

INSTRUCTIONS FOR THE FILING OF THE ANNUAL REPORT OF  
NATURAL GAS UTILITIES (MAJOR AND NONMAJOR)

GENERAL INFORMATION

I. Purpose:

By authority conferred upon the Michigan Public Service Commission by 1919 PA 419, as amended, being MCL 460.51 et seq. And 1969 PA 306, as amended, being MCL 24.201 et seq., this form is a regulatory support requirement. It is designed to collect financial and operational information from public utilities, licensees and others subject to the jurisdiction of the Michigan Public Service Commission. This report is a nonconfidential public use form.

II. Who Must Submit:

Each major and nonmajor gas company, as classified by the Commission's Uniform System of Accounts must submit this form.

NOTE: Major - A gas company having annual natural gas sales over 50 million Dth in each of the 3 previous calendar years.

Nonmajor - A gas company having annual natural gas sales at or below 50 million Dth in each of the previous calendar years.

The class to which any utility belongs shall originally be determined by the average of its annual gas sales for the last three consecutive years. Subsequent changes in classification shall be made when the annual gas sales for each of the three immediately preceding years exceeds the upper limit, or is less than the lower limit of the classification previously applicable to the utility.

III. What and Where to Submit:

- (a) Submit an original copy of this form to:

Michigan Public Service Commission  
Licensing & Enforcement Division  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

Retain one copy of this report for your files.

- (b) Submit immediately upon publication, one (1) copy of the latest annual report to stockholders and any annual financial or statistical report regularly prepared and distributed to bondholders, security analyst, or industry association. (Do not include monthly and quarterly reports. If reports to stockholders are not prepared, enter "NA" in column (c) on Page 5, the List of Schedules.) Mail these reports to:

Michigan Public Service Commission  
Licensing & Enforcement Division  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

- (c) For the CPA certification, submit with the original submission of the form, a letter or report prepared in conformity with current standards of reporting which will:

- (i) contain a paragraph attesting to the conformity, in all material aspects, of the schedules and pages listed below with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

- (ii) Signed by independent certified public accountants or an independent licensed public accountant, certified or licensed by a regulatory authority or a state or other political subdivision of the U.S. (See 18 CFR 41.10-41.12 for specific qualifications.)

<u>Schedules</u>	<u>Reference Page</u>
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

When accompanying this form, insert the letter or report immediately following the cover sheet. Use the following form for the letter or report unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

In connection with our regular examination of the financial statements of \_\_\_\_\_ for the year ended on which we have reported separately under date of \_\_\_\_\_ we have also reviewed schedules \_\_\_\_\_ of Form P-522 for the year filed with the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

State in the letter or report which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

- (d) Federal, state and local governments and other authorized users may obtain additional blank copies to meet their requirements for a charge from:

Michigan Public Service Commission  
Licensing & Enforcement Division  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

IV. When to Submit

Submit this report form on or before April 30 of the year following the year covered by this report.

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (USOA). Interpret all accounting words and phrases in accordance with the USOA.
- II. Enter in whole number (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required). The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to

determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.

- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "NONE" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to respondent, either
- (a) Enter the words "NOT APPLICABLE" on the particular page(s), or
  - (b) Omit the page(s) and enter "NA", "NONE", or "NOT APPLICABLE" in column (c) on the List of Schedules, pages 2, 3 and 4.
- V. Complete this report by means which result in a permanent record. Complete the original copy in permanent black ink or typewriter print, if practical. The copies, however, may be carbon copies or other similar means of reproduction provided the impressions are clear and readable.
- VI. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (See VIII, below).
- VII. Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ( ).
- VIII. When making revisions, resubmit only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the identification and Attestation page, page 1. Mail dated resubmissions to:
- Michigan Public Service Commission  
Licensing & Enforcement Division  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909
- IX. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 x 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and page number supplemented.
- X. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- XI. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XII. Report all gas volumes on a pressure base of 14.65 psia and a temperature base 60°F.
- XIII. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11 inch size) instead of the preprinted schedules if they are in substantially the same format.

#### DEFINITIONS

- I. BTU per cubic foot - The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60°F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32°F, and under standard gravitational force (980.65 cm. Per sec.<sup>2</sup>) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state. (Sometimes called gross heating value or total heating value.)

II. Commission Authorization (Comm. Auth.) - The authorization of the Michigan Public Service Commission, or any other Commission. Name the Commission whose authorization was obtained and give the date of the authorization.

III. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

Empty form area for providing details for Commission Authorization and Respondent.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**LIST OF SCHEDULES (Natural Gas Utility)**

Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Title of Schedule (a)	Reference Page No. (b)	Remarks (c)
<b>GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS</b>		
General Information	101	
Control Over Respondent & Other Associated Companies	M 102	
Corporations Controlled by Respondent	103	None
Officers and Employees	M 104	
Directors	105	
Security Holders and Voting Powers	M 106-107	
Important Changes During the Year	108-109	
Comparative Balance Sheet	M 110-113	
Statement of Income for the Year	M 114-117	116 - None
Statement of Retained Earnings for the Year	M 118-119	
Statement of Cash Flows	120-121	
Notes to Financial Statements	122-123	
<b>BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)</b>		
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201	
Gas Plant in Service	M 204-212B	
Gas Plant Leased to Others	213	None
Gas Plant Held for Future Use	214	None
Production Properties Held for Future Use	215	None
Construction Work in Progress - Gas	216	
Construction Overheads - Gas	217	
General Description of Construction Overhead Procedure	M 218	
Accumulated Provision for Depreciation of Gas Utility Plant	M 219	
Gas Stored	220	
Nonutility Property	221	None
Accumulated Provision for Depreciation and Amortization of Nonutility Property	221	None
Investments	222-223	None
Investment in Subsidiary Companies	224-225	None
Gas Prepayments Under Purchase Agreements	226-227	
Advances for Gas Prior to Initial Deliveries or Commission Certification	229	None
Prepayments	230	
Extraordinary Property Losses	230	None
Unrecovered Plant and Regulatory Study Costs	230	None
Preliminary Survey and Investigation Charges	231	None
Other Regulatory Assets	232	
Miscellaneous Deferred Debits	233	
Accumulated Deferred Income Taxes (Account 190)	234-235	

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Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006
<b>LIST OF SCHEDULES (Natural Gas Utility) (Continued)</b>			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
<b>BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)</b>			
Capital Stock	250-251		
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
Other Paid-In Capital	253		
Discount on Capital Stock	254	None	
Capital Stock Expense	254	None	
Securities Issued or Assumed and Securities Refunded or Retired During the Year	255	None	
Long-Term Debt	256-257		
Unamortized Debt Expense, Premium and Discount on Long-Term Debt	258-259	None	
Unamortized Loss and Gain on Reacquired Debt	260	None	
Notes Payable	260A	None	
Payables to Associated Companies	260B		
Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	M 261 A-B		
Calculation of Federal Income Tax	M 261 C-D		
Taxes Accrued, Prepaid and Charged During Year	262-263		
Investment Tax Credits Generated and Utilized	264-265	None	
Accumulated Deferred Investment Tax Credits	M 266-267	None	
Miscellaneous Current and Accrued Liabilities	M 268		
Other Deferred Credits	269		
Accumulated Deferred Income Taxes - Accelerated Amortization Property	272-273	None	
Accumulated Deferred Income Taxes - Other Property	274-275		
Accumulated Deferred Income Taxes - Other	M 276 A-B		
Other Regulatory Liabilities	278		
<b>INCOME ACCOUNT SUPPORTING SCHEDULES</b>			
Gas Operating Revenues	300-301		
Rates and Sales Section	M 305 A-C		
Off-System Sales - Natural Gas	M 310 A-B		
Revenue from Transportation of Gas of Others-Natural Gas	312-313		
Sales of Products Extracted from Natural Gas	315	None	
Revenues from Natural Gas Processed by Others	315	None	
Gas Operation and Maintenance Expenses	M 320-325		
Number of Gas Department Employees	325		
Exploration and Development Expenses	326	None	
Abandoned Leases	326	None	
Gas Purchases	M 327, 327A-B		
Exchange Gas Transactions	328-330	None	
Gas Used in Utility Operations - Credit	331		
Transmission and Compression of Gas by Others	332-333	None	
Other Gas Supply Expenses	334	None	
Miscellaneous General Expenses - Gas	M 335		
Depreciation, Depletion and Amortization of Gas Plant	336-338		
Income from Utility Plant Leased to Others	339	None	
Particulars Concerning Certain Income Deduction and Interest Charges	340		

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Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006
LIST OF SCHEDULES (Natural Gas Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
COMMON SECTION			
Regulatory Commission Expenses	350-351		
Research, Development and Demonstration Activities	352-353	None	
Distribution of Salaries and Wages	354-355		
Charges for Outside Professional and Other Consultative Services	357		
GAS PLANT STATISTICAL DATA			
Natural Gas Reserves and Land Acreage	500-501	None	
Changes in Estimated Hydrocarbon Reserves and Costs, and Net Realizable Value	504-505	None	
Compressor Stations	508-509		
Gas and Oil Wells	510	None	
Gas Storage Projects	M 512-513		
Distribution and Transmission Lines	M 514		
Liquefied Petroleum Gas Operations	516-517	None	
Distribution System Peak Deliveries	M 518		
Auxiliary Peaking Facilities	519		
System Map	522		
Footnote Data	551		
Stockholders' Report	---		
MPSC SCHEDULES			
Reconciliation of Deferred Income Tax Expense	117 A-B		
Operating Loss Carryforward	117 C	None	
Notes & Accounts Receivable Summary for Balance Sheet	228 A		
Accumulated Provision for Uncollectible Accounts - Credit	228 A		
Receivables From Associated Companies	228 B		
Materials and Supplies	228 C		
Notes Payable	260 A	None	
Payables to Associated Companies	260 B		
Customer Advances for Construction	268		
Accumulated Deferred Income Taxes - Temporary	277	None	
Gas Operation and Maintenance Expenses (Nonmajor)	320N-324N	None	
Lease Rentals Charges	333A-333D	None	
Depreciation, Depletion and Amortization of Gas Plant (Nonmajor)	336 N	None	
Particulars Concerning Certain Other Income Accounts	341		
Gain or Loss on Disposition of Property	342 A-B	None	
Expenditures for Certain Civic, Political and Related Activities	343		
Common Utility Plant and Expenses	356	None	
Summary of Costs Billed to Associated Companies	358-359		
Summary of Costs Billed from Associated Companies	360-361		

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
Michigan Gas Utilities Corp			
<b>GENERAL INFORMATION</b>			
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p>Diane Ford, Vice President - Controller &amp; Chief Accounting Officer Integrus Energy Group, Inc. 700 North Adams Green Bay, WI 54307-9001</p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p>Delaware, September 16, 2005</p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p style="text-align: center;">N/A</p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p style="text-align: center;">Retail sale and transportation of natural gas and administrative services.</p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) Yes...Enter the date when such independent accountant was initially engaged: _____ (2) <input checked="" type="checkbox"/> No</p>			



Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**CONTROL OVER RESPONDENT**

<p>1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for</p>	<p>whom trust was maintained, and purpose of the trust. If other companies are controlled by the organization which holds control over the respondent, list the names of such companies and the kind of business each is engaged in.</p> <p>2. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.</p>
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Michigan Gas Utilities Corporation is a wholly owned subsidiary of Integrys Energy Group, Inc.

The 2006 Annual Report and Form 10-K of Integrys Energy Group, Inc. are included.

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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**OFFICERS**

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy-making functions.

2. If a change was made during the year in the incumbency of any position, show name and total remuneration of the previous incumbent, and date the change incumbency was made.

3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Chief Executive Officer	Lawrence T. Borgard	\$ 240,000
2	President	Gary W. Erickson	170,000
3	Vice President	Charles F. Hauska	142,989
4	Secretary	Peter H. Kauffman	61,861
5	Treasurer	Bradley A. Johnson	180,000
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Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**DIRECTORS**

1. Report below any information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Name and Title of Director (a)	Principal Business Address (b)	# of Directors Meetings During Yr (c)	Fees During Yr (d)
1 Lawrence T. Borgard - President & Chief Operating Officer	700 North Adams Street Green Bay, WI 54301	3	\$ -
2 Gary W. Erickson - President	899 South Telegraph Road Monroe, Michigan 48161	3	-
3 Barbara A. Nick - Senior Vice President Energy Delivery	700 North Adams Street Green Bay, WI 54301	2	-
4 Thomas P. Meinz - Chairman	700 North Adams Green Bay, WI 54307-9001	3	-
5 James F. Schott - Vice President Regulatory Affairs	700 North Adams Green Bay, WI 54307-9001	3	-

Footnote Data

- 1
- 2
- 3

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
Michigan Gas Utilities Corp			

**SECURITY HOLDERS AND VOTING POWERS**

1. (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting power. **Integrys Energy Group, Inc.**

1. (B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders. **N/A**

2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such securities. **N/A**

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote. **N/A**

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration date. **N/A**

1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:

**Stock books are not closed.**

2. State the total number of votes cast at the latest general proxy meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy:

Total: **100**

By Proxy: **0**

**Meeting conducted by unanimous consent dated May 17, 2006.**

3. Give the date and place of such meeting:

**Directors were elected May 17, 2006 via unanimous consent of the sole shareholder in lieu of an Annual Meeting.**

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**SECURITY HOLDERS AND VOTING POWERS (Continued)**

Line	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		Number of votes as of (date):			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes all voting securities		100		
5	TOTAL number of security holders		1		
6	TOTAL votes of security holders listed below		100		
7	Integrys Energy Group, Inc. (Formerly WPS Resources Corporation)		100		
8	700 North Adams Street				
9	Green Bay, WI 54301				
10					
11	Instruction 2: Not Applicable				
12	Instruction 3: Not Applicable				
13	Instruction 4: Not Applicable				
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**# RESPONSE/NOTES TO INSTRUCTION #**

- 2 Not Applicable.
- 3 Not Applicable.
- 4 Not Applicable.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**IMPORTANT CHANGES DURING THE YEAR**

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not applicable" or "NA" where applicable.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly and materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these
11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be attached to this.

Name of Respondent Michigan Gas Utilities Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
<b>IMPORTANT CHANGES DURING THE YEAR</b>			
<ol style="list-style-type: none"> <li>1. During 2006 Michigan Gas Utilities remained at the same number of franchised areas - 147 communities in the state of Michigan. However, Michigan Gas Utilities has obtained an additional franchise in Milan Township (Monroe County), which was adopted November 9, 2006, yet did not become effective until January 2, 2007. No payment of consideration was contingent with the above franchise. Michigan Gas Utilities did not renew any existing franchises during 2006.</li> <li>2. None.</li> <li>3. On April 1, 2006, Integrys Energy Group, Inc. (formerly WPS Resources Corporation) purchased Aquila's Michigan natural gas assets and liabilities. Pursuant to Commission Order in Case No. U-14657, Michigan Gas Utilities Corporation ("MGUC") was authorized to commence natural gas service to the public in the former Michigan service territory of Aquila.</li> <li>4. MGUC had no material leases as of December 31, 2006.</li> <li>5. MGUC had no new major source of gas made available to it during 2006.</li> <li>6. None.</li> <li>7. MGUC was incorporated on September 16, 2005, in the state of Delaware. MGUC is authorized to transact business in Michigan under the jurisdiction of the Michigan Public Service Commission. MGUC is a wholly owned subsidiary of Integrys Energy Group, Inc.</li> <li>8. MGUC's general wage increase and market wage data adjustments for non-union exempt and non-exempt employees averaged 7.01%, effective December 16, 2006.</li> <li>9. MGUC is involved in various legal proceedings which arise in the normal course of operations. The individual claims are not material to Integrys Energy Group, as a whole, and reserves have been provided on the balance sheet as appropriate.</li> <li>10. None.</li> <li>11. None.</li> <li>12. Not applicable.</li> </ol>			



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Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) April 30, 2007	December 31, 2006
<b>COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)</b>					
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)	
1	<b>UTILITY PLANT</b>				
2	Utility Plant (101-106, 114, 118)	200-201	\$0	\$274,832,978	
3	Construction Work in Progress (107)	200-201	0	178,069	
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		0	275,011,047	
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115, 119)	200-201	0	136,948,229	
6	Net Utility Plant (Enter Total of line 4 less 5)	-	0	138,062,818	
7	Nuclear Fuel (120.1-120.4, 120.6)	-	0	0	
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	-	0	0	
9	Net Nuclear Fuel (Enter Total of line 7 less 8)	-	0	0	
10	Net Utility Plant (Enter Total of lines 6 and 9)	-	\$0	\$138,062,818	
11	Utility Plant Adjustment (116)	122-123	0	0	
12	Gas Stored Underground-Noncurrent (117)	220	0	0	
13	<b>OTHER PROPERTY AND INVESTMENTS</b>				
14	Nonutility Property (121)	221	\$0	\$0	
15	(Less) Accum. Prov. for Depr. and Amort. (122)	221	0	0	
16	Investments in Associated Companies (123)	222-223	0	0	
17	Investment in Subsidiary Companies (123.1)	224-225	0	0	
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)				
19	Noncurrent Portion of Allowances	-	0	0	
20	Other Investments (124)	222-223,229	0	0	
21	Special Funds (125-128)	-	0	0	
22	TOTAL Other Property and Investments (Total of lines 14-21)	-	\$0	\$0	
23	<b>CURRENT AND ACCRUED ASSETS</b>				
24	Cash (131)	-	\$0	\$1,005,581	
25	Special Deposits (132-134)	-	0	2,500	
26	Working Funds (135)	-	0	5,850	
27	Temporary Cash Investments (136)	222-223	0	0	
28	Notes Receivable (141)	228A	0	1,577	
29	Customer Accounts Receivable (142)	228A	0	20,019,348	
30	Other Accounts Receivable (143, 147, 148, 149)	228A	0	633,165	
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	228A	0	3,073,149	
32	Notes Receivable from Associated Companies (145)	228B	0	0	
33	Accounts Receivable from Assoc. Companies (146)	228B	0	1,207,333	
34	Fuel Stock (151)	228C	0	0	
35	Fuel Stock Expense Undistributed (152)	228C	0	0	
36	Residuals (Elec) and Extracted Products (Gas) (153)	228C	0	0	
37	Plant Material and Operating Supplies (154)	228C	0	481,022	
38	Merchandise (155)	228C	0	0	
39	Other Material and Supplies (156)	228C	0	0	
40	Nuclear Materials Held for Sale (157)	228C	0	0	

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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
41	Allowances (158.1 and 158.2)	---	0	0
42	(Less) Noncurrent Portion of Allowances	---	0	0
43	Stores Expense Undistributed (163)	228C	0	248,119
44	Gas Stored Underground-Current (164)	220	0	41,853,344
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	220	0	0
46	Prepayments (165)	226, 230	0	818,026
47	Advances for Gas (166-167)	229	0	0
48	Interest and Dividends Receivable (171)	---	0	0
49	Rents Receivable (172)	---	0	0
50	Accrued Utility Revenues (173)	---	0	23,048,117
51	Miscellaneous Current and Accrued Assets (174)	---	0	3,082,558
52	Derivative Instrument Assets (175)			17,586
53	(Less) LT Portion of Derivative Inst. Assets (175)			
54	TOTAL Current and Accrued Assets (Enter Total of lines 24 thru 53)		\$0	\$89,350,977
55	DEFERRED DEBITS			
56	Unamortized Debt Expense (181)	---	\$0	\$0
57	Extraordinary Property Losses (182.1)	230	0	0
58	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
59	Other Regulatory Assets (182.3)	232	0	56,890,614
60	Prelim. Survey and Invest. Charges (Electric) (183)	---	0	0
61	Prelim. Survey and Invest. Charges (Gas) (183.1,183.2)	231	0	0
62	Clearing Accounts (184)	---	0	0
63	Temporary Facilities (185)	---	0	0
64	Miscellaneous Deferred Debits (186)	233	0	129,995,967
65	Def. Losses from Disposition of Utility Plant (187)	---	0	0
66	Research, Devel, and Demonstration Expend. (188)	352-353	0	0
67	Unamortized Loss on Reacquired Debt (189)	---	0	0
68	Accumulated Deferred Income Taxes (190)	234-235	0	5,677,538
69	Unrecovered Purchased Gas Costs (191)	---	0	0
70	TOTAL Deferred Debits (Enter Total of lines 54 thru 69)		\$0	\$192,564,119
71	TOTAL Assets and other Debits (Enter Total of lines 10, 11, 12, 22, 54 and 70)		\$0	\$419,977,914

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<b>COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)</b>					
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)	
1	<b>PROPRIETARY CAPITAL</b>				
2	Common Stock Issued (201)	250-251	\$0	\$100	
3	Preferred Stock Issued (204)	250-251	0	0	
4	Capital Stock Subscribed (202, 205)	252	0	0	
5	Stock Liability for Conversion (203, 206)	252	0	0	
6	Premium on Capital Stock (207)	252	0	226,971,194	
7	Other Paid-In Capital (208-211)	253	0	0	
8	Installments Received on Capital Stock (212)	252	0	0	
9	(Less) Discount on Capital Stock (213)	254	0	0	
10	(Less) Capital Stock Expense (214)	254	0	0	
11	Retained Earnings (215, 215.1, 216)	118-119	0	(7,642,978)	
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0	
13	(Less) Recquired Capital Stock (217)	250-251	0	0	
14	<b>TOTAL Proprietary Capital (Enter Total of lines 2 thru 13)</b>		\$0	\$219,328,316	
15	<b>LONG-TERM DEBT</b>				
16	Bonds (221)	256-257	\$0	\$0	
17	(Less) Recquired Bonds (222)	256-257	0	0	
18	Advances from Associated Companies (223)	256-257	0	84,000,000	
19	Other Long-Term Debt (224)	256-257	0	0	
20	Unamortized Premium on Long-Term Debt (225)	258-259	0	0	
21	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	258-259	0	0	
22	<b>TOTAL Long-Term Debt (Enter Total of lines 16 thru 21)</b>		\$0	\$84,000,000	
23	<b>OTHER NONCURRENT LIABILITIES</b>				
24	Obligations Under Capital Leases - Noncurrent (227)	---	\$0	\$0	
25	Accumulated Provision for Property Insurance (228.1)	---	0	0	
26	Accumulated Provision for Injuries and Damages (228.2)	---	0	0	
27	Accumulated Provision for Pensions and Benefits (228.3)	---	0	0	
28	Accumulated Miscellaneous Operating Provisions (228.4)	---	0	0	
29	Accumulated Provision for Rate Refunds (229)	---	0	0	
30	Asset Retirement Obligations (230)	---		114,058	
31	<b>TOTAL Other Noncurrent Liabilities (Enter Total of lines 24 thru 30)</b>		\$0	\$114,058	
32	<b>CURRENT AND ACCRUED LIABILITIES</b>				
33	Notes Payable (231)	260A	\$0	\$0	
34	Accounts Payable (232)	---	0	32,747,587	
35	Notes Payable to Associated Companies (233)	260B	0	22,300,000	
36	Accounts Payable to Associated Companies (234)	260B	0	6,054,077	
37	Customer Deposits (235)	---	0	1,863,211	
38	Taxes Accrued (236)	262-263	0	3,052,147	
39	Interest Accrued (237)	---	0	67,435	
40	Dividends Declared (238)	---	0	0	
41	Matured Long-Term Debt (239)	---	0	0	

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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
42	Matured Interest (240)	---	0	0
43	Tax Collections Payable (241)	---	0	259,588
44	Misc. Current and Accrued Liabilities (242)	268	0	10,264,045
45	Obligations Under Capital Leases-Current (243)	---	0	0
46	Federal Income Taxes Accrued for Prior Years (244)	---	0	0
47	Michigan Single Business Taxes Accrued for Prior Years (244.1)	---	0	0
48	Fed. Inc. Taxes Accrued for Prior Years-Adj. (245)	---	0	0
49	Michigan Single Business Taxes Accrued for Prior Years-Adj. (245.1)	---	0	0
50	TOTAL Current and Accrued Liabilities (Enter Total of lines 33 thru 49)		0	76,608,090
51	DEFERRED CREDITS			
52	Customer Advances for Construction (252)	---	\$0	\$0
53	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
54	Deferred Gains from Disposition of Utility Plant (256)	---	0	0
55	Other Deferred Credits (253)	269	0	27,178,044
56	Other Regulatory Liabilities (254)	278	0	1,983,998
57	Unamortized Gain on Reacquired Debt (257)	260	0	0
58	Accumulated Deferred Income Taxes (281-283)	272-277	0	10,765,408
59	TOTAL Deferred Credits (Enter Total of lines 52 thru 58)		\$0	\$39,927,450
60	TOTAL Liabilities and Other Credits (Enter Total of lines 14, 22, 31, 50 and 59)		\$0	\$419,977,914

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STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, *Revenues and Expenses from Utility Plant Leased to Others*, in another utility column (l, k, m, o) in a similar manner to a utility department. Spread the amount(s) over lines 01 thru 20 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in account 414, *Other Utility Operating Income*, in the same manner as accounts 412 and 413 above.

3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

4. Use page 122 for important notes regarding the statement of income or any account thereof.

5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.

6. Give concise explanations concerning significant amounts of any refunds made or received during the year

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			9 Months Ended Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	110,077,499	0
3	Operating Expenses			
4	Operation Expenses (401)	320-325	107,464,732	0
5	Maintenance Expenses (402)	320-325	1,887,813	0
6	Depreciation Expense (403)	336-338	5,357,462	0
7	Amort. & Depl. of Utility Plant (404-405)	336-338	92,345	0
8	Amort. of Utility Plant Acq. Adj. (406)	336-338	0	0
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs		0	0
10	Amort. of Conversion Expenses (407)		0	0
11	Regulatory Debits (407.3)		0	0
12	(Less) Regulatory Credits (407.4)		0	0
13	Taxes Other Than Income Taxes (408.1)	262-263	2,663,183	0
14	Income Taxes - Federal (409.1)	262-263	(6,832,467)	0
15	- Other (409.1)	262-263	0	0
16	Provision for Deferred Inc. Taxes (410.1)	234,272-276B	6,060,519	0
17	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-276B	3,346,571	0
18	Investment Tax Credit Adj. - Net (411.4)	234,272-276B	0	0
19	(Less) Gains from Disp. of Utility Plant (411.6)	266	0	0
20	Losses from Disp. of Utility Plant (411.7)		0	0
21	(Less) Gains from Disposition of Allowances (411.8)		0	0
22	Losses from Disposition of Allowances (411.9)		0	0
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		113,347,016	0
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		(3,269,517)	0

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**STATEMENT OF INCOME FOR THE YEAR (Continued)**

resulting from settlement of any rate proceedings affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.

8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the

basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.

9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.

10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	9 Months Ended Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
		110,077,499	0			2
						3
		107,464,732	0			4
		1,887,813	0			5
		5,357,462	0			6
		92,345	0			7
		0	0			8
		0	0			9
		0	0			10
		0	0			11
		0	0			12
		2,663,183	0			13
		(6,832,467)	0			14
		0	0			15
		6,060,519	0			16
		3,346,571	0			17
		0	0			18
		0	0			19
		0	0			20
		0	0			21
		0	0			22
0	0	113,347,016	0	0	0	23
0	0	(3,269,517)	0	0	0	24

Name of Respondent		This Report is:	Date of Report:	Year of Report
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STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No.	Account (a)	(Ref.) Page No. (b)	9 Months Ended Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 114)	-	(3,269,517)	-
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)		79,144	-
30	(Less) Costs & Exp of Merchandising, Job & Contract Work (416)		-	-
31	Revenues From Nonutility Operations (417)		52,420	-
32	(Less) Expenses of Nonutility Operations (417.1)		(68,983)	-
33	Nonoperating Rental Income (418)		-	-
34	Equity in Earnings of Subsidiary Companies (418.1)	119	-	-
35	Interest and Dividend Income (419)		410,224	-
36	Allowance for Other Funds Used During Construction (419.1)		-	-
37	Miscellaneous Nonoperating Income (421)		-	-
38	Gain on Disposition of Property (421.1)		-	-
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		472,805	-
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)		-	-
42	Miscellaneous Amortization (425)	340	-	-
43	Miscellaneous Income Deductions (426.1 426.5)	340	11,409	-
44	TOTAL Other Income Deductions (Enter Total of lines 41 thru 43)		11,409	-
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	262-263	150	-
47	Income Taxes-Federal (409.2)	262-263	(2,355,466)	-
48	Income Taxes-Other (409.2)	262-263	-	-
49	Provision for Deferred Inc. Taxes (410.2)	234,272-277	4,401,624	-
50	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234,272-277	2,020,520	-
51	Investment Tax Credit Adj. - Net (411.5)		-	-
52	(Less) Investment Tax Credits (420)		-	-
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 thru 52)		25,788	-
54	Net Other Income and Deductions (Enter Total of lines 39, 44, 53)		435,608	-
55	Interest Charges			
56	Interest on Long-Term Debt (427)		-	-
57	Amort. of Debt Disc. and Expense (428)	258-259	-	-
58	Amortization of Loss on Reacquired Debt (428.1)		-	-
59	(Less) Amort. of Premium on Debt-Credit (429)	258-259	-	-
60	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		-	-
61	Interest on Debt to Assoc. Companies (430)	340	3,809,201	-
62	Other Interest Expense (431)	340	999,868	-
63	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		-	-
64	Net Interest Charges (Enter Total of 56 thru 63)		4,809,069	-
65	Income Before Extraordinary Items (Enter Total of lines 25, 54, and 64)		(7,642,978)	-
66	Extraordinary Items			
67	Extraordinary Income (434)		-	-
68	(Less) Extraordinary Deductions (435)		-	-
69	Net Extraordinary Items (Enter Total of line 67 less line 68)		-	-
70	Income Taxes-Federal and Other (409.3)	262-263	-	-
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)		-	-
72	Net Income (Enter Total of lines 65 and 71)		(7,642,978)	-

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**RECONCILIATION OF DEFERRED INCOME TAX EXPENSE**

1. Report on this page the charges to accounts 410, 411 and 420 reported in the contra accounts 190, 281, 282, 283 and 284.

2. The charges in the subaccounts of 410 and 411 found on pages 114-117 should agree with the subaccount totals reported on these pages.

In the event the deferred income tax expenses reported on pages 114-117 do not directly reconcile with the amounts found on these pages, then provide the additional information requested in instruction #3, on a separate page.

Line No.		Electric Utility	Gas Utility
1	Debits to Account 410 from:		
2	Account 190		4,654,972
3	Account 281		0
4	Account 282		172,542
5	Account 283		1,233,005
6	Account 284		0
7	Reconciling Adjustments		0
8	TOTAL Account 410.1 (on pages 114-115 line 16)		6,060,519
9	TOTAL Account 410.2 (on page 117 line 49)		
10	Credits to Account 411 from:		
11	Account 190		(1,442,675)
12	Account 281		0
13	Account 282		(251,999)
14	Account 283		(1,651,897)
15	Account 284		0
16	Reconciling Adjustments		0
17	Total Account 411.1 (on pages 114-15 line 17)		(3,346,571)
18	Total Account 411.2 (on page 117 line 50)		
19	Net ITC Adjustment:		
20	ITC Utilized for the Year DR		
21	ITC Amortized for the Year CR		0
22	ITC Adjustments:		
23	Adjust last year's estimate to actual per filed return		
24	Other (specify)		
25	Net Reconciling Adjustments Account 411.4*		0
26	Net Reconciling Adjustments Account 411.5		
27	Net Reconciling Adjustments Account 420		

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**RECONCILIATION OF DEFERRED INCOME TAX EXPENSE (Continued)**

3. (a) Provide a detail reconciliation of the applicable deferred income tax expense subaccount(s) reported on pages 114-117 with the amount reported on this page. (b) Identify all contra accounts (other than accounts 190 and 281-284). (c) Identify the company's regulatory authority to utilize a contra accounts other than accounts 190 or 281-284 for the recording of deferred income tax expense(s).

Other Utility	Total Utility	Other Income	Total Company	Line No.
	4,654,972		4,654,972	1 2
	0		0	3
	172,542	4,401,624	4,574,166	4
	1,233,005		1,233,005	5
	0		0	6
	0		0	7
	6,060,519			8
		4,401,624		9
	(1,442,675)		(1,442,675)	10 11
	0		0	12
	(251,999)	(2,020,520)	(2,272,519)	13
	(1,651,897)		(1,651,897)	14
	0		0	15
	0		0	16
	(3,346,571)			17
		(2,020,520)		18
	0		0	19 20 21 22 23 24
	0			25
				26
				27

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**STATEMENT OF RETAINED EARNINGS FOR THE YEAR**

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first account 439 (Adjustments to Retained Earnings), reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit, items in that order.
5. Show dividends for each class and series of capital stock.
6. Show separately the State and Federal income tax effect of items shown in account 439 (Adjustments to Retained Earnings)
7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be ac
8. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance-Beginning of Year		
2	Changes ( <i>Identify by prescribed retained earnings accounts</i> )		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	TOTAL Credits to Retained Earnings (439)		
9	Debit:		
10	Debit:		
11	Debit:		
12	Debit:		
13	TOTAL Debits to Retained Earnings (439)		
14	Balance Transferred from Income (Account 433)		(7,642,978)
15	Appropriations of Retained Earnings (Account 436)		
16			
17			
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		
22	Dividends Declared-Preferred Stock (Account 437)		
23			
24			
25			
26			
27			
28	TOTAL Dividends Declared-Preferred Stock (Account 437)		

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)**

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
29	Dividends Declared-Common Stock ( Account 438)		
30			
31			
32			
33			
34			
35	TOTAL Dividends Declared-Common Stock (Account 438)		
36	Transfers from Account 216.1 Unappropriated Undistributed Subsidiary Earnings		
37	Balance - End of the Year (Enter Total of lines 1 thru 36)		(7,642,978)
<b>APPROPRIATED RETAINED EARNINGS (Account 215)</b>			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.		
38			
39			
40			
41			
42			
43	TOTAL Appropriated Retained Earnings (Account 215)		
<b>APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1)</b>			
	State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.		
44	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215.1)		
45	TOTAL Appropriated Retained Earnings (Account 215 & 215.1)		
46	TOTAL Retained Earnings (Accounts 215, 215.1 & 216)		(7,642,978)
<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</b>			
47	Balance-Beginning of Year (Debit or Credit)		
48	Equity in Earnings for Year (Credit) (Account 418.1)		
49	(Less) Dividends Received (Debit)		
50	Other Changes (Explain)		
51	Balance-End of Year (Enter Total of lines 47 thru 50)		

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**STATEMENT OF CASH FLOWS**

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be included on pages 122-123. Information about noncash investing and financing activities should be provided on pages 122-123. "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.

2. Under "Other" specify significant amounts and group others.

3. Operating Activities-Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on pages 122-123 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	Description (See instructions for Explanation of Codes) (a)	Current Year to Date (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 on page 117)	(7,642,978)
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	5,357,462
5	Amortization of Utility Plant	92,345
6	Amortization of (Specify) Other	-
7	Intangible Plant	
8	Deferred Income Taxes (Net)	5,095,052
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	10,212,402
11	Net (Increase) Decrease in Inventory	(18,076,549)
12	Net (Increase) Decrease in Allowances Inventory	-
13	Net (Increase) Decrease in Payables and Accrued Expenses	41,127,981
14	Net (Increase) Decrease in Other Regulatory Assets	(20,625,435)
15	Net (Increase) Decrease in Other Regulatory Liabilities	-
16	(Less) Allowance for Other Funds Used During Construction	-
17	(Less) Undistributed Earnings from Subsidiary Companies	-
18	Other: (provide details in footnote)	3,697,157
19		
20		
21		
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	19,237,437
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant	(8,192,179)
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(8,192,179)
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in ( and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

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**STATEMENT OF CASH FLOWS (Continued)**

- |   |  |
|---|--|
| <p>4. Investing Activities</p> <p>(a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123.</p> <p>(b) Do not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.</p> | <p>5. Codes used:</p> <p>(a) Net proceeds or payments.</p> <p>(b) Bonds, debentures and other long-term debt.</p> <p>(c) Include commercial paper.</p> <p>(d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>6. Enter on pages 122-123 clarifications and explanations.</p> |
|---|--|

Line No.	Description (See instructions for Explanation of Codes) (a)	Current Year to Date (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	(10,146,518)
53	Other: (provide details in footnote)	115,191
54	Other: Acquisition	
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 54)	(18,223,506)
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt	
62	Preferred Stock	
63	Common Stock	
64	Other:	
65	Equity Contribution From Parent	
66	Net Increase in Short-Term Debt	
67	Other: (provide details in footnote)	
68	Changes in Loans on Executive Life Insurance	
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	0
71		
72	Payments for Retirement of:	
73	Long Term Debt	
74	Preferred Stock	
75	Common Stock	
76	Other:	
77	Equity Adjustments to Parent	
78	Net Decrease in Short-Term Debt	
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	0
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	1,013,931
87		
88	Cash and Cash Equivalents at Beginning of Year	0
89		
90	Cash and Cash Equivalents at End of Year	1,013,931

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Footnote Data

**Schedule Page: 120 Line No.: 19 Column (b)**

Other Operating			
Accrued Revenues			(7,477,641)
Prepayments and Misc Current Assets			(1,263,932)
Deferred Debits			(113,156)
Other Current Liabilities			10,420,651
Pension and Post Retirement Expense			853,515
Post Retirement Disbursements			(321,160)
Other items			1,598,880
TOTAL			<u>3,697,157</u>

**Schedule Page: 120 Line No.: 53 Column (b)**

Other Investing			
Construction Advances			<u>115,191</u>
TOTAL			115,191

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**NOTES TO FINANCIAL STATEMENTS**

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.

2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at the end of year, including a brief explanation, of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.

3. For Account 116, *Utility Plant Adjustments*, explain the origin of such amount, debits and credits during the year,

and plan of disposition contemplated, giving references to Commission orders of other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.

4. Where Accounts 189, *Unamortized Loss on Reacquired Debt*, and 257, *Unamortized Gain on Reacquired Debt*, are not used, give an explanation, providing the rate treatment given these items. See general Instruction 17 of the Uniform System of Accounts.

5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.

6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be attached hereto.



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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**MICHIGAN GAS UTILITIES CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2006**

The Notes to the Financial Statements that follow are as of and for the nine-month period from April 1, 2006 (acquisition date) to December 31, 2006.

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) **MPSC Form P-522 Presentation Compared to Generally Accepted Accounting Principles**--The accompanying financial statements have been prepared in accordance with the accounting requirements of the Uniform System of Accounts and accounting releases of the Michigan Public Service Commission ("MPSC"), which differs from generally accepted accounting principles ("GAAP"). As required by the MPSC, Michigan Gas Utilities Corporation ("MGUC") classifies certain items in its Form P-522 in a manner different than required by GAAP as follows:

- Removal costs that do not have an associated legal obligation are recognized as a component of accumulated depreciation, whereas these costs are classified for GAAP as a regulatory liability.
- Accumulated deferred income taxes are reported as deferred debits and deferred credits and are not netted into short-term or long-term classifications as required by GAAP.

(b) **Nature of Operations**--MGUC, a wholly-owned subsidiary of Integrys Energy Group, Inc., acquired on April 1, 2006, is a regulated gas utility that supplies and distributes natural gas to southern Michigan customers in and around Grand Haven, Otsego, Benton Harbor, Coldwater, and Monroe. See Note 2, "Acquisitions of Assets," for additional information on acquisition.

The term "utility" refers to the regulated activities of MGUC, while the term "nonutility" refers to the activities of MGUC that are not regulated.

(c) **Use of Estimates**--The preparation of financial statements in conformity with accounting requirements of the MPSC requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

(d) **Cash and Cash Equivalents**--All short-term investments with an original maturity of three months or less are considered to be cash equivalents. Cash paid for taxes for the nine-month period ended December 31, 2006 was \$10.0 million and cash paid for interest totaled \$4.8 million. Non-cash transactions in 2006 included the acquisition of MGUC by Integrys Energy Group, which was funded with equity and debt; \$0.8 million for purchase price adjustments related to the acquisition of MGUC; and, \$0.2 million for construction advances, funded through accounts payable. See Note No. 2, "Acquisition of Assets," for additional disclosure on non-cash transactions.

The balance in cash and cash equivalents at the end of the current year consists of items shown below:

Cash	\$1,005,581
Special Deposits	2,500
Working Funds	<u>5,850</u>
	\$1,013,931

(e) **Revenue and Customer Receivables**--Revenues are recognized on the accrual basis and include estimated amounts for natural gas services rendered but not billed. There are no customers or industries that account for more than 10% of MGUC's revenues.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

The MPSC has approved one-for-one recovery of prudently incurred natural gas costs for MGUC, subject to regulatory review. Fuel costs incurred in excess of (or less than) currently billable fuel costs are recognized as an increase (or decrease) in operating revenue. We are required to provide service and grant credit to customers within our service territories. We continually review customers' credit-worthiness and obtain or refund deposits accordingly. We are precluded from discontinuing service to residential customers during winter moratorium months. MGUC calculates a reserve for potential uncollectible customer receivables based on calculation which includes the aging of accounts receivables balances.

Certain customers are on "even-pay" plan, where they pay the same amount each month, based on estimated yearly usage; as a result, collections from customers, for which services has not been provided are included as a reduction in Customer Accounts Receivable.

(f) **Gas Cost Recovery (GCR)** --Natural gas costs are recovered from customers pursuant to a Gas Cost Recovery Clause, as authorized by the provisions of the 1982 Public Act 304, in MGUC's Rules, Regulations and Rate Schedules, Rule B10, which is implemented by filing, in December of each year, an application with the MPSC requesting approval of maximum rates to be charged customers during the subsequent GCR period (April 1 through March 31) for natural gas costs expected to be incurred during that period. Until an order is received approving or rejecting the rates, the rates requested may be billed. An annual reconciliation is made of natural gas costs incurred during the preceding GCR period with natural gas cost recovery revenues collected during that period with provisions for rolling over-collections and under-collections into the next GCR period, together with interest on any such amounts.

(g) **Inventories**--Inventories consist of natural gas in storage and are valued at average cost. Natural gas purchased specifically for injection into MGUC's storage fields is priced at the delivery price of such purchases. Otherwise, natural gas injected into storage is priced at the average cost of natural gas purchased during the month of injection. Since acquisition, MGUC has continued with the practice of purchasing all or a portion of the gas injected into storage specifically for that purpose. Withdrawals of natural gas from storage fields are priced at the average cost of natural gas in storage.

Arrangement for storage of natural gas also exists with third parties. Such arrangements provide for spot and term purchases by MGUC of up to 7.970 million Mcf of natural gas each summer for storage with other utilities and on pipelines, as well as MGUC owned storage facilities for delivery during the following heating season. Under the arrangements, the cost of such natural gas, together with related storage and transportation service charges, is charged to natural gas in underground storage as the natural gas is purchased. As natural gas is withdrawn, it is priced at the average cost of natural gas in storage computed separately for each third party.

(h) **Risk Management Activities**--As part of our regular operations, MGUC may enter into contracts, including options, swaps, futures, forwards, and other contractual commitments, to manage market risks such as changes in commodity prices.

MGUC accounts for its derivative contracts in accordance with SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities*," as amended and interpreted. SFAS No. 133 establishes accounting and financial reporting standards for derivative instruments and requires, in part, that we recognize certain derivative instruments on the balance sheet as assets or liabilities at their fair value. The derivatives qualify for regulatory deferral subject to the provisions of SFAS No. 71, "*Accounting for the Effects of Certain Types of Regulation*"; the derivatives are marked to fair value pursuant to SFAS No. 133 and are offset with a corresponding regulatory asset or liability. At December 31, 2006, the Company has recorded a risk management asset of \$17,586 as a derivative instrument asset. This asset is related to a natural gas purchase contract to mitigate price volatility.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

- (i) **Property, Plant, and Equipment**--Utility plant is stated at the original cost of construction including an allowance for funds used during construction. The cost of renewals and betterments of units of property (as distinguished from minor items of property) is capitalized as an addition to the utility plant accounts. Except for land, no gain or loss is recognized in connection with ordinary retirements of utility property units. Maintenance, repair, replacement, and renewal costs associated with items not qualifying as units of property are considered operating expenses. The utility charges the cost of units of property retired, sold, or otherwise disposed of, less salvage, to accumulated depreciation. The cost of removal associated with the retirement is also charged to accumulated depreciation.
- MGUC records straight-line depreciation expense over the estimated useful life of utility property and includes amounts for estimated removal and salvage. Depreciation rates for MGUC were approved by the MPSC effective April 1, 2006. The annual utility composite depreciation rate was 2.06% for the nine-month period ended December 31, 2006.
- MGUC capitalizes certain costs related to software developed or obtained for internal use and amortizes those costs to operating expense over the estimated useful life of the related software, which is usually three to eight years.
- (j) **Allowance for Funds Used During Construction**--MGUC uses an allowance for funds used during construction (AFUDC) calculation which includes both a debt and an equity component as required by regulatory accounting. MGUC did not record AFUDC for the nine-month period ended December 31, 2006 because there were no significant construction projects during the year.
- (k) **Asset Impairment**--MGUC reviews the recoverability of long-lived tangible and intangible assets in accordance with SFAS No. 144. This Statement requires review of assets when circumstances indicate that the carrying amount may not be recoverable. The carrying amount of assets held and used is not recoverable if it exceeds the undiscounted sum of cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is not recoverable, the impairment loss is measured as the excess of the asset's carrying value over its fair value. Impairment charges are recorded if the carrying value of such assets exceeds the future anticipated cash flows. There were no impairment charges for the nine-month period ended December 31, 2006.
- (l) **Regulatory Assets and Liabilities**--MGUC is subject to the provisions of SFAS No. 71. Regulatory assets represent probable future revenue associated with certain incurred costs that will be recovered from customers through the ratemaking process. Regulatory liabilities represent amounts that are refundable in future customer rates. Based on a current evaluation of the various factors and conditions that are expected to impact future cost recovery, we believe that future recovery of our regulatory assets is probable. If, at any reporting date, a previously recorded regulatory asset is no longer probable of recovery, the regulatory asset is reduced to the amount considered probable of recovery with the reduction charged to current expense. For additional information, see Note 4, "*Regulatory Assets and Liabilities.*"
- (m) **Goodwill and Other Intangible Assets**--In accordance with SFAS No. 142, "*Goodwill and Other Intangible Assets,*" goodwill and other assets with indefinite lives are not amortized, but are subject to annual impairment tests. Impairment tests were performed at the time of acquisition for MGUC. Going forward, MGUC will perform annual impairment tests during the second quarter. The impairment tests are updated whenever events or changes in circumstances indicate that the assets might be impaired. Based upon the results of testing, no impairments were noted for the nine-month period ended December 31, 2006. See Note 5, "*Goodwill and Other Intangible Assets,*" for additional information.
- (n) **Asset Retirement Obligations**-- SFAS No. 143, "*Accounting for Asset Retirement Obligations,*" requires companies to recognize, at fair value, legal obligations associated with the retirement of tangible long-lived assets that resulted from the acquisition, construction or development, and/or normal operation of the assets. The asset retirement obligations are accreted using a credit-adjusted risk-free interest rate commensurate with the expected settlement dates of the asset retirement obligations. The associated retirement costs are capitalized as part of the related long-lived assets and are depreciated over the useful lives of the assets.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

MGUC recognizes Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations," which clarifies that conditional asset retirement obligations are within the scope of SFAS No. 143. Therefore, a liability must be recorded for these obligations as long as the fair value can be reasonably estimated, even if the timing or method of settling the obligation is unknown. Asset retirement obligations included within the scope of Interpretation No. 47 are calculated and recorded utilizing the methodology in SFAS No. 143. See Note 8, "Asset Retirement Obligations," for additional information regarding SFAS 143 and Interpretation No. 47.

- (o) **Income Taxes**--We account for income taxes using the liability method as prescribed by SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred income taxes have been recorded using currently enacted tax rates for the differences between the tax basis of assets and liabilities and the basis reported in the financial statements. Due to the effects of regulation on MGUC, certain adjustments made to defer income taxes are, in turn, recorded as regulatory assets or liabilities.

Investment tax credits, used to reduce federal income taxes payable, are deferred for financial reporting purposes, and amortized over the useful lives of the property to which they relate.

Integrus Energy Group files a consolidated United States income tax return that includes domestic subsidiaries of which its ownership is 80% or more. Integrus Energy Group and its consolidated subsidiaries are parties to a tax allocation arrangement under which each entity determines its income tax provision on a stand-alone basis. In several states, combined or consolidated filing is required for certain members of the Integrus Energy Group doing business in that state. The tax allocation arrangement equitably allocates the state taxes associated with these combined or consolidated filings.

Integrus Energy Group and its subsidiaries have routinely been subject to examination by various taxing jurisdictions, including the Internal Revenue Service (IRS) and other state and local taxing jurisdictions. At any given time, there might be several of these audits open covering multiple tax years. Management has not been informed by any taxing jurisdictions of any material adjustment to any filed or proposed tax position as a result of on-going examinations that would impact MGUC.

- (p) **Taxes Other Than Income**--MGUC presents revenue net of pass-through taxes on the Statements of Income. The company accounts for the Michigan Single Business Tax as tax other than income taxes.

- (q) **Guarantees**--FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others," requires that the guarantor recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. See Note 11, "Guarantees," for additional information on Interpretation No. 45.

- (r) **New Accounting Pronouncements**--In June 2006, the FASB ratified the consensus reached by the EITF on Issue No. 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)." The Issue applies to taxes directly imposed on revenue-producing transactions and excludes from its scope taxes assessed on an entity's activities over time, such as gross receipts taxes. Issue No. 06-3 concludes that the presentation of taxes on either a gross (i.e., included in revenues and costs) or net (i.e., excluded from revenues) basis is an accounting policy decision. It does not require an entity to reevaluate its existing classification policies related to these taxes, but it does require additional disclosures regarding which presentation is selected. In addition, for any such taxes that are reported on a gross basis, the guidance requires an entity to disclose the amounts of those taxes in interim and annual financial statements for each period for which an income statement is presented. Issue No. 06-3 is effective January 1, 2007, for MGUC. We do not expect this guidance to have a significant impact on our financial statements.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

In July 2006, the FASB issued Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes*," to provide guidance on how to reflect uncertain tax positions in an enterprise's financial statements. The Interpretation applies to all tax positions and will affect all circumstances in which an entity is uncertain as to whether a tax position will ultimately be sustained as filed in its tax return. In order to recognize a tax benefit in the financial statements, an entity must determine that it is "more likely than not" that the tax benefit will be realized. The amount of the tax benefit to be recognized is the largest amount that is greater than 50% likely to be realized upon ultimate settlement with the taxing authority. The Interpretation is effective for MGUC on January 1, 2007. We do not expect the implementation of Interpretation No. 48 to have a significant impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*." SFAS No. 157 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and states that a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. The Standard eliminates the current requirement for deferring "day one" gains on energy contracts that are not evidenced by quoted market prices or other current market transactions. The Standard will be effective for MGUC beginning January 1, 2008. We are currently evaluating the impact that SFAS No. 157 will have on our financial statements.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*." This Standard permits entities to choose to measure many financial instruments and certain other items at fair value, following the provisions of SFAS No. 157. Included within the scope of the Standard are all recognized financial assets and financial liabilities, except consolidated investments, consolidated interests in a variable interest entity, obligations for pension and certain other benefits, leases, and financial instruments that are classified as a component of shareholder's equity. Also included in the scope of the Standard are firm commitments that would otherwise not be recognized at inception and that involve only financial instruments, nonfinancial insurance contracts and warranties that the insurer can settle by paying a third party to provide those goods or services, and host financial instruments resulting from separation of an embedded nonfinancial derivative instrument from a nonfinancial hybrid instrument. SFAS No. 159 is effective for MGUC beginning January 1, 2008. We are currently evaluating the impact that SFAS No. 159 will have on our financial statements.

**NOTE 2--ACQUISITIONS OF ASSETS**

On April 1, 2006, Integrys Energy Group, through its wholly-owned subsidiary MGUC, completed the acquisition of natural gas distribution operations in Michigan from Aquila. The Michigan natural gas assets provide natural gas distribution service in 147 cities and communities primarily throughout Otsego, Grand Haven, and Monroe counties. The assets operate under a cost of service environment and are currently allowed an 11.4% return on equity on a 45% equity component of the regulatory capital structure.

Integrys Energy Group paid total consideration of \$344.2 million for the Michigan natural gas distribution operations, which included closing adjustments related primarily to purchased working capital, and contributed the net assets acquired to MGUC, in a non-cash transaction. This transaction is still subject to certain post closing adjustments. The transaction was accounted for under the purchase method of accounting. The purchase price (\$344.2 million, subject to post closing adjustments) was allocated based on the estimated fair market value of the assets acquired and liabilities assumed. The excess cost of the acquisition over the estimated fair value of the tangible net assets acquired was allocated to identifiable intangible assets with the remainder then allocated to goodwill. The results of operations were included in the accompanying financial statements since the date of acquisition. The following table shows the preliminary allocation of the purchase price to the assets acquired and liabilities assumed at the date of the acquisition. When the purchase price allocation is finalized, adjustments to goodwill may result.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**(Millions)**

Accounts receivable, net	\$ 28.4
Accrued unbilled revenues	15.6
Inventories	23.9
Other current assets	3.3
Property plant and equipment, net	137.1
Regulatory assets	56.5
Other long-term assets	
Goodwill	122.9
Intangibles – trade name	5.2
Other long-term assets	4.2
<b>Total Assets</b>	<b>397.1</b>
Other current liabilities	6.1
Regulatory liabilities	1.2
Environmental remediation liabilities	24.9
Pension and postretirement benefit obligations	20.5
Other long-term liabilities	0.2
<b>Total Liabilities</b>	<b>52.9</b>
<b>Net assets acquired</b>	<b>\$344.2</b>

**NOTE 3--FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash, accounts receivable, and accounts payable: The carrying amount approximates fair value due to the short maturity of these investments and obligations.

The estimated fair values of our financial instruments as of December 31, 2006 were:

<b>(Millions)</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Cash and cash equivalents	\$ 1.0	\$ 1.0
Accounts receivable	18.8	18.8
Accounts payable	39.1	39.1

**NOTE 4--REGULATORY ASSETS AND LIABILITIES**

The following regulatory assets and liabilities are reflected in the Balance Sheet as of December 31, 2006:

**(Millions)**

<b>Regulatory assets</b>	
Pension and post-retirement benefit related items	\$30.3
Environmental remediation costs (net of insurance recoveries)	26.6
<b>Total</b>	<b>\$56.9</b>
<b>Regulatory liabilities</b>	
Pension and post-retirement benefit related items	\$1.9
Other	.1
<b>Total</b>	<b>\$2.0</b>

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

We expect to recover our regulatory assets and return our regulatory liabilities through rates charged to customers based on specific ratemaking decisions or precedent for each item over periods specified by the regulators or over the normal operating period of the assets and liabilities to which they relate. Based on prior and current rate treatment for carrying costs of regulatory assets, we believe it is probable that MGUC will continue to recover from customers the regulatory assets described above.

Pension and post-retirement benefit related items at December 31, 2006 include all initial adjustments made to implement SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)," at its implementation date of December 31, 2006.

See Note 2, "Acquisitions and Sales of Assets," Note 10, "Commitments and Contingencies," and Note 12, "Employee Benefit Plans," for more information on some of the more significant regulatory assets and liabilities listed in the above table.

**NOTE 5--GOODWILL AND OTHER INTANGIBLE ASSETS**

Goodwill recorded by MGUC was \$122.9 million at December 31, 2006 related to the acquisition of the natural gas distribution operations in Michigan in April 2006. In conjunction with the acquisition of the natural gas distribution operations, a \$5.2 million indefinite lived intangible asset was recorded related to the MGUC trade name. Intangible assets are recorded on the balance sheet in account 186.

**NOTE 6--SHORT-TERM DEBT**

All short-term borrowings are from Integrys Energy Group and bear interest at Integrys Energy Group's weighted average borrowing rate on short-term loans. Short-term borrowings from Integrys Energy Group were as follows (in millions):

▪ Maximum amount of short-term borrowings outstanding during the nine-months ended December 31, 2006	\$ 23.5
▪ Average amount of short-term borrowings outstanding during the nine-months ended December 31, 2006	\$ 2.2
▪ Weighted average interest rate on short-term borrowings for the nine-months ended December 31, 2006	5.41%
▪ Weighted average interest rate on short-term borrowings at year end	5.41%
▪ Short-term borrowings from Integrys Energy Group at December 31, 2006	\$ 22.3

**NOTE 7--LONG-TERM DEBT**

Pursuant to a credit line agreement entered into on April 1, 2006 with Integrys Energy Group, MGUC acquired long-term debts as presented in the table below:

<u>At December 31 (Millions)</u>				<u>2006</u>
<u>Term</u>	<u>Interest Rate</u>	<u>Year Due</u>	<u>Description</u>	
7 year	5.72%	2013	Senior Note	<b>28.0</b>
10 year	5.76%	2016	Senior Note	<b>28.0</b>
15 year	5.98%	2021	Senior Note	<b>28.0</b>
<b>Total long-term debt</b>				<b>\$84.0</b>

Interest is paid semi-annually for the three notes issued. There are no covenants associated with these obligations.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

A schedule of all principal debt payment amounts is as follows:

<b>Year ending December 31</b>	
<i>(Millions)</i>	
2007	\$ -
2008	-
2009	-
2010	-
2011	-
Later years	84.0
<b>Total payments</b>	<b>\$84.0</b>

**NOTE 8--ASSET RETIREMENT OBLIGATIONS**

Under the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations," and Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations," MGUC has recorded liabilities for legal obligations associated with the retirement of tangible long-lived assets. MGUC identified asset retirement obligations primarily related to asbestos abatement at office buildings and service centers. In accordance with SFAS No. 71, MGUC established regulatory assets and liabilities to record the differences between ongoing expense recognition under SFAS No. 143 and Interpretation No. 47, and the rate-making practices for retirement costs authorized by the applicable regulator. At December 31, 2006, asset retirement obligations had a balance of \$114,058. Accretion expense was \$4,399 for the nine-month period ended December 31, 2006.

**NOTE 9--INCOME TAXES**

The principal components of our deferred tax assets and liabilities recognized in the balance sheet as of December 31, 2006 are as follows:

<i>(Millions)</i>	
<b>Deferred tax assets:</b>	
Employee benefits	\$3.2
Plant related	1.2
Other	1.3
<b>Total deferred tax assets</b>	<b>5.7</b>
<b>Deferred tax liabilities:</b>	
Regulatory deferrals	\$10.6
Other	.2
<b>Total deferred tax liabilities</b>	<b>\$10.8</b>

Consistent with ratemaking treatment, certain temporary differences, in which the offsetting amount is recorded as a regulatory assets or liability, are presented net in the table above.



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**NOTES TO FINANCIAL STATEMENTS (Continued)**

The following table presents a reconciliation of federal income taxes (which are calculated by multiplying the statutory federal income tax rate by book income before federal income tax) to the provision for income taxes reported in the Statement of Income for the nine-month period ended December 31, 2006.

*(Millions, except for percentages)*

	Rate	Amount
Statutory federal income tax	35.0%	\$(4.1)
<b>Effective income tax</b>	<b>35.0%</b>	<b>\$(4.1)</b>
Current provision - Federal		<b>\$(9.2)</b>
Deferred provision		<b>5.1</b>
<b>Total income tax expense</b>		<b>\$(4.1)</b>

As the related temporary differences reverse, MGUC is prospectively refunding taxes to customers for which deferred taxes were recorded in prior years at rates different than current rates. The regulatory liability for these refunds and other regulatory tax effects totaled approximately \$7,200 as of December 31, 2006.

**NOTE 10--COMMITMENTS AND CONTINGENCIES**

**Commodity and Purchase Order Commitments**

MGUC routinely enters into long-term purchase and sale commitments that have various quantity requirements and durations. MGUC has obligations related to natural gas contracts totaling \$85.5 million, substantially all of which end by 2009.

**Environmental**

Manufactured Gas Plant Remediation

MGUC is responsible for the environmental impacts at 11 manufactured gas plant sites. Removal of the most contaminated soil has been completed at seven sites. Future investigations are needed at many of the sites to evaluate on-site, off-site, and sediment impacts.

MGUC has estimated future investigation and remediation costs of approximately \$26 million as of December 31, 2006. The MPSC has historically authorized recovery of these costs. An environmental liability and related regulatory asset were recorded at the date of acquisition to reflect the expected investigation and clean-up costs relating to these sites and the expected recovery of these costs in future rates.

As these 11 sites are integrated into the corporate gas plant site management program, cost estimates may change. MGUC will also evaluate the feasibility of transferring the sites into the EPA Superfund Alternatives Program.

**NOTE 11--GUARANTEES**

Corporate guarantees in the amount of \$75.0 million have been authorized by Integrys Energy Group's Board of Directors to support MGUC. MGUC had \$40.2 million of outstanding guarantees related to natural gas supply at December 31, 2006.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 12--EMPLOYEE BENEFIT PLANS**

Employees of MGUC are eligible to participate in Integrys Energy Group employee benefit plans. The costs of the plans are allocated among Integrys Energy Group and its subsidiaries, including MGUC. The plans are sponsored and administered by Wisconsin Public Service Corporation ("WPSC"), a subsidiary of Integrys Energy Group. The Board of Directors has established the Employee Benefits Administrator Committee, which consists of Integrys Energy Group employees, to manage the operations and administration of all benefit plans and related trusts.

The costs of pension and postretirement benefits are expensed over the period in which the employee renders service. The transition obligation for postretirement benefits of current and future retirees is being recognized over a 20 year period beginning in 1993. Integrys Energy Group uses a December 31 measurement date for all of its plans.

In accordance with purchase accounting rules, MGUC established an opening balance sheet liability as of the April 1, 2006 sale close date, equal to the difference between plan liabilities and assets transferred from Aquila, Inc. using a discount rate assumption of 5.65%. This rate was also used for calculating net periodic benefit cost in 2006. MGUC also established a regulatory asset equal to the difference between the opening balance sheet liabilities for all benefit plans of MGUC and what was on the balance sheet of Aquila, Inc. on the date of the sale. MGUC's share of pension costs and postretirement benefit costs were \$256,523 and \$596,992, respectively, for the nine-month period ended December 31, 2006. MGUC also maintains a legacy non-qualified Supplemental Employee Retirement Plan (SERP). The liabilities for this plan are recorded on the Balance Sheet. There are no assets for this plan. Actuarial calculations are performed (based upon specific employees and their related years of service) in order to determine the MGUC's benefit cost.

**Plan Information**

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans – an amendment of FASB Statements No. 87, 88, 106, and 132(R)." SFAS No. 158 requires employers to recognize a defined benefit postretirement plan's funded status in the Balance Sheet effective December 31, 2006, and recognize changes in the plan's funded status in comprehensive income in the year in which the changes occur. Pursuant to SFAS No. 71, MGUC records changes in the funded status to regulatory asset or liability accounts as receivables or payables to WPSC. WPSC allocates the funded status resulting from applying SFAS No. 158 to the other participants in the plan. The following table shows the incremental effects of applying SFAS No. 158 on individual line items on the Balance Sheet at December 31, 2006.

<i>(Millions)</i>	Before Application of Statement 158	Adjustments	After Application of Statement 158
Miscellaneous deferred debits	\$ 128.2	\$ 1.8	\$ 130.0
Total assets	418.2	1.8	420.0
Other deferred credits	27.0	.2	27.2
Regulatory liabilities	-	2.0	2.0
Total liabilities and shareholders' equity	418.2	1.8	420.0

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

The following tables provide a reconciliation of the changes in the SERP's benefit obligation during 2006, as well as a statement of the funded status as of December 31, 2006.

<i>(Millions)</i>	
<b>Reconciliation of benefit obligation</b>	
Plan acquisition (April 1)	\$1.1
Interest cost	.1
Actuarial (gain) loss – net	(.2)
Benefit payments	(.1)
Obligation at December 31	\$ .9
<b>Reconciliation of fair value of plan assets</b>	
Fair value of plan assets at April 1	\$ -
Actual return on plan assets	-
Employer contributions	.1
Benefit payments	(.1)
Fair value of plan assets at December 31	\$ -
<b>Funded status of plans</b>	
Funded status at December 31	\$ (.9)
Net asset (liability) recognized	\$(.9)

Amounts recognized in the Balance Sheet at December 31, 2006 related to the SERP consist of:

<i>(Millions)</i>	
Miscellaneous current and accrued liabilities	\$ .1
Other deferred credits	.8
Net liability recognized	\$ .9

Following is the amount that has not yet been recognized in the net periodic benefit cost as of December 31, 2006:

<b>Regulatory liability</b>	
Net actuarial gain	\$167,306

Following presents the components of the net periodic benefit cost for the SERP for the nine-month period ended December 31, 2006:

<b>Net periodic benefit cost</b>	
Interest cost	\$ 42,201

**Assumptions**

The weighted average assumptions used at December 31, 2006 in the accounting for the SERP are as follows:

Discount rate for benefit obligations	5.87%
Discount rate for net periodic benefit cost	5.65%
Expected rate on assets	N/A
Rate of compensation increase	5.50%

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**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Defined Contribution Benefit Plans**

Integrus Energy Group maintains a 401(k) Savings Plan for substantially all full-time employees. Employees generally may contribute from 1% to 50% of their base compensation to individual accounts within the 401(k) Savings Plan. MGUC matches 100% of the employees' contributions up to 6% of eligible compensation. MGUC also offers a discretionary profit-sharing contribution to eligible employees based on a percentage of base pay. MGUC's share of the total costs was \$537,208 for the nine-month period ended December 31, 2006.

**NOTE 13--COMMON STOCK**

Common Stock of MGUC consists of Common Stock without par value, \$1 stated value, authorized 1,000 shares, issued and outstanding – 100 shares. The Common Stock balance was \$100 at December 31, 2006. All shares of the Company's common stock are owned by Integrus Energy Group.

**NOTE 14--RELATED PARTY TRANSACTIONS**

MGU routinely engages in inter-company transactions with its parent and affiliate companies.

The following table shows inter-company transaction balances for the nine months ended December 31, 2006:

<i>(Millions)</i>	<b>2006</b>
Account Receivable	<b>\$1.2</b>
Taxes Receivable	<b>.8</b>
Advances from Affiliates	<b>84.0</b>
Accounts Payable	<b>6.1</b>
Notes Payable	<b>22.3</b>

MGU also provides and receives administrative and support services, to and from its parent, WPS Resources Corporation ("WPSR"), now Integrus Energy Group, and other subsidiaries of Integrus Energy Group. All such transactions are settled through cross-charges and inter-company billings, as reflected in the balances in the above table. Interest expense for the nine months ended December 31, 2006, includes \$3.8 million on debts from associate companies.

In 2006, WPSC was the designated plan sponsor for pension and other post retirement benefits of all WPSR (now Integrus Energy Group) subsidiaries. Pursuant to the foregoing, and consistent with an affiliated interest agreement filed with the MPSC on April 12, 2006, as part of a revised compliance plan in Case No. U-12134, the associated liabilities for MGUC's pension liability of \$6.0 million, and post retirement health liability of \$14.2 million were transferred from MGUC's balance sheet to the WPSC's balance sheet.

Please see Note 6, "Short-Term Debt," Note 7, "Long-Term Debt," and Note 12, "Employee Benefit Plans," for additional disclosures on related party transactions.

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Line No.	Item <i>(a)</i>	Total <i>(b)</i>	Electric <i>(c)</i>	
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified)Includes ARO	2,264,867		
4	Property Under Capital Leases	0		
5	Plant Purchased or Sold	0		
6	Completed Construction not Classified	5,065,104		
7	Experimental Plant Unclassified	0		
8	TOTAL <i>(Enter Total of lines 3 thru 7)</i>	7,329,971		
9	Leased to Others	0		
10	Held for Future Use	0		
11	Construction Work in Progress	178,069		
12	Acquisition Adjustments	267,503,007		
13	TOTAL Utility Plant <i>(Enter Total of lines 8 thru 12)</i>	275,011,047		
14	Accum. Prov. for Depr., Amort., & Depl.	136,948,229		
15	Net Utility Plant <i>(Enter Total of line 13 less 14)</i>	138,062,818		
DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
16				
17	In Service:			
18	Depreciation (108000,108200,254185)	3,731,537		
19	Amort. and Depl. of Producing Natural Gas Land and Land Rights	0		
20	Amort. of Underground Storage Land and Land Rights	0		
21	Amort. of Other Utility Plant (111000)	92,345		
22	TOTAL In Service <i>(Enter Total of lines 18 thru 21)</i>	3,823,882		
23	Leased to Others			
24	Depreciation	0		
25	Amortization and Depletion	0		
26	TOTAL Leased to Others <i>(Enter Total of lines 24 and 25)</i>	0		
27	Held for Future Use			
28	Depreciation	0		
29	Amortization	0		
30	TOTAL Held for Future Use <i>(Enter Total of lines 28 and 29)</i>	0		
31	Abandonment of Leases (Natural Gas)	0		
32	Amort. of Plant Acquisition Adj.	133,124,347		
33	TOTAL Accumulated provisions (Should agree with line 14 above) <i>(Enter Total of lines 22, 26, 30, 31, and 32)</i>	136,948,229		

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS  
FOR DEPRECIATION, AMORTIZATION AND DEPLETION

Gas <i>(d)</i>	Other (Specify) <i>(e)</i>	Other (Specify) <i>(f)</i>	Other (Specify) <i>(g)</i>	Common <i>(h)</i>	Line No.
					1
					2
2,264,867					3
0					4
0					5
5,065,104					6
0					7
7,329,971					8
0					9
0					10
178,069					11
267,503,007					12
275,011,047					13
136,948,229					14
138,062,818					15
					16
					17
3,731,537					18
0					19
0					20
92,345					21
3,823,882					22
					23
0					24
0					25
0					26
					27
0					28
0					29
0					30
0					31
133,124,347					32
136,948,229					33

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)**

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Acct 101, Gas Plant in Service (Classified), this schedule includes Account 102, Gas Plant Purchased or Sold; Acct 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Gas.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such amounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries

for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior year's tentative account distributions of these amounts.

Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1		1. Intangible Plant		
2	301	Organization	-	
3	302	Franchises and Consents		22,656
4	303	Miscellaneous Intangible Plant		361,586
5		TOTAL Intangible Plant	-	384,242
6		2. Production Plant		
7		Manufactured Gas Production Plant		
8	304.1	Land	-	
9	304.2	Land Rights	-	
10	305	Structures and Improvements	-	
11	306	Boiler Plant Equipment	-	
12	307	Other Power Equipment	-	
13	308	Coke Ovens	-	
14	309	Producer Gas Equipment	-	
15	310	Water Gas Generating Equipment	-	
16	311	Liquefied Petroleum Gas Equipment	-	
17	312	Oil Gas Generating Equipment	-	
18	313	Generating Equipment-Other Processes	-	
19	314	Coal, Coke and Ash Handling Equipment	-	
20	315	Catalytic Cracking Equipment	-	
21	316	Other Reforming Equipment	-	
22	317	Purification Equipment	-	
23	318	Residual Refining Equipment	-	
24	319	Gas Mixing Equipment	-	
25	320	Other Equipment	-	
26		TOTAL Manufactured Gas Production Plant	-	-

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**GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)**

Careful observation of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classification.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					1
			-	301	2
			22,656	302	3
			361,586	303	4
-	-	-	384,242		5
					6
					7
			-	304.1	8
			-	304.2	9
			-	305	10
			-	306	11
			-	307	12
			-	308	13
			-	309	14
			-	310	15
			-	311	16
			-	312	17
			-	313	18
			-	314	19
			-	315	20
			-	316	21
			-	317	22
			-	318	23
			-	319	24
			-	320	25
-	-	-	-		26



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GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
27		Natural Gas Production & Gathering Plant		
28	325.1	Producing Lands		
29	325.2	Producing Leaseholds	-	
30	325.3	Gas Rights	-	
31	325.4	Rights-of-Way		16,869
32	325.5	Other Land		18,223
33	325.6	Other Land Rights	-	
34	326	Gas Well Structures	-	
35	327	Field Compressor Station Structures	-	
36	328	Field Measuring and Regulating Station Structures	-	
37	329	Other Structures		54,883
38	330	Producing Gas Wells-Well Construction	-	
39	331	Producing Gas Wells-Well Equipment		5,150
40	332	Field Lines		41,943
41	333	Field Compressor Station Equipment		115,824
42	334	Field Measuring and Regulating Station Equipment		2,051
43	335	Drilling and Cleaning Equipment	-	
44	336	Purification Equipment		22,055
45	337	Other Equipment		9,961
46	338	Unsuccessful Exploration & Development Costs	-	
47		TOTAL Production and Gathering Plant	-	286,959
48		Products Extraction Plant		
49	340.1	Land	-	
50	340.2	Land Rights	-	
51	341	Structures and Improvements	-	
52	342	Extraction and Refining Equipment	-	
53	343	Pipe Lines	-	
54	344	Extracted Products Storage Equipment	-	
55	345	Compressor Equipment	-	
56	346	Gas Measuring and Regulating Equipment	-	
57	347	Other Equipment	-	
58		TOTAL Products Extraction Plant	-	-
59		TOTAL Natural Gas Production Plant	-	286,959
60		SNG Production Plant (Submit Supplemental Statement)	-	
61		TOTAL Production Plant	-	286,959
62		3. Natural Gas Storage and Processing Plant		
63		Underground Storage Plant		
64	350.1	Land		8,312

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GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)							
Retirements	Adjustments	Transfers	Balance at End of Year	Acct. No.	Line No.		
(d)	(e)	(f)	(g)				
							27
			-	325.1			28
			-	325.2			29
			-	325.3			30
			16,869	325.4			31
			18,223	325.5			32
			-	325.6			33
			-	326			34
			-	327			35
			-	328			36
			54,883	329			37
			-	330			38
			5,150	331			39
			41,943	332			40
			115,824	333			41
			2,051	334			42
			-	335			43
			22,055	336			44
			9,961	337			45
			-	338			46
-	-	-	286,959				47
							48
			-	340.1			49
			-	340.2			50
			-	341			51
			-	342			52
			-	343			53
			-	344			54
			-	345			55
			-	346			56
			-	347			57
-	-	-	-				58
-	-	-	286,959				59
			-				60
-	-	-	286,959				61
							62
							63
			5,000	13,312	350.1		64

Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities		(1) X An Original (2) A Resubmission		(Mo, Da, Yr) April 30, 2007	December 31, 2006
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)					
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
65	350.2	Rights-of-Way	-	2,455	
66	351	Structures and Improvements	-	276,491	
67	352	Wells	-	2,470,587	
68	352.1	Storage Leaseholds and Rights	-	1,666,932	
69	352.2	Reservoirs	-	95,267	
70	352.3	Non-recoverable Natural Gas	-	4,840,503	
71	353	Lines	-	897,299	
72	354	Compressor Station Equipment	-	2,924,131	
73	355	Measuring and Regulating Equipment	-	676,304	
74	356	Purification Equipment	-	676,320	
75	357	Other Equipment	-	18,594	
76	358	Gas in Underground Storage-Noncurrent	-		
77		TOTAL Underground Storage-Noncurrent	-	14,553,195	
78		Other Storage Plant			
79	360.1	Land	-		
80	360.2	Land Rights	-		
81	361	Structures and Improvements	-		
82	362	Gas Holders	-		
83	363	Purification Equipment	-		
84	363.1	Liquefaction Equipment	-		
85	363.2	Vaporizing Equipment	-		
86	363.3	Compressor Equipment	-		
87	363.4	Measuring and Regulating Equipment	-		
88	363.5	Other Equipment	-		
89		TOTAL Other Storage Plant	-	-	
90		Base Load Liquefied NG Terminating and Processing Plant			
91	364.1	Land	-		
92	364.1a	Land Rights	-		
93	364.2	Structures and Improvements	-		
94	364.3	LNG Processing Terminal Equipment	-		
95	364.4	LNG Transportation Equipment	-		
96	364.5	Measuring and Regulating Equipment	-		
97	364.6	Compressor Station Equipment	-		
98	364.7	Communication Equipment	-		
99	364.8	Other Equipment	-		
100		TOTAL Base Load LNG Terminating and Processing Plant	-	-	
101					
102		TOTAL Natural Gas Storage and Processing Plant	-	14,553,195	

Name of Respondent	This Report Is:	Date of Report	Year of Report		
Michigan Gas Utilities	(1) X An Original (2) A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006		
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
			2,455	350.2	65
			276,491	351	66
			2,470,587	352	67
			1,666,932	352.1	68
			95,267	352.2	69
			4,840,503	352.3	70
			897,299	353	71
			2,924,131	354	72
			676,304	355	73
			676,320	356	74
			18,594	357	75
			-	358	76
-	-	5,000	14,558,195		77
					78
			-	360.1	79
			-	360.2	80
			-	361	81
			-	362	82
			-	363	83
			-	363.1	84
			-	363.2	85
			-	363.3	86
			-	363.4	87
			-	363.5	88
-	-	-	-		89
					90
			-	364.1	91
			-	364.1a	92
			-	364.2	93
			-	364.3	94
			-	364.4	95
			-	364.5	96
			-	364.6	97
			-	364.7	98
			-	364.8	99
-	-	-	-		100
					101
-	-	5,000	14,558,195		102

Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities		(1) X An Original (2) A Resubmission		(Mo, Da, Yr) April 30, 2007	December 31, 2006
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)</b>					
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
103		4. Transmission Plant			
104	365.1	Land	-		50,782
105	365.2	Land Rights	-		726,824
106	365.3	Rights-of-Way	-		
107	366	Structures and Improvements	-		42,439
108	367	Mains			31,705,447
109	368	Compressor Station Equipment	-		
110	369	Measuring and Regulating Station Equipment	-		6,228,999
111	370	Communication Equipment	-		
112	371	Other Equipment	-		
113		TOTAL Transmission Plant	-		38,754,491
114		5. Distribution Plant			
115	374.1	Land	-		66,988
116	374.2	Land Rights	-		51,888
117	375	Structures and Improvements	-		334,546
118	376	Mains			97,540,657
119	377	Compressor Station Equipment			
120	378	Measuring and Regulating Station Equip.-General	-		4,046,714
121	379	Measuring and Regulating Station Equip.-City Gate			
122	380	Services	-		52,597,105
123	381	Meters	-		29,008,880
124	382	Meter Installations			
125	383	House Regulators	-		13,462,876
126	384	House Regulator Installations	-		
127	385	Industrial Measuring and Regulating Station Equip.	-		513,659
128	386	Other Property on Customer's Premises	-		
129	387	Other Equipment			
130		TOTAL Distribution Plant	-		197,623,314
131		6. General Plant			
132	389.1	Land	-		1,251,451
133	389.2	Land Rights	-		
134	390	Structures and Improvements	-		10,338,718
135	391	Office Furniture and Equipment	-		861,079
136	391.1	Computers and Computer Related Equipment	-		2,527,348
137	392	Transportation Equipment	-		2,424,558
138	393	Stores Equipment	-		107,116
139	394	Tools, Shop and Garage Equipment	-		1,953,072
140	395	Laboratory Equipment	-		360,801

Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities		(1) X An Original	(2) A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					103
		(19,388)	31,394	365.1	104
			726,824	365.2	105
			-	365.3	106
		(284)	42,155	366	107
10,770			31,694,678	367	108
			-	368	109
			6,228,999	369	110
			-	370	111
			-	371	112
10,770	-	(19,672)	38,724,050		113
					114
		14,388	81,376	374.1	115
			51,888	374.2	116
		284	334,830	375	117
16,968			97,523,689	376	118
			-	377	119
			4,046,714	378	120
			-	379	121
67,025			52,530,081	380	122
99,926			28,908,954	381	123
			-	382	124
18,003			13,444,873	383	125
			-	384	126
			513,659	385	127
			-	386	128
			-	387	129
201,922	-	14,672	197,436,064		130
					131
	(0)		1,251,451	389.1	132
			-	389.2	133
			10,338,718	390	134
			861,079	391	135
1,293,090		-	1,234,258	391.1	136
217,714			2,206,843	392	137
			107,116	393	138
			1,953,072	394	139
			360,801	395	140

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities		(1) X An Original (2) A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
141	396	Power Operated Equipment	-	1,082,622
142	397	Communication Equipment	-	4,017,934
143	398	Miscellaneous Equipment	-	31,970
144		SUBTOTAL (Lines 132 thru 143)	-	24,956,670
145	399	Other Tangible Property	-	109,660
146		TOTAL General Plant	-	25,066,329
147		TOTAL (Accounts 101 and 106)	-	276,668,531
148	101.1	Property Under Capital Leases	-	
149	102	Gas Plant Purchased (See Instruction 8)	-	
150	(Less) 102	Gas Plant Sold (See Instruction 8)	-	
151	103	Experimental Gas Plant Unclassified	-	
152		TOTAL GAS PLANT IN SERVICE	-	276,668,531

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities		(1) X An Original (2) A Resubmission		(Mo, Da, Yr) April 30, 2007		December 31, 2006	
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)							
Retirements	Adjustments	Transfers	Balance at	Acct.	Line		
(d)	(e)	(f)	End of Year	No.	No.		
(g)							
112,056			970,566	396	141		
			4,017,934	397	142		
			31,970	398	143		
1,622,861	(0)	-	23,333,809		144		
			109,660	399	145		
1,622,861	(0)	-	23,443,469		146		
1,835,552	(0)	-	274,832,979		147		
			-	101.1	148		
			-	102	149		
			-	(Less)	150		
			-	102			
			-	103	151		
1,835,552	(0)	-	274,832,979		152		



Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**CONSTRUCTION WORK IN PROGRESS - GAS (Account 107)**

- |  |   |
|--|---|
| <p>1. Report below descriptions and balances at end of year of projects in process of construction (107).</p> <p>2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,</p> | <p>Development, and Demonstration (see Account 107 of the Uniform System of Accounts).</p> <p>3. Minor projects (less than \$500,000) may be grouped.</p> |
|--|---|

Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Projects with Balances Less Than \$500,000	178,069	
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43	TOTAL	178,069	0

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**CONSTRUCTION OVERHEADS - GAS**

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.  
2. On page 218 furnish information concerning construction overheads.  
3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.  
4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Local Engineering	66,935	9,166,998
2			
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9			
10			
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45			
46	TOTAL	66,935	9,166,998

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 30, 2007	December 31, 2006

**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE**

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the U.S. of A.
3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

Administrative and General Transferred Credit

1. (a) Overheads capitalized consist of administrative, engineering, and clerical salaries and related expenses charged to Accounts 920 and 921, Administrative and General Expenses, property taxes, and an applicable portion of the injuries and damages insurance, which are incurred in connection with construction matters.
- (b) The amount charged to construction work in progress is based on a study made to determine the portion of such expenses properly charged to construction.
- (c) Overheads are charged directly to individual work orders. A monthly overhead distribution is made to each individual work order on the basis of current charges to the total of all individual work order current charges.
- (d) Generally, there is no difference made in percentages for different types of construction.
- (e) Overheads are indirectly assigned.

Employees' Pensions and Benefits Capitalized

- (f) Employees' Pensions and Benefits Capitalized is based on direct charges to construction payroll. Such amounts are distributed monthly to construction work orders on the basis of total direct construction payroll charges during the month. The total charges incurred for pensions and benefits are distributed over total company payroll.

Construction Overhead - Personnel

- (g) Total charges to this account represent payroll, personnel expenses, and transportation expenses incurred by personnel, other than regular construction crews in connection with construction activities, which for practical reasons are not chargeable direct to a specific construction work order. The total charges for each month are distributed to construction work orders on the basis of total direct company payroll charges and contract labor charges during the month.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)**

- |   |   |
|---|---|
| <p>1. Explain in a footnote any important adjustments during year.</p> <p>2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, pages 204-211, column (d), excluding retirements of non-depreciable property.</p> <p>3. Accounts 108 and 110 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.</p> | <p>If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p> |
|---|---|

**Section A. Balances and Changes During Year**

Line No.	Item (a)	Total (c + d + e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	0	0		
2	Depreciation Prov. for Year, Charged to				
3	(403) Depreciation Expense	137,423,786	137,423,786		
4	(403.1) Deprec. and Deplet. Expense	0			
5	(413) Exp. of Gas Plt. Leas. to Others	0			
6	Transportation Expenses-Clearing	183,970	183,970		
7	Other Clearing Accounts	0			
8	Other Accounts (Specify):	0			
9	ARO Depreciation Expense 182375	25,382	25,382		
10	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 9)	137,633,138	137,633,138	0	0
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	1,835,552	1,835,552		
13	Cost of Removal	254,366	254,366		
14	Salvage (Credit)	254,640	254,640		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	1,835,278	1,835,278	0	0
16	Other Debit or Credit Items (Describe):	0			
17	1. True up entries	29,165	29,165		
18	2. Transfers & Reclassification	(7,615)	(7,615)		
19	Balance End of Year (Enter Total of lines 1, 10, 15, & 17)	135,819,410	135,819,410	0	0

**Section B. Balances at End of Year According to Functional Classifications**

20	Production - Manufactured Gas	0			
21	Production and Gathering - Natural Gas	215,173	215,173		
22	Products Extraction - Natural Gas	0			
23	Underground Gas Storage	4,171,890	4,171,890		
24	Other Storage Plant	0			
25	Base Load LNG Terminating & Proc. Plt.	0			
26	Transmission	23,398,926	23,398,926		
27	Distribution	100,136,084	100,136,084		
28	General	7,897,339	7,897,339		
29	TOTAL (Enter total of lines 20 thru 28)	135,819,410	135,819,410	0	0

1. Beginning balances are as of 4/1/06

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**GAS STORED (ACCOUNT 117, 164.1, 164.2 AND 164.3)**

<p>1. If during the year adjustment was made to the stored gas inventory (such as to correct cumulative inaccuracies of gas measurements), furnish in a footnote an explanation of the reason for the adjustment, the Mcf and dollar amount of adjustment, and account charged or credited.</p> <p>2. Give in a footnote a concise statement of the facts and the accounting performed with respect to any encroachment of withdrawals during the year, or restoration of previous encroachment, upon native gas constituting the "gas cushion" of any storage reservoir.</p> <p>3. If the company uses a "base stock" in connection with its inventory accounting, give a concise statement of the basis of establishing such "base stock" and the inventory basis and the accounting performed with respect to any encroachment</p>	<p>of withdrawals upon "base stock," or restoration of previous encroachment, including brief particulars of any such accounting during the year.</p> <p>4. If the company has provided accumulated provision for stored gas which may not eventually be fully recovered from any storage project, furnish a statement showing: (a) date of Commission authorization of such accumulated provision, (b) explanation of circumstances requiring such provision, (c) basis of provision and factors of calculation, (d) estimated ultimate accumulated provision accumulation, and (e) a summary showing balance of accumulated provision and entries during year.</p> <p>5. Report pressure base of gas volumes as 14.65 psia at 60°F.</p>
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Line No.	Description (a)	Noncurrent (Account 117) (b)	Current (Account 164.1) (c)	LNG (Account 164.2) (d)	LNG (Account 164.3) (e)	Total (f)
1	Balance at Beginning of Year		\$0			\$0
2	Gas Delivered to Storage (contra Account)		66,621,557			66,621,557
3	Gas Withdrawn from Storage (contra Account)		(24,939,155)			(24,939,155)
4	Other Debits or Credits (Net)		\$170,941			170,941.00
5	Balance at End of Year		\$41,853,344			\$41,853,344
6	Mcf		6,146,047			6,146,047
7	Amount Per Mcf		\$6.81			\$6.81

8

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Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS**

1. Report below the information called for concerning gas prepayments as defined in the text of Account 165, *Prepayments*. (Report advances on page 229.)

2. If any prepayment at beginning of year (or incurred during year) was cancelled, forfeited, or ap purpose, state in a footnote gas volume and dollar amount, period when such prepayment was incurred, and accounting disposition of prepayment amount. Give a concise explanation of circumstances causing forfeiture or other disposition of the prepayment.

Line No.	Name of Vendor <i>(Designate associated companies with an asterisk)</i>  (a)	Seller FERC Rate Schedule No.  (b)	BALANCE BEGINNING OF YEAR	
			Mcf (14.73 psia at 60°F)  (c)	Amount  (d)
1	MichCon (Demand Charges)			
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41				
42	TOTAL		0	-

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS (Continued)**

3. If for any reason a take or pay situation is in controversy, list in the columns below the amount of those prepayment claims which have not been paid, together with footnote notation that the amount is in controversy (and any explanation the respondent chooses to make).

4. If any prepayment was determined other than by reference to amounts per Mcf or demand-commodity factors, furnish in a footnote a concise explanation of basis of computation.

BALANCE END OF YEAR		PREPAYMENTS IN CURRENT YEAR			Make-up Period expiration date (j)	Line No.
Mcf (14.73 psia at 60°F) (e)	Amount (f)	Cents per Mcf (g)	Mcf (14.73 psia at 60°F) (h)	Percent of Year's required take (i)		
N/A	80,991					1
						2
						3
						4
						5
						6
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						40
0	80,991		0			41
						42



Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET**

Show separately by footnote the total amount of notes and accounts receivable from directors, officers, and employees included in Notes Receivable (Account 141) and Other Accounts Receivable (Account 143).

Line No.	Accounts (a)	Balance Beginning of Year (b)	Balance End of Year (c)
1	Notes Receivable (Account 141)	0	1,577
2	Customer Accounts Receivable (Account 142)	0	20,019,348
3	Other Accounts Receivable (Account 143) * (Disclose any capital stock subscriptions received)	0	633,165
4	TOTAL	0	20,654,090
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144) **	0	3,073,149
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	0	17,580,941
7			
8			
9	* Accounts Receivable From Employees		
10	** Michigan's Portion of Account 144		
11			
12			
13			
14			

**ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144)**

- Report below the information called for concerning this accumulated provision.
- Explain any important adjustments of subaccounts.
- Entries with respect to officers and employees shall not include items for utility services.

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	(1,352,685)				(1,352,685)
2	Prov. for uncollectibles for current year	3,073,149				3,073,149
3	Account written off (less)					0
4	Coll. of accounts written off					0
5	Adjustments (explain): To reserve based on modified black motor formula	1,135,727				1,135,727
6	Balance end of year	2,856,191	0	0	0	2,856,191
7						
8						
9						
10						
11						

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	April 30, 2007	December 31, 2006

**RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)**

- |   |  |
|---|--|
| <p>1. Report particulars of notes and accounts receivable from associated companies* at end of year.</p> <p>2. Provide separate headings and totals for Accounts 145, Notes Receivable from Associated Companies, and 146, Accounts Receivable from Associated Companies, in addition to a total for the combined accounts.</p> <p>3. For notes receivable, list each note separately and state purpose for which received. Show also in column (a) date of note, date of maturity and interest rate.</p> | <p>4. If any note was received in satisfaction of an open account, state the period covered by such open account.</p> <p>5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year.</p> <p>6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.</p> |
|---|--|

\* NOTE: "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the account company. This includes related parties.

"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	<b>Account 146:</b>					
2	<u>Integrus Energy Group, Inc.</u>				0	
3	Accounts Receivable	0	36,913,872	36,847,033	66,839	
4	<u>Upper Peninsula Power Company</u>				0	
5	Accounts Receivable	0	13,186	13,181	5	
6	<u>Wisconsin Public Service Corp</u>				0	
7	Accounts Receivable	0	74,354	20,056	54,298	
8	Inventory Receivable	0	1,584	1,584	0	
9	Total	0	75,938	21,640	54,298	
10	<u>Minnesota Energy Resources</u>				0	
11	Accounts Receivable	0	1,274,765	188,574	1,086,191	
12						
13	<b>Account 147:</b>					
14	<u>Wisconsin Public Service Corp</u>	0	9,286,766	10,271,631	(984,865)	
15						
16						
17						
18						
19	<b>TOTAL</b>	0	47,564,527	47,342,059	222,468	

NOTE: All information presented pertains to Account 146. Account 145 had no activity during 2006.

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report: (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006	
MATERIALS AND SUPPLIES				
<p>1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material. Nonmajor companies may report total on line 4.</p>		<p>2. Give an explanation of important inventory adjustments during the year (on a supplemental page) showing general classes of material and supplies and the various accounts (operating expense, clearing accounts, plant, etc.) affected-debited or credited. Show separately debits or credits to stores expense-clearing, if applicable.</p>		
Line No.	Account (a)	Balance Beginning of Year Conv. Amts 4/1/06 (b)	Balance End of Year (c)	Department or Departments Which Use Material (d)
1	Fuel Stock (Account 151)	-	-	
2	Fuel Stock Expenses Undistributed (Account 152)	-	-	
3	Residuals and Extracted Products (Account 153)	-	-	
4	Plant Materials and Operating Supplies (Account 154)	-	-	
5	Assigned to - Construction (Estimated)	-	163,593	Gas Operations
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)		-	
8	Transmission Plant (Estimated)		-	
9	Distribution Plant (Estimated)	-	317,429	Gas Operations
10	Assigned to - Other	-	-	
11	TOTAL Account 154 (Enter Total of lines 5 thru 10)	-	481,022	Gas Operations
12	Merchandise (Account 155)	-	-	
13	Other Materials and Supplies (Account 156)	-	-	
14	Nuclear Materials Held for Sale (Account 157)			
	<i>(Not applicable to Gas Utilities)</i>			
15	Stores Expense Undistributed (Account 163)	-	248,119	
16	Electric	-	-	
17	Gas	-	-	
18	Other	-	-	
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	-	729,141	

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**PREPAYMENTS (Account 165)**

1. Report below the particulars (details) on each prepayment.      2. Report all payments for undelivered gas on line 5 and complete pages 226 to 227 showing particulars (details) for gas prepayments.

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	305,879
2	Prepaid Rents	0
3	Prepaid Taxes (pages 262-263)	247,400
4	Prepaid Interest on Commercial Paper	0
5	Gas Prepayments (pages 226-227)	80,991
6	Miscellaneous Prepayments: Licenses	183,757
7	<b>TOTAL</b>	<b>818,026</b>

**EXTRAORDINARY PROPERTY LOSSES (Account 182.1)**

Line No.	Description of Extraordinary Loss [Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	None					
2						
3						
4						
5						
6						
7						
8						
9	<b>TOTAL</b>	0	0	0	0	

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)**

Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2 and period of amortization (mo, yr, to mo, yr).] (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
10	None					
11						
12						
13						
14						
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28						
29						
30	<b>TOTAL</b>	0	0	0	0	

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**OTHER REGULATORY ASSETS (Account 182.3)**

1. Report below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts.)
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$50,000) may be grouped by classes.
4. Give the number and name of the account(s) where each amount is recorded.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Debits (b)	CREDITS		Balance at End of Year (e)
			Account Charged (c)	Amount (d)	
1	Regulatory Asset - Retiree Health (FAS 106)	207,051	926.1	(20,712)	186,339
2	Regulatory Asset - Clean-Up Gas Expenditures	27,809,709	253.3	(1,018,721)	26,790,988
3	Clean-Up Gas Insurance Recovery	362,520	182.3	(578,507)	(215,987)
4	Regulatory Asset - Purch Acctg Eff Benefits	31,272,200	926.1	(1,172,707)	30,099,493
5	ARO Depreciation/Accretion - Non-Rate Base	29,781	108.2		29,781
6	Environmental Clean-Up Costs	362,520	182.3	(362,520)	0
7					
8					
9					
10					
11					
12					
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32					
33					
34					
35	TOTAL	60,043,781		(3,153,167)	56,890,614

NOTE: All amounts are recorded in Account 182.3.

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**MISCELLANEOUS DEFERRED DEBITS (Account 186)**

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.  
2. For any deferred debit being amortized, show period of amortization in column (a).  
3. Minor items (1% of the Balance at End of Year for Account 186 or amounts less than \$50,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits  (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Accruals to Subsidiaries		7,809	Various	(7,809)	0
2	Goodwill		196,748,263	Various	(73,876,075)	122,872,188
3	Tradename		5,218,000	186060		5,218,000
4	Deferred Debit-Area Expans Program		95,052	143550	(6,535)	88,517
5	Deferred Debit-Work Orders		61,565	Various	(52,102)	9,463
6	Deferred Debit-Notes Receivable Lon		31,423	235000	(15,548)	15,875
7	Advances to Associated Companies-WPSC		1,791,924	254190		1,791,924
8						
9						
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11						
12						
13						
14						
15						
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34						
35						
36						
37						
38	Misc. Work in Progress					
39	<b>TOTAL</b>	0	203,954,035		(73,958,069)	129,995,967

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**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.      2. For Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions  (a)	Balance at Beginning of Year  (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1  (c)	Amounts Credited to Account 411.1  (d)
1	Electric			
2				
3				
4				
5				
6				
7	Other			
8	TOTAL Electric (Enter Total of lines 2 thru 7)			
9	Gas			
10	Accumulated Deferred Income Taxes		0	
11	Other Than Plant		(4,654,972)	1,442,675
12	Other Than Plant (FAS 109)			
13				
14				
15	Other			
16	TOTAL Gas (Enter Total of lines 10 thru 15)	0	(4,654,972)	1,442,675
17	Other (Specify)			
18	TOTAL (Account 190 (Enter Total of lines 8, 16 & 17))	0	(4,654,972)	1,442,675
19	Classification of Total:			
20	Federal Income Tax	0	0	0
21	State Income Tax	0	0	0
22	Local Income Tax			

**NOTES**

*In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.*

(A) Transfers were made between Accounts 190, 254, 282, and 283.

Name of Respondent		This Report Is:		Date of Report		Year of Report	
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ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)							
3. If more space is needed, use separate pages as required.				and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.			
4. In the space provided below, identify by amount							
CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
0	0			0	0	0	10
		(A)	7,577,437			4,365,140	11
			1			1	12
							13
							14
							15
0	0	0	7,577,437	0	0	4,365,141	16
							17
0	0	0	7,577,437	0	0	4,365,141	18
							19
0	0	0	0	0	0	0	20
0	0		0		0	0	21
							22
NOTES (Continued)							



Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**CAPITAL STOCK (Accounts 201 and 204)**

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outline in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	Account 201 - Common Stock	0	0	
2				
3	Total Common Stock	0		
4				
5	Account 204 - Preferred Stock			
6				
7	Total Preferred Stock			
8				
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**CAPITAL STOCK (Accounts 201 and 204) (Continued)**

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.  
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.  
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.  
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledge and purposes of pledge.

OUTSTANDING PER BALANCE SHEET <i>(Total amount outstanding without reduction for amounts held by respondents.)</i>		HELD BY RESPONDENT				
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	Line No.
	(100)					1
						2
						3
						4
						5
						6
						7
						8
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006
<b>CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK AND INSTALLMENTS RECEIVED ON CAPITAL STOCK</b> (Accounts 202 & 205, 203 & 206, 207, 212)			
<p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, <i>Common Stock Subscribed</i>, and Account 205, <i>Preferred Stock Subscribed</i>, show the subscription price and the balance due on each class at the end of year.</p> <p>3. Describe in a footnote the agreement and transactions under which a conversion liability existed</p>		<p>under Account 203, <i>Common Stock Liability for Conversion</i>, or Account 206, <i>Preferred Stock Liability for Conversion</i>, at the end of the year.</p> <p>4. For Premium on Account 207, <i>Capital Stock</i>, designate with a double asterisk any amounts representing the excess of consideration received over stated values of stocks without par value.</p>	
Line No.	Name of Account & Description of Item (a)	Number of Shares (b)	Amount (c)
1	Account 207 - Premium on Capital Stock	42,312,139	226,971,194
2			
3			
4			
5			
6			
7			
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39			
40	TOTAL	42,312,139	226,971,194

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)**

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) *Donations Received from Stockholders* (Account 208)--State amount and give brief explanation of the origin and purpose of each donation.

(b) *Reduction in Par or Stated Value of Capital Stock* (Account 209)--State amount and give brief explanation of the

capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) *Gain on Resale or Cancellation of Reacquired Capital Stock* (Account 210)--Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) *Miscellaneous Paid-In Capital* (Account 211)--Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	<u>Account 211 - Division Equity</u>	
2		
3	Balance Beginning of Year	\$ -
4		
5	Net Income	(7,390,470)
6		
7		
8		
9		
10		
11		
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14		
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32		
33		
34		
35		
36		
37		
38		
39		
40	TOTAL	\$ -

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
<b>LONG-TERM DEBT (Accounts 221, 222, 223 and 224)</b>			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>			
Line No.	Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i>  (a)	Principal Amount of Debt Issued  (b)	Total Expense, Premium or Discount  (c)
1	Account 223 - Advances from Affiliates		
2	Long-Term N/P Assoc Co-Integrays Energy Group	84,000,000	
3			
4			
5			
6			
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24			
25	TOTAL	84,000,000	0

Name of Respondent	This Report Is:	Date of Report	Year of Report
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**LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)**

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt-Discout and Expense, or credited to Account 429, *Amortization of Premium on Debt-Credit*.
12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, *Interest on Long-Term Debt*, and Account 430, *Interest on Debt to Associated Companies*.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
						4
						5
						6
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						21
						22
						23
						24
				0	0	25

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Michigan Gas Utilities Corp			

**PAYABLES TO ASSOCIATED COMPANIES\* (Accounts 233, 234)**

1. Report particulars of notes and accounts payable to associated companies at end of year.
2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to total for the combined accounts.
3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.
4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.
5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.

*\*See definition on page 226B*

Line No.	Particulars  (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	<b>Account 234:</b>					
2	<u>Wisconsin Public Service Corporation</u>					
3	Accounts Payable	0	12,093,578	13,144,590	1,051,012	
4	Inventory Payable	0	42,116	45,613	3,497	
5	Annual Incentive Plan Payable	0	0	1,462	1,462	
6	Tax Receivable	0	0	984,865	984,865	
7	Total	0	12,135,694	14,176,530	2,040,836	
8	<u>Integrys Energy Group, Inc.</u>					
9	Accounts Payable	0	11,006,063	13,940,807	2,934,744	
10	<u>Upper Peninsula Power Company</u>					
11	Accounts Payable	0	147,292	193,243	45,951	
12	Annual Incentive Plan Payable	0	0	6,160	6,160	
13	Total	0	147,292	199,403	52,111	
14	<u>Minnesota Energy Resources</u>					
15	Accounts Payable	0	6,497	1,032,883	1,026,386	
16	<b>Total of Account 234</b>	0	23,295,546	29,349,623	6,054,077	
17						
18	<b>Account 233:</b>					
19	<u>Integrys Energy Group, Inc.</u>					
20	Short term loan to MGU					
21	Loan 4/1/2006 Rate 4.87%	0	0	7,898,000	7,898,000	
22	Repay 4/11/2006		7,898,000	0	(7,898,000)	9,724
23	Loan 7/25/2006 Rate 5.39%		0	1,600,000	1,600,000	
24	Loan 7/26/2006 Rate 5.40%		0	2,100,000	2,100,000	
25	Repay 8/14/2006		3,700,000	0	(3,700,000)	7,229
26	Loan 8/25/2006 Rate 5.40%		0	7,700,000	7,700,000	
27	Repay 9/15/2006		7,700,000	0	(7,700,000)	18,984
28	Loan 9/25/2006 Rate 5.39%		0	5,000,000	5,000,000	
29	Repay 10/12/2006		5,000,000	0	(5,000,000)	8,908
30	Loan 10/25/2006 Rate 5.39%		0	8,100,000	8,100,000	
31	Repay 11/19/2006		7,600,000	0	(7,600,000)	16,387

Name of Respondent	This Report Is:	Date of Report	Year of Report
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**PAYABLES TO ASSOCIATED COMPANIES\* (Accounts 233, 234)**

1. Report particulars of notes and accounts payable to associated companies at end of year.
2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to total for the combined accounts.
3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.
4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.
5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.

**\*See definition on page 226B**

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Loan 11/20/2006 Rate 5.39%		0	4,500,000	4,500,000	
2	Repay 11/22/2006		500,000	0	(500,000)	4,866
3	Loan 11/27/2006 Rate 5.39%		0	2,000,000	2,000,000	
4	Repay 12/12/2006		6,500,000	0	(6,500,000)	7,966
5	Loan 12/26/2006 Rate 5.41%		0	4,500,000	4,500,000	
5	Loan 12/27/2006 Rate 5.41%		0	19,000,000	19,000,000	
6	Repay 12/28/2006		1,200,000	0	(1,200,000)	17,613
7						
8	<b>Total of Account 233</b>	0	40,098,000	62,398,000	22,300,000	91,677
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
24						
25						
26						
27						
28	<b>Total of Accounts 234 and 233</b>	0	63,393,546	90,762,758	28,354,077	91,677



Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006
<b>RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES</b>				
1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.		2. If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.		
Line No.	Particulars (Details) (a)	Amount (b)		
1	Net Income for the Year (Page 117)	(\$7,390,471)		
2	Reconciling items for the Year:			
3				
4	Federal and State Taxes	(3,957,083)		
5	Investment Tax Credit			
6				
7	Deductions Recorded on Books Not Deducted for Return:			
8	Schedule M-1 Adjustments			
9	Benefits Accrued	(11,526,327)		
10	Deferred Compensation	(24,537)		
11	Incentives Accrued	11,916		
12	Bad Debts	2,612,127		
13	Meals & Entertainment	28,270		
14	Basis Adjustment (CWIP)	825		
15	Basis Adjustment (PLT)	1,195,355		
16	Depreciation	(7,728,156)		
17	Removal (PLT)	(30,000)		
18	Environment Cleanup	(251,172)		
19	Regulatory Assets (NC)	1,196,009		
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
38				
39				
40	Federal Tax Net Income	(\$25,863,244)		
41	Show Computation of Tax:			
42	Federal Tax @ 35 %	(9,052,135)		
43				
44				
45				
46		(9,052,135)		
48	Federal Tax Provision:			
49	Page 114, Line 14, Account 409.1	(6,832,467)		
50	Page 117, Line 47, Account 409.2	(2,219,668)		
51		(9,052,135)	(\$9,052,135)	

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Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
<b>TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR</b>				
1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.		accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.		
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or		3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.		
		4. List the aggregate of each kind of tax in such manner		
Line No.	Kind of Tax (See Instruction 5)  (a)	BALANCE AT BEGINNING OF YEAR		
		Taxes Accrued (Account 236)  (b)	Prepaid Taxes (Incl. in Account 165)  (c)	
1	INCOME TAXES:			
2	Federal Income	-		
3				
4				
5				
6				
7	OTHER TAXES:			
8	Employer's Portion of FICA & HITAX	-	-	
9	Employer's Portion of HITAX (combined w/line 8)	-	-	
10	Taxes Accrued-Local Assessment MI	-	-	
11	2007	-	-	
12	2006	-	-	
13	Taxes Accr-MI Severance Tax	-	-	
14	MI Single Business Tax	-	-	
15				
16				
17				
18	<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	
<b>DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)</b>				
Line No.	Electric Account 408.1, 409.1  (i)	Gas (Account 408.1, 409.1)  (j)	Other Utility Departments (Account 408.1, 409.1)  (k)	Other Income and Deductions (Account 408.2, 409.2)  (l)
1				
2		6,832,467		2,219,668
3				
4				
5				
6				
7				
8		450,028		
9				
10		2,177,442		
11				
12				
13				
14				
15				
16				
17				
18	<b>TOTAL</b>	<b>\$9,459,937</b>		<b>\$2,219,668</b>

Name of Respondent	This Report Is:	Date of Report	Year of Report
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)**

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and state income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (i) and (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
					1
					2
					3
					4
					5
					6
					7
450,028	438,896		11,132		8
					9
					10
3,034,600 (857,158)	2,177,442	3,034,600	3,034,600		11
49,976	43,561		6,415		12
	247,400			247,400	13
					14
					15
					16
					17
\$11,729,581	\$12,944,299	\$4,019,465	\$3,052,147	\$247,400	18

**DISTRIBUTION OF TAXES CHARGE (Show utility department where applicable and account charged.)**

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line No.
				1
				2
				3
				4
				5
				6
				7
				8
				9
				10
				11
				12
				13
			49,976	14
				15
				16
				17
			\$49,976	18

Total Expense \$11,729,581

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)**

1. Give description and amount of other current and accrued liabilities as of the end of year.
2. Minor items may be grouped by classes, showing number of items in each class.

Line No.	Item (a)	Balance End of Year (b)
1	MI GCR Overcollection	6,398,276
2	Current Pension Obligation	123,697
3	Current & Accrued Liability-Vacation Pay Accrued	1,037,260
4	Misc Liability - Legal & Audit	51,000
5	Goal Sharing	148,229
6	Accrued Gas Imbalance	2,291,858
7	Accrued Energy Aid Assistance	11,409
8	Accrued Energy Aid Assistance-Company Match	11,409
9	Profit Sharing Accrual	190,907
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21	TOTAL	10,264,045

**CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)**

Line No.	List Advances by Department (a)	Balance End of Year (b)
22	Gas	
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38	TOTAL	0

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**OTHER DEFERRED CREDITS (Account 253)**

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$10,000) may be grouped by classes.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year of Report (f)
			Contra Account (c)	Amount (d)		
1	Deferred Credit-Sup Ret Select	0	926/234/254	611,694	1,348,287	736,593
2	Deferred Credit-Outst Checks Cancelled	0	232		84	84
3	Deferred Credit-Gas Site Cleanup	0	182	544,854	26,869,854	26,325,000
4	Deferred Cr-Def Comp Res Loan Program	0			116,368	116,368
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
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36						
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39						
40						
41						
42						
43						
44						
45						
46						
47	<b>TOTAL</b>	0		1,156,548	28,334,593	27,178,045

Name of Respondent	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corp	April 30, 2007	December 31, 2006

**ACCUMULATED DEFERRED INCOME TAXES--OTHER PROPERTY (Account 282)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.  
 2. For Other (Specify), include deferrals relating to other

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas	0	172,542	252,000
4	Other (Define)			
5	TOTAL (Enter Total of lines 2 thru 4)	0	172,542	252,000
6	Other (Specify)			
7	Plant (FAS 109)	0		
8	Non-utility	0		
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	0	172,542	252,000
10	Classification of TOTAL			
11	Federal Income Tax	0	172,542	252,000
12	State Income Tax	0	0	0
13	Local Income Tax			

NOTES

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282)(Continued)**

income and deductions.  
3. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
							2
		190/282	1	190/282	0	(79,459)	3
							4
			1		0	(79,459)	5
							6
		254/190	7,180	254/190	0	(7,180)	7
4,401,624	2,020,520	190/283	3,469,930	190/283	0	(1,088,826)	8
4,401,624	2,020,520		3,477,111		0	(1,175,465)	9
							10
4,401,624	2,020,520		3,477,111		0	(1,175,465)	11
			0		0	0	12
							13

NOTES (Continued)



Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**ACCUMULATED DEFERRED INCOME TAXES--OTHER (Account 283)**

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.      2. For Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account  (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2	Plant	0		
3	Other Than Plant	0		
4	Other Than Plant (FAS 109)	0		
5				
6	Other	0		
7	TOTAL Electric (Total of lines 2 thru 6)	0	0	0
8	Gas			
9	Plant	0		
10	Other Than Plant	0	1,233,005	1,651,897
11	Other Than Plant (FAS 109)	0		
12				
13	Other			
14	TOTAL Gas (Total of lines 9 thru 13)	0	1,233,005	1,651,897
15	Other (Specify)			
16	TOTAL (Account 283) (Enter total of lines 7, 14 and 15)	0	1,233,005	1,651,897
17	Classification of TOTAL			
18	Federal Income Tax	0	1,233,005	1,651,897
19	State Income Tax	0	0	0
20	Local Income Tax	0	0	0

NOTES

Name of Respondent	This Report is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)**

3. Provide in the space below, the order authorizing the use of the account for each line item. Include amounts relating to insignificant items listed under Other.

4. Fill in all columns for all items as appropriate.

5. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
						0	2
						0	3
						0	4
							5
						0	6
0	0		0		0	0	7
							8
0	0				0	0	9
		190		190	11,047,368	10,628,476	10
		254/190	1	254/190		(1)	11
							12
							13
0	0	0	1	0	11,047,368	10,628,475	14
							15
0	0	0	1	0	11,047,368	10,628,475	16
							17
0	0		1		11,047,368	10,628,475	18
0	0		0		0	0	19
0	0		0		0	0	23

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**OTHER REGULATORY LIABILITIES**

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
2. For regulatory liabilities being amortized, show period of amortization in column (a).
3. Minor items (amounts less than \$50,000) may be grouped by classes.
4. Give the number and name of the account(s) where each amount is recorded.

Line No.	Description and Purpose of Other Regulatory Liabilities  (a)	DEBITS		Credits  (d)	Balance at End of Year  (e)
		Account Credited  (b)	Amount  (c)		
1	FASB 158	254190		1,959,230	1,959,230
2	Deferred Taxes	254400	6	7,188	7,182
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	TOTAL		6	1,966,418	1,966,412

NOTE: All amounts are recorded in Account 254.

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Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**GAS OPERATING REVENUES (Account 400)**

**Geographic Basis**

- |  |  |
|--|--|
| <p>1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.</p> <p>2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted</p> | <p>for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.</p> <p>4. Report quantities of natural gas sold in Mcf (14.73 psia at 60°F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf.</p> <p>5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously</p> |
|--|--|

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	<b>GAS SERVICE REVENUES</b>		
2	480 Residential Sales	82,742,544	
3	481 Commercial & Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	28,808,243	
5	Large (or Ind.) (See Instr. 6)	3,484,986	
6	482 Other Sales to Public Authorities	0	
7	484 Interdepartmental Sales	0	
8	TOTAL Sales to Ultimate Consumers	115,035,773	0
9	483 Sales for Resale	0	
10	TOTAL Nat. Gas Service Revenues	115,035,773	0
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	115,035,773	0
13	<b>OTHER OPERATING REVENUES</b>		
14	485 Intracompany Transfers	0	
15	487 Forfeited Discounts	436,970	
16	488 Misc. Service Revenues	121,232	
17	489 Rev. from Trans. of Gas of Others	4,789,342	
18	490 Sales of Prod. Ext. from Nat. Gas	0	
19	491 Rev. from Nat. Gas Proc. by Others	0	
20	492 Incidental Gasoline and Oil Sales	0	
21	493 Rent from Gas Property	1,500	
22	494 Interdepartmental Rents	0	
23	495 Other Gas Revenues	(10,307,319)	
24	TOTAL Other Operating Revenues	(4,958,275)	0
25	TOTAL Gas Operating Revenues	110,077,498	0
26	(Less) 496 Provision for Rate Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	110,077,498	
28	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	111,550,787	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	3,484,986	
30	Sales for Resale		
31	Other Sales to Pub. Auth. (Local Dist. Only)		
32	Interdepartmental Sales		
33	TOTAL (Same as Line 10, Columns (b) and (d))	115,035,773	

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**GAS OPERATING REVENUES (Account 400) (Continued) Geographic Basis**

reported figures, explain any inconsistencies in a footnote.  
 6. *Commercial and Industrial Sales*, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)  
 7. See pages 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.

MCF OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
7,032,584		148,813		2
				3
2,498,246		12,988		4
484,012		284		5
				6
				7
10,014,842	0	162,085	0	8
				9
10,014,842	0	162,085	0	10
NOTES				11
				12
				13
				14
				15
				16
				17
				18
				19
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				22
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				29
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				31
				32
				33

Name of Respondent	This Report Is:	Date of Report	Year of Report
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**RATE AND SALES SECTION**

**DEFINITIONS OF CLASSES OF SERVICE AND INSTRUCTIONS PERTAINING TO STATEMENTS ON SALES DATA**

In the definitions below, the letters preceding the captions distinguish the main classes from the subclasses. Show the data broken into the subclasses if possible, but if not, report data under the main classes, drawing a dash through the subclass.

When gas measured through a single meter is used for more than one class of service as here defined, as for example, for both commercial and residential purposes, assign the total to the class having the principal use.

Average Number of Customers. Number of customers should be reported on the basis of number of meters, plus number of flat-rate accounts, except that where separate meter readings are added for billing purposes, one customer shall be counted for code g

MCF's Sold (indicate which one by crossing out the one that does not apply). Give net figures, exclusive of respondent's own use and losses.

Revenues. This term covers revenues derived from (a) Sale of Gas (exclusive of forfeited discounts and penalties) and (b) Other Gas Revenues, such as rent from gas property, interdepartmental rents, customers' forfeited discounts and penalties, servic

**AB. Residential Service.** This class includes all sales of gas for residential uses such as cooking, refrigeration, water heating, space heating and other domestic uses.

**A. Residential Service.** This class includes all sales of gas for residential use except space heating.

**B. Residential Space Heating.** This class includes all sales of gas for space heating including gas for other residential uses only when measured through the same meter.

**CD. Commercial Service.** This class includes service rendered primarily to commercial establishments such as restaurants, hotels, clubs, hospitals, recognized rooming and boarding houses (but not individual tenants therein), garages, churches, warehouses

**C. Commercial Service.** This class includes all sales of gas for commercial use except space heating.

**D. Commercial Space Heating.** This class includes all sales of gas for space heating including gas for other commercial uses only when measured through the same meter.

**E. Industrial Service.** This class includes service rendered primarily to manufacturing and industrial establishments where gas is used principally for large power, heating and metallurgical purposes.

**F. Public Service and Highway Lighting.** Covers service rendered to municipalities or other governmental units for the purpose of lighting streets, highways, parks and other public places.

**G. Other Sales to Public Authorities.** Covers service rendered to municipalities or other governmental units for lighting, heating, cooking, water heating and other general uses.

**H. Interdepartmental Sales.** This class includes gas supplied by the gas department to other departments of the utility when the charges therefor are at tariff or other specific rates.

**I. Other Sales.** This class includes all service to ultimate consumers not included in the foregoing described classifications.

\* **A - I. Total Sales to Ultimate Consumers.** This is the total of the foregoing described classifications.

**J. Sales to Other Gas Utilities for Resale.** This class includes all sales of gas to other gas utilities or to public authorities for resale to ultimate consumers.

**K. Other Gas Revenues.** Revenues derived from operations of the respondent other than sales of gas. They include rent from gas property, interdepartmental rents, customers' forfeited discounts and penalties, services of customers' installations and misc

\* **A - K. Total Gas Operating Revenues.** The total of all the foregoing accounts.

Separate Schedules for Each State. Separate schedules in this section should be filed for each state in which the respondent operates.

Estimates. If actual figures are not available for the schedules in this section, give estimates. Explain the methods used and the factual basis of the estimates, using supplementary sheets, if necessary.

Michigan Only

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**6285-A. SALES DATA FOR THE YEAR**

Line No.	Class of Service (a)	Average Number of Customers per month (b)	Gas Sold Mcf (c)	Revenue (Show to nearest dollar) (d)	AVERAGES		
					Mcf * Per Customer (e)	Revenue per Customer (f)	Revenue per Mcf (f)
1	AB. Residential service	148,813	7,032,584	82,738,504	47.26	555.99	\$ 11.77
2	A. Residential service	4,001	144,862	1,900,262	36.21	474.95	13.12
3	B. Residential space heating service	144,812	6,887,722	80,838,242	47.56	558.23	11.74
4	CD. Commercial service	12,970	2,496,270	28,799,527	192.46	2,220.47	11.54
5	C. Commercial service, except space heating						
6	D. Commercial space heating	12,970	2,496,270	28,799,527	192.46	2,220.47	11.54
7	E. Industrial service	284	484,012	3,486,361	1,704.27	12,275.92	7.20
8	F. Public street & highway lighting	18	1,976	11,382	109.78	632.33	5.76
9	G. Other Sales to public authorities						
10	H. Interdepartmental sales						
11	I. Other sales						
12	A-I Total sales to ultimate customers	162,085	10,014,842	115,035,774	61.79	709.72	11.49
13	J. Sales to other gas utilities for resale						
14	A-J. TOTAL SALES OF GAS	162,085	10,014,842	115,035,774	61.79	709.72	11.49
15	K. Other gas revenues			(4,958,275)			
16	A-K TOTAL GAS OPERATING REVENUE	162,085	10,014,842	\$ 110,077,499	61.79	\$ 679.13	N/A **

\* Report Mcf on a pressure base of 14.65 psia dry and a temperature base of 60 degrees Fahrenheit. Give two decimals.  
 \*\* Not calculated because Transportation Revenue included in other gas revenues will distort the results.



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Michigan Gas Utilities Corp			

**SALES DATA BY RATE SCHEDULES FOR THE YEAR**

- Report below the distribution of customers, sales and revenue for the year by individual rate schedules. (See definitions on first page of this section.)
- Column (a) - List all rate schedules by identification number or symbol. Where the same rate schedule designation applies to different rates in different zones, cities or districts, list separately data for each such area in which the schedule is available.
- Column (b) - Give the type of service to which the rate schedule is applicable, i.e. cooking, space heating, commercial heating, commercial cooking, etc.
- Column (c) - Using the classifications shown in Schedule 625-A, column (a), indicate the class or classes of customers served under each rate schedule, e.g., (A) for Residential Service, (B) Heating Service, etc.
- Column (d) - Give the average number of customers billed under each rate schedule during the year. The total of this column will approximate the total number of ultimate customers, line 12, Schedule 624-A.
- Columns (e) and (f) - For each rate schedule listed, enter the total number of Mcf sold to, and revenues received from customers billed under that rate schedule. The totals of these columns should equal the totals shown on line 12, Schedule 625-A. If the utility sells gas to ultimate customers under special contracts, the totals for such sales should be entered on a line on this page in order to make the totals of columns (e) and (f) check with those entered on line 12, Schedule 625-A.
- When a rate schedule was not in effect during the entire year, indicate in a footnote the period in which it is effective.

Line No.	Rate Schedule Designation (a)	Type of Service to which Schedule is applicable (b)	Class of Service (c)	Avg. No. of Customers per month (d)	Mcf Sold (e)	Revenue (Show to nearest dollar) (f)
1	Residential	General & Heating	A & B	148,813	7,032,584	82,738,504
2	General	Heating & Cooling	C & D	12,970	2,496,270	28,799,527
3	Optional	Industrial	E	284	484,012	3,486,361
4	Other	Street Lighting	F	18	1,976	11,382
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	Total Company			162,085	10,014,842	115,035,774

Name of Respondent	This Report Is: (1) An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
Michigan Gas Utilities Corp			

**625-B. CUSTOMER CHOICE SALES DATA BY RATE SCHEDULES**

1. Report below the distribution of customers, sales and revenues for the year by individual rate schedules. (See definition on first page of this section).

2. Column (a) - List all rate schedules by identification number or symbol. Where the same rate schedule designation applies to different rates in different zones, cities or districts, list separately data for each such area in which the schedule is available.

3. Column (b).- Give the type of service to which the rate schedule is applicable, i.e. cooking, space heating, commercial heating, commercial cooking, etc.

4. Column (c)- Using the classification shown in Schedule 625-A, column (a), indicate the class or classes of customers served under each rate schedule, e.g. (A) for Residential Service, (B) Heating Service, etc.

5. Column (d) - Give the average number of customers billed under each rate schedule during the year. The total of this column will approximate the total number of ultimate customers, line 12, Schedule 625-A.

6. Columns (e) and (f) - For each rate schedule listed, enter the total number of Mcf sold to, and revenues received from customers billed under that rate schedule. The totals of these columns should equal the totals shown on line 12, Schedule 625-A. If the utility sells gas to ultimate customers under special contracts, the totals for such sales should be entered on a line on this page in order to make the totals of columns (e) and (f) check with those entered on line 12, Schedule 625-A.

7. When a rate schedule was not in effect during the entire year, indicate in a footnote the period in which it was effective.

Line No.	Rate Schedule Designation (a)	Type of Service to which Schedule is applicable (b)	Class of Service (c)	Average Number of Customers per Month (d)	Mcf sold (e)	Revenue (Show to nearest dollar) (f)
1	NONE		A			
2			B			
3			C			
4			D			
5			E			
6			E			
7			D			
8			H			
9			K			
10						
11						
12						
13						
14						
15						
16						
17						
18	TOTALS					

Name of Respondent	This Report Is:	Date of Report	Year of Report
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**OFF-SYSTEM SALES - NATURAL GAS**

Report particulars (details) concerning off-system sales. Off-system sales include all sales other than MPSC approved rate schedule sales.

Line No.	Name (a)	Point of Delivery (City or town and State) (b)	Account (c)	Dekatherms of Gas Sold (d)
1	Anadarko Energy Services	S.E. Headstation, LA		150,000
2	DTE Energy Trading	Benton Harbor, MI		3,500
3	DTE Energy Trading	Benton Harbor, MI		70,000
4				
5				
6				
7				
8				
9				
10				
11				
12				
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14				
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17				
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19				
20				

Name of Respondent	This Report Is:	Date of Report	Year of Report		
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006		
OFF-SYSTEM SALES - NATURAL GAS (Continued)					
Revenue for Year (See Instr. 5) (e)	Average Revenue per Dekatherms (f)	Peak Day Delivery to Customers			Line No.
		Date (g)	Mcf		
			Noncoincidental (h)	Coincidental (i)	
\$663,000	\$4.42				1
15,225	\$4.35				2
315,000	\$4.50				3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
\$993,225					20

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
REVENUE FROM TRANSPORTATION OF GAS OF OTHERS--NATURAL GAS (Account 489)				
1. Report below particulars (details) concerning revenue from transportation or compression (by respondent) of natural gas for others. Subdivide revenue between transportation or compression for interstate pipeline companies and others.		3. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Also specify the Commission order or regulation authorizing such transaction.		
2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas transported or compressed is other than natural gas.				
Line No.	Name of Company and Description of Service Performed <i>(Designate associated companies with an asterisk)</i>	Distance Transported (in miles) (b)*		
1		(a)		
2	Mac Steel - Transportation of Gas	Various		
3	Point of Receipt - Monroe			
4	Point of Delivery - Monroe			
5	Gas Received from ANR, Delivered to Mac Steel			
6	IMCO - Transportation of Gas	Various		
7	Point of Receipt - Coldwater			
8	Point of Delivery - Coldwater			
9	Gas Received from ANR, Delivered to IMCO			
10	Other - Transportation of Gas, individually less than 500,000 Mcf	Various		
11	Various points of receipt and delivery			
12	Various companies from which gas was received and to which delivered			
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
TOTAL		-		

\*(B) Distance transported (in miles) from origin is not available because we buy it delivered and from different suppliers.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**REVENUE FROM TRANSPORTATION OF GAS OF OTHERS--NATURAL GAS** (Account 489) (Continued)

4. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system.  
 5. Enter Mcf at 14.65 psia at 60°F.  
 6. Minor items (less than 1,000,000 mcf) may be grouped.

"Note: For transportation provided under Part 284 of Title 18 of the Code of Federal Regulations, report only grand totals for all transportation in columns (b) through (g) for the following regulation sections to be listed in column (a): 284.102, 284.122, 284.222, 284.223(a), 284.223(b) and 284.224. Details for each transportation are reported in separate annual reports required under Part 284 of the Commission's regulations."

**Geographic Basis**

Mcf of Gas Received	Mcf of Gas Delivered	Revenue	Average Revenue per Mcf of Gas Delivered (in cents)	FERC Tariff Rate Schedule Designation	Line No.
(c)*	(d)*	(e)	(f)	(g)	
809,584	809,584	242,190	0.30		1
					2
					3
					4
					5
763,761	763,761	274,213	0.36		6
					7
					8
					9
5,581,594	5,581,594	4,272,939	0.77		10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
7,154,939	7,154,939	\$ 4,789,342	\$0.67		

\*(C&D) Reported in Sales Base Pressure  
 MPSC FORM P-522 (Rev. 1-01)

Name of Respondent	This Report Is:	Date of Report	Year of Report
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**GAS OPERATION AND MAINTENANCE EXPENSES**

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production	\$ 111,348	
3	Manufactured Gas Production ( <i>Submit Supplemental Statement</i> )		
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Wells Expenses		
10	753 Field Lines Expenses		
11	754 Field Compressor Station Expenses	215,309.78	
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses	123,734.92	
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses		
17	760 Rents		
18	TOTAL Operation ( <i>Enter Total of lines 7 thru 17</i> )	339,044.70	-
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements		
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment		
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment		
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance ( <i>Enter Total of lines 20 thru 28</i> )	-	-
30	TOTAL Natural Gas Production and Gathering ( <i>Total of lines 18 and 29</i> )	339,044.70	-
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering		
34	771 Operation Labor		
35	772 Gas Shrinkage		
36	773 Fuel		
37	774 Power		
38	775 Materials		
39	776 Operation Supplies and Expenses		
40	777 Gas Processed by Others		
41	778 Royalties on Products Extracted		
42	779 Marketing Expenses		
43	780 Products Purchased for Resale		
44	781 Variation in Products Inventory		
45	(Less) 782 Extracted Products Used by the Utility-Credit		
46	783 Rents		
47	TOTAL Operation ( <i>Enter Total of lines 33 thru 46</i> )	\$ -	\$ -

NOTE: Page 320, Line 2, Column c. Write-off of gas plant site clean-up monitoring costs.

Name of Respondent 0		This Report Is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
<b>B2. Products Extraction (Continued)</b>				
48	Maintenance			
49	784 Maintenance Supervision and Engineering			
50	785 Maintenance of Structures and Improvements			
51	786 Maintenance of Extraction and Refining Equipment			
52	787 Maintenance of Pipe Lines			
53	788 Maintenance of Extracted Products Storage Equipment			
54	789 Maintenance of Compressor Equipment			
55	790 Maintenance of Gas Measuring and Reg. Equipment			
56	791 Maintenance of Other Equipment			
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	-		-
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	-		-
59	<b>C. Exploration and Development</b>			
60	Operation			
61	795 Delay Rentals			
62	796 Nonproductive Well Drilling			
63	797 Abandoned Leases			
64	798 Other Exploration			
65	TOTAL Exploration and Development (Enter Total of lines 61 thru 64)	-		-
<b>D. Other Gas Supply Expenses</b>				
66	Operation			
67	800 Natural Gas Well Head Purchases	1,638,756		
68	800.1 Natural Gas Well Head Purchases, Intracompany Transfers			
69	801 Natural Gas Field Line Purchases			
70	802 Natural Gas Gasoline Plant Outlet Purchases			
71	803 Natural Gas Transmission Line Purchases			
72	804 Natural Gas City Gate Purchases	94,132,686		
73	804.1 Liquefied Natural Gas Purchases			
74	805 Other Gas Purchases	(10,359)		
75	(Less) 805.1 Purchased Gas Cost Adjustments			
76				
77	TOTAL Purchased Gas (Enter Total of lines 67 to 75)	95,761,083		0
78	806 Exchange Gas			
79	Purchased Gas Expenses			
80	807.1 Well Expenses-Purchased Gas			
81	807.2 Operation of Purchased Gas Measuring Stations			
82	807.3 Maintenance of Purchased Gas Measuring Stations			
83	807.4 Purchased Gas Calculations Expenses			
84	807.5 Other Purchased Gas Expenses			
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	-		-
86	808.1 Gas Withdrawn from Storage-Debit	24,939,154		
87	(Less) 808.2 Gas Delivered to Storage-Credit	(42,741,682)		
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit			
89	(Less) 809.2 Deliveries of Natrual Gas for Processing-Credit			
90	Gas Used in Utility Operations-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	(16,743)		
92	811 Gas Used for Products Extraction-Credit			
93	812 Gas Used for Other Utility Operations-Credit	(281,191)		
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	(297,934)		-
95	813 Other Gas Supply Expenses	1,000		
96	TOTAL Other Gas Supply Exp (Total of lines 77, 78, 85, 86 thru 89, 94, 95)	77,661,622		0
97	TOTAL Production Expenses (Enter Total of lines 3, 30, 58, 65, and 96)	\$ 78,112,014		\$ -



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<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	39,524		
102	815 Maps and Records			
103	816 Wells Expenses	20,447		
104	817 Line Expense	14,566		
105	818 Compressor Station Expenses	11,766		
106	819 Compressor Station Fuel and Power			
107	820 Measuring and Regulating Station Expenses	17,015		
108	821 Purification Expenses	2,262		
109	822 Exploration and Development			
110	823 Gas Losses			
111	824 Other Expenses	28,811		
112	825 Storage Well Royalties			
113	826 Rents			
114	TOTAL Operation (Enter Total of lines 101 thru 113)	134,393		-
115	Maintenance			
116	830 Maintenance Supervision and Engineering	18,121		
117	831 Maintenance of Structures and Improvements	102		
118	832 Maintenance of Reservoirs and Wells	65,514		
119	833 Maintenance of Lines	4,489		
120	834 Maintenance of Compressor Station Equipment	19,333		
121	835 Maintenance of Measuring and Regulating Station Equipment	3,438		
122	836 Maintenance of Purification Equipment	12,350		
123	837 Maintenance of Other Equipment	12,364		
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	135,712		-
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	270,105		-
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering			
129	841 Operation Labor and Expenses			
130	842 Rents			
131	842.1 Fuel			
132	842.2 Power			
133	842.3 Gas Losses			
134	TOTAL Operation (Enter Total of lines 128 thru 133)	-		-
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering			
137	843.2 Maintenance of Structures and Improvements			
138	843.3 Maintenance of Gas Holders			
139	843.4 Maintenance of Purification Equipment			
140	843.5 Maintenance of Liquefaction Equipment			
141	843.6 Maintenance of Vaporizing Equipment			
142	843.7 Maintenance of Compressor Equipment			
143	843.8 Maintenance of Measuring and Regulating Equipment			
144	843.9 Maintenance of Other Equipment			
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	-		-
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	\$ -		\$ -

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<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminaling and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering			
150	844.2 LNG Processing Terminal Labor and Expenses			
151	844.3 Liquefaction Processing Labor and Expenses			
152	844.4 Liquefaction Transportation Labor and Expenses			
153	844.5 Measuring and Regulating Labor and Expenses			
154	844.6 Compressor Station Labor and Expenses			
155	844.7 Communication System Expenses			
156	844.8 System Control and Load Dispatching			
157	845.1 Fuel			
158	845.2 Power			
159	845.3 Rents			
160	845.4 Demurrage Charges			
161	(Less) 845.5 Wharfage Receipts-Credit			
162	845.6 Processing Liquefied or Vaporized Gas by Others			
163	846.1 Gas Losses			
164	846.2 Other Expenses			
165	TOTAL Operation (Enter Total of lines 149 thru 164)	-	-	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering			
168	847.2 Maintenance of Structures and Improvements			
169	847.3 Maintenance of LNG Processing Terminal Equipment			
170	847.4 Maintenance of LNG Transportation Equipment			
171	847.5 Maintenance of Measuring and Regulating Equipment			
172	847.6 Maintenance of Compressor Station Equipment			
173	847.7 Maintenance of Communication Equipment			
174	847.8 Maintenance of Other Equipment			
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	-	-	
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)	-	-	
177	TOTAL Natural Gas Storage (Enter Total of lines 125, 146, and 176)	270,105	-	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering			
181	851 System Control and Load Dispatching			
182	852 Communication System Expenses			
183	853 Compressor Station Labor and Expenses			
184	854 Gas for Compressor Station Fuel			
185	855 Other Fuel and Power for Compressor Stations			
186	856 Mains Expenses	32,182		
187	857 Measuring and Regulating Station Expenses	21,774		
188	858 Transmission and Compression of Gas by Others			
189	859 Other Expenses			
190	860 Rents			
191	TOTAL Operation (Enter Total of lines 180 thru 190)	\$ 53,955	\$ -	

Name of Respondent Michigan Gas Utilities		This Report Is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2006
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
<b>3. TRANSMISSION EXPENSES (Continued)</b>				
192	Maintenance			
193	861 Maintenance Supervision and Engineering			
194	862 Maintenance of Structures and Improvements			
195	863 Maintenance of Mains	27,852		
196	864 Maintenance of Compressor Station Equipment			
197	865 Maintenance of Measuring and Reg. Station Equipment	28,342		
198	866 Maintenance of Communication Equipment			
199	867 Maintenance of Other Equipment	12,884		
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	69,078		-
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	123,034		-
<b>4. DISTRIBUTION EXPENSES</b>				
203	Operation			
204	870 Operation Supervision and Engineering	1,553,517		
205	871 Distribution Load Dispatching	236,434		
206	872 Compressor Station Labor and Expenses			
207	873 Compressor Station Fuel and Power			
208	874 Mains and Services Expenses	694,654		
209	875 Measuring and Regulating Station Expenses-General			
210	876 Measuring and Regulating Station Expenses-Industrial			
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	5,750		
212	878 Meter and House Regulator Expenses	659,116		
213	879 Customer Installations Expenses	364,796		
214	880 Other Expenses	1,926,950		
215	881 Rents	13,193		
216	TOTAL Operation (Enter Total of lines 204 thru 215)	5,454,409		0
217	Maintenance			
218	885 Maintenance Supervision and Engineering	21,542		
219	886 Maintenance of Structures and Improvements			
220	887 Maintenance of Mains	624,020		
221	888 Maintenance of Compressor Station Equipment			
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	60,879		
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial			
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	41,656		
225	892 Maintenance of Services	451,545		
226	893 Maintenance of Meters and House Regulators	254,221		
227	894 Maintenance of Other Equipment	123,995		
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	1,577,858		0
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	7,032,268		0
<b>5. CUSTOMER ACCOUNTS EXPENSES</b>				
231	Operation			
232	901 Supervision	4,268		
233	902 Meter Reading Expenses	1,275,040		
234	903 Customer Records and Collection Expenses	2,743,416		
235	904 Uncollectible Accounts	2,624,262		
236	905 Miscellaneous Customer Accounts Expenses	165,056		
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	\$ 6,812,042		\$ -

Name of Respondent Michigan Gas Utilities		This Report Is: <input type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2006
<b>GAS OPERATION AND MAINTENANCE EXPENSES (Continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	\$ 24,172		
241	908 Customer Assistance Expenses	201,371		
242	909 Informational and Instructional Expenses	97,260		
243	910 Miscellaneous Customer Service and Informational Expenses	12,528		
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	335,331		
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision			
248	912 Demonstrating and Selling Expenses			
249	913 Advertising Expenses			
250	916 Miscellaneous Sales Expenses			
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	0	0	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	7,695,753		
255	921 Office Supplies and Expenses	2,698,465		
256	(Less) (922) Administrative Expenses Transferred-Cr.			
257	923 Outside Services Employed	1,509,971		
258	924 Property Insurance	45,222		
259	925 Injuries and Damages	54,694		
260	926 Employee Pensions and Benefits	4,114,548		
261	927 Franchise Requirements			
262	928 Regulatory Commission Expenses	53,844		
263	(Less) (929) Duplicate Charges-Cr.			
264	930.1 General Advertising Expenses	30,698		
265	930.2 Miscellaneous General Expenses	94,656		
266	931 Rents	3,369	0	
267	TOTAL Operation (Enter Total of lines 254 thru 266)	16,301,220	0	
268	Maintenance			
269	935 Maintenance of General Plant	105,165		
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	16,406,385	0	
271	TOTAL Gas O. and M. Exp (Lines 97, 177, 201, 229, 237, 244, 251, and 270)	\$ 109,091,179	\$ -	
<b>NUMBER OF GAS DEPARTMENT EMPLOYEES</b>				
1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.		construction employees in a footnote.		
2. If the respondent's payroll for the reporting period includes any special cons		3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent		
1. Payroll Period Ended (Date)		12/29/2006		
2. Total Regular Full-Time Employees		177 *		
3. Total Part-Time and Temporary Employees		4		
4. Total Employees		181		
*Does not include: Felix O'Aku or Gary Erickson				

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Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
Michigan Gas Utilities Corp			
GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805)			
<p>1. Report particulars of gas purchases during the year in the manner prescribed below.</p> <p>2. Provide subheadings and totals for prescribed accounts as follows:</p> <p style="margin-left: 40px;">800 Natural Gas Well Head Purchases. 801 Natural Gas Field Line Purchases. 802 Natural Gas Gasoline Plant Outlet Purchases. 803 Natural Gas Transmission Line Purchases. 803.1 Off-System Gas Purchases. 804 Natural Gas City Gate Purchases. 804.1 Liquefied Natural Gas Purchases. 805 Other Gas Purchases.</p> <p>Purchases are to be reported in account number sequence, e.g. all purchases charged to Account 800, followed by charges to Account 801, etc. Under each account number, purchases should be reported by states in alphabetical order. Totals are to be shown for each account in Columns (h) and (i) and should agree with the books of account, or any differences reconciled.</p> <p>In some cases, two or more lines will be required to report a purchase, as when it is charged to more than one account.</p> <p>3. Purchases may be reported by gas purchase contract totals (at the option of the respondent) provided that the same price is being paid for all gas purchased under the contract. If two or more prices are in effect under the same contract, separate details for each price shall be reported. The name of each seller included in the contract total shall be listed on separate sheets, clearly cross-referenced. Where two or more prices are in effect the sellers at each price are to be listed separately.</p> <p>4. Purchases of less than 100,000 Mcf per year per contract from sellers not affiliated with the reporting company may (at the option of the respondent) be grouped by account number, except when the purchases were permanently discontinued during the reporting year. When grouped purchases are reported, the number of grouped purchases is to be reported in Column (b). Only Columns (a), (b), (h), (i), and (j) are to be completed for grouped purchases; however, the Commission may request additional details when necessary. Grouped non-jurisdictional purchases should be shown on a separate line.</p>		<p>5. Column instructions are as follows:</p> <p><u>Column (b)</u> - Report the names of all sellers. Abbreviations may be used where necessary.</p> <p><u>Column (c)</u> - Give the name of the producing field only for purchases at the wellhead or from field lines. The plant name should be given for purchase from gasoline outlets. If purchases under a contract are from more than one field or plant, use the name of the one contributing the largest volume. Use a footnote to list the other fields or plants involved.</p> <p><u>Columns (d) and (e)</u> - Designate the state and county where the gas is received. Where gas is received in more than one county, use the name of the county having the largest volume and by footnote list the other counties involved.</p> <p><u>Column (f)</u> - Show date of the gas purchase contract. If gas is purchased under a renegotiated contract, show the date of the original contract and the date of the renegotiated contract on the following line in brackets. If new acreage is dedicated by ratification of an existing contract show the date of the ratification, rather than the date of the original contract. If gas is being sold from a different reservoir than the original dedicated acreage pursuant to Section 2.56(f)(2) of the Commission's Rules of Practice and Procedure, place the letter "A" after the contract date.</p> <p>If the purchase was permanently discontinued during the reporting year, so indicate by an asterick (*) in Column (f).</p> <p><u>Column (g)</u> - Show for each purchase the approximate Btu per cubic foot.</p> <p><u>Column (h)</u> - State the volume of purchased gas as measured for purpose of determining the amount payable for the gas. Include current year receipts of make-up gas that was paid for in prior years.</p> <p><u>Column (i)</u> - State the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in Column (h).</p> <p><u>Column (j)</u> - State the average cost per Mcf to the nearest hundredth of a cent. [Column (i) divided by Column (h) multiplied by 100].</p>	

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
GAS PURCHASES (Accounts 800, 801, 802, 803, 804, and 805) (Continued)				
Line No.	Account Number (a)	Name of Seller * (Designate Associated Companies) (b)	Name of Producing Field or Gasoline Plant (c)	State (d)
1	800			
2	804			
3	805			
4				
5				
6	For additional information please refer to the Gas Cost Reconciliation Reports,			
7	Case No. U-14715-R, to be filed in June 2007.			
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13		<u>* Natural Gas Suppliers to Michigan Gas Utilities Corporation</u>		
14		Anadarko Energy Services		
15		BP Canada Energy Marketing Co.		
16		Chevron Natural Gas		
17		Christian Oil Company		
18		ConocoPhillips Company		
19		DTE Energy Trading, Inc.		
20		Matrix Exploration & Development		
21		Miller Exploration Company		
22		Nexen Marketing U.S.A. Inc.		
23		Northern Indiana Trading Co., Inc.		
24		Tenaska Marketing Ventures		
25		West Hopkins Petroleum Company		
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Name of Respondent		This Report Is:		Date of Report	Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) April 30, 2007	December 31, 2006	
GAS PURCHASES (Accounts 800, 801, 802, 803, 804, and 805) (Continued)						
County (e)	Date of Contract (f)		Gas ** Purchased-Mcf (14.73 psia 60 F) (h)	Cost of Gas (i)	Cost Per Mcf (cents) (j)	Line No.
			300,476	1,638,756	545.39	1
			11,366,811	94,132,686 (10,359)	828.14	2
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\*\* Volumes are reported in MMBtu.  
MPSC FORM P-522 (Rev. 1-01)



Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**GAS USED IN UTILITY OPERATIONS-CREDIT (Accounts 810, 811, 812)**

- |  |  |
|--|--|
| <p>1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.</p> <p>2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.</p> <p>3. If the reported Mcf for any use is an estimated quantity, state such fact in a footnote.</p> | <p>4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Mcf of gas used, omitting entries in columns (d) and (e).</p> <p>5. Report pressure base of measurement of gas volumes at 14.73 psia at 60°F.</p> |
|--|--|

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Natural Gas			Manufactured Gas	
			Mcf of Gas Used (c)	Amount of Credit (d)	Amount per Mcf (In Cents) (e)	Mcf of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel-Cr	754	2,182	16,743	767.50		
2	811 Gas used for Products Extraction-Cr						
3	Gas Shrinkage and Other Usage in Respdnt's Own Proc.						
4	Gas Shrinkage, Etc. for Respdnt's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs-Cr (Rpt sep. for each prin. use. Group minor uses)						
6	812.1 Gas used in Util. Oprs-Cr (Nonmajor only)						
7							
8	Operation of Buildings	Various	36,637	281,191	767.50		
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24							
25	TOTAL		38,819	297,934	767.50		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)			
1	Industry association dues		1,251
2	Experimental and general research expenses		
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent		9,739
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown)		
5	Intercompany Cost Allocation		83,666
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49	TOTAL		94,656

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2 404.3, 405)  
(Except Amortization of Acquisition Adjustments)**

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown. between the report years (1971, 1974 and every fifth year thereafter). Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the

2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual changes in the intervals

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant (404xxx)			
2	Production plant, manufactured gas			
3	Production and gathering plant, natural gas	10,986		
4	Products extraction plant			
5	Underground gas storage plant	236,701		45,132
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant	685,124		
9	Distribution plant	3,672,345		
10	General plant	752,306		
11	Common plant-gas			
12				
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23				
24				
25	<b>TOTAL</b>	<b>5,357,462</b>	<b>-</b>	<b>45,132.00</b>

NOTE: Represents April 2006 through December 2006.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2 404.3, 405)  
(Except Amortization of Acquisition Adjustments) (Continued)**

manner in which column (b) balance are obtained. If average balances, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.  
3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.

**Section A. Summary of Depreciation, Depletion, and Amortization Charges**

Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
	47,213	47,213	Intangible plant	1
		0	Production plant, manufactured gas	2
		10,986	Production and gathering plant, natural gas	3
		0	Products extraction plant	4
		281,833	Underground gas storage plant	5
		0	Other storage plant	6
		0	Base load LNG terminating and processing plant	7
		685,124	Transmission plant	8
		3,672,345	Distribution plant	9
		752,306	General plant	10
		0	Common plant-gas	11
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-	47,213	5,449,807	TOTAL	25

Name of Respondent	This Report Is:	Date of Report	Year of Report
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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)

Section B. Factors Used in Estimated Depreciation Charges

Line No.	Functional Classification (a)	Depreciation Plant Base (Thousands) (b)	Applied Depr. Rate(s) (Percent) (c)
1	Intangible Plant	349	13.536%
2	Production Plant	287	3.828%
3	Storage Plant	14,557	1.936%
4	Transmission Plant	38,489	1.780%
5	Distribution Plant	194,744	1.886%
6	General Plant	20,383	3.691%
7			
8			
9			
10			

Notes to Depreciation, Depletion and Amortization of Gas Plant  
Column (b) balances were obtained using a nine month average from April 2006 through December 2006.

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS  
AND INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) *Miscellaneous Amortization* (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.

(b) *Miscellaneous Income Deductions* -- Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related

Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than 5% of each account total for the year (or \$1,000, whichever is greater) may be grouped by classes within the above accounts.

(c) *Interest on Debt to Associated Companies* (Account 430) -- For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) *Other Interest Expense* (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	<b>Miscellaneous Amortization (425)</b>	0
2	Total - 425	0
3		
4	<b>Donations (426.1)</b>	
5	Co Match of Energy Aid Assistance	11,409
6	Total - 426.1	11,409
7		
8	<b>Interest on Debt to Assoc Companies (430)</b>	
9	Int Debt - Integrys Energy Group Short Term	91,676
10	Int Debt - Integry Energy Group Long Term	3,717,525
11	Total - 430	3,809,201
12		
13	<b>Other Interest Expense (431)</b>	
14	Interest on Customer Deposits	124,519
15	GCR Interest Adjustment	127,418
16	Acquisition Interest paid to Aquila	620,993
17	Total - 431	872,929
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37		4,693,539

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS**

1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.

2. Merchandising, Jobbing, and Contract Work (Accounts 415 and 416) - Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing and contract work activities.

3. Nonutility Operations (Accounts 417 and 417.1) - Describe each nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes. Give the bases of any allocations of expenses between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.

4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective date and expiration date and expiration date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income, before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any lessors which are associated companies.

5. Equity in earnings of subsidiary companies (Account 418.1) - Report the utility's equity in the earnings or losses of each subsidiary company for the year.

6. Interest and Dividend Income (Account 419) - Report interest and dividend income, before taxes, identified as to the asset account or group of accounts in which are included the assets from which the interest or dividend income was derived. Income derived from investments, Accounts 123, 124 and 136 may be shown in total. Income from sinking and other funds should be identified with the related special funds. Show also expenses included in Account 419 as required by the Uniform System of Accounts.

7. Miscellaneous Nonoperating Income (Account 421) - Give the nature and source of each miscellaneous nonoperating income, and expense and the amount for the year. Minor items may be grouped by classes.

Line No.	Item (a)	Amount (b)
1	Account 415 - Revenue from Contract Work	79,144
2		
3	Account 417 - Revenues from Non-Utility Operations	
4	Revenue	52,419
5	Operating Expenses	(68,982)
6		
7	Account 419 - Interest & Dividend Income	410,224
8		
9	Account 421 - Misc Non-Operating Income	-
10		
11		
12	<b>Total Other Income</b>	<b>472,805</b>
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES**

**(Account 426.4)**

1. Report below all expenditures incurred by the respondent during the year for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances); approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials which are accounted for as Other Income Deductions, Expenditures for Certain Civic, Political and Related Activities, Account 426.4.

2. Advertising expenditures in this Account shall be classified according to subheadings, as follows:  
 (a) radio, television, and motion picture advertising; (b) newspaper, magazine, and pamphlet advertising; (c) letters or inserts in customer's bills; (d) inserts in

reports to stockholders; (e) newspaper and magazine editorial services; and (f) other advertising.  
 3. Expenditures within the definition of paragraph (1), other than advertising shall be reported according to captions or descriptions clearly indicating the nature and purpose of the activity.

4. If respondent has not incurred any expenditures contemplated by the instruction of Account 426.4, so state.

5. Minor amount may be grouped by classes if the number of items so grouped is shown.

NOTE: The classification of expenses as nonoperating and their inclusion in this amount is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

Line No.	Item (a)	Amount (b)
1	Other Expenditures for Civic, Political, and Related Activities	
2	Paid Advertisement for Milan Township Franchise	\$ 271
3	Newspaper Advertising announcing our name of Michigan Gas Utilities and	
4	smaller local ads in local papers represented less than \$5,000	5,000
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32	TOTAL	5,271



Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**REGULATORY COMMISSION EXPENSES**

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.  
 2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description <i>(Furnish name of regulatory commission or body, the docket or case number, and a description of the case.)</i> (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for current year (b) + (c) (d)	Deferred at Beginning of Year (e)
1	Dept. of Labor & Economic Growth				
2	2006/2007 Public Utility Assessment,				
3	First Quarter	80,675		80,675	
4					
5					
6	Dept. of Labor & Economic Growth				
7	2006/2007 Public Utility Assessment,				
8	Second Quarter	53,844		53,844	
9					
10					
11					
12					
13					
14					
15					
16					
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43					
44	TOTAL	134,519	0	134,519	0

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**REGULATORY COMMISSION EXPENSES (Continued)**

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a), the period of amortization.

4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.

5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR				Line No.
CHARGED CURRENTLY TO			Deferred	Contra Account	Amount	Deferred at End of Year	
Department	Account No.	Amount					
(f)	(g)	(h)	(i)	(j)	(k)	(l)	
	921000	80,675					1
							2
							3
							4
							5
							6
							7
	928000	53,844					8
							9
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		134,519	0		0	0	44

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) [ ] An Original (2) [ X ] A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**DISTRIBUTION OF SALARIES AND WAGES**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	<b>ELECTRIC</b>			
2	Operation			
3	Production			
4	Transmission			
5	Distribution			
6	Customer Accounts			
7	Customer Service and Informational			
8	Sales			
9	Administrative and General			
10	TOTAL Operation (Enter Total of lines 3 thru 9)	0		
11	Maintenance			
12	Production			
13	Transmission			
14	Distribution			
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)	0		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	0		
19	Transmission (Enter Total of lines 4 and 13)	0		
20	Distribution (Enter Total of lines 5 and 14)	0		
21	Customer Accounts (Transcribe from line 6)	0		
22	Customer Svc. And Informational (Transcribe from line 7)	0		
23	Sales (Transcribe from line 8)	0		
24	Administrative and General (Enter Total of lines 9 & 15)	0		
25	TOTAL Oper. And Maint. (Total of lines 18 thru 24)	0		
26	<b>GAS</b>			
27	Operation			
28	Production-Manufactured Gas	0		
29	Production-Nat. Gas (Including Expl. And Dev.)	51,382		
30	Other Gas Supply	1,867		
31	Storage, LNG Terminaling and Processing	81,121		
32	Transmission	25,797		
33	Distribution	2,667,109		
34	Customer Accounts	1,253,824		
35	Customer Service and Informational	167,918		
36	Sales	0		
37	Administrative and General	(182,914)		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	4,066,103		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**DISTRIBUTION OF SALARIES AND WAGES (Continued)**

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	<b>GAS (Continued)</b>			
39	Maintenance			
40	Production-Manufactured Gas			
41	Production-Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminating and Processing	44,535		
44	Transmission	52,539		
45	Distribution	1,008,217		
46	Administrative and General	45,250		
47	TOTAL Maint. (Enter Total of lines 40 thru 46)	1,150,541		
48	Total Operation and Maintenance	5,216,645	29,678	5,246,323
49	Production-Manufactured Gas (Total of lines 28 and 40)	0		
50	Production-Nat. Gas (Including Expl. & Dev.) (Total of lines 29 and 41)	51,382		
51	Other Gas Supply (Enter Total of lines 30 and 42)	1,867		
52	Storage, LNG Terminating and Processing (Total of lines 31 and 43)	125,656		
53	Transmission (Lines 32 and 44)	78,336		
54	Distribution (Lines 33 and 45)	3,675,326		
55	Customer Accounts (Line 34)	1,253,824		
56	Customer Service and Informational (Line 35)	167,918		
57	Sales (Line 36)	0		
58	Administrative and General (Lines 37 and 46)	(137,664)		
59	TOTAL Operation & Maint. (total of lines 49 thru 58)	5,216,645	29,678	5,246,323
60	<b>OTHER UTILITY DEPARTMENTS</b>			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59 & 61)	5,216,645	29,678	5,246,323
63	<b>UTILITY PLANT</b>			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	1,075,387	95,782	1,171,169
67	Other	82,460		82,460
68	TOTAL Construction (Total of lines 65 thru 67)	1,157,847	95,782	1,253,629
69	Plant Removal (By Utility Departments)			
70	Electric Plant			
71	Gas Plant			
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	0	0	0
74	Other Accounts (Specify)			0
	Misc.	668,292		668,292
75	Clearing Accounts	247,968	(206,555)	41,414
76	Co-Tenant			
	Other Accounts	140,990	3,384	144,374
77	TOTAL Other Accounts	1,057,251	(203,171)	854,080
78	TOTAL SALARIES AND WAGES	7,431,742	(77,711)	7,354,032

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Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) X An Original (2) A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES				
<p>1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account</p>		<p>426.4 Expenditures for Certain Civic, Political and Related Activities.</p> <p>(a) Name and address of person or organization rendering services.</p> <p>(b) description of services received during year and project or case to which services relate.</p> <p>(c) basis of charges.</p> <p>(d) total charges for the year, detailing utility department and account charged.</p> <p>2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.</p> <p>3. Designate with an asterisk associated companies.</p>		
Line No.	Name/Address	Description	Amount	Account(s)
1	Alliance Data Systems	Customer Billing	\$ 1,308,306	903
2	10511 Airport Road			
3	Scottsbluff, NE 69631			
4				
5	Aquila	Customer Billing	\$ 190,155	880
6	20 West 9th Street		912,000	903
7	P. O. Box 13287		1,299,000	923
8	Kansas City, MO 64105-1704		\$ 2,401,155	
9				
10	Kent Power, Inc.	Construction	\$ 1,303,604	107
11	90 Spring Street		7,498	878
12	Kent City, MI 49330		22,444	887
13			6,219	892
14			343	893
15			257	894
16			\$ 1,340,365	
17				
18	KFORCE, Inc.	HR Consulting	\$ 83	923
19	1001 East Palm Avenue		31,755	935
20	Tampa, FL 33605-3551		\$ 31,838	
21				
23	Miller, Canfield, Paddock & Stone PLC	Legal	\$ 75,111	923
24	One Michigan Avenue, Suite 900			
25	Lansing, MI 48933			
26				
27	Pescador LLC	Environmental Consulting	\$ 51,846	182337
28	36 Highview Road			
29	Traverse City, MI 49686			
30				
31	R L Coolsaet Construction Co.	Construction	\$ 385,468	107
32	P. O. Box 279		1,768	878
33	Taylor, MI 48180		63,354	887
34			\$ 450,590	
35				
38				
39				
40				
41				
42				
43				
44				
45	TOTAL		\$ 5,659,211	

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
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**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES**

1. In column (a) report the name of the associated company.  
2. In column (b) describe the affiliation (percentage ownership, etc. ).  
3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, dividends declared, etc.).  
4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Integrys Energy Group, Inc.	Parent Company (MGU is a wholly-owned subsidiary of Integrys Energy Group, Inc.)	Labor & Labor Loadings		
2			Invoices & Expenses Accts		
3			Bank Service Charges	921000	3,965
4			Interest Expense	419501	188,926
5			Other		
6			Short-Term Lending Money to Integrys Energy Group		
7					
8					
9					
10	Upper Peninsula Power Co.	In Common Control With	Invoices & Expenses Accts		
11					
12					
13	Wisconsin Public Services Corporation	In Common Control With	Invoices & Expenses Accts		
14			Other		
15			Inventory Transfer		
16			Income Taxes	409XXX	9,286,766
17					
18					
19	Minnesota Energy Resources	In Common Control With	Labor & Labor Loadings		
20			Invoices & Expenses Accts	920000	60,000
21			Correction of Incorrectly Applied Gas Purchase Bill		
22			Other		
23					
24					
25					
26					
27					
28					
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31					
32					
33					
34					
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36					

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
		Various	128,364	128,364	(1)	1
		Various	41,984	41,984	(4)	2
				3,965	(4)	3
				188,926	(4)	4
		Various	50,633	50,633	(2)	5
		131000	36,500,000	36,500,000	(4)	6
						7
			Total	<b>36,913,872</b>		8
						9
		Various	13,186	13,186	(4)	10
			Total	<b>13,186</b>		11
						12
		Various	62,582	62,582	(4)	13
		Various	11,766	11,766	(2)	14
		154	1,590	1,590	(1)	15
				9,286,766	(4)	16
			Total	<b>9,362,704</b>		17
						18
		Various	22,245	22,245	(1)	19
		Various	186,227	246,227	(4)	20
		232130	1,006,120	1,006,120	(4)	21
						22
		Various	173	173	(2)	23
			Total	<b>1,252,520</b>		24
						25
						26
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						30
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						33
						34
						35
			Total	<b>46,289,935</b>		36

- (1) Fully Loaded Cost
- (2) Market
- (3) Tariff
- (4) Actual Cost
- (5) Contract



Name of Respondent		This Report Is:	Date of Report	Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006	
SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES					
1. In column (a) report the name of the associated company.			services provided (administrative and general expenses, dividends declared, etc.).		
2. In column (b) describe the affiliation (percentage ownership, etc. ).			4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.		
3. In column (c) describe the nature of the goods and					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Wisconsin Public Service Corporation	In Common Control With	Labor and Labor Loading	Various	771,865
2			Benefit	926	1,068,432
3			Material and Supplies	Various	135,534
4			Invoices and Expenses	Various	129,380
5			Other	Various	1,547,592
6			Payroll		
7			Annual Incentive Plan	920	1,462
8					
9					
10	Integrus Energy Group, Inc.	Parent Company owns 100% of Michigan Gas Utility Corp.	Labor and Labor Loading	Various	12,161
11			Prepaid Insurance		
12			Invoices and Expenses	Various	66,714
13			Long-term Interest Expense	430	3,809,201
14			ADS Termination Fee		
15			ADS Implementation Fee		
16			Transition Cost and Other	Various	8,504,448
17			Short-Term Borrowings		
18					
19					
20	Upper Peninsula Power Company	In Common Control With	Labor and Labor Loading	Various	151,019
21			Invoices and Expenses	Various	42,224
22			Annual Incentive Plan	920	6,160
23					
24					
25	Minnesota Energy Resources	In Common Control With	Labor and Labor Loading	Various	1,532
26			Correction of incorrectly		
27			Applied Gas Purchase Bill		
28			Invoices and Expenses	Various	10,338
29					
30					
31					
32					
33					
34					
35					

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)**

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.  
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.  
7. In column (j) report the total.  
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
		Various	74,032	845,897	(1)	1
				1,068,432	(1)	2
		Various	377,876	513,410	(1)	3
		Various	205,777	335,157	(4)	4
		Various	36,722	1,584,314	(2)	5
		184	8,842,993	8,842,993	(4)	6
				1,462	(4)	7
			Total	13,191,665		8
						9
				12,161	(1)	10
		165	359,538	359,538	(4)	11
		Various	6,525	73,239	(4)	12
				3,809,201	(4)	13
		920	520,000	520,000	(5)	14
		920	500,000	500,000	(5)	15
		Various	162,220	8,666,668	(4)	16
		131000	62,398,000	62,398,000	(5)	17
			Total	76,338,807		18
						19
				151,019	(1)	20
				42,224	(4)	21
				6,160	(4)	22
			Total	199,403		23
						24
				1,532	(1)	25
		232130	1,006,120	1,006,120	(4)	26
						27
		Various	14,893	25,231	(4)	28
			Total	1,032,883		29
						30
						31
						32
						33
						34
			Total	90,762,758		35

- (1) Fully Loaded Cost
- (2) Market
- (3) Tariff
- (4) Actual Cost
- (5) Contract

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**COMPRESSOR STATIONS**

1. Report below particulars (details) concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Relatively small field compressor stations may be grouped by production areas. Show the number of stations grouped. Designate any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership.

Line No.	Name of Station and Location  (a)	Number of Employees  (b)	Plant Cost  (c)
1	Underground Storage Compressor Stations 4 Total	3	2,924,131
2			
3	Gathering System Compressor Stations 1 Total	0	115,824
4			
5			
6			
7			
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

COMPRESSOR STATIONS (Continued)

if jointly owned. Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote the size of each such unit, and the date each such unit was placed in operation.  
 3. For column (d), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Expenses (Except depreciation and taxes)		Gas for Compressor Fuel Mcf (14.73 psia at 60°F)	Operation Data			Line No.
Fuel or Power	Other		Total Compressor Hours of Operation During Year	No of Compr. Operated at Time of Station Peak	Date of Station Peak	
(d)	(e)	(f)	(g)	(h)	(i)	
215,310	39,938	22,699	3,643			1
-	-	-	-			2
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**GAS STORAGE PROJECTS**

1. Report particulars (details) for total gas storage projects.  
2. Total storage plant (column b) should agree with amounts reported by the respondent in Acct's 350.1 to 364.8 inclusive (pages 206-207).  
3. Give particulars (details) of any gas stored for the benefit of another company under a gas exchange arrangement or on basis of purchase and resale to other company. Designate with an asterisk if other company is an associated company.

Line No.	Item (a)	Total Amount (b)
1	Natural Gas Storage Plant	
2	Land and Land Rights	15,767
3	Structures and Improvements	276,491
4	Storage Wells and Holders	9,073,289
5	Storage Lines	897,299
6	Other Storage Equipment	4,295,349
7	TOTAL (Enter Total of Lines 2 Thru 6)	14,558,195
8	Storage Expenses	
9	Operation	134,393
10	Maintenance	135,712
11	Rents	-
12	TOTAL (Enter Total of Lines 9 Thru 11)	270,105
13	Storage Operations (In Mcf @ 14.65 Psia)	
14	Gas Delivered to Storage	
15	January	-
16	February	-
17	March	-
18	April	219,747
19	May	657,603
20	June	1,282,006
21	July	1,106,920
22	August	925,150
23	September	1,085,955
24	October	508,003
25	November	329,003
26	December	132,344
27	TOTAL (Enter Total of Lines 15 Thru 26)	6,246,731
28	Gas Withdrawn from Storage	
29	January	-
30	February	-
31	March	-
32	April	419,718
33	May	130,430
34	June	55,933
35	July	36,273
36	August	42,588
37	September	134,956
38	October	579,793
39	November	661,467
40	December	1,069,413
41	TOTAL (Enter Total of Lines 29 Thru 40)	3,130,571

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006
GAS STORAGE PROJECTS (Continued)				
Line No.	Item	Total Amount		
	(a)	(b)		
	Storage Operations (In Mcf)			
42	Top or Working Gas End of Year (1)	5,788,894		
43	Cushion Gas (Including Native Gas) (2)	5,188,091		
44	Total Gas in Reservoir (Enter Total of Line 42 and Line 43) (1)	10,976,985		
45	Certificated Storage Capacity (2)	10,080,825		
46	Number of Injection - Withdrawal Wells (2)	14		
47	Number of Observation Wells (2)	6		
48	Maximum Day's Withdrawal from Storage (2)	28,989		
49	Date of Maximum Days' Withdrawal (2)	12/08/06		
50	LNG Terminal Companies (In Mcf)			
51	Number of Tanks			
52	Capacity of Tanks			
53	LNG Volumes			
54	a) Received at "Ship Rail"			
55	b) Transferred to Tanks			
56	c) Withdrawn from Tanks			
57	d) "Boil Off" Vaporization Loss			
58	e) Converted to Mcf at Tailgate of Terminal			

(1) Includes both MGU owned storage fields and gas stored for MGU by Washington 10 Storage Corp., Consumer's Energy Company, and ANR Pipeline Company, all under storage contract.

(2) Includes only MGU owned storage fields.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**DISTRIBUTION AND TRANSMISSION LINES**

1. Report below by States the total miles of pipe lines operated by respondent at end of year.
2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.
3. Report separately any line that was not operated during the past year. Enter in a footnote the particulars (details) and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book cost are contemplated.
4. Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	Total Miles of Pipe (to 0.1) (b)
1	<b>DISTRIBUTION</b>	
2	Benton Harbor <=1"	6.6
3	2"	562.9
4	3"	8.7
5	4"	310.9
6	6"	46.9
7	8"	24.7
8	10"	0.2
9	12"	4.7
10		
11	Grand Haven <=1"	5.2
12	2"	283.9
13	3"	3.5
14	4"	140.5
15	6"	16.6
16	8"	8.9
17	12"	11.0
18		
19	Otsego <=1"	2.3
20	2"	225.5
21	3"	1.5
22	4"	197.0
23	6"	25.7
24	8"	5.3
25	12"	0.1
26		
27	Coldwater & Partello <=1"	1.3
28	2"	363.1
29	3"	5.1
30	4"	256.9
31	6"	26.3
32	8"	61.6
33		
34	Monroe <=1"	5.4
35	2"	462.0
36	3"	10.5
37	4"	349.9
38	6"	93.6
39	8"	23.6
40	10"	10.9
41	12"	2.0
42		
43	All lines are located in the state of Michigan	
44	<b>TOTAL</b>	<b>3,564.9</b>

Name of Respondent Michigan Gas Utilities Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report 39082
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**DISTRIBUTION AND TRANSMISSION LINES**

1. Report below by States the total miles of pipe lines operated by respondent at end of year.
2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.
3. Report separately any line that was not operated during the past year. Enter in a footnote the particulars (details) and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book cost are contemplated.
4. Report the number of miles of pipe to one decimal point.

Line No.	Designation (Identification) of Line or Group of Lines (a)	Total Miles of Pipe (to 0.1) (b)
1	<b>TRANSMISSION</b>	
2	Grand Haven 8"	0.5
3		
4	Otsego 4"	0.0
5	6"	7.7
6	8"	14.2
7		
8	Coldwater 4"	0.1
9	6"	21.3
10	8"	1.8
11	10"	23.6
12		
13	Monroe 10"	18.9
14	12"	33.7
15		
16	Partello <=1"	0.2
17	2"	0.2
18	3"	0.5
19	4"	10.8
20	6"	8.3
21	8"	15.6
22		
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41		
42		
43	All lines are located in the state of Michigan	
44	<b>TOTAL</b>	<b>157.4</b>



Name of Respondent	This Report Is: (1) [ X ] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2007	Year of Report December 31, 2006
Michigan Gas Utilities Corp			

**DISTRIBUTION SYSTEM PEAK DELIVERIES**

1. Report below the total distribution system deliveries of gas, excluding deliveries to storage, for the periods of system peak deliveries indicated below during the calendar year.      2. Report Mcf on a pressure base of 14.73 psia at 60°F.

Line No.	Item (a)	Day/Month (b)	Amount of Mcf (c)	Curtailments on Day/Month Indicated (d)
<b>Section A. Three Highest Days of System Peak Deliveries</b>				
1	Date of Highest Day's Deliveries	12/07/06		
2	Deliveries to Customers Subject to MPSC Rate Schedules		142,264	No
3	Deliveries to Others		45,042	No
4	TOTAL		187,306	No
5	Date of Second Highest Day's Deliveries	12/04/06		
6	Deliveries to Customers Subject to MPSC Rate Schedules		137,083	No
7	Deliveries to Others		43,395	No
8	TOTAL		180,478	No
9	Date of Third Highest Day's Deliveries	12/08/06		
10	Deliveries to Customers Subject to MPSC Rate Schedules		133,658	No
11	Deliveries to Others		42,733	No
12	TOTAL		176,391	No
<b>Section B. Highest Consecutive 3-Day System Peak Deliveries (and Supplies)</b>				
13	Dates of Three Consecutive Days Highest System Peak Deliveries	12/06/06		
		12/07/06		
		12/08/06		
14	Deliveries to Customers Subject to MPSC Rate Schedules		388,542	No
15	Deliveries to Others		127,895	No
16	TOTAL		516,437	No
17	Supplies from Line Pack		0	No
18	Supplies from Underground Storage (Note 1)		82,066	No
19	Supplies from Other Peaking Facilities		0	No
<b>Section C. Highest Month's System Deliveries</b>				
20	Month of Highest Month's System Deliveries	December		
21	Deliveries to Customers Subject to MPSC Rate Schedules		2,779,237	No
22	Deliveries to Others		962,832	No
23	TOTAL		3,742,069	No

Note 1: Line 18 reflects storage volumes delivered at the citygate.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corp		April 30, 2007	December 31, 2006

**AUXILIARY PEAKING FACILITIES**

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.  
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted.  
3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility, Mcf at 14.73 psia at 60°F (c)	Cost of Facility (In dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?	
					Yes (e)	No (f)
1	Partello/Anderson/Mymachod-Calhoun County, MI Cortright/Cambell - Calhoun County, MI Lee 3/3A - Calhoun & Eaton Counties, MI	Underground Storage	15,000 -28000	8,360,253	X	
2						
3						
4		Underground Storage	12,000 - 20,000	1,086,421	X	
5		Underground Storage	17,500 - 30,000	5,213,451	X	
6						
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42						

NOTE: The daily deliverability of MGU owned storage is less than the combined total of the three reservoirs due to pipeline constraints.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2007	December 31, 2006

**SYSTEM MAPS**

1. Furnish 5 copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.

2. Indicate the following information on the maps:

- (a) Transmission lines - colored in red, if they are not otherwise clearly indicated.
- (b) Principal pipeline arteries of gathering systems.
- (c) Sizes of pipe in principal pipelines shown on map.
- (d) Normal directions of gas flow - indicated by arrows.
- (e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.
- (f) Locations of compressor stations, products extraction plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.
- (g) Important main line interconnections with other natural gas companies, indicating in each case whether gas is received or delivered and name of connecting company.
- (h) Principal communities in which respondent renders local distribution service.

3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.

4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

See Page 522A

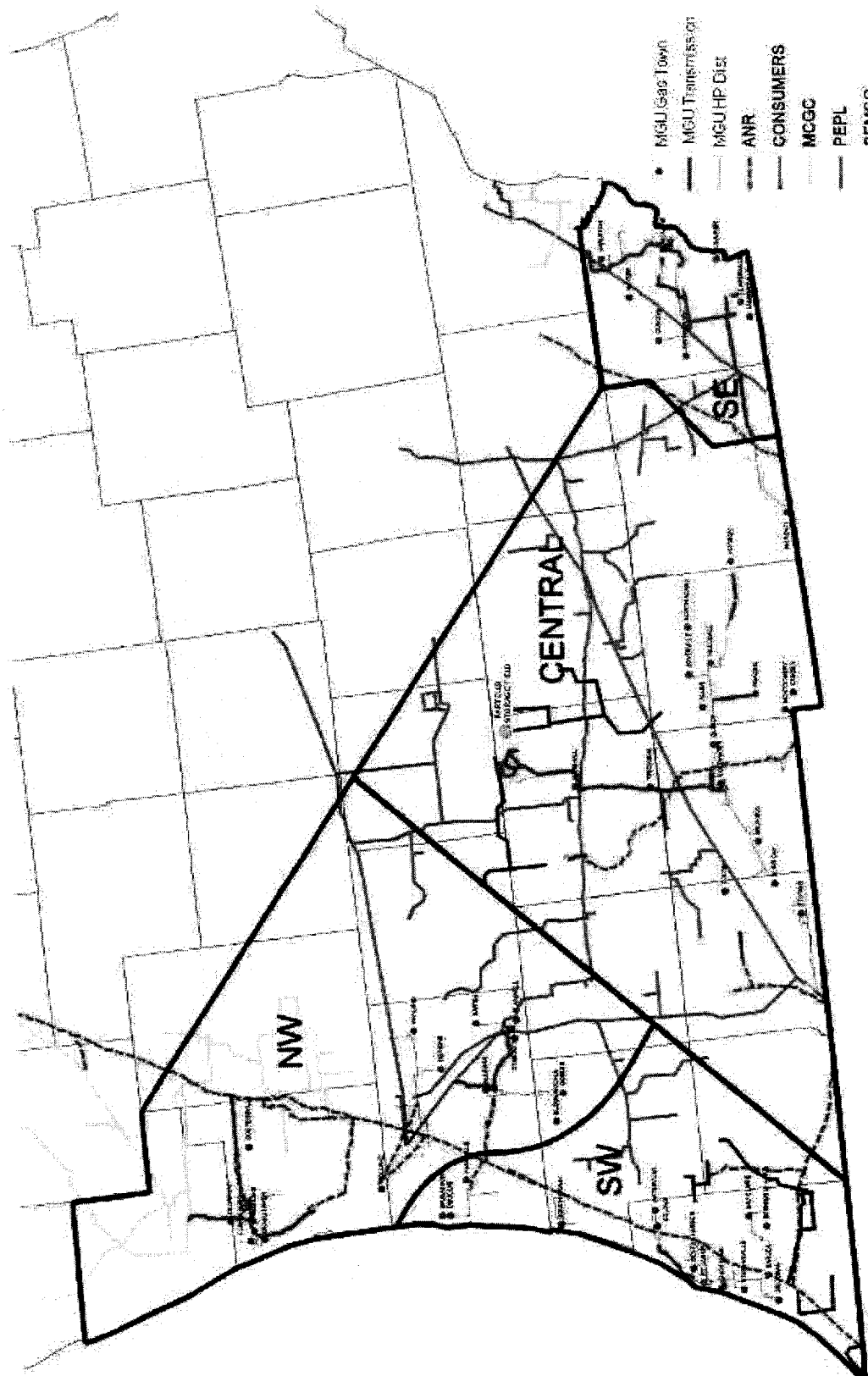
## WARNING

**General:** Michigan Gas Utilities (MGU) is providing information including paper maps and/or electronic files, (the "Information") at your request. MGU **MAKES NO WARRANTIES REGARDING THE INFORMATION, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.** Anyone using the Information assumes sole responsibility for its content and shall, to the fullest extent permitted by law, indemnify, defend, and hold harmless MGU from all claims, damages, losses, and expenses, including costs and attorneys fees, arising out of or resulting from its use. Any user of the Information agrees that the use, copy or duplication of the Information constitutes agreement to the above terms and conditions.

**SPECIFIC:** FACILITY LOCATIONS SHOWN ARE FOR REFERENCE PURPOSES ONLY AND MUST BE FIELD VERIFIED. RECEIPT OF THIS INFORMATION DOES NOT CONFIRM OR DENY THE LOCATION OF ANY UNDERGROUND FACILITY. PURSUANT TO MICHIGAN ACT 53 OF THE PUBLIC ACTS OF 1974, LOCATIONS OF ALL UNDERGROUND FACILITIES MUST BE CONFIRMED BY REQUESTING AN UNDERGROUND LOCATE THROUGH MISSDIG AT (800) 482-7171.



MICHIGAN  
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