

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of **CONSUMERS
ENERGY COMPANY** for accounting and
ratemaking approval of depreciation rates for gas
utility plant.

Case No. **U-12999** (e-file)

REPLY TO EXCEPTIONS

The Michigan Public Service Commission Staff for its Reply to the Exceptions to the Proposal for Decision (PFD) filed in this case states that all of the exceptions raised by the parties have been addressed by the Staff in its testimony, briefs and exceptions to the PFD, and will not be repeated. For the reasons presented in Staff's testimony, Initial Brief, Reply Brief and Exceptions to the PFD, Staff asks the Commission to adopt an order which adopts Staff's position regarding the calculation of net salvage value and requires Consumers to conduct a study to determine/explain why its net negative salvage costs are so high.

Respectfully submitted,

**MICHIGAN PUBLIC SERVICE
COMMISSION STAFF**



A handwritten signature in black ink, appearing to read "St D. Hughey".

Steven D. Hughey (P32203)
Assistant Attorney General
Public Service Division
6545 Mercantile Way, Suite 15
Lansing, MI 48911

Dated: August 2, 2004

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PROOF OF SERVICE

STATE OF MICHIGAN)
) ss
COUNTY OF INGHAM)

Carol A. Dane, being first duly sworn, deposes and says that on August 2, 2004, she served a true copy of the Reply to Exceptions upon the following parties by depositing the same in a United States postal depository enclosed in an envelope bearing postage fully prepaid, plainly addressed as follows:

H. Richard Chambers
Consumers Energy Company
One Energy Plaza
Jackson, MI 49201-2211

Robert A. W. Strong
Thomas E. Maier
Clark Hill, PLC
255 South Old Woodward Avenue, 3rd Floor
Birmingham, MI 48009-6179

Donald E. Erickson
Assistant Attorney General
Special Litigation Division
P.O. Box 30212
Lansing, MI 48909

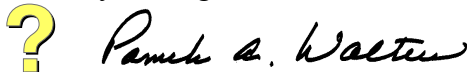
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Carol A. Dane

Subscribed and sworn to before me
this 2nd day of August, 2004.

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Pamela A. Walters, Notary Public
State of Michigan, County of Ionia
Acting in the County of Ingham
My Commission Expires: 02/04/2007