enclosures

# Michigan Consolidated Gas Company

## Affiliate Transactions Compliance Report

## Calendar Year 2006

June 19, 2007

The Michigan Consolidated Gas Company (MichCon) submits this annual Affiliate Transactions Compliance Report for calendar year 2006 pursuant to the Michigan Public Service Commission's (Commission) October 28, 1993 Order in Case No. U-10150.

The Company reserves the right to amend or supplement this Report as necessary and reserves the right to object to any specific disclosures as they may arise in the future.

Questions regarding the contents of this Report should be directed to Karen A. Freidline, Sr. Compliance Analyst – Pricing & Compliance, Regulatory Affairs, at 2000 2$^{nd}$ Ave., Room 1006 WCB, Detroit, MI 48226, or 313-235-6791 or freidlinek@dteenergy.com.

**ITEM 1**
That the utility ensure that the Commission has access to books and records of the holding company and each of its affiliates and their joint ventures.  Any objections to not providing all books and records must be raised before the Commission and the burden of showing that the request is unreasonable or unrelated to the proceeding is on the respondents.

**RESPONSE**
MichCon has provided the Commission access to its books and records in accordance with its jurisdiction and authority as provided by law.

**ITEM 2**
Each utility, holding company, and each of its subsidiaries and the joint ventures of the holding company and/or its subsidiaries shall employ accounting and other procedures and controls related to cost allocations and transfer pricing to ensure and facilitate full review by the Commission and to protect against cross-subsidization of non-utility activities by the utility's customers.

**RESPONSE**
MichCon has established and will continue to maintain accounting controls to facilitate review by the Commission.  The procedures employed by MichCon are available for review by the Commission Staff upon request.

**ITEM 3**

The holding company and each of its subsidiaries and the joint ventures of the holding company and/or its subsidiaries shall keep their books in a manner consistent with general accounting principles and, where applicable, consistent with the Uniform System of Accounts.

**RESPONSE**

MichCon, its affiliates, and subsidiaries maintain books consistent with general accounting principles and, where applicable, consistent with the Uniform System of Accounts. DTE Energy’s financial statements are audited by Deloitte & Touche LLP, an international certified public accounting firm, on an annual basis.

**ITEM 4a**
The utility shall furnish the Commission with:

> The quarterly and annual financial statements of the consolidated utility and/or its parent holding company.

**RESPONSE**
The Company, at previous dates and as a matter of routine, submitted the subject documents to the Commission.

**ITEM 4b**

The utility shall furnish the Commission with:

> Annual statements concerning the nature of intercompany transactions concerning the utility and a description of the basis upon which cost allocations and transfer pricing have been established in these transactions.

**RESPONSE**

MichCon routinely reports such transactions between its affiliates and/or subsidiaries. See Attachment 4b.1, Pages 228B and 228B-1, “Receivables from Associated Companies”, Attachment 4b.2, Page 260B, “Payables to Associated Companies”, Attachment 4b.3, Pages 358 through 359, “Summary of Costs Billed to Associated Companies”, and Attachment 4b.4, Pages 360 through 361A, “Summary of Costs Billed From Associated Companies.”

All of these attachments were taken from the MPSC Form P-522 for the year 2006.

The description of the basis upon which cost allocations and transfer pricing have been established in these transactions are contained in the “Affiliated Company Master Service Agreement” and “Service Level Agreement – Shared Services” which were submitted with the 2004 Affiliate Transactions Compliance Report and remain in effect.

**ITEM 4c**

The utility shall furnish the Commission with:

> Annual balance sheets and income statements of the non-regulated subsidiaries of the utility and/or the non-consolidated subsidiaries of the holding company;

**RESPONSE**

See Attachment 4c.1, the income statements and balance sheets of the subsidiaries of MichCon. Attachment 4c.2 provides income statements and balance sheets for the non-consolidated subsidiaries of the holding company.

**ITEM 4d**
The utility shall furnish the Commission with:

> As a separate exhibit in its next general rate case, an audit report of its transactions between the utility and its non-utility affiliates.

**RESPONSE**
An audit report of transactions between MichCon and its non-utility affiliates was furnished to the Commission with its general rate case, MPSC Case No. U-13898.

**ITEM 4e**
The utility shall furnish the Commission with:

> Federal income tax on a consolidated or non-consolidated basis depending on filing.

**RESPONSE**
The Company, at a previous date and as a matter of routine, submitted this information to the Commission.

**ITEM 5**
The utility shall avoid a diversion of management talent that would adversely affect the utility. An annual report identifying personnel transferred from the utility to non-utility subsidiaries is required.

**RESPONSE**
It is MichCon's position that no transfers/diversion of management talent that would adversely affect MichCon occurred during the year 2006.

During the calendar year 2006, the following employee transferred to a non-utility subsidiary:

| Employee Name | Transfer Date | Transferred From | Former Position | Subsidiary Name | New Position |
|---|---|---|---|---|---|
| Gregory Woloszczuk | 12/25/2006 | MichCon | Gas Marketing Strategy & Support/Manager | Gas Storage Pipelines & Processing | Gas Storage Pipelines & Processing/Mgr. Business Development |

**ITEM 6**

The utility shall notify the Commission in writing within thirty days prior to any transfer to non-utility affiliates of any utility assets or property exceeding a fair market value of $100,000. Asset transfers from regulated to non-regulated shall be at the higher of cost or fair market value and non-regulated to regulated shall be at the lower of cost or fair market value. All services and supplies provided by non-regulated enterprises shall be at market price or 10% over fully allocated costs, whichever is less.

**RESPONSE**

There were no such transfers in 2006.

**ITEM 7**
Market, technological, or similar data transferred, directly or indirectly, from the utility to a non-utility affiliate shall be transferred at the higher of cost or fair market value.

**RESPONSE**
There were no such transfers in 2006.

# Michigan Consolidated Gas Company

# Affiliate Transactions Compliance Report

# Calendar Year 2006

# Attachments

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006

## RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)

1. Report particulars of notes and accounts receivable from associated companies * at end of year
2. Provide separate headings and totals for Accounts 145, Notes Receivable from Associated Companies. and 146. Accounts Receivable from Associated Companies. in addition to a total for the combined accounts
3. For notes receivable. list each note separately and state purpose for which received Show also in column (a) date of note. date of maturity and interest rate
4. If any note was received in satisfaction of an open account. state the period covered by such open account.
5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year.
6. Give particulars of any notes pledged or discounted. also of any collateral held as guarantee of payment of any note or account.

* NOTE " Associated companies" means companies or persons that. directly or indirectly. through one or more intermediaries. control. or are controlled by. or are under common control with. the accounting company This includes related parties.

Control" (including the terms "controlling." "controlled by." and "under common control with") means the possession. directly or indirectly. of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies. or alone. or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership, or voting of securities, common directors. officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

| Line No | Particulars (a) | Balance Beginning of Year (b) | Total for Year: Debits (c) | Total for Year: Credits (d) | Balance End of Year (e) | Interest For Year (f) |
|---|---|---|---|---|---|---|
| 1 | Account 145 | | | | | |
| 2 | MichCon Pipeline Company | 3.421,683 | 29.950.061 | 28.060.039 | 5.311.705 | 171.302 |
| 3 | Blue Lake Holding | - | 1,178 | 1,178 | - | 8 |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | Total Account 145 | $3,421,683 | $29,951,239 | $28,061,217 | $5,311,705 | $171,311 |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | Notes receivable from associated companies arise from the Inter-Company Credit Agreements | | | | | |
| 18 | Purpose: To provide a line of credit to associated companies | | | | | |
| 19 | Maturity Date: N/A | | | | | |
| 20 | Interest Rate: The prime rate at Bank One N A | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006

RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146) (Continued)

| Line No. | Particulars (a) | Balance Beginning of Year (b) | Totals for Year: Debits (c) | Totals for Year: Credits (d) | Balance End of Year (e) | Interest For Year (f) |
|---|---|---|---|---|---|---|
| 1 | Account 146 | | | | | |
| 2 | | | | | | |
| 3 | DTE Enterprises. Inc. | 162.805 | 636.803 | 748,891 | 50,717 | |
| 4 | MCN Energy Enterprises | 258,841 | 894.769 | 1.096,238 | 57.372 | |
| 5 | Citizens Gas Fuel Company | 124.067 | 730,484 | 733.530 | 121.021 | |
| 6 | MichCon Gathering Company | 230,625 | 3.079,860 | 2.711.442 | 599.043 | |
| 7 | MichCon Pipeline Company | 39.429 | 451,577 | 453.870 | 37,136 | |
| 8 | Jordan Valley Limited Partnership | 27,718 | 358.136 | 356,259 | 29,595 | |
| 9 | Saginaw Bay Pipeline Company | 30.958 | 777.522 | 443,406 | 365.074 | |
| 10 | Saginaw Bay Lateral Company | 10,496 | 119.863 | 122,182 | 8.177 | |
| 11 | Saginaw Bay Lateral Limited Partnership | 3,635 | 47,426 | 47,585 | 3.476 | |
| 12 | Westside Pipeline Company | 12.016 | 170.117 | 170.765 | 11.368 | |
| 13 | Washington 10 Holdings, Inc | 3,937,525 | 33.092.188 | 32.953,899 | 4,075,814 | 63,471 |
| 14 | DTE Gas Storage Company | (2,085) | 1,461.818 | 1.340,167 | 119,566 | |
| 15 | Thunder Bay Gathering Company | 39.635 | 661.128 | 683,705 | 17,058 | |
| 16 | Blue Lake Holdings | 280 | 1,823 | 1.974 | 129 | |
| 17 | Detroit Edison Company | 49.749,986 | 41.492.006 | 15.209,866 | 76,032.126 | 5,182 |
| 18 | DTE Energy Company | 7,185.625 | 73,797.219 | 74.651.444 | 6,331.400 | |
| 19 | DTE Energy Trading. Inc. | 253,567 | 2.073.728 | 2.171.796 | 155.499 | |
| 20 | DTE Energy Ventures | 7.025 | 74.185 | 69,201 | 12.009 | 54 |
| 21 | DTE Michigan Holdings, Inc | 20,764 | 118,375 | 99.110 | 40.029 | 308 |
| 22 | Shelby Storage LLC | - | 87,564 | 33.313 | 54.251 | 84 |
| 23 | MichCon Lateral Company | 146,537 | 1,499,701 | 1,515,681 | 130,557 | 59 |
| 24 | Washington 10 Storage Partnership | 53.977 | 296.875 | 269.886 | 80,966 | |
| 25 | DTE River Rouge No 1, LLC | 3,375 | 40.650 | 40,650 | 3.375 | |
| 26 | DTE Energy Services. Inc | 8,500 | 102,000 | 93,500 | 17,000 | |
| 27 | DTE Gas & Oil Company | 82.933 | 979,085 | 996.506 | 65,512 | |
| 28 | DTE Gas Storage Pipeline & Processing Co | - | 41,283 | 41.283 | - | 193 |
| 29 | MichCon Development Corporation | - | 20 | - | 20 | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | Total Account 146 | $62,388,234 | $163,086,206 | $137,056,149 | $88,418,292 | $69,351 |
| 38 | | | | | | |
| 39 | Total of Accounts 145 and 146 | $65,809,917 | $193,037,445 | $165,117,366 | $93,729,996 | $240,662 |

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006

PAYABLES TO ASSOCIATED COMPANIES (Accounts 233, 234)

1 Report particulars of notes and accounts payable to associated companies at end of year.
2 Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234 Accounts Payable to Associated Companies, in addition to a total for the combined accounts
3 List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate
4 Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.
5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.

| Line No | Particulars (a) | Balance Beginning of Year (b) | Totals for Year: Debits (c) | Totals for Year: Credits (d) | Balance End of Year (e) | Interest for Year (f) |
|---|---|---|---|---|---|---|
| 1 | Account 233 | | | | | |
| 2 | MichCon Development Corporation | $ 6,577,956 | $ 41,075 | $ 829.588 | $ 7,366,468 | $ 317.749 |
| 3 | Saginaw Bay Lateral Limited Partnership | 47,131 | 54,254 | 29,211 | 22,088 | 1,521 |
| 4 | Westside Pipeline Company | 4,525,333 | 3,981,319 | 948.569 | 1.492,582 | 215,554 |
| 5 | Saginaw Bay Lateral Company | 1.207,205 | 306,719 | 404,527 | 1,305.013 | 60.649 |
| 6 | Jordan Valley Limited Partnership | 4,611,315 | 651.471 | 2,091,229 | 6.051,073 | 238.674 |
| 7 | MichCon Gathering Company | 12,480.569 | 14.408,841 | 20.772,160 | 18,843,889 | 937,455 |
| 8 | Thunder Bay Gathering Company | 323,603 | 627.801 | 1,045,155 | 740,958 | 26.310 |
| 9 | Saginaw Bay Pipeline Company | 4,894,184 | 1,281,247 | 1,521,385 | 5.134,322 | 249,183 |
| 10 | MichCon Holdings, Inc | 4,383,866 | 27,375 | 237.609 | 4,594,100 | 210.234 |
| 11 | DTE Energy Company | 12,020.013 | 69,685,936 | 65.181,028 | 7,515,105 | 51,929 |
| 12 | MichCon Lateral Company | 4,105,926 | 3,069,225 | 4,435,683 | 5,472,384 | 239,047 |
| 13 | Blue Lake Holding | 0 | 2,007,490 | 2,697,651 | 690,162 | 48,515 |
| 14 | Total (Account 233) | $ 55,177,101 | $ 96,142,752 | $ 100,193,795 | $ 59,228,143 | $ 2,596,820 |
| 15 | | | | | | |
| 16 | Note: Notes Payable to associated companies arise from the Inter-Company Credit Agreement | | | | | |
| 17 | Purpose: To provide a line of credit from associated companies | | | | | |
| 18 | Maturity Date: N/A | | | | | |
| 19 | Interest Rate: The prime rate at Bank One, N.A. | | | | | |
| 20 | Account 234 | | | | | |
| 21 | DTE Energy Company | $ 15,261,921 | $ 144,902,969 | $ 145,006,228 | $ 15.365,180 | - |
| 22 | MichCon Gathering Company | 2,218,494 | 194.477 | 104.393 | 2,128,410 | - |
| 23 | MichCon Pipeline Company | 0 | 409,369 | 464.854 | 55,485 | - |
| 24 | Saginaw Bay Pipeline Company | 15,994 | 208.333 | 256,572 | 64,233 | - |
| 25 | DTE Enterprises | - | 264.776 | 285,529 | 20,753 | - |
| 26 | Detroit Edison Company | 7,752,489 | $ 29.481,546 | $ 24,819,574 | 3,090,517 | - |
| 27 | | | | | | |
| 28 | Total (Account 234) | $ 25,248,898 | $ 175,461,470 | $ 170,937,150 | $ 20,724,578 | $ - |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | Total | $ 80,425,999 | $ 271,604,223 | $ 271,130,945 | $ 79,952,721 | $ 2,596,820 |

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006

SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

1. In column (a) report the name of the associated company.
2. In column (b) describe the affiliation (percentage ownership, etc.).
3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, gas transportation services, dividends declared, etc.).
4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

| Line No | Company (a) | Affiliation (b) | Description: Nature of Goods and Services (c) | Account Number (d) | Amount Classified to Operating Income (e) |
|---|---|---|---|---|---|
| 1 | DTE Enterprises. Inc | Parent of MichCon Holdings | Admin. & General | | |
| 2 | MCN Energy Enterprises, Inc. | Subsidiary of DTE Enterprises | Admin. & General | | |
| 3 | Citizens Gas Fuel Company | Subsidiary of DTE Enterprises | Admin. & General | | |
| 4 | | | | | |
| 5 | MichCon Gathering Company | Subsidiary of MichCon | Admin. & General | | |
| 6 | | | | | |
| 7 | MichCon Pipeline Company | Subsidiary of MichCon | Admin. & General | | |
| 8 | | | | | |
| 9 | Jordan Valley Limited Partnership | Subsidiary of MichCon | Admin. & General | | |
| 10 | Saginaw Bay Pipeline Company | Subsidiary of MichCon | Admin. & General | | |
| 11 | DTE Energy Trading, Inc | Subsidiary of DTE Energy Resources | Gas Transportation | 489-46 | 2.189.638 |
| 12 | | | Gas Transportation | 489-63 | 168,461 |
| 13 | | | | | |
| 14 | Saginaw Bay Lateral Company | Subsidiary of MichCon | Admin & General | | |
| 15 | Saginaw Bay Lateral Limited Ptnrship | Subsidiary of MichCon | Admin & General | | |
| 16 | Westside Pipeline Company | Subsidiary of MichCon | Admin & General | | |
| 17 | | | | | |
| 18 | DTE Gas Storage Co. | Subsidiary of DTE Enterprises | Operations | 495-35 | 296,875 |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | Thunder Bay Gathering Co | Subsidiary of MichCon | Admin. & General | | |
| 23 | Blue Lake Holdings. Inc. | Subsidiary of MichCon | Admin & General | | |
| 24 | | | | | |
| 25 | The Detroit Edison Company | Subsidiary of DTE Energy Company | Admin. & General | 494-00 | 2,200,000 |
| 26 | | | Gas Transportation | 489-24 | 2,288,562 |
| 27 | DTE Energy Company | Parent of DTE Enterprises | Admin & General | | |
| 28 | | | Corp Support Group | 408-XX | 2,663,163 |
| 29 | | | Corp Support Group | | |
| 30 | | | Corp Support Group | 901XX-913XX | 19,226.655 |
| 31 | | | Corp Support Group | 920-XX | 17.782,590 |
| 32 | | | Corp Support Group | 921XX-930XX | 32,743,034 |
| 33 | | | | | |
| 34 | DTE Energy Ventures, Inc | Subsidiary of DTE Energy Company | Admin & General | | |
| 35 | | | | | |
| 36 | DTE River Rouge No. 1, L.L.C | Subsidiary of DTE Energy Resources | Gas Transportation | 489-25 | 354,792 |
| 37 | DTE Energy Services, Inc. | Subsidiary of DTE Energy Resources | Gas Transportation | 489-42 | 102,000 |
| 38 | | | | | |
| 39 | DTE Gas & Oil Company | Subsidiary of DTE Enterprises | Gas Transportation | 489-41 | 110,497 |
| 40 | DTE Michigan Holdings, Inc | Subsidiary of MCN Energy Enterprises | Admin. & General | | |
| 41 | Michcon Lateral Company | Subsidiary of MichCon | Admin. & General | | |
| TOTAL | | | | | $80,126,265 |

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006

SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.
7. In column (j) report the total.
8. In column (k) indicate the pricing method (cost, per contract terms, etc.).

| Account Number (f) | Amount Classified to Non-operating Income (g) | Account Number (h) | Amount Classified to Balance Sheet (i) | Total (j) | Pricing Method (k) | Line No. |
|---|---|---|---|---|---|---|
| | | 146-01 | 636,802 | 636,802 | cost | 1 |
| 415-10 | 353,280 | 146-02 | 541,489 | 894,769 | cost | 2 |
| | | 146-03 | 730,484 | 730,484 | cost | 3 |
| | | | | | | 4 |
| 415-10 | 26,880 | 146-33 | 341,538 | 368,418 | cost | 5 |
| | | | | | | 6 |
| 419-FR | 171.302 | 146-34. 40 | 451,577 | 622,879 | cost | 7 |
| | | | | | | 8 |
| 415-10,419-FT | 1,680 | 146-57 | 356,456 | 358,136 | cost | 9 |
| 415-10, 419-FU | 3.360 | 146-68 | 774,162 | 777,522 | cost | 10 |
| | | | | 2,189,638 | contract | 11 |
| | | | | 168,461 | contract | 12 |
| | | | | | | 13 |
| | | 146-78 | 119.863 | 119,863 | cost | 14 |
| | | 146-79 | 47,426 | 47,426 | cost | 15 |
| | | 146-87 | 170,117 | 170,117 | cost | 16 |
| | | | | | | 17 |
| 415-10, 419-GI, GM, | 1,580,401 | 146-06, 70. 89, 90, 97 | 33,399.327 | 35,276,603 | contract | 18 |
| 419-HC, HB | | | | | | 19 |
| | | | | - | cost | 20 |
| | | | | | | 21 |
| 415-10.419-FV | 1,680 | 146-37 | 659,468 | 661,148 | cost | 22 |
| 419 FQ | 8 | 146-15 | 1,823 | 1,831 | cost | 23 |
| | | | | | | 24 |
| 419-GJ, GL,415-10 | 7,282 | 146-12, 18, 20-25 | 12,319,510 | 14.526,792 | cost | 25 |
| | | | | 2.288,562 | contract | 26 |
| | | 146-00 | 545,900 | 545,900 | cost | 27 |
| | | | | 2,663.163 | cost | 28 |
| 426-XX | 598,316 | | | 598,316 | cost | 29 |
| | | | | 19,226,655 | cost | 30 |
| | | | | 17,782,590 | cost | 31 |
| | | | | 32,743,034 | cost | 32 |
| | | | | | | 33 |
| 419-GT | 54 | 146-04 | 74,131 | 74,185 | cost | 34 |
| | | | | | | 35 |
| | | | | 354,792 | contract | 36 |
| | | | | 102,000 | contract | 37 |
| | | | | | | 38 |
| | | 146-31 | 868,588 | 979.085 | contract | 39 |
| 419-GN,GQ | 367 | 146-19 | 118,008 | 118,375 | cost | 40 |
| | | 146-13 | 1,499,701 | 1,499,701 | cost | 41 |
| | $2,744,610 | | $53,656,371 | $136,527,246 | | |

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006

SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

1 In column (a) report the name of the associated company.

2 In column (b) describe the affliation (percentage ownership, etc.).

3 In column (c) describe the nature of the goods and services provided (administrative and general expenses, gas transportation services, dividends declared, etc.)

4 In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported

| Line No. | Company (a) | Affiliation (b) | Description: Nature of Goods and Services (c) | Account Number (d) | Amount Classified to Operating Income (e) |
|---|---|---|---|---|---|
| 1 | DTE Energy Company | Parent of DTE Enterprises | Corporate Support Group | 90100-91600 | 37,574,744 |
| 2 | | | Corporate Support Group | 92000-93500 | 102,939,770 |
| 3 | | | Corporate Support Group | 409-10 | 133,959 |
| 4 | | | Corporate Support Group | 408-AL | 3,317,410 |
| 5 | | | Corporate Support Group | 401-90 | 44,494 |
| 6 | | | Corporate Support Group | | |
| 7 | | | Interest Expense | | |
| 8 | | | Miscellaneous A/R | | |
| 9 | | | DFIT-Stock Based Comp. | | |
| 10 | | | | | |
| 11 | The Detroit Edison Company | Subsidiary of DTE Energy Co. | O&M Expense | 75000-89400 | 2,624,082 |
| 12 | | | Customer Service | 90200-91300 | 587,690 |
| 13 | | | A&G Expense | 921-00, 935-00 | 3,839,337 |
| 14 | | | A&G Expense | 926-20 | (270,713) |
| 15 | | | Rent Expense | 931-20 | 10,300,000 |
| 16 | | | Audit Fees | 923-00 | 1,043 |
| 17 | | | Miscellaneous Non-op | | |
| 18 | | | Construct/Retire WIP | | |
| 19 | | | Miscellaneous A/R | | |
| 20 | | | Materials & Supplies | | |
| 21 | | | Other Assets | | |
| 22 | | | Audit Fee Accrual | | |
| 23 | | | Environmental Reserve | | |
| 24 | | | Environmental Reserve | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | Blue Lake Holdings | Subsidiary of MichCon | Interest Expense | | |
| 28 | | | | | |
| 29 | MichCon Holdings, Inc | Parent of MichCon | Interest Expense | | |
| 30 | | | | | |
| 31 | Saginaw Bay Lateral Company | Subsidiary of MichCon | Interest Expense | | |
| 32 | | | | | |
| 33 | Saginaw Bay Lateral Limited Prtnrship | Subsidiary of MichCon | Interest Expense | | |
| 34 | | | | | |
| 35 | Westside Pipeline Company | Subsidiary of MichCon | Interest Expense | | |
| 36 | | | | | |
| TOTAL | | | | | |

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006

SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)

5 In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported

6 In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported

7 In column (j) report the total

8 In column (k) indicate the pricing method (cost, per contract terms, etc.).

| Account Number (f) | Amount Classified to Non-operating Income (g) | Account Number (h) | Amount Classified to Balance Sheet (i) | Total (j) | Pricing Method (k) | Line No |
|---|---|---|---|---|---|---|
| | | | | 37.574.744 | Cost | 1 |
| | | | | 102.939.770 | Cost | 2 |
| | | | | 133.959 | Cost | 3 |
| | | | | 3.317.410 | Cost | 4 |
| 415-50. 416-50 | 61.637 | | | 106.131 | Cost | 5 |
| 426-XX | 1.453.684 | | | 1.453.684 | Cost | 6 |
| 430-GE | 51.929 | | | 51.929 | Cost | 7 |
| | | 146XX | 1.359.724 | 1.359.724 | Cost | 8 |
| | | 19052 | (49.098) | (49.098) | Cost | 9 |
| | | | | | | 10 |
| | | | | 2.624,082 | Cost | 11 |
| | | | | 587.690 | Cost | 12 |
| | | | | 3.839.337 | Cost | 13 |
| | | | | (270.713) | Cost | 14 |
| | | | | 10.300.000 | Cost | 15 |
| | | | | 1.043 | Cost | 16 |
| 416-10. 426-40 | 3.059 | | | 3.059 | Cost | 17 |
| | | 107-00. 108-50. 186-10 | 4.698.112 | 4.698.112 | Cost | 18 |
| | | 146-XX | 679 | 679 | Cost | 19 |
| | | 154-42 | 1.314.671 | 1.314.671 | Cost | 20 |
| | | 184XX | 675.148 | 675.148 | Cost | 21 |
| | | 232-51 | 114.300 | 114,300 | Cost | 22 |
| | | 242-HA | 281,172 | 281.172 | Cost | 23 |
| | | 253-HA | 45.628 | 45.628 | Cost | 24 |
| | | | | | | 25 |
| | | | | | | 26 |
| 430-FP | 48.515 | | | 48.515 | Cost | 27 |
| | | | | | | 28 |
| 430-GD | 210.234 | | | 210,234 | Cost | 29 |
| | | | | | | 30 |
| 430-FT | 60.649 | | | 60.649 | Cost | 31 |
| | | | | | | 32 |
| 430-FQ | 1.521 | | | 1.521 | Cost | 33 |
| | | | | | | 34 |
| 430-FR | 215.554 | | | 215.554 | Cost | 35 |
| | | | | | | 36 |

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2005

SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)

1 In column (a) report the name of the associated company
2 In column (b) describe the affiliation (percentage ownership, etc.)
3 In column (c) describe the nature of the goods and services provided (administrative and general expenses, gas transportation services, dividends declared, etc.)
4 In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported

| Line No. | Company (a) | Affiliation (b) | Description: Nature of Goods and Services (c) | Account Number (d) | Amount Classified to Operating Income (e) |
|---|---|---|---|---|---|
| 1 | Jordan Valley Pipeline Company | Subsidiary of MichCon | Interest Expense | | |
| 2 | | | | | |
| 3 | Saginaw Bay Pipeline Company | Subsidiary of MichCon | Interest Expense | | |
| 4 | | | O&M Expense | 856-00, 858-01 | (145,209) |
| 5 | | | | | |
| 6 | Thunder Bay Gathering Company | Subsidiary of MichCon | Interest Expense | | |
| 7 | | | | | |
| 8 | MichCon Development Corporation | Subsidiary of MichCon | Interest Expense | | |
| 9 | | | | | |
| 10 | MichCon Gathering Company | Subsidiary of MichCon | O&M Expense | 801-15 | 8,257 |
| 11 | | | O&M Expense | 857-00 | 672 |
| 12 | | | Misc Royalty Income | 495-20 | (529) |
| 13 | | | Interest Expense | | |
| 14 | | | Miscellaneous A/R | | |
| 15 | | | Miscellaneous A/R | | |
| 16 | | | Refund Payable Customers | | |
| 17 | | | | | |
| 18 | Washington 10 Storage Partnership | Subsidiary of DTE Energy | Gas Purchases | 80603 | (219,810) |
| 19 | | Enterprises | Construct WIP | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | MichCon Pipeline Company | Subsidiary of MichCon | O&M Expense | 858-01 | 863,207 |
| 23 | | | Cash | | |
| 24 | | | Miscellaneous A/R | | |
| 25 | | | | | |
| 26 | MichCon Lateral Company | Subsidiary of MichCon | Interest Expense | | |
| 27 | | | | | |
| 28 | DTE Gas & Oil Company | Subsidiary of DTE Energy | O&M Expense | 804-25 | (402,249) |
| 29 | | Enterprises | | | |
| 30 | DTE Energy Enterprises | Subsidiary of DTE Energy Co. | Other Expenses | | |
| 31 | | | | | |
| 32 | MCN International Corporation | Subsidiary of DTE Energy | Miscellaneous A/R | | |
| 33 | | Enterprises | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | | | | | |
| TOTAL | | | | | $161,196,155 |

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006

SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)

5 In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported

6 In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported

7 In column (j) report the total

8 In column (k) indicate the pricing method (cost, per contract terms, etc )

| Account Number (f) | Amount Classified to Non-operating Income (g) | Account Number (h) | Amount Classified to Balance Sheet (i) | Total (j) | Pricing Method (k) | Line No |
|---|---|---|---|---|---|---|
| 430-FF | 238,674 | | | 238.674 | Cost | 1 |
| | | | | | | 2 |
| 430-FS | 249.183 | | | 249.183 | Cost | 3 |
| | | | | (145.209) | Cost | 4 |
| | | | | | | 5 |
| 430-FZ | 26.310 | | | 26.310 | Cost | 6 |
| | | | | | | 7 |
| 430-FG | 317.749 | | | 317.749 | Cost | 8 |
| | | | | | | 9 |
| | | | | 8.257 | Cost | 10 |
| | | | | 672 | Cost | 11 |
| | | | | (529) | Cost | 12 |
| 430-FH | 937.455 | | | 937.455 | Cost | 13 |
| | | 143-91 | 70.794 | 70 794 | Cost | 14 |
| | | 146-33 | 430 | 430 | Cost | 15 |
| | | 242-33 | 16.700 | 16.700 | Cost | 16 |
| | | | | | | 17 |
| | | | | (219.810) | Cost | 18 |
| | | 107-00 | (539.100) | (539.100) | Cost | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | 863.207 | Cost | 22 |
| | | 131-10 | 1.715 | 1.715 | Cost | 23 |
| | | 143-73 | 1.713 | 1.713 | Cost | 24 |
| | | | | | | 25 |
| 430-GL | 239.047 | | | 239.047 | Cost | 26 |
| | | | | | | 27 |
| | | | | (402.249) | Cost | 28 |
| | | | | | | 29 |
| 88000 | 20.753 | | | 20 753 | Cost | 30 |
| | | | | | | 31 |
| | | 146-XX | 455 | 455 | Cost | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| | | | | | | 35 |
| | | | | | | 36 |
| | | | | | | 37 |
| | $3,897,279 | | $7,993,043 | $173,325,151 | | |

# DTE Energy Enterprises
# Michigan Consolidated Gas Company
# Consolidated Statement of Income

12 Months December, 2006

| | Item | Michcon | Michcon Develop. | Michcon Pipeline | Blue Lake Holding | Elims & Reclasses | Michcon Consol. |
|---|---|---|---|---|---|---|---|
| **Operating Revenues** | 1 | 1,785,428 | - | 26,748 | - | (871) | 1,811,305 |
| **Operating Expenses** | | | | | | | |
| Fuel, purchased power and gas | 2 | 1,126,515 | - | - | - | (8) | 1,126,507 |
| Operation and maintenance | 3 | 409,702 | - | 12,575 | 2 | (865) | 421,415 |
| Depreciation, depletion and amortizatio | 4 | 89,907 | - | 4,867 | - | - | 94,774 |
| Taxes other than income | 5 | 51,678 | (60) | 1,626 | - | - | 53,244 |
| Gains on sale of assets | 6 | (207) | - | - | - | - | (207) |
| Total Operating Expenses | 7 | 1,677,596 | (60) | 19,068 | 2 | (873) | 1,695,733 |
| **Operating Income** | 8 | 107,833 | 60 | 7,680 | (2) | 1 | 115,572 |
| **Other (Income) and Deductions** | | | | | | | |
| Interest expense | 9 | 69,162 | - | 178 | - | (2,506) | 66,834 |
| Interest income | 10 | (9,037) | (318) | (1,968) | (49) | 2,506 | (8,865) |
| Minority interest | 11 | - | - | 199 | - | - | 199 |
| Other income | 12 | (12,706) | - | - | (2,862) | 8,238 | (7,329) |
| Other expenses | 13 | 605 | - | - | - | - | 605 |
| Total Other (Income) and Deduction | 14 | 48,024 | (318) | (1,592) | (2,910) | 8,238 | 51,443 |
| **Income Before Income Taxes** | 15 | 59,808 | 378 | 9,272 | 2,908 | (8,237) | 64,129 |
| **Income Taxes** | 16 | 8,011 | (131) | 3,447 | 1,004 | - | 12,330 |
| **Net Income** | 17 | 51,798 | 509 | 5,825 | 1,904 | (8,237) | 51,799 |
| **Cumulative Effect of a Change in Accounting** | 18 | (91) | - | - | - | - | (91) |
| **Income after Cumulative Effect** | 19 | 51,889 | 509 | 5,825 | 1,904 | (8,237) | 51,890 |
| **Equity Earning included in Other - Net Expense** | 20 | (8,238) | - | - | - | 8,238 | - |

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# DTE Energy Enterprises
# Michigan Consolidated Gas Company
## Consolidated Balance Sheet

December 31, 2006

| | Item | Michcon | Michcon Develop. | Michcon Pipeline | Blue Lake Holding | Elims & Reclasses | Michcon Consol. |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| **Current Assets** | | | | | | | |
| Cash and cash equivalents | 1 | 526 | - | 16 | - | - | 542 |
| Restricted cash | 2 | - | - | - | - | - | - |
| Accounts receivable | | | | | | | |
| Customer (less allowance for doubtful accounts) | 3 | 249,334 | - | 4,934 | - | - | 254,268 |
| Accrued unbilled revenues | 4 | 109,535 | - | - | - | - | 109,535 |
| Under recovery of supply costs | 5 | - | - | - | - | - | - |
| Other | 6 | 108,371 | - | 2,833 | - | (3,456) | 107,748 |
| Notes receivable | 7 | 6,928 | 7,366 | 39,062 | 690 | (52,431) | 1,616 |
| Inventories | | | | | | | |
| Fuel | 8 | - | - | - | - | - | - |
| Gas | 9 | 76,828 | - | - | - | - | 76,828 |
| Materials and supplies | 10 | 16,539 | - | - | - | - | 16,539 |
| Prepaid property taxes | 11 | 4,646 | - | 2,019 | - | - | 6,665 |
| Assets from risk management and trading activities | 12 | - | - | - | - | - | - |
| Deferred income taxes | 13 | 21,312 | - | - | - | - | 21,312 |
| Other | 14 | 108,997 | 93 | 5,793 | - | (5,793) | 109,090 |
| | 15 | 703,016 | 7,460 | 54,657 | 690 | (61,680) | 704,143 |
| **Investments** | | | | | | | |
| Nuclear decommissioning trust funds | 16 | - | - | - | - | - | - |
| Other | 17 | 166,558 | 1,829 | 115 | 10,625 | (84,927) | 94,200 |
| | 18 | 166,558 | 1,829 | 115 | 10,625 | (84,927) | 94,200 |
| **Property** | | | | | | | |
| Property, plant and equipment | 19 | 3,220,339 | - | 165,805 | - | - | 3,386,144 |
| Property under capital leases | 20 | 5,232 | - | - | - | - | 5,232 |
| Less accumulated depreciation, depletion and amortization | 21 | 1,407,816 | - | 131,844 | - | - | 1,539,660 |
| | 22 | 1,817,756 | - | 33,961 | - | - | 1,851,717 |
| **Other Assets** | | | | | | | |
| Goodwill | 23 | - | - | 809 | - | - | 809 |
| Regulatory assets | 24 | 361,616 | - | - | - | - | 361,616 |
| Intangible Assets, net | 25 | 7 | - | 966 | - | - | 973 |
| Securitized regulatory assets | 26 | - | - | - | - | - | - |
| Prepaid pension assets | 27 | 365,549 | - | - | - | - | 365,549 |
| Notes receivable | 28 | 78,344 | 305 | - | - | - | 78,649 |
| Assets from risk management and trading activities | 29 | - | - | - | - | - | - |
| Deferred income taxes | 30 | | | | | | |
| Other | 31 | 18,700 | - | 3 | - | (34) | 18,670 |
| | 32 | 824,216 | 305 | 1,778 | - | (34) | 826,265 |
| **Total Assets** | 33 | 3,511,546 | 9,594 | 90,510 | 11,315 | (146,640) | 3,476,325 |

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# DTE Energy Enterprises
# Michigan Consolidated Gas Company
# Consolidated Balance Sheet

December 31, 2006

| | Item | Michcon | Michcon Develop. | Michcon Pipeline | Blue Lake Holding | Elims & Reclasses | Michcon Consol. |
|---|---|---|---|---|---|---|---|
| **Liabilities and Shareholders' Equity** | | | | | | | |
| **Current Liabilities** | | | | | | | |
| Accounts payable | 1 | 218,254 | 0 | 2,288 | 0 | (3,491) | 217,051 |
| Accrued interest | 2 | 14,879 | - | - | - | - | 14,879 |
| Preferred dividends payable | 3 | - | - | - | - | - | - |
| Common dividends payable | 4 | 12,500 | - | - | - | - | 12,500 |
| Accrued payroll | 5 | 2,594 | - | - | - | - | 2,594 |
| Accrued vacations | 6 | - | - | - | - | - | - |
| Over recovery of supply costs | 7 | 80,716 | - | - | - | - | 80,716 |
| Short-term borrowings | 8 | 389,281 | - | 5,312 | - | (52,431) | 342,162 |
| Income taxes | 9 | (254) | 91 | 3,057 | 1,104 | - | 3,999 |
| Deferred income taxes | 10 | | | | | | |
| General taxes | 11 | 7,592 | (10) | 2,141 | - | - | 9,723 |
| Gas inventory equalization | 12 | - | - | - | - | - | - |
| Current portion of long-term debt | 13 | 30,000 | - | - | - | - | 30,000 |
| Current portion of capital leases | 14 | - | - | - | - | - | - |
| Liabilities from risk management and trading activities | 15 | - | - | - | - | - | - |
| Other | 16 | 63,346 | - | - | - | (5,793) | 57,553 |
| | 17 | 818,908 | 81 | 12,798 | 1,104 | (61,715) | 771,177 |
| **Other Liabilities** | | | | | | | |
| Deferred income taxes | 18 | 176,351 | 783 | 2,715 | 1,577 | - | 181,426 |
| Regulatory liabilities | 19 | 509,714 | - | - | - | - | 509,714 |
| Asset Retirement Obligations | 20 | 99,589 | - | 3,970 | - | - | 103,558 |
| Unamortized investment tax credit | 21 | 14,804 | - | - | - | - | 14,804 |
| Liabilities from transportation and storage contracts | 22 | - | - | - | - | - | - |
| Liabilities from risk management and trading activities | 23 | - | - | - | - | - | - |
| Accrued postretirement benefit costs | 24 | 346,764 | - | - | - | - | 346,764 |
| Accrued environmental costs | 25 | 35,792 | - | 344 | - | - | 36,136 |
| Deferred gains from asset sales | 26 | - | - | - | - | - | - |
| Minority interest | 27 | - | - | (5) | - | - | (5) |
| Nuclear decommissioning | 28 | - | - | - | - | - | - |
| Qualified pension liability | 29 | 10,833 | - | - | - | - | 10,833 |
| Other | 30 | 27,321 | 2,148 | 977 | - | - | 30,446 |
| | 31 | 1,221,167 | 2,932 | 8,001 | 1,577 | - | 1,233,675 |
| **Long-Term Debt** | | | | | | | |
| Mortgage bonds, notes and other | 32 | 714,670 | - | - | - | - | 714,670 |
| Securitization bonds | 33 | - | - | - | - | - | - |
| Equity-linked debt securities | 34 | - | - | - | - | - | - |
| Trust preferred-linked securities | 35 | - | - | - | - | - | - |
| Capital lease obligations | 36 | - | - | - | - | - | - |
| | 37 | 714,670 | - | - | - | - | 714,670 |
| **Preferred Securities of Subsidiaries** | 38 | - | - | - | - | - | - |
| **Shareholder's Equity** | | | | | | | |
| Common stock, without par value | 39 | 442,841 | 17,164 | 34,446 | 7,490 | (59,100) | 442,841 |
| Retained earnings | 40 | 315,120 | (10,582) | 35,266 | 1,144 | (25,826) | 315,121 |
| Accumulated other comprehensive income (loss) | 41 | (1,159) | - | - | - | - | (1,159) |
| | 42 | 756,801 | 6,581 | 69,712 | 8,634 | (84,925) | 756,803 |
| **Total Liabilities and Shareholder's Equity** | 43 | 3,511,546 | 9,594 | 90,510 | 11,315 | (146,640) | 3,476,325 |

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**DTE Energy Trust I**
**For the Year 2006**
**As of 12/31/2006**

| | Debit | Credit | |
|---|---|---|---|
| **BALANCE SHEET** | | | |
| **Assets:** | | | |
| L/T Note Receivable | $ 185,567,025.00 | | |
| Interest and Dividends Receivable | $ 2,412,371.32 | | |
| **Liabilities:** | | | |
| Preferred Securities | | $ 180,000,000.00 | |
| Interest Payable - Preferred Securities | | $ 2,340,000.00 | |
| Interest Payable - Common Securities | | $ 72,371.32 | |
| **Equity:** | | | |
| Common Stock | | $ 5,567,025.00 | |
| Dividends Paid | $ 2,154,253.55 | | |
| Declared Dividends | $ 7,020,000.00 | | |
| Retained Earnings | | $ 8,740,025.59 | |
| Net Income | | $ 434,227.96 | |
| | $ 197,153,649.87 | $ 197,153,649.87 | |
| **INCOME STATEMENT** | | | |
| Interest & Dividend Income | | $ 14,471,227.96 | |
| Interest & Dividend Expense | $ 14,040,000.00 | | |
| | $ 14,040,000.00 | $ 14,471,227.96 | $ (434,227.96) NI |

**DTE Energy Trust II**
**For the Year 2006**
**As of 12/31/2006**

| | Debit | Credit | |
|---|---|---|---|
| **BALANCE SHEET** | | | |
| **Assets:** | | | |
| L/T Note Receivable | $103,092,825.00 | | |
| Interest and Dividends Receivable | $ 644,330.15 | | |
| **Liabilities:** | | | |
| Preferred Securities | | $ 100,000,000.00 | |
| Interest Payable - Preferred Securities | | $ 625,000.00 | |
| Interest Payable - Common Securities | | $ 19,330.15 | |
| **Equity:** | | | |
| Common Stock | | $ 3,092,825.00 | |
| Dividends Paid | $ 599,234.85 | | |
| Retained Earnings | | $ 367,272.97 | |
| Net Income | | $ 231,961.88 | |
| | $104,336,390.00 | $ 104,336,390.00 | |
| **INCOME STATEMENT** | | | |
| Interest & Dividend Income | | $ 7,731,961.88 | |
| Interest & Dividend Expense | $ 7,500,000.00 | | |
| | $ 7,500,000.00 | $ 7,731,961.88 | $ (231,961.88) NI |