



Customer Electronic Payments Guide

Introduction

Welcome to Consumers Energy Company's Electronic Payments guide for customer payments. At Consumers Energy we are committed to improving customer satisfaction. In this guide we would like to introduce you to the benefits of working with Consumers Energy through electronic payments to ensure timely posting of remittance to your account while minimizing the number of payment issues that arise with any major customer billing department.

In this guide we will introduce several services that will facilitate electronic payment of your customer bill. These services include Auto Pay, Pay Over the Net, CTX, and Business eLockbox. The Automated Clearing House (ACH) payment will be discussed in detail including how it works and the benefits of not only sending funds via ACH, but also the importance of providing **remittance** information with the ACH or CTX formats to ensure the proper crediting of payments to your customer account.

We will also outline some procedures on how to set up ACH payments with your financial institution, explain Consumers Energy's requirements for payment processing, and recommend some procedures to help ensure an accurate and timely posting of payment into your Consumers Energy customer account.

How Your Consumers Energy Customer Account Works

Consumers Energy uses an individual invoice type account system where each bill you receive is maintained under your specific account number. As Consumers Energy receives payment, funds are posted to your customer account balance.

New front of bill

USEFUL INFORMATION.

- How much energy you used
- View 12 months of historical energy use
- How much it cost per day

EASY TO READ. View your account number, due date and more in the same place on each bill

WAYS TO SAVE. Get timely tips to save energy and money

Payment coupon is now located at the bottom of the bill

New back of bill

DETAILS YOU WANT. Account information when you need it

Important account updates

VARIETY OF WAYS TO PAY. View this information in the same place on each bill

Your account number is both on the upper section of the customer portion of your bill and in the "Account Number" field of the remittance slip that you return with your non-electronic payment. This entire twelve-digit number is the number needed when paying by any method to correctly remit payment to your customer account.

What is an ACH payment and how does it benefit the customer?

An Automated Clearing House (ACH) payment is a highly reliable and efficient electronic payment method that accounts for more than \$35 trillion dollars worth of transactions annually. ACH payments greatly reduce the number of manual processes necessary to transfer funds compared to a standard check payment. While the funds connected with a check may take days to post to your account, funds connected with an ACH payment reliably clear on a next-day basis. Increased transfer reliability and processing speed will benefit the customer in the following ways:

- By removing the “transfer time” associated with other payment types, both the customer and Consumers Energy will know the exact date when the funds transaction will take place. This eliminates the “guessing” of when checks will clear customer’s accounts or arrive at Consumers Energy’s bank.
- ACH transactions reduce manual processes to eliminate check encoding errors that will improperly credit or debit the customer’s and Consumers Energy’s accounts. Coding errors cause unnecessary work for both Consumers Energy and its customers that cost time and money to correct. ACH transactions require minimal or no manual keying, which reduces the possible human error associated with other payment forms.
- ACH payments will correctly credit your customer account through remittance information associated with the ACH transfer. Each payment must include addenda records that allow for additional remittance information and can be formatted for smooth error-free processing of customer remittances. The reliability of this type of remittance far exceeds that of paper checks, which require some manual entry of customer invoices and dollar amounts, resulting in an increased error rate.

How to get started

Contact your bank to determine the manner and the format by which you will send your ACH payment information to them. All electronic payments and remittance must be transferred through the banking system. The method and the format are between you and your bank; Consumers Energy has no need to be involved in this portion of the payment process. The only requirements Consumers Energy has is that you include the ABA Routing number and Account number where funds will be deposited (which will be furnished to you by Consumers Energy) along with the customer’s utility account number and the amount being paid (available on the utility bill). These are the minimum requirements; you may include other information if you wish, such as remitter’s name, bill date, payment date, etc, but it is not necessary. Your bank may have other requirements which they can outline for you.

Your bank will perform any data conversion necessary to move the ACH transaction through the National Automated Clearing House Association and the Federal Reserve Bank System and ensure the transaction reaches the correct destination, Consumers Energy’s bank, which in turn will send the data on to Consumers Energy in the manner and format we have agreed upon. This information is then posted to your utility account at Consumers Energy.

Testing ACH with One Penny Payments/Remittance

Customers who wish to send funds via the ACH must test the initial setup of ACH transactions to ensure Consumers Energy can properly receive and apply the ACH information. To initiate this test, we request a one-penny transaction with remittance data to be sent through the banking system. Please contact Consumers Energy’s EDI/Treasury contact shown below to monitor an initial setup transaction to ensure smooth flow of payments once a successful test transaction has taken place.

Other Online Billing and Electronic Payment Options

eBill

Consumers Energy's eBill is a free, safe and secure service that enables you to receive and pay your monthly energy bill over the Internet. eBill gives you the opportunity to view your most current bills and a complete 18-month history of your energy use and payments, all online! Instead of receiving a paper bill each month, we'll send you an email message when your electronic bill (eBill) is ready. You can link directly to your bill from that email message or access current and previous bills from our Online Customer Service Center, eServices. This is designed more for residential customers, and certain payment types are excluded for business customers, but it can be an effective option for smaller businesses.

Online Billing Payment Options

Consumers Energy offers other convenient options for paying your eBill electronically: Direct Pay and Pay Over the Net are available for business customers. Consumers Energy eBill partnered with one of these easy electronic payment options frees you from the time and cost of writing a check and mailing your payment each month. (If your company pays us electronically using another service, you may also enroll to receive your bills electronically via our website.)

Auto Pay is an option that deducts the full amount of your monthly bill automatically from your bank, credit union, or savings and loan account on your bill's due date.

Pay Over the Net allows you to designate the amount and the date your payment is deducted from your bank, credit union, or savings and loan account.

Business eLockbox is a free service that allows business customers to make an electronic payment (ACH) and supply email remittance detail for direct posting to one or multiple energy accounts.

Electronic Data Interchange (EDI) Billing is available for those who can receive an ANSI X12 formatted 810 invoices as well as pay via one of the electronic options in this document. Please contact one of the individuals at the end of this document if you wish to receive your bills via EDI.

For more information or to enroll in eBill or one of the above electronic payment methods, visit our website at www.consumersenergy.com or call us at (800) 477-5050. Read on for additional information about Automated Clearing House (ACH) payments.

Appendix A

ACH Transactions

There are 2 ACH transaction types that your bank may use to pay your Consumers Energy bill: the CCD+ and the CTX.

Transaction Type	Usage
CTX Corporate Trade Exchange utilizes EDI.	Up to 9999 addenda records can be attached to allow for a large amount of remittance information in a single ACH transaction. Best format and most user friendly, providing the most flexibility for customers with large quantities of bills.
CCD+ Corporate Cash Disbursement "Plus"	Allows for one addendum record per transaction and is therefore limited to only one invoice payment per ACH transaction.

Consumers Energy highly recommends setting up ACH remittance in the CTX format. This format allows you to pay many invoices in a single ACH transaction. This will most likely be the least costly for you, especially if there are a large number of payments being made. And if CTX is not available to you then CCD+ is a suitable alternative. Each ACH CCD+ must pay only one Consumers Energy invoice to ensure correct posting. Consumers Energy does not accept payment in any other ACH format.

Appendix B

820 Payment Order/Remittance Advice Setup

If your bank uses a CTX (Corporate Trade eXchange), they may require you to send your data to them using the EDI X-12 820 transaction set. They will specify the exact requirements, but the sample below shows a typical 820.

This standard contains the formatting and establishes the data contents of the Payment Order/Remittance Advice Transactions Set (820) for use within the context of an Electronic Data Interchange (EDI) environment. The transaction set can be used to make one or more payments with the necessary remittance information.

EDI 820 Transaction Set Formatting

(This is only a sample. Your bank will have specific requirements for certain fields or items.)

ACH Line Coding	Description of ACH Line Coding
<u>ACH Header Information</u>	
ST*820*0001 n/l	<u>Transaction Set ID: 820</u> Transaction Set <u>Control Number: 0001</u>
BPR*C*4005.01*C*ACH*CTX*01* 010008002*DA*9920192009109* 123456789**01*XXXXXXXXXX*DA* XXXXXXXXXX*20061128 n/l	<u>Transaction Handling Code: C</u> , Payment accompanies remittance advice <u>Monetary Amount: \$4,005.01</u> <u>Credit/Debit Flag: C</u> , Credit <u>Payment Method Code: ACH</u> , Automated Clearing House <u>Payment Format: CTX</u> , Corporate Trade Exchange <i>The following is Buyer information:</i> <u>(DFI) ID Qualifier: 01</u> , ABA/RTN follows <u>(DFI) ID Number: 010008002</u> <u>Account Number Qualifier Code: DA</u> , Demand Deposit Account <u>Account Number: 9920192009109</u> <u>Originating Company ID: 123456789</u> <u>Originating Company Supplemental Code: N/A</u> <i>The following is Seller Information:</i> <u>(DFI) ID Qualifier: 01</u> , ABA/RTN follows <u>(DFI) ID Number: XXXXXXXXX</u> <u>Account Number Qualifier Code: DA</u> , Demand Deposit Account <u>Account Number: XXXXXXXXX</u> <u>Effective Entry Date: 20061128, Nov. 28, 2006</u> <u>Business Function Code: VEN</u> , Vendor Payment
TRN*01*93010901301144*123456789 n/l	<u>Trace Type: 01</u> , This transaction number follows <u>Reference Number: 93010901301144</u>

	(Trace number for this 820) <u>Originating Company ID: 123456789</u>
N1*PE*CONSUMERS ENERGY n/l	<u>Entity Identifier Code: PE</u> , Payee follows <u>Name: CONSUMERS ENERGY</u>
N1*PR*The Best Customer n/l	<u>Entity Identifier Code: PR</u> , Payer follows <u>Name: The Best Customer</u>
<i>Detail Area</i>	
ENT*1 n/l	<u>Assigned Number: 1</u>
RMR*IV*100001234567**4005.01	<u>Reference Number Qualifier: IV</u> , Seller's Invoice Number follows <u>Reference Number: 100001234567</u> , Account Number <u>Payment Action: N/A</u> <u>Monetary Amount: \$4,005.01</u> , amount to be applied to Invoice
DTM*003*20061128 n/l	<u>Date/Time Qualifier: 003</u> , Invoice Date follows <u>Date: 20061128</u> , Invoice Date of Nov. 28, 2006
<i>Summary Area</i>	
SE*15*0001 n/l	<u>Number of Segments: 15</u> <u>Transaction Set Control Number: 0001</u>

Consumers Energy Company Treasury/EDI Contacts

Consumers Energy Company
Paula Causie
Ph: 517-788-6241
Email: paula.causie@cmsenergy.com

or

Consumers Energy Company
Cash Management Director
Mark Fort
Ph: 517-788-2286
Email: mark.fort@cmsenergy.com

Standards Information

Questions concerning the National Automated Clearing House Association (NACHA) operating rules and standards and information on local Automated Clearing House associations, should be directed to NACHA at:

National Automated Clearing House Association (NACHA)
607 Herndon Parkway, Suite 200
Herndon, VA 22070
1-703-742-9190
<http://www.nacha.org/>

General questions about electronic payments can also be answered by The Payments Authority, a Michigan not for profit trade association that provides payments education and expertise for financial institutions, companies and consumers on electronic payments made through the ACH.

The Payments Authority
580 Kirks Blvd, Suite 301
Troy, MI 48084
info@thepaymentsauthority.org
<http://www.thepaymentsauthority.org>