Julie A. Cohen
Senior Attorney

michcon *Michigan Consolidated Gas Company*
500 Griswold Street, Detroit, Michigan 48226

313 256-5201
313 256-5251 FAX

July 2, 2001

Ms. Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, Michigan 48909

Re: Application of Michigan Consolidated Gas Company
U-13002

Dear Ms. Wideman:

Enclosed for electronic filing please find the application of Michigan Consolidated Gas Company for *ex parte* approval of a special contract.

Michigan Consolidated Gas Company will also file an original and five paper copies of the application and special contract.

Please acknowledge receipt of this filing by date-stamping the additional paper copy provided and returning it to MichCon in the enclosed, self-addressed envelope.

Should you have any questions regarding this filing or require additional information, please do not hesitate to contact me. Your attention to this matter is appreciated.

Very truly yours,

Julie A. Cohen
Senior Attorney

enclosures

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of	)	
MICHIGAN CONSOLIDATED GAS COMPANY	)	Case No. U-13002
for E*x Parte* Approval of a Special Contract with	)	
Dynegy Marketing and Trade.	)	

APPLICATION OF
MICHIGAN CONSOLIDATED GAS COMPANY
FOR *EX PARTE* APPROVAL OF
A SPECIAL CONTRACT

Michigan Consolidated Gas Company (MichCon) respectfully requests that the Michigan Public Service Commission (Commission) approve, *ex parte*, a Special Gas Transportation and Storage Agreement ("SGTA") between MichCon and Dynegy Marketing and Trade ("Dynegy"). In support of its request MichCon states as follows:

1. MichCon is a Michigan corporation the principal office of which is located at 500 Griswold Street, Detroit, Michigan 48226. MichCon is a public utility engaged in the purchase, storage, transmission, distribution and/or sale of natural gas to over one million customers in the State of Michigan and is subject to the jurisdiction of this Commission.

2. Dynegy is a subsidiary of Dynegy, Inc. and an affiliate of Montcalm County Renaissance Trust ("Renaissance Trust"). Renaissance Trust will design, construct, own and operate a 680-megawatt (MW) natural-gas fired peaking facility in Carson City, Michigan (the "Renaissance Power Project"). Power

generated at the Renaissance Power Project will be sold in the wholesale electricity market to investor-owned utilities, electric cooperatives and municipalities throughout the East Central Area Reliability Council (ECAR) and other regions of the country. The facility will connect into Consumer Energy's 345 kV transmission system through a 2-mile transmission interconnection line. Commercial operation is expected to begin during the summer of 2002.

3. Natural gas will be delivered through a 9.2 mile 20" pipeline designed, constructed, owned and operated by Renaissance Trust interconnecting with MichCon's A-B-C transmission pipelines in New Haven Township, Gratiot County, Michigan. The delivery point for MichCon deliveries will be this interconnection. Although the delivery point is located in MichCon's service territory, Renaissance Trust investigated a number of alternative sites and transportation providers for its power project. Competing providers both in the vicinity of MichCon's A-B-C pipeline and other sites investigated by Renaissance Trust have the facilities, the financial ability, and business incentives to provide the natural gas requirements of the Renaissance Power Project, which would exclude this significant gas load from MichCon's system.

4. Based on significant operating restrictions reflected in the SGTA, site competition from other readily available natural gas pipelines, and the substantial natural gas requirements of the Renaissance Power Project, MichCon believes that it is commercially and operationally prudent to provide an alternative transportation rate to bring the Renaissance Power Project onto MichCon's system as a new transportation customer. MichCon's ability to provide flexible natural gas service

arrangements that address individual customer requirements will be a critical factor in determining whether MichCon will be able to successfully respond to increasing competition, and attract new power generation loads.

5. Given the unique operational requirements of a peaking plant, the SGTA contains a number of operating parameters to which Dynegy must adhere, such as maximum hourly requirements that cannot be exceeded, storage injection and withdrawal limitations and a daily minimum storage balance requirement. Under the SGTA Dynegy is required to provide MichCon with advance notice prior to the start-up of turbines at the Renaissance Power Project. Additionally, during the months of December through April, under certain cold weather conditions, MichCon has the right to require Dynegy to deliver a balanced flowing supply equal to consumption at the Renaissance Power Project. If Dynegy fails to comply with the operating parameters of the SGTA, MichCon may impose imbalance and/or unauthorized use penalties and curtail deliveries to Dynegy. MichCon will also be relieved of its minimum delivery pressure obligations if Dynegy fails to comply with the operating parameters.

6. The SGTA is for a term of 20 years and, in addition to applicable terms and conditions of MichCon's T-2 tariff, provides Dynegy with alternative, tiered transportation rates: Tier 1 -- \$0.157 per Mcf for the first 7,500,000 Mcf per contract year, and Tier 2 -- \$0.115 per Mcf for all volumes greater than 7,500,000 Mcf per contract year. In light of the competitive alternatives and the limiting operating provisions discussed above MichCon believes that this alternative rate structure is warranted. During the term of the SGTA, Dynegy has guaranteed

MichCon a minimum revenue of $3,532,500 over each three-year period. Dynegy will also pay a monthly service charge of $2,100 per month and a gas-in-kind fuel charge as provided in MichCon's LT-2 rate schedule. If the Renaissance Power Project utilizes alternate fuels, Dynegy will pay MichCon $0.157 for the volumetric equivalent of all alternate fuels used.

7. The SGTA is the product of good faith negotiations and compromise between MichCon and Dynegy, including consideration of existing and future competitive energy supply options for the Renaissance Power Project. MichCon believes the alternative transportation rates and storage parameters in the SGTA provided an economic incentive for Dynegy to locate in MichCon's service territory. The rates, terms, and conditions of the SGTA will secure for MichCon a long term, twenty-year relationship with Dynegy. During this period MichCon will retain the entire Dynegy load on its system, and be the sole provider of Dynegy's gas transportation requirements. Competitively priced transportation rates and operational flexibility in the SGTA help sustain economic growth by lowering the cost Renaissance Trust incurs in generating electricity for merchant sales. The development of non-public utility electric generation capacity also supports the Commission and State of Michigan's goal of providing a competitive less-regulated electric market place with in the State. For all of these reasons, the rates, terms and conditions contained in the SGTA are reasonable and in the public interest.

8. MichCon believes that given the unique terms of the SGTA, the alternative prices are cost justified, beneficial to other MichCon customers, and will not in any way impede competition now or in the future.

9. Approval of the SGTA will not result in any increase in any rates and charges to customers. Rather, approval of the SGTA will aid in the development of non-public utility electric generation capacity in Michigan. In this Application, MichCon is not seeking a Commission determination on the ratemaking treatment, if any, associated with the SGTA. Consistent with prior orders issued upon *ex parte* review of special contracts, a determination on ratemaking treatment of any cost of service underrecovery should be deferred to future proceedings.

10. In this Application, MichCon does not seek approval of any changes in the rates or charges to its customers. Because no customer's rates will change as a result of the approval of this Application, the Commission may grant its approval of the Agreement without notice or hearing as provided for by MCL 460.6a; MSA 22.13(6a). Commission authority to grant *ex parte* approval under the circumstances presented in this Application have been affirmed by the Michigan Court of Appeals in Attorney General v. Public Service Commission et al., 227 Mich App 148, 575 NW2d 302 (1992).

11. The Commission has jurisdiction over MichCon's natural gas business pursuant to 1909 PA 300, as amended, MCL 462.2 *et. seq*.; MSA 22.21 *et. seq*.; 1919 PA 419, as amended, MCL 460.51 *et. se*q.; MSA 22.1 *et. seq*.; 1939 PA 3, as amended,

MCL 24.201 *et. seq.*; MSA 3.560(1010) *et. seq.*; and the Commission's Rules of Practice and Procedure, R 460.17101 et. seq.

RELIEF REQUESTED

For the reasons stated above, Michigan Consolidated Gas Company requests that the Commission expeditiously grant its application, approve, on an *ex parte* basis, its Special Gas Transportation and Storage Agreement with Dynegy Marketing and Trade, find that this Application and the SGTA are in the public interest, and grant such other relief as the Commission considers appropriate.

Respectfully submitted,

MICHIGAN CONSOLIDATED GAS COMPANY

Dated: 7/2/01

By: ______________________
Daniel L. Schiffer
Vice President and General Counsel

____

Julie A. Cohen (P45617)
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Michigan Consolidated Gas Company
500 Griswold Street, 9th Floor
Detroit, Michigan 48226
(313) 256-5201

Its Attorney

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SPECIAL GAS TRANSPORTATION AND STORAGE AGREEMENT

This **SPECIAL GAS TRANSPORTATION AND STORAGE AGREEMENT** including Attachments A, B, C, D and E ("Agreement"), made as of the 6th day of June, 2001 by and between **MICHIGAN CONSOLIDATED GAS COMPANY**, a Michigan corporation, having its principal office at 500 Griswold Street, Detroit, Michigan 48226 ("MichCon"), and **DYNEGY MARKETING AND TRADE**, having an office at 1000 Louisiana Street, Suite 5800, Houston, Texas 77002-5050 ("Customer").

RECITALS

A. An affiliate of Customer is developing an electric generation facility to be located in or near Carson City, Michigan, at the northeast corner of the intersection of Mt. Hope Road and Grand Trunk Railroad track line located in Montcalm County within the service area of MichCon ("Facility").

B. Customer desires to have MichCon transport the Facility's Full Requirements of natural gas, as such term is defined in Section 7, and MichCon desires to provide Customer with such services pursuant to the terms of this Agreement.

C. The Parties have negotiated the terms of this Agreement in recognition of the unique nature of the Facility, the services required, and their respective commercial objectives, and desire that MichCon submit this Agreement to the MPSC for approval in accordance with Section 12.

THEREFORE, MichCon and Customer agree as follows:

AGREEMENT

1. TRANSPORTATION SERVICES

(a) Transportation Services. Customer shall cause to be delivered to MichCon at the Receipt Points(s), and MichCon shall transport from the Receipt Point(s) to the Delivery Point, the Customer's Full Requirements of natural gas, subject to Section 7. Unless specifically modified by the terms of this Agreement, services provided by MichCon shall be in accordance with MichCon's Tariff under Rate Schedule LT-2, or any successor Rate Schedule that replaces Rate Schedule LT-2 (collectively "MichCon's LT-2 Rate Schedule"). To the extent any terms or conditions of this Agreement are inconsistent with MichCon's LT-2 Rate Schedule, the terms and conditions of this Agreement shall control.

(b) Gas Balancing Event. Throughout the period from December lst through April 30^{th} of each Contract Year ("Winter Period"), if at 10 a.m. EST, the day prior to the start-up of any turbine, the next day's average forecasted temperature for Detroit Metropolitan Airport, as forecasted in the most recent forecast prior to 10:00 a.m. by the United States Weather Bureau, "Selected City Summary and Forecast" for Detroit, is equal to or less than the temperatures provided in Attachment E for the respective periods, then a "Gas Balancing Event" will be required. The Gas Balancing Event will begin at 10 p.m. EST, the day prior to the start-up of any turbine, and end 36 hours later. During this time Customer is required to deliver or cause to be delivered to the Receipt Point(s), consistent with Section 6(b), a "balanced flowing supply" at least equal to Customer's respective consumption during two distinct balancing periods i) the period beginning at 10 p.m. EST and ending 12 hours later and, ii) the period beginning at 10 a.m. EST and ending 24 hours later. On any day in which Customer fails to fulfill its obligation to meet the Gas Balancing Event requirement; (1) Customer shall pay an Unauthorized Gas Usage Charge on the difference between usage at the Facility and gas delivered to the Receipt Point(s), and (2) MichCon shall have the right to curtail all gas deliveries to Customer, if Customer's failure to comply with the Daily Balancing requirement jeopardizes the operational integrity of MichCon's system.

i) The time periods utilized above are intended to reflect current practices of the Gas Industry Standards Board ("GISB"). If during the term of this Agreement, GISB nominations procedures are modified, the time period of a Gas Balancing Event will be changed accordingly. MichCon shall provide written notice to Customer of any such change.

(c) Transportation Parameters. Customer's initial Maximum Hourly Requirement (MHR) and Maximum Daily Quantity (MDQ) are shown on Attachment A. The MDQ may be modified by mutual agreement of the parties no more frequently than once a year for known or expected changes in Customer's Full Requirements of natural gas. Due to the difficulty in forecasting consumption for a peaking electric power generation facility, the parties shall make a good faith determination of MDQ taking into account Customer's consumption forecast and other factors deemed appropriate by the parties.

(i) MDQ Limitations. The aggregate Facility Requirements on any Gas Day shall not exceed the MDQ, shown on Attachment A; provided MichCon shall be entitled to curtail all deliveries to Customer for the remainder of the Gas Day if MichCon has already delivered to Customer in accordance with this Agreement the applicable MDQ on such Gas Day. If on any Gas Day Customer takes more than the applicable MDQ at the

Delivery Point (i) MichCon shall have the right to curtail all deliveries of gas as provided above and (ii) Customer shall pay Unauthorized Gas Use Charges on the difference between the volume of gas taken hereunder and the applicable MDQ.

(ii) MHR Limitation. The aggregate Facility Requirements for any hour during which the Facility is running shall not exceed the MHR, shown on Attachment A. Customer acknowledges that MichCon will design its facilities upstream of the Delivery Point for deliveries through the Delivery Point to handle volumes of gas up to the MHR. Such equipment will be designed to restrict deliveries to the MHR and under no circumstances shall MichCon be required to permit deliveries to the Delivery Point to exceed the MHR.

(d) Modifications to MDQ. Any modification to Customer's MDQ shall not modify any other terms of this Agreement, including, but not limited to Customer's storage rights, as defined in Attachment A, and Customer's Minimum Transportation Revenue Commitment, as specified in Section 5.

(e) Delivery Curtailment. In the event that MichCon curtails deliveries to the Delivery Point due to a non-Force Majeure condition that occurs at a time when Customer has complied with all Operating Provisions as defined in Section 3(a), MichCon shall, at the Customers' option,

(i) redeliver Customer's gas to storage, if not constrained by such deficiency;

or

(ii) redeliver Customer's gas to other off-system delivery points under a separate off-system interruptible transportation agreement under MichCon's Rate Schedule TOS-2;

and, in addition to either remedy under subsections 1(e)(i) or 1(e)(ii),

(iii) credit Customer's monthly bill an amount equal to the greater of the following:

($0.042 per Mcf) **X** (total volumes delivered to the Delivery Point during the month in which curtailment occurred)

or;

$50,000 per curtailment occurrence up to a maximum of four (4) occurrences per month. In no event shall more than one curtailment occurrence accumulate in any 24-hour period and a curtailment occurrence that extends beyond a 24-hour period shall be deemed to be a single curtailment occurrence.

2. STORAGE SERVICES

(a) Storage Services. Subject to the other terms of this Agreement, beginning on the Commercial Operation Date and continuing throughout the Term, MichCon shall store for Customer's account gas delivered by Customer hereunder to the Receipt Point(s) in excess of the then-prevailing Facility Requirements and shall maintain and prepare, by no later than the end of the following Gas Day, an accurate daily record of injections into and withdrawals from such account and the balance with respect to such account, which record shall be made available to Customer upon request. Customer's daily volumes scheduled and delivered by MichCon based on Customer's nominations in excess of Customer's actual usage will be injected into Customer's storage account subject to the Storage Capacity Limit, Daily Injection Limit, and Monthly Injection Limit specified in Attachment A. If Customer's daily volumes scheduled and delivered by MichCon based on Customer's nominations are less than Customer's actual usage, then on any Gas Day when a Gas Balancing Event has not been required, the deficiency will be withdrawn from Customer's storage account subject to the Storage Capacity Limit, Minimum Daily Storage Balance, and Monthly Withdrawal Limit specified in Attachment A.

(b) Storage Parameters. Customer will use its best efforts to adhere to the storage parameters specified in Attachment A:

(i) Storage Capacity Limit. The maximum volume of gas that Customer may cause to be held in Customer's storage account at the end of a Gas Day, the "Storage Capacity Limit," is as specified on Attachment A. If at the end of any Gas Day, the volume of gas held by MichCon in Customer's storage account exceeds the Storage Capacity Limit, then, until Customer reduces its storage balance to an amount equal to or below the Storage Capacity Limit, MichCon shall (1) charge Customer a Storage Balancing Charge on all daily volumes in excess of the Storage Capacity Limit and (2) have the right to refuse further nominations by Customer.

(ii) Daily Injection Limit. The maximum net addition of Customer's gas to its storage account that Customer may cause hereunder over any Gas Day, the "Daily Injection Limit," is as specified on Attachment A. The net addition of Customer's gas to its storage account shall be determined by comparing (i) the volume of gas in Customer's gas storage account at the end of the Gas Day against (ii) the volume of gas in Customer's gas storage account at the end of the prior Gas Day. If at the end of a Gas Day Customer's net addition of gas to its gas storage account exceeds the Daily Injection Limit, MichCon shall charge Customer a Storage Balancing Charge on all daily volumes injected in excess of the Daily Injection Limit.

(iii) Monthly Injection Limit. The maximum net addition of Customer's gas to its gas storage account that Customer may cause hereunder over any month, the "Monthly Injection Limit," is as specified on Attachment A. The net addition of Customer's gas to its storage account shall be determined by comparing (1) the volume of gas in Customer's gas storage account at the end of last Gas Day of the month against (2) the volume of gas in Customer's gas storage account at the end of the last Gas Day of the prior month. If at the end of any month, Customer's net addition of gas to its gas storage account exceeds the Monthly Injection Limit, then MichCon shall charge Customer a Storage Balancing Charge on all volumes injected in excess of the Monthly Injection Limit.

(iv) Minimum Daily Storage Balance. The minimum volume of gas that Customer must cause to be in Customer's storage account at the end of a Gas Day, the "Minimum Daily Storage Balance" is as specified on Attachment A. If at the end of any Gas Day, the volume of gas in Customer's storage account is less than the Minimum Daily Storage Balance, then, until Customer increases its storage balance to the Minimum Daily Storage Balance, MichCon shall: (1) have the right to curtail all gas deliveries to Customer, if Customer's failure to maintain the Minimum Daily Storage Balance jeopardizes the operational integrity of MichCon's system, and (2) Customer shall pay an unauthorized Gas Usage Charge on the negative storage balance at the end of such Gas Day.

(v) Monthly Withdrawal Limit. The maximum net withdrawal of gas from its gas storage account that Customer may cause hereunder over any month, the "Monthly Withdrawal Limit," is as specified on Attachment A. The maximum net withdrawal of gas from Customer's gas storage account shall be determined by comparing (1) the volume of gas in Customer's gas storage account at the end of the last Gas Day of the month against (2) the volume of gas in Customer's gas storage account at the end of the last Gas Day of the prior month. If at the end of any month Customer's net withdrawal of gas from its storage account exceeds the Monthly Withdrawal Limit, then Customer will be deemed to have received unauthorized gas, as defined in MichCon’s LT-2 Rate Schedule, and Customer will be subject to the Unauthorized Gas Usage Charge. Such Unauthorized Gas Usage Charge will be in addition to any Storage Balancing Charges incurred under this Section 2(b).

(c) [INTENTIONALLY LEFT BLANK]

(d) Storage Transfers. Subject to the conditions set forth in Section 2(b) and this Section 2(d), Customer may transfer gas from its storage account to any other MichCon on-system, end user transportation customer taking service under MichCon's Tariff Rate Schedule No. ST-1, ST-2, LT-1, LT-2, or any other successor rate schedules ("EUT Transferee") at no charge to Customer.

(i) Customer may request only one storage balance transfer per month, but such transfer may be made to multiple EUT Transferees, each of whom may individually confirm such transfer on ConQuest. All transfers must be requested prior to the first day of the month in which the transfer is to occur. Customer's transfer will be effective on the first day of the month.

(ii) Gas transferred to an EUT Transferee(s) under this Section 2(d) will be deemed to be flowing supply received at a receipt point into such EUT Transferee(s)' account and subject to the EUT Transferee's maximum daily quantity delivery limitations and gas-in-kind fuel charges under MichCon's Tariff.

3. PERFORMANCE OBLIGATIONS

(a) Minimum Delivery Pressure. Provided Customer adheres to the operating provisions set forth in Sections 1(b), 1(c), 2(b), and 3(c) of this Agreement ("Operating Provisions"), MichCon will maintain a minimum delivery pressure of 560 psig ("Minimum Delivery Pressure") at the inlet of the Facility Pipeline as defined in Section11.

(i) MichCon makes no representations or warranty as to the resulting pressures downstream of the inlet to the Facility Pipeline. Customer shall be solely responsible for and shall indemnify and hold MichCon harmless for any and all operational, maintenance, pipeline or equipment failures on the Facility Pipeline.

(ii) MichCon shall have no obligation to maintain the Minimum Delivery Pressure and shall not be in breach of this Section 3(a) during any periods of (1) Force Majeure as defined in Attachment B, B-11 (2) failure of Customer to adhere to the Operating Provisions or (3) failure by Customer to provide MichCon with the required Start Up Notice.

(b) Minimum Delivery Pressure Breach. Subject to Section 3(a)(ii), commencing with the Commercial Operation Date of the Facility, if Customer requires and MichCon fails to transport and deliver to the Delivery Point, at the Minimum Delivery Pressure, all or part of the volumes of natural gas nominated in accordance with the terms of this Agreement ("MDP Breach"), MichCon shall promptly undertake and diligently pursue a cure plan at its expense, including, if necessary, capital improvements to its system, designed to prevent further occurrences. Within forty-eight (48) hours of such pressure deficiency MichCon shall provide Customer with an estimated timetable and associated steps required to resolve such deficiency. The cure plan shall include reasonably detailed descriptions of the suspected possible cause(s) of the MDP Breach, the proposed remedial action(s) to be taken by MichCon, a time schedule for performance of same, the expected result(s), and any known or suspected detrimental effect to Customer resulting from implementation of the cure plan.

(c) Start Up Notice. Customer shall provide MichCon's Operations Group with at least four (4) hours notice during the months May through November and at least eight (8) hours notice during the months December through April prior to start up of any turbine at Customer's Facility ("Start-up Notice"). Customer shall have the right to start-up only by providing MichCon with the required notice as outlined in this Section 3(c). Subject to MichCon's sole discretion, MichCon may allow start-up with a shorter period of notice and in such case, MichCon will use reasonable commercial efforts to provide the Minimum Delivery Pressure. For purposes of this Agreement, Customer shall be deemed to have provided MichCon notice of the start-up of any combustion gas turbine at the Facility upon (1) the delivery by Customer's schedulers to MichCon's schedulers of an Operations Schedule or a Change Notice indicating the start up of such gas turbine, and (2) Customer's schedulers verbally advising MichCon's Operations Group of the expected time of start-up of such gas turbine.

(d) Operations Schedule. Beginning on the day immediately preceding the Commercial Operation Date, and on each day thereafter throughout the Term, Customer's Schedulers shall prepare and fax to MichCon's Schedulers an "Operations Schedule", in substantially the form of Attachment D, for the following Gas Day that estimates on a good faith basis:

(i) the Gas Day and the respective start-up time of the turbine(s) covered by the Operations Schedule;

(ii) the estimated aggregate daily and hourly requirement of the natural gas requirements of the Facility ("Facility Requirements") on such Gas Day;

(iii) the aggregate quantity of gas estimated to be either withdrawn from or injected into Customer's gas storage account and transported by MichCon to the Delivery Point on such Gas Day;

(iv) the aggregate daily quantity of gas estimated to be delivered by Customer hereunder to each of the Receipt Points on such Gas Day;

(v) such additional scheduling information as the Parties or their schedulers may agree in writing from time to time.

Customer's schedulers shall fax an Operations Schedule to MichCon's schedulers no later than 2:00 p.m. Eastern Standard Time ("EST") of the day such Operations Schedule is due. If Customer's schedulers fail to fax to MichCon's schedulers an Operations Schedule by 2:00 p.m. EST, then Customer shall be deemed to have submitted an Operations Schedule in which the estimated aggregate daily and hourly requirement of the Facility Requirements for the next Gas Day is zero Mcf and shall not be in default for failing to submit an Operations Schedule as required hereunder.

From time to time by verbal notice to MichCon's schedulers, Customer's schedulers may propose to revise any Operations Schedule after its submission to MichCon's schedulers. Any notification received by MichCon after 2:00 p.m. EST on the day preceding the requested Gas Day will be considered a "Change Notice." The Change Notice shall modify the Operations Schedule previously submitted for such Gas Day and may serve as a Start-up Notice pursuant to Section 3(c) if timely given.

Unless the parties' schedulers otherwise agree, Customer shall prepare each Operations Schedule (and make all changes thereto) such that (1) Customer shall nominate its gas consistent with Schedule B, B-3, (2) the scheduled daily quantity shall not exceed the Maximum Daily Quantity; (3) the scheduled daily quantity shall be delivered to one or more of the Receipt Points in accordance with the requirements and restrictions of this Agreement; (4) the Operations Schedule complies with the other applicable limitations and obligations specifically set forth in this Agreement; and (5) the Operations Schedule shall act as, indicate or otherwise convey Customer's notice to start-up, operate or run turbines.

4. TRANSPORTATION RATE

(a) Transportation Charges. Customer shall pay MichCon the following fees:

(i) A Monthly Service Charge of $2,100 per month; and

(ii) A Transportation Charge (Rate) of:

- Tier 1 - $0.157 per Mcf for the first 7,500,000 Mcf per Contract Year; and
- Tier 2 - $0.115 per Mcf for all volumes greater than 7,500,000 Mcf per Contract Year; and

(iii) A Gas-in-Kind (Fuel) Charge per MichCon's LT-2 Rate Schedule; and

(iv) An Alternate Fuel Charge ("AFC"):

The AFC is equal to the volumetric equivalent of all Alternate Fuels consumed by the Facility during such month multiplied by $0.157. The volumetric equivalent of the AFC shall apply towards the pricing tier volume thresholds in Section 4(a)(ii). The volumetric equivalent of an Alternate Fuel shall be calculated by dividing the total heating value of such Alternate Fuel delivered to the Facility for the month by the average heating value of gas delivered to Customer by MichCon during either the same time period, or the most recent time period in which gas deliveries were made from MichCon to Customer. In no event shall the AFC be less than zero.

After the Commercial Operation Date of the Facility, on or before the tenth day of each month Customer shall provide MichCon a written report of the use of Alternate Fuels in the prior month at the Facility. Additionally, Customer shall submit to MichCon all information reasonably requested by MichCon to determine whether Customer has utilized Alternate Fuels. MichCon shall have the right to audit Customer's books and records, including operating logs of the Facility, annually during the term of this Agreement to verify Alternate Fuel usage.

(b) Penalties and Third Party Charges. Customer will also be responsible for (i) all upstream or third Party transportation charges incurred in transporting the gas to the Receipt Point(s) and (ii) all rates, charges or penalties levied by MichCon caused by Customer or any agent acting on Customer's behalf.

5. MINIMUM TRANSPORTATON REVENUE COMMITMENT

(a) Minimum Three-Year Revenue Commitment. In consideration for the services provided herein, Customer shall guarantee to MichCon a minimum revenue commitment in three-year increments, throughout the term of this Agreement, equal to $3,532,500 ("Minimum Three-Year Revenue Commitment").

(b) Deficiency Payments. Customer's Minimum Three-Year Revenue Commitment will start on the first day of the month in which the Commercial Operation Date occurs, and apply to each successive three-year period. If Customer has not paid or incurred Transportation Fees equal to at least the Minimum Three-Year Revenue Commitment by the expiration of the applicable Minimum Three-Year Revenue Commitment period, then Customer shall not be in breach of any provision of this Agreement but shall pay MichCon, within thirty (30) Days after being invoiced by MichCon, a lump sum payment equal $3,532,500 minus the sum of (1) amount of any credit given to Customer pursuant to Section 1(e)iii, and (2) the actual transportation payments per Section 4(a)(ii) that Customer has made to MichCon during such three-year period ("Deficiency Payment"). The

Deficiency Payment will not be less than zero.

(c) Excess Payments. Any transportation payments received during a three-year period that are in excess of the Minimum Three-Year Revenue Commitment will not be transferred to the next three-year period. Each three-year period will be reset to zero at the commencement of that three-year period.

(d) Partial Period. If the remaining term of this Agreement is less than three years upon the start of a partial period, then the Minimum Three-Year Revenue Commitment for that remaining period shall be reduced by multiplying it times a factor, of which the numerator is the difference between 36 months and the remaining term (in months) and the denominator shall be 36 months.

6. RECEIPT POINTS

(a) General. Subject to the other terms of this Agreement, beginning on the Commercial Operation Date and continuing throughout the Term, Customer may deliver gas hereunder to one or more Receipt Points on any Gas Day. The aggregate daily nomination for all Receipt Points shall not exceed Customer's MDQ, unless agreed upon by MichCon in advance.

(b) Gas Balancing Receipt Points. On any Day when a Daily Balancing Event is required, Customer's Receipt Points shall be limited to the following:

(i) Willow Run (ANR Pipeline), Northville (Consumers Energy), Milford (Vector Pipeline), and Rouge (Panhandle Eastern);

(c) Non-Gas Balancing Receipt Points. On any Day when a Daily Balancing Event is not required, Customer's Receipt Points will be any of the following:

(i) Willow Run (ANR Pipeline), Northville (Consumers Energy), Milford (Vector Pipeline), Rouge (Panhandle Eastern), Belle River (Vector Pipeline), Belle River (Great Lakes), Woolfolk (ANR Pipeline), Shell Kalkaska (Antrim Pipeline and Shell Plant Outlet), Washington 10

(d) Receipt Point Capacity. Capacity at all Receipt Points shall be based on operating conditions on MichCon at the time of request and shall be subject to MichCon's then effective curtailment and allocation procedures as embodied in MichCon's Tariff. Such capacity approval shall not be unreasonably withheld.

(e) Future Receipt Points. Receipt Point capacity at any future interconnections constructed during the term of this Agreement will be available to Customer subject to the following:

(i) Availability of future Receipt Points may, at MichCon sole discretion, be limited to days in which a Daily Balancing Event is not required. MichCon's then effective capacity allocation procedures for MichCon's Rate Schedule LT-2, shall apply as well as the terms and conditions of this Agreement. MichCon shall not unreasonably withhold access to any future Receipt Points and will duly consider Customer's request for access.

(ii) Customer may request a new interconnection and MichCon will agree to pursue and install, in a timely manner, such interconnection subject to (1) Customer reimbursing MichCon 100% of such costs including federal and state taxes and (2) the upstream pipeline agrees to such interconnection. The terms and conditions set forth above in Section 6(e)(i) shall apply.

7. SOLE SOURCE REQUIREMENT

(a) Full Requirements. It is the parties' intent that MichCon shall transport Customer's Full Requirements of natural gas. "Full Requirements" is defined to mean all fuel and energy requirements of Customer's Facility including Alternate Fuel except for (i) thermal requirements met by steam generated at the Facility; (ii) electricity purchased from third parties. "Facility Requirements" shall have the same meaning as "Full Requirements". MichCon will be compensated as though it is the sole transporter of Customer's Full Requirements of natural gas and Alternate Fuels. In the event Customer utilizes alternate fuel sources, Customer will be subject to an Alternate Fuel Charge in accordance with Section 4 (a)(iv).

(b) Alternate Fuel Use. MichCon will allow the use of an Alternate Fuel at the Facility for such time as an interruption of gas supply due to (1) an event of Force Majeure declared by MichCon (2) curtailment of gas services on MichCon or (3) a force majeure curtailment on Customer's upstream pipeline suppliers without being subjected to Alternative Fuel Charges provided the curtailment is not the result of Customer's failure to adhere to the Operating Provisions. Such curtailment shall not relieve Customer of its Minimum Three-Year Revenue Commitment.

8. TERM OF AGREEMENT

This Agreement shall become effective on the Execution Date and, unless extended as provided below, shall terminate upon the twentieth anniversary of the Commercial Operation Date or the prior termination of this Agreement. The twenty (20) year term shall be automatically extended for successive periods of one (1) year, unless and until terminated in accordance with this Agreement.

9. EVENTS OF DEFAULT AND TERMINATION

(a) Events of Default. Each of the following shall constitute a default hereunder:

(i) a Party shall fail in any material respect to comply with, observe, or perform, or shall default in any material respect in the performance of, the other terms and conditions of this Agreement. Customer acknowledges that under no circumstances will MichCon's exercise of its curtailment rights under this Agreement or its Tariff result in an event of default.

(ii) a Party shall fail to pay to the other Party any material amount due and owing and not in dispute under Section B-9 of Attachment B;

(iii) a Party shall (A) apply for or consent to the appointment of a trustee, receiver, liquidator, custodian, or the like for itself or its properties, (B) be unable, or admit in writing the inability, to pay its debts as they mature, (C) make a general assignment for the benefit of its creditors, (D) commence a voluntary case under a chapter of the Bankruptcy Reform Act of 1978 or other applicable legal requirement, or file a petition, answer, or consent seeking reorganization or an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization, or insolvency proceeding, or fail to controvert in a timely and appropriate manner (or acquiesce in writing to) any such petition, or (E) take any corporate or partnership action for the purposes of effecting any of the foregoing; and

(iv) a proceeding or case shall be commenced, without the application or consent of the Party against which the proceeding or case was commenced, in any court of competent jurisdiction, seeking (A) its liquidation, reorganization of its debts, dissolution, or winding-up, or the composition or readjustment of its debts, (B) the appointment of a receiver, custodian, liquidator, or the like of such Party or of all or any substantial part of its assets, or (C) similar relief in respect of such Party under any law relating to bankruptcy, insolvency, reorganization of its debts, winding-up, composition or adjustment of debt, and such proceeding shall remain in effect, for a period of 120 days.

(b) Notice and Cure. Except to the extent more limited rights are provided elsewhere in this Agreement, if a default occurs the Party not in default shall give the Party in default (the "Defaulting Party") written notice describing such default and an opportunity to cure the default. The cure periods for particular defaults are as follows: (i) if the default is the event described in Section 9(a)(i) or (ii), the Defaulting Party shall have 30 days to cure the default after receipt of notice thereof from the other Party; (ii) if the default is the event described in Section 9(a)(iii), the Defaulting Party shall have no opportunity to cure; and (iii) if the default is the event described in Section 9(a)(iv), the Defaulting Party shall have the opportunity to cure as specified therein. MichCon acknowledges and agrees that any default by Customer may be cured, directly or indirectly, by the thirty party providing credit support under Section B-10 of Attachment B, the Facility owner, or any lender thereto, and that MichCon will accept any conforming cure of a default tendered by such third party, Facility owner, or lender.

(c) Termination for Default. If after the giving of notice and the expiration of any applicable cure period a default remains uncured, the Party not in default, by notice in writing to the Defaulting Party, may, in addition to any other rights and remedies available to it under this Agreement, at law, or in equity, suspend performance or withhold payments due and owing under this Agreement or terminate this Agreement until the default hereunder is cured.

(d) Force Majeure Terminations. A Party may terminate this Agreement upon at least 15 days prior written notice to the other Party if either of the following events occur:

(i) the other Party has given it four (4) or more notices claiming an event of Force Majeure during any period of 36 consecutive months; or

(ii) the other Party relies upon a claim of an event of Force Majeure to suspend its obligations under this Agreement (A) for more than ten (10) consecutive Gas Days in May through September or 15 consecutive Gas Days in October through April in any period of 12 consecutive months, or (B) for 60 cumulative Gas Days or more in any period of 36 consecutive months.

For the purposes of this Section 9(d), no more than one event of Force Majeure shall be counted during any Gas Day and an event of Force Majeure that is continuous and lasts for more than one Gas Day shall be considered as one event of Force Majeure. A Party must exercise its right of termination under this Section 9(d) within 120 days of the occurrence giving rise to the particular termination right.

(e) Initial Term; Renewal Terminations. Either Party may terminate this Agreement effective at the end of the initial twenty-year term or the end of any succeeding one-year term by giving prior written notice of termination to the other Party at least 365 days prior to the end of the Initial Term or succeeding year.

(f) Termination by Mutual Agreement. This Agreement may be terminated at any time with the mutual agreement of the Parties.

(g) Milestone and MPSC-Related Terminations. This Agreement may be terminated pursuant to Section 10 (b) or (c), or Section 12 (b), (c), (d)(ii) or (f)(ii).

(h) Early Termination. Without limiting Customer's termination rights and related obligations under Section 12, Customer may terminate this Agreement in the event the Facility owner determines, in its sole discretion, that continued operation of the Facility is unprofitable, uneconomic**,** or not in its best interests and abandons, shuts down, or ceases to operate and produce energy from the Facility. Customer shall give MichCon at least 60 days prior written notice of any termination under this Section 9(h). If such termination takes effect after the Commercial Operation Date and prior to the expiration of the tenth (10^{th}) Contract Year, Customer shall make an "Early Termination Payment" to MichCon. The Early Termination Payment will be equal to the net present value of $1,202,700 per Contract Year for all Contract Years remaining through the tenth (10^{th}) Contract Year, discounted at the Contract Rate in effect on the date of termination. The portion of the Early Termination Payment attributable to any Contract Year that is less than one full Contract Year shall be pro rated. Subject to Section 9(i), if Customer terminates this Agreement under this Section 9(h) after the tenth (10^{th}) Contract Year, Customer shall not be subject to an Early Termination Payment or any other payment obligation or liability hereunder, including the Minimum Three-Year Revenue Commitment.

(i) Effect of Termination; Survival. All obligations and liabilities of the Parties hereunder shall cease upon the termination of this Agreement, except their respective liabilities that accrued prior to termination or result from their respective defaults hereunder. Upon the termination of this Agreement, Customer shall have the immediate right to sign up and take service under any other MichCon Tariff without being subject to any eligibility delay or service deferment requirement that would otherwise be applicable.

10. PROJECT MILESTONES

(a) MichCon Interconnection Facilities. Customer agrees to use reasonable commercial efforts to develop, construct and place into commercial operation the proposed Facility, and MichCon agrees to have its interconnection and metering facilities ready by the later of October 15, 2001 ("In-Service Obligation") or when customer requires natural gas transportation for testing purposes of the Facility, provided, however, that for each day the Construction Commencement Date is delayed beyond July 31, 2001, MichCon's In-Service Obligation shall be delayed one day.

(b) Project Milestones. MichCon may terminate this Agreement upon the occurrence of any of the following:

(i) If Customer fails to meet either of the milestones, below:

- Construction Commencement Date of December 31, 2001; and,
- Commercial Operation Date of December 31, 2002

(ii) If Customer encounters an action, event or situation, which in its reasonable business judgment would prevent the successful development of its project consistent with the foregoing milestones, and Customer notifies MichCon of its intent not to pursue the project

(iii)If after Customer commences construction, Customer stops or ceases substantial construction activity for a period exceeding 3 months. For reasons excluding Force Majeure, under no circumstances shall a change in fuel costs, retail or wholesale electric prices, or the project's overall economics be considered to be an event of Force Majeure.

(c) Delay Payments. If the Commercial Operation Date of the Facility does not occur on or before December 31, 2002, then beginning January 1, 2003 and each month thereafter, Customer will pay MichCon a "Delay Payment" equal to $100,225 per month, until the earlier of the Commercial Operation Date or May 1, 2003, provided, however, MichCon shall waive the Delay Payment if Customer provides MichCon written notice prior to July 31, 2002, of its intent not to proceed with the project. If the Facility has not achieved the Commercial Operation Date by June 1, 2003, this Agreement shall terminate unless mutually extended by the parties.

(d) Termination Rights. With notice from MichCon that it is terminating this Agreement for any of the reasons set forth in Section 10(b) or (c) set forth above, or Customer's notice pursuant to Section 10(c), MichCon shall furnish Customer with an invoice detailing all equipment costs, including labor, or equipment cancellation fees associated with the interconnection of the Customer Pipeline with MichCon's pipeline system referenced in Section 11. Such invoice may not exceed $1,000,000 shall be due and payable within thirty (30) days of receipt.

11. PROJECT INTERCONNECTION COSTS

Certain metering, hot tap, gas chromatograph, and appurtenant facilities ("Interconnection Facilities") will need to be constructed to deliver natural gas at the Minimum Delivery Pressure, up to the MDQ, from MichCon's A-B-C transmission pipelines to Customer's proposed Facility. MichCon shall own and pay for the Interconnection Facilities. Customer shall own, control, maintain and pay for the pipeline lateral and all appurtenant facilities downstream of MichCon's meter station including regulation, heater, and filter/separator ("Facility Pipeline"). MichCon shall grant Customer a non-exclusive easement on its property, for the term of this Agreement, for the Facility Pipeline and required interconnection facilities, and, subject to the terms of the easement agreement, shall allow Customer free ingress and egress to such facilities for operation and maintenance of the Facility Pipeline.

12. MPSC APPROVAL

(a) MPSC Approval. In view of certain terms and conditions herein that vary from those in MichCon's Tariff, this Agreement is specifically conditioned upon approval from the Michigan Public Service Commission before MichCon can provide this service for Customer. MichCon will apply to the MPSC for approval of this Agreement on an ex parte basis within thirty (30) days after execution of this Agreement. Both parties shall support MichCon's application to the MPSC.

(b) MPSC Approval Denied. If the MPSC considers and expressly denies MPSC Approval without setting the matter for a contested case or public hearing, then either Party may terminate this Agreement upon written notice thereof to the other.

(c) MPSC Fails to Approve within 90 Days. If MPSC approval is not granted within ninety (90) days after the submittal date for ex parte approval, both Customer and MichCon have the right to terminate this Agreement. If either MichCon or Customer elects to terminate, no further obligations or costs to either Party shall arise by such election and Customer shall have the right to enter into a Revised Agreement with MichCon.

(d) MPSC Sets Hearing. If the MPSC issues an order, notice, or other directive in connection with the filing of the application for approval of this Agreement that would cause a contested case hearing to be held that could potentially affect the rates or costs of MichCon or its customers that are not parties to this Agreement, MichCon shall, within thirty (30) days of such order, at its sole discretion, elect to either:

(i) Proceed with the contested case proceeding and ultimately perform service under the terms of SGTA, as approved; or

(ii) Terminate this Agreement. MichCon will accept responsibility for all of MichCon's costs up to the date on which MichCon exercised this election under Section 12(d)(ii); or

(iii) Issue the Customer a revised special gas transportation agreement that includes the modifications necessary to address the MPSC's directive(s). Customer shall accept and execute such revised special gas transportation agreement, provided the revised agreement does not cause a material negative economic impact to the electric generation project as currently proposed.

(e) Revised Agreement. If Customer or MichCon has exercised its right to terminate this Agreement pursuant to this Section 12, and if Customer so desires, MichCon will provide transportation services within the framework of its standard LT-2 Rate Schedule for a period of five (5) years from the Commercial Operation Date, at a Tariff rate of $0.23 per Mcf on all volumes transported to the Delivery Point ("Revised Agreement"). Such Revised Agreement will include an ACQ of 7,500,000 Mcf and the MHR and the MDQ as defined in Attachment A, a storage capacity equal to 10% times the ACQ, and all Gas Balancing and Operating Provisions as specified in this Agreement. MichCon shall have the right to terminate the Revised Agreement if, at any time during the term of the Revised Agreement Customer consumes less than 5 Bcf per contract year. During the term of the Revised Agreement, the Parties agree to negotiate in good faith for a long-term transportation and storage agreement that is mutually acceptable to the Parties. If the parties do not reach agreement by the end of the term of the Revised Agreement, then the Revised Agreement shall terminate with no further obligation by either Party to the other, except for Section 12(e)(i) below.

(i) Upon termination of the Revised Agreement, Customer shall reimburse MichCon for all non-recoverable costs incurred in constructing the Interconnection Facilities, per Section 10(a), including federal and state taxes, such costs not to exceed $1,000,000. For purposes of calculating the reimbursement under this subsection, MichCon will credit $0.05 per Mcf of all volumes transported by MichCon under the Revised Agreement against all non-recoverable costs. The amount of such credit will be up to, but not to exceed, $500,000.

(ii) MichCon will not contest, object or delay the construction and interconnection to a third Party pipeline or alternative fuel supplier for the purpose of providing natural gas transportation or alternate fuel delivery to Customer's Facility.

(f) MPSC Conditions. If the MPSC approves this Agreement with conditions or amendments that, in Customer's sole reasonable opinion, materially and adversely affect Customer's economic assumptions, then within thirty (30) days of MPSC approval and upon written notice to MichCon, Customer may elect to either:

(i) Accept the transportation service as modified and approved by the MPSC;

(ii) Terminate this Agreement and accept responsibility for all costs incurred by Customer, without any further cost or obligation to MichCon.

13. ASSIGNMENT

Except as provided below, neither Party may assign this Agreement or any of its rights of obligations arising hereunder without the other Party's prior written consent, which shall not be unreasonably withheld or delayed; provided, however, that MichCon may withhold its consent to a proposed assignment if the requirements of Attachment B, B-10 are not satisfied. Either Party may assign this Agreement in whole or in part without the prior consent of, but with prior written notice to, the other Party to (i) an affiliate of such Party, (ii) a person or entity that succeeds to all or substantially all of the assets of such Party and such successor (or the guarantor thereof) satisfies the requirement of Attachment B, B-10, (iii) any person or entity providing debt, equity, lease, and/or bond financing or credit support or other credit enhancement to such Party or affiliate thereof, or (iv) and Project Lender; provided, however, no assignment under clause (i), (iii), or (iv) shall relieve the assignor or its guarantor of continuing responsibility or liability under this Agreement or any guaranty agreement provided in accordance with Attachment B, B-10. An assignment under clause (ii) shall relieve the assignor and any guarantor under Attachment B, B-10 from any responsibility or liability for the actions, inaction, or conduct of the assignee or any successor thereto after the assignment. For purposes of this Section 13, a "Project Lender" means any bank, trust company, savings and loan association, mortgage institution, insurance company, pension fund, real estate investment trust, leasing company, or other financial or lending institution (including indirect lenders and loan participants_, or any special purpose or newly-created entity affiliated with one or more of the foregoing, providing debt, equity, lease, and/or bond financing or credit support or other credit enhancement to the owner of the Facility or any member, trustee, partner, or shareholder of such owner, and their agents and fiduciaries.

14. NOTICES

All communications related to this Agreement shall be to the persons listed below or to such other persons as the parties may specify in writing:

Customer: Mark Ludwig

Dynegy Marketing and Trade
1000 Louisiana Street, Suite 5800
Houston, Texas 77002
FAX# (630) 472-9279

with a copy to:	General Counsel Dynegy Marketing and Trade 1000 Louisiana Street, Suite 5800 Houston, Texas 77002 FAX# (713) 507-6788
MichCon:	Vice President, Midstream & Supply 500 Griswold Street Detroit, Michigan 48226 FAX # (313) 256-6251
Gas Control:	Andrew Springstead Director, Gas Planning & Control (313) 256-5878
	Gas Control (direct) (800) 852-5423 (313) 256-5776

Either Party may change its address under this Agreement by written notice to the other Party. All notices given by one Party to the other must be sent by registered mail, overnight mail or by facsimile and will be effective upon receipt thereof. However, routine communications, including monthly statements, will be considered as duly delivered when mailed by registered, overnight or ordinary mail. Operational communications will be considered as duly delivered when mailed by registered, overnight or ordinary mail, or by facsimile or telephone.

15. GENERAL TERMS AND CONDITIONS

MichCon's Rules, Regulations and Rate Schedules For Gas Service, MPSC No. 4 are incorporated by reference in this Agreement to the extent applicable and then only to the extent not inconsistent with the terms of this Agreement. All transportation services provided under this Agreement shall be in accordance with the General Terms and Conditions set forth in Attachment B hereto.

16. ENTIRETY

This Agreement and Attachments A, B, C, D and E constitute the entire agreement between MichCon and Customer concerning the subject matter hereof, and supersede that certain letter of intent executed on April 12, 2000 between MichCon and Carson City Station, LLC the predecessor in interest to an affiliate of Customer, and all prior negotiations, representations, correspondence and agreements. No modification, alteration, amendment or construction of this Agreement is binding upon the parties unless in writing signed by both parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

MICHIGAN CONSOLIDATED GAS COMPANY

APPROVED AS TO FORM

By: ______________________

Stephen E. Ewing
President

DYNEGY MARKETING AND TRADE ~~COMPANY~~

By: ______________________

Ric Bowen
Executive Vice President

ATTACHMENT A

SERVICE DESCRIPTION

(a) Service Type: In accordance with MichCon's Rate ScheduleLT-2.

(b) Maximum Daily Quantity (MDQ): initially equal to 168,000 Mcf per day.

(c) Maximum Hourly Requirement: 7,700 Mcf per hour

(d) Storage Capacity Limit: 750,000 Mcf from September 8 – March 31, and 1,200,000 Mcf from April 1 – September 7.

(e) Minimum Daily Storage Balance: O Mcf

(f) Monthly Withdrawal Limit: Withdrawals from storage during December through April will be limited to 225,000 Mcf per month. There are no other monthly withdrawal limitations during the term of this Agreement.

(g) Daily Injection Limit: initially equal to: 1) 112,000 Mcf per day during the November through August period, and 2) 56,000 Mcf per day during the September through October period.

(h) Monthly Injection Limit: Injections into storage during September and October will be limited to 107,250 Mcf per month. There are no other monthly injection limitations during the term of this Agreement.

ATTACHMENT B

GENERAL TERMS AND CONDITIONS

B-1. DEFINITIONS

(a) “Alternate Fuels” include, but are not limited to the following: (i) coal, (ii) natural or manufactured gas or other gaseous hydrocarbon fuels used in Customer’s Facility delivered by a third Party, (iii) fuel oil, or (iv) steam not produced from thermal energy from equipment located at the Facility.

(b) “Annual Contract Quantity” or “ACQ” is the total volume of transportation capacity available for Customer’s use.

(c) "Construction Commencement Date" means the date on which the civil subcontractor retained by Customer has received Customer's notice to proceed with construction activities with respect to Customer's Facility and Pipeline and the civil subcontractor has actively commenced such activities.

(d) "Commercial Operation Date" means the earlier of (i) the date declared by Customer as the date on which the Facility has been placed into commercial service, (ii) the date Customer issues a certificate of substantial completion to the EPC Contractor, or (iii) the date MichCon delivers to Customer 1 Bcf of gas, in aggregate, under the terms of an LT-1 Agreement.

(e) “Contract Rate” means the rate per annum of interest equal to the lesser of (i) the yield to maturity, at the time of calculation of the 5% US Treasury bond due February 2011, plus (B) 100 basis points, or (ii) the maximum rate of interest permitted by applicable law.

(f) “Contract Year” means the first twelve-month period during the term of this Agreement, and each consecutive twelve-month period thereafter.

(g) “Gas Day” means a period of 24 consecutive hours commencing and ending at those times specified in MichCon’s then effective gas nomination procedures. Upon the effective date of this Agreement, MichCon’s Gas Day is from noon to noon Eastern Time.

(h) “Delivery Point” is the interconnection(s) of the facilities of MichCon and the Facility Pipeline. The Delivery Point will be located in Gratiot County, New Haven Township, Michigan.

(i) “Facility” has the meaning specified in recital A.

(j) “Facility Pipeline” has the meaning specified in Section 11.

(k) “Gas Balancing Event” has the meaning specified in Section 1(b).

(l) “Injection Limit” is the maximum daily quantity of natural gas that MichCon will inject into storage on Customer’s behalf as more fully set forth in Attachment A.

(m) “Interconnection Facilities” has the meaning specified in Section 11.

(n) “Maximum Daily Quantity” or “MDQ” is the maximum quantity of natural gas that may be delivered at the Receipt Point(s) on any one Gas Day as more fully set forth in Attachment A.

(o) “Maximum Hourly Requirement” or “MHR” is the maximum quantity of natural gas that may be delivered at the Receipt Point(s) over any one hour as more fully set forth in Attachment A.

(p) “Minimum Daily Storage Balance” has the meaning specified in Section 2(b)(iv).

(q) “Minimum Delivery Pressure” has the meaning specified in Section 3(a).

(r) “MPSC” means the Michigan Public Service Commission.

(s) “MichCon’s LT-2 Rate Schedule” has the meaning specified in Section 1(a).

(t) “Operations Schedule” has the meaning specified in Section 3(d).

(u) “Receipt Point(s)” are those interconnection(s) between the facilities of MichCon and third parties that deliver gas to MichCon, for the account of Customer, identified in Section 6.

(v) “Revised Agreement” has the meaning specified in Section 12(e).

(w) “Storage Balancing Charges” means the applicable load balancing charges plus gas-in-kind, each at the rate specified under MichCon’s LT-2 Rate Schedule.

(x) "Storage Capacity Limit" is the maximum quantity of natural gas that MichCon will hold in storage on Customer’s account under the terms of this Agreement, as specified in Attachment A.

(y) "Tariff" means MichCon’s Rules, Regulations and Rate Schedules for Gas Service as approved from time to time by the Michigan Public Service Commission.

(z) "<u>Unauthorized Gas Usage Charge</u>" means the applicable unauthorized gas use charges plus gas-in-kind, each at the rate specified in MichCon's LT-2 Rate Schedule.

B-2. INTENTIONALLY LEFT BLANK

B-3. NOMINATIONS

All customer nominations must be made in accordance with MichCon's nomination practices under Rate Schedule LT-2, and in effect at the time of nomination. MichCon, in its reasonable sole discretion, may refuse any nominations if such receipts or deliveries would threaten the operational integrity of MichCon's system.

For illustrative purposes, a document memorializing the currently effective MichCon nomination process has been attached as Attachment "C". MichCon will provide Customer with any new nomination process document that shall replace Attachment "C" two (2) weeks prior to MichCon requiring the nomination document to be effective. Posting of any revised nomination process on MichCon's electronic bulletin board shall satisfy MichCon's obligations under this provision.

B-4 MEASUREMENT

(a) All quantities of Gas received at the Receipt Point(s) by MichCon for the account of Customer shall be measured at the Receipt Point(s) by MichCon or its designee in accordance with, and shall comply with the measurement specifications contained herein: the average unit total heating value of the gas shall, at MichCon's option, shall be determined at each point of measurement by: (1) use of a spot sample taken during each month to be analyzed on a gas chromatograph, (2) use of a sample taken by a continuous sampler to be analyzed on a gas chromatograph, (3) use of an on-line gas chromatograph or (4) use of a calorimeter, mechanical or otherwise. If chromatographic analysis is used, the unit total heating value shall be calculated using the compound values contained in the American Gas Association Gas Measurement Committee Report No. 3. September, 1985 (ANSI/API 2530 approval May, 1985), or any revision thereof (1992 for the bulk of the standard and 2000 for part 2). Gas samples shall be analyzed for the determination of the relative density of the gas delivered hereunder. The result shall be obtained to the nearest one thousandth (0.001) and shall be applied during the applicable period for the determination of Gas volumes received.

(b) All quantities of gas delivered by MichCon to Customer, or for the account of Customer, shall be measured at the Delivery Point by MichCon, or its designee in accordance with, and shall comply with the measurement specifications contained herein: the average unit total heating value of the gas shall, at MichCon's option, shall be determined at each point of measurement by: (1) use of a spot sample taken during each month to be analyzed on a gas chromatograph, (2) use of a sample taken by a continuous sampler to be analyzed on a gas chromatograph, (3) use of an on-line gas chromatograph or (4) use of a calorimeter, mechanical or otherwise. If chromatographic analysis is used, the unit total heating value shall be calculated using the compound values contained in the American Gas Association Gas Measurement Committee Report No. 3. September, 1985 (ANSI/API 2530 approval May, 1985), or any revision thereof (1992 for the bulk of the standard and 2000 for part 2). Gas samples shall be analyzed for the determination of the relative density of the gas delivered hereunder. The result shall be obtained to the nearest one thousandth (0.001) and shall be applied during the applicable period for the determination of gas volumes delivered.

(c) Adjustments to measured gas volumes for the effects of supercompressibility shall be made according to API MPMS Chapter 14.3 standard. MichCon shall obtain representative relative density, gas compositions, carbon dioxide and nitrogen mole fraction values, from the gas samples obtained for the gas delivered or received as may be required to compute such adjustments according to standard testing procedures. Equations for the calculation of supercompressibility will be taken from the latest revision of AGA Report No. 8, "Compressibility for Natural Gas and Other Hydrocarbon Gases." Each Month, the supercompressibility will be calculated using the latest Gas analysis.

(d) An assumed atmospheric pressure of fourteen and four tenths (14.40) psia shall be used for measurement and calculation purposes. MichCon shall have the right, in its sole determination, to utilize actual barometric pressure for measurement and calculation purposes as an alternative to 14.4 pounds per square inch absolute. The pressure base shall be fourteen and sixty-five hundredths (14.65) psia and the temperature base shall be sixty degrees (60^{o}) Fahrenheit. Samples obtained under the terms above shall have the gross heating value calculated from a gas analysis according to the latest revision of GPA 2172.

(e) Ultrasonic meters utilized to measure gas pursuant to this Agreement shall be constructed and operated according to the AGA Report No. 9 (Measurement of Gas by Multi-path Ultrasonic Meters) as such publications may be revised from time to time, revisions will be incorporated as excepted by MichCon within a reasonable time period.

(f) Customer and MichCon shall grant the other at the other a data port at the inlet of their respective systems. Either Party may install, maintain and operate at its own expense, at or near each Receipt Point and Delivery Point, such check measuring equipment as desired, provided that such equipment is installed so as not to interfere with the operation of any other measuring equipment.

(g) In the event check measuring equipment is installed by either Party, the other Party shall have access to the same at all reasonable times, but the reading, calibration and adjusting thereof and the changing of charts shall be done only by the Party installing the checking equipment.

(h) Measuring Party shall give reasonable notice to the other Party so that said Party may have representatives present to observe any installing, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting of Measurement Party's measuring equipment used in measuring or checking the measurement of receipts or deliveries of Shipper's gas under this Agreement. The official charts (recordings) and all Electronic Flow Computer files (logs) from such measuring equipment shall remain the property of Measuring Party, but upon request and within 30 Days Measuring Party will submit its records and charts, together with calculations therefrom, to the other Party for inspection and verification, subject to return to Measuring Party within sixty (60) days after receipt thereof.

(i) Measuring Party shall verify the accuracy, adjust and calibrate all recording devices used in the measurement of the receipt of Shipper's Gas hereunder on a quarterly basis not to exceed 120 days (4 calibrations per year). Measuring Party shall not be required to, but may elect to, adjust or calibrate such equipment more frequently than specified above unless the other Party desires a special test be performed. Wherever any governmental agency requires more frequent calibration than described above, Measuring Party agrees to comply with the more frequent calibration schedule.

(j) If during any test of the measuring equipment, an adjustment or calibration error is found which results in an incremental adjustment to the calculated daily flow rate through each meter run in excess of one percent (1%) for ultrasonic meters and two percent (2%) for all other meter types of the correct flow rate (whether positive or negative and using the correct flow rate as the percent error equation denominator), then any previous recording of such equipment shall be corrected to zero (0) error for any period which the error existed (and which is either known definitely or agreed to by both Parties) and the total flow for the period redetermined in accordance with the provisions below. If the period of error cannot be determined or agreed upon between the Parties, such correction shall be made over a period extending over the last one-half (1/2) of the time elapsed since the date of the last correct test, provided however that such period shall not exceed 60 days.

(k) If, during any test of the measuring equipment, an adjustment or calibration error is found which results in an incremental adjustment to the calculated daily flow rate which does not exceed the one percent (1%) for ultrasonic meters and two percent (2%) for all other types of meters limit as described above, all prior recording shall be considered to be accurate for quantity determination purposes. Any measuring equipment found to be measuring inaccurately in any percentage shall be adjusted at once to read accurately.

(l) In the event a Party desires a special test (a test not scheduled by Measuring Party under the provisions above) of any measuring equipment, reasonable advance notice, in writing, shall be given to Measuring Party and both Parties shall cooperate to secure a prompt test of the accuracy of such equipment. If the measuring equipment falls within the accuracy provisions above, and if the measurement equipment meets all appropriate specifications stated above, the requesting Party shall bear the cost of such special test. If the measuring equipment does not fall within the accuracy provisions as stated above, or if the measurement equipment does not meet all the appropriate specifications, Measuring Party shall bear the cost of such special test, and Measuring Party shall also bear the costs to promptly repair or replace the defective equipment.

(m) If, for any reason, any measurement equipment is (i) out of adjustment, (ii) out of service, or (iii) out of repair and the total calculated daily flow rate through each meter run is found to be in error by an amount of the magnitude described above, the total quantity of gas delivered shall be determined according to the first of the following methods that is feasible:

(i) By using the registration of any duplicate measuring equipment installed by either Party, if installed and registering correctly;

(ii) By using the registration of any check meter facility, if installed and accurately registering (subject to testing as described above);

(iii) By correcting the error by re-reading of the official records, or by straightforward application of a correction factor to the quantities recorded for the period (if the net percentage of error is ascertainable by calibration, tests, or mathematical calculation);

(iv) By estimating the quantity, based upon deliveries made during periods of similar conditions when the meter was registering accurately.

(n) Each Party shall retain and preserve all test data, charts, and other similar records for the greater of (2) years, or the time required by any governmental agency.

(o) Each Party shall have the right to inspect measurement equipment installed or furnished by the other and the charts and other measurement or testing data of such Party at all times during business hours; but the reading, calibration and adjustment of such equipment and collection of data shall be done by Measuring Party, unless agreed to otherwise by the Parties.

B-5. QUALITY

(a) All gas delivered by Customer at the Receipt Point(s) or redelivered by MichCon at the Delivery Point shall be pipeline quality gas.

(b) If the gas delivered by Customer at any Receipt Points or by MichCon at any Delivery Points fails at any time to be pipeline quality gas, then MichCon or Customer, as the case may be, shall notify the other of such deficiency and thereupon may, at its option, refuse to accept delivery pending correction. Upon demonstration acceptable to MichCon or Customer, as the case may be, that the gas being tendered for is pipeline quality gas, MichCon or Customer, as the case may be, shall resume taking delivery of gas.

B-6. POSSESSION AND LIABILITY

(a) As between MichCon and Customer, Customer shall be deemed in exclusive control and possession of the gas transported hereunder and responsible for any damage or injury caused thereby until it is delivered to MichCon at the Receipt Point(s) and after it is delivered by MichCon at the Delivery Point. MichCon shall be deemed in exclusive control and possession of said gas and responsible for any damage or injury caused thereby after it is delivered by Customer, or for Customer's account, at the Receipt Point(s) and until it is delivered by MichCon at the Delivery Point.

(b) Neither Party shall be liable to the other Party for any special, consequential, indirect or incidental damages, punitive or exemplary damages or for loss of profits or revenues, loss of use or loss of business opportunity.

B-7. WARRANTY

(a) Possession of, risk of loss of, and responsibility for Gas delivered hereunder from Customer to MichCon hereunder shall transfer from Customer to MichCon at the applicable Receipt Point(s). Possession of, risk of loss of, and responsibility for Gas delivered hereunder from MichCon to Customer shall transfer from MichCon to Customer at the Delivery Point. Each Party warrants good and marketable title to the Gas delivered hereunder to the other Party. Customer warrants that it will indemnify MichCon and save it harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said gas or to royalties, taxes, license fees or charges thereon.

B-8. TAXES

Customer shall pay any taxes, tariffs, and duties however designated, levied, or charged resulting from this Agreement, including, without limitation, all state and local privilege or excise taxes and any amount in lieu of such taxes, tariffs and duties paid or payable by MichCon, exclusive however of taxes based on the net income of MichCon, property taxes, and MichCon's single business taxes. Customer shall reimburse MichCon for any such taxes, tariffs and duties that are collected and remitted or paid on Customer's behalf by MichCon because of Customer's failure to pay.

B-9 BILLING AND PAYMENT

MichCon shall follow the billing practices outlined in its Tariff for invoicing commercial Customers, and all such invoices shall be due and payable as provided in the Tariff.

B-10. CREDITWORTHINESS

(a) Upon execution of this Agreement, Customer shall provide MichCon with a corporate guaranty from a creditworthy entity in substantially the form attached as Exhibit B-10. The term of such corporate guaranty shall be coexistent with the term of this Agreement.

(b) A guarantor shall be deemed creditworthy provided it has an investment grade rating for its long-term senior unsecured debt from at least two of the recognized rating agencies listed below. The minimum acceptable investment grade rating from each of the indicated rating agencies is:

Moody's	Baa3
S&P	BBB-
Fitch	BBB-

(c) If Customer (or assignee thereof) or a guarantor was creditworthy at the time it provided the guaranty hereunder, but at a later date no longer meets the creditworthiness standards of Section B-10(b), then Customer will be required to provide other additional and customary security on terms satisfactory to MichCon within 45 days of Customer’s receipt of written notice thereof from MichCon until Customer’s or the guarantor’s creditworthiness is restored, if ever.

(d) If Customer is in breach of this Section B-10, MichCon shall have the rights set forth in Section 9 Any breach by Customer of this Section B-10 shall not relieve Customer of any payment obligations under this Agreement, including but not limited to the Minimum Three-Year Revenue Commitment.

B-11. FORCE MAJEURE

(a) Neither Customer nor MichCon shall be liable in damages, or in any other remedy, legal or equitable, to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, and restraints of rulers and peoples, civil disturbances, failure of electronic data, explosions, breakage or accident to machinery or lines of pipe or the necessity to make unscheduled or unexpected repairs, tests, or alteration to machinery or lines of pipe, line freezeups, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, or any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on the account of the act or omission of one of the parties hereto or some person or concern not a Party hereto, not within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within control of the Party claiming suspension.

(b) Such causes or contingencies affecting the performance of this Agreement by either Party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this Agreement relieve either Party from its obligation to make payments of amounts then due there under, with any disputed payment subject to Section B-15, nor shall such causes or contingencies relieve either Party of liability unless such Party shall give notice and full particulars of the same in writing or by telegraph to the other Party as soon as possible after the occurrence relied on.

B-12. REGULATION

This Agreement and the respective obligations of the parties hereunder are subject to all laws, orders, rules and regulations of duly constituted authorities having jurisdiction. This Agreement is also subject to all applicable federal, state and local taxes or surcharges.

B-13. DISPUTES AND GOVERNING LAW

This Agreement is governed by the law of the **State of Michigan**.

B-14. NON-WAIVER OF FUTURE DEFAULTS

No waiver by either Party of any one or more defaults by the other in the performance of any provisions of this Agreement will operate or be construed as a waiver of any future default or defaults, whether of a like or of a different character.

B-15. ARBITRATION

(a) Except for matters subject to the exclusive jurisdiction of the MPSC, which matters shall not be subject to arbitration, any dispute under this Agreement, which cannot be resolved senior management of the parties within 30 days, shall be submitted to binding arbitration.

(b) Any matter subject to arbitration hereunder shall be submitted in accordance with the Rules of Commercial Arbitration of the American Arbitration Association (AAA) then in effect. It is understood and agreed that the references in this Article to the rules of the AAA shall signify only the Parties' agreement to utilize such rules where appropriate, and not the Parties' agreement to utilize the full service of the AAA.

(c) The arbitration shall be deemed initiated when a Party receives written notice thereof from the other Party.

(d) The dispute shall be decided by an arbitrator, qualified by education, training, and experience to hear the dispute. The arbitrator will be chosen from a list of five qualified arbitrators submitted by the Party initiating the arbitration. At the time it notifies the other Party of its intention to arbitrate their dispute. The responding Party shall strike the name of one arbitrator candidate from the panel within fifteen (15) days of receiving the above notice. Each party shall take alternate turns in striking the name of one member of the panel within 15 days of receipt of the panel list from the other party. If either Party fails to strike an arbitrator within the allotted time the AAA shall appoint the arbitrator.

(e) The arbitration shall be held in a neutral forum mutually agreed upon by the parties. The arbitrators shall apply as the substantive law to dispute the laws of the State of Michigan.

(f) The Parties' right to reasonable discovery shall be determined by the arbitrator, and the arbitrator shall be authorized to request from either Party such information, as the arbitrator deems necessary to resolve the dispute. The Parties expressly agree to the consolidation of separate arbitral proceedings for the resolution in a single proceeding of all disputes that arise from the same factual situation, and the Parties further expressly agree that any issue of arbitrability – the existence, validity, and scope of the agreement to arbitrate – shall be decided by the arbitrators.

(g) Time shall be of the essence in any arbitration. The hearing shall be held as expeditiously as reasonably possible, however the hearing must commence within ninety (90) days from the selection of the arbitrator. The arbitrator's decision in writing shall be issued no more than 30 days following submission of the matter for decision at the conclusion of the hearing.

(h) Each Party shall pay its own costs incurred in connection with the arbitration proceedings as well as the costs of the arbitrator selected by or for it. All other costs of the arbitration shall be equally divided between the Parties.

(i) To the extent arbitration is sought with respect to matters of valuation or interpretation hereof, each Party shall set out its proposed valuation and/or interpretation in writing and the arbitrators must select and adopt as their final decision only one of the following options, either: (i) MichCon's proposed valuation or interpretation, as applicable, or (ii) Customer's proposed valuation or interpretation, as applicable.

(j) No arbitration proceeding may consider a mater designated by this Agreement to be within the judgment or discretion of one Party, and the arbitration proceeding may not revoke or revise any provisions of this Agreement.

(k) Pending a decision by the arbitrators, the Parties shall continue to operate under the Agreement as it existed on the date arbitration was requested; provided, however, the arbitrators' decision shall be retroactive to the data arbitration was initiated. Either Party may apply to a court of competent jurisdiction, pending arbitration, for injunctive relief to preserve the status quo, to preserve assets, or to protect documents from loss or destruction, and such application will not be deemed inconsistent with or operate as a waiver of the Party's right to arbitration.

(l) The arbitrators' decision shall be final and binding on the Parties. Judgment upon the award rendered by the arbitrators may be entered in a court of law having jurisdiction thereof. In the event it is necessary to enforce such award, all costs of enforcement, including reasonable attorney's fees (for in-house or outside counsel) shall be payable by the Party against whom such award is enforced. The Parties understand and agree that the arbitration proceedings established in this provision shall be binding and effective as between the undersigned Parties only, and shall not bestow, create or grant any legal rights to any third Party.

(m) In no event shall either Party be required to arbitrate any dispute based on transactions or occurrences, which occurred more than 24 months prior to the date of the demand for arbitration.

[END OF ATTACHMENT B]

Exhibit B-10

CONFIDENTIAL

FORM of GUARANTY

THIS GUARANTY (as may be amended in writing from time to time, the "Guaranty"), dated effective as of ___________, ____, is made by Dynegy Holdings Inc. ("Guarantor"), a Delaware corporation, in favor of Michigan Consolidated Gas Company ("Beneficiary"), a corporation organized and existing under the laws of the state of Michigan, individually a "Party" and collectively the "Parties."

W I T N E S S E T H:

WHEREAS, Dynegy Marketing and Trade ("Debtor"), an affiliate of Guarantor, and Beneficiary are parties to that certain Special Gas Transportation and Storage Agreement, dated effective as of _______________, ____ (the "Agreement"); and

WHEREAS, the Agreement obligates Debtor to provide, on the terms and conditions set forth therein, a limited corporate guaranty to Beneficiary for the payment of its payment obligations thereunder; and

WHEREAS, Guarantor has agreed to provide to Beneficiary, and Beneficiary has agreed to accept from Guarantor, such a limited corporate guaranty on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises, to induce Beneficiary to enter into the Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor hereby agrees as follows:

1. Scope of Guaranty. This Guaranty is a guaranty of payment and not of collection. Subject to the terms and conditions hereof, Guarantor unconditionally and irrevocably guarantees the prompt payment when due of all payments due Beneficiary from Debtor under the Agreement ("Payment Obligations").

In the event that Beneficiary engages in litigation to enforce this Guaranty, Guarantor shall pay the reasonable costs of such litigation incurred by Beneficiary, including, without limitation, the reasonable fees, expenses, and disbursements of Beneficiary's counsel, but only if and to the extent Beneficiary is successful in such litigation and awarded such costs as part of the ultimate determination of such litigation.

2. Payment Demands. If Debtor fails to perform a Payment Obligation, Beneficiary may demand payment from Guarantor. If Beneficiary demands payment from Guarantor, it shall notify Guarantor in writing of the demand for payment, stating specifically the amount of the Payment Obligation, why the Payment Obligation is due, and that it is calling upon Guarantor to make payment under this Guaranty. Guarantor shall make any payment due and owing to

Beneficiary hereunder within thirty (30) days of the date Guarantor receives the demand for payment.

3. Certain Advance Consents. Guarantor hereby consents to any extension of time for payment of the Payment Obligations guaranteed hereunder, to any change in the terms of the Agreement made in accordance with the provisions of the Agreement addressing changes thereto, and to any settlement or adjustment entered into between Beneficiary and Debtor. Guarantor agrees that its obligations under this Guaranty shall not be released, diminished, impaired, reduced or affected by any failure of Beneficiary to notify Guarantor of any renewal, extension, or rearrangement of the Payment Obligations guaranteed hereunder. No delays on the part of Beneficiary in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Beneficiary of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy.

4. Other Security. Guarantor's obligations hereunder with respect to any Payment Obligation shall not be affected by the existence, validity, enforceability, perfection or extent of any collateral for such Payment Obligations. Beneficiary shall not be obligated to file any claim relating to the Payment Obligations owing to it in the event that Debtor becomes subject to a bankruptcy, reorganization or similar proceeding (whether voluntarily or involuntarily), and the failure of Beneficiary to so file shall not affect Guarantor's obligations hereunder. In the event that any payment to Beneficiary in respect to any of the Payment Obligations is rescinded or must otherwise be returned for any reason whatsoever, Guarantor shall remain liable hereunder in respect to such Payment Obligations as if such payment had not been made.

5. Continuing Guaranty; Term. This instrument is a general and continuing guaranty, and shall remain in full force and effect until the earlier of (i) the discharge of the Payment Obligations or (ii) the consummation of any assignment under clause (ii) of Section 13 of the Agreement; provided, however, that the Guaranty remains in full force and effect if the Agreement is assigned pursuant to clauses (i), (iii) or (iv) of Section 13 of the Agreement. This Guaranty shall terminate immediately upon the occurrence of either of the events described in clause (i) or (ii) above. Any such revocation of this Guaranty shall in no way affect any Payment Obligation that arose or was existing on or before the effective date of such revocation.

6. Defenses. Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Debtor may have to payment of any Payment Obligation, other than (i) defenses arising from the bankruptcy or insolvency of Debtor and (ii) any other defense expressly waived by Debtor in the Agreement or otherwise waived in this Guaranty.

7. Beneficiaries. This Guaranty shall inure to the benefit of Beneficiary, its successors, assigns and creditors and no other person or entity.

8. Modification. This Guaranty can be modified only by a written instrument signed by Beneficiary and Guarantor.

9. Assignment. Beneficiary shall have the right to assign this Guaranty to any person or entity without the prior consent of Guarantor; provided, however, that no such assignment shall be binding upon Guarantor until it receives written notice of such assignment from Beneficiary.

Guarantor shall have no right to assign this Guaranty or its obligations hereunder without Beneficiary' prior written consent, which shall not be unreasonably withheld. Any reasonable uncertainty on the part of Beneficiary concerning the ability on the part of any potential assignee of Guarantor to carry out Guarantor's obligations hereunder shall be considered a reasonable basis for withholding consent, unless and until the potential assignee can reasonably satisfy Beneficiary that the assignee is capable of performing Guarantor's obligations hereunder.

10. Governing Law. This Guaranty shall be governed by, and construed in accordance with, the internal laws (but not the laws concerning conflicts of laws) of the state of New York.

11. Representations and Warranties. Guarantor represents and warrants to Beneficiary that it is authorized to guaranty the Payment Obligations on the terms set forth herein, that it has all of the rights and powers necessary to do so, and that the individual signing below is authorized to bind Guarantor to its obligations under this Guaranty.

12. Integration Clause. This Guaranty supersedes and terminates any and all prior guarantees to Beneficiary issued by Guarantor on behalf of Debtor in connection with the Agreement.

13. Captions. The headings in this Guaranty are for convenience only and shall not limit or otherwise affect any meaning herein or provision hereof.

14. Consequential Damages. Guarantor shall not be liable to Beneficiary hereunder for any special, consequential, indirect, incidental, punitive, or exemplary damages of any kind or character.

IN WITNESS WHEREOF, Guarantor has signed the Guaranty as of the date first above written.

DYNEGY HOLDINGS INC. ("Guarantor")	MICHIGAN CONSOLIDATED GAS COMPANY ("Beneficiary")
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Address: ______________________________ ______________________________	Address: ______________________________ ______________________________
Phone: ______________________________	Phone: ______________________________
Fax: ______________________________	Fax: ______________________________

ATTACHMENT C

GAS NOMINATIONS OVERVIEW

Michigan Consolidated Gas Company (MichCon) accepts transportation and end user (eut) nominations via its electronic bulletin board, ConQuest. Nominations are due to MichCon via ConQuest no later than 2:00 PM EST, the day prior to the gas day. There is no charge to establish or maintain a ConQuest account with MichCon. The deadline for nominations is the same throughout the month, i.e. October 1 noms are due at 2:00PM on September 30. MichCon accepts standing nominations for an entire calendar month.

Shippers connect to ConQuest via a modem line and nominate individual packages of gas, tracked by individual delivery points and contract numbers. MichCon accepts gas at over 60 "citygate" points located throughout the state. All gas transactions within MichCon are done on an "Mcf" basis. Interconnect gas (ANR, GLGT, PEPL) that enters the MCGC system in Mmbtu at 14.73 psi is converted to Mcf's at 14.65 psi upon completion of the nomination process. MichCon posts the effective BTU factors to be used prior to the beginning of the month. These BTU factors may change on the first day of each month. ConQuest verifies the amount of gas and receipt points that a shipper nominates to an end user on an ongoing basis. If the shipper tries to exceed the end user's allowable MDQ, or deliver gas from a point not specified within the end user's contract, the nomination record is not allowed to be saved, and an error message is generated to the shipper.

MichCon also offers an intraday "window" for the current gas day. This allows shippers to match up volumes that may have changed on the interconnecting pipelines to their noms on the MichCon side of the pipe, or to reallocate gas quantities among eut or other delivery points. This "window" opens at 9:00AM EST and closes at 8:00PM EST for the current gas day only.

MichCon is not subject to FERC jurisdiction and therefore is not required to comply with GISB standards. MichCon's gas day is currently recognized as running from noon to noon, for measurement purposes. Interconnecting pipelines' "gas days" start at 9:00 AM CST.

MichCon reconciles the nominations on a daily basis and communicates with shippers any discrepancies that have occurred before the gas day begins. This provides the shipper with an opportunity to correct any problems with intraday nomination changes.

MichCon finalizes monthly volumes, including eut deliveries during the first seven workdays following month end. After this process is complete, the shippers are notified and they are able to retrieve their monthly source and disposition and end user delivery reports from ConQuest.

MichCon posts on ConQuest the consumption amounts as obtained by our meter readers on a monthly basis. End users can allow a shipper to view this consumption information through the use of an agency authorization. This information is posted on the 4th workday of each month, and allows the shipper, or its agent, to calculate storage positions very early into the new month. Currently, the eut customer receives its invoice around the 11th workday of the following month.

Primary contacts within the Nominations Group are Tom Budzyn at (313) 256-5955 and David Reed at (313) 256-5262.

Dated: February 28, 2001

ATTACHMENT D

OPERATIONS SCHEDULE

Form of Notice
Montcalm County Renaissance Trust

Note: Volumes below are on a Mcf basis

Effective Gas Day: ________________________

Estimated Start Time (EST*): ________________________

Estimated Daily Volume Requirement : ________________________

Estimated Hourly Volume Requirement : ________________________

Estimated Daily (Withdrawn) or Injected Volume : ________________________

Scheduled Aggregate Delivered Volume : ________________________

Receipt Point Allocation: ________________________

*** Eastern Standard Time**

Daily Notes:

ATTACHMENT E

GAS BALANCING EVENT TEMPERATURES

In reference to and pursuant to Section 1(b):

December	15ºF
January	10ºF
February	20ºF
March	25ºF
April	35ºF