Consumers Energy

A CMS Energy Company

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

June 15, 2010

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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 internal audit report for 2009 is included (see Appendix D). 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 2009 return will be completed by September 15, 2010.

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) to division - AA