

**CONSUMERS ENERGY COMPANY**

**Explanation of Gas Charges for  
Residential, Commercial and Industrial Customers**

12/15/06

<b>CHARGE</b>	<b>DESCRIPTION</b>
<b>Gas Cost Recovery Charges:</b>	<b>Gas Cost Recovery (GCR) charges are applicable to company full-service customers only. Company full-service customers take gas supply service (includes transmission costs) and delivery service (includes customer-related and distribution costs) from the company. Gas Customer Choice customers receive gas supply service from a Supplier and delivery service from the company. Gas Cost Recovery charges are authorized by the Michigan Public Service Commission (MPSC).</b>
<b>Delivery Charges:</b>  • Customer Charge  • Distribution Charge  • Excess Peak Demand	<b>Delivery charges are applicable to company full-service and Gas Customer Choice customers. Delivery service includes both customer-related and distribution services that are provided by the company. Delivery charges are authorized by the MPSC.</b>  • A MPSC-authorized charge approximately equal to the average costs of metering, meter reading, billings and other customer-related operating costs, exclusive of demand and energy consumption.  • A MPSC-authorized charge based upon gas (Mcf) used by the customer. This charge recovers costs not recovered through the fixed customer charge and those costs related to delivering gas from the transmission system or storage fields to the customer's premises, including operating and maintenance expenses.  • A MPSC-authorized charge applicable to Rate A-1 Multifamily Dwelling Service customers. The Mcf used for billing equals all Mcf in excess of 45 Mcf in the peak month. The peak month is the month within the last 12 months where the greatest consumption occurred. This charge essentially raises the "fixed cost" in proportion to the increased consumption that occurs in a centrally metered residential unit that is not recognized through the customer charge.