

A CMS Energy Company

April 28, 2000

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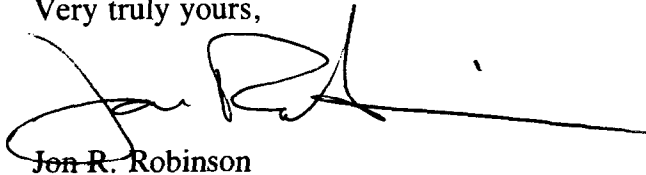
Re: Case No. U-12227

Dear Ms. Wideman:

Enclosed for filing in the above-captioned matter are an original and 4 copies of a Stipulation which, if approved by the Commission, will fully resolve this proceeding. This Stipulation has been signed by the MPSC Staff, the Attorney General and Consumers Energy Company. The signatories would appreciate the submission of this Stipulation to the Commission for its consideration and approval in an expeditious manner.

If there are any questions, please do not hesitate to call. Thank you for your cooperation.

Very truly yours,



Jon R. Robinson

CC: Michael Kidd
Donald Erickson
Dennis DaPra

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of	)	
CONSUMERS ENERGY COMPANY	)	
for approval of a proper accounting	)	Case No. U-12227
and ratemaking treatment for a	)	
pipeline refund	)	
_____	)	

STIPULATION

Pursuant to Section 78 of the Administrative Procedures Act of 1969, as amended, 1969 PA 306; MCLA 24.278; MSA 3.560(178) and Rule 333 of the Commission's Rules of Practice and Procedure, R 460.17333, the Michigan Public Service Commission Staff ("MPSC Staff"), the Michigan Attorney General ("Attorney General") and Consumers Energy Company ("Consumers Energy") agree and stipulate as follows:

1. This case involves a refund in the principal amount of \$691,589 received by Consumers Energy from Panhandle Eastern Pipeline Company ("Panhandle") through Michigan Gas Storage Company ("MGSC"). The refund relates to claims regarding the Kansas ad valorem property tax which had been litigated in Federal Energy Regulatory Commission ("FERC") Docket No. RP98-40-00.

2. Consumers Energy has taken the position that the appropriate treatment of the refund is to include the amount in the revenue sharing calculation approved by the Commission in Case No. U-11599. The MPSC Staff and Attorney General have taken the position that the appropriate treatment is to refund the entire amount to customers, irrespective of the operation of the revenue sharing calculation.

3. For purposes of resolving this matter in an equitable and timely manner, the undersigned parties to this Stipulation agree as follows:

(A) Fifty percent of the principal amount of the refund, plus interest, shall be retained by Consumers Energy, without any further obligation to refund such amount to customers, either through the U-11599 revenue sharing calculation or otherwise.

(B) Fifty percent of the principal amount of the refund, plus interest, shall be distributed to retail customers of Consumers Energy via a credit to bills during the first billing month following approval of this Stipulation by the Commission. The appropriate amount to be distributed to customers is \$345,795, which represents fifty percent of the principal amount, plus interest of \$94,139 calculated at 11.6% from the date of receipt of the refund by Consumers Energy through mid-June 2000, for a total refund of \$439,934. This assumes a refund is accomplished in June 2000. The refund will be allocated among Consumers Energy's customers approved for 90/10 refunds in Case No. U-10490. To perform this allocation, Consumers Energy shall divide the total refund amount by the total customer volumes in January 2000 for the eligible customer classes, shall multiply the resulting average amount times each eligible customer's January billed volumes, and shall credit the resulting dollar amount to each eligible customer's bill in the refund month.

(C) The unrefunded balances remaining from Consumers Energy's December 1999 distribution of (i) GCR reconciliation amounts and (ii) the refund amounts ordered in Case No. U-11636, will also be distributed to customers at the same time as described above. Such unrefunded balances shall be allocated to residential, commercial and industrial sales

classes, and bill credits to individual customers will be calculated based upon actual January 2000 billed Mcf consumption.

4. To the extent Consumers Energy receives any further refunds of amounts which relate to claims regarding Kansas ad valorem property tax payments, the sharing and disposition of such refunds will occur consistent with that described in paragraph 3.

5. So long as the Commission approves this Stipulation without modification, the parties waive any rights under Section 81 of 1969 PA 306, as amended, for purposes of approving the Stipulation.

6. The undersigned parties to this Stipulation agree not to appeal, challenge, or contest an order issued by the Commission in this proceeding approving this Stipulation without modification. If the Commission does not approve this Stipulation without modification, this Stipulation shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose.

7. This Stipulation has been made for the sole and express purpose of reaching a compromise among the positions of the signatories without prejudice to their rights to take new or different positions in other proceedings. All offers of settlement and discussions leading up to this Stipulation shall be considered privileged as provided in MRE 408. If the Commission approves this Stipulation without modification, neither the parties to this Stipulation nor the Commission shall make any reference to or use of this Stipulation or the order approving it as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such

references or use may be made to enforce or implement the provisions of this Stipulation and the order approving it.

8. This Stipulation is not severable. Each provision of this Stipulation is dependent upon all other provisions of this Stipulation. Failure to comply with any provision of this Stipulation constitutes failure to comply with the entire Stipulation.

9. The MPSC Staff certifies that this Stipulation is in the public interest.

WHEREFORE, the undersigned parties respectfully request the Commission to find that this Stipulation represents a fair and reasonable resolution of the matters addressed herein and is in the public interest, and to issue an order approving the Stipulation.

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: April 25, 2000

By Michael Kidd
Michael Kidd
Director-MPSC Staff Gas Division

MICHIGAN ATTORNEY GENERAL

Dated: April 26, 2000

By Donald E. Erickson
Donald Erickson
Assistant Attorney General

CONSUMERS ENERGY COMPANY

Dated: April 24, 2000

By Dennis DaPra
Dennis DaPra
Vice-President and Controller

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
CONSUMERS ENERGY COMPANY)
for approval of a proper accounting)
and ratemaking treatment for a)
pipeline refund)
_____)

Case No. U-12227

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 she served a copy of the "Stipulation" upon the persons listed in Attachment 1 hereto, at the addresses listed therein by depositing the same on April 28, 2000, in the United States mail in the City of Jackson, Michigan with first-class postage thereon fully paid.



Subscribed and sworn to before me this 28th day of April, 2000.



Susan C. Milligan
Notary Public, Jackson County, Michigan
My Commission Expires: May 18, 2004

ATTACHMENT 1 – CASE NO. U-12227

Attorney General, Jennifer M. Granholm

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