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June 13, 2001

Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Re: Case No. U-12752
(GCR Plan Case 2001-2002)

Dear Ms. Wideman:

Enclosed for filing in the above captioned case are an original and four copies of revised Exhibit A-__(MJS-3R), "Summary of Gas Purchase Contracts." The revised exhibit contains a date of June 2001 and replaces the corresponding exhibit filed previously. This revision is due to changes which have occurred since the prior exhibit was prepared and updates the exhibit for current pricing.

Also enclosed for filing are an original and four copies of Supplemental Testimony of Michael J. Shore. The Supplemental Testimony updates prior testimony with respect to gas supplies based on the current situation.

These documents are also being filed electronically as part of the Commission's Electronic Filing Program. I have also enclosed a Proof of Service.

Sincerely,

Richard Chambers

H. Richard Chambers

CC: Hon. James N. Rigas, ALJ
Parties per Attachment 1
to Proof of Service

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Case No: U-12752
Exhibit: A-____(MJS-3R)
Page: 1 of 2
Witness: MJShore
Date: June, 2001

SUMMARY OF GAS PURCHASE CONTRACTS
EFFECTIVE APRIL 2001

SUPPLIER	(DTH/D)	TERM	($/DTH) WELLHEAD PRICE	PIPELINE
U.S.				
AEP	20,000	04/01/01 - 10/31/01		Trunkline
		04/01/01 - 05/31/01	Index - .01	
		06/01/01 - 08/31/01	$4.50	
		09/01/01 - 10/31/01	Index - .01	
CMS MS&T	56,947	04/01/01 - 03/31/02		Trunkline
		04/01/01 - 05/31/01	Index - .01	
		06/01/01 - 08/31/01	$4.38	
		09/01/01 - 03/31/02	Index - .01	
Conoco	20,000	04/01/01 - 03/31/02		Trunkline
		04/01/01 - 05/31/01	Index	
		06/01/01 - 03/31/02	$4.38	
Conoco	11,736	04/01/01 - 03/31/02	Index + $.01	Trunkline
El Paso	14,000	04/01/01 - 05/31/01	Index	Trunkline
El Paso	40,000	04/01/01 - 03/31/02		Trunkline
		04/01/01 - 05/31/01	Index - .005	
		06/01/01 - 03/31/02	$4.39	
El Paso	40,000	04/01/01 - 10/31/01		Trunkline
		04/01/01 - 05/31/01	Index - .01	
		06/01/01 - 08/31/01	$4.50	
		09/01/01 - 10/31/01	Index - .01	
Enron	50,000	06/01/01 - 08/31/01	$4.45	Delivered
Noble	40,000	04/01/01 - 03/31/02		Trunkline
		04/01/01 - 05/31/01	Index	
		06/01/01 - 03/31/02	$4.4125	
Noble	40,000	04/01/01 - 10/31/01		Trunkline
		04/01/01 - 05/31/01	Index - .01	
		06/01/01 - 08/31/01	$4.45	
		09/01/01 - 10/31/01	Index - .01	
Noble	21,017	04/01/01 - 10/31/01		Panhandle
		04/01/01 - 05/31/01	Index	
		06/01/01 - 06/30/01	$3.965	
		07/01/01 - 10/31/01	Index	
Noble	34,000	06/01/01 - 08/31/01	$4.40	Trunkline
Noble	40,000	01/01/02 - 03/31/02	$4.25	Trunkline
Oneok	20,000	04/01/01 - 10/31/01		Panhandle
		04/01/01 - 05/31/01	Index - .005	
		06/01/01 - 06/30/01	$3.98	
		07/01/01 - 10/31/01	Index - .005	
PanCanadian	24,000	04/01/01 - 10/31/01		Trunkline
		04/01/01 - 05/31/01	Index - .01	
		06/01/01 - 08/31/01	$4.45	
		09/01/01 - 10/31/01	Index - .01	
PG&E	20,000	06/01/98 - 05/31/01	$2.22	Trunkline

SUMMARY OF GAS PURCHASE CONTRACTS
EFFECTIVE APRIL 2001

SUPPLIER	(DTH/D)	TERM	($/DTH) WELLHEAD PRICE	PIPELINE
Reliant	10,661	04/01/01 - 10/31/01		ANR SW
		04/01/01 - 05/31/01	Index	
		06/01/01 - 06/30/01	$3.965	
		07/01/01 - 10/31/01	Index	
Reliant	6,302	04/01/01 - 10/31/01		ANR SE
		04/01/01 - 05/31/01	Index	
		06/01/01 - 06/30/01	$3.96	
		07/01/01 - 10/31/01	Index	
Reliant	10,000	05/03/01 - 05/31/01	$4.78	Delivered
Reliant	15,000	05/04/01 - 05/31/01	$4.72	Delivered
TransCanada	40,000	04/01/01 - 03/31/02	Gas Daily MI + .005	Delivered
TransCanada	60,000	04/01/01 - 03/31/02		Delivered
		04/01/01 - 05/31/01	Gas Daily MI + .01	
		06/01/01 - 06/30/01	Gas Daily MI + .01 (40,000/d)	Delivered
		06/01/01 - 06/30/01	$4.16 (20,000/d)	Delivered
		07/01/01 - 03/31/02	Gas Daily MI + .01	Delivered
TransCanada	21,017	04/01/01 - 10/31/01	Index	Panhandle
WPS	20,000	04/01/01 - 10/31/01		Trunkline
		04/01/01 - 05/31/01	Index - .01	
		06/01/01 - 08/31/01	$4.43	
		09/01/01 - 10/31/01	Index - .01	
WPS	25,000	05/03/01 - 05/31/01	$4.79	Delivered
WPS	60,000	06/08/01 - 06/30/01	$3.85	Delivered

CANADIAN				
Duke (UPRL/Norcen)	25,321	06/01/98 - 10/31/01	$2.48 (1)	Delivered
ProGas	85,000	04/01/93 - 03/31/03	$2.88	Delivered

MICHIGAN				
Cinnabar	20,000	04/01/01 - 10/31/01	Gas Daily MI	Delivered
Cinnabar	20,000	04/01/01 - 03/31/02	Gas Daily MI + $.01	Delivered
Delta	* 4,000	01/02/98 - 12/31/02	$2.791	Delivered
Delta	14,000	01/01/94 - 12/31/03	$3.25	Delivered
PanCanadian	20,000	04/01/01 - 03/31/02	Gas Daily MI	Delivered

* Contract max area of commitment contract currently delivering approximately 3,500 dth/d.

(1) Price is delivered to Consumers citygate and volume will be net of GLGT and ANR fuel.

S T A T E O F M I C H I G A N

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of	)	
CONSUMERS ENERGY COMPANY for	)	
Approval of a Gas Cost Recovery Plan and	)	
Authorization of Gas Cost Recovery	)	Case No. U-12752
Factors for the 12-Month Period	)	
April 2001 – March 2002	)	
	)	

SUPPLEMENTAL TESTIMONY

OF

MICHAEL J. SHORE

ON BEHALF OF

CONSUMERS ENERGY COMPANY

June, 2001

Q. Please state your name.

A. Michael J. Shore.

Q. Are you the same Mr. Shore, who filed both direct testimony and rebuttal testimony in this case?

A. Yes.

Q. What is the purpose of this supplemental testimony?

A. Since the Company filed my direct and rebuttal testimony, several things have taken place with respect to our gas supplies that make it appropriate to update for our current situation so that the Commission has the most current information.

Q. Specifically, what has taken place that creates the need for this supplemental testimony?

A. The single most significant factor is the recent drop in gas prices. This change in market conditions has allowed the Company to convert some of its index-based contracts to fixed prices for all or a portion of the GCR period. As I indicated in my rebuttal exhibits and rebuttal testimony, the Company increased its contractual commitments for gas during the GCR period from the 20% level at the time the case was filed to approximately 90% at the time the rebuttal exhibits were filed. At that time only the original 20% was under contract at fixed prices. The remainder of the contracts were index-based contracts. As I stated in my rebuttal testimony, the index-based contracts could be converted to a fixed price if and when appropriate. Currently, about 45% of the GCR period gas required is covered by a fixed price rather than an index price.

Q. Why has the Company converted these contracts from floating price to fixed price?

A. It was appropriate to do so. At the time the case was filed, the NYMEX price for the GCR period was $5.17. At the time the rebuttal testimony was filed, the NYMEX prices for the GCR period had risen to $5.50. In recent weeks, the prices for this period have fallen below $4.50 and for some of the months even below $4.00. As a result, the Company has locked in prices on some individual months, some summer injection months and some volumes for the remaining GCR period. With price reductions of $.50 to $1.00 per MMBtu it was reasonable and prudent to take advantage of such an opportunity for the converted contracts.

Q. Is this commitment to fixed prices a departure from your original filed strategy?

A. No. Our original plan said that we intended to rely less on long term fixed price contracts and stay more current with the market until we got a better feel for the continued Gas Customer Choice load attrition. We also noted that with prices in excess of $5, we did not feel it was a good time to be locking in prices. We have not at this time signed any long term (greater than one year) contracts at fixed prices and are continuing to watch the market before converting more of the existing contracts to fixed prices. Our original strategy of following the market has allowed us to reduce the factors being charged to the levels where they now are. Our strategy has benefited our customers and we will continue to watch for opportunities to buy both index and fixed price gas while avoiding making long term commitments during this uncertain market period.

Q. If prices fall further, will you convert more supplies to fixed prices?

A. Yes. As we move closer to winter, further price drops would be a signal to place more gas under fixed price contracts.

Q. What if prices start to rise?

A. Our actions would depend on when they start to rise, how fast they rise and whether we believe those increases are for a sustained period. We would monitor closely any short term rise in prices driven by heat or other factors. Any price increases that appear to be a sustained change would cause us to evaluate the upside price risk and perhaps convert some contracts to fixed prices depending on how close we are to winter, how much gas we have left to buy and the impact that these remaining volumes would have on the price when compared to that which was already bought or under contract.

Q. You mentioned Gas Customer Choice load attrition. What is the current status of that situation?

A. In the original filing, we had assumed a continuation of the load lost during the experimental phase of the program or about 40 Bcf annually. As, I noted in my rebuttal testimony, those enrollments are lagging our estimate and current enrollments reflect only about 27 Bcf of annual load. For the near term, this gives us a little more certainly of load requirements, and we have converted some of our contracts to fixed prices.

Q. What has the Company done so far with respect to setting GCR factors relative to the factor requested in the original filing?

A. Our April factor was set at $2.84 as a result of various refund obligations that accrued during the GCR freeze period. Our May factor was set at $4.87 reflecting some continued refund obligations along with some declines in market prices. The June factor was set at $4.34 as we started to see additional reductions in prices. Our July factor is $4.32 as we are seeing some stabilization in prices as summer heat and the hurricane season have apparently stemmed the price drops.

Q. Do the factors implemented to date reflect reasonable and prudent costs?

A. Yes. All are below the filed factor of $5.686 per Mcf.

Q. What are your expectations for the rest of the GCR period?

A. We believe that the current supply/demand situation is relatively favorable and the storage injections across the country would suggest that the concerns about filling storage no longer appear to be valid. The market still could, however, experience some serious volatility caused by summer heat, hurricane or early cold weather. Each month that passes allows us to get more gas in storage at prices that are lower than we originally had forecast and increases the likelihood that we will not need to increase our factor to the $5.69 level requested in the original filing.

Q. Does this complete your supplemental testimony?

A. Yes.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of CONSUMERS ENERGY COMPANY for Approval of a Gas Cost Recovery Plan and Authorization of Gas Cost Recovery Factors for the 12-Month Period April 2001 – March 2002	)))))))	Case No. U-12752

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Holly J. Allen, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that she served an electronic copy (in PDF format) of "**Revised Exhibit A-___(MJS-3R), Summary of Gas Purchase Contracts**" and "**Supplemental Testimony of Michael J. Shore**" upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein and by first-class mail at the addresses listed therein by depositing the same on June 13, 2001, in the United States mail in the City of Jackson, Michigan with first-class postage thereon fully paid.

Holly J. Allen
Holly J. Allen

Subscribed and sworn to before me this 13th day of June, 2001.

Sammie B. Dalton
Sammie B. Dalton
Notary Public, Jackson County, Michigan
My Commission Expires: 01/04/04

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ATTACHMENT 1 TO CASE NO. U-12752

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