Consumers Energy

A CMS Energy Company

Glenn P. Barba
Vice President, Controller
and Chief Accounting Officer

June 17, 2009

RECEIVED
JUN 18 2009
MICHIGAN PUBLIC SERVICE COMMISSION

Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
PO Box 30221
Lansing, MI 48909

Dear Ms. Kunkle:

In accordance with the Commission's May 3, 2000 Order in Case Number U-11916, Guidelines for Transactions Between Affiliates, Consumers Energy is required to file an annual report relating to Guidelines 4(a), 4(b), 4(c), 5, 6, 7, and 8. The attached report addresses that requirement (see Appendix A). In addition, Guideline 4(d) states that an internal audit shall be submitted in 2000 and at the end of each third year following 2000; the next internal audit report will be filed in the 2009 Affiliated Transactions Report. Also, Guideline 4(e) states that the federal income tax return be provided; this return shall be available to the Commission for inspection and review at the Michigan business office of Consumers Energy. The 2008 return will be completed by September 15, 2009.

CMS Energy and all of its affiliates keep their books in a manner consistent with generally accepted accounting principles, and in addition, Consumers Energy keeps its books in accordance with the MPSC Uniform System of Accounts (see Guideline 3). To the best of my knowledge, Consumers Energy, CMS Energy and their affiliates employ appropriate accounting procedures and other procedures and controls relating to transfer pricing and cost allocation so as to facilitate a full review by audit and to protect against cross subsidization (see Guideline 2).

Sincerely,

Glenn P. Barba

Enclosure

CC: Nancy Katsarelas, MPSC (6 copies)

CONSUMERS ENERGY COMPANY – 2008

Electric and Gas Affiliate Transactions Report
(Reference Case No. U-11916)

Guideline No.	Description	Comments
4.	The utility shall furnish the Commission with:	
	a. Consolidated 10K reports and shareholders' reports of the consolidated utility and/or its parent holding company on an annual basis.	These reports are sent to the Electric and Gas Divisions of the MPSC when they are filed with the SEC.
	b. Annual reports concerning the utility's intercompany transactions. The report shall provide a specific explanation of the nature of each transaction and a specific description of the basis for the cost allocations and transfer pricing established in each transaction.	See Appendix B
	c. Annual balance sheets and income statements of the non-regulated subsidiaries of the utility and/or the non-consolidated subsidiaries of the holding company.	See Appendix C
	d. Reports of internal audits conducted regarding transactions between the utility and its non-utility affiliates, which shall be submitted with the annual report for the year 2000 and with subsequent annual reports due at the end of each third year following 2000.	The next report is due for the year 2009.
	e. Provide federal income tax on a consolidated or non-consolidated basis depending on filing.	The consolidated tax return for CMS Energy and its subsidiaries is available for review at Consumers' Corporate headquarters. (Due date of September 15, 2009.)

Guideline No.	Description	Comments
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:	See Appendix D.
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. At the time that notice is provided, the utility shall make available to the Commission information that demonstrates how the transfer price was determined.	No transfers in 2008.
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.	No transfers in 2008.
8.	In its annual report, each utility shall provide information on any arrangement that allows an affiliate to obtain credit in a manner that permits a creditor, upon default, to have recourse to or in any way encumber the utility's assets.	No arrangements pledging assets have been made.

CONSUMERS ENERGY COMPANY - 2008

Response to Utility Guideline 4b

Consumers Energy Company's policy for providing services to other CMS Energy entities is outlined in CMS Policy and Procedure series 6100 (Appendix B, pages 2-15). The policy covers the use of an Intercompany Services Request to control and document the services to be provided and to acquire authorization for charging from the organization receiving the services. It also describes the procedures for accumulating direct costs, determining an overhead rate for recovering administrative and general costs and payroll additives, calculating a cost of money loading and internal accounting and budgeting procedures to be followed. The overhead rates (Appendix B, page 6) are developed and applied to all labor charges that are incurred in providing services to the various subsidiaries.

The policy for charging specific individuals in the A&G support service group which perform work for a subsidiary is to charge directly. The overhead rates will include the remaining A&G costs not direct charged. The overhead rates have been developed to reimburse Consumers for costs incurred to eliminate any subsidization between customers and shareholders.

Common costs incurred by CMS Energy for the benefits of subsidiaries will be allocated to CMS Energy, Consumers and CMS Enterprises on a Massachusetts Formula basis which prorates each Company's level of net assets, operating revenue and payroll. CMS Energy costs incurred which do not inure to the benefit of existing subsidiaries will be retained at the Holding Company except for certain costs allocated back to the utility and accounted for as non-utility costs.

Pages 16-22 provide an explanation of transactions, a description of the basis for cost allocations and transfer pricing.

Effective Date: 05/27/2008
Series: ISW 6100 Intercompany Service Work
Section: ISW 6100 Intercompany Service Work
Type: Procedure
Subject Number: ISW 6100-01
Subject: Requesting, Estimating, Approving & Invoicing for Services

Document Information

Version Number: 13
Change Abstract:
No change to Company policy. This is a revised procedure. This change is to update the year to 2008 for the Intercompany and the Off-site Overhead Rates. Both overhead rates remained the same as the 2007 rates i.e. 87% and 67%, respectively.

Summary:
Described is the procedure by which CMS Energy or a CMS Energy/Consumers Energy subsidiary (referred to herein as an affiliated company) may request services from Consumers Energy Company.

REFERENCE:

PPM CAS 2105 - Responsibility Area and Function Changes

PPM ISW 6100-03 - Calculation of Labor Overhead Rate

PPM MMS 324-01A - Authorization to Execute/Amend Contracts

PPM MBS 6200-08 - MBS Reconciliation to the General Ledger

FORMS:

Number	Description
142	Intercompany Service Work (ICSW) Access Authorization
2551	Request for Function Change

Following are the policies and procedures which directs employees on the processing of Intercompany Services Requests. Hard copy ISW procedure manuals are retained in Intercompany / Miscellaneous Billing and by users.

POLICY:

The affiliated company requesting services from Consumers Energy shall have in place an Intercompany Services Agreement or they must enter into a formal contract for the requested services. Initiation of a request must be made electronically in the Intercompany Service Work System (ICSW) via Lotus Notes.

DEFINITIONS:

PROVIDING COMPANY - Consumers Energy

REQUESTING COMPANY - The affiliated company that is requesting the services.

A contract or purchase order shall be established for any intercompany transaction involving an affiliated company not 100% owned by CMS Energy.

ACCESS:

It is the responsibility of the Intercompany / Miscellaneous Billing application owner of ICSW to verify that there is control of access to information assets i.e. that only people who need access to information have it, and that those people only have the authority to use those functions needed to do their job.

1. An ICSW System group user access tables are maintained in Lotus Notes.

These user groups consist of ICSW Authors, Editors, Monitors, Readers, Billers and ErrorLog.

2. Form 142, Intercompany Service Work (ICSW) Access Authorization, which requests ICSW user access, is retained in Intercompany / Miscellaneous Billing. Form 142 is also used for a Director or above to authorize a designated approver.

APPROVAL:

REQUESTING COMPANY - To authorize work electronic approvals of estimated costs must be made by Officer, Manager, Director or designated assignee within their area of responsibility.

PROVIDING COMPANY - Electronic approvals of departmental costs shall be made in accordance with the Company's Policy and Procedure Manual MMS 324-01A (Authorization to Execute/Amend Contracts) .

ON-GOING REQUESTS:

POLICY:

Initiation of a request may be made by Requesting Company or Providing Company personnel.

- Essentially the same service year after year.
- Primarily to secure service receiver approval.
- Usually prepared/updated to correspond with budgeting cycle.
- Accounting Distribution assignment normally does not change.

PLANNED REQUESTS:

Initiation of a request will be made by Requesting Company Personnel.

- Not a year after year service.
- Usually prepared to correspond with budget cycle.
- Defines a general level of service available, required or to be provided.
- Primarily issued to secure service provider commitment
- Accounting distribution assigned after request approvals received.

UNPLANNED REQUESTS:

Initiation of a request will be made by Requesting Company personnel.

- Usually for specific activity/project not planned or forecasted.
- Accounting Distribution assigned after request approvals received.

RESPONSIBILITY:

INTERCOMPANY / MISC BILLING - Is responsible for ensuring compliance with the following procedure prior to assignment of function numbers, cost collection and invoicing.

Requesting Company

REQUESTING SERVICES

1. Access the Intercompany Services Work System database via Lotus Notes.

2. Display the Services Request Screen by clicking on *Create Request* or for on-going requests, select a prior request and click on *Copy Request.*

3. Complete the electronic request form.

A. Provide requested dates for *Date Estimate Required, Date Services Start* and *Date Services End.*

B. Select the *Name of Requesting Company.*

C. Select *Type of Service* requested.

D. Select the Consumers Energy *Name of Providing Department.*

E. Provide *Description of Service* being requested.

F. Check *ALLOCATE ESTIMATE ON A MONTHLY BASIS, Yes* or *No.*

4. Click *Send Mail* which saves the document and sends an Email message to respective department personnel to provide the service.

POLICY:

The department providing the service will be responsible for providing an estimate of costs which may be allocated monthly for comparison to actual costs. Where significant differences (25% or $1,000) of monthly comparisons occur, a revised forecast shall be provided.

RESPONSIBILITY:

Providing Company **ESTIMATING SERVICES (For Initial Approval of Estimate)**

1. Retrieve Email message and access the database for review of the respective request.

2. If the request can be fulfilled, activate the on-line estimate form by clicking *Create Estimate* and provide the desired information.

   A. Labor costs

   B. Material costs

   C. Other costs

   D. Overhead loading rates

   E. Designate dates for *Estimate Explosion* (estimates should reflect the expected cost by month)

   F. Designate charging method

   G. Provide additional *Comments* or *Attachments*

3. If the request cannot be fulfilled, return an Email message to requester providing the appropriate denial comments.

4. Click *Send Mail* which saves the document and sends an e-mail message to respective department personnel for approval of the Estimate.

Providing Company **PROVIDING DEPARTMENT APPROVAL**

1. Retrieve Email message and access the database for review of Request and

Estimate data.

2. If the Estimate is acceptable, complete estimate approval process.

   A. Click *Approval/Deny.*

   B. Click *Approve* and *OK* which saves the information and sends an Email message to the Requesting Company.

3. If the Estimate is unacceptable for approval:

   A. Click the *Approve/Deny.*

   B. Click *Deny* and *OK.*

   C. Provide the appropriate denial comments and click *OK,* which saves the data and sends an Email message to the individual who prepared the Estimate.

Requesting Company

REQUESTING COMPANY REVIEW (After Providing Company Estimate Approval)

1. Retrieve Email message and access the database.

2. Review the Request and Estimate and forward the electronic document to selected individual to provide final approval or denial by clicking *Forward.*

3. Prepare the appropriate comments and click *OK* which saves the data and sends an Email message to the selected individual.

Requesting Company

REQUESTING COMPANY APPROVAL

1. Retrieve Email message and access the database for review of Request and Estimate data.

2. If Request and Estimate data is acceptable for approval, complete approval process.

   A. Click *Final Approval/Deny.*

   B. Click *Approve* and *OK* which saves the data and sends an Email message to Accounting Department for Accounting Distribution assignment.

3. If the Request and Estimate data is unacceptable for approval:

   A. Click *Final Approval/Deny.*

   B. Click *Deny* and *OK.*

   C. Provide the necessary comments for denial and click *OK* which saves the data and sends an Email message to the individual who prepared the Estimate.

Intercompany / Misc Billing

ACCOUNTING DISTRIBUTION ASSIGNMENT

1. Retrieve Email message and access the database for review of Request and Estimate information.

2. If a new subsidiary or affiliate billing is being set up, Email the appropriate personnel in the Financial Results Department to request that a unique 146 Account for the applicable company is opened.

3. Request a new 8XXX function in the appropriate area by completing Form 2551, Request for Function Change (Reference PPM CAS 2105-Responsibility Area and Function Changes), and forward to the appropriate personnel in the Financial Results Department. Translate this new function to the new 146 Account or an existing 146 Account.

4. Record the Area/Function number to be used for cost accumulation on the Service Request.

5. Designate the *Labor Loading Rates* for the applicable year of service - 2008. (Refer to PPM ISW 6100-03.)

   A. General Office - (87%) Services provided by Consumers Energy employees occupying office space maintained in Consumers Energy facilities. This loading rate shall exclude those components of Consumers Energy administrative and general costs which are specifically in support of utility operations.

   B. Off-Site - (67%) Services provided by Consumers Energy employees working in non-Consumers Energy facilities. This loading rate excludes General Office occupancy costs because these employees do not utilize office space at Consumers Energy offices.

POLICY:

It is the responsibility of the department providing the service to ensure that a completed Request exists in the ICSW database. Costs incurred without proper approvals or completion of Request must be borne by the provider and recorded as non-utility expense.

All costs incurred, either direct or allocated, for services rendered must be billed to the appropriate affiliated company receiving the service. (Reference PPM ISW 6102-02, Accounting for Costs to be Billed and Charging Methods.)

Any billing to Energy Resource Management (ERM) shall be at the higher of cost or fair market value determined by an annual study completed by Intercompany/ Miscellaneous Billing.

Intercompany / Misc Billing

INVOICING

Key Internal Control (A)

1. Costs charged to 8XXX series functions will be downloaded to the ICSW database to respective request numbers.

   A. Direct charges for costs incurred may be made to the appropriate area and for 8XXX function number.

B. Charge-back journal entries charging the appropriate area and 8XXX function may be used for costs charged directly to department area/functions. Documentation must be maintained by respective departments in support of actual costs incurred.

C. Journal entries or fixed distribution designation on Personnel Action Forms (PAF) may be used for charging area 8XXX function numbers for monthly allocated costs. The cost allocation basis must be supported by an annual study.

2. Invoicing for actual costs charged will not occur unless an ICSW request has been prepared and approved within the ICSW database.

Key Internal Control (B)

3. Monthly invoices will be prepared within the ICSW database and issued electronically via Lotus Notes. These invoices are reconciled to the General Ledger by Account Number before being issued electronically.

4. An Email message will be sent to the Requesting Company when invoices have been electronically delivered.

5. Supporting details explaining actual costs being invoiced are provided electronically within the ICSW database.

POLICY:

The department performing the service is responsible for providing sufficient explanation of costs to satisfy the Requesting Company responsible for paying for the service. In the event that charges are disputed resulting from insufficient documentation, the department providing the service will suffer the loss of cost recovery.

OVERHEAD TRUE-UP

Calculate the difference between the ICSW actual overheads and CAS estimated overheads monthly and process JE 255, Overhead True-up in the following month.

RECORDING CASH PAYMENTS

The payment module was not developed in ICSW. Cash payments for ICSW invoices are entered into the Miscellaneous Billing System (MBS). Print the ICSW invoices and enter the invoice totals into MBS to track cash payments.

ACCOUNT RECONCILIATIONS

Reconcile 146XXX Account balances in the General Ledger monthly to MBS report 14, A/R Subsidiary Ledger. (Reference PPM CAS 2309-08, Billing Controls, Balancing A/R Subsidiary Ledger to General Ledger procedure and PPM MBS 6200-08, MBS Reconciliation to the General Ledger)

SARBANES-OXLEY SECURITY REVIEW

It is the responsibility of the Intercompany / Miscellaneous Billing application

owner of ICSW to verify that there is control of access to information assets i.e. that only people who need access to information have it, and that those people only have the authority to use those functions needed to do their job.

1. An ICSW System group user access tables are maintained in Lotus Notes. These user groups consist of ICSW Authors, Editors, Monitors, Readers, Billers and ErrorLog.

2. Form 142, Intercompany Service Work (ICSW) Access Authorization, which requests ICSW user access, is retained in Intercompany / Miscellaneous Billing. Form 142 is also used for a Director or above to authorize a designated approver.

3. The ICSW approver table is validated from an Human Resources Payroll System (HRPS) ad hoc report which lists Consumers, CMS Energy and their subsidiaries' Directors and Above. A monthly report is received from Technology Services that discloses additions and deletions to the list of Directors and Above. This report is used to maintain the ICSW Approver table.

4. The ICSW Department Profile is reviewed to verify that the assigned Department approver is on the HRPS Directors and Above report.

5. A review of ICSW System group users access is completed annually by E-mailing the appropriate Supervisors to determine if the individual user still requires access.

INTERNAL CONTROLS:

Authorization

- Access to the ICSW System represents distinct and specific users with a business need to access the application .
- ICSW System accessibility is assigned by the application owner in Intercompany / Miscellaneous Billing .
- The ICSW System application owner in Intercompany / Miscellaneous Billing maintains the users table in ICSW commensurate with Company approval policy .
- The Consumers service request is estimated by the providing department .
- The service request estimate is approved by the requesting and providing departments.

Prevention

(A)

- Billings are created from source documents that originate from and are authorized by the appropriate Business Unit .
- Separation of duties exist between requesting, estimating, approving, and invoicing intercompany services .
- Separation of duties exist between Treasury's processing of cash receipts and Intercompany / Miscellaneous Billing accounting for cash receipts and reconciling the 146XXX accounts.
- Michigan Public Service Commission Code of Conduct rules are followed so that there is no cross subsidization between Consumers and other CMS Energy subsidiaries .
- Labor and Expenses charged by the department providing the intercompany services are reviewed and approved by the providing

department supervisor .

- The ICSW invoices are reconciled to the General Ledger by Account Number before being issued electronically .
- The difference between the ICSW actual overheads and the Corporate Accounting System estimated overheads are trued -up in the following month.
- Data validation exists in the Corporate Accounting System for costs that flow through the ICSW System .
- Data tables and /or program logic is used to validate critical data in the Corporate Accounting System before processing, for accounting distributions .
- Procedures exist to minimize disruption of processing of valid transactions in the Corporate Accounting System .
- Desk manuals for each job promote employee understanding of job responsibilities .

Detection

(B)

- Monthly intercompany service costs within CAS that is transferred to ICSW is reconciled between the two systems .
- Performance Reviews : Actual ICSW amounts invoiced are compared to budget or forecasts for reasonableness .
- Periodic internal and regulatory audits are performed on the ICSW system .

Correction

- Suspense files are created in the Corporate Accounting System for rejected costs charged to invalid accounting distributions .
- Correction of invalid accounting distributions is timely so that financial activities are reflected in the proper accounting period .
- Corporate Accounting reports are provided for controlling outsorts and corrections .

Retention

- Source documents are retained in accordance with Corporate policies /legal requirements .
- System files are retained in accordance with Corporate policies /legal requirements .

Business Continuity

- The ICSW System has a Disaster Recovery Plan - processes are in place to ensure continuity of operations .
- The ICSW Disaster Recovery Plan is documented and periodically tested that support mission -critical applications and business processes .

Department Approver List

Management Approver List

Effective Date: 09/22/2003
Series: ISW 6100 Intercompany Service Work
Section: ISW 6100 Intercompany Service Work
Type: Procedure
Subject Number: ISW 6100-02
Subject: Accounting for Costs to be Billed & Charging Methods

Document Information

Version Number: 1
Change Abstract:
No change in Company policy. This is a revised procedure. Changed WORKING CAPITAL, to Cost of Money and described detailed calculation. Added Key Internal Controls and Internal Controls

Summary:

Key Internal Control (A)	Described is the procedure for accounting for costs charged by the Business Units to be billed for Intercompany Services.
DEFINITION:	DIRECT COST - Includes labor (with paid absence), chargebacks and certain other costs that are incurred to meet the needs of the task being performed.
POLICY:	All charges for Consumers services must be charged to CMS Energy or the appropriate CMS Energy/Consumers Energy subsidiary receiving the service.
DIRECT COSTS:	METHOD OF ACCUMULATION
Officers of Consumers Salaries/Expenses	Officers of Consumers who are normally charged to administrative and general shall be covered by the administrative and general overhead loading unless specifically assigned to support a billable task. Salaries and expenses for Officers of Consumers should be direct charged when specifically assignable to CMS Energy or a CMS Energy / Consumers subsidiary.
Managers/Directors Salaries/Expenses	Managers/Directors of Consumers who are normally charged to administrative and general shall be covered by the administrative and general overhead loading unless specifically assigned to support a billable task. Salaries and expenses for A&G Managers/Directors of Consumers should be direct charged when specifically assignable to CMS Energy or a CMS Energy / Consumers subsidiary.
Other Employees Salaries/Expenses	Charged to the appropriate companies on time sheets/expense accounts in accordance with "Direct Charge Expenditures".
Other Direct Charges Contractor, Consultant, Material, Services or Internal Chargeback	Charged to the appropriate company in accordance with "Direct Charge Expenditures".
ALLOCATED COSTS:	METHOD OF ACCUMULATION - Charge incurred costs as a direct cost allocation to the appropriate company in accordance with PPM ISW 6100-01.
COST OF	

MONEY

The Cost of Money (the time value of money) for intercompany transactions is calculated by multiplying the total amount invoiced by the Citibank Average Prime Rate for the month, times the number of days between the 25th of the month (the average date that various costs are paid for in a month) and the payment due date, divided by 365.

PROCEDURE: DIRECT CHARGE EXPENDITURES

Providing Company

1. Charge all costs incurred directly to the area/function number assigned by Accounting Services for the Intercompany Services Request.

   NOTE: It will be necessary for Exempt employees to complete Form 2655, Exempt Time Report (see HRP 4039-1), or make a PAF change (see HRP 4039-02) in order to charge directly to the area/function number assigned to the Intercompany Service Request, or process a journal entry.

PROCEDURE: DEPARTMENT CHARGE-BACK EXPENDITURE

Providing Company

1. Charge all incurred costs to normal 9XXX function numbers.

   A. If Work Is Support for Another Department - Process monthly chargeback Journal Entry charging the appropriate area and 8XXX function of the Providing Company (Department).

   B. If Work is Provided Directly to Requesting Company - Process monthly chargeback Journal Entry charging the appropriate 8XXX function opened within your area.

INTERNAL CONTROLS:

Prevention

(A)

- Billings are created from source documents that originate from and are authorized by the appropriate Business Unit .
- Michigan Public Service Commission Code of Conduct rules are followed so that there is no cross subsidation between Consumers and other CMS Energy subsidiaries .
- Labor and Expenses charged by the department providing the intercompany services are reviewed and approved by the providing department supervisor .
- The cost of money rate is loaded into ICSW by the application owner in Intercompany / Miscellaneous Billing and the system calculates the cost of money on the ICSW invoice .
- Data validation exists in the Corporate Accounting System for costs that flow through the ICSW System .
- Data tables and /or program logic is used to validate critical data in the Corporate Accounting System before processing, for accounting distributions .
- Procedures exist to minimize disruption of processing of valid transactions in the Corporate Accounting System .

Detection

- Performance Reviews : Actual ICSW amounts invoiced are compared to

budget or forecasts for reasonableness .
- Periodic internal and regulatory audits are performed on the ICSW system .

Correction

- Suspense files are created in the Corporate Accounting System for rejected costs charged to invalid accounting distributions .
- Correction of invalid accounting distributions is timely so that financial activities are reflected in the proper accounting period .
- Corporate Accounting reports are provided for controlling outsorts and corrections.

Retention

- Source documents are retained in accordance with Corporate policies /legal requirements.
- System files are retained in accordance with Corporate policies /legal requirements.

Department Approver List

Management Approver List

Effective Date: 05/27/2008
Series: ISW 6100 Intercompany Service Work
Section: ISW 6100 Intercompany Service Work
Type: Procedure
Subject Number: ISW 6100-03
Subject: Calculation of Labor Overhead Rate

Document Information

Version Number: 6
Change Abstract:
No change to Company policy. This is a revised procedure to list (by file attachment) the components of the 2008 Budgeted Intercompany and Off-Site Overhead Rates.

Summary:
Described is the procedure for the calculation of the General Office and Off-Site labor loading rates for intercompany billings.

REFERENCE: ISW 6100-01 - Requesting, Estimating, Approving and Invoicing for Services

POLICY: **A labor loading rate** for administrative and general costs and payroll additives shall be applied to all labor costs incurred by Consumers Energy employees for intercompany service work to allow for full recovery of all costs associated with intercompany service work.

Numerator: **Administrative and General Costs** - The following indirect costs that support labor and are not readily identifiable:

Administrative and General Salaries:

These costs include, but are not limited to administrative operations such as:

Treasury	Purchasing	Finance
Human Resources	Accounts Payable	Officers' Salaries
Corporate Budgeting	Payroll	

Other Administrative and General Costs:

Business expenses	Injuries and damages	Depreciation *
Operating services exp	Misc general expenses	Return on investment *
Outside services	Rents *	Property taxes *
Property insurance	Maintenance of general plant *	

Payroll Additives - All costs related to employee compensation and benefits. This includes, but is not limited to:

Payroll taxes
Employee pension and benefits *
Michigan Single Business Tax

* These costs are reduced in the calculation of the Off-Site loading rate, which is utilized for services provided by Consumers Energy employees working in non-Consumers Energy facilities. The Off-Site rate excludes General Office occupancy costs because these employees do not utilize office space at Consumers Energy offices.

Denominator: **Labor Base** - Total Company labor.

Calculation of Overhead Rates: **Administrative and General Costs** plus **Payroll Additives** divided by the **Labor Base** yields the **General Office** and **Off-Site Labor Overhead Rates** .

RESPONSIBILITY:

Intercompany / Misc Billing

Develop the current year budgeted intercompany overhead rates by the second workday of February of the current year. These overhead rates are input into the intercompany and below-the-line automated overhead journal entries for January, which run on the evening of the second workday. The file below shows the components of the 2008 budgeted intercompany overhead rate.



Interco OH Rates- 2008 Budget-Summary.xls

Disseminate the estimated labor loading rates as follows:

1. Update ICSW System tables with the estimated labor overhead rate components for the General Office overhead rate.
2. Update PPM ISW 6100-01 with the estimated General Office labor loading rate.
3. Email estimated labor overhead rate to Managers, Directors, Budget Coordinators, and others.

Develop prior year actual labor loading rates by February of the current year.

Calculate the difference between the prior actual labor overhead rate and the estimated labor overhead rate and make annual adjustments by company to previous invoices if the actual overhead rate is less than or greater than 3% from the estimate.

INTERNAL CONTROLS:

Prevention

- **Intercompany estimated labor loading rates for applicable administrative and general costs and payroll additives are loaded into ICSW annually . These rates are also updated in PPM ISW 6100-01.**
- **The estimated intercompany loading rates for administrative and general costs and payroll additives are trued -up to actual annually . If differences are material, debit invoices or credit invoices are issued by company .**
- **Michigan Public Service Commission Code of Conduct rules are followed so that there is no cross subsidization between Consumers and other CMS Energy subsidiaries .**
- **The ICSW invoices are reconciled to the General Ledger by Account Number before being issued electronically .**
- **Desk manuals for each job promote employee understanding of job responsibilities .**

Detection

- **Performance Reviews : Actual ICSW amounts invoiced are compared to**

budget or forecasts for reasonableness .
- Periodic internal and regulatory audits are performed on the ICSW system .

Retention

- Source documents are retained in accordance with Corporate policies /legal requirements.
- System files are retained in accordance with Corporate policies /legal requirements.

Business Continuity

- The ICSW System has a Disaster Recovery Plan - processes are in place to ensure continuity of operations .
- The ICSW Disaster Recovery Plan is documented and periodically tested that support mission -critical applications and business processes .

Department Approver List

Management Approver List

DETAIL OF COSTS BILLED TO AFFILIATES - 2008

Company Name	Affiliation	Description: Nature of Goods & Services	Classified to Operating Income (1)	Classified to Other Operating Income (2)	Classified to Balance Sheet (3)	Total	Account Number See Notes (1), (2), (3)	Billing Method
CMS Capital LLC	CMS Energy Sub	Tax Services	$ -	$ -	$ 1,211	$ 1,211		Full Cost
		Treasury Operations	$ -	$ -	$ 42,852	$ 42,852		Full Cost
		Overheads	$ 44,652	$ -	$ -	$ 44,652		Full Cost
		Cost of Money	$ -	$ 2,848	$ -	$ 2,848		Full Cost
		Total	$ 44,652	$ 2,848	$ 44,063	$ 91,563		
CMS Electric & Gas LLC	CMS Enterprises Sub	Communication Services	$ -	$ -	$ 7,960	$ 7,960		Full Cost
		Computer Services	$ -	$ -	$ 2,116	$ 2,116		Full Cost
		Employee Benefits	$ -	$ -	$ 134	$ 134		Full Cost
		Cost of Money	$ -	$ 76	$ -	$ 76		Full Cost
		Total	$ -	$ 76	$ 10,210	$ 10,286		
CMS Energy Corp (Massachusetts Formula)	Parent Company	Accounting Services	$ -	$ -	$ 1,205,451	$ 1,205,451		Full Cost
		Accounting Policy & Strategy	$ -	$ -	$ 787,305	$ 787,305		Full Cost
		Board of Directors	$ -	$ -	$ 1,529,859	$ 1,529,859		Full Cost
(Approximately 95% is charged to		Communicate, Evolve & Adapt Project	$ -	$ -	$ 1,873,360	$ 1,873,360		Full Cost
Consumers' O&M and approximately 5%		Communication Services	$ -	$ -	$ 134,294	$ 134,294		Full Cost
is billed to CMS Enterprises)		Corporate Insurance	$ -	$ -	$ 7,416,891	$ 7,416,891		Full Cost
		Corporate Secretary	$ -	$ -	$ 555,253	$ 555,253		Full Cost
		Employee Benefits	$ -	$ -	$ 17,089	$ 17,089		Full Cost
		External Audit	$ -	$ -	$ 13,150	$ 13,150		Full Cost
		External Financial Reporting	$ -	$ -	$ 822,135	$ 822,135		Full Cost
		Financial Forecasting	$ -	$ -	$ 1,203,581	$ 1,203,581		Full Cost
		Government Affairs	$ -	$ -	$ 374,737	$ 374,737		Full Cost
		Human Resources	$ -	$ -	$ 392,474	$ 392,474		Full Cost
		Internal Audit	$ -	$ -	$ 2,367,633	$ 2,367,633		Full Cost
		Investor Relations	$ -	$ -	$ 1,988,862	$ 1,988,862		Full Cost
		Tax Services	$ -	$ -	$ 1,542,326	$ 1,542,326		Full Cost
		Total	$ -	$ -	$ 22,224,400	$ 22,224,400		
CMS Energy Corporation	Parent Company	Accounting Services	$ -	$ -	$ 56,506	$ 56,506		Full Cost
		Administrative Services	$ -	$ -	$ 119,600	$ 119,600		Full Cost
		Communication Services	$ -	$ -	$ 16,452	$ 16,452		Full Cost
		Compliance Services	$ -	$ -	$ 603	$ 603		Full Cost
		Computer Services	$ -	$ -	$ 73,574	$ 73,574		Full Cost
		Consulting Services	$ -	$ -	$ 13,912	$ 13,912		Full Cost
		Corporate Finance	$ -	$ -	$ 25,167	$ 25,167		Full Cost
		Employee Benefits	$ -	$ -	$ 86,395	$ 86,395		Full Cost
		Executive Services	$ -	$ -	$ 876,824	$ 876,824		Full Cost
		Governmental Affairs	$ -	$ -	$ 319,521	$ 319,521		Full Cost
		Human Resources	$ -	$ -	$ 41,819	$ 41,819		Full Cost
		Insurance Services	$ -	$ -	$ 325,720	$ 325,720		Full Cost
		Investor Services	$ -	$ -	$ 129,689	$ 129,689		Full Cost
		Leasing Services	$ -	$ -	$ 2,025	$ 2,025		Full Cost
		Legal Services	$ -	$ -	$ 359,484	$ 359,484		Full Cost
		Tax Services	$ -	$ -	$ 2,803,825	$ 2,803,825		Full Cost
		Treasury Operations	$ -	$ -	$ 187,538	$ 187,538		Full Cost
		Overheads	$ 666,273	$ -	$ -	$ 666,273		Full Cost
		Cost of Money	$ -	$ 21,346		$ 21,346		Full Cost
		Total	$ 666,273	$ 21,346	$ 5,438,654	$ 6,126,273		
CMS Energy Resource Management Co.	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 43,039	$ 43,039		Full Cost
		Administrative Services	$ -	$ -	$ 4,035	$ 4,035		Full Cost
		Computer Services	$ -	$ -	$ 189,642	$ 189,642		Full Cost
		Consulting Services	$ -	$ -	$ 37,908	$ 37,908		Full Cost

DETAIL OF COSTS BILLED TO AFFILIATES - 2008

Company Name	Affiliation	Description: Nature of Goods & Services	Classified to Operating Income (1)	Classified to Other Operating Income (2)	Classified to Balance Sheet (3)	Total	Account Number See Notes (1), (2), (3)	Billing Method
		Employee Benefits	$ -	$ -	$ 9,443	$ 9,443		Full Cost
		Executive Services	$ -	$ -	$ 69,795	$ 69,795		Full Cost
		Financial Advisory Services	$ -	$ -	$ 14,065	$ 14,065		Full Cost
		Insurance Services	$ -	$ -	$ 52,090	$ 52,090		Full Cost
		Leasing Services	$ -	$ -	$ 65,718	$ 65,718		Full Cost
		Legal Services	$ -	$ -	$ 2,523	$ 2,523		Full Cost
		Tax Services	$ -	$ -	$ 35,689	$ 35,689		Full Cost
		Technical Support	$ -	$ -	$ 152,403	$ 152,403		Full Cost
		Telemetry Services	$ -	$ -	$ 22,534	$ 22,534		Full Cost
		Title Transfers	$ -	$ -	$ 44,780	$ 44,780		Full Cost
		Treasury Operations	$ -	$ -	$ 59,525	$ 59,525		Full Cost
		Overheads	$ 233,700	$ -	$ -	$ 233,700		Full Cost
		Cost of Money	$ -	$ 4,486	$ -	$ 4,486		Full Cost
		Total	$ 233,700	$ 4,486	$ 803,189	$ 1,041,375		
CMS Engineering Company	Consumers Sub	Accounting Services	$ -	$ -	$ 11,249	$ 11,249		Full Cost
		Engineering Services	$ -	$ -	$ 2,880	$ 2,880		Full Cost
		Executive Services	$ -	$ -	$ 3,000	$ 3,000		Full Cost
		Insurance Services	$ -	$ -	$ 155	$ 155		Full Cost
		Tax Services	$ -	$ -	$ 1,235	$ 1,235		Full Cost
		Overheads	$ 15,976	$ -	$ -	$ 15,976		Full Cost
		Cost of Money	$ -	$ 210	$ -	$ 210		Full Cost
		Total	$ 15,976	$ 210	$ 18,519	$ 34,705		
CMS Enterprises Company (includes approximately 5% Massachusetts Formula costs)	CMS Energy Sub	Accounting Policy & Strategy	$ -	$ -	$ 17,747	$ 17,747		Full Cost
		Accounting Services	$ -	$ -	$ 170,543	$ 170,543		Full Cost
		Administrative Services	$ -	$ -	$ 730,515	$ 730,515		Full Cost
		Audit Services	$ -	$ -	$ 54,464	$ 54,464		Full Cost
		Board of Directors	$ -	$ -	$ 33,895	$ 33,895		Full Cost
		Communicate, Evolve & Adapt Project	$ -	$ -	$ 165,644	$ 165,644		Full Cost
		Communication Services	$ -	$ -	$ 35,635	$ 35,635		Full Cost
		Compliance Services	$ -	$ -	$ 4,983	$ 4,983		Full Cost
		Computer Services	$ -	$ -	$ 731,581	$ 731,581		Full Cost
		Corporate Records	$ -	$ -	$ 3,615	$ 3,615		Full Cost
		Corporate Secretary	$ -	$ -	$ 12,843	$ 12,843		Full Cost
		Corporate Travel	$ -	$ -	$ 21,497	$ 21,497		Full Cost
		Employee Benefits	$ -	$ -	$ 293,474	$ 293,474		Full Cost
		Environmental Services	$ -	$ -	$ 5,078	$ 5,078		Full Cost
		Executive Services	$ -	$ -	$ 854,805	$ 854,805		Full Cost
		External Audit	$ -	$ -	$ 132,036	$ 132,036		Full Cost
		External Financial Reporting	$ -	$ -	$ 17,959	$ 17,959		Full Cost
		Financial Advisory Services	$ -	$ -	$ 3,036	$ 3,036		Full Cost
		Financial Forcasting	$ -	$ -	$ 17,974	$ 17,974		Full Cost
		Governmental Affairs	$ -	$ -	$ 99,688	$ 99,688		Full Cost
		Human Resources	$ -	$ -	$ 44,193	$ 44,193		Full Cost
		Insurance Services	$ -	$ -	$ 308,133	$ 308,133		Full Cost
		Internal Audit	$ -	$ -	$ 55,066	$ 55,066		Full Cost
		Investor Relations	$ -	$ -	$ 14,961	$ 14,961		Full Cost
		Leasing Services	$ -	$ -	$ 81,428	$ 81,428		Full Cost
		Legal Services	$ -	$ -	$ 113,399	$ 113,399		Full Cost
		Relocation Services	$ -	$ -	$ 34,337	$ 34,337		Full Cost
		Retail Services	$ -	$ -	$ 82,743	$ 82,743		Full Cost
		Shareholder Services	$ -	$ -	$ 18,812	$ 18,812		Full Cost
		Strategic Planning	$ -	$ -	$ 8,347	$ 8,347		Full Cost
		Tax Services	$ -	$ -	$ 301,685	$ 301,685		Full Cost
		Technical Support	$ -	$ -	$ 3,333	$ 3,333		Full Cost
		Treasury Operations	$ -	$ -	$ 30,571	$ 30,571		Full Cost

DETAIL OF COSTS BILLED TO AFFILIATES - 2008

Company Name	Affiliation	Description: Nature of Goods & Services	Classified to Operating Income (1)	Classified to Other Operating Income (2)	Classified to Balance Sheet (3)	Total	Account Number See Notes (1), (2), (3)	Billing Method
		Overheads	$ 1,219,763	$ -	$ -	$ 1,219,763		Full Cost
		Cost of Money	$ -	$ 27,218	$ -	$ 27,218		Full Cost
		Total	$ 1,219,763	$ 27,218	$ 4,504,020	$ 5,751,001		
CMS Gas Transmission Company	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 1,272	$ 1,272		Full Cost
		Administrative Services	$ -	$ -	$ 404	$ 404		Full Cost
		Employee Benefits	$ -	$ -	$ 84,957	$ 84,957		Full Cost
		Environmental Services	$ -	$ -	$ 7,424	$ 7,424		Full Cost
		Human Resources	$ -	$ -	$ 606	$ 606		Full Cost
		Insurance Services	$ -	$ -	$ 3,609	$ 3,609		Full Cost
		Laboratory Services	$ -	$ -	$ 3,249	$ 3,249		Full Cost
		Legal Services	$ -	$ -	$ 161	$ 161		Full Cost
		Real Estate Services	$ -	$ -	$ 70,732	$ 70,732		Full Cost
		Tax Services	$ -	$ -	$ 44,594	$ 44,594		Full Cost
		Treasury Operations	$ -	$ -	$ 16,532	$ 16,532		Full Cost
		Overheads	$ 52,674	$ -	$ -	$ 52,674		Full Cost
		Cost of Money	$ -	$ 1,315	$ -	$ 1,315		
		Total	$ 52,674	$ 1,315	$ 233,540	$ 287,529		
CMS Generation Filer City Operating LLC	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 5,166	$ 5,166		Full Cost
		Administrative Services	$ -	$ -	$ 2,231	$ 2,231		Full Cost
		Communication Services	$ -	$ -	$ 6,791	$ 6,791		Full Cost
		Computer Services	$ -	$ -	$ 7,288	$ 7,288		Full Cost
		Employee Benefits	$ -	$ -	$ 372,065	$ 372,065		Full Cost
		Environmental Services	$ -	$ -	$ 6,619	$ 6,619		Full Cost
		Human Resources	$ -	$ -	$ 1,356	$ 1,356		Full Cost
		Insurance Services	$ -	$ -	$ 279	$ 279		Full Cost
		Tax Services	$ -	$ -	$ 260	$ 260		Full Cost
		Overheads	$ 16,337	$ -	$ -	$ 16,337		Full Cost
		Cost of Money	$ -	$ 1,861	$ -	$ 1,861		Full Cost
		Total	$ 16,337	$ 1,861	$ 402,055	$ 420,253		
CMS Generation Michigan Power LLC	CMS Enterprises Sub	Operation & Maintenance Services	$ -	$ -	$ 19,189	$ 19,189		Full Cost
		Total	$ -	$ -	$ 19,189	$ 19,189		
CMS Generation Operating Co II, Inc.	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 4,841	$ 4,841		Full Cost
		Administrative Services	$ -	$ -	$ 68	$ 68		Full Cost
		Computer Services	$ -	$ -	$ 19,271	$ 19,271		Full Cost
		Employee Benefits	$ -	$ -	$ 286,811	$ 286,811		Full Cost
		Human Resources	$ -	$ -	$ 1,266	$ 1,266		Full Cost
		Insurance Services	$ -	$ -	$ 284	$ 284		Full Cost
		Tax Services	$ -	$ -	$ 43,169	$ 43,169		Full Cost
		Overheads	$ 64,438	$ -	$ -	$ 64,438		Full Cost
		Cost of Money	$ -	$ 1,950	$ -	$ 1,950		Full Cost
		Total	$ 64,438	$ 1,950	$ 355,710	$ 422,098		
CMS Generation Operating LLC	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 13,366	$ 13,366		Full Cost
		Administrative Services	$ -	$ -	$ 1,163	$ 1,163		Full Cost
		Communication Services	$ -	$ -	$ 2,319	$ 2,319		Full Cost
		Computer Services	$ -	$ -	$ 36,998	$ 36,998		Full Cost
		Employee Benefits	$ -	$ -	$ 1,022,641	$ 1,022,641		Full Cost
		Engineering Services	$ -	$ -	$ 5,816	$ 5,816		Full Cost
		Environmental Services	$ -	$ -	$ 7,293	$ 7,293		Full Cost
		Human Resources	$ -	$ -	$ 5,699	$ 5,699		Full Cost
		Insurance Services	$ -	$ -	$ 3,761	$ 3,761		Full Cost
		Tax Services	$ -	$ -	$ 45,857	$ 45,857		Full Cost
		Overheads	$ 81,607	$ -	$ -	$ 81,607		Full Cost

DETAIL OF COSTS BILLED TO AFFILIATES - 2008

Company Name	Affiliation	Description: Nature of Goods & Services	Classified to Operating Income (1)	Classified to Other Operating Income (2)	Classified to Balance Sheet (3)	Total	Account Number See Notes (1), (2), (3)	Billing Method
		Cost of Money	$ -	$ 5,554	$ -	$ 5,554		Full Cost
		Total	$ 81,607	$ 5,554	$ 1,144,913	$ 1,232,074		
CMS International Ventures LLC	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 1,402	$ 1,402		Full Cost
		Communication Services	$ -	$ -	$ 3,428	$ 3,428		Full Cost
		Computer Services	$ -	$ -	$ 574	$ 574		Full Cost
		Employee Benefits	$ -	$ -	$ 2,921	$ 2,921		Full Cost
		Tax Services	$ -	$ -	$ 76,762	$ 76,762		Full Cost
		Treasury Services	$ -	$ -	$ 564	$ 564		Full Cost
		Overheads	$ 52,206	$ -	$ -	$ 52,206		Full Cost
		Cost of Money	$ -	$ 816	$ -	$ 816		Full Cost
		Total	$ 52,206	$ 816	$ 85,651	$ 138,673		
CMS Land Company	CMS Energy Sub	Administrative Services	$ -	$ -	$ 1,086	$ 1,086		Full Cost
		Accounting Services	$ -	$ -	$ 1,162	$ 1,162		Full Cost
		Communication Services	$ -	$ -	$ 41,353	$ 41,353		Full Cost
		Computer Services	$ -	$ -	$ 18,896	$ 18,896		Full Cost
		Employee Benefits	$ -	$ -	$ 49,876	$ 49,876		Full Cost
		Environmental Services	$ -	$ -	$ 110,240	$ 110,240		Full Cost
		Fleet Services	$ -	$ -	$ 57,693	$ 57,693		Full Cost
		Governmental Affairs	$ -	$ -	$ 146,777	$ 146,777		Full Cost
		Insurance Services	$ -	$ -	$ 1,816	$ 1,816		Full Cost
		Legal Services	$ -	$ -	$ 91,456	$ 91,456		Full Cost
		Tax Services	$ -	$ -	$ 2,186	$ 2,186		Full Cost
		Overheads	$ 261,834	$ -	$ -	$ 261,834		Full Cost
		Cost of Money	$ -	$ 16,481	$ -	$ 16,481		Full Cost
		Total	$ 261,834	$ 16,481	$ 522,541	$ 800,856		
CMS Resource Development Company	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 103	$ 103		Full Cost
		Employee Benefits	$ -	$ -	$ 8,370	$ 8,370		Full Cost
		Tax Services	$ -	$ -	$ 4,023	$ 4,023		Full Cost
		Overheads	$ 3,588	$ -	$ -	$ 3,588		Full Cost
		Cost of Money	$ -	$ 106	$ -	$ 106		Full Cost
		Total	$ 3,588	$ 106	$ 12,496	$ 16,190		
CMS Texas LLC	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 100	$ 100		Full Cost
		Employee Benefits	$ -	$ -	$ 5,329	$ 5,329		Full Cost
		Tax Services	$ -	$ -	$ 3,323	$ 3,323		Full Cost
		Overheads	$ 2,972	$ -	$ -	$ 2,972		Full Cost
		Cost of Money	$ -	$ 89	$ -	$ 89		Full Cost
		Total	$ 2,972	$ 89	$ 8,752	$ 11,813		
Consumers Campus Holdings LLC	Consumers Sub	Accounting Services	$ -	$ -	$ 1,250	$ 1,250		Full Cost
		Overheads	$ 1,087	$ -	$ -	$ 1,087		Full Cost
		Cost of Money	$ -	$ 20	$ -	$ 20		Full Cost
		Total	$ 1,087	$ 20	$ 1,250	$ 2,357		
Dearborn Generation Operating LLC	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 6,930	$ 6,930		Full Cost
		Administrative Services	$ -	$ -	$ 1,873	$ 1,873		Full Cost
		Communication Services	$ -	$ -	$ 1,540	$ 1,540		Full Cost
		Computer Services	$ -	$ -	$ 55,297	$ 55,297		Full Cost
		Employee Benefits	$ -	$ -	$ 525,388	$ 525,388		Full Cost
		Engineering Services	$ -	$ -	$ 15,048	$ 15,048		Full Cost
		Equipment Services	$ -	$ -	$ 2,210	$ 2,210		Full Cost
		Fleet Services	$ -	$ -	$ 22,777	$ 22,777		Full Cost
		Human Resources	$ -	$ -	$ 2,058	$ 2,058		Full Cost
		Insurance Services	$ -	$ -	$ 525	$ 525		Full Cost

DETAIL OF COSTS BILLED TO AFFILIATES - 2008

Company Name	Affiliation	Description: Nature of Goods & Services	Classified to Operating Income (1)	Classified to Other Operating Income (2)	Classified to Balance Sheet (3)	Total	Account Number See Notes (1), (2), (3)	Billing Method
		Laboratory Services	$ -	$ -	$ 1,768	$ 1,768		Full Cost
		Tax Services	$ -	$ -	$ 5,570	$ 5,570		Full Cost
		Overheads	$ 35,143	$ -	$ -	$ 35,143		Full Cost
		Cost of Money	$ -	$ 4,395	$ -	$ 4,395		Full Cost
		Total	$ 35,143	$ 4,395	$ 640,984	$ 680,522		
EnerBank U.S.A.	CMS Capital Sub	Accounting Services	$ -	$ -	$ 9,807	$ 9,807		Full Cost
		Administrative Services	$ -	$ -	$ 10,540	$ 10,540		Full Cost
		Corporate Secretary	$ -	$ -	$ 17,522	$ 17,522		Full Cost
		Employee Benefits	$ -	$ -	$ 534,418	$ 534,418		Full Cost
		Executive Services	$ -	$ -	$ 2,780	$ 2,780		Full Cost
		Human Resources	$ -	$ -	$ 1,872	$ 1,872		Full Cost
		Insurance Services	$ -	$ -	$ 568	$ 568		Full Cost
		Investor Services	$ -	$ -	$ 5,541	$ 5,541		Full Cost
		Legal Services	$ -	$ -	$ 495	$ 495		Full Cost
		Relocation Services	$ -	$ -	$ 121	$ 121		Full Cost
		Tax Services	$ -	$ -	$ 7,517	$ 7,517		Full Cost
		Overheads	$ 38,863	$ -	$ -	$ 38,863		Full Cost
		Cost of Money	$ -	$ (349)	$ -	$ (349)		Full Cost
		Total	$ 38,863	$ (349)	$ 591,181	$ 629,695		
ES Services Company	Consumers Sub	Accounting Services	$ -	$ -	$ 10,313	$ 10,313		Full Cost
		Consulting Services	$ -	$ -	$ 183	$ 183		Full Cost
		Engineering Services	$ -	$ -	$ 95,893	$ 95,893		Full Cost
		Insurance Services	$ -	$ -	$ 4,352	$ 4,352		Full Cost
		Tax Services	$ -	$ -	$ 1,295	$ 1,295		Full Cost
		Overheads	$ 83,263	$ -	$ -	$ 83,263		Full Cost
		Cost of Money	$ -	$ 1,280	$ -	$ 1,280		Full Cost
		Total	$ 83,263	$ 1,280	$ 112,036	$ 196,579		
Genesee Power Station LP	CMS Enterprises	Operation & Maintenance Services	$ -	$ -	$ 6,204	$ 6,204		Full Cost
		Total	$ -	$ -	$ 6,204	$ 6,204		
Grayling Generating Station LP	CMS Enterprises	Equipment Services	$ -	$ -	$ 1,425	$ 1,425		Full Cost
		Operation & Maintenance Services	$ -	$ -	$ 12,366	$ 12,366		Full Cost
		Total	$ -	$ -	$ 13,791	$ 13,791		
HYDRA-CO Enterprises, Inc.	CMS Enterprises Sub	Accounting Services	$ -	$ -	$ 2,811	$ 2,811		Full Cost
		Administrative Services	$ -	$ -	$ 2,260	$ 2,260		Full Cost
		Computer Services	$ -	$ -	$ 411	$ 411		Full Cost
		Corporate Records	$ -	$ -	$ 16,204	$ 16,204		Full Cost
		Employee Benefits	$ -	$ -	$ 30,515	$ 30,515		Full Cost
		Environmental Services	$ -	$ -	$ 385	$ 385		Full Cost
		Executive Services	$ -	$ -	$ 3,636	$ 3,636		Full Cost
		Legal Services	$ -	$ -	$ 2,539	$ 2,539		Full Cost
		Tax Services	$ -	$ -	$ 127,020	$ 127,020		Full Cost
		Treasury Operations	$ -	$ -	$ 23,470	$ 23,470		Full Cost
		Overheads	$ 124,215	$ -	$ -	$ 124,215		Full Cost
		Cost of Money	$ -	$ 1,238	$ -	$ 1,238		Full Cost
		Total	$ 124,215	$ 1,238	$ 209,251	$ 334,704		
New Bern Energy Recovery, Inc.	CMS Enterprises Sub	Employee Benefits	$ -	$ -	$ 351	$ 351		Full Cost
		Cost of Money	$ -	$ 1	$ -	$ 1		Full Cost
		Total	$ -	$ 1	$ 351	$ 352		
T.E.S. Filer City Station LP	CMS Enterprises	Administrative Services	$ -	$ -	$ 257	$ 257		Full Cost

DETAIL OF COSTS BILLED TO AFFILIATES - 2008

Company Name	Affiliation	Description: Nature of Goods & Services	Classified to Operating Income (1)	Classified to Other Operating Income (2)	Classified to Balance Sheet (3)	Total	Account Number See Notes (1), (2), (3)	Billing Method
		Operation & Maintenance Services	$ -	$ -	$ 19,544	$ 19,544		Full Cost
		Total	$ -	$ -	$ 19,801	$ 19,801		
		Grand Total	$ 2,998,591	$ 90,941	$ 37,422,751	$ 40,512,283		

Notes:
(1) Operating Income- Accounts 920, 921, 923-926, 930, 931, 935, 408, 456, 495

(2) Other Operating Income- Account 419

(3) Balance Sheet- Account 146
CMS Energy Corp (Massachusetts Formula) - In January - June 2008, Account 184 was charged, which was cleared to O&M.
In July - December 2008, an Internal Order was charged, which is not assigned an Account Number, and cleared to O&M.

(4) CMS Texas LLC was dissolved in July 2008.

DETAIL OF PAYMENTS MADE FOR BILLINGS FROM AFFILIATES - 2008

Company Name	Affiliation	Description: Nature of Goods & Services	Classified to Operating Income	Classified to Other Operating Income	Classified to Balance Sheet	Total	Account Number	Billing Method
CMS Energy Corporation	Parent Company	EDGARization Services	$ 17,251	$ -	$ 43,807	$ 61,058	923,146,181	Full Cost
		Oracle Depreciation	$ 595,228	$ -	$ -	$ 595,228	923	Full Cost
		Restricted Stock	$ 7,419,758	$ -	$ -	$ 7,419,758	920	Full Cost
			$ 8,032,237	$ -	$ 43,807	$ 8,076,044		
CMS Energy Resource Management Company	CMS Enterprises Sub	FERC Title Transfer Fee Refund	$ -	$ 31,511	$ 26,144	$ 57,655	417,254	Full Cost
			$ -	$ 31,511	$ 26,144	$ 57,655		
CMS Enterprises Company	CMS Energy Sub	Administrative Services	$ 1,199	$ -	$ 108	$ 1,307	920,921,923	Full Cost
							146,184	
		Datamart O&M	$ 421,404	$ -	$ -	$ 421,404	879,912	Full Cost
		Financial Advisory Services	$ 653	$ -	$ 12,433	$ 13,086	588,880,107	Full Cost
		Financial Consolidation	$ 1,260	$ -	$ -	$ 1,260	920	Full Cost
		Human Resources	$ 6,166	$ -	$ -	$ 6,166	920	Full Cost
		Legal Services	$ 6,991	$ -	$ 7,802	$ 14,793	923,184,228	Full Cost
		New Generation Studies	$ -	$ -	$ 32,263	$ 32,263	107,186	Full Cost
			$ 437,673	$ -	$ 52,606	$ 490,279		
CMS Land Company	CMS Energy Sub	Leasing Services	$ 5,954	$ -	$ -	$ 5,954	506	Full Cost
			$ 5,954	$ -	$ -	$ 5,954		
ES Services Company	Consumers Sub	Engineering Services	$ -	$ 94,112	$ -	$ 94,112	416	Full Cost
			$ -	$ 94,112	$ -	$ 94,112		
Genesee Power Station LP	CMS Enterprises	Energy Purchases	$ 17,609,369	$ -	$ -	$ 17,609,369	555	Full Cost
			$ 17,609,369	$ -	$ -	$ 17,609,369		
Grayling Generating Station LP	CMS Enterprises	Energy Purchases	$ 19,581,622	$ -	$ -	$ 19,581,622	555	Full Cost
			$ 19,581,622	$ -	$ -	$ 19,581,622		
T.E.S. Filer City Station LP	CMS Enterprises	Energy Purchases	$ 39,141,745	$ -	$ -	$ 39,141,745	555	Full Cost
			$ 39,141,745	$ -	$ -	$ 39,141,745		
Total			$ 84,808,600	$ 125,623	$ 122,557	$ 85,056,780		

CONSUMERS ENERGY COMPANY - 2008

Response to Utility Guideline 4c

The following subsidiary reports are attached:

Line No		Reference Page No
	Consumers Energy Company Related:	
1.	CMS Engineering	2-3
2.	Consumers Campus Holdings LLC	4-5
3.	Consumers Funding LLC	6-7
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6.	ES Services Company	10-11
	CMS Related:	
7.	CMS Enterprises	12-14

CMS ENGINEERING
STATEMENTS OF INCOME
(UNAUDITED)

	Years Ended December 31	
	2008	2007
OPERATING REVENUES	$ -	$ 14,342
	-	14,342
OPERATING EXPENSES		
Business Expense	34,854	29,340
	34,854	29,340
INCOME BEFORE INCOME TAXES	(34,854)	(14,998)
INCOME TAXES	(13,566)	(5,228)
NET INCOME (LOSS)	$ (21,288)	$ (9,770)

CMS ENGINEERING
BALANCE SHEETS
(UNAUDITED)

	December 31 2008	December 31 2007
ASSETS		
CURRENT AND ACCRUED ASSETS		
Cash and Temporary Cash Investments	$ 108,525	$ 142,242
Deferred Tax Asset	-	-
TOTAL ASSETS	$ 108,525	$ 142,242
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable - Associated Company	$ (10,457)	$ 5,001
Accounts Payable - Other	(116)	-
Taxes Payable	(2,105)	(5,250)
	(12,678)	(249)
STOCKHOLDER'S EQUITY		
Capital Stock	600	600
Paid-in-Capital	80,400	80,400
Retained Earnings	40,204	61,491
	121,204	142,491
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 108,526	$ 142,242

CONSUMERS CAMPUS HOLDINGS LLC
STATEMENTS OF INCOME
(UNAUDITED)

	Years Ended December 31	
	2008	2007
OPERATING REVENUES	$ 357,447	$ 1,429,786
OPERATING EXPENSES		
Rent Expense	357,447	1,429,786
Other Expenses	2,368	13,527
	359,815	1,443,314
INCOME BEFORE INCOME TAXES	(2,368)	(13,527)
INCOME TAXES	(922)	(4,736)
NET INCOME (LOSS)	$ (1,446)	$ (8,791)

CONSUMERS CAMPUS HOLDINGS LLC
BALANCE SHEETS
(UNAUDITED)

	December 31 2008	December 31 2007
ASSETS		
CURRENT AND ACCRUED ASSETS		
Cash	$ 99,629	$ 104,239
Furniture Under Capital Lease	-	2,755,153
Tax Benefit	-	4,736
TOTAL ASSETS	$ 99,629	$ 2,864,128
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT AND ACCRUED LIABILITIES		
Furniture Lease Payable	$ -	$ 2,755,153
Acounts Payable Associated Company	-	2,241
FIT/SIT Payable	(5,658)	-
	(5,658)	2,757,394
STOCKHOLDER'S EQUITY		
Capital Stock	1,000	1,000
Paid in Capital	146,670	146,670
Retained Earnings (Deficit)	(42,383)	(40,936)
	105,287	106,734
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 99,629	$ 2,864,128

CONSUMERS FUNDING LLC
STATEMENTS OF INCOME
(UNAUDITED)

	Years Ended December 31	
	2008	2007
OPERATING REVENUES		
Interest Income- Consumers Energy	$ 15,908,012	$ 17,487,743
Other Operating Revenue - Consumers Energy	803,632	882,633
Other Operating Revenue	55,114	62,210
Total Operating Revenues	16,766,758	18,432,587
OPERATING EXPENSES		
Interest Expense	15,908,012	17,487,743
Service Fee-Consumers Energy	723,632	802,633
Administration Fee-Consumers Energy	80,000	80,000
Other	55,114	62,210
Total Operating Expenses	16,766,758	18,432,587
NET INCOME	$ -	$ -

CONSUMERS FUNDING LLC
BALANCE SHEETS
(UNAUDITED)

	December 31	
	2008	2007
ASSETS		
CURRENT ASSETS		
Restricted Cash	$ 21,300,960	$ 17,434,240
Securitization Receivable-Consumers Energy	27,395,393	27,395,393
Total Current Assets	48,696,353	44,829,633
NON-CURRENT ASSETS		
Securitization Receivable-Consumers Energy	234,017,244	270,385,517
Total Non-Current Assets	234,017,244	270,385,517
TOTAL ASSETS	$ 282,713,597	$ 315,215,150
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Securitization Bonds Payable	$ 33,589,692	$ 32,130,197
Accounts Payable - Consumers Energy	243,883	280,359
Accounts Payable - Other	1,750	1,750
Interest Payable	3,003,452	3,338,332
Total Current Liabilities	36,838,777	35,750,638
NON-CURRENT LIABILITIES		
Securitization Bonds Payable	243,531,860	277,121,552
Total Non-Current Liabilities	243,531,860	277,121,552
MEMBER'S EQUITY		
Total Member's Equity	2,342,960	2,342,960
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 282,713,597	$ 315,215,150

CONSUMERS RECEIVABLES FUNDING II, LLC
STATEMENTS OF INCOME
(UNAUDITED)

	Years Ended December 31	
	2008	2007
OPERATING REVENUES		
Management Fees Revenue	$ 1,016,621	$ 1,676,386
OPERATING EXPENSES		
Management Fees Expense	1,016,621	1,676,386
INCOME BEFORE INCOME TAXES	-	-
INCOME TAXES	-	-
NET INCOME	$ -	$ -

CONSUMERS RECEIVABLES FUNDING II, LLC
BALANCE SHEETS
(UNAUDITED)

	December 31	
	2008	2007
ASSETS		
Cash	$ 11,040,195	$ -
Accounts Receivable From CE	385,847	35,682
Accounts Receivable Sold	(170,000,000)	-
Accounts Receivable	900,681,858	755,221,333
TOTAL ASSETS	$ 742,107,900	$ 755,257,015
LIABILITIES AND STOCKHOLDER'S EQUITY		
LIABILITIES		
Accounts Payable	$ 11,143,966	$ 35,682
Interest Payable	$ 282,076	$ -
Other Deferred Credits	-	35,682
	11,426,041	71,364
STOCKHOLDER'S EQUITY		
Capital in Excess of Par	730,681,858	755,185,651
Retained Earnings	-	-
	730,681,858	755,185,651
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 742,107,900	$ 755,257,015

ES SERVICES COMPANY
STATEMENTS OF INCOME
(UNAUDITED)

	Years Ended December 31	
	2008	2007
OPERATING REVENUES		
Energy Services Revenue	$ 149,377	$ 633,954
Lacks Industries Revenue	0	223
	149,377	634,178
OPERATING EXPENSES		
Operation Expense	1,017	5,703
Consumers Energy Services	198,534	703,385
	199,551	709,088
INCOME BEFORE INCOME TAXES	(50,175)	(74,910)
INCOME TAXES	(19,532)	(26,174)
NET INCOME (LOSS)	$ (30,643)	$ (48,736)

ES SERVICES COMPANY
BALANCE SHEETS
(UNAUDITED)

	December 31 2008	December 31 2007
ASSETS		
CURRENT AND ACCRUED ASSETS		
Cash	$ 344,458	$ 392,797
Accounts Receivable	2,456	-
	346,915	392,797
DEFERRED DEBITS AND OTHER		
Unbilled Revenue	36,008	10,855
	36,008	10,855
TOTAL ASSETS	$ 382,922	$ 403,651
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable Associated Company	$ 22,698	$ 14,648
Accrued Taxes	(24,355)	(26,218)
	(1,657)	(11,570)
STOCKHOLDER'S EQUITY		
Common Stock	10	10
Capital in Excess of Par	640,990	640,990
Retained Earnings	(256,420)	(225,777)
	384,580	415,223
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 382,922	$ 403,651

CMS Enterprises Company

Consolidated Statements of Operations

(Unaudited)

Years Ended December 31	2008	*(In Millions)* 2007
Operating revenue	$ 436	$ 442
Earnings from equity method investees	5	39
Operating expenses:		
Cost of gas sold	198	254
Purchased and interchange power including related party cost of $54 in 2008 and $27 in 2007	76	64
Fuel for electric generation	103	125
Electric sales contract termination	–	279
Operating and maintenance	53	98
Depreciation and amortization	9	9
General taxes	3	4
Asset impairment charges, net of insurance recoveries	–	187
Loss (gain) on asset sales, net	(10)	94
	432	1,114
Operating income (loss)	9	(633)
Other income (deductions):		
Interest income, including related party interest of $33 in 2008 and $58 in 2007	34	63
Foreign currency gain, net	2	1
Other income	–	8
Other expense	(5)	–
	31	72
Fixed charges:		
Interest expense including related party interest of $8 in 2008 and $5 in 2007	14	16
	14	16
Income (loss) before income taxes	26	(577)
Income tax benefit	(10)	(182)
Income (loss) from continuing operations	36	(395)
Loss from discontinued operations, net of tax of $15 in 2007	–	(58)
Net income (loss)	36	(453)
Income attributable to noncontrolling interests	5	11
Net income (loss) attributable to CMS Enterprises	31	(464)
Redemption premium on preferred stock	–	1
Net income (loss) available to common stockholder	$ 31	$ (465)

CMS Enterprises Company

Consolidated Balance Sheets

(Unaudited)

December 31	2008	(In Millions) 2007
Assets		
Current assets:		
Cash and cash equivalents at cost, which approximates market	$ 18	$ 14
Restricted cash	9	9
Accounts receivable:		
Related parties	15	17
Trade (net of allowance of $3 in 2008 and $5 in 2007)	17	19
Accrued taxes receivable, net	15	47
Notes receivable:		
Related parties	176	1,382
Other	1	1
Dividends and interest receivable - related parties	–	1
Materials and supplies	3	3
Price risk management assets	1	1
Deferred income taxes	24	–
Other	12	32
	291	1,526
Noncurrent assets:		
Property, plant, and equipment	314	315
Less accumulated depreciation, depletion, and amortization	154	146
	160	169
Investments in unconsolidated companies	5	6
Price risk management assets	–	1
Accounts receivable - related party	4	3
Deferred income taxes	471	594
Other	15	29
	495	633
Total assets	$ 946	$ 2,328

CMS Enterprises Company

Consolidated Balance Sheets

(Unaudited)

December 31	2008	2007
	(In Millions)	
Liabilities and stockholder's equity		
Current liabilities:		
Accounts payable:		
Related parties	$ 8	$ 6
Other	17	301
Interest payable	2	2
Notes payable	–	1
Notes payable - related parties	2	85
Current portion of long-term debt	7	7
Argentine currency impairment reserve	–	197
Price risk management liabilities	2	9
Other	77	19
	115	627
Noncurrent liabilities:		
Long-term debt	69	76
Price risk management liabilities	13	16
Postretirement benefits	43	23
Other	29	99
	154	214
Minority interests	52	53
Common stockholder's equity:		
Common stock, authorized 100,000 shares; 100 shares issued and outstanding	–	–
Other paid-in capital	4,961	4,962
Accumulated other comprehensive loss	(15)	(126)
Retained deficit	(4,321)	(3,402)
	625	1,434
Total liabilities and stockholder's equity	$ 946	$ 2,328

CONSUMERS ENERGY COMPANY - 2008

Response to Utility Guideline 5

Refer to attached.

TRANSFERS FROM CONSUMERS TO OTHER CMS COMPANIES DURING 2008

EFF DATE	EMPLOYEE NAME	OLD JOB TITLE	NEW COMPANY NAME	NEW JOB TITLE
9/22/2008	GRAYDON, CAROLYN J	OPERS ASST I	ENERBANK USA	LENDER I