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January 23, 2001

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

Re: Case No. U-12801

Dear Ms. Wideman:

Enclosed for filing in the above referenced matter are an original and 4 copies of "**Petition of Consumers Energy Company for a Declaratory Ruling**". In addition, an electronic copy is being filed with the Commission in the portable document format (PDF). I have also enclosed an original Proof of Service.

Sincerely,

H. Richard Chambers

CC: Joseph H. Fields, Esq

fl0101-1-80b

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the petition of CONSUMERS ENERGY COMPANY for a Declaratory Ruling as to the applicability of certain provisions in the Experimental Gas Customer Program to an actual state of facts involving Eastcoast Gas, Inc.	)	Case No. U-12801

PETITION OF CONSUMERS ENERGY COMPANY FOR A DECLARATORY RULING

Consumers Energy Company ("Consumers Energy" or the "Company") respectfully requests that the Michigan Public Service Commission ("MPSC" or "Commission") issue a declaratory ruling pursuant to Rule 701 of the Commission's Rules of Practice and Procedure, R460.17701, determining the applicability to an actual state of facts, as set forth herein, of certain provisions in the Experimental Gas Customer Choice Program approved by the Commission in Case No. U-11599 and incorporated in the approved tariff provisions. In support, Consumers Energy states as follows:

Description of Petitioner

1. Consumers Energy is a public utility engaged in, among other things, the transportation, distribution, and sale of natural gas to approximately 1.6 million customers in the lower peninsula of the State of Michigan. Consumers Energy's gas system is fully integrated and interconnected, and is operated as a single system within which uniform rates for the sale and distribution of natural gas are charged.

2. Consumers Energy's retail natural gas sales business and its retail gas transportation business are subject to the jurisdiction of the Commission pursuant to various

provisions of 1909 PA 300, as amended, MCL 462.2 et seq., MSA 22.21 et seq.; 1919 PA 419, as amended, MCL 460.54 et seq., MSA 22.4 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq., MSA 22.13(1) et seq., including 1982 PA 304, MCL 460.6h, MSA 22.13 (6h); 1969 PA 306, as amended, and MCL 24.201 et seq., MSA 3.560 (101) et seq.

Description of Eastcoast Gas, Inc.

3. Eastcoast Gas, Inc. is a former supplier in the Experimental Gas Customer Choice Program which was approved by the Commission in its December 19, 1997 Order in Case No. U-11599.

A. Eastcoast Gas, Inc. executed an Authorized Gas Supplier Agreement dated January 23, 1998 with Consumers Energy and subsequently enrolled customers in the Experimental Gas Customer Choice Program. The Authorized Gas Supplier Agreement was signed on behalf of Eastcoast Gas by James W. Carmody, its president.

B. In November 2000, as will be set forth in more detail below, Eastcoast Gas defaulted on its obligations under the Experimental Gas Customer Choice Program, announced its withdrawal from the Experimental Program and, pursuant to the Experimental Gas Customer Choice Tariff, had its authorized gas supplier status revoked. Eastcoast's former customers then became market-based sales rate customers pursuant to the terms of the Experimental Gas Customer Choice Tariff, subject to the rights of the customers to enroll with an alternative supplier for the remainder of the Experimental Program.

Issues Presented

4. The issues presented can be summarized as follows:

> ISSUES PRESENTED:
>
> I. In a situation in which (i) a supplier in the Experimental Gas Customer Choice Program has defaulted and had its authorized gas supplier status revoked, (ii) Consumers Energy has paid the defaulting supplier for gas delivered by the supplier prior to default, and (iii) the payments to the supplier for the delivered gas were calculated in accordance with Sections G1.L. and G1.M. of the Michigan Public Service Commission approved tariff, has Consumers Energy fully and completely satisfied its obligations to pay the defaulting supplier for such gas under the terms and conditions of the Experimental Gas Customer Choice Tariff?
>
> CONSUMERS ENERGY COMPANY SAYS "YES"
>
> II. In a situation in which (i) a supplier in the Experimental Gas Customer Choice Program has defaulted and had its authorized gas supplier status revoked, (ii) Consumers Energy has paid the defaulting supplier for gas delivered by the supplier prior to default, and (iii) the payments to the supplier for the delivered gas were calculated in accordance with Sections G1.L. and G1.M. of the Michigan Public Service Commission approved tariff, does the defaulting supplier have any right to demand the return of any portion of the gas delivered pursuant to the terms and conditions of the Experimental Gas Customer Choice Tariff?
>
> CONSUMERS ENERGY COMPANY SAYS "NO"

These two issues have arisen from an actual state of facts involving Eastcoast Gas, a former supplier in the Experimental Gas Customer Choice Program.

Overview of Experimental Gas Customer Choice Program

5. On December 19, 1997, the Commission issued an Order in Case No. U-11599 approving Consumers Energy's application for authority to implement a three-year, voluntary, experimental pilot program for gas customer choice. The program commenced April 1, 1998

and will end in March 2001. Among other things, the Experimental Gas Customer Choice Program allows up to 300,000 customers to voluntarily choose to purchase their gas commodity from an alternative supplier and have Consumers Energy deliver that gas. The rules and regulations approved by the Commission for the Experimental Gas Customer Choice Program, along with rate provisions, are located in Section G of the approved tariff. The current version of the tariff provisions is set forth in Attachment 1 to this Petition. In its Order in Case No. U-11599, the Commission also approved the form for the Authorized Gas Supplier Agreement which participating suppliers would be required to sign. The approved Authorized Gas Supplier Agreement form is set forth in Attachment 2 to this Petition.

6. The decision of the MPSC approving the Experimental Gas Customer Choice Program was upheld by the Michigan Court of Appeals in Residential Ratepayer Consortium v Public Service Commission, 239 Mich App 1; 607 NW 2d 391 (1999).

7. The Experimental Gas Customer Choice Program contains explicit provisions regarding the manner in which payments are to be made to participating suppliers for gas supplied by those suppliers. The provisions that address the manner of calculating such payments are located in Sections G1.L. and G1.M. These tariff provisions do not provide for any return of gas to suppliers at the end of a program year or upon default.

Statement of Facts and Situation Upon Which Request is Based

8. Provisions in the Authorized Gas Supplier Agreement and in the tariff require a supplier to notify the Company of the gas being nominated by the supplier for delivery and to arrange for delivery of gas in amounts required pursuant to the program. (See paragraphs 20 and 21, below.) Eastcoast Gas failed to notify Consumers Energy of the daily quantity of gas it was nominating for delivery for November. Moreover, Eastcoast Gas failed to nominate any gas for

delivery and failed to deliver any gas for its Experimental Gas Customer Choice customers in November.

9. On November 1, 2000 Consumers Energy received, by facsimile, a letter from Mr. Carmody, President of Eastcoast Gas, which stated on behalf of Eastcoast Gas:

> "It is with great regret that Eastcoast Gas, Inc. effective 11/1/00 has lost it's [sic] primary and only supply source to serve it's [sic] customers in the remaining days of the experimental customer choice program. At present we are not able to acquire the necessary volumes of gas to service our customer base on Consumers Energy system."

Mr. Carmody requested "an immediate de-enrollment of all customers" in four specified categories. The specified categories included all customers of Eastcoast Gas in the Experimental Program. A copy of the letter is attached at Attachment 3.

10. On November 2, 2000 Consumers Energy received a letter by facsimile from counsel for Eastcoast Gas which stated:

> "Effective November 1, 2000, East Coast [sic] is no longer being supplied gas by its primary and sole supplier. As a result, effective on November 1, 2000 and thereafter, East Coast has ceased doing business in the Consumers Energy Pilot Program known as 'Customers Choice.'"

A copy of the letter is attached as Attachment 4.

11. On November 6, 2000, based on the actions of Eastcoast Gas, Consumers Energy notified Eastcoast Gas in writing that its status as an authorized gas supplier in the Experimental Gas Customer Choice Program had been terminated:

> "As you are aware, Consumers Energy has not received any deliveries of natural gas from Eastcoast Gas, Inc for November in connection with the experimental Gas Customer Choice Program. Consumers Energy is in receipt of letters from you and from Henry J. Mittelstaedt, III of the law firm Mittelstaedt and McNeely, PC. stating that (i) Eastcoast Gas, Inc is not able to acquire the necessary volumes of gas to service its customer base in the

> experimental Gas Customer Choice Program and (ii) as a result, Eastcoast Gas has ceased doing business in Consumers Energy's experimental Gas Customer Choice Program.
>
> "Pursuant to Section G1 of the Company's tariffs approved by the Michigan Public Service Commission for the experimental Gas Customer Choice Program and the Authorized Gas Supplier Agreement, Eastcoast's status as an authorized gas supplier in the experimental Gas Customer Choice Program has been terminated."

A copy of the letter is enclosed as Attachment 5. Subsequent to November 6, Eastcoast Gas was no longer an Authorized Supplier in the Experimental Gas Customer Choice Program.

12. The approved tariff provisions provide in Section G1.K. (see Attachment 1) that Consumers Energy will perform customer billing and remittance processing functions unless a customer requests that the gas commodity charges be billed directly by the supplier. Provisions in Experimental Customer Choice Rate CC Tariff provide that in such instances the customers' cost of gas will be as communicated by the customer's Authorized Supplier. Prior to Eastcoast Gas having its Authorized Supplier status revoked and becoming disqualified, Consumers Energy charged Eastcoast's customers, in accordance with Section G1.K. of the tariff, the gas commodity charge furnished by Eastcoast Gas. The most recent gas commodity charges furnished by Eastcoast Gas prior to termination of its participation in the Experimental Program were:

Price Category 222	End-User ID#7038	$2.6850/Mcf
Price Category 222	End-User ID#7039	$2.6850/Mcf
Price Category 333	End-User ID#7134	$4.9770/Mcf
	(No customers were being served in the above group)	
Price Category 333	End-User ID#7135	$4.9770/Mcf

13. Following termination of Eastcoast Gas' participation in the Experimental Program, Eastcoast's former customers became market-based sales rate customers of the Company in accordance with the provisions of the Experimental Gas Customer Choice Program.

(See paragraph 23, below.) Eastcoast's default has been detrimental to its former customers in terms of the price per Mcf that those customers must pay, which subsequent to the termination of Eastcoast's participation in the Experimental Program has been higher than the last price specified by Eastcoast Gas for those customers.

14. In accordance with Section G1.L of the tariff (Attachment 1), on November 21, 2000 Consumers Energy remitted to Eastcoast Gas payments for gas delivered the prior calendar month. Payments for price categories with a designated price above the Rule B.10 Gas Commodity Charge price of $2.8364/Mcf were subject to the 110% limitation set forth in Section G1.L. of the tariff. Consequently, such payments were limited to $3.12/Mcf, subject to payment on reconciliation, pursuant to Section G1.M.,of amounts billed to customers whose Authorized Supplier was Eastcoast Gas during the period Eastcoast was the customers' Authorized Supplier. This payment was made by electronic funds transfer to Eastcoast Gas on November 21, 2000.

15. In accordance with Section G1.D. and G1.L of the tariff (Attachment 1) in December 2000 Consumers Energy (i) returned to Eastcoast Gas its cash deposit since it no longer was serving any customers under the Experimental Program, less applicable failure fees, and other fees owed, and (ii) remitted to Eastcoast Gas payments for amounts delivered the prior calendar month. Deliveries for November, as set forth above, were zero. This payment was made by electronic funds transfer to Eastcoast Gas on December 21, 2000.

16. In accordance with Section G1.M. of the tariff (Attachment 1), on January 19, 2001 Consumers Energy reconciled the cost of gas which had been remitted to Eastcoast Gas per paragraph G1.L. during the April 2000-November 2000 period with the price billed to Eastcoast Gas customers during that period on Eastcoast's behalf. This resulted in remittance to Eastcoast

Gas of an additional payment of $87,542.65. A copy of the reconciliation statement is set forth in Attachment 6. This payment was made by electronic funds transfer on January 19, 2001.

17. Consumers Energy has paid to Eastcoast Gas all amounts received from Eastcoast Gas customers during the period in which Eastcoast Gas was their Authorized Supplier.

18. Consumers Energy has paid Eastcoast Gas for all gas delivered by Eastcoast Gas which was used by Eastcoast Gas customers while Eastcoast Gas was their Authorized Supplier and all gas delivered by Eastcoast Gas in excess of amounts used by Eastcoast's customers while Eastcoast was their Authorized Supplier in accordance with the provisions of Sections G1.L. and G1.M. (Attachment 1)

Selected Provisions from Supplier Agreement and Tariff

19. Part I, paragraph 1 of the Authorized Gas Supplier Agreement (Attachment 2) includes the following provisions:

> "This Agreement shall be effective on the date stated above and shall terminate at the end of the March 2001 billing month, unless extended by written agreement of the parties or unless terminated by Company as provided in Part II hereof...." (Emphasis added)

Part II, paragraph 7 states in relevant part:

> **"**GOOD FAITH
>
> "The Supplier agrees to abide by the Terms and Conditions of the EGCC Program and to act in good faith with respect to all aspects of the EGCC Program, including all communications with customers of Company. Failure to follow the Terms and Conditions of the EGCC Program...or to exercise good faith with respect to the EGCC Program will result in Supplier having its Authorized Supplier status revoked and, subject to Rule B3, Controlled Service, its customers shall become market-based sales rate customers of Company." (Emphasis added)

20. Part II, Paragraph 3 of the Authorized Gas Supplier Agreement (Attachment 2) includes the following provisions related to the obligation of a participating supplier to deliver gas for the customers it is serving:

> "C. Supplier is responsible for determining Supplier's need for pipeline capacity and obtaining such capacity in whatever manner and from whatever source Supplier deems appropriate.
>
> D. Supplier shall notify Company's Gas Control Coordination Center of the daily quantity of gas (in MMBtu) that Supplier is nominating for delivery on behalf of each Supplier-designated pricing category in accordance with Rule G1.I of the attached Gas Rate Schedule.
>
> E. Failure to meet the delivery schedule shall subject Supplier to the payment of fees and/or termination of this Agreement as provided in Rule G1.J of the applicable Gas Rate Schedule."

21. Consumers Energy provides suppliers with a schedule of quantities for delivery of gas into the Company's system on behalf of the supplier's customers in accordance with Section G1.G. Section G1.I. of the approved tariffs states:

> "I. Each Supplier shall notify the Company's Gas Control Coordination Center of the daily quantity of gas (in MMBtu) that the supplier is nominating for delivery on behalf of each supplier-designated pricing category. Such nominations shall be submitted by 12:30 PM Eastern time prior to the effective day of the proposed delivery."

22. Sections G1.L. and G1.M of the approved tariff include the following provisions regarding the manner in which payments will be made to suppliers for gas:

> "L. The Company shall remit to the supplier, approximately 21 days from the end of each calendar month, an amount for the cost of gas equal-to the MMBtu quantities that the supplier has delivered onto the Company's system, not in excess of the suppliers' delivery obligation...multiplied by the lesser of the price per Mcf converted to MMBtu, billed to the supplier's customers that month or 110% of the Company's Rule B10, Gas

Commodity Charge. The amount to be remitted shall be reduced for an applicable Supply Equalization Charges, Administrative Fees, Billing Fees, Failure Fees, and/or amounts owed pursuant to the annual price reconciliation per paragraph M...."

"M. Within 60 working days after the end of the March billing cycle, or upon revocation of a supplier's Authorized Supplier status, the Company will reconcile the cost per MMBtu remitted to the supplier per Paragraph L, before reductions for Administrative Fees, Billing Fees, Failure Fees, and Supply Equalization Charges, with the price per MMBtu billed to customers over the course of the year on his and/or her behalf. Any difference multiplied by the smaller of the MMBtu delivered by the supplier (not turned away or cashed out per Paragraph J, above) or the billed customer consumption for the year being reconciled, will be added-to or subtracted-from the next monthly remittance to supplier."

23. Section G1.N. of the approved tariff states:

"N. A supplier that fails to comply with the terms and conditions of the program, including but not limited to failure to provide any required cash deposit or to pay any fees or charges contained in this Experimental Customer Choice Program within 15 days of the date of billing shall have its Authorized Supplier status revoked and, subject to Rule B3, Controlled Service, its customers shall become market-based sales rate customers of the Company." (Emphasis added)

The Rate CC tariff sheet of the Experimental Gas Customer Choice Program includes the following language:

"**Gas Commodity Charge**

"The customer's cost of gas will be as communicated to the Company each month by the customer's Authorized Supplier. If a participating customer obtains gas supply from Consumers Energy as a result of its chosen supplier becoming disqualified, or the customer chooses to return to Company sales supply, the customer shall become, subject to Rule B3, Controlled Service, a market-based rate customer of the Company." (Emphasis added.)

The tariff in the following paragraph states how the market-based rate will be calculated.

Analysis of Issues Presented

24. An issue has arisen regarding whether, under the terms and conditions of the approved MPSC tariff, Eastcoast Gas is entitled (i) to have payments for the gas commodity delivered by Eastcoast Gas calculated in a different fashion than set forth in Sections G1.L and G1.M of the approved tariff and/or (ii) to have the gas in excess of that used by Eastcoast's customers during the period Eastcoast was an Authorized Supplier returned to Eastcoast Gas. Consumers Energy does not believe that the approved MPSC tariff provisions provide for either form of relief.

25. Consumers Energy believes that it has interpreted the tariff provisions in the Experimental Gas Customer Choice Program in the way that those provisions are intended to work. Consumers Energy does not believe that Eastcoast Gas is entitled to any additional payments for gas delivered by Eastcoast Gas to Consumers Energy in connection with the Experimental Gas Customer Choice Program beyond payments which have already been made and that it is not entitled to any return of gas. Through this declaratory action, Consumers Energy seeks a Commission determination that Consumers Energy has fulfilled its obligations under the Experimental Gas Customer Choice Program to Eastcoast Gas.

26. Pursuant to Sections G1.L. and G1.M. of the tariff, payments to Eastcoast Gas for a portion of the gas delivered by Eastcoast Gas and not used by its former customers prior to Eastcoast's default were subject to the limitation in Section G1.L. that monthly payments to a supplier cannot exceed 110% of the Company's Rule B10, Gas Commodity Charge, which for the Experimental Program results in an amount of $3.12/Mcf. This resulted in payments, subject to Section G1.M., for the portion of the gas not used by Eastcoast's customers prior to Eastcoast's participation in the program being terminated not to exceed 110% of the Rule B10

Gas Commodity Charge. This is what the tariff provides. This is the manner in which payments were calculated.

27. Market prices are currently higher than $3.12/Mcf. Consumers Energy does not believe that a defaulting supplier is entitled to recover amounts for gas that are calculated using a market price or in any manner that results in a price in excess of the amount calculated pursuant to Section G1.L and Section G1.M. To allow a defaulting supplier to receive payments in excess of the amounts calculated pursuant to Sections G1.L. and G1.M. could put a defaulting supplier in a better position than would have occurred if the supplier had not defaulted, and could create an incentive for a supplier to default on its obligations to customers in some circumstances.

28. Consumers Energy does not believe that a defaulting supplier is entitled to a return of any portion of the gas delivered by the defaulting supplier. In situations in which Consumers Energy bills the customers for the gas, the Experimental Program is essentially a buy-sell program. Consumers Energy has bought the gas and paid for the gas pursuant to the tariff provisions. At the time of default, Eastcoast did not have ownership of previously delivered gas. If a defaulting supplier in the Experimental Program could obtain a return of gas then, in a market such as currently exists in which prices are high, the supplier could be in a better position financially by defaulting than if the supplier did not default.

29. Consumers Energy is not seeking to make a profit as a result of capping monthly payments for the gas at $3.12/Mcf. In Case No. U-12679 Consumers Energy agreed that if the loss on the gas commodity experienced by Consumers Energy in the third year of the Experimental Gas Customer Choice Program is less than $45.1 million, then the Company will place the dollar amount of the difference between the loss experienced on the gas commodity and $45.1 million into a refund liability account to be refunded to customers, including interest

commencing April 1, 2001. The Commission in its October 24, 2000 Order accepted this commitment. To the extent there is a benefit from calculating amounts owed a former supplier in accordance with the approved tariff provisions, it will benefit customers of Consumers Energy.

30. Eastcoast Gas is only entitled to payments in accordance with approved tariff provisions. Consumers Energy has made payments to Eastcoast Gas in accordance with the approved tariff provisions. Eastcoast Gas should not be placed in a better position as a result of default than it would have been if it had not defaulted. Consumers Energy does not believe that it has any obligation to make any further payments to Eastcoast Gas under the terms and provisions of the Experimental Gas Customer Choice Tariff.

31. A copy of this petition is being served on counsel for Eastcoast Gas.

WHEREFORE, Consumers Energy respectfully requests the Commission issue a declaratory ruling:

(A) Finding that (i) by making payments to Eastcoast Gas, a defaulting supplier, in accordance with approved tariff provisions in the Experimental Gas Customer Choice Program Consumers Energy has fully and completely satisfied its obligations to Eastcoast Gas, and (ii) Eastcoast Gas is not entitled under the terms and conditions of the Experimental Program to any additional payments or to any return of gas; and

(B) Granting Consumers Energy such other and further relief as is lawful and appropriate.

Respectfully submitted,

CONSUMERS ENERGY COMPANY

Dated: January 23, 2001

By: Michael J. Shore
Michael J. Shore
Executive Director,
Gas Management Services

Richard Chambers

Jon R. Robinson
H. Richard Chambers
Attorneys for Consumers Energy Company
212 West Michigan Avenue
Jackson, Michigan 49201
(517)788-1482

VERIFICATION

STATE OF MICHIGAN)
)SS
COUNTY OF JACKSON)

Michael J. Shore, being first duly sworn deposes and says that he is Executive Manager, Gas Management Services of Consumers Energy Company; that he has executed the foregoing Petition for and on behalf of Consumers Energy Company; that he has read the foregoing Petition and is familiar with the contents thereof; that the facts contained therein are true, to the best of his knowledge and belief; and that he is duly authorized to execute such Petition on behalf of Consumers Energy Company.

Michael J. Shore

Subscribed and sworn to before me the 23 day of January, 2001.

Mary K. Polack

Mary K. Polack
Notary Public, Jackson County, Michigan
My Commission Expires: September 9, 2001

ATTACHMENT 1

SECTION G
EXPERIMENTAL CUSTOMER CHOICE PROGRAM

G1. GENERAL PROVISIONS

A supplier desiring to supply gas to customers under Experimental Customer Choice Rate CC must execute an "Authorized Gas Supplier" Agreement with the Company prior to any solicitation of the Company's customers. Such agreement shall require compliance with all of the terms of this Rule G1.

A. Customers may elect to participate and suppliers may solicit customer participation at any time during the program period.

B. The customer's election of a supplier shall remain in effect until further notice or until the termination of the program, whichever comes first. The Company shall incur no liability for relying on a request which the Company believes to be genuine.

C. A supplier may only solicit existing Company sales rate customers and customers taking service under Experimental Customer Choice Rate CC.

D. A supplier shall provide the Company, by the last day of the calendar month prior to the month in which the supplier's customer commences service, a cash deposit in the amount of *$6.00* per Mcf for 10/365ths of the Company-estimated total annual load for those customers selecting that supplier. This cash deposit shall be applied against any unpaid charges and/or fees, as well as any price reconciliation liabilities. Amounts not so applied shall be refunded to the supplier at the end of the program or if the supplier ceases to serve customers under the program.

The Company shall pay simple interest to each supplier who is required to make a deposit for the time the deposit is held. The interest rate shall be the average short-term borrowing rate available to the Company for each year, or partial year in which the deposit is held. Payment of the interest to the supplier shall be made annually. The deposit shall cease to draw interest on the date the deposit is returned, on the date service is terminated, on the date the deposit is applied against any unpaid charges, fees or price reconciliations or the date that notice that the deposit is no longer required is sent to the supplier's last known address.

E. If a supplier adds customers after April 1 of a program year, the monthly remittance to the supplier for gas supplied to those customers will be adjusted by a Supply Equalization Charge. The Supply Equalization Charge shall be equal to the product of: (a) multiplied by (b) where (a) equals the Company's Gas Commodity Charge ($2.8364/Mcf) less the supplier specified customer billing price per Mcf, and (b) equals the increase for that month, if any, in the amount by which the cumulative Mcf quantity billed to those customers subject to the Supply Equalization Charge for the program year exceeds the cumulative supplier deliveries for those customers for the program year. The charge shall not be less than zero. The program year is the year beginning April 1 and ending the following March 31.

F. A supplier shall pay a monthly Administrative Fee of $200.00 per supplier-designated pricing category.

G. The Company will provide each supplier with an annual schedule of quantities for delivery of gas into the Company system on behalf of the supplier's customers. The initial schedule will require that 1/365th of the estimated annual customer load to be served by the supplier be delivered each day. This schedule will be updated by the Company on a monthly basis. Scheduled daily volumes will not normally vary by more than plus/minus 10% from 1/365th of the estimated annual customer load to be served by the supplier. The supplier shall be responsible for obtaining sufficient pipeline capacity to meet its delivery obligations.

H. Gas delivered into the Company's system shall comply with Rule F3, Gas Quality.

(Continued on Sheet No. G-2.00)

Issued July 2, 1998 by
P. A. Elbert,
President and Chief Executive Officer - Gas,
Jackson, Michigan



Effective for service rendered on and after June 2, 1998

Issued under authority of the Michigan Public Service Commission dated June 2, 1998 in Case No. U-11703

(Continued From Sheet No. G-1.00)

G1. GENERAL PROVISIONS (Contd)

I. Each supplier shall notify the Company's Gas Control Coordination Center of the daily quantity of gas (in MMBtu) that the supplier is nominating for delivery on behalf of each supplier-designated pricing category. Such nominations shall be submitted by 12:30 PM Eastern time prior to the effective day of the proposed delivery.

J. A supplier that falls short of the delivery schedule, described in Paragraph G, above, by more than 5% on any day or whose cumulative delivery shortfall exceeds one full day's worth of delivery obligation as of any calendar month-end shall pay a per MMBtu "Failure Fee" for all shortages in the amount of $6/MMBtu ($10.00/MMBtu during periods of Company-declared supply emergency in accordance with Rule B4, Curtailment of Gas Service) plus the higher of (a) the Company's Rule B10, Gas Commodity Charge or (b) the current highest spot price paid for gas delivered to ANR Pipeline Company, Trunkline Gas Company, Panhandle Eastern Pipe Line Company or at Chicago city gate for the corresponding date as published in Natural Gas Week, plus associated firm pipeline delivery costs.

A supplier that falls short of the required delivery schedule obligation to the extent that the cumulative unpaid Failure Fees exceed the cash deposit described in Paragraph D., above, shall have its Authorized Supplier status revoked. Subject to Rule B3, Controlled Service, the supplier's customers shall become market-based sales rate customers of the Company.

Deliveries in excess of any day's delivery obligation will first be applied against any cumulative delivery shortfall. Amounts not so applied will be turned-away or, at the Company's option, cashed out at the lower of the Company's Rule B10, Gas Commodity Charge factor or the current lowest spot price delivered to ANR Pipeline Company, Trunkline Gas Company, Panhandle Eastern Pipe Line Company or at Chicago city gate for the same month as published in Natural Gas Week.

K. All customer billing and remittance processing functions will be performed by the Company, unless the customer requests that Gas Commodity Charges be directly billed by the supplier. In that case, the Company will furnish the supplier with Mcf consumption data. The Company will continue to perform all other customer billing and remittance processing functions. In either case, the supplier will be charged a monthly fee of $.30 per customer account. The Company will be responsible for credit and collection activities only for those amounts billed directly to the customer by the Company. The supplier must, at least 48 hours before the start of each billing month, furnish to the Company, in a format acceptable to the Company, the price per Mcf to be billed to each supplier-designated pricing category on its behalf or the most recently supplied price will be used.

L. The Company shall remit to the supplier, approximately 21 days from the end of each calendar month, an amount for the cost of gas equal to the MMBtu quantities that the supplier has delivered onto the Company's system, not in excess of the suppliers' delivery obligation plus any volumes applied against a cumulative delivery shortfall carried over from a prior month, multiplied by the lesser of the price per Mcf converted to MMBtu, billed to the supplier's customers that month or 110% of the Company's Rule B10, Gas Commodity Charge. The amount to be remitted shall be reduced for any applicable Supply Equalization Charges, Administrative Fees, Billing Fees, Failure Fees, and/or amounts owed pursuant to the annual price reconciliation per Paragraph M. For suppliers who bill their Gas Commodity Charge directly to the customer, the Company will bill the supplier monthly, for any applicable Supply Equalization Charges, Administrative Fees, Failure Fees, and/or amounts owed pursuant to the annual price reconciliation per Paragraph M.

(Continued on Sheet No. G-3.00)

Issued April 1, 1998 by
P. A. Elbert,
President and Chief Executive Officer - Gas,
Jackson, Michigan



Effective for service rendered on
and after April 1, 1998

Issued under authority of the
Michigan Public Service Commission
dated March 24, 1998
in Case No. U-11645

(Continued From Sheet No. G-2.00)

G1. GENERAL PROVISIONS (Contd)

M. Within 60 working days after the end of the March billing cycle, or upon revocation of a supplier's Authorized Supplier status, the Company will reconcile the cost per MMBtu remitted to the supplier per Paragraph L, before reductions for Administrative Fees, Billing Fees, Failure Fees, and Supply Equalization Charges, with the price per MMBtu billed to customers over the course of the year on his and/or her behalf. Any difference, multiplied by the smaller of the MMBtu delivered by the supplier (not turned away or cashed out per Paragraph J above) or the billed customer consumption for the year being reconciled, will be added-to or subtracted-from the next monthly remittance to supplier.

N. A supplier that fails to comply with the terms and conditions of the program, including but not limited to failure to provide any required cash deposit or to pay any fees or charges contained in this Experimental Customer Choice Program within 15 days of the date of billing shall have its Authorized Supplier status revoked and, subject to Rule B3, Controlled Service, its customers shall become market-based sales rate customers of the Company.

O. The Company will convert customer consumption from Mcf to MMBtu using system-average Btu content.

P. Where used in this rule, the term "month," unless otherwise indicated, means billing month when referring to customer consumption and calendar month when referring to deliveries by suppliers.

Q. The annual load, delivery schedule, monthly Administrative Fee, Supply Equalization Charge, delivery shortfalls and excesses, and annual reconciliation shall apply separately to each supplier-designated pricing category.

R. The Company may disclose, at such times as requested by the Commission or its staff, the gas rates charged to Rate CC customers.



EXPERIMENTAL CUSTOMER CHOICE RATE CC

Availability

Subject to any restrictions, this rate is available to any sales rate customer desiring gas service where the customer's gas is provided by an Authorized Gas Supplier under Rule G1. A customer may enroll in the program any time during 1998, 1999 and 2000. The program will commence with the customer's first full billing month following enrollment, but not earlier than April 1, 1998 and end with the March 2001 billing month. The Company reserves the right to extend, modify or terminate the experimental program. Service is limited to a total of 100,000 customers beginning April 1, 1998, 200,000 customers beginning April 1, 1999 and 300,000 customers beginning April 1, 2000 through March 31, 2001. Customers taking service on Rates ST-1, ST-2, LT-1, LT-2 or under the provisions of Rule *F10* are not eligible for service under Rate CC. A Rate CC customer may switch suppliers or return to Company market-based sales supply at the end of a billing month by giving the Company 30 days notice in a form acceptable to the Company. A customer may change suppliers one time in any 12-month period beginning April 1 at no cost to the customer. A fee of $10 will be required for each additional change of supplier within the same 12-month period. A customer electing service from an Authorized Supplier is not eligible for the Winter Protection Plan, Rule C6.74.

Nature of Service

The customer will remain a customer of the Company. The Company will read the meter and render a bill to the customer for the monthly customer charge, distribution charge, surcharges, penalties and taxes. The authorized supplier's cost of gas charges will be billed as part of the Company's bill unless the customer elects to have the supplier's cost of gas charges billed directly by the authorized supplier. Service is subject to all of the Company's "Schedule of Rates Governing the Sale of Natural Gas" as approved by the Michigan Public Service Commission. By requesting service on this rate, the customer gives consent to the Company to furnish to the customers' authorized supplier pertinent customer sales or transportation data.

Monthly Rate

Customer Charge

As shown on the customer's applicable sales rate schedule.

Distribution Charge

As shown on the customer's applicable sales rate schedule.

Gas Commodity Charge

The customer's cost of gas will be as communicated to the Company each month by the customer's Authorized Supplier. If a participating customer obtains gas supply from Consumers Energy as a result of its chosen supplier becoming disqualified, or the customer chooses to return to Company sales supply, the customer shall become, subject to Rule B3, Controlled Service, a market-based rate customer of the Company.

The market-based rate, which will vary monthly, will be the higher of (a) the sum of (i) the most recent available monthly average cash market trading price of gas at Henry Hub, Louisiana as reported in Natural Gas Week, (ii) firm interstate transportation costs at the maximum Trunkline Gas Company tariff rate, and (iii) fuel costs associated with transportation of gas on Trunkline Gas Company's interstate pipeline system from Henry Hub, Louisiana to Consumers Energy's service territory, or (b) the then current Rule B10.E., Gas Commodity Charge.

(Continued on Sheet No. G-5.00)

Issued October 30, 1998 by
P. A. Elbert,
President and Chief Executive Officer - Gas,
Jackson, Michigan

MICHIGAN PUBLIC SERVICE COMMISSION
FILED
DEC 01 1998
CDP

Effective for service rendered on and after April 1, 1998

Issued under authority of the Michigan Public Service Commission dated March 24, 1998 in Case No. U-11645

EXPERIMENTAL CUSTOMER CHOICE RATE CC

(Continued From Sheet No. G-4.00)

General Terms and Surcharges

This rate is subject to all general terms and conditions shown on Sheet No. E-1.00 and surcharges shown on Sheet No. E-2

Minimum Charge

The minimum charge shall be the customer charge included in the rate.

Due Date and Late Payment Charge

The due date of *a residential* customer's bill shall be *17* days from the date of *transmittal. The due date of a nonreside customer's bill shall be 21 days from the date of mailing.* A late payment charge of 2%, not compounded, of the unpaid portion o bill, net of taxes, shall be assessed to any bill that is delinquent.

Term and Form of Contract

Service under this rate shall require authorization in a manner specified by the Company.

Issued March 24, 2000 by
C. L. English,
President and Chief Executive Officer - Gas,
Jackson, Michigan

MICHIGAN PUBLIC SERVICE COMMISSION
SEP 8 2000
FILED

Effective for service rendered on and after March 31, 2000

Issued under authority of the Michigan Public Service Commission dated February 9, 2000 in Case No. U-11397

ATTACHMENT 2

SAMPLE

AUTHORIZED GAS SUPPLIER AGREEMENT
PART I

Date of Agreement: _____

_____
(Supplier)

_____
(Legal Entity)

CONSUMERS ENERGY COMPANY
a Michigan corporation
212 W. Michigan Avenue
Jackson, Michigan 49201

_____
(Street Address)

_____
(City, State & Zip Code)

(Herein called "Company")

(Herein called "Supplier")

In consideration of the mutual commitments contained herein, including the agreement to participate in an Expanded Gas Customer Choice Program ("EGCC Program"), Company and Supplier agree as follows:

1. This Agreement shall be effective on the date stated above and shall terminate at the end of the March 2001 billing month, unless extended by written agreement of the parties or unless terminated by Company as provided in Part II hereof. Company will initiate a customer education campaign which may consist of bill inserts, direct mailings and/or a 1-800 information line designed to alert customers to expect solicitation by Suppliers. Supplier can solicit eligible customers to participate in the EGCC Program on a continuous basis for the duration of the Program. Supplier may only solicit existing Company sales rate customers, Rate CC customers, and customers taking service under Pilot Supplier Choice Rate SC-T.

2. Company will provide the Supplier gas delivery service for Supplier's customers and other services in accordance with the terms of this Agreement. This Agreement consists of this PART I and the attachments listed herein, incorporated by reference.

   Attachments:

   A. PART II, Terms and Conditions of Authorized Gas Supplier Agreement
   B. Applicable gas service rate tariff sheets and provisions of Consumers' Schedule of Rates Governing the Sale of Natural Gas Service (Gas Rate Schedule), including but not limited to "Experimental Customer Choice Rate CC and Rule G1. If any amendments to, supplements of, additions to, or replacements for the Gas Rate Schedule including, but not limited to, the portions attached to this Agreement, are filed with and approved by the Michigan Public Service Commission or any successor body, they shall become a part of this Agreement to the extent applicable to the subject matter of this Agreement.

3. Supplier's address for notices referred to in PART II is:

Payments/Invoices	All Other Notices

4. This Agreement will be governed by and construed in accordance with the laws of the State of Michigan.

5. Neither party shall assign this Agreement without the prior written consent of the other party. Any attempted assignment without such written consent shall be void and shall not release the assigning party from any of its obligations under this Agreement. Nothing herein contained shall prevent or restrict either party from pledging, granting a security interest in, or assigning as collateral all or any portion of such party's interest in this Agreement to secure any debt or obligation of such party under any mortgage, deed of trust, security agreement or similar instrument.

6. By the last day of the calendar month prior to the month in which Supplier's customer commences service, Supplier shall provide Company with a cash deposit as set forth in Rule G1.D of the attached Gas Rate Schedule.

7. If Supplier adds customers after April 1 of a program year, the monthly remittance to Supplier for gas supplied to those customers will be adjusted by a "Supply Equalization Charge" as set forth in Rule G1.E of the attached Gas Rate Schedule for the remainder of the program year beginning April 1 and ending the following March 31.

8. The Supplier agrees to pay Company the monthly fees set forth in Rule G1.F and Rule G1.K of the attached Gas Rate Schedule.

SUPPLIER ACKNOWLEDGES THAT IT HAS RECEIVED AND READ ALL OF THE ATTACHMENTS REFERRED TO ABOVE.

CONSUMERS ENERGY COMPANY

_____
(SUPPLIER)

BY: _____ BY: _____

_____ _____
(Print or Type Name) (Print or Type Name)

SAMPLE

AUTHORIZED GAS SUPPLIER AGREEMENT
PART II TERMS AND CONDITIONS

1. DEFINITIONS

As used in this Agreement, the terms shall have the meanings as set forth in Experimental Customer Choice Rate CC and Rule G1 of the Gas Rate Schedule (EGCC Program).

2. ELIGIBILITY

Any Supplier may participate in the EGCC Program. Affiliates of Company and/or CMS Energy are also eligible to participate in the EGCC Program.

3. GAS DELIVERY SERVICES

A. The customer's election of a Supplier shall remain in effect until further notice by customer or until termination of the EGCC Program, whichever shall first occur. The Company shall incur no liability for relying on a customer request which the Company believes to be genuine. Service under Rate CC shall require customer authorization in a manner specified by Company.

B. Company will deliver to Supplier's customers gas delivered by Supplier in accordance with Rule G1.G of the attached Gas Rate Schedule.

C. Supplier is responsible for determining Supplier's need for pipeline capacity and obtaining such capacity in whatever manner and from whatever source Supplier deems appropriate.

D. Supplier shall notify Company's Gas Control Coordination Center of the daily quantity of gas (in MMBtu) that Supplier is nominating for delivery on behalf of each Supplier-designated pricing category in accordance with Rule G1.I of the attached Gas Rate Schedule.

E. Failure to meet the delivery schedule shall subject Supplier to the payment of fees and/or termination of this Agreement as provided in Rule G1.J of the applicable Gas Rate Schedule.

4. METER READING, BILLING AND RECONCILIATION

A. Company will retain the responsibility for meter reading, billing and remittance processing in connection with its own (non-gas) charges.

B. Company shall perform meter reading, billing, remittance processing, and credit and collection functions for Gas Commodity Charges for Supplier in accordance with Rule G1.K of the attached Gas Rate Schedule unless the customer requests that the Gas Commodity Charges be billed directly by Supplier. In that case, Supplier shall bill its Gas Commodity Charges directly using Mcf consumption data furnished by Company. If Supplier bills its Gas Commodity Charges directly, then Supplier shall be responsible for remittance processing and credit and collection activities related to those charges.

B. If Company performs billing, remittance processing and credit and collection activities for Supplier, Company shall remit to the Supplier an amount for the Gas Commodity Charges equal to the MMBtu quantities that Supplier has delivered onto Company's system in accordance with Rule G1.L of the

attached Gas Rate Schedule. Company will convert customer consumption from Mcf to MMBtu in accordance with Rule G1.O.

C. If Company bills the Gas Commodity Charges for Supplier, Company will reconcile the cost per MMBtu remitted to Supplier for gas supplied by Supplier under this Agreement in accordance with Rule G1.M of the attached Gas Rate Schedule. For Suppliers who bill their Gas Commodity Charges directly to the customer, the Company will bill Supplier monthly for any applicable Supply Equalization charges, administrative fees, and/or amounts owed pursuant to the annual price reconciliation in accordance with Rule G1.M.

5. NOTICES

All notices and payments covered by this Agreement shall be addressed to Company at the applicable address stated below:

For Payments:	For Other:
Consumers Energy Company Addressed in accordance with the instructions set forth on the invoice	Consumers Energy Company Attn: Gas Control Coordination Center Room P11-453 1945 W. Parnall Road Jackson, Michigan 49201

The address of either party may be changed by the addressee giving at least thirty (30) days' written notice to the other party.

6. QUALITY AND USE OF GAS

Supplier represents and warrants that the gas supplied hereunder shall meet the requirements of Rule F3, GAS QUALITY, of the Gas Rate Schedule. Supplier represents and warrants that the gas it supplies hereunder is for the use of its customers. Furthermore, to the extent, if any, that Company's reliance on the foregoing representations and warranties subjects it to any actions, suits or proceedings brought before or instituted by any authority having jurisdiction, or results in any damage to its system or its customers, Supplier shall indemnify and hold Company harmless against all losses, costs and expenses resulting from or on account of said unauthorized use and/or failure to deliver gas meeting the specified requirements.

7. GOOD FAITH

The Supplier agrees to abide by the Terms and Conditions of the EGCC Program and to act in good faith with respect to all aspects of the EGCC Program, including all communications with the customers of Company. Failure to follow the Terms and Conditions of the EGCC Program including but not limited to failure to provide any required cash deposit or pay any fees or charges within 15 days of the date of billing or to exercise good faith with respect to the EGCC Program will result in the Supplier having its Authorized Supplier status revoked and, subject to Rule B3, Controlled Service, its customers shall become market-based sales rate customers of Company.

8. COMPLAINT PROCEDURE

Company shall establish a complaint procedure to give Suppliers a forum to raise and address complaints related to the Transportation Standards Code of Conduct (Rule B.12). The complaint procedure will allow for the following:

a. Routing of all complaints to a designated person or central location within Company;
b. Acknowledgment of complaint by Company within 5 working days of receipt by Company;
c. Preparation of a written statement of the complaint by Company; and
d. Preparation of a written statement communicating results of preliminary investigation within 30 days of initial receipt of complaint by Company with a description of any action taken or proposed to be taken.

If Supplier is not satisfied with the Company's response, then Supplier may address the complaint to the Michigan Public Service Commission.

9. TERMINATION

In the event the EGCC Program is terminated by Company for any reason, Company will give 30 days notice to Supplier and the price of gas supplied by Supplier under this Agreement and the price of gas delivered to Supplier's customers will be reconciled in the same manner as set forth in Section 4.C of PART II of this Agreement.

ATTACHMENT 3

EASTCOAST GAS, INC.
PO BOX 234 . ROCHESTER, MI. 48308
PHONE: 1-248-651-7741 . FAX: 1-248-651-4118
Email: Jwcdiamond@aol.com
www.eastcoastgasinc.com

November 1,2000

Att: Jim Thelen
Consumers Energy
Fax: 517-788-1857

Dear Jim,

It is with great regret that Eastcoast Gas,Inc. effective 11/1/00 has lost it's primary and only supply source to serve it's customers in the remaining days of the experimental customer choice program. At present we are not able to acquire the necessary volumes of gas to serve our customer base on Consumer Energy system.

We request an immediate de-enrollment of all customers in the following catagories:

Price Category 222 End-User ID# 7038
Price Category 222 End-User ID# 7039
Price Category 333 End-User ID# 7134
Price Category 333 End-User ID# 7135

Per this letter you will receive a fax letter late this afternoon from our council Mittelstaedt and McNeely Attorneys at Law.

We appreciated all the work efforts that you and your staff provided during the time of our working relationship.

Sincerely,

Jim Carmody
President
Eastcoast Gas,Inc.

ATTACHMENT 4

MITTELSTAEDT and McNEELY, P.C.
ATTORNEYS AND COUNSELORS

Henry J. Mittelstaedt III
Christopher E. McNeely*

445 South Livernois, Suite 224
Rochester Hills, Michigan 48307
(248) 601-4700
(248) 652-8482 - Facsimile

Of Counsel To:
Shermeta, Chimko & Adams, P.C.

November 2, 2000

VIA FACSIMILE NO. 517-788-1857

Mr. Jim Thelen
Consumers Energy

RE: East Coast Gas, Inc.

Dear Mr. Thelen:

This law firm has been retained by East Coast Gas, Inc. ("East Coast"). Effective November 1, 2000, East Coast is no longer being supplied gas by its primary and sole supplier. As a result, effective on November 1, 2000 and thereafter, East Coast has ceased doing business in the Consumers Energy Pilot Program known as "Customers Choice."

Further, please follow the directions as faxed to you by Mr. Carmody as President of East Coast on November 1, 2000.

If you have any questions, please contact me at your earliest convenience.

Very truly yours,

MITTELSTAEDT and McNEELY, P.C.

Henry J. Mittelstaedt III

HJM/se
cc: James Carmody, President

*Also Admitted in Illinois

ATTACHMENT 5

Consumers Energy

A CMS Energy Company

1945 West Parnall Road
Jackson, MI 49201-8643

Tel: 517 788 2470
Fax: 517 788 1340

Michael J. Shore
Executive Director
Gas Management Services

November 6, 2000

By Facsimile (248-651-4118)
and U.S. Mail

Eastcoast Gas, Inc
Att James W Carmody
PO Box 234
Rochester, MI 48308

RE: EASTCOAST GAS, INC

Dear Mr Carmody:

As you are aware, Consumers Energy has not received any deliveries of natural gas from Eastcoast Gas, Inc for November in connection with the experimental Gas Customer Choice Program. Consumers Energy is in receipt of letters from you and from Henry J Mittelstaedt, III of the law firm of Mittelstaedt and McNeely, PC, stating that (i) Eastcoast Gas, Inc is not able to acquire the necessary volumes of gas to serve its customer base in the experimental Gas Customer Choice Program and (ii) as a result, Eastcoast Gas has ceased doing business in Consumers Energy's experimental Gas Customer Choice Program.

Pursuant to Section G1 of the Company's tariffs approved by the Michigan Public Service Commission for the experimental Gas Customer Choice Program and the Authorized Gas Supplier Agreement, Eastcoast's status as an authorized gas supplier in the experimental Gas Customer Choice Program has been terminated.

If you have any questions, please feel free to contact me.

Sincerely,

Michael J. Shore

Michael J Shore

cc: HJMittelstaedt, III

ATTACHMENT 6

December 2000 Gas Customer Choice Remittance Summary

Gas Supplier: EST - Eastcoast Gas, Inc.

Price Category:	222	222	333	333	
ID Number:	7038	7039	7134	7135	Total
Price Category Administration Fee:	$0.00	$0.00	$0.00	$0.00	$0.00
Change in Deposit Required:	$0.00	$0.00	$0.00	$0.00	$0.00
December Deposit Interest Paid:	$0.00	$0.00	$0.00	$0.00	$0.00
December Customer Billing Charge:	$0.00	$0.00	$0.00	$0.00	$0.00
December Gas Supply Payment:	$0.00	$0.00	$0.00	$0.00	$0.00
Daily Failure Fees:	$0.00	$0.00	$0.00	$0.00	$0.00
Monthly Failure Fee:	$0.00	$0.00	$0.00	$0.00	$0.00
Supply Equalization Charge:	$0.00	$0.00	$0.00	$0.00	$0.00
Prior Period Adjustment:	($68,354.48)	($2,424.63)	$0.00	($16,763.54)	($87,542.65)
Net Remittance:	($68,354.48)	($2,424.63)	$0.00	($16,763.54)	($87,542.65)

		Date
Date Received		
Volumes Ckd		
Price/Rate Ckd		
Calculations Ckd		1-17-2001
Approved		1-17-01

est1200.xlw sheet rem1200

SUPPLIER PRICE RECONCILIATION REPORT

EASTCOAST GAS, INC
APRIL 1, 2000 THROUGH NOVEMBER 30, 2000

Price Category: **222 (ID# 7038)**

Month/Year	MMBtu/Mcf	Supplier Deliveries (MMBtu)	Supplier Deliveries (Mcf)	Rate/MMBtu	Supplier Rate/Mcf	Company Remittance to Supplier (MMBtu Basis)	Company Remittance to Supplier (Mcf Basis)	Actual Customer Consumption (MMBtu)	Actual Customer Consumption (Mcf)	Customer Rate/Mcf	Billed to Customer (Mcf Basis)
April 2000	1.023	36,240	35,425	$2.6246	$2.6850	$95,115.50	$95,115.50	35,984	35,175	$2.6850	$94,444.88
May 2000	1.023	37,603	36,758	$2.6246	$2.6850	$98,692.83	$98,692.83	24,083	23,542	$2.6850	$63,210.27
June 2000	1.033	36,060	34,908	$3.0203	$3.1200	$108,914.47	$108,914.47	14,049	13,600	$4.8700	$66,232.00
July 2000	1.036	33,480	32,317	$3.0116	$3.1200	$100,829.09	$100,829.09	10,275	9,918	$4.9770	$49,361.89
August 2000	1.035	33,511	32,378	$3.0145	$3.1200	$101,019.96	$101,019.96	9,531	9,209	$4.9770	$45,833.19
September 2000	1.046	32,490	31,061	$2.9828	$3.1200	$96,912.14	$96,912.14	10,455	9,995	$4.9770	$49,745.12
October 2000	1.041	19,437	18,671	$2.5793	$2.6850	$50,133.85	$50,133.85	9,182	8,820	$2.6850	$23,681.70
November 2000	1.033	0	0	$2.5992	$2.6850	$0.00	$0.00	3,101	3,002	$2.6850	$8,060.37
TOTALS		228,821	221,518			$651,617.84	$651,617.84	116,660	113,261		$400,569.42

$$\left[\frac{\$651{,}617.84}{228{,}821} - \frac{\$400{,}569.42}{116{,}660}\right] \times 116{,}660 = (\$68{,}354.48)$$

Reconciliation between the average price per MMBtu paid to the supplier and the average price per MMBtu billed to the customer, with the difference multiplied by the smaller of either the supplier deliveries or the customer consumption.
A positive result indicates the supplier owes Consumers Energy.
A negative result indicates Consumers Energy owes the supplier.
A zero result indicates no additional payment is required from either the supplier or Consumers Energy.

SUPPLIER PRICE RECONCILIATION REPORT

EASTCOAST GAS, INC
APRIL 1, 2000 THROUGH NOVEMBER 30, 2000

Price Category: **222 (ID# 7039)**

Month/Year	MMBtu/Mcf	Supplier Deliveries (MMBtu)	Supplier Deliveries (Mcf)	Rate/MMBtu	Supplier Rate/Mcf	Company Remittance to Supplier (MMBtu Basis)	Company Remittance to Supplier (Mcf Basis)	Actual Customer Consumption (MMBtu)	Actual Customer Consumption (Mcf)	Customer Rate/Mcf	Billed to Customer (Mcf Basis)
April 2000	1.023	0	0	$2.6246	$2.6850	$0.00	$0.00	0	0	$2.6850	$0.00
May 2000	1.023	1,674	1,636	$2.6246	$2.6850	$4,393.58	$4,393.58	893	873	$2.6850	$2,344.01
June 2000	1.033	1,950	1,888	$3.0203	$3.1200	$5,889.72	$5,889.72	522	505	$4.8700	$2,459.35
July 2000	1.036	1,829	1,765	$3.0116	$3.1200	$5,508.26	$5,508.26	318	307	$4.9770	$1,527.94
August 2000	1.035	1,829	1,767	$3.0145	$3.1200	$5,513.58	$5,513.58	297	287	$4.9770	$1,428.40
September 2000	1.046	1,770	1,692	$2.9828	$3.1200	$5,279.61	$5,279.61	353	337	$4.9770	$1,677.25
October 2000	1.041	1,674	1,608	$2.5793	$2.6850	$4,317.75	$4,317.75	482	463	$2.6850	$1,243.16
November 2000	1.033	0	0	$2.5992	$2.6850	$0.00	$0.00	6	6	$2.6850	$16.11
TOTALS		10,726	10,357			$30,902.50	$30,902.50	2,871	2,778		$10,696.22

$$\left[\frac{\$30{,}902.50}{10{,}726} - \frac{\$10{,}696.22}{2{,}871}\right] \times 2{,}871 = (\$2{,}424.63)$$

Reconciliation between the average price per MMBtu paid to the supplier and the average price per MMBtu billed to the customer, with the difference multiplied by the smaller of either the supplier deliveries or the customer consumption.
A positive result indicates the supplier owes Consumers Energy.
A negative result indicates Consumers Energy owes the supplier.
A zero result indicates no additional payment is required from either the supplier or Consumers Energy.

SUPPLIER PRICE RECONCILIATION REPORT

EASTCOAST GAS, INC
APRIL 1, 2000 THROUGH NOVEMBER 30, 2000

Price Category: **333 (ID# 7134)**

Month/Year	MMBtu/Mcf	Supplier Deliveries (MMBtu)	Supplier Deliveries (Mcf)	Rate/MMBtu	Supplier Rate/Mcf	Company Remittance to Supplier (MMBtu Basis)	Company Remittance to Supplier (Mcf Basis)	Actual Customer Consumption (MMBtu)	Actual Customer Consumption (Mcf)	Customer Rate/Mcf	Billed to Customer (Mcf Basis)
April 2000	1.023	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
May 2000	1.023	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
June 2000	1.033	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
July 2000	1.036	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
August 2000	1.035	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
September 2000	1.046	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
October 2000	1.041	0	0	$2.9971	$3.1200	$0.00	$0.00	0	0	$4.9770	$0.00
November 2000	1.033	0	0	$3.0203	$3.1200	$0.00	$0.00	0	0	$4.9770	$0.00
TOTALS		0	0			$0.00	$0.00	0	0		$0.00

$$\left[\frac{\$0.00}{0} - \frac{\$0.00}{0}\right] \times 0 = \$0.00$$

Reconciliation between the average price per MMBtu paid to the supplier and the average price per MMBtu billed to the customer, with the difference multiplied by the smaller of either the supplier deliveries or the customer consumption.
A positive result indicates the supplier owes Consumers Energy.
A negative result indicates Consumers Energy owes the supplier.
A zero result indicates no additional payment is required from either the supplier or Consumers Energy.

SUPPLIER PRICE RECONCILIATION REPORT

EASTCOAST GAS, INC
APRIL 1, 2000 THROUGH NOVEMBER 30, 2000

Price Category: **333 (ID# 7135)**

Month/Year	MMBtu/Mcf	Supplier Deliveries (MMBtu)	Supplier Deliveries (Mcf)	Rate/MMBtu	Supplier Rate/Mcf	Company Remittance to Supplier (MMBtu Basis)	Company Remittance to Supplier (Mcf Basis)	Actual Customer Consumption (MMBtu)	Actual Customer Consumption (Mcf)	Customer Rate/Mcf	Billed to Customer (Mcf Basis)
April 2000	1.023	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
May 2000	1.023	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
June 2000	1.033	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
July 2000	1.036	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
August 2000	1.035	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
September 2000	1.046	0	0	$0.0000	$0.0000	$0.00	$0.00	0	0	$0.0000	$0.00
October 2000	1.041	17,794	17,093	$2.9971	$3.1200	$53,331.40	$53,331.40	7,390	7,099	$4.9770	$35,331.72
November 2000	1.033	0	0	$3.0203	$3.1200	$0.00	$0.00	1,967	1,904	$4.9770	$9,476.21
TOTALS		17,794	17,093			$53,331.40	$53,331.40	9,357	9,003		$44,807.93

$$\left[\frac{\$53{,}331.40}{17{,}794} - \frac{\$44{,}807.93}{9{,}357}\right] \times 9{,}357 = (\$16{,}763.54)$$

Reconciliation between the average price per MMBtu paid to the supplier and the average price per MMBtu billed to the customer, with the difference multiplied by the smaller of either the supplier deliveries or the customer consumption.
A positive result indicates the supplier owes Consumers Energy.
A negative result indicates Consumers Energy owes the supplier.
A zero result indicates no additional payment is required from either the supplier or Consumers Energy.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the petition of CONSUMERS ENERGY COMPANY for a Declaratory Ruling as to the applicability of certain provisions in the Experimental Gas Customer Program to an actual state of facts involving Eastcoast Gas, Inc.	)	Case No. U-12801

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Kelly A. Fisher, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that she served a copy of the "**Petition of Consumers Energy Company for a Declaratory Ruling**" upon:

Joseph H. Fields, Esq.
Josh Fields & Associates
Attorneys and Counselors at Law
4700 S. Hagadorn Road, Suite 195
East Lansing, MI 48823

at the address listed above by depositing the same on January 23, 2001, in the United States mail in the City of Jackson, Michigan with first-class postage thereon fully paid.

Kelly A. Fisher

Kelly A. Fisher

Subscribed and sworn to before me this 23rd day of January, 2001.

Sammie B. Dalton

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