NEWS RELEASE

MICHIGAN PUBLIC SERVICE COMMISSION

Laura Chappelle, Chairman
David Svanda, Commissioner
Robert Nelson, Commissioner

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MPSC authorizes Consumers Energy Company to increase its natural gas rates by $55,728,000, annually

November 7, 2002

The Michigan Public Service Commission today granted Consumers Energy Company authority to increase its natural gas rates by $55,728,000, annually, effective November 8, 2002. The Commission approved the increase because Consumers Energy's current natural gas rates would result in a revenue deficiency for the company, based on 2002 test year data. A portion of this increase has already been addressed in a December 20, 2001 Commission order authorizing the company to collect interim relief in the amount of $15,380,000 annually. Consumers Energy filed an application on June 29, 2001 seeking authority to increase its rates for the transportation, storage, and distribution of natural gas by not less than $140,011,000 annually. Additionally, the company submitted a motion for partial and immediate rate relief of not less than $34,465,000 to be collected through an interim surcharge on all its natural gas sales customers' bills. Consumers Energy's natural gas rates were last reviewed by the Commission in 1996, at which time the Commission reduced the company's natural gas rates by $11.7 million.

Consumers Energy's residential natural gas customers using 120 thousand cubic feet (Mcf) of natural gas per year will see a monthly increase on their natural gas bills of about $3.03, for a total annual increase of about $36.36. Individual customers increases will vary, based on actual natural gas use.

Commissioner Robert Nelson concurred in the decision to the extent it authorized a rate increase of $47.2 million annually but dissented with regard to the remaining $8.528 million. Chairman Laura Chappelle concurred separately to indicate that she would have supported an additional $4.3 million in annual rate relief if a portion of Consumers Energy's rates were collected under bond and subject to refund to customers in the event that the company's actual costs fall short of its projections.

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MPSC staff, Consumers Energy, the Association of Businesses Advocating Tariff Equity, Attorney General Jennifer M. Granholm, the Midland Cogeneration Venture Limited Partnership, Metro Bureau Group Services, Inc., the National Energy Marketers Association and Thomas C. DeWard participated in the proceeding.

Also addressed in today's order was the public disclosure that CMS Energy had agreed to provide severance payments to former CMS executives. The Commission confirmed that it had conducted an investigation to ensure that the rates established today would not include any amount associated with severance payments to any of these former executives. Further, the Commission stated that it will continue to closely scrutinize all current and future natural gas and electric proceedings for the company to ensure that amounts associated with these severance payments are never included in Consumers Energy's retail rates.

Consumers Energy, headquartered in Jackson, provides natural gas service to about 1.6 million Michigan customers.

The MPSC is an agency within the Department of Consumer and Industry Services.

Case No. U-13000