Consumers Energy

Count on Us

A CMS Energy Company

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June 20, 2012

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EXECUTIVE SECRETARY

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 at the end of each third year following 2000; the next internal audit report will be filed in the 2012 Affiliated Transactions Report. Also, Guideline 4(e) states that the federal income tax return be provided; this return shall be available for review at Consumers' Corporate Office. The 2011 return will be completed by September 15, 2012.

CMS Energy and 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. To the best of my knowledge, Consumers Energy, CMS Energy and their affiliates employ appropriate accounting procedures and controls relating to transfer pricing and cost allocation to facilitate an audit and to protect against cross subsidization.

Sincerely,

Kenneth C. Jones
Assistant Controller

Enclosure

CC: Nancy Katsarelas, MPSC (6 copies)

CONSUMERS ENERGY COMPANY – 2011

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 income statements and balance sheets 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.	See Appendix D
	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, 2012.)

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.	No transfers in 2011.
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 2011.
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 2011.
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 - 2011

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 16.6 (Appendix B, pages 2-7). The policy 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 7) 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.

Appendix B (pages 8-14) provide an explanation of transactions, a description of the basis for cost allocations and transfer pricing.

Policy and Process Manual

Effective Date:	01/06/2011	**Document Information**
Category:	16 Bill for Products and Services	
Subject:	16.6 Perform Non-Consumption Billing	
Document Type:	Process	
Sox Control:	No	
Process Number:	16.6.62	
Process Title:	Intercompany Services Invoicing	

Version Number: 2
Change Abstract:
No change to Company policy. This is a revised procedure to update the Internal Controls section.

Process Policy Statement:
The affiliated company requesting services from Consumers Energy shall have in place a Master Service Agreement or they must enter into a formal contract for the requested services.

Process Description:
It is the responsibility of the department providing the service to ensure that a completed purchase order or Master Service Agreement exists. Costs incurred without proper approvals 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 16.6.63, Accounting for Costs to be billed and Charging Methods).

Intercompany / Misc Billing

INVOICING

1. Costs charged to Internal Orders (type ICSW) will be settled to the 1470004 AR Accrual account.
   A. Direct Costs for costs incurred may be made to the appropriate Internal order (I/O).
   B. Charge-back journal entries charging the appropriate Internal Order (I/O) may be used for costs charged directly to department cost centers. Documentation must be maintained by respective departments in support of actual costs incurred.
2. Monthly invoices will be prepared by crediting the 1470004 accrual account and debiting 1470000 (Intercompany Accounts Receivable) within SAP. The invoices will be delivered or electronically issued thru Lotus Notes.
3. Supporting details explaining actual costs being invoiced are provided with the invoices.

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.

Additional Information & Attachments

INTERNAL CONTROLS Prevention

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 subsidization between Consumers and other CMS Energy subsidiaries.

For EnerBank USA affiliate transactions, all transactions shall be in compliance with the restrictions set forth in, Sections 23A and 23B of the Federal Reserve Act, its implementing Regulation "W" and any other applicable regulations promulgated by the Utah Department of Financial Institutions. EnerBank reserves the right to review all transactions to ensure that any "covered transaction" as defined in 12 U.S.C. 371c ("Section 23A") is within the applicable quantitative limits.

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

Document Revision History:

Policy and Process Manual

Effective Date:	01/06/2011	**Document Information**
Category:	16 Bill for Products and Services	
Subject:	16.6 Perform Non-Consumption Billing	
Document Type:	Process	
Sox Control:	No	
Process Number:	16.6.63	
Process Title:	Accounting for Costs to be Billed & Charging Methods	

Version Number: 2
Change Abstract:
No change in Company policy. This is a revised procedure to update to update the Internal Controls section.

Process Policy Statement:
All charges for Consumers intercompany service work must be charged to CMS Energy or the appropriate CMS Energy/Consumers Energy subsidiary receiving the service.

Process Description:

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 16.6.62.
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 Average Prime Rate for the month (issued by Treasury Dept), times the number of days outstanding (est. 21 days), divided by 365.
PROCEDURE	**DIRECT CHARGE OR CHARGE-BACK EXPENDITURES**

Providing Company Charge all costs incurred directly to the Internal Order (I/O) number assigned by General Accounting for intercompany billing (order type ICSW).

Additional Information & Attachments

INTERNAL CONTROLS **Prevention**

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 subsidization between Consumers and other CMS Energy subsidiaries.

For EnerBank USA affiliate transactions, all transactions shall be in compliance with the restrictions set forth in, Sections 23A and 23B of the Federal Reserve Act, its implementing Regulation "W" and any other applicable regulations promulgated by the Utah Department of Financial Institutions. EnerBank reserves the right to review all transactions to ensure that any "covered transaction" as defined in 12 U.S.C. 371c ("Section 23A") is within the applicable quantitative limits.

Correction

Correction of invalid billings is timely so that financial activities are reflected in the proper accounting period.

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

Document Revision History:

Archive: 16.6.64 Calculation of I/C Labor Overhead Rate

Archive Date: 05/30/2012
Effective Date: 06/10/2011
Version Number: 2
Path: Bill for Products and Services / Perform Non-Consumption Billing / / of I/C Labor Overhead Rate

Change Abstract:

No change in Company policy. This is a revised procedure to update the 2011 overhead rates.

Process Policy Statement:
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.

Process Description:

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 Res.	Accounts Payable	Officer's Salaries
Corporate Budgeting	Payroll	

Other Administrative and General Costs:

Business expenses	Injuries and damages	Depreciation*
Operating services exp	Misc general exp	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*

* - These costs are reduced in the calculation of the Off-Site loading rate, which is utilized for serviced 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:

General Accounting

Develop the current year budgeted intercompany overhead rates. These overhead rates are input into labor loading costing sheets for intercompany and below-the-line work.

Following are the **2011** Budgeted Overhead Rates:

General Office - 88%
Off-Site - 68%

The file below discloses the components of the **2011** Budgeted Intercompany Overhead Rates.



Interco OH Rates- 2011 Budget-Summary.xls

Disseminate the estimated labor loading rates as follows:

1. Update the Sales and Distribution (SD) tables with the estimated labor overhead rate components for the General Office overhead rate.
2. Email estimated labor overhead rate to Managers, Directors, Budget Coordinators, and others.

Develop prior year actual labor loading rates.

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.

Process Key Controls:

INTERNAL CONTROLS

PREVENTION

Intercompany estimated labor loading rates for applicable administrative and general costs and payroll additives are loaded into SAP annually. These rates are also updated in PPM 16.6.64.

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 the 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.

DETECTION

Actual amounts invoiced are compared to budget or forecasts for reasonableness.

Periodic internal and regulatory audits are performed.

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

1st Dept Approver:	Carol L Rouster
2nd Dept Approver:	

DETAIL OF COSTS BILLED T FILIATES - 2011

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	Administrative Services	$ -	$ -	$ 11,640	$ 11,640		Full Cost
		Total	$ -	$ -	$ 11,640	$ 11,640		
CMS Electric & Gas LLC	CMS Enterprises Sub	Employee Benefits			$ 107	$ 107		Full Cost
		Tax Services			$ 1,023	$ 1,023		Full Cost
		Overheads	$ 837			$ 837		Full Cost
		Cost of Money		$ 4		$ 4		Full Cost
		Total	$ 837	$ 4	$ 1,130	$ 1,971		
CMS Energy Corporation	Parent Company	Accounting Services			$ 16,991	$ 16,991		Full Cost
		Administrative Services			$ 6,260	$ 6,260		Full Cost
		Computer Services			$ 100,211	$ 100,211		Full Cost
		Corporate Finance			$ 232,820	$ 232,820		Full Cost
		Corporate Tax			$ 36,625	$ 36,625		Full Cost
		Employee Benefits			$ 304,126	$ 304,126		Full Cost
		Executive Services			$ 212,052	$ 212,052		Full Cost
		External Audit			$ 43,690	$ 43,690		Full Cost
		Governmental Affairs			$ 398,459	$ 398,459		Full Cost
		Legal Services			$ 252,898	$ 252,898		Full Cost
		Tax Services			$ 52,712,471	$ 52,712,471		Full Cost
		Treasury Operations			$ 285,373	$ 285,373		Full Cost
		Overheads	$ 823,119			$ 823,119		Full Cost
		Cost of Money		$ 4,762		$ 4,762		Full Cost
		Total	$ 823,119	$ 4,762	$ 54,601,976	$ 55,429,857		
CMS Energy Resource Management Co.	CMS Enterprises Sub	Accounting Services			$ 42,868	$ 42,868		Full Cost
		Administrative Services			$ 21,024	$ 21,024		Full Cost
		Computer Services			$ 40,965	$ 40,965		Full Cost
		Corporate Records			$ 6,738	$ 6,738		Full Cost
		Employee Benefits			$ 9,892	$ 9,892		Full Cost
		Insurance Services			$ 91,333	$ 91,333		Full Cost
		Legal Services			$ 8,773	$ 8,773		Full Cost
		Tax Services			$ 13,885	$ 13,885		Full Cost
		Title Transfers			$ 2,056	$ 2,056		Full Cost
		Treasury Operations			$ 60,370	$ 60,370		Full Cost
		Overheads	$ 242,511			$ 242,511		Full Cost
		Cost of Money		$ 1,026		$ 1,026		Full Cost
		Total	$ 242,511	$ 1,026	$ 297,904	$ 541,441		
CMS Engineering Company	Consumers Sub	Accounting Services			$ 2,550	$ 2,550		Full Cost
		Engineering Services			$ 13,650	$ 13,650		Full Cost
		Legal Services			$ 460	$ 460		Full Cost
		Tax Services			$ 643	$ 643		Full Cost
		Overheads	$ 8,968			$ 8,968		Full Cost
		Cost of Money		$ 50		$ 50		Full Cost
		Total	$ 8,968	$ 50	$ 17,303	$ 26,321		

DETAIL OF COSTS BILLED \FFILIATES - 2011

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 Enterprises Company (includes approximately 3% Massachusetts Formula costs)	CMS Energy Sub	Accounting Services			$ 26,463	$ 26,463		Full Cost
		Administrative Services			$ 297,337	$ 297,337		Full Cost
		Board of Directors			$ 53,967	$ 53,967		Full Cost
		Budget Services			$ 13,148	$ 13,148		Full Cost
		Business Services			$ 141,834	$ 141,834		Full Cost
		Communication Services			$ 32,760	$ 32,760		Full Cost
		Computer Services			$ 623,879	$ 623,879		Full Cost
		Corporate Finance			$ 25,311	$ 25,311		Full Cost
		Corporate Records			$ 7,313	$ 7,313		Full Cost
		Corporate Secretary			$ 9,928	$ 9,928		Full Cost
		Corporate Travel			$ 9,135	$ 9,135		Full Cost
		Employee Benefits			$ 363,265	$ 363,265		Full Cost
		Environmental Services			$ 481	$ 481		Full Cost
		Executive Services			$ 120,063	$ 120,063		Full Cost
		External Audit			$ 90,012	$ 90,012		Full Cost
		External Financial Reporting			$ 37,640	$ 37,640		Full Cost
		Financial Forecasting			$ 23,316	$ 23,316		Full Cost
		Governmental Affairs			$ 47,682	$ 47,682		Full Cost
		Insurance Services			$ 221,230	$ 221,230		Full Cost
		Internal Audit			$ 52,852	$ 52,852		Full Cost
		Investor Relations			$ 22,237	$ 22,237		Full Cost
		Leasing Services			$ 7,477	$ 7,477		Full Cost
		Legal Services			$ 57,929	$ 57,929		Full Cost
		Shareholder Services			$ 35,432	$ 35,432		Full Cost
		Strategic Planning			$ 7,302	$ 7,302		Full Cost
		Tax Services			$ 110,512	$ 110,512		Full Cost
		Treasury Operations			$ 38,569	$ 38,569		Full Cost
		Overheads	$ 819,495			$ 819,495		Full Cost
		Cost of Money		$ 5,767		$ 5,767		Full Cost
		Total	$ 819,495	$ 5,767	$ 2,477,074	$ 3,302,336		
CMS Gas Transmission Company	CMS Enterprises Sub	Accounting Services			$ 4,658	$ 4,658		Full Cost
		Administrative Services			$ 202	$ 202		Full Cost
		Computer Services			$ 1,462	$ 1,462		Full Cost
		Employee Benefits			$ 20,317	$ 20,317		Full Cost
		Insurance Services			$ 3,749	$ 3,749		Full Cost
		Legal Services			$ 964	$ 964		Full Cost
		Tax Services			$ 15,335	$ 15,335		Full Cost
		Treasury Operations			$ 15,361	$ 15,361		Full Cost
		Overheads	$ 22,820			$ 22,820		Full Cost
		Cost of Money		$ 162		$ 162		Full Cost
		Total	$ 22,820	$ 162	$ 62,048	$ 85,030		

DETAIL OF COSTS BILLED AFFILIATES - 2011

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 Generation Filer City Operating LLC	CMS Enterprises Sub	Accounting Services			$ 5,911	$ 5,911		Full Cost
		Administrative Services			$ 3,884	$ 3,884		Full Cost
		Computer Services			$ 22,314	$ 22,314		Full Cost
		Employee Services			$ 392,131	$ 392,131		Full Cost
		Engineering Services			$ 2,203	$ 2,203		Full Cost
		Environmental Services			$ 5,729	$ 5,729		Full Cost
		Human Resources			$ 1,080	$ 1,080		Full Cost
		Relocation Services			$ 18,307	$ 18,307		Full Cost
		Tax Services			$ 1,697	$ 1,697		Full Cost
		Overheads	$ 20,415			$ 20,415		Full Cost
		Cost of Money		$ 887		$ 887		Full Cost
		Total	$ 20,415	$ 887	$ 453,256	$ 474,558		
CMS Generation Michigan Power LLC	CMS Enterprises Sub	Operation & Maintenance Services	$ -	$ -	$ 86,669	$ 86,669		Full Cost
		Total	$ -	$ -	$ 86,669	$ 86,669		
CMS Generation Operating Co II, Inc.	CMS Enterprises Sub	Accounting Services			$ 4,714	$ 4,714		Full Cost
		Administrative Services			$ 702	$ 702		Full Cost
		Computer Services			$ 9,715	$ 9,715		Full Cost
		Employee Benefits			$ 285,848	$ 285,848		Full Cost
		Engineering Services			$ 9,831	$ 9,831		Full Cost
		Human Resources			$ 5,236	$ 5,236		Full Cost
		Insurance Services			$ 1,114	$ 1,114		Full Cost
		Tax Services			$ 9,512	$ 9,512		Full Cost
		Overheads	$ 18,136			$ 18,136		Full Cost
		Cost of Money		$ 646		$ 646		Full Cost
		Total	$ 18,136	$ 646	$ 326,672	$ 345,454		
CMS Generation Operating LLC	CMS Enterprises Sub	Accounting Services			$ 7,250	$ 7,250		Full Cost
		Administrative Services			$ 700,479	$ 700,479		Full Cost
		Computer Services			$ 10,530	$ 10,530		Full Cost
		Employee Benefits			$ 3,526	$ 3,526		Full Cost
		Tax Services			$ 3,611	$ 3,611		Full Cost
		Overheads	$ 43,904			$ 43,904		Full Cost
		Cost of Money		$ 1,445		$ 1,445		Full Cost
		Total	$ 43,904	$ 1,445	$ 725,396	$ 770,745		
CMS International Ventures LLC	CMS Enterprises Sub	Accounting Services			$ 5,579	$ 5,579		Full Cost
		Computer Services			$ 12,187	$ 12,187		Full Cost
		Employee Benefits			$ 50	$ 50		Full Cost
		Overheads	$ 11,457			$ 11,457		Full Cost
		Cost of Money		$ 57		$ 57		Full Cost
		Total	$ 11,457	$ 57	$ 17,816	$ 29,330		

DETAIL OF COSTS BILLED TO AFFILIATES - 2011

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 Land Company	CMS Capital Sub	Accounting Services			$ 23,909	$ 23,909		Full Cost
		Administrative Services			$ 46,043	$ 46,043		Full Cost
		Communication Services			$ 9,100	$ 9,100		Full Cost
		Computer Services			$ 9,227	$ 9,227		Full Cost
		Employee Benefits			$ 29,878	$ 29,878		Full Cost
		Environmental Services			$ 132,378	$ 132,378		Full Cost
		Governmental Affairs			$ 314,064	$ 314,064		Full Cost
		Leasing Services			$ 31,500	$ 31,500		Full Cost
		Legal Services			$ 242,517	$ 242,517		Full Cost
		Tax Services			$ 29,345	$ 29,345		Full Cost
		Overheads	$ 476,462			$ 476,462		Full Cost
		Cost of Money		$ 2,563		$ 2,563		Full Cost
		Total	$ 476,462	$ 2,563	$ 867,961	$ 1,346,986		
Craven County Wood Energy	CMS Enterprises	Training Services	$ -	$ -	$ 8,000	$ 8,000		Full Cost
		Total	$ -	$ -	$ 8,000	$ 8,000		
Dearborn Generation Operating LLC	CMS Enterprises Sub	Accounting Services			$ 8,002	$ 8,002		Full Cost
		Administrative Services			$ 3,547	$ 3,547		Full Cost
		Computer Services			$ 104,443	$ 104,443		Full Cost
		Employee Benefits			$ 516,019	$ 516,019		Full Cost
		Human Resources			$ 2,520	$ 2,520		Full Cost
		Laboratory Services			$ 4,981	$ 4,981		Full Cost
		Leasing Services			$ 50,400	$ 50,400		Full Cost
		Tax Services			$ 8,795	$ 8,795		Full Cost
		Overheads	$ 38,221			$ 38,221		Full Cost
		Cost of Money		$ 1,382		$ 1,382		Full Cost
		Total	$ 38,221	$ 1,382	$ 698,707	$ 738,310		
Dearborn Industrial Generation LLC	CMS Enterprises Sub	Training Services		$ -	$ 23,693	$ 23,693		Full Cost
		Total	$ -	$ -	$ 23,693	$ 23,693		
EnerBank U.S.A.	CMS Enterprises Sub	Accounting Services			$ 20,781	$ 20,781		Full Cost
		Administrative Services			$ 2,827	$ 2,827		Full Cost
		Corporate Secretary			$ 5,031	$ 5,031		Full Cost
		Employee Benefits			$ 888,192	$ 888,192		Full Cost
		Human Resources			$ 1,440	$ 1,440		Full Cost
		Legal Services			$ 47,109	$ 47,109		Full Cost
		Tax Services			$ 17,721	$ 17,721		Full Cost
		Overheads	$ 35,730			$ 35,730		Full Cost
		Total	$ 35,730	$ -	$ 983,101	$ 1,018,831		

DETAIL OF COSTS BILLE AFFILIATES - 2011

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
ES Services Company	Consumers Sub	Accounting Services			$ 6,874	$ 6,874		Full Cost
		Administrative Services			$ 33	$ 33		Full Cost
		Engineering Services			$ 368,734	$ 368,734		Full Cost
		Insurance Services			$ 4,488	$ 4,488		Full Cost
		Legal Services			$ 86	$ 86		Full Cost
		Tax Services			$ 343	$ 343		Full Cost
		Overheads	$ 38,916			$ 38,916		Full Cost
		Cost of Money		$ 790		$ 790		Full Cost
		Total	$ 38,916	$ 790	$ 380,558	$ 420,264		
Genesee Power Station LP	CMS Enterprises	Operation & Maintenance Services			$ 21,960	$ 21,960		Full Cost
		Training Services			$ 2,250	$ 2,250		Full Cost
		Total	$ -	$ -	$ 24,210	$ 24,210		
Grayling Generating Station LP	CMS Enterprises	Equipment Services			$ 35,754	$ 35,754		Full Cost
		Operation & Maintenance Services			$ 10,383	$ 10,383		Full Cost
		Training Services			$ 2,250	$ 2,250		Full Cost
		Total	$ -	$ -	$ 48,387	$ 48,387		
HYDRA-CO Enterprises, Inc.	CMS Enterprises Sub	Accounting Services			$ 30,478	$ 30,478		Full Cost
		Administrative Services			$ 10,810	$ 10,810		Full Cost
		Computer Services			$ 9,839	$ 9,839		Full Cost
		Employee Benefits			$ 22,371	$ 22,371		Full Cost
		Legal Services			$ 31,624	$ 31,624		Full Cost
		Tax Services			$ 61,205	$ 61,205		Full Cost
		Treasury Operations			$ 31,923	$ 31,923		Full Cost
		Overheads	$ 153,736			$ 153,736		Full Cost
		Cost of Money		$ 673		$ 673		Full Cost
		Total	$ 153,736	$ 673	$ 198,250	$ 352,659		
New Bern Energy Recovery, Inc.	CMS Enterprises Sub	Tax Services			$ 3,247	$ 3,247		Full Cost
		Overheads	$ 2,329			$ 2,329		Full Cost
		Cost of Money		$ 11		$ 11		Full Cost
		Total	$ 2,329	$ 11	$ 3,247	$ 5,587		
T.E.S. Filer City Station LP	CMS Enterprises	Administrative Services			$ 397	$ 397		Full Cost
		Equipment Services			$ 32,528	$ 32,528		Full Cost
		Operation & Maintenance Services			$ 15,838	$ 15,838		Full Cost
		Total	$ -	$ -	$ 48,763	$ 48,763		
		Grand Total	$ 2,757,056	$ 20,225	$ 62,363,761	$ 65,141,042		

DETAIL OF COSTS BILLED FFILIATES - 2011

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

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

DETAIL OF PAYMENTS MADE FOR BILLINGS FROM AFFILIATES - 2011

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	Oracle Depreciation	$ 183,671	$ -	$ -	$ 183,671	923	Full Cost
		Restricted Stock	$ 9,268,443	$ -	$ -	$ 9,268,443	426.5	Full Cost
			$ 9,452,114	$ -	$ -	$ 9,452,114		
CMS Energy Resource Management	CMS Enterprises Sub	Corporate Risk Services	$ 8,106	$ -	$ -	$ 8,106	921	Full Cost
			$ 8,106	$ -	$ -	$ 8,106		
CMS Enterprises Company	CMS Energy Sub	Administrative Services	$ 6,399	$ -	$ -	$ 6,399	921	Full Cost
		Legal Services		$ -	$ 2,217	$ 2,217	228	Full Cost
			$ 6,399	$ -	$ 2,217	$ 8,616		
ES Services Company	Consumers Sub	Engineering Services	$ -	$ 4,041	$ -	$ 4,041	416	Full Cost
			$ -	$ 4,041	$ -	$ 4,041		
Genesee Power Station LP	CMS Enterprises	Energy Purchases	$ 18,721,761	$ -	$ -	$ 18,721,761	555	Full Cost
			$ 18,721,761	$ -	$ -	$ 18,721,761		
Grayling Generating Station LP	CMS Enterprises	Energy Purchases	$ 20,661,348	$ -	$ -	$ 20,661,348	555	Full Cost
			$ 20,661,348	$ -	$ -	$ 20,661,348		
T.E.S. Filer City Station LP	CMS Enterprises	Energy Purchases	$ 44,038,793	$ -	$ -	$ 44,038,793	555	Full Cost
			$ 44,038,793	$ -	$ -	$ 44,038,793		
Total			$ 92,888,521	$ 4,041	$ 2,217	$ 92,894,779		

CONSUMERS ENERGY COMPANY - 2011

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
4.	Consumers Receivables Funding II,LLC	8-9
5.	ES Services Company	10-11
	CMS Related:	
6.	CMS Enterprises	12-14

CMS ENGINEERING
STATEMENTS OF INCOME
(UNAUDITED)

	Years Ended December 31	
	2011	2010
OPERATING REVENUES	$ 67,300	$ 22,500
OPERATING EXPENSES	29,016	17,834
OPERATING INCOME	38,284	4,666
INTEREST CHARGES	50	30
INCOME BEFORE INCOME TAXES	38,234	4,636
INCOME TAX EXPENSE	15,026	3,782
NET INCOME	$ 23,208	$ 854

CMS ENGINEERING
BALANCE SHEETS
(UNAUDITED)

	December 31 2011	December 31 2010
ASSETS		
CURRENT AND ACCRUED ASSETS		
Cash	$ 128,406	$ 89,571
TOTAL ASSETS	$ 128,406	$ 89,571
LIABILITIES AND EQUITY		
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable - Associated Company	$ 3,103	$ 479
Accrued Taxes	14,807	1,804
Total Current and Accrued Liabilities	17,910	2,283
EQUITY		
Common Stock	600	600
Other Paid-in-Capital	80,400	80,400
Accumulated Earnings	29,496	6,288
Total Equity	110,496	87,288
TOTAL LIABILITIES AND EQUITY	$ 128,406	$ 89,571

CONSUMERS CAMPUS HOLDINGS LLC
STATEMENTS OF INCOME
(UNAUDITED)

	Years Ended December 31	
	2011	2010
OPERATING REVENUES	$ -	$ -
OPERATING EXPENSES	-	-
INCOME (LOSS) BEFORE INCOME TAXES	-	-
INCOME TAXES	-	-
NET INCOME (LOSS)	$ -	$ -

CONSUMERS CAMPUS HOLDINGS LLC
BALANCE SHEETS
(UNAUDITED)

	December 31	
	2011	2010
ASSETS		
CURRENT AND ACCRUED ASSETS		
Cash	$ -	$ 104,365
Accounts Receivable	105,194	-
Accrued Taxes	-	829
Total Current and Accrued Assets	105,194	105,194
TOTAL ASSETS	$ 105,194	$ 105,194
LIABILITIES AND EQUITY		
EQUITY		
Common Stock	$ 1,000	$ 1,000
Other Paid in Capital	146,670	146,670
Accumulated Deficit	(42,476)	(42,476)
Total Equity	105,194	105,194
TOTAL LIABILITIES AND EQUITY	$ 105,194	$ 105,194

CONSUMERS FUNDING LLC
STATEMENTS OF INCOME
(UNAUDITED)

	Years Ended December 31	
	2011	2010
OPERATING REVENUES		
Other Operating Revenue - Consumers Energy	$ 544,086	$ 634,689
Other Operating Revenue	68,198	64,000
Total Operating Revenues	612,284	698,689
OPERATING EXPENSES		
Service Fee-Consumers Energy	464,086	554,689
Administration Fee-Consumers Energy	80,000	80,000
Other	68,198	64,000
Total Operating Expenses	612,284	698,689
OPERATING INCOME	-	-
INTEREST CHARGES		
Interest on Long Term Debt	10,567,214	12,524,878
OTHER INCOME		
Interest Income	10,567,214	12,524,878
INCOME BEFORE INCOME TAXES	-	-
INCOME TAXES	-	-
NET INCOME	$ -	$ -

CONSUMERS FUNDING LLC
BALANCE SHEETS
(UNAUDITED)

	December 31	
	2011	2010
ASSETS		
CURRENT AND ACCRUED ASSETS		
Restricted Cash	$ 12,937,258	$ 18,064,313
Securitization Receivable-Consumers Energy	27,395,394	27,395,393
Total Current and Accrued Assets	40,332,652	45,459,706
NON-CURRENT ASSETS		
Securitization Receivable-Consumers Energy	135,531,416	167,747,648
TOTAL ASSETS	$ 175,864,068	$ 213,207,354
LIABILITIES AND EQUITY		
CURRENT AND ACCRUED LIABILITIES		
Securitization Bonds Payable	$ 38,815,547	$ 36,923,970
Accounts Payable - Consumers Energy	152,023	175,915
Accounts Payable - Other	1,750	1,750
Interest Payable	1,911,382	2,306,806
Total Current and Accrued Liabilities	40,880,702	39,408,441
NON-CURRENT LIABILITIES		
Securitization Bonds Payable	132,640,406	171,455,953
EQUITY		
Other Paid in Capital	2,342,960	2,342,960
TOTAL LIABILITIES AND EQUITY	$ 175,864,068	$ 213,207,354

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

	Years Ended December 31	
	2011	2010
OPERATING REVENUES	$ 1,303,877	$ 1,976,778
OPERATING EXPENSES	4,039	55,444
OPERATING INCOME	1,299,838	1,921,334
INTEREST CHARGES	1,299,838	1,921,334
INCOME BEFORE INCOME TAXES	-	-
INCOME TAXES	-	-
NET INCOME	$ -	$ -

CONSUMERS RECEIVABLES FUNDING II, LLC
BALANCE SHEETS
(UNAUDITED)

	December 31	
	2011	2010
ASSETS		
CURRENT AND ACCRUED ASSETS		
Cash	$ 8,333,399	$ 4,704,145
Accounts Receivable From Related Parties	75,347	86,111
Accounts Receivable	708,119,439	848,727,758
Prepayments and Other Current Assets	116,769	259,767
Total Current and Accrued Assets	716,644,954	853,777,781
TOTAL ASSETS	$ 716,644,954	$ 853,777,781
LIABILITIES AND EQUITY		
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable	$ 8,333,399	$ 4,699,145
Accrued Interest	75,347	86,111
Other Current Liabilities	116,769	259,767
Total Current and Accrued Liabilities	8,525,515	5,045,023
EQUITY		
Other Paid in Capital	708,119,439	848,732,758
TOTAL LIABILITIES AND EQUITY	$ 716,644,954	$ 853,777,781

ES SERVICES COMPANY
STATEMENTS OF INCOME
(UNAUDITED)

	Years Ended December 31	
	2011	2010
OPERATING REVENUES		
Energy Services Revenue	$ 380,120	$ 154,210
OPERATING EXPENSES	519,332	130,656
OPERATING INCOME (LOSS)	(139,212)	23,554
INTEREST CHARGES	790	237
INCOME (LOSS) BEFORE INCOME TAXES	(140,002)	23,317
INCOME TAX EXPENSE (BENEFIT)	(51,492)	11,694
NET INCOME (LOSS)	$ (88,510)	$ 11,623

ES SERVICES COMPANY
BALANCE SHEETS
(UNAUDITED)

	December 31	
	2011	2010
ASSETS		
CURRENT AND ACCRUED ASSETS		
Cash	$ 204,045	$ 335,178
Accounts Receivable	4,180	23,630
Accrued Revenue	96,457	2,696
Accrued and Deferred Taxes	55,024	-
Total Current and Accrued Assets	359,706	361,504
NON-CURRENT ASSETS	6,744	1,117
TOTAL ASSETS	$ 366,450	$ 362,621
LIABILITIES AND EQUITY		
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable - Associated Company	$ 103,200	$ 3,812
Accrued Taxes	-	7,049
Total Current and Accrued Liabilities	103,200	10,861
EQUITY		
Common Stock	10	10
Other Paid in Capital	640,990	640,990
Accumulated Deficit	(377,750)	(289,240)
Total Equity	263,250	351,760
TOTAL LIABILITIES AND EQUITY	$ 366,450	$ 362,621

CMS Enterprises Company

Consolidated Statements of Income

(Unaudited)

In Millions

Years Ended December 31	2011	2010
Operating Revenue	$ 189	$ 222
Operating Expenses		
Fuel for electric generation	60	64
Purchased and interchange power, including related party of $37 in 2011 and $61 in 2010	52	75
Cost of gas sold	74	74
Maintenance and other operating expenses	6	10
General taxes	2	2
Insurance settlement	–	(50)
Gain on asset sales, net	–	(6)
Total operating expenses	194	169
Operating Income (Loss)	(5)	53
Other Income (Expense)		
Interest income, including related party of $1 in 2010	1	2
Income from equity method investees	9	11
Total other income	10	13
Income Before Income Taxes	5	66
Income Tax Expense (Benefit)	(23)	18
Income from Continuing Operations	28	48
Income (Loss) from Discontinued Operations, Net of Tax Expense (Benefit) of $- in 2011 and $(8) in 2010	2	(13)
Net Income	30	35
Income Attributable to Noncontrolling Interests	–	1
Net Income Available to Common Stockholder	$ 30	$ 34

CMS Enterprises Company

Consolidated Balance Sheets

(Unaudited)

Assets

December 31	*In Millions* 2011	2010
Current Assets		
Cash and cash equivalents	$ –	$ 3
Restricted cash and cash equivalents	1	–
Accounts receivable:		
Related parties	10	10
Trade (less allowances of $2 in 2011 and 2010)	6	15
Notes receivable:		
Related parties	106	183
Other	6	4
Gas in underground storage	–	5
Generating plant fuel stock	2	1
Deferred income taxes	63	2
Assets held for sale	–	2
Other current assets	1	1
Total current assets	195	226
Plant, Property, and Equipment		
Plant, property, and equipment, gross	20	20
Less accumulated depreciation and amortization	14	14
Total plant, property, & equipment	6	6
Other Non-current Assets		
Investments in unconsolidated companies	49	48
Deferred income taxes	387	431
Assets held for sale	–	4
Other	17	16
Total other non-current assets	453	499
Total Assets	$ 654	$ 731

Liabilities and Equity

December 31	2011	*In Millions* 2010
Current Liabilities		
Accounts payable:		
Related parties	$ 4	$ 6
Other	10	16
Accrued taxes	7	13
Notes payable - related parties	1	9
Liabilities held for sale	–	1
Other current liabilities	8	4
Total current liabilities	30	49
Non-current Liabilities		
Postretirement benefits	39	35
Other non-current liabilities	21	26
Total non-current liabilities	60	61
Equity		
Common stockholder's equity		
Common stock, authorized 100,000 shares; 100 shares issued and outstanding	–	–
Other paid-in capital	4,961	4,961
Accumulated other comprehensive loss	(22)	(17)
Accumulated deficit	(4,375)	(4,323)
Total common stockholder's equity	564	621
Noncontrolling interests	–	–
Total equity	564	621
Total Liabilities and Equity	$ 654	$ 731

CONSUMERS ENERGY COMPANY - 2011

Response to Utility Guideline 4d.

The next report is due for the year 2012.