David C. Champion
Senior Attorney

michcon

Michigan Consolidated Gas Company
500 Griswold Street, Detroit, MI 48226

313 256-5092
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March 30, 2001

Dorothy Wideman, Secretary
Michigan Public Service Commission
6545 Mercantile Way, Suite 7
Lansing, Michigan 48909

Re: Michigan Consolidated Gas Company's 2000 Income
Sharing Calculation, MPSC Case No. U-12893 (e-file)

Dear Ms. Wideman,

Michigan Consolidated Gas Company ("MichCon") hereby submits for filing the 2000 income sharing calculation provided for in Case No. U-11682, Order dated April 28, 1998 and the related performance standards adopted in Case No. U-11782, Order dated October 12, 1998. MichCon's filing shows that its return on common equity for 2000 is less than the minimum return on common equity necessary for income sharing to occur. Documentation of the performance standards shows that MichCon met all performance targets and need not adjust its income sharing thresholds. Accordingly, no sharing of income with MichCon's customers is required.

Please acknowledge receipt of this filing by date-stamping the additional copy provided and returning it to me in the enclosed, self- addressed envelope. If you require additional information regarding this filing please contact me at your earliest convenience.

Thank you for your attention to this matter.

Very truly yours,

David C. Champion

Cc: Parties of Record, Case No. U-10150

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the filing by **MICHIGAN CONSOLIDATED GAS COMPANY** of its 2000 Income Sharing Calculation	)))	MPSC Case No. U-12893 (e-file)

INCOME SHARING CALCULATION

Michigan Consolidated Gas Company ("MichCon" or the "Company") hereby submits the income sharing calculation provided for in MichCon's experimental Gas Customer Choice Program for the year ended December 31, 2000. In support of this filing MichCon states as follows:

1. By Order issued April 28, 1998 in Case No. U-11682, the Michigan Public Service Commission ("Commission") approved MichCon's application for authority to implement a voluntary, experimental Gas Customer Choice Program ("Program").

2. The Program approved by the Commission includes an income sharing mechanism under which a portion of MichCon's earnings are to be shared with MichCon's customers if MichCon's actual return on common equity exceeds certain prescribed levels during any Program year.

3. By Order issued October 12, 1998 in Case No. U-11782, the Commission approved MichCon's application to implement performance standards to be used in conjunction with MichCon's income sharing mechanism. The approved standards would be used to lower MichCon's income sharing thresholds if MichCon failed to meet certain performance targets.

4. MichCon is filing its income sharing calculation and related performance standards for the 2000 Program year in conformance with Attachment D, Exhibits 2 and 3, to the application approved in the April 28, 1998 Order in Case No. U-11682, and the performance standards application approved in the October 12, 1998 Order in Case No. U-11782. In support of its filing MichCon also submits the Affidavit of Robert Kaslik attesting to the calculation and performance standards.

5. The income sharing calculation for 2000 shows that MichCon's return on common equity for the 2000 Program year is less than the minimum return on common equity necessary for income sharing to occur. Documentation of the performance standards shows that MichCon met all performance targets and need not adjust its income sharing thresholds. Accordingly, no sharing of income with MichCon's customers is required.

Respectfully submitted,

MICHIGAN CONSOLIDATED GAS COMPANY

By: David C. Champion

David C. Champion (P42665)
500 Griswold Street
Detroit, Michigan 48226
(313) 256-5092

Its Attorney

Dated: March 30, 2001

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the filing by **MICHIGAN CONSOLIDATED GAS COMPANY** of its 2000 Income Sharing Calculation	)))	MPSC Case No. U-12893 (e-file)

AFFIDAVIT OF ROBERT KASLIK

STATE OF MICHIGAN)
) SS:
COUNTY OF WAYNE)

Robert Kaslik, being first duly sworn, deposes and says:

1. I am the Controller for Michigan Consolidated Gas Company ("MichCon"). In this capacity I am responsible for, among other things, assuring the accuracy of MichCon's books of account and calculating final returns for MichCon, including its return on common equity.

2. I am familiar with the income sharing mechanism established as part of the experimental Gas Customer Choice Program implemented by MichCon pursuant to the April 28, 1998 Order issued by the Michigan Public Service Commission ("Commission") in Case No. U-11682.

3. I am also familiar with the performance standards adopted by the Commission in the October 12, 1998 Order in Case No. U-11782 for use in conjunction with MichCon's income sharing mechanism.

4. The income sharing calculation and related performance standards included in the accompanying filing were prepared under my direction and supervision and I attest that the

calculation was made in conformance with Attachment D, Exhibits 2 and 3, to the Gas Customer Choice Program application approved by the Commission in Case No. U-11682. I further attest that MichCon met the performance standards established by the Commission in Case No. U-11782 and, therefore, those standards have no impact on MichCon's income sharing calculations.

5. The income sharing calculation shows that MichCon's actual return on common equity for 2000 is less than 13.50% and, as a result, no sharing with MichCon's customers is required under the income sharing provision of the Gas Customer Choice Program approved by the Commission in Case No. U-11682.

Robert Kaslik

Subscribed and sworn to before me
this 30TH day of MARCH, 2001.

Notary Public, ~~Wayne~~ Washtenaw County, MI
My commission expires:

GLEN W. JOHNSON
Notary Public, Washtenaw County, Michigan
Acting in Wayne
My Commission Expires August 22, 2001

MICHIGAN CONSOLIDATED GAS COMPANY

Income Sharing Calculation
For the Year Ended December 31, 2000

Line No.	Description (Col. 1)	Source (Col. 2)	Amount (Col. 3)
1	Net Income	MPSC Form P-522, Pg. 117	$ 109,534,018
	Adjust For:		
2	Earnings of Non-Utility Subsidiary Companies	MPSC Form P-522, Pg. 225	(4,280,436)
3	50% of Net Cost of Gas Spread	Page 2	(8,092,900)
4	Reserve for Customer's Share of Income	Journal Voucher Entry	-
5	Total Adjustments	Sum of Lines 2 through 4	(12,373,336)
6	Adjusted Net Income	Line 1 less Line 5	97,160,682
7	Common Equity Balance @ Beginning of Yr.	MPSC Form P-522, Pg. 112	728,726,184
8	Common Equity Balance @ End of Yr.	MPSC Form P-522, Pg. 112	725,644,556
9	Average Common Equity Balance	(Line 7 + Line 8) / 2	727,185,370
10	Return on Common Equity	Line 6 / Line 9	**13.36%**
11	< or = 13.5% -- Customer Share 0%		**$ -**

Michigan Consolidated Gas Company

Income Sharing
Calculation of 50% of Net Cost of Gas Spread
For the Year Ended December 31, 2000

Line No.	Description (Col. 1)	Volume (Col. 2)	Amount (Col. 3)
	Source of Gas (Mcf)		
1	Interstate/Spot/Term Purchases	147,286,945	$ 421,322,160
2	Intrastate	11,637,140	32,729,445
3	Exchange Gas	(1,054,755)	(2,915,956)
4	Total Purchased Gas	157,869,330	451,135,649
5	Produced Gas	-	-
6	(To)/From Storage Gas	24,479,214	60,987,317
7	Total Source of Gas	182,348,544	$ 512,122,967
8	Less: Direct Sales of Gas	-	-
9	Less: Company Use Gas	(2,055,183)	(5,873,096)
10	Less: Lost and Unaccounted For	(3,900,216)	(11,145,647)
11	Add: Gas in Kind	2,512,321	7,179,460
12	Net Source of Gas	178,905,466	$ 502,283,683
	Disposition of Gas (Mcf)		
13	Revenue Class Sales (Unbilled)		178,905,466
14	Fixed Gas Cost Rate		$ 2.95
15	Gross Gas Sales Revenues		$ 527,771,125
	50% Net Cost of Gas Calculation		
16	Gross Cost of Gas Spread		$ 25,487,442
17	Income Multiplier		63.505%
18	Net Cost of Gas Spread		$ 16,185,800
19	Retention Factor		50%
20	Net Cost of Gas Spread Adjustment to Net Income		$ 8,092,900

MICHIGAN CONSOLIDATED GAS COMPANY
2000 PERFORMANCE STANDARDS

Line No.	**Standard**	**Target Performance Level**	**Actual 2000 Performance**	**Income Sharing Impact**
	(Col. 1)	(Col.2)	(Col. 3)	(Col. 4)
1	Safety	First quartile of OSHA recordable injuries and illnesses incident rate for natural gas distribution utilities as compiled by the American Gas Association for its annual report of Natural Gas Utility and Transmission Industry Occupational Injuries and Sickness Statistics	First quartile	None
2	Estimated Bills	No more than 29.6% bills estimated	9.1%	None
3	Calls Answered	No less than 53.4% of call received answered in 35 seconds	75.5%	None
4	Leak Response Time	No more than 30 minutes	24.7 minutes	None

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the filing by **MICHIGAN CONSOLIDATED GAS COMPANY** of its 2000 Income Sharing Calculation	)))	MPSC Case No. U-12893 (e-file)

CERTIFICATE OF SERVICE

I hereby certify that I have caused copies of the Michigan Consolidated Gas Company's 2000 Income Sharing Calculation to be served upon the parties of record in Case No. U-10150 by depositing said copies in the United States mail, postage prepaid and plainly addressed.

David C. Champion

Dated: March 30, 2001