



Explanation of Unbundled Natural Gas Charges Residential, Commercial and Industrial Customers

(Revised for the June 2017 billing month)

Charge	Description
Gas Cost Recovery	Gas Cost Recovery (GCR) charges are only applicable to Consumers Energy's full-service customers. Full-service customers take both gas supply service (includes transmission costs) and delivery service (includes customer-related and distribution costs) from Consumers Energy. Gas Customer Choice customers receive gas supply service from an alternate gas supplier which is delivered to the customers by Consumers Energy. Gas Cost Recovery (GCR) charges are authorized by the Michigan Public Service Commission (MPSC). Consumers Energy makes no profit on the costs of gas sold to its full-service customers. The GCR is set at a rate, and adjusted periodically, to allow the Company to recover the cost of the supplied gas.
Delivery Charges	Delivery charges are applicable to all customers who receive gas through Consumers Energy's gas distribution system. Delivery service includes both customer-related and distribution services that are provided by the Company. Delivery charges are authorized by the MPSC.
<ul style="list-style-type: none"> • Customer Charge 	<ul style="list-style-type: none"> • An MPSC-authorized monthly charge approximately equal to the average costs of metering, meter reading, billings and other customer-related operating costs, exclusive of demand and energy consumption for each customer class.
<ul style="list-style-type: none"> • Distribution 	<ul style="list-style-type: none"> • An MPSC-authorized charge based upon the volume of gas (thousand cubic feet or 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.
<ul style="list-style-type: none"> • Excess Peak Demand 	<ul style="list-style-type: none"> • An 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 in which the greatest consumption occurred for each Multifamily Dwelling Service customer. This charge essentially recovers the additional "fixed cost" of providing service in proportion to the increased consumption that occurs in a centrally metered residential unit but which is not recognized through the customer charge.
<ul style="list-style-type: none"> • Energy Efficiency 	<ul style="list-style-type: none"> • Pursuant to Section 89 of 2008 PA 295, this surcharge provides for recovery of the cost of the Energy Efficiency Plan approved by the MPSC in Case Nos. U-15805, U-16302, U-16303, U-16412, U-16670, U-16736, U-17281, U-17351, U-17601, U-17771, U-17831 and U-18025. This surcharge recovers all costs associated with the Company's approved Energy Efficiency Programs. To learn more, visit www.consumersenergy.com/eeprograms.
<ul style="list-style-type: none"> • U-18124 Self-Implementation Surcharge 	<ul style="list-style-type: none"> • Consumers Energy filed an application on August 1, 2016 with the MPSC requesting a rate increase of \$90 million. On January 29, 2017 Consumers Energy self-implemented a portion of the requested increase, \$20 million, which is subject to refund. The rate increase reflects ongoing investments to ensure safe and reliable delivery of natural gas. A final order is expected in this case no later than August 1, 2017.

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