

A CMS Energy Company

May 12, 2006

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Ms. Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909

Re: Case No. U-14547

Dear Ms. Kunkle:

Enclosed is the letter requested in Ordering Paragraph A of the Commission's May 10, 2006 Order and a Proof of Service.

Sincerely,



Digitally signed by Jon R.
Robinson
Date: 2006.05.12 15:10:33 -04'00'

Jon R. Robinson



An Integrated Energy Company

David W. Joos
President & CEO

May 12, 2006

Mary Jo Kunkle
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
P.O. Box 30221
Lansing, Michigan 48909-7721

Re: Opinion and Order in Case No. U-14547

Dear Ms. Kunkle:

This letter is being provided in response to Ordering Paragraph A of the Commission's May 10, 2006 Opinion and Order in Case No. U-14547. Until issuance of a final order in Case No. U-14547, Consumers Energy Company and CMS Energy Corporation (the "Companies") renew their agreement to adhere to the first four conditions specified in Ordering Paragraph A of the October 14, 2004 order in Case No. U-13730, as such conditions were clarified in the Commission's December 2, 2004 Order Granting Rehearing in that proceeding. In particular, the Companies agree: (1) to achieve a common equity level of at least \$2,300 million by year-end 2005 and to propose a plan to improve the common equity level thereafter until Consumers Energy Company's target capital structure is reached; (2) to make certain safety-related O&M, pension, retiree health-care, employee health-care, and storage working capital expenditures for which the surcharge is granted; (3) to refund surcharge revenues if Consumers Energy Company's rate of return on common equity exceeds its authorized 11.4% rate; and (4) to prepare and file the annual reports that were required in the October 14, 2004 order in Case No. U-13730.

Since August 2004, a total of \$1.15 billion of equity investment has been made in Consumers by its parent company, CMS Energy. That investment was made possible in large part by two offerings of CMS common stock in October 2004 and March 2005 which raised \$560 million.

CMS continues to place a high priority on investment in Consumers as the cornerstone of its corporate strategy. Such investment will be necessary to support the high level of capital spending anticipated over the next several years to improve customer service, meet growing demand and to comply with environmental regulations.

The Company's ability to further strengthen its balance sheet is dependent upon various factors. Access to capital markets will depend on investors' confidence that investments in the utility will yield attractive rates of return relative to alternative investments. Rising interest rates have diverted capital from our sector as return expectations have increased. At the same time, Consumers has been unable to achieve a competitive equity return on its natural gas business primarily due to a continuing trend of warm winter weather, conservation by customers in response to high natural gas prices and our effective education programs, the high cost of financing gas in inventory, and high capital spending to expand capacity and meet safety requirements.

Consumers' return on its natural gas business during the past 12 months is 3.5%. At the same time, Consumers' gas rates are among the very lowest in the country, and the Company continues to receive recognition among its peers for outstanding customer service, the latest of which was receipt of the JDPower Award for the best business customer satisfaction among Midwest gas utilities.

Consumers Energy appreciates the action of the Commission in issuing the May 10, 2006 order. Consumers Energy has and will continue working cooperatively with the Commission to achieve our common goals, including public and employee safety, excellent customer service, low cost, and customer conservation. Continuing to achieve these objectives will require a financially healthy utility that can attract capital at reasonable cost. In furtherance of these goals, Consumers urges the Commission to move swiftly in granting final rate relief in this case.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Joos', with a long horizontal flourish extending to the right.

David W. Joos
President & CEO, CMS Energy Corporation
CEO, Consumers Energy Company

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for authority to increase its rates for the)
distribution of natural gas and for other relief)
_____)

Case No. U-14547

PROOF OF SERVICE

STATE OF MICHIGAN)
) SS
COUNTY OF JACKSON)

Sammie B. Dalton, being first duly sworn, deposes and says that she is employed in the Legal Department of Consumers Energy Company; that on May 12, 2006 she served an electronic copy of the letter requested in Ordering Paragraph A of the Commission's May 10, 2006 Order upon the persons listed in Attachment 1 hereto, at the e-mail addresses listed therein.

Sammie B Dalton

Digitally signed by Sammie
B. Dalton
Date: 2006.05.12 15:11:34
-04'00'

Sammie B. Dalton

Subscribed and sworn to before me this 12th day of May, 2006.

Margaret Hillman

Digitally signed by Margaret
Hillman
Date: 2006.05.12 15:12:27
-04'00'

Margaret Hillman, Notary Public
State of Michigan, County of Jackson
My Commission Expires: 06/14/10
Acting in the County of Jackson

Case No. U-14547 – E-Mail Service List

Party	Name	E-mail Address
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