

MICHIGAN PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF NATURAL GAS UTILITIES (MAJOR AND NON-MAJOR)

This form is authorized by 1919 PA 419, as amended, authorizes this form being MCL 460.51 et seq.; and 1969 PA 306, as amended, being MCL 24.201 et seq. Filing of this form is mandatory. Failure to complete and submit this form will place you violation of the Acts.

| | |
|--|----------------|
| Report submitted for year ending: January 1, 2012 through December 31, 2012 | |
| Present name of respondent: Michigan Gas Utilities Corporation | |
| Address of principal place of business: 899 South Telegraph Road, Monroe, MI 48161 | |
| Utility representative to whom inquires regarding this report may be directed: | |
| Name: | Barbara Nick |
| Title: | President |
| Address: 899 South Telegraph Road | |
| City: | Monroe |
| State: | MI |
| Zip: | 48161 |
| Telephone, Including Area Code: | (734) 457-6156 |
| If the utility name has been changed during the past year: | |
| Prior Name: | |
| Date of Change: | |
| Two copies of the published annual report to stockholders: | |
| <input type="checkbox"/> |] |
| <input checked="" type="checkbox"/> | X] |
| were forwarded to the Commission | |
| will be forwarded to the Commission | |
| on or about April 30, 2013 | |
| Annual reports to stockholders: | |
| <input checked="" type="checkbox"/> | X] |
| <input type="checkbox"/> |]] |
| are published | |
| are not published | |

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Heather Cantin) at
(517) 241-0967 or cantinh@michigan.gov OR forward correspondence to:

DLARA/MPSC
Financial Analysis & Audit Division (Heather Cantin)
4300 W. Sagnia Hwy
Lansing, MI 48917

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Michigan Gas Utilities Corporation:

We have audited the balance sheet – regulatory basis of Michigan Gas Utilities Corporation (the “Company”) as of December 31, 2012, and the related statements of income – regulatory basis, retained earnings – regulatory basis, and cash flows – regulatory basis for the year ended December 31, 2012, included on pages 110[M] through 123 of the accompanying Michigan Public Service Commission Form P-522, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Michigan Gas Utilities Corporation as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Basis of Accounting

As discussed in Note A to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restricted Use

This report is intended solely for the information and use of the board of directors and management of the Company and for filing with the Michigan Public Service Commission and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 30, 2013

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 3 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 years immediately preceding the 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 (Financial Analysis & Audit Division)
Financial Analysis and Customer Choice Section
4300 W. Saginaw Hwy.
Lansing, MI 48917

Retain one copy of this report for your files. Also submit the electronic version of this record to Heather Cantin at the address below or to cantinh@michigan.gov

(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 (Financial Analysis & Audit Division)
Financial Analysis and Customer Choice Section
4300 W. Saginaw Hwy
Lansing, MI 48917

(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 the 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 (Financial Analysis & Audit Division)
Financial Analysis and Customer Choice Section
4300 W. Saginaw Hwy.
Lansing, MI 48917

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, 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 or 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 (Financial Analysis & Audit Division)
Financial Analysis and Customer Choice Section
4300 W. Saginaw Hwy
Lansing, MI 48917
- 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 of 60° F.
- XIII.** Respondents may submit computer printed schedules (reduced to 8 1/2 x 11 inch size) instead of preprinted schedules if they are in substantially the same format.

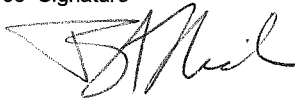
DEFINITIONS

- 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. ²) 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.)

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

MPSC FORM P-522

ANNUAL REPORT OF NATURAL GAS COMPANIES (Major and Nonmajor)

| IDENTIFICATION | | |
|---|--|---|
| 01 Exact Legal Name of Respondent Michigan Gas Utilities Corporation | | 02 Year of Report December 31, 2012 |
| 03 Previous Name and Date of Change (if name changed during year) | | |
| 04 Address of Principal Business Office at End of Year (Street, City, State, Zip) 899 South Telegraph Road, Monroe, Michigan 48161 | | |
| 05 Name of Contact Person Barbara A. Nick | 06 Title of Contact Person President | |
| 07 Address of Contact Person (Street, City, State, Zip) 899 South Telegraph Road, Monroe, Michigan 48161 | | |
| 08 Telephone of Contact Person, Including Area Code: (734) 457-6115 | 09 This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | 10 Date of Report (Mo, Da, Yr) April 30, 2013 |
| ATTESTATION | | |
| The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including April 1 and including December 31 of the year of the report. | | |
| 01 Name Barbara A. Nick | 03 Signature  | 04 Date Signed (Mo, Da, Yr) April 2, 2013 |
| 02 Title President | | |

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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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| 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) | |
| GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS | | | |
| 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 | Page 116 - None | |
| Statement of Retained Earnings for the Year | M 118-119 | | |
| Statement of Cash Flows | 120-121 | | |
| Notes to Financial Statements | 122-123 | | |
| BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits) | | | |
| 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 | | |
| 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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|--|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| LIST OF SCHEDULES (Natural Gas Utility) (Continued) | | | |
| Title of Schedule | Reference Page No. | Remarks | |
| (a) | (b) | (c) | |
| BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) | | | |
| 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 | See MPSC Form P-522, Page 261 | |
| Calculation of Federal Income Tax | M 261 C-D | See MPSC Form P-522, Page 261 | |
| 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 | | |
| 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 | | |
| INCOME ACCOUNT SUPPORTING SCHEDULES | | | |
| 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 | | |
| 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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|--|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| LIST OF SCHEDULES (Natural Gas Utility) (Continued) | | | |
| Title of Schedule | Reference Page No. | Remarks | |
| (a) | (b) | (c) | |
| COMMON SECTION | | | |
| Regulatory Commission Expenses | 350-351 | None | |
| Research, Development and Demonstration Activities | 352-353 | | |
| 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 | None | |
| Gas and Oil Wells | 510 | | |
| Gas Storage Projects | M 512-513 | | |
| Distribution and Transmission Lines | M 514 | None | |
| Liquefied Petroleum Gas Operations | 516-517 | | |
| 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 | None | |
| Operating Loss Carryforward | 117 C | | |
| Notes & Accounts Receivable Summary for Balance Sheet | 228 A | | |
| Accumulated Provision for Uncollectible Accounts - Credit | 228 A | | |
| Receivables From Associated Companies | 228 B | None | |
| Materials and Supplies | 228 C | | |
| Notes Payable | 260 A | | |
| 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 | None | |
| Common Utility Plant and Expenses | 356 | | |
| Summary of Costs Billed to Associated Companies | 358-359 | | |
| Summary of Costs Billed from Associated Companies | 360-361 | | |

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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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| GENERAL INFORMATION | | | |
| <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>Linda Kallas, Vice President - Corporate Controller Integrus Energy Group, Inc. 700 North Adams Street Green Bay, WI 54307</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>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>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: _____</p> <p>(2) <input checked="" type="checkbox"/> No</p> | | | |

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| Michigan Gas Utilities Corporation | | | |
| 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> | | | |
| <p>Michigan Gas Utilities Corporation is a wholly-owned subsidiary of Integrys Energy Group, Inc.</p> <p>The 2012 Annual Report and Form 10-K of Integrys Energy Group, Inc. are included.</p> | | | |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|---|--|--|--------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| OFFICERS | | | | |
| <p>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.</p> <p>2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change incumbency was made.</p> <p>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.</p> | | | | |
| Line No. | Title (a) | Name of Officer (b) | Salary for Year* (c) | |
| 1 | Chief Executive Officer | L T BORGARD | \$ 2,825,724 | |
| 2 | President | B A NICK | 827,707 | |
| 3 | Vice President | C F HAUSKA | 268,698 | |
| 4 | Vice President-External Affairs | J F SCHOTT | 582,654 | |
| 5 | Secretary | J J CARO | 489,345 | |
| 6 | Treasurer | W J GUC | 433,377 | |
| 7 | Assistant Secretary | D E ALLEN | 269,761 | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | *Included in 'Salary for Year' is Base Wages and other compensation. | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | *Note: Salary for the year includes elective deferred compensation, FASB ASC Topic 718 stock compensation, above market earnings compensation, incentives, and company contributions under the Employee Stock Ownership Plan and Trust. Balances reported agree with amount in the Proxy and Form 10-K, if applicable. | | | |
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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, 2013 | Year of Report December 31, 2012 |
|--|---|--|-------------------------------------|
| Michigan Gas Utilities Corporation | | | |
| DIRECTORS | | | |
| <p>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.</p> <p>2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.</p> | | | |
| 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 | 130 East Randolph Street Chicago, IL 60601 | 6 | \$ - |
| 2 Mary J. Boettcher - Vice President - Customer Relations | 130 East Randolph Street Chicago, IL 60601 | 5 | - |
| 3 Charles A. Cloninger - President* | 899 South Telegraph Road Monroe, MI 48161 | 1 | - |
| 4 William J. Guc - Treasurer | 700 North Adams Street Green Bay, WI 54301 | 7 | - |
| 5 Barbara A. Nick - President** | 700 North Adams Street Green Bay, WI 54301 | 6 | - |
| 6 James F. Schott - Vice President Regulatory Affairs | 700 North Adams Street Green Bay, WI 54301 | 7 | - |
| 6 Charles A. Schrock - President & Chief Executive Officer | 130 East Randolph Street Chicago, IL 60601 | 7 | - |
| <p><u>Footnote Data</u></p> <p>*Removed from the board of directors on February 19, 2012</p> <p>**Added to the board of directors on February 19, 2012</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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| SECURITY HOLDERS AND VOTING POWERS | | | |
| <p>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.</p> <p>Integrus Energy Group, Inc. 130 East Randolph Street Chicago, IL 60601</p> | | | |
| <p>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</p> <p>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</p> <p>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</p> <p>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</p> | | | |
| <p>1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:</p> <p>Stock books are not closed prior to the end of the year.</p> | | | |
| <p>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:</p> <p>Total: 100</p> <p>By Proxy: 0</p> <p style="text-align: right;">Meeting conducted by unanimous consent of the sole shareholder, Integrus Energy Group, Inc., on May 8, 2012.</p> | | | |
| <p>3. Give the date and place of such meeting:</p> <p>Directors were elected May 8, 2012, via unanimous consent of the sole shareholder, Integrus Energy Group, Inc., in lieu of an Annual Meeting.</p> | | | |

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|--|--|--|---------------------|---------------------------|--------------|-------------------|--|
| Name of Respondent | | This Report Is: | | Date of Report | | Year of Report | |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | April 30, 2013 | | December 31, 2012 | |
| 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 | | | | |
| | Integrus Energy Group, Inc. | | 100 | | | | |
| 7 | 130 East Randolph Street | | | | | | |
| 8 | Chicago, IL 60601 | | | | | | |
| 9 | | | | | | | |
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| # RESPONSE/NOTES TO INSTRUCTION # 2 Not Applicable. 3 Not Applicable. 4 Not Applicable. | | | | | | | |

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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, 2013 | Year of Report December 31, 2012 |
| IMPORTANT CHANGES DURING THE YEAR | | | |
| <p>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.</p> | | | |
| <p>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.</p> <p>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 to Commission authorization.</p> <p>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 System of Accounts were submitted to the Commission.</p> <p>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 lease and give reference to such authorization.</p> <p>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 of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.</p> <p>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 obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.</p> <p>7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.</p> <p>8. State the estimated annual effect and nature of any important wage scale changes during the year.</p> <p>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.</p> <p>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 persons was a party or in which any such person had a material interest.</p> <p>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.</p> <p>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 page.</p> | | | |
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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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| IMPORTANT CHANGES DURING THE YEAR | | | |
| <p>1. None.</p> <p>2. None.</p> <p>3. None.</p> <p>4. Michigan Gas Utilities Corporation ("MGUC") had no material leases as of December 31, 2012.</p> <p>5. MGUC had no new major source of gas made available to it during 2012.</p> <p>6. None.</p> <p>7. None.</p> <p>8. MGUC's general wage increase and market wage data adjustments for non-union exempt and non-exempt employees was 3.0%, effective February 19, 2012, with an annual impact of \$120.5K. MGUC's general wage increase for union employees represented by The Utility Workers Union, Local 417 was 4.25% (a), effective February 4, 2012, with an annual impact of \$70.5K. MGUC's general wage increase for union members represented by The United Steaelworkers, Local 12295 was 3.0%, effective January 7, 2012, with an annual impact of \$133K.</p> <p style="padding-left: 40px;">(a) General wage increase of 4.25% incorporated a 1.25% increase for elimination of the annual Employee Stock Option Plan contribution.</p> <p>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.</p> <p>10. None.</p> <p>11. None.</p> <p>12. None.</p> | | | |

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|------------------------------------|--|--------------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report (Month, Day, Year) | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 |

| COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) | | | | |
|---|---|----------------------|-------------------------------------|-------------------------------|
| Line No. | Title of Account (a) | Ref. Page No. (b) | Balance at Beginning of Year (c) | Balance at End of Year (d) |
| 1 | UTILITY PLANT | | | |
| 2 | Utility Plant (101-106, 114, 118) | 200-201 | \$302,890,661 | 315,033,515 |
| 3 | Construction Work in Progress (107) | 200-201 | 3,207,447 | 5,086,345 |
| 4 | TOTAL Utility Plant (Enter Total of lines 2 and 3) | | 306,098,108 | 320,119,860 |
| 5 | (Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115, 119) | | 168,472,674 | 174,948,414 |
| 6 | Net Utility Plant (Enter Total of line 4 less 5) | | 137,625,434 | 145,171,446 |
| 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) | | 137,625,434 | 145,171,446 |
| 11 | Utility Plant Adjustments (116) | 122-123 | 0 | 0 |
| 12 | Gas Stored-Base Gas (117.1) | 220 | 3,601,761 | 3,601,761 |
| 13 | System Balancing Gas (117.2) | 220 | 0 | 0 |
| 14 | Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3) | 220 | 0 | 0 |
| 15 | Gas Owed to System Gas (117.4) | 220 | 0 | 0 |
| 16 | OTHER PROPERTY AND INVESTMENTS | | | |
| 17 | Nonutility Property (121) | 221 | 0 | 0 |
| 18 | (Less) Accum. Prov. for Depr. and Amort. (122) | 221 | 0 | 0 |
| 19 | Investments in Associated Companies (123) | 222-223 | 0 | 0 |
| 20 | Investments in Subsidiary Companies (123.1) | 224-225 | 0 | 0 |
| 21 | (For cost of Account 123.1 See Footnote Page 224, line 42) | | | |
| 22 | Noncurrent Portion of Allowances | --- | 0 | 0 |
| 23 | Other Investments (124) | 222-223,229 | 0 | 0 |
| 24 | Sinking Funds (125) | | 0 | 0 |
| 25 | Depreciation Fund (126) | | 0 | 0 |
| 26 | Amortization Fund - Federal (127) | | 0 | 0 |
| 27 | Other Funds (128) | | 0 | 0 |
| 28 | TOTAL Other Property and Investments (Total of lines 17 thru 27) | | 0 | 0 |
| 29 | CURRENT AND ACCRUED ASSETS | | | |
| 30 | Cash (131) | --- | \$636,111 | 821,018 |
| 31 | Special Deposits (132-134) | --- | 46,231 | 365,419 |
| 32 | Working Fund (135) | --- | 2,000 | 2,000 |
| 33 | Temporary Cash Investments (136) | 222-223 | 1,200,000 | 750,000 |
| 34 | Notes Receivable (141) | 228A | 10 | 0 |
| 35 | Customer Accounts Receivable (142) | 228A | 17,344,036 | 15,267,691 |
| 36 | Other Accounts Receivable (143) | 228A | 331,142 | 600,558 |
| 37 | (Less) Accum. Prov. for Uncoll. Acct.-Credit (144) | 228A | 1,773,877 | 1,235,876 |
| 38 | Notes Receivable from Associated Companies (145) | 228B | 0 | 0 |
| 39 | Accounts Receivable from Associated Companies (146) | 228B | 41,853 | 33,583 |
| 40 | Fuel Stock (151) | 228C | 0 | 0 |
| 41 | Fuel Stock Expenses Undistributed (152) | 228C | 0 | 0 |
| 42 | Residuals (Elec) and Extracted Products (153) | 228C | 0 | 0 |
| 43 | Plant Materials and Operating Supplies (154) | 228C | 407,130 | 475,637 |
| 44 | Merchandise (155) | 228C | 0 | 0 |
| 45 | Other Materials and Supplies (156) | 228C | 0 | 0 |
| 46 | Nuclear Material Held for Sale (157) | 228C | 0 | 0 |

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|---|--|--------------------------|-------------------------------------|-------------------------------|-------------------|
| Name of Respondent | | This Report Is: | | Date of Report | Year of Report |
| | | (1) [X] An Original | | (Month, Day, Year) | |
| Michigan Gas Utilities Corporation | | (2) [] A Resubmission | | April 30, 2013 | December 31, 2012 |
| 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) | |
| 47 | Allowances (158.1 and 158.2) | --- | 0 | 0 | |
| 48 | (Less) Noncurrent Portion of Allowances | --- | 0 | 0 | |
| 49 | Stores Expense Undistributed (163) | 227C | 5,991 | 19,610 | |
| 50 | Gas Stored Underground-Current (164.1) | 220 | 22,806,408 | 16,382,884 | |
| 51 | Liquefied Natural Gas Stored and Held for Processing (164..2-164.3) | 220 | 0 | 0 | |
| 52 | Prepayments (165) | 226,230 | 1,954,819 | 481,750 | |
| 53 | Advances for Gas (166-167) | 229 | 0 | 0 | |
| 54 | Interest and Dividends Receivable (171) | --- | 7 | 2 | |
| 55 | Rents receivable (172) | --- | 0 | 0 | |
| 56 | Accrued Utility Revenues (173) | --- | 14,672,621 | 10,998,407 | |
| 57 | Miscellaneous Current and Accrued Assets (174) | --- | 42,162 | 7,146,415 | |
| 58 | Derivative Instrument Assets (175) | | 430,724 | 28,723 | |
| 59 | (Less) LT Portion of Derivative Instrument Assets (175) | | 0 | 0 | |
| 60 | Derivative Instrument Assets - Hedges (176) | | 0 | 0 | |
| 61 | (Less) LT Portion of Derivative Instrument Assets - Hedges (176) | | 0 | 0 | |
| 62 | TOTAL Current and Accrued Assets (Enter Total of lines 30 thru 62) | | 58,147,368 | 52,137,821 | |
| 63 | DEFERRED DEBITS | | | | |
| 64 | Unamortized Debt Expenses (181) | --- | \$0 | 0 | |
| 65 | Extraordinary Property Losses (182.1) | 230 | 0 | 0 | |
| 66 | Unrecovered Plant & Regulatory Study Costs (182.2) | 230 | 0 | 0 | |
| 67 | Other Regulatory Assets (182.3) | 232 | 49,763,930 | 49,787,291 | |
| 68 | Prelim. Survey & Invest. Charges (Electric) (183) | --- | 0 | 0 | |
| 69 | Prelim. Survey & Invest. Charges (Gas) (183.1, 183.2) | 231 | 0 | 0 | |
| 70 | Clearing Accounts (184) | --- | 0 | 0 | |
| 71 | Temporary Facilities | --- | 0 | 0 | |
| 72 | Miscellaneous Deferred Debits (186) | 233 | 64,818,845 | 64,178,336 | |
| 73 | Def. Losses from Disposition of Utility Plant (187) | --- | 0 | 0 | |
| 74 | Research, Devel. and Demonstration Expend. (188) | 352-353 | 0 | 0 | |
| 75 | Unamortized Loss on Reacquired Debt (189) | --- | 0 | 0 | |
| 76 | Accumulated Deferred Income Taxes (190) | 234-235 | 34,160,468 | 30,942,396 | |
| 77 | Unrecovered Purchased Gas Costs (191) | --- | 0 | 0 | |
| 78 | TOTAL Deferred Debits (Enter Total of lines 64 thru 77) | | 148,743,243 | 144,908,023 | |
| 79 | TOTAL Assets and Other Debits (Enter Total of lines 10 - 15, 28, 62 and 78) | | 348,117,806 | 345,819,051 | |

| | | | |
|------------------------------------|--|--------------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Month, Day, Year) April 30, 2013 | December 31, 2012 |

| COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) | | | | |
|---|---|----------------------|-------------------------------------|-------------------------------|
| Line No. | Title of Account (a) | Ref. Page No. (b) | Balance at Beginning of Year (c) | Balance at End of Year (d) |
| 1 | PROPRIETARY CAPITAL | | | |
| 2 | Common Stock Issued (201) | 250-251 | \$100 | 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 | 176,607,110 | 168,715,930 |
| 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 | (30,483,764) | (25,347,379) |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | 0 | 0 |
| 13 | (Less) Reacquired Capital Stock (217) | 250-251 | 0 | 0 |
| 14 | Accumulated Other Comprehensive Income (219) | 117 | 0 | 0 |
| 15 | TOTAL Proprietary Capital (Enter Total of lines 2 thru 14) | | 146,123,446 | 143,368,651 |
| 16 | LONG-TERM DEBT | | | |
| 17 | Bonds (221) | 256-257 | \$0 | 0 |
| 18 | (Less) Reacquired Bonds (222) | 256-257 | 0 | 0 |
| 19 | Advances from Associated Companies (223) | 256-257 | 84,000,000 | 56,000,000 |
| 20 | Other Long-Term Debt (224) | 256-257 | 0 | 0 |
| 21 | Unamortized Premium on Long-Term Debt (225) | 258-259 | 0 | 0 |
| 22 | (Less) Unamortized Discount on Long-Term Debt-Debit (226) | 258-259 | 0 | 0 |
| 23 | (Less) Current Portion of Long-Term Debt | | | |
| 24 | TOTAL Long-Term Debt (Enter Total of lines 17 thru 23) | | 84,000,000 | 56,000,000 |
| 25 | OTHER NONCURRENT LIABILITIES | | | |
| 26 | Obligations Under Capital Leases-Noncurrent (227) | --- | \$0 | 0 |
| 27 | Accumulated Prov. for Property Insurance (228.1) | --- | 0 | 0 |
| 28 | Accumulated Prov. for Injuries and Damages (228.2) | --- | 11,197 | 17,717 |
| 29 | Accumulated Prov. for Pensions and Benefits (228.3) | --- | 23,320,475 | 18,898,521 |
| 30 | Accumulated Misc. Operating Provisions (228.4) | --- | 0 | 0 |
| 31 | Accumulated Provision for Rate Refunds (229) | --- | 0 | 0 |
| 32 | Long-Term Portion of Derivative Instrument Liabilities | | 0 | 0 |
| 33 | Long-Term Portion of Derivative Instrument Liabilities - Hedges | | 0 | 0 |
| 34 | Asset Retirement Obligations (230) | | 1,607,282 | 1,567,193 |
| 35 | TOTAL Other Noncurrent Liabilities (Enter Total of lines 26 thru 34) | | 24,938,954 | 20,483,431 |
| 36 | CURRENT AND ACCRUED LIABILITIES | | | |
| 37 | Current Portion of Long-Term Debt | | | |
| 38 | Notes Payable (231) | 260A | \$0 | 0 |
| 39 | Accounts Payable (232) | --- | 19,997,257 | 19,417,902 |
| 40 | Notes Payable to Associated Companies (233) | 260A | 0 | 28,000,000 |
| 41 | Accounts Payable to Associated Companies (234) | 260A | 2,876,874 | 2,630,594 |
| 42 | Customer Deposits (235) | --- | 275,298 | 254,622 |
| 43 | Taxes Accrued (236) | 262-263 | 1,572,817 | 5,057,520 |
| 44 | Interest Accrued (237) | --- | 8,886 | 20,459 |
| 45 | Dividends Declared (238) | --- | 0 | 0 |
| 46 | Matured Long-Term Debt (239) | --- | 0 | 0 |

| | | | |
|------------------------------------|--|--------------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report (Month, Day, Year) | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 |

| 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) |
| 47 | Matured Interest (240) | | 0 | 0 |
| 48 | Tax Collections Payable (241) | | 0 | 0 |
| 49 | Misc. Current and Accrued Liabilities (242) | | 5,196,220 | 1,929,810 |
| 50 | Obligations Under Capital Leases-Current (243) | | 0 | 0 |
| 51 | Derivative Instrument Liabilities (244) | | 29,780 | 150,120 |
| 52 | (Less) LT Portion of Derivative Instrument Liabilities | | 0 | 0 |
| 53 | Derivative Instrument Liabilities - Hedges (245) | | 0 | 0 |
| 54 | (Less) LT Portion of Derivative Instrument Liabilities - Hedges | | 0 | 0 |
| 55 | Federal Income Taxes Accrued for Prior Years (246) | | 0 | 0 |
| 56 | State and Local Taxes Accrued for Prior Years (246.1) | | 0 | 0 |
| 57 | Federal Income Taxes Accrued for Prior Years - Adjustments (247) | | 0 | 0 |
| 58 | State and Local Taxes Accrued for Prior Years - Adjustments (247.1) | | 0 | 0 |
| 59 | TOTAL Current and Accrued Liabilities (Enter total of lines 37 thru 58) | | 29,957,133 | 57,461,027 |
| 60 | DEFERRED CREDITS | | | |
| 61 | Customer Advances for Construction (252) | | \$0 | 0 |
| 62 | Accumulated Deferred Investment Tax Credits (255) | | 594,399 | 603,881 |
| 63 | Deferred Gains from Disposition of Utility Plt. (256) | | 0 | 0 |
| 64 | Other Deferred Credits (253) | | 20,642,281 | 20,660,862 |
| 65 | Other Regulatory Liabilities (254) | | 1,163,319 | 1,076,162 |
| 66 | Unamortized Gain on Reacquired Debt (257) | | 0 | 0 |
| 67 | Accumulated Deferred Income Taxes - Accelerated Amortization (281) | | 0 | 0 |
| 68 | Accumulated Deferred Income Taxes - Other Property (282) | | 22,218,094 | 25,250,336 |
| 69 | Accumulated Deferred Income Taxes - Other (283) | | 18,480,180 | 20,914,701 |
| 70 | TOTAL Deferred Credits (Enter Total of lines 61 thru 69) | | 63,098,273 | 68,505,942 |
| 71 | TOTAL Liabilities and Other Credits (Enter total of lines 15, 24, 35, 59 and 70) | | 348,117,806 | 345,819,051 |

| | | | |
|------------------------------------|--|--------------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report (Month, Day, Year) | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 |

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, *Revenue 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 02 thru 24 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's 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 | |
|----------|---|---------------------------|---------------------|----------------------|
| | | | Current Year (c) | Previous Year (d) |
| 1 | UTILITY OPERATING INCOME | | | |
| 2 | Gas Operating Revenues (400) | 300-301 | 126,281,255 | 161,521,754 |
| 3 | Operating Expenses | | | |
| 4 | Operation Expenses (401) | 320-325 | 98,880,424 | 130,172,353 |
| 5 | Maintenance Expenses (402) | 320-325 | 1,915,958 | 2,089,593 |
| 6 | Depreciation Expenses (403) | 336-338 | 8,088,631 | 7,862,265 |
| 7 | Depreciation Expense for Asset Retirement Costs (403.1) | | 0 | 0 |
| 8 | Amort. & Depl. Of Utility Plant (404-405) | 336-338 | 26,744 | 60,704 |
| 9 | Amort. Of Utility Plant Acq. Adj. (406) | 336-338 | 0 | 0 |
| 10 | Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1) | | 0 | 0 |
| 11 | Amort. Of Conversion Expenses (407.2) | | 0 | 0 |
| 12 | Regulatory Debits (407.3) | | 0 | 0 |
| 13 | (Less) Regulatory Credits (407.4) | | 0 | 0 |
| 14 | Taxes Other Than Income Taxes (408.1) | 262-263 | 4,263,950 | 4,235,659 |
| 15 | Income Taxes - Federal (409.1) | 262-263 | (1,685,133) | 1,840,873 |
| 16 | Income Taxes - Other (409.1) | 262-263 | (256,601) | 1,199,484 |
| 17 | Provision for Deferred Income Taxes (410.1) | 234,272-277 | 13,040,056 | 19,438,724 |
| 18 | (Less) Provision for Deferred Income Taxes Cr. (411.1) | 234,272-277 | 8,188,419 | 17,599,246 |
| 19 | Investment Tax Credit Adj. - Net (411.4) | 266 | 9,482 | (22,330) |
| 20 | (Less) Gains from Disp. Of Utility Plant (411.6) | | 0 | 0 |
| 21 | Losses from Disp. Of Utility Plant (411.7) | | 0 | 0 |
| 22 | (Less) Gains from Disposition of Allowances (411.8) | | 0 | 0 |
| 23 | Losses from Disposition of Allowances (411.9) | | 0 | 0 |
| 24 | Accretion Expense (411.10) | | 0 | 0 |
| 25 | TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24) | | 116,095,092 | 149,278,080 |
| 26 | Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27) | | 10,186,163 | 12,243,674 |

| | | | |
|------------------------------------|---|--|-------------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 30, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |

STATEMENT OF INCOME FOR THE YEAR (Continued)

resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expenses 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 use 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) | Current Year (e) | Previous Year (f) | Current Year (e) | Previous Year (f) | |
| | | | | | | 1 |
| | | 126,281,255 | 161,521,754 | | | 2 |
| | | | | | | 3 |
| | | 98,880,424 | 130,173,198 | | (845) | 4 |
| | | 1,915,958 | 2,089,593 | | | 5 |
| | | 8,088,631 | 7,862,265 | | | 6 |
| | | 0 | 0 | | | 7 |
| | | 26,744 | 60,704 | | | 8 |
| | | 0 | 0 | | | 9 |
| | | 0 | 0 | | | 10 |
| | | 0 | 0 | | | 11 |
| | | 0 | 0 | | | 12 |
| | | 0 | 0 | | | 13 |
| | | 4,263,950 | 4,235,642 | | 17 | 14 |
| | | (1,685,133) | 1,840,873 | | | 15 |
| | | (256,601) | 1,199,484 | | | 16 |
| | | 13,040,056 | 19,438,724 | | | 17 |
| | | 8,188,419 | 17,599,246 | | | 18 |
| | | 9,482 | (22,330) | | | 19 |
| | | 0 | 0 | | | 20 |
| | | 0 | 0 | | | 21 |
| | | 0 | 0 | | | 22 |
| | | 0 | 0 | | | 23 |
| | | 0 | 0 | | | 24 |
| 0 | 0 | 116,095,092 | 149,278,908 | 0 | (828) | 25 |
| 0 | 0 | 10,186,163 | 12,242,846 | 0 | 828 | 26 |

| | | | | |
|------------------------------------|--|--|--------------------------------------|-------------------|
| Name of Respondent | | This Report Is: | Date of Report (Month, Day, Year) | Year of Report |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 |

| STATEMENT OF INCOME PER THE YEAR (Continued) | | | | |
|--|--|---------------------------|---------------------|----------------------|
| Line No. | Account (a) | (Ref.) Page No. (b) | TOTAL | |
| | | | Current Year (c) | Previous Year (d) |
| 27 | Net Utility Operating Income (Carried forward from Page 114) | - | 10,186,163 | 12,243,674 |
| 28 | Other Income and Deductions | | | |
| 29 | Other Income | | | |
| 30 | Nonutility Operating Income | | | |
| 31 | Revenue From Merchandising, Jobbing and Contract Work (415) | | 69,488 | 48,457 |
| 32 | (Less Costs and Exp. Of Merchandising, Job & Contract Work (416) | | 0 | 0 |
| 33 | Revenue From Non Utility Operations (417) | | 2,408 | 3,274 |
| 34 | (Less) Expenses of Nonutility Operations (417.1) | | (32,370) | (32,381) |
| 35 | Nonoperating Rental Income (418) | | 0 | 0 |
| 36 | Equity in Earnings of Subsidiary Companies (418.1) | 119 | 0 | 0 |
| 37 | Interest and Dividend Income (419) | | 14,000 | 20,928 |
| 38 | Allowance for Other Funds Used During Construction (419.1) | | (13,893) | 31,154 |
| 39 | Miscellaneous Nonoperating Income (421) | | 39,332 | 1,902 |
| 40 | Gain on Disposition of Property (421.1) | | 0 | (4,748) |
| 41 | TOTAL Other Income (Enter Total of lines 31 thru 40) | | 78,965 | 68,586 |
| 42 | Other Income Deductions | | | |
| 43 | Loss on Disposition of Property (421.2) | | 0 | 0 |
| 44 | Miscellaneous Amortization (425) | 340 | 0 | 0 |
| 45 | Donations (426.1) | 340 | 11,442 | 11,273 |
| 46 | Life Insurance (426.2) | | 0 | 0 |
| 47 | Penalties (426.3) | | 0 | 1,740 |
| 48 | Expenditures for Certain Civic, Polititcal, and Related Activities (426.4) | | 22,181 | 14,681 |
| 49 | Other Deductions (426.5) | | 2,010 | 5,162 |
| 50 | TOTAL Other Income Deductions (Total of lines 43 thru 49) | | 35,633 | 32,856 |
| 51 | Taxes Applic. To Other Income and Deductions | | | |
| 52 | Taxes Other Than Income Taxes (408.2) | 262-263 | 125 | 125 |
| 53 | Income Taxes -- Federal (409.2) | 262-263 | (3,135,068) | (3,645,081) |
| 54 | Income Taxes -- Other (409.2) | 262-263 | (662,259) | (656,724) |
| 55 | Provision for Deferred Inc. Taxes (410.2) | 234,272-277 | 6,204,078 | 8,409,550 |
| 56 | (Less) Provision for Deferred Income Taxes --Cr. (411.2) | 234,272-277 | 2,389,573 | 4,844,135 |
| 57 | Investment Tax Credit Adj. -- Net (411.5) | | 0 | 0 |
| 58 | (Less) Investment Tax Credits (420) | | 0 | 0 |
| 59 | TOTAL Taxes on Other Inc. and Ded. (Total of 52 thru 58) | | 17,303 | (736,265) |
| 60 | Net Other Income and Deductions (Enter Total of lines 41, 50, 59) | | 26,029 | 771,995 |
| 61 | Interest Charges | | | |
| 62 | Interest on Long-Term Debt (427) | | 0 | 0 |
| 63 | Amort. Of Debt Disc. And Expenses (428) | 258-259 | 0 | 0 |
| 64 | Amortization of Loss on Reacquired Debt (426.1) | | 0 | 0 |
| 65 | (Less) Amort. Of Premium on Debt-Credit (429) | 258-259 | 0 | 0 |
| 66 | (Less) Amortization of Gain on Reacquired Debt-Credit (429.1) | | 0 | 0 |
| 67 | Interest on Debt to Assoc. Companies (430) | 340 | 5,172,921 | 5,258,401 |
| 68 | Other Interest Expenses (431) | 340 | (99,112) | 344,247 |
| 69 | (Less) Allowance for Borrowed Funds Used During Construction-Cr.(432) | | 3,993 | (8,955) |
| 70 | Net Interest Charges (Enter Total of lines 62 thru 69) | | 5,077,802 | 5,593,693 |
| 71 | Income Before Extraordinary items (Enter Total of lines 27, 60 and 70) | | 5,134,390 | 7,421,976 |
| 72 | Extraordinary Items | | | |
| 73 | Extraordinary Income (434) | | 0 | 0 |
| 74 | (Less) Extraordinary Deductions (435) | | 0 | 0 |
| 75 | Net Extraordinary Items (Enter Total of line 73 less line 74) | | 0 | 0 |
| 76 | Income Taxes--Federal and Other (409.3) | 262-263 | 0 | 0 |
| 77 | Extraordinary Items After Taxes (Enter Total of line 75 less line 76) | | 0 | 0 |
| 78 | Net Income (Enter Total of Lines 71 and 77) | | 5,134,390 | 7,421,976 |

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| | | | | |
|---|--|---|--------------------------------|-------------------|
| Name of Respondent | | This Report is: | Date of Report: | Year of Report |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| 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 | | 3,572,561 | |
| 3 | Account 281 | | | |
| 4 | Account 282 | | 4,864,782 | |
| 5 | Account 283 | | 4,602,713 | |
| 6 | Account 284 | | | |
| 7 | Reconciling Adjustments | | | |
| 8 | TOTAL Account 410.1 (on pages 114-115 line 16) | | 13,040,056 | |
| 9 | TOTAL Account 410.2 (on page 117 line 49) | | | |
| 10 | Credits to Account 411 from: | | | |
| 11 | Account 190 | | (2,865,892) | |
| 12 | Account 281 | | | |
| 13 | Account 282 | | (851,230) | |
| 14 | Account 283 | | (4,471,297) | |
| 15 | Account 284 | | | |
| 16 | Reconciling Adjustments | | | |
| 17 | Total Account 411.1 (on pages 114-15 line 17) | | (8,188,419) | |
| 18 | Total Account 411.2 (on page 117 line 50) | | | |
| 19 | Net ITC Adjustment: | | | |
| 20 | ITC Utilized for the Year DR | | 35,619 | |
| 21 | ITC Amortized for the Year CR | | (26,137) | |
| 22 | ITC Adjustments: | | | |
| 23 | Adjust last year's estimate to actual per filed return | | | |
| 24 | Other (specify) | | | |
| 25 | Net Reconciling Adjustments Account 411.4* | | 9,482 | |
| 26 | Net Reconciling Adjustments Account 411.5 | | | |
| 27 | Net Reconciling Adjustments Account 420 | | | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report is: | Date of Report: | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

| 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. | | (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). | | |
| (b) Identify all contra accounts (other than accounts 190 and 281-284). | | | | |
| Other Utility | Total Utility | Other Income | Total Company | Line No. |
| | 3,572,561 | 5,434,854 | 9,007,415 | 1 |
| | | | 0 | 2 |
| | 4,864,782 | 1,626,276 | 6,491,058 | 3 |
| | 4,602,713 | (857,052) | 3,745,661 | 4 |
| | | | 0 | 5 |
| | 0 | | 0 | 6 |
| | 13,040,056 | | | 7 |
| | | 6,204,078 | | 8 |
| | | | | 9 |
| | (2,865,892) | (2,377,288) | (5,243,180) | 10 |
| | | | 0 | 11 |
| | (851,230) | (2,427,870) | (3,279,100) | 12 |
| | (4,471,297) | 2,415,585 | (2,055,712) | 13 |
| | | | 0 | 14 |
| | | | 0 | 15 |
| | (8,188,419) | | | 16 |
| | | (2,389,573) | | 17 |
| | | | | 18 |
| | 35,619 | | 35,619 | 19 |
| | (26,137) | | (26,137) | 20 |
| | | | | 21 |
| | | | | 22 |
| | | | | 23 |
| | | | | 24 |
| | 9,482 | | | 25 |
| | | | | 26 |
| | | | | 27 |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

| 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 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 accumulated. 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 | | (30,483,764) |
| 2 | Changes (Identify by prescribed retained earnings accounts) | | |
| 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) | | 5,134,390 |
| 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 | | This Report Is: | Date of Report | Year of Report |
|--|--|--|--------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| 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) | | 1,995 | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | TOTAL Dividends Declared-Common Stock (Account 438) | | 1,995 | |
| 36 | Transfers from Account 216.1 Unappropriated Undistributed Subsidiary Earnings | | | |
| 37 | Balance - End of the Year (Enter Total of lines 1 thru 36) | | (25,347,379) | |
| APPROPRIATED RETAINED EARNINGS (Account 215) 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) | | | |
| APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1) 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) | | (25,347,379) | |
| UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1) | | | | |
| 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) | | | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

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. Provide also on pages 122-123 a reconciliation between "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) | 5,134,390 |
| 3 | Noncash Charges (Credits) to Income: | |
| 4 | Depreciation and Depletion | 8,088,631 |
| 5 | Amortization of Utility Plant | 26,744 |
| 6 | Amortization of Manufactured Gas Plant Clean-up Expenditures | 383,382 |
| 7 | Intangible Plant | |
| 8 | Deferred Income Taxes (Net) | 8,864,707 |
| 9 | Investment Tax Credit Adjustment (Net) | 9,482 |
| 10 | Net (Increase) Decrease in Receivables | 1,858,808 |
| 11 | Net (Increase) Decrease in Inventory | 6,341,399 |
| 12 | Net (Increase) Decrease in Allowances Inventory | |
| 13 | Net (Increase) Decrease in Payables and Accrued Expenses | (2,199,784) |
| 14 | Net (Increase) Decrease in Other Regulatory Assets | 1,219,044 |
| 15 | Net (Increase) Decrease in Other Regulatory Liabilities | 168,838 |
| 16 | (Less) Allowance for Other Funds Used During Construction | |
| 17 | (Less) Undistributed Earnings from Subsidiary Companies | |
| 18 | Other: (provide details in footnote) | (6,321,713) |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21) | 23,573,928 |
| 23 | | |
| 24 | Cash Flows from Investment Activities: | |
| 25 | Construction and Acquisition of Plant (including land): | |
| 26 | Gross Additions to Utility Plant | 417,149 |
| 27 | Gross Additions to Nuclear Fuel | |
| 28 | Gross Additions to Common Utility Plant | (16,047,794) |
| 29 | Gross Additions to Nonutility Plant | |
| 30 | (Less) Allowance to Other Funds Used During Construction | |
| 31 | Other: Def Notes Receivable - Loan | |
| 32 | | |
| 33 | | |
| 34 | Cash Outflows for Plant (Total of lines 26 thru 33) | (15,630,645) |
| 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) | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

| STATEMENT OF CASH FLOWS (Continued) | | |
|--|--|-------------------|
| 4. Investing Activities | 5. Codes used: | |
| (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. | (a) Net proceeds or payments. | (b) |
| (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. | Bonds, debentures and other long-term debt. | (c) |
| | Include commercial paper. | (d) |
| | Identify separately such items as investments, fixed assets, intangibles, etc. | 6. Enter on Pages |
| | 122-123 clarifications and explanations. | |

| 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 | |
| 53 | Other: (provide details in footnote) | |
| 54 | Other: Acquisition | |
| 55 | | |
| 56 | Net Cash Provided by (Used in) Investing Activities | |
| 57 | (Total of lines 34 thru 54) | (15,630,645) |
| 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 | Return on Capital to Parent | (7,891,180) |
| 66 | Redemption of Inter-Company Notes Payable | |
| 67 | Net Decrease in Short-Term Debt | |
| 68 | Other: | |
| 69 | Changes in Loans on Executive Life Insurance | |
| 70 | | |
| 71 | Cash Provided by Outside Sources (Total of lines 61 thru 69) | (7,891,180) |
| 72 | | |
| 73 | Payments for Retirement of: | |
| 74 | Long Term Debt | |
| 75 | Preferred Stock | |
| 76 | Common Stock | |
| 77 | Other: | |
| 78 | Equity Adjustments to Parent | |
| 79 | Net Decrease in Short-Term Debt | |
| 80 | | |
| 81 | Dividends on Preferred Stock | |
| 82 | Dividends on Common Stock | 1,995 |
| 83 | Net Cash Provided by (Used in) Financing Activities | |
| 84 | (Total of lines 70 thru 81) | (7,889,185) |
| 85 | | |
| 86 | Net Increase (Decrease) in Cash and Cash Equivalents | |
| 87 | (Total of lines 22, 57 and 83) | 54,094 |
| 88 | | |
| 89 | Cash and Cash Equivalents at Beginning of Year | 1,884,343 |
| 90 | | |
| 91 | Cash and Cash Equivalents at End of Year | 1,938,437 |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

| FOOTNOTE DATA | |
|--|-------------|
| Schedule Page: 110 Line No.: 36 Column (d) | |
| Other Accounts Receivable | |
| Non Service Accounts Receivable | 309,265 |
| Other AR-Misc Liab Reclass* | 1,464,001 |
| A/R Medicare Part D Subsidy | 13,411 |
| Other AR-Contrib in Aid of Cons | 28,417 |
| TOTAL | 1,815,094 |
| <i>*Change due to MI Energy Optimization reclass</i> | |
| Schedule Page: 111 Line No.: 67 Column (d) | |
| Other Regulatory Assets | |
| Reg Asset - Curr-Non Deriv Adj | 87,034 |
| Reg Asset - FAS158 | 22,309,033 |
| Reg Asset - Purch Acctg Effect on Benefits Acctg | 20,717,833 |
| ARO Deprec/Accr Non-Rate Base | 616,995 |
| Reg Asset - Deferred Taxes | 3,297,972 |
| Reg Asset - Derivatives | 194,730 |
| Reg Asset - Uncollectible Expense Tracker - MI | 1,235,876 |
| Rev Decoupling-Under Collect 2011 | 157,088 |
| Rev Decoupling-Under Collect 2012 | 1,170,730 |
| TOTAL | 49,787,291 |
| Schedule Page: 111 Line No.: 72 Column (d) | |
| Miscellaneous Deferred Debits | |
| Goodwill | 34,517,361 |
| Tradename | 5,218,000 |
| Def Deb-Area Expans Program | 1,155,444 |
| Def Debit-Work Orders | 10,625 |
| Reg Asset-Cleanup Gas-Expendit | 23,276,906 |
| TOTAL | 64,178,336 |
| Schedule Page: 113 Line No.: 64 Column (d) | |
| Other Deferred Credits | |
| Outstanding Checks Cancelled | 18,062 |
| Deferred Income Plan | 169,569 |
| Def Comp Res Loan Program | 32,663 |
| Def Comp Variable Stock | 109,852 |
| Def Comp Mut Fund Option | 17,716 |
| Gas Site Clean-up | 20,313,000 |
| TOTAL | 20,660,862 |
| Schedule Page: 113 Line No.: 65 Column (d) | |
| Other Regulatory Liabilities | |
| Deferred taxes-2010 Health Care Leg | 200,560 |
| Derivatives | 3,440 |
| FASB 158 | 37,250 |
| Uncoll Exp Tracker-MI | 834,912 |
| TOTAL | 1,076,162 |
| Schedule Page: 120 Line No.: 18 Column (b) | |
| Other Operating | |
| Accrued Revenues | 3,674,214 |
| Prepayments and Misc Current Assets | (4,416,644) |
| Deferred Debits | |
| -Misc Deferred Debits | 745,245 |
| Investments | (45,218) |
| Pension and Post Retirement Liability | 1,215,262 |
| Pension and Post Retirement Funding | (7,545,322) |
| Other Long Term Liabilities | 50,749 |
| Misc | 1 |
| TOTAL | (6,321,713) |

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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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**MICHIGAN GAS UTILITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) MPSC Form P-522 Presentation Compared to United States Generally Accepted Accounting Principles ("GAAP")--The accompanying financial statements have been prepared in accordance with the accounting requirements of the Michigan Public Service Commission ("MPSC") as set forth in the Uniform System of Accounts and accounting releases, which differ from GAAP. As required by the MPSC, Michigan Gas Utilities Corporation ("MGUC" or "the Company") classifies certain items in its 2012 Form P-522 in a manner different from GAAP, as described below. These items have no impact on the reported net income.

- Removal costs that do not have an associated legal obligation are recognized as a component of accumulated depreciation, whereas these costs are recognized 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.
- The GAAP financial statements are reported in accordance with the Income Taxes Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), whereas the Form P-522 is reported in accordance with the MPSC-issued accounting guidance. As such, in the Form P-522, deferred income taxes are recognized based on the difference between positions taken in tax returns filed and amounts reported in the financial statements and does not report interest and penalties on tax deficiencies as income tax expense.

(b) Nature of Operations--MGUC, a wholly-owned subsidiary of Integrys Energy Group, Inc., is a regulated natural gas utility that supplies and distributes natural gas to southern and western Michigan customers in Grand Haven, Otsego, Benton Harbor, Coldwater, Monroe, and surrounding areas. MGUC is subject to the jurisdiction of, and regulation by, the MPSC, which has general supervisory and regulatory powers over virtually all phases of the public utility industry in Michigan. MGUC is also subject to the jurisdiction of the FERC, which regulates its natural gas pipelines.

As used in these notes, the term "financial statements" refers to the statement of income, balance sheet, statement of retained earnings, and statement of cash flows, unless otherwise noted.

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--MGUC prepares its Form P-522 financial statements in conformity with the rules and regulations of the MPSC. MGUC makes estimates and assumptions that affect assets, liabilities, 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--Short-term investments with an original maturity of three months or less are considered to be cash equivalents. Cash received for income taxes was \$7.4 million and \$3.0 million for the years ended December 31, 2012, and 2011, respectively. Cash paid for interest was \$5.2 million and \$5.3 million for the years ended December 31, 2012, and 2011, respectively.

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- (e) Revenues and Customer Receivables**--Revenues related to the sale of natural gas are recognized when service is provided or natural gas is delivered to customers. MGUC also accrues estimated amounts of revenues for services provided or natural gas delivered but not yet billed to customers. Estimated unbilled revenues are calculated using a variety of judgments and assumptions related to customer class, contracted rates, weather, and customer use. At December 31, 2012, and 2011, MGUC's unbilled revenues were \$11.0 million and \$14.7 million, respectively.

MGUC presents revenues net of pass-through taxes on the income statements.

MGUC has various rate-adjustment mechanisms in place that allow subsequent adjustments in rates for prudently incurred costs. A summary of significant rate-adjustment mechanisms follows:

- MGUC's rates include a one-for-one recovery mechanism for natural gas commodity costs. MGUC's rates includes a rider for cost recovery or refund of bad debts based on the difference between actual bad debt cost (as defined in the latest rate order) and the amount recovered in rates.
- MGUC's rates include a decoupling mechanism, which allows the Company to adjust rates going forward to recover or refund differences between the actual and authorized margin.

- (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 an application with the MPSC in December of each year requesting approval of maximum rates to be charged to 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. The over-collections and under-collections are recorded in Account 174 on the balance sheet. The Company recorded an under-collection of \$2.4 million at December 31, 2012, and an over-collection of \$3.2 million at December 31, 2011.

- (g) Inventories**--Inventories consist of materials and supplies and natural gas in storage. Materials and supplies are priced at average cost. Natural gas injections are priced at the average cost of natural gas purchases for the month. Withdrawals of natural gas are priced at the average cost of natural gas in storage.

MGUC also has arrangements with third parties for natural gas storage. Such arrangements provide for spot and term purchases by MGUC of 4.332 Million Million Cubic Feet ("Mcf") of natural gas each summer for storage with other utilities, 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 storage location. Base gas stored underground is gas that is used to maintain the integrity of the storage field by maintaining pressure for working gas, and will only vary if the conditions of the storage field change. Base gas stored that was recorded by MGUC was \$3.6 million at December 31, 2012, and 2011.

- (h) Risk Management Activities**--As part of its regular operations, MGUC enters into contracts, including options, futures and forwards, to manage changes in commodity prices, which are described more fully in Note 2, "Risk Management Activities."

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All derivatives are recognized on the balance sheet at their fair value unless they are designated as and qualify for the normal purchases and sales exception. MGUC continually assesses its contracts designated as normal and will discontinue the treatment of these contracts as normal if the required criteria are no longer met. MGUC's derivatives qualify for regulatory deferral. These derivatives are marked to fair value; the resulting risk management assets are offset with regulatory liabilities or decreases to regulatory assets, and risk management liabilities are offset with regulatory assets or decreases to regulatory liabilities. Management believes any gains or losses resulting from the eventual settlement of these derivative instruments will be refunded to or collected from customers in rates.

Derivative accounting rules provide the option to present certain asset and liability derivative positions net on the balance sheets and to net the related cash collateral against these net derivative positions. During 2011, we changed our policy to conform with our parent and elected not to net these items. On the balance sheets, cash collateral provided to others is reflected in Special Deposits.

We have risk management contracts with various counterparties. We monitor credit exposure levels and the financial condition of our counterparties on a continuous basis to minimize credit risk. At December 31, 2012, we did not have risk management contracts with any one counterparty or industry that accounted for more than 10% of our total credit risk exposure.

- (i) **Property, Plant, and Equipment**--Utility plant is stated at cost, including any associated allowance for funds used during construction ("AFUDC") and asset retirement costs. The costs of renewals and betterments of units of property (as distinguished from minor items of property) are capitalized as additions to the utility plant accounts. Maintenance, repair, replacement, and renewal costs associated with items not qualifying as units of property are considered operating expenses. Except for land, no gains or losses are recognized in connection with ordinary retirements of utility property units. The utility charges the cost of units of property retired, sold, or otherwise disposed of, less salvage value, 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, using depreciation rates approved by the MPSC. The annual utility composite depreciation rates were 2.71% for 2012 and 2.73% for 2011.

- (j) **Asset Impairment**--Goodwill and other intangible assets with indefinite lives are not amortized, but are subject to an annual impairment test. Interim impairment tests are performed when impairment indicators are present. Intangible assets with definite lives are reviewed for impairment on a quarterly basis. Other long-lived assets require an impairment review when events or circumstances indicate that the carrying amount may not be recoverable. MGUC bases its evaluation of other long-lived assets on the presence of impairment indicators such as the future economic benefit of the assets, any historical or future profitability measurements, and other external market conditions or factors.

MGUC performs its annual impairment test for its trade name in the fourth quarter of each year. The annual goodwill impairment test is performed during the second quarter of each year. The carrying amount of the reporting unit's goodwill is considered not recoverable if the carrying amount of the reporting unit exceeds the reporting units' fair value. An impairment loss is recorded for the excess of the carrying value of the goodwill over its implied fair value. For more information on MGUC's goodwill and other intangible assets, see Note 4, "*Goodwill and Other Intangible Assets*."

The carrying amount of tangible long-lived assets held and used is considered not recoverable if the carrying amount 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.

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(k) Regulatory Assets and Liabilities--Regulatory assets represent probable future revenue associated with certain costs or liabilities that have been deferred and are expected to be recovered from customers through the ratemaking process. Regulatory liabilities represent amounts that are expected to be refunded to customers in future rates or amounts collected in rates for future costs. 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 expense in the year the determination is made. For additional information, see Note 3, "*Regulatory Assets and Liabilities*."

(l) Asset Retirement Obligations--MGUC recognizes at fair value legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction or development, and/or normal operation of the assets. A liability is 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. 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. This rate is determined at the date the obligation is incurred. The associated retirement costs are capitalized as part of the related long-lived assets and are depreciated over the useful lives of the assets. Subsequent changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability and the associated retirement cost. See Note 7, "*Asset Retirement Obligations*," for more information.

(m) Income Taxes--MGUC is included in the consolidated United States income tax return filed by Integrys Energy Group. MGUC is party to a federal and state tax allocation arrangement with Integrys Energy Group and its subsidiaries under which each entity determines its provision for income taxes on a stand-alone basis. MGUC settles the intercompany liabilities at the time that payments are made to the applicable taxing authority. At December 31, 2012, there were no significant intercompany payables or receivables for income taxes.

Deferred income taxes have been recorded to recognize the expected future tax consequences of events that have been included in the financial statements using currently enacted tax rates for the differences between the income tax basis of assets and liabilities and the basis reported in the financial statements. MGUC records valuation allowances for deferred income tax assets unless it is more likely than not that the benefit will be realized in the future. MGUC defers certain adjustments made to income taxes that will impact future rates and records regulatory assets or liabilities related to these adjustments.

MGUC uses the deferral method of accounting for investment tax credits ("ITCs"). Under this method, MGUC records the ITCs as deferred credits and amortizes such credits as a reduction to the provision for income taxes over the life of the asset that generated the ITCs. ITCs that do not reduce income taxes payable for the current year are eligible for carryover and recognized as a deferred income tax asset.

For more information regarding the MGUC's accounting for income taxes, see Note 8, "*Income Taxes*."

(n) Guarantees--MGUC follows the guidance of the FASB Accounting Standards Codification ("ASC"), which 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. For additional information on guarantees, see Note 10, "*Guarantees*."

(o) Employee Benefits--The costs of pension and other postretirement benefits are expensed over the periods during which employees render service. In computing the expected return on plan assets, a market-related value of plan assets is used. Changes in realized and unrealized investment gains and losses are recognized over the subsequent five years for plans sponsored by Wisconsin Public Service

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Corporation ("WPS"), while differences between actual investment returns and the expected return on plan assets are recognized over a five-year period for the plan sponsored by Integrys Business Support ("IBS").

The Company recognizes the funded status of defined benefit postretirement plans on the balance sheet, and recognizes changes in the plans' funded status in the year in which the changes occur. The Company records changes in the funded status to regulatory asset or liability accounts, pursuant to the Regulated Operations Topic of the FASB ASC.

For more information on employee benefits, see Note 11, "*Employee Benefit Plans*."

- (p) Fair Value**--A fair value measurement is required to reflect the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Fair value accounting rules provide a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are observable, either directly or indirectly, but are not quoted prices included within Level 1. Level 2 includes those financial instruments that are valued using external inputs within models or other valuation methodologies.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

MGUC determines fair value using a market based approach that uses observable market inputs where available, and internally developed inputs where observable market data is not readily available. For the unobservable inputs, consideration is given to the assumptions that market participants would use in valuing the asset or liability. These factors include not only the credit standing of the counterparties involved, but also the impact of nonperformance risk on its liabilities.

MGUC conducts a thorough review of fair value hierarchy classifications on a quarterly basis.

MGUC has established a risk oversight committee whose primary responsibility includes directly or indirectly ensuring that all valuation methods are applied in accordance with predefined policies. The development and maintenance of MGUC's forward price curves has been assigned to the risk management department, which is part of the corporate treasury function. This group is separate and distinct from the trading function. To validate the reasonableness of the fair value inputs, the risk

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management department compares changes in valuation and researches any significant differences in order to determine the underlying cause. Changes to the fair value inputs are made if necessary.

See Note 13, "*Fair Value*," for additional information.

(q) New Accounting Pronouncements

Recently Issued Accounting Guidance Not Yet Effective

ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities," was issued in December 2011. The guidance requires enhanced disclosures about offsetting and related arrangements. ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities," was issued in January 2013. This guidance clarifies that the scope of ASU 2011-11 applies to certain derivatives included in the Derivatives and Hedging Topic of the FASB ASC. The guidance for both of these updates is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. Adoption of this guidance will result in new disclosures in Note 2, "*Risk Management Activities*," in our Form P-522 for the reporting period ending December 31, 2013.

ASU 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment," was issued in July 2012. This guidance gives companies an option to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If a company concludes that this is the case, the fair value of the indefinite-lived intangible asset must be determined, and a quantitative impairment test is required. Otherwise, a company can bypass the quantitative impairment test. This guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Adoption of the guidance is not expected to have a significant impact on our Form P-522.

- (r) **Subsequent Events**--Subsequent events were evaluated for potential recognition or disclosure through April 30, 2013, which is the date the financial statements were available to be issued.

NOTE 2--RISK MANAGEMENT ACTIVITIES

MGUC uses derivative instruments to manage commodity costs. None of these derivatives are designated as hedges for accounting purposes. The derivatives include physical commodity contracts and NYMEX futures and options to manage the risks associated with the market price volatility of natural gas costs and the costs of gasoline and diesel fuel used by utility vehicles.

The following table shows MGUC's assets and liabilities from risk management activities:

| (Millions) | Balance Sheet Presentation | Assets | | Liabilities | |
|-----------------------|----------------------------|-------------|-------|-------------|------|
| | | December 31 | | December 31 | |
| | | 2012 | 2011 | 2012 | 2011 |
| Natural gas contracts | Current | \$ - | \$0.4 | \$0.2 | \$ - |

Assets and liabilities from risk management activities are classified as current or long-term based upon the maturities of the underlying contracts.

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The following table shows the unrealized gains (losses) recorded related to derivatives. The unrealized gains (losses) recorded on the income statement related to petroleum product contracts were not significant at December 31, 2012, and 2011.

| (Millions) | Financial Statement Presentation | 2012 | 2011 | 2010 |
|-----------------------|--|---------|------|-------|
| Natural gas contracts | Balance Sheet – Regulatory asset (current) | \$(0.2) | \$ - | \$ - |
| Natural gas contracts | Balance Sheet – Regulatory liability (current) | (0.4) | 0.4 | (0.1) |

MGUC had the following notional volumes of outstanding derivative contracts:

| | December 31, 2012 | | December 31, 2011 |
|----------------------------------|-------------------|-------|-------------------|
| | Purchases | Sales | Purchases |
| Natural gas (millions of therms) | 67.2 | 0.1 | 75.9 |
| Petroleum products (barrels) | 3,322.0 | - | 2,244.0 |

The following table shows MGUC's cash collateral positions:

| (Thousands) | December 31, 2012 | December 31, 2011 |
|------------------------------------|-------------------|-------------------|
| Cash collateral provided to others | \$0.4 | \$ - |

NOTE 3--REGULATORY ASSETS AND LIABILITIES

MGUC expects to recover its regulatory assets and incur future costs or refund its regulatory liabilities through rates charged to customers. Recovery or refund is based on specific periods determined by the regulators or occurs over the normal operating period of the assets and liabilities to which they relate. Based on prior and current rate treatment, MGUC believes it is probable that it will continue to recover from customers the regulatory assets described below.

The following regulatory assets and liabilities were reflected in MGUC's balance sheets as of December 31:

| (Millions) | 2012 | 2011 | See Note |
|---|---------------|---------------|----------|
| Regulatory assets | | | |
| Acquisition related pension and other postretirement benefit costs ⁽¹⁾ | \$20.7 | \$22.3 | 11 |
| Unrecognized pension and other postretirement benefit costs ⁽²⁾ | 22.3 | 21.0 | 11 |
| Uncollectible expense | 1.3 | 1.8 | |
| Decoupling | 1.3 | 0.9 | |
| Other | 4.2 | 3.8 | |
| Total | \$49.8 | \$49.8 | |
| Regulatory liabilities | | | |
| Other | 1.1 | 1.2 | |
| Total | \$ 1.0 | \$ 1.2 | |

⁽¹⁾ Includes unrecognized losses related to the pension and other postretirement benefit liabilities at the MGUC purchase date of April 1, 2006.

⁽²⁾ Represents the unrecognized future pension and postretirement costs resulting from actuarial gains and losses on defined benefit and postretirement plans. We are authorized recovery of this regulatory asset over the average future remaining service life of the plans.

Also, a regulatory asset of \$23.3 million is included in Account 186 related to manufactured gas plant remediation. See Note 9, "Commitments and Contingencies."

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NOTE 4--GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill related to the acquisition of the natural gas distribution operations in Michigan in April 2006 was \$34.5 million at December 31, 2012. MGUC had no changes in the gross amount of goodwill and the accumulated impairment losses for the years ended December 31:

| <i>(Millions)</i> | 2012 | 2011 |
|----------------------------------|---------|---------|
| Balance as of January 1 | | |
| Gross goodwill | \$122.7 | \$122.7 |
| Accumulated impairment losses | (88.2) | (88.2) |
| Net goodwill | 34.5 | 34.5 |
| Balance as of December 31 | | |
| Gross goodwill | 122.7 | 122.7 |
| Accumulated impairment losses | (88.2) | (88.2) |
| Net goodwill | \$34.5 | \$34.5 |

In conjunction with the acquisition of the natural gas distribution operations, an indefinite-lived intangible asset was recorded related to the MGUC trade name. The balance of this intangible asset as of December 31, 2012, was \$5.2 million and no impairment was recorded in 2012.

Goodwill and other intangible assets are recorded on the balance sheets in Account 186.

NOTE 5--SHORT-TERM DEBT

MGUC's short-term borrowings were as follows as of December 31:

| <i>(Millions, except for percentages)</i> | 2012 | 2011 |
|--|-------|-------|
| Short-term notes payable to Integrys Energy Group outstanding | \$ - | \$ - |
| Average interest rate on short-term notes payable outstanding to Integrys Energy Group | 0.45% | 0.40% |

The table below presents MGUC's average amount of short-term borrowings based on daily outstanding balances during the years ended December 31:

| <i>(Millions)</i> | 2012 | 2011 |
|---|-------|-------|
| Average amount of short-term notes payable outstanding to Integrys Energy Group | \$0.1 | \$0.3 |

| | | | |
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NOTE 6--LONG-TERM DEBT

Long-term debt for MGUC consists of long-term notes payable to Integrys Energy Group, pursuant to a Senior Note agreement entered into on April 1, 2006. Amounts shown are as of December 31:

| <i>(Millions)</i> | | | | 2012 | 2011 |
|-----------------------------|----------------------|-----------------|--------------------|---------------|---------------|
| <u>Term</u> | <u>Interest Rate</u> | <u>Year Due</u> | <u>Description</u> | | |
| 7 Year | 5.72% | 2013 | Senior Note | \$28.0 * | \$28.0 |
| 10 Year | 5.76% | 2016 | Senior Note | 28.0 | 28.0 |
| 15 Year | 5.98% | 2021 | Senior Note | 28.0 | 28.0 |
| Total debt | | | | \$84.0 | \$84.0 |
| Less current portion | | | | (28.0) | - |
| Total long-term debt | | | | \$56.0 | \$84.0 |

* In April 2013, MGUC's 5.72% Senior Note matured, and the outstanding principal balance was repaid.

In April 2013, MGUC issued a \$15.0 million 3.00% Senior Note, due in April 2023. Proceeds from this note were used to retire the \$28 million Senior Note that matured in April 2013.

Interest is paid semi-annually on the notes, and there are no covenants associated with these obligations.

For amounts outstanding at December 31, 2012, a schedule of all principal debt payment amounts related to senior note maturities is as follows:

| <i>(Millions)</i> | Payments |
|-------------------|---------------|
| 2013 | \$28.0 |
| 2014 | - |
| 2015 | - |
| 2016 | 28.0 |
| 2017 | - |
| Later Years | 28.0 |
| Total | \$84.0 |

NOTE 7--ASSET RETIREMENT OBLIGATIONS

MGUC has asset retirement obligations primarily related to removal of natural gas distribution mains and service pipes (including asbestos) and asbestos abatement at office buildings and service centers. MGUC establishes regulatory assets and liabilities to record the differences between ongoing expense recognition under the asset retirement obligations accounting rules, and the rate-making practices for retirement costs authorized by the MPSC. All asset retirement obligations are recorded as other noncurrent liabilities on our balance sheet.

The following table shows changes to MGUC's asset retirement obligations through December 31, 2012:

| <i>(Millions)</i> | |
|--|--------------|
| Asset retirement obligations at December 31, 2010 | 1.5 |
| Accretion | 0.1 |
| Asset retirement obligations at December 31, 2011 | 1.6 |
| Accretion | 0.1 |
| Additions and revisions to estimated cash flows | (0.1) |
| Asset retirement obligations at December 31, 2012 | \$1.6 |

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NOTE 8--INCOME TAXES

The principal deferred income tax assets included in the balance sheets as of December 31, 2012, and 2011, primarily related to plant. The principal deferred income tax liabilities included in the balance sheets as of December 31, 2012, and 2011, primarily related to plant and regulatory deferrals.

Deferred income tax assets decreased \$3.1 million, and deferred income tax liabilities increased \$5.5 million in 2012. Both the decrease in deferred income tax assets and the increase in deferred income tax liabilities were driven by an increase in capital expenditures and 50% bonus tax depreciation available in 2012.

MGUC records certain adjustments related to deferred income taxes to regulatory assets and liabilities. As the related temporary differences reverse, MGUC prospectively refunds taxes to or collects taxes from customers related to both deferred taxes recorded in prior years at rates potentially different than current rates and when there are other changes in tax laws. The regulatory asset for these recoveries and other regulatory tax effects totaled \$3.1 million and \$3.3 million at December 31, 2012, and 2011, respectively.

The components of the provision for income taxes were as follows:

| <i>(Millions)</i> | 2012 | 2011 |
|---|----------------|----------------|
| Current provision | | |
| Federal | \$(4.8) | \$(3.7) |
| State | (0.9) | 0.5 |
| Total current provision | (5.7) | (3.2) |
| Deferred provision | | |
| Federal | 7.9 | 7.6 |
| State | 0.9 | (0.3) |
| Total deferred provision | 8.8 | 7.3 |
| Total provision for income taxes | \$3.1 | \$4.1 |

The statutory federal income tax rate was 35.0% at December 31, 2012, and 2011. The effective income tax rate was 38.0% and 35.9% at December 31, 2012, and 2011, respectively. State income taxes were the only significant item impacting the statutory federal income tax rate reconciliation to the effective income tax rate as of December 31, 2012, and 2011.

MGUC did not have an unrecognized tax benefit liability at December 31, 2012, and 2011. MGUC had no accrued interest or accrued penalties related to unrecognized tax benefits at December 31, 2012, and 2011. MGUC files income tax returns in the United States federal jurisdiction and in its major state operating jurisdiction of Michigan on a stand-alone basis or as part of Integrys Energy Group filings. MGUC is no longer subject to federal income tax examinations by the IRS for years prior to 2009. During 2012, the IRS continued its examinations of 2009 and 2010, which began in 2011. MGUC is no longer subject to examination by the Michigan tax authority for years prior to 2008.

In the next 12 months, MGUC does not expect to significantly change the amount of unrecognized tax benefits.

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NOTE 9--COMMITMENTS AND CONTINGENCIES

Unconditional Purchase Obligations and Purchase Order Commitments

MGUC routinely enter into long-term purchase and sale commitments for various quantities and lengths of time. MGUC has obligations to distribute and sell natural gas to its customers, which extend through 2019. MGUC expects to recover costs related to these obligations in future customer rates. The following table shows MGUC's minimum future commitments related to these purchase obligations as of December 31, 2012.

| (Millions) | Total Amounts Committed | Payments Due By Period | | | | | Later Years |
|---------------------------------------|----------------------------|------------------------|-------|-------|-------|-------|----------------|
| | | 2013 | 2014 | 2015 | 2016 | 2017 | |
| Natural gas supply and transportation | \$40.0 | \$12.1 | \$7.3 | \$5.1 | \$4.6 | \$4.5 | \$6.4 |

MGUC also had commitments of \$1.8 million in the form of purchase orders issued to various vendors at December 31, 2012, that relate to normal business operations.

Manufactured Gas Plant Remediation

MGUC operated facilities in the past at multiple sites for the purpose of manufacturing and storing manufactured gas. In connection with these activities, waste materials were produced that may have resulted in soil and groundwater contamination at these sites. Under certain laws and regulations relating to the protection of the environment, MGUC is required to undertake remedial action with respect to some of these materials. MGUC is coordinating the investigation and cleanup of the sites subject to EPA jurisdiction under what is called a "multi-site" program. This program involves prioritizing the work to be done at the sites, preparation and approval of documents common to all of the sites, and use of a consistent approach in selecting remedies.

MGUC is responsible for the environmental remediation of 11 sites. Contaminated soil has been removed from nine of the sites. Future investigations are needed at many of the sites to evaluate on-site, off-site and sediment impacts. As MGUC continues to collect more data on these sites, cost estimates may change. MGUC will also evaluate the feasibility of transferring the sites into the EPA Superfund Alternative Sites Program.

As of December 31, 2012, MGUC estimated and accrued for \$20.3 million of future undiscounted investigation and cleanup costs for all sites. These costs are included as Other Deferred Credits in Account 253. MGUC may adjust these estimates in the future due to remedial technology, regulatory requirements, remedy determinations, and any claims of natural resource damages. As of December 31, 2012, cash expenditures for environmental remediation not yet recovered in rates were \$3.0 million. MGUC recorded a regulatory asset of \$23.3 million at December 31, 2012, which is net of insurance recoveries received of \$5.2 million, related to the expected recovery through rates of both cash expenditures and estimated future expenditures.

Management believes that any costs incurred for environmental activities relating to former manufactured gas plant operations that are not recoverable through contributions from other entities or from insurance carriers have been prudently incurred and are, therefore, recoverable through rates. Accordingly, management does not expect these costs to have a material impact on MGUC's financial statements. However, any changes in the approved rate mechanisms for recovery of these costs, or any adverse conclusions by the MPSC with respect to the prudence of costs actually incurred, could materially affect recovery of such costs through rates.

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NOTE 10--GUARANTEES

Corporate guarantees in the amount of \$100 million have been authorized by Integrys Energy Group's Board of Directors to support MGUC. Integrys Energy Group, on behalf of MGUC, had \$48.9 million of outstanding guarantees related to natural gas supply at December 31, 2012.

NOTE 11--EMPLOYEE BENEFIT PLANS

The Company participates in the Integrys Energy Group Retirement Plan, a noncontributory, qualified retirement plan sponsored by IBS, as well as the Integrys Energy Group Pension Restoration and Supplemental Retirement Plan, an unfunded, nonqualified retirement plan sponsored by the Parent. In addition, the Company participates in other postretirement benefit plans sponsored by WPS. Under affiliate agreements, the Company is responsible for its share of plan obligations and is entitled to its share of plan assets; accordingly, the Company accounts for its participation in the plans as multiple employer plans. The benefits for a portion of these plans are funded through irrevocable trusts, as allowed for income tax purposes. The defined benefit pension plans are closed to all new hires.

The Company also maintains an unfunded, legacy nonqualified Supplemental Employee Retirement Plan ("SERP"). The liabilities for this plan are also recorded on the Company's balance sheets.

In addition, the Parent offers medical, dental, and life insurance benefits to the Company's active employees and their dependents. The Company expenses the allocated costs of these benefits as incurred.

In accordance with purchase accounting rules, the Company 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 the same discount rate assumption (5.65%) chosen by Integrys Energy Group at the December 31, 2005, measurement date which was also used for calculating net periodic benefit cost in 2006. The Company also established a regulatory asset equal to the difference between the opening balance sheet liabilities for all benefit plans of the Company and what was on the balance sheet of Aquila, Inc. on the date of the sale. The regulatory assets related to the acquisition were \$20.7 million and \$22.3 million at December 31, 2012, and 2011, respectively; these are recorded in Account 182.3 on the comparative balance sheet. The asset is being recovered over a 20-year period that began in March 2006.

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The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets during 2012 and 2011:

| (Millions) | Pension Benefits | | Other Benefits | |
|--|-------------------------|-------------|-----------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Change in benefit obligation | | | | |
| Obligation at January 1 | \$45.5 | \$41.0 | \$20.8 | \$19.3 |
| Service cost | 0.9 | 0.8 | 0.2 | 0.2 |
| Interest cost | 2.2 | 2.3 | 1.0 | 1.1 |
| Transfers | - | 0.1 | - | - |
| Actuarial loss, net | 4.8 | 3.5 | 0.1 | 1.0 |
| Participant contributions | - | - | 0.1 | 0.1 |
| Benefit payments | (2.8) | (2.2) | (1.1) | (1.2) |
| Plan amendment | - | - | - | 0.2 |
| Federal subsidy on benefits paid | - | - | 0.1 | 0.1 |
| Obligation at December 31 | \$50.6 | \$45.5 | \$21.2 | \$20.8 |
| Change in fair value of plan assets | | | | |
| Fair value of plan assets at January 1 | \$ 28.1 | \$ 29.8 | \$14.8 | \$15.3 |
| Actual return on plan assets | 4.7 | 0.4 | 1.5 | - |
| Employer contributions | 7.2 | 0.1 | 0.3 | 0.6 |
| Participant contributions | - | - | 0.1 | 0.1 |
| Benefit payments | (2.8) | (2.2) | (1.1) | (1.2) |
| Fair value of plan assets at December 31 | \$ 37.2 | \$ 28.1 | \$15.6 | \$14.8 |
| Funded status at December 31 | \$(13.4) | \$(17.4) | \$ (5.6) | \$ (6.0) |

Amounts recognized on the Company's balance sheets at December 31 related to the funded status of the benefit plans were as follows:

| (Millions) | Pension Benefits | | Other Benefits | |
|------------------------|-------------------------|-------------|-----------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Current liabilities | \$0.1 | \$ 0.1 | \$ - | \$ - |
| Noncurrent liabilities | 13.3 | 17.3 | 5.6 | 6.0 |
| Total liabilities | \$13.4 | \$17.4 | \$5.6 | \$6.0 |

The accumulated benefit obligation for all defined benefit pension plans was \$46.5 million and \$41.5 million at December 31, 2012, and 2011, respectively. Information for pension plans with an accumulated benefit obligation in excess of plan assets is presented in the following table:

| (Millions) | December 31 | |
|--------------------------------|--------------------|-------------|
| | 2012 | 2011 |
| Projected benefit obligation | \$50.6 | \$45.5 |
| Accumulated benefit obligation | 46.5 | 41.5 |
| Fair value of plan assets | 37.2 | 28.1 |

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The following table shows the amounts that had not yet been recognized in the Company's net periodic benefit cost as of December 31:

| (Millions) | Pension Benefits | | Other Benefits | |
|------------------------------|------------------|---------------|----------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Net regulatory assets | | | | |
| Net actuarial loss | \$16.4 | \$14.4 | \$5.7 | \$6.2 |
| Prior service costs | - | - | 0.2 | 0.2 |
| Total | \$16.4 | \$14.4 | \$5.9 | \$6.4 |

The estimated net actuarial losses for defined benefit pension plans that will be amortized as a component of net periodic benefit cost during 2013 are \$1.5 million. The estimated net actuarial losses for other postretirement benefit plans that will be amortized as a component of net periodic benefit cost during 2013 are \$0.3 million. The estimated prior service costs for other postretirement benefit plans that will be amortized as a component of net periodic benefit cost during 2013 are not significant.

The following table presents the components of the net periodic benefit cost (including amounts capitalized to the balance sheet) for the plans:

| (Millions) | Pension Benefits | | Other Benefits | |
|------------------------------------|------------------|--------------|----------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Net periodic benefit cost | | | | |
| Service cost | \$0.9 | \$0.8 | \$0.2 | \$0.2 |
| Interest cost | 2.2 | 2.3 | 1.0 | 1.1 |
| Expected return on plan assets | (2.8) | (2.3) | (1.1) | (1.1) |
| Amortization of net actuarial loss | 0.9 | 0.5 | 0.3 | 0.1 |
| Net periodic benefit cost | \$1.2 | \$1.3 | \$0.4 | \$0.3 |

Assumptions – Pension and Other Postretirement Benefit Plans

The weighted-average assumptions used at December 31 to determine benefit obligations for the plans were as follows:

| | Pension Benefits | | Other Benefits | |
|--|------------------|-------|----------------|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Discount rate | 4.09% | 5.10% | 3.91% | 4.91% |
| Rate of compensation increase | 4.22% | 4.20% | N/A | N/A |
| Assumed medical cost trend rate (under age 65) | N/A | N/A | 7.00% | 7.00% |
| Ultimate trend rate | N/A | N/A | 5.00% | 5.00% |
| Ultimate trend rate reached in | N/A | N/A | 2019 | 2016 |
| Assumed medical cost trend rate (over age 65) | N/A | N/A | 7.00% | 7.50% |
| Ultimate trend rate | N/A | N/A | 5.00% | 5.50% |
| Ultimate trend rate reached in | N/A | N/A | 2019 | 2016 |
| Assumed dental cost trend rate | N/A | N/A | 5.00% | 5.00% |

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The weighted-average assumptions used to determine net periodic benefit cost for the plans were as follows for the years ended December 31:

| | Pension Benefits | | Other Benefits | |
|--|------------------|-------|----------------|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Discount rate | 5.10% | 5.80% | 4.91% | 5.80% |
| Expected return on assets | 8.25% | 8.25% | 8.25% | 8.25% |
| Rate of compensation increase | 4.22% | 4.20% | N/A | N/A |
| Assumed medical cost trend rate (under age 65) | N/A | N/A | 7.00% | 7.50% |
| Ultimate trend rate | N/A | N/A | 5.00% | 5.00% |
| Ultimate trend rate reached in | N/A | N/A | 2016 | 2016 |
| Assumed medical cost trend rate (over age 65) | N/A | N/A | 7.50% | 8.00% |
| Ultimate trend rate | N/A | N/A | 5.50% | 5.50% |
| Ultimate trend rate reached in | N/A | N/A | 2016 | 2016 |
| Assumed dental cost trend rate | N/A | N/A | 5.00% | 5.00% |

The expected return on assets assumption is established based on consideration of historical and projected asset class returns, as well as the target allocations of the benefit trust portfolios. Beginning in 2013, the expected return on assets assumption for the plans is 8.00%.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. For the year ended December 31, 2012, a one-percentage-point change in assumed health care cost trend rates would have had the following effects:

| (Millions) | One-Percentage-Point | |
|---|----------------------|----------|
| | Increase | Decrease |
| Effect on total of service and interest cost components of net periodic postretirement health care benefit cost | \$0.1 | \$(0.1) |
| Effect on the health care component of the accumulated postretirement benefit obligation | 1.6 | (1.4) |

Pension and Other Postretirement Benefit Plan Assets

Integrus Energy Group's investment policy includes various guidelines and procedures designed to ensure assets are invested in an appropriate manner to meet expected future benefits to be earned by participants. The investment guidelines consider a broad range of economic conditions. The policy is established and administered in a manner that is compliant at all times with applicable regulations.

Central to the policy are target allocation ranges by major asset categories. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters and to achieve asset returns that meet or exceed the plans' actuarial assumptions and that are competitive with like instruments employing similar investment strategies. The portfolio diversification provides protection against significant concentrations of risk in the plan assets. The target asset allocations for pension and other postretirement benefit plans that have significant assets are: 70% equity securities and 30% fixed income securities. Equity securities primarily include investments in large-cap and small-cap companies. Fixed income securities primarily include corporate bonds of companies from diversified industries, United States government securities, and mortgage-backed securities.

The Board of Directors of Integrus Energy Group established the Employee Benefits Administrator Committee (composed of members of Integrus Energy Group and its subsidiaries management) to manage the operations and administration of all benefit plans and trusts. The committee periodically reviews the asset allocation, and the portfolio is rebalanced when necessary.

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Pension and other postretirement benefit plan investments are recorded at fair value. Information regarding the fair value hierarchy and the classification of fair value measurements based on the types of inputs used are discussed in Note 1(p), "Summary of Significant Accounting Policies – Fair Value."

The following table provides the fair value of the plans' investments by asset class:

| (Millions) | December 31, 2012 | | | | | | | |
|---|---------------------|---------------|--------------|---------------|---------------------------|--------------|-------------|---------------|
| | Pension Plan Assets | | | | Other Benefit Plan Assets | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Asset Class | | | | | | | | |
| Cash and cash equivalents | \$0.2 | \$ 0.7 | \$ - | \$ 0.9 | \$ - | \$0.3 | \$ - | \$ 0.3 |
| Equity securities: | | | | | | | | |
| United States equity | 4.9 | 11.8 | - | 16.7 | 1.3 | 3.4 | - | 4.7 |
| International equity | 2.8 | 8.8 | - | 11.6 | 0.8 | 2.5 | - | 3.3 |
| Fixed income securities: | | | | | | | | |
| United States government | - | 3.0 | - | 3.0 | 3.4 | - | - | 3.4 |
| Foreign government | - | 0.6 | 0.1 | 0.7 | - | - | - | - |
| Corporate debt | - | 5.8 | 0.1 | 5.9 | - | - | - | - |
| Asset-backed securities | - | 1.7 | - | 1.7 | - | - | - | - |
| Other | - | 0.3 | - | 0.3 | 0.5 | - | - | 0.5 |
| | 7.9 | 32.7 | 0.2 | 40.8 | 6.0 | 6.2 | - | 12.2 |
| 401(h) other benefit plan assets invested as pension assets ⁽¹⁾ | (0.6) | (2.8) | - | (3.4) | 0.6 | 2.8 | - | 3.4 |
| Total ⁽²⁾ | \$7.3 | \$29.9 | \$0.2 | \$37.4 | \$6.6 | \$9.0 | \$ - | \$15.6 |

⁽¹⁾ Pension trust assets are used to pay other postretirement benefits as allowed under Internal Revenue Code Section 401(h).

⁽²⁾ Investments do not include accruals or pending transactions that are included in the table reconciling the change in fair value of plan assets.

| (Millions) | December 31, 2011 | | | | | | | |
|---|---------------------|---------------|--------------|---------------|---------------------------|--------------|-------------|---------------|
| | Pension Plan Assets | | | | Other Benefit Plan Assets | | | |
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Asset Class | | | | | | | | |
| Cash and cash equivalents | \$0.1 | \$ 0.6 | \$ - | \$ 0.7 | \$ - | \$0.5 | \$ - | \$ 0.5 |
| Equity securities: | | | | | | | | |
| United States equity | 3.4 | 8.5 | - | 11.9 | 2.2 | 3.1 | - | 5.3 |
| International equity | 1.8 | 6.5 | - | 8.3 | 0.7 | 2.4 | - | 3.1 |
| Fixed income securities: | | | | | | | | |
| United States government | - | 2.5 | - | 2.5 | 3.2 | - | - | 3.2 |
| Foreign government | - | 0.4 | 0.1 | 0.5 | - | - | - | - |
| Corporate debt | - | 4.1 | 0.1 | 4.2 | - | - | - | - |
| Asset-backed securities | - | 1.5 | - | 1.5 | - | - | - | - |
| Other | - | 0.2 | - | 0.2 | 1.1 | - | - | 1.1 |
| | 5.3 | 24.3 | 0.2 | 29.8 | 7.2 | 6.0 | - | 13.2 |
| 401(h) other benefit plan assets invested as pension assets ⁽¹⁾ | (0.3) | (1.3) | - | (1.6) | 0.3 | 1.3 | - | 1.6 |
| Total ⁽²⁾ | \$5.0 | \$23.0 | \$0.2 | \$28.2 | \$7.5 | \$7.3 | \$ - | \$14.8 |

⁽¹⁾ Pension trust assets are used to pay other postretirement benefits as allowed under Internal Revenue Code Section 401(h).

⁽²⁾ Investments do not include accruals or pending transactions that are included in the table reconciling the change in fair value of plan assets.

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The following table sets forth a reconciliation of changes in the fair value of pension plan assets categorized as Level 3 measurements:

| <i>(Millions)</i> | Foreign Government Debt | Corporate Debt | Total |
|--|-------------------------------|-------------------|-------|
| Beginning balance at December 31, 2011 | \$0.1 | \$0.1 | \$0.2 |
| Net realized and unrealized gains (losses) | - | - | - |
| Purchases | 0.1 | - | 0.1 |
| Sales | (0.1) | - | (0.1) |
| Ending balance at December 31, 2012 | \$0.1 | \$0.1 | \$0.2 |

| | | | |
|---|------|------|------|
| Net unrealized gains (losses) related to assets still held at the end of the period | \$ - | \$ - | \$ - |
|---|------|------|------|

| <i>(Millions)</i> | Foreign Government Debt | Corporate Debt | Real Estate Securities | Total |
|--|-------------------------------|-------------------|---------------------------|-------|
| Beginning balance at December 31, 2010 | \$0.2 | \$0.1 | \$0.8 | \$1.1 |
| Net realized and unrealized gains (losses) | - | - | - | - |
| Purchases | - | 0.1 | 0.1 | 0.2 |
| Sales | (0.1) | (0.1) | (0.9) | (1.1) |
| Ending balance at December 31, 2011 | \$0.1 | \$0.1 | \$ - | \$0.2 |

| | | | | |
|---|------|------|------|------|
| Net unrealized gains (losses) related to assets still held at the end of the period | \$ - | \$ - | \$ - | \$ - |
|---|------|------|------|------|

Cash Flows Related to Pension and Other Postretirement Benefit Plans

The Company's funding policy is to contribute at least the minimum amounts that are required to be funded under the Employee Retirement Income Security Act, but not more than the maximum amounts that are currently deductible for income tax purposes. The Company expects to contribute \$3.7 million to pension plans and \$1.0 million to other postretirement plans in 2013, dependent upon various factors affecting the Company, including its liquidity position and tax law changes.

The following table shows the payments, reflecting expected future service that the Company expects to make for pension and other postretirement benefits. In addition, the table shows the expected federal subsidies, provided under the Medicare Prescription Drug, Improvement and Modernization Act of 2003, that will partially offset other postretirement benefits.

| <i>(Millions)</i> | Pension Benefits | Other Benefits | Federal Subsidies |
|-------------------|------------------|----------------|-------------------|
| 2013 | \$2.6 | \$1.6 | \$0.1 |
| 2014 | 2.6 | 1.7 | 0.1 |
| 2015 | 2.8 | 1.7 | 0.1 |
| 2016 | 2.8 | 1.8 | 0.1 |
| 2017 | 3.0 | 1.8 | 0.1 |
| 2018-2022 | 14.9 | 8.5 | 0.5 |

Defined Contribution Benefit Plans

Integrys Energy Group maintains a 401(k) Savings Plan for substantially all full-time employees. A percentage of employee contributions are matched through an ESOP or cash contribution up to certain limits. Employees who are no longer eligible to participate in the defined benefit pension plan participate in a defined contribution pension plan, in which certain amounts are contributed to an employee's account based on the employee's wages, age, and years of service. The Company also offers a discretionary profit-sharing

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contribution to eligible employees based on a percentage of base pay. The Company's share of the total costs incurred under these plans was \$0.5 million and \$0.6 million in 2012, and 2011, respectively.

NOTE 12--COMMON STOCK

Common Stock of MGUC consists of common stock without par value, \$1 stated value, 1,000 shares authorized, and 100 shares issued and outstanding. The common stock balance was \$100 at December 31, 2012, and 2011. All shares of the Company's common stock are owned by Integrys Energy Group.

NOTE 13--FAIR VALUE

Fair Value Measurements

The following tables show assets and liabilities that were accounted for at fair value on a recurring basis, categorized by level within the fair value hierarchy:

| (Millions) | December 31, 2012 | | | |
|-----------------------------|-------------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Risk management liabilities | | | | |
| Natural gas contracts | \$0.2 | \$ - | \$ - | \$0.2 |

| (Millions) | December 31, 2011 | | | |
|------------------------|-------------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Risk management assets | | | | |
| Natural gas contracts | \$0.4 | \$ - | \$ - | \$0.4 |

The risk management assets and liabilities listed in the tables above include NYMEX futures and options used to manage the risk associated with the market price volatility of natural gas costs. NYMEX contracts are valued using the NYMEX end-of-day settlement price, which is a Level 1 input. For more information on derivative instruments, see Note 5, "Risk Management Activities." There were no transfers between the levels of the fair value hierarchy during 2012 and 2011.

Fair Value of Financial Instruments

The following table shows the financial instruments included on MGUC's balance sheets that are not recorded at fair value:

| (Millions) | December 31, 2012 | | December 31, 2011 | |
|----------------|-------------------|------------|-------------------|------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Long-term debt | \$84.0 | \$95.1 | \$84.0 | \$94.9 |

The fair values of long-term debt instruments are estimated based on the quoted market price for the same or similar issues, or on the current rates offered to MGUC for debt of the same remaining maturity. The fair values of long-term debt instruments are categorized within Level 2 of the fair value hierarchy.

Due to the short-term nature of cash and cash equivalents, accounts receivable, accounts payable, and notes payable, the carrying amount for each such item approximates fair value.

| | | | |
|--|---|--|-------------------------------------|
| 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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| NOTES TO FINANCIAL STATEMENTS (Continued) – Page 123 | | | |

NOTE 14--REGULATORY ENVIRONMENT

MGUC Depreciation Case

In 2010 we recorded a \$2.5 million charge to depreciation expense related to a loss from early retirement of communication equipment. In January 2013, the Michigan Court of Appeals issued an order reversing the MPSC's previously ordered disallowance of \$2.5 million associated with the early retirement of certain MGUC assets in 2010. As a result, MGUC plans to modify its depreciation study currently pending before the MPSC to reflect recovery of these previously disallowed costs. The deadline to appeal the Michigan Court of Appeals' order was March 7, 2013. No appeals were filed prior to the deadline.

NOTE 15--RELATED PARTY TRANSACTIONS

MGUC routinely enters into transactions with related parties, including Integrys Energy Group, its subsidiaries, and other entities in which it has material interests.

MGUC provides and receives services, property, and other items of value to and from its parent, Integrys Energy Group, and other subsidiaries of Integrys Energy Group. All such transactions are made pursuant to an affiliated interest agreement ("Regulated Agreement") approved by the MPSC. Wisconsin Public Service Corporation, Minnesota Energy Resources Corporation, Upper Peninsula Power Company, The Peoples Gas Light and Coke Company, and North Shore Gas Company (together with MGUC, the "regulated subsidiaries") have all been added as parties to the Regulated Agreement and, like MGUC, can also provide and receive services, property, and other items of value to and from their parent, Integrys Energy Group, and other regulated subsidiaries of Integrys Energy Group. The Regulated Agreement requires that all services are provided at cost. Modification or amendment to this agreement requires the approval of the MPSC.

Integrys Business Support provides 15 categories of services (including financial, human resources, and administrative services) to MGUC pursuant to an affiliated interest agreement ("IBS AIA") which has been approved, or from which MGUC has been granted appropriate waivers, by the appropriate regulators, including the MPSC. As required by FERC regulations for centralized service companies, IBS renders services at cost. The MPSC must be notified prior to making changes to the services offered under and the allocation methods specified in the IBS AIA. Other modifications or amendments to the IBS AIA would require MPSC approval. Recovery of allocated costs is addressed in MGUC's rate cases.

In 2010, a new affiliated interest agreement ("Non-IBS AIA") that would govern the provision of intercompany services, other than IBS services, within Integrys Energy Group, was submitted to the MPSC for approval. The Non-IBS AIA was written primarily to limit the scope of services now provided by IBS that had been provided under the Regulated Agreement. The Non-IBS AIA would replace these current agreements, except the IBS AIA, after proper approvals. The pricing methodologies from the current agreements would carry forward to the Non-IBS AIA. The Non-IBS AIA was not filed with the MPSC as it is covered by existing waivers, but it cannot take effect until it is approved in all jurisdictions.

| | | | |
|--|---|--|-------------------------------------|
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| Michigan Gas Utilities Corporation | | | |
| NOTES TO FINANCIAL STATEMENTS (Continued) – Page 123 | | | |

MGU was billed \$12.2 million in 2012 and \$11.7 million in 2011 for services provided by IBS. The amount owed to IBS was \$1.2 million and \$1.4 million, at December 31, 2012, and 2011, respectively.

The following table shows intercompany balances as of December 31:

| (Millions) | 2012 | 2011 |
|--|-------------|-------------|
| Advances from Associated Companies | \$56.0 | \$84.0 |
| Notes Receivable from Associated Companies | .0 | .0 |
| Notes Payable to Associated Companies | 28.0 | - |
| Accounts Payable to Associated Companies | 2.6 | 2.9 |
| Other Deferred Credits | - | 0.1 |

Interest expense for the twelve months ended December 31, 2012, and 2011, includes \$5.2 million and \$5.3 million, respectively, on debts from associated companies. Interest expense owed to associated companies was \$1.2 million and \$1.2 million, at December 31, 2012, and 2011, respectively.

IBS serves as plan sponsor and administrator for the qualified retirement plan and WPS serves as plan sponsor and administrator for the other postretirement benefits.

See Note 5, "Short-Term Debt," Note 6, "Long-Term Debt," and Note 11, "Employee Benefit Plans," for additional disclosures on related party transactions.

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|---|---|--|--------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | | |
| Line No. | Item (a) | Total (b) | Electric (c) | |
| 1 | UTILITY PLANT | | | |
| 2 | In Service | | | |
| 3 | Plant in Service (Classified) Includes ARO | 305,007,415 | | |
| 4 | Property Under Capital Leases | 0 | | |
| 5 | Plant Purchased or Sold | 0 | | |
| 6 | Completed Construction not Classified | 10,026,101 | | |
| 7 | Experimental Plant Unclassified | 0 | | |
| 8 | TOTAL (Enter Total of lines 3 thru 7) | 315,033,515 | | |
| 9 | Leased to Others | 0 | | |
| 10 | Held for Future Use | 0 | | |
| 11 | Construction Work in Progress | 5,086,345 | | |
| 12 | Acquisition Adjustments | 0 | | |
| 13 | TOTAL Utility Plant (Enter Total of lines 8 thru 12) | 320,119,860 | | |
| 14 | Accum. Prov. for Depr., Amort., & Depl. | 174,948,414 | | |
| 15 | Net Utility Plant (Enter Total of line 13 less 14) | 145,171,447 | | |
| 16 | DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | |
| 17 | In Service: | | | |
| 18 | Depreciation (108000,108001, 108200,254485) | 173,626,041 | | |
| 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) | 1,322,372 | | |
| 22 | TOTAL In Service (Enter Total of lines 18 thru 21) | 174,948,414 | | |
| 23 | Leased to Others | | | |
| 24 | Depreciation | 0 | | |
| 25 | Amortization and Depletion | 0 | | |
| 26 | TOTAL Leased to Others (Enter Total of lines 24 and 25) | 0 | | |
| 27 | Held for Future Use | | | |
| 28 | Depreciation | 0 | | |
| 29 | Amortization | 0 | | |
| 30 | TOTAL Held for Future Use (Enter Total of lines 28 and 29) | 0 | | |
| 31 | Abandonment of Leases (Natural Gas) | 0 | | |
| 32 | Amort. of Plant Acquisition Adj. | | | |
| 33 | TOTAL Accumulated provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32) | 174,948,414 | | |

| | | | | | |
|---|------------------------|--|------------------------|------------------------------|-------------------|
| Name of Respondent | | This Report Is: | | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo,Da,Yr) April 30, 2013 | December 31, 2012 |
| SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | | | |
| Gas (d) | Other (Specify) (e) | Other (Specify) (f) | Other (Specify) (g) | Common (h) | Line No. |
| | | | | | 1 |
| | | | | | 2 |
| 305,007,415 | | | | | 3 |
| 0 | | | | | 4 |
| 0 | | | | | 5 |
| 10,026,101 | | | | | 6 |
| 0 | | | | | 7 |
| 315,033,515 | | | | | 8 |
| 0 | | | | | 9 |
| 0 | | | | | 10 |
| 5,086,345 | | | | | 11 |
| 0 | | | | | 12 |
| 320,119,860 | | | | | 13 |
| 174,948,414 | | | | | 14 |
| 145,171,447 | | | | | 15 |
| | | | | | 16 |
| | | | | | 17 |
| 173,626,041 | | | | | 18 |
| 0 | | | | | 19 |
| 0 | | | | | 20 |
| 1,322,372 | | | | | 21 |
| 174,948,414 | | | | | 22 |
| | | | | | 23 |
| | | | | | 24 |
| | | | | | 25 |
| 0 | | | | | 26 |
| | | | | | 27 |
| | | | | | 28 |
| | | | | | 29 |
| 0 | | | | | 30 |
| | | | | | 31 |
| | | | | | 32 |
| 174,948,414 | | | | | 33 |

| Name of Respondent | | This Report Is: | | Date of Report | Year of Report |
|---|-----------|--|---|--------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) | | | | | |
| <p>1. Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>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.</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such amounts.</p> <p>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</p> | | | <p>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.</p> <p>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.</p> | | |
| 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 | 271,233 | - | |
| 5 | | TOTAL Intangible Plant | 293,889 | - | |
| 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 | - | - | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

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 |
| (271,233) | - | - | - | 303 | 4 |
| (271,233) | - | - | 22,656 | | 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 |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|---|-----------|--|-------------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| 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 | 87,403 | - |
| 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 | 14,957 | - |
| 46 | 338 | Unsuccessful Exploration & Development Costs | - | - |
| 47 | | TOTAL Production and Gathering Plant | 324,475 | - |
| 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 | 324,475 | - |
| 60 | | SNG Production Plant (Submit Supplemental Statement) | - | - |
| 61 | | TOTAL Production Plant | 324,475 | - |
| 62 | | 3. Natural Gas Storage and Processing Plant | | |
| 63 | | Underground Storage Plant | | |
| 64 | 350.1 | Land | 13,312 | - |

| | | | | | |
|---|--|--------------------------------|---------------------------|--------------|-------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report | | |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | | |
| 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 |
| - | - | - | 87,403 | 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 |
| - | - | - | 14,957 | 337 | 45 |
| - | - | - | - | 338 | 46 |
| - | - | - | 324,475 | | 47 |
| | | | | | 48 |
| - | - | - | - | 340.1 | 49 |
| - | - | - | - | 340.2 | 50 |
| - | - | - | - | 341 | 51 |
| - | - | - | - | 342 | 52 |
| - | - | - | - | 343 | 53 |
| - | - | - | - | 344 | 54 |
| - | - | - | - | 345 | 55 |
| - | - | - | - | 346 | 56 |
| - | - | - | - | 347 | 57 |
| - | - | - | - | | 58 |
| - | - | - | 324,475 | | 59 |
| - | - | - | - | | 60 |
| - | - | - | 324,475 | | 61 |
| | | | | | 62 |
| | | | | | 63 |
| - | - | - | 13,312 | 350.1 | 64 |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
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| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| 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 | 281,823 | 24,073 |
| 67 | 352 | Wells | - | - |
| 68 | 352.1 | Storage Leaseholds and Rights | - | - |
| 69 | 352.2 | Reservoirs | 95,267 | - |
| 70 | 352.3 | Non-recoverable Natural Gas | 1,033,000 | - |
| 71 | 352.4 | Gas URG-Storage Wells | 2,556,626 | 543,910 |
| 72 | 352.5 | Gas URG-Storage Leasehold & Right | 1,666,932 | - |
| 73 | 353 | Lines | 897,299 | - |
| 74 | 354 | Compressor Station Equipment | 2,960,816 | 108,772 |
| 75 | 355 | Measuring and Regulating Equipment | 676,304 | - |
| 76 | 356 | Purification Equipment | 1,107,267 | 14,714 |
| 77 | 357 | Other Equipment | 25,701 | - |
| 78 | 358 | Gas in Underground Storage-Noncurrent | - | - |
| 79 | | TOTAL Underground Storage-Noncurrent | 11,316,802 | 691,469 |
| 80 | | Other Storage Plant | | |
| 81 | 360.1 | Land | - | - |
| 82 | 360.2 | Land Rights | - | - |
| 83 | 361 | Structures and Improvements | - | - |
| 84 | 362 | Gas Holders | - | - |
| 85 | 363 | Purification Equipment | - | - |
| 86 | 363.1 | Liquefaction Equipment | - | - |
| 87 | 363.2 | Vaporizing Equipment | - | - |
| 88 | 363.3 | Compressor Equipment | - | - |
| 89 | 363.4 | Measuring and Regulating Equipment | - | - |
| 90 | 363.5 | Other Equipment | - | - |
| 91 | | TOTAL Other Storage Plant | - | - |
| 92 | | Base Load Liquefied NG Terminating and Processing Plant | | |
| 93 | 364.1 | Land | - | - |
| 94 | 364.1a | Land Rights | - | - |
| 95 | 364.2 | Structures and Improvements | - | - |
| 96 | 364.3 | LNG Processing Terminal Equipment | - | - |
| 97 | 364.4 | LNG Transportation Equipment | - | - |
| 98 | 364.5 | Measuring and Regulating Equipment | - | - |
| 99 | 364.6 | Compressor Station Equipment | - | - |
| 100 | 364.7 | Communication Equipment | - | - |
| 101 | 364.8 | Other Equipment | - | - |
| 102 | | TOTAL Base Load LNG Terminating and Processing Plant | - | - |
| 103 | | | | |
| 104 | | TOTAL Natural Gas Storage and Processing Plant | 11,316,802 | 691,469 |

| | | | | | |
|---|--|--------------------------------|----------------------------------|--------------|-------------|
| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report | | |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 | | |
| 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 |
| - | - | - | 305,896 | 351 | 66 |
| - | - | - | - | 352 | 67 |
| - | - | - | - | 352.1 | 68 |
| - | - | - | 95,267 | 352.2 | 69 |
| - | - | - | 1,033,000 | 352.3 | 70 |
| - | - | - | 3,100,536 | 352.4 | 71 |
| - | - | - | 1,666,932 | 352.5 | 72 |
| - | - | - | 897,299 | 353 | 73 |
| - | - | - | 3,069,588 | 354 | 74 |
| - | - | - | 676,304 | 355 | 75 |
| - | - | - | 1,121,981 | 356 | 76 |
| - | - | - | 25,701 | 357 | 77 |
| - | - | - | - | 358 | 78 |
| - | - | - | 12,008,271 | | 79 |
| | | | | | 80 |
| - | - | - | - | 360.1 | 81 |
| - | - | - | - | 360.2 | 82 |
| - | - | - | - | 361 | 83 |
| - | - | - | - | 362 | 84 |
| - | - | - | - | 363 | 85 |
| - | - | - | - | 363.1 | 86 |
| - | - | - | - | 363.2 | 87 |
| - | - | - | - | 363.3 | 88 |
| - | - | - | - | 363.4 | 89 |
| - | - | - | - | 363.5 | 90 |
| - | - | - | - | | 91 |
| | | | | | 92 |
| - | - | - | - | 364.1 | 93 |
| - | - | - | - | 364.1a | 94 |
| - | - | - | - | 364.2 | 95 |
| - | - | - | - | 364.3 | 96 |
| - | - | - | - | 364.4 | 97 |
| - | - | - | - | 364.5 | 98 |
| - | - | - | - | 364.6 | 99 |
| - | - | - | - | 364.7 | 100 |
| - | - | - | - | 364.8 | 101 |
| - | - | - | - | | 102 |
| | | | | | 103 |
| - | - | - | 12,008,271 | | 104 |

| | | | | |
|--|-----------|--|--|-------------------------------------|
| Name of Respondent | | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) April 30, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | | |
| 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) |
| 105 | | 4. Transmission Plant | | |
| 106 | 365.1 | Land | 31,394 | - |
| 107 | 365.2 | Land Rights | 726,824 | 200,720 |
| 108 | 365.3 | Rights-of-Way | - | - |
| 109 | 366 | Structures and Improvements | 47,387 | 1,456,458 |
| 110 | 367 | Mains | 32,179,132 | 2,459,569 |
| 111 | 368 | Compressor Station Equipment | - | - |
| 112 | 369 | Measuring and Regulating Station Equipment | 6,644,059 | 493,747 |
| 113 | 370 | Communication Equipment | - | - |
| 114 | 371 | Other Equipment | - | - |
| 115 | | TOTAL Transmission Plant | 39,628,797 | 4,610,494 |
| 116 | | 5. Distribution Plant | | |
| 117 | 374.1 | Land | 81,375 | - |
| 118 | 374.2 | Land Rights | 233,832 | 1,800 |
| 119 | 375 | Structures and Improvements | 332,146 | - |
| 120 | 376 | Mains | 111,662,249 | 1,282,527 |
| 121 | 377 | Compressor Station Equipment | - | - |
| 122 | 378 | Measuring and Regulating Station Equip.-General | 4,402,786 | 207,359 |
| 123 | 379 | Measuring and Regulating Station Equip.-City Gate | (35,210) | 2,886 |
| 124 | 380 | Services | 63,885,379 | 3,652,456 |
| 125 | 381 | Meters | 33,061,884 | 1,678,932 |
| 126 | 382 | Meter Installations | - | - |
| 127 | 383 | House Regulators | 13,954,807 | 123,451 |
| 128 | 384 | House Regulator Installations | - | - |
| 129 | 385 | Industrial Measuring and Regulating Station Equip. | 573,139 | - |
| 130 | 386 | Other Property on Customer's Premises | - | - |
| 131 | 387 | Other Equipment | - | - |
| 132 | 388 | Distribution Plant - ARC Gas | 1,277,488 | - |
| 133 | | TOTAL Distribution Plant | 229,429,876 | 6,949,412 |
| 134 | | 6. General Plant | | |
| 135 | 389.1 | Land | 1,251,451 | - |
| 136 | 389.2 | Land Rights | - | - |
| 137 | 390 | Structures and Improvements | 10,274,802 | 242,485 |
| 138 | 391 | Office Furniture and Equipment | 454,931 | 8,389 |
| 139 | 391.1 | Computers and Computer Related Equipment | 584,699 | 59,939 |
| 140 | 392 | Transportation Equipment | 4,001,105 | 266,191 |
| 141 | 393 | Stores Equipment | 42,281 | - |
| 142 | 394 | Tools, Shop and Garage Equipment | 1,534,442 | 409,464 |
| 143 | 395 | Laboratory Equipment | 357,030 | 26,980 |

| | | | | | |
|--|---|--------------------------------|---------------------------|--------------|-------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report | | |
| Michigan Gas Utilities Corporation | (1) [X] An Original (2) [] A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | | |
| 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) | | |
| | | | | | 105 |
| - | - | - | 31,394 | 365.1 | 106 |
| - | - | - | 927,544 | 365.2 | 107 |
| - | - | - | - | 365.3 | 108 |
| - | - | - | 1,503,845 | 366 | 109 |
| (2,266) | - | - | 34,636,435 | 367 | 110 |
| - | - | - | - | 368 | 111 |
| (16,511) | - | - | 7,121,295 | 369 | 112 |
| - | - | - | - | 370 | 113 |
| - | - | - | - | 371 | 114 |
| (18,777) | - | - | 44,220,513 | | 115 |
| | | | | | 116 |
| - | - | - | 81,375 | 374.1 | 117 |
| - | - | - | 235,632 | 374.2 | 118 |
| | | | 332,146 | 375 | 119 |
| (124,879) | - | - | 112,819,896 | 376 | 120 |
| - | - | - | - | 377 | 121 |
| (270,875) | - | 2,886 | 4,342,157 | 378 | 122 |
| - | - | (2,886) | (35,210) | 379 | 123 |
| (228,792) | - | - | 67,309,043 | 380 | 124 |
| (512,128) | - | - | 34,228,688 | 381 | 125 |
| - | - | - | - | 382 | 126 |
| (36,481) | - | - | 14,041,778 | 383 | 127 |
| - | - | - | - | 384 | 128 |
| - | - | - | 573,139 | 385 | 129 |
| - | - | - | - | 386 | 130 |
| - | - | - | - | 387 | 131 |
| - | - | - | 1,277,488 | 388 | 132 |
| (1,173,155) | - | - | 235,206,132 | | 133 |
| | | | | | 134 |
| - | - | - | 1,251,451 | 389.1 | 135 |
| - | - | - | - | 389.2 | 136 |
| (720) | - | - | 10,516,567 | 390 | 137 |
| (17,290) | - | - | 446,031 | 391 | 138 |
| (2,111) | - | - | 642,526 | 391.1 | 139 |
| (173,658) | - | - | 4,093,638 | 392 | 140 |
| (606) | - | - | 41,675 | 393 | 141 |
| (54,712) | - | - | 1,889,194 | 394 | 142 |
| - | - | - | 384,010 | 395 | 143 |

| Name of Respondent | | This Report Is: | | Date of Report | Year of Report |
|---|-----------|--|-------------------------------------|--------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| 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) | |
| 144 | 396 | Power Operated Equipment | 1,110,515 | 205,169 | |
| 145 | 397 | Communication Equipment | 2,168,405 | 653,035 | |
| 146 | 398 | Miscellaneous Equipment | 7,501 | - | |
| 147 | | SUBTOTAL (Lines 134 thru 146) | 21,787,161 | 1,871,652 | |
| 148 | 399 | Other Tangible Property | 109,660 | (133,570) | |
| 149 | | TOTAL General Plant | 21,896,821 | 1,738,082 | |
| 150 | | TOTAL (Accounts 101 and 106) | 302,890,660 | 13,989,457 | |
| 151 | 101.1 | Property Under Capital Leases | - | | |
| 152 | 102 | Gas Plant Purchased (See Instruction 8) | - | | |
| 153 | (Less) | Gas Plant Sold (See Instruction 8) | - | | |
| 154 | 102 | | | | |
| 155 | 103 | Experimental Gas Plant Unclassified | - | | |
| 156 | | TOTAL GAS PLANT IN SERVICE | 302,890,660 | 13,989,457 | |

| | | | | | |
|--|--|--|-------------------------------------|--------------|-------------|
| Name of Respondent | This Report Is: (1) [X] An Original (2) [] A Resubmission | Date of Report (Mo, Da, Yr) April 30, 2013 | Year of Report December 31, 2012 | | |
| Michigan Gas Utilities Corporation | | | | | |
| 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. |
| (125,408) | - | - | 1,190,276 | 396 | 144 |
| (4,992) | - | - | 2,816,447 | 397 | 145 |
| (3,938) | - | - | 3,563 | 398 | 146 |
| (383,437) | - | - | 23,275,377 | | 147 |
| - | - | - | (23,910) | 399 | 148 |
| (383,437) | - | - | 23,251,467 | | 149 |
| (1,846,602) | - | - | 315,033,515 | | 150 |
| | | | - | 101.1 | 151 |
| | | | - | 102 | 152 |
| | | | - | (Less) | 152 |
| | | | | 102 | 153 |
| | | | - | 103 | 154 |
| (1,846,602) | - | - | 315,033,515 | | 155 |

| 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, 2013 | Year of Report December 31, 2012 |
|---|---|---|---|
| Michigan Gas Utilities Corporation | | | |
| CONSTRUCTION WORK IN PROGRESS - GAS (Account 107) | | | |
| 1. Report below descriptions and balances at end of year of projects in process of construction (107). | | Development, and Demonstration (see Account 107 of the Uniform System of Accounts). | |
| 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, | | 3. Minor projects (less than \$500,000) may be grouped. | |
| 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 | 4,566,177 | 10,069,489 |
| 2 | | | |
| 3 | M-89 HP and MP Relocate | 520,167 | N/A |
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| 42 | | | |
| 43 | TOTAL | 5,086,345 | 10,069,489 |

| Name of Respondent Michigan Gas Utilities Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 30, 2013 | Year of Report December 31, 2012 |
|---|--|--|---|-------------------------------------|
| 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 | Internal Design, Engineering and Supervision | 488,220 | 15,341,614 | |
| 2 | Allowance for Funds Used During Construction | (17,887) | | |
| 3 | Administrative and General | 189,977 | | |
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| 41 | | | | |
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| 45 | | | | |
| 46 | TOTAL | 660,311 | 15,341,614 | |

| | | | |
|--|--|--------------------------------|-------------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 |
| GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE | | | |
| <p>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.</p> <p>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.</p> <p>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.</p> | | | |
| <p style="text-align: center;"><u>Internal Design, Engineering, and Supervision</u></p> <p>The company capitalizes salaries and expenses of supervisory, engineering and clerical personnel involved with the construction and retirement of gas mains and services. Costs include design and engineering services as well as supervising, directing, and controlling activities of field employees engaged in the construction and retirement activities. Each month, the amounts are allocated to gas mains, gas services, and retirement projects based on direct labor charged to those projects.</p> <p style="text-align: center;"><u>Administrative and General</u></p> <p>The company capitalizes a portion of administrative and general expenses, property taxes, and an applicable portion of the injuries and damages insurance which are incurred in connection with construction activity. Each month, an amount is allocated to individual construction projects based on direct labor charged to those projects.</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, 2013 | Year of Report December 31, 2012 |
|--|---|---|--|--|---|
| Michigan Gas Utilities Corporation | | | | | |
| ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108) | | | | | |
| 1. Explain in a footnote any important adjustments during year. 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. 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. | | | 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. 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting. | | |
| 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 | 166,905,812 | 166,905,812 | | |
| 2 | Depreciation Prov. for Year, Charged to | | | | |
| 3 | (403) Depreciation Expense | 8,088,631 | 8,088,631 | | |
| 4 | (403.1) Deprec. and Deplet. Expense | 0 | 0 | | |
| 5 | (413) Exp. of Gas Plt. Leas. to Others | 0 | 0 | | |
| 6 | Transportation Expenses-Clearing | 481,598 | 481,598 | | |
| 7 | Other Clearing Accounts | 0 | 0 | | |
| 8 | Other Accounts (Specify): | 0 | 0 | | |
| 9 | ARO Depreciation Expense 182375 | 65,272 | 65,272 | | |
| 10 | TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 9) | 8,635,501 | 8,635,501 | 0 | 0 |
| 11 | Net Charges for Plant Retired: | | | | |
| 12 | Book Cost of Plant Retired | 1,575,369 | 1,575,369 | | |
| 13 | Cost of Removal | 531,463 | 531,463 | | |
| 14 | Salvage | 191,561 | 191,561 | | |
| 15 | TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14) | 1,915,271 | 1,915,271 | 0 | 0 |
| 16 | Other Debit or Credit Items (Describe): | 0 | 0 | | |
| 17 | | | | | |
| 18 | | 0 | | | |
| 19 | Balance End of Year (Enter Total of lines 1, 10, 15, & 17) | 173,626,041 | 173,626,041 | 0 | 0 |
| Section B. Balances at End of Year According to Functional Classifications | | | | | |
| 20 | Production - Manufactured Gas | 0 | 0 | | |
| 21 | Production and Gathering - Natural Gas | 253,122 | 253,122 | | |
| 22 | Products Extraction - Natural Gas | 0 | 0 | | |
| 23 | Underground Gas Storage | 5,988,272 | 5,988,272 | | |
| 24 | Other Storage Plant | 0 | 0 | | |
| 25 | Base Load LNG Terminating & Proc. Plt. | 0 | 0 | | |
| 26 | Transmission | 27,779,655 | 27,779,655 | | |
| 27 | Distribution | 128,679,606 | 128,679,606 | | |
| 28 | General | 10,925,385 | 10,925,385 | | |
| 29 | TOTAL (Enter total of lines 20 thru 28) | 173,626,041 | 173,626,041 | 0 | 0 |

| | | | | | | |
|--|---|---|----------------------------|--|-------------------------------------|--------------|
| 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, 2013 | Year of Report December 31, 2012 | |
| Michigan Gas Utilities Corporation | | | | | | |
| GAS STORED (ACCOUNT 117, 164.1, 164.2 AND 164.3) | | | | | | |
| 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. 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. 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 | | | | of withdrawals upon "base stock," or restoration of previous encroachment, including brief particulars of any such accounting during the year. 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. 5. Report pressure base of gas volumes as 14.65 psia at 60°F. | | |
| Line No. | Description | Noncurrent (Account 117) | Current (Account 164.1) | LNG (Account 164.2) | LNG (Account 164.3) | Total |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | Balance at Beginning of Year | 3,601,761 | \$22,806,408 | | | \$26,408,169 |
| 2 | Gas Delivered to Storage (contra Account) | | 15,245,547 | | | 15,245,547 |
| 3 | Gas Withdrawn from Storage (contra Account) | | (21,669,071) | | | (21,669,071) |
| 4 | Other Debits or Credits (Net) | | \$0 | | | - |
| 5 | Balance at End of Year | 3,601,761 | \$16,382,884 | | | \$19,984,645 |
| 6 | Mcf | 2,182,372 | 4,334,327 | | | 6,516,699 |
| 7 | Amount Per Mcf | \$1.65 | \$3.78 | | | \$3.07 |
| 8 | | | | | | |

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| Name of Respondent | This Report Is: | Date of Report | Year of Report | |
|--|--|--|-------------------|---|
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | |
| INVESTMENTS (Accounts 123, 124, 136) | | | | |
| <p>1. Report below the investments in Accounts 123, <i>Investments in Associated Companies</i>, 124, <i>Other Investment</i>, and 136, <i>Temporary Cash Investments</i>.</p> <p>2. Provide a subheading for each account and list thereunder the information called for:</p> <p>(a) Investment in Securities - List and describe each security owned, giving name of user, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, <i>Other</i></p> | | <p><i>Investments</i>), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.</p> <p>(b) Investment Advances - Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or an open account.</p> | | |
| Line No. | Description of Investment (a) | Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (b) Original Cost Book Value | | Purchases or Additions During Year (c) |
| 1 | US Bank Euro Time Deposit 12/30/2011 | 750,000 | 750,000 | 750,000 |
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| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | 750,000 | 750,000 | 750,000 |

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|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

| INVESTMENTS (Accounts 123, 124, 136) (Cont'd) | | | | | | |
|--|---|--|--|--------------------------|--|----------|
| <p>Each note should be listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.</p> <p>3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes, or accounts and in a footnote state the name of pledgee and purpose of the pledge.</p> <p>4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give</p> | | | <p>name of Commission, date of authorization, and case or docket number.</p> <p>5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.</p> <p>6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).</p> | | | |
| Sales or Other Dispositions During Year (d) | Principal Amount or No. of Shares at End of Year (e) | Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f) | | Revenues for Year (g) | Gain or Loss from Improvement Disposed of (h) | Line No. |
| | | Original Cost | Book Value | | | |
| | | 750,000 | 750,000 | 0* | | 1 |
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| | | | | | | 17 |
| | | | | | | 18 |
| 0 | | 750,000 | 750,000 | 0 | | 19 |
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| 0 | | 0 | 0 | 0 | | 33 |
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| 0 | 0 | 750,000 | 750,000 | 0 | 0 | 37 |
| | | | | | | 38 |
| | | | | | | 39 |

1 (g)* Interest received on 01/03/13 \$4.17 for entire trade.
Actual interest received for this transaction in 2012 \$0.00

| Name of Respondent | | This Report Is: | | Date of Report | Year of Report |
|--|--|--|--|----------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | April 30, 2013 | December 31, 2012 |
| GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS | | | | | |
| 1. Report below the information called for concerning gas prepayments as defined in the text of Account 165, <i>Prepayments</i> . (Report advances on page 229.) | | | 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. | | |
| 2. If any prepayment at beginning of year (or incurred during year) was cancelled, forfeited, or applied to another | | | | | |
| Line No. | Name of Vendor (Designate associated companies with an asterisk) (a) | Seller FERC Rate Schedule No. (b) | BALANCE BEGINNING OF YEAR | | |
| | | | Mcf (14.73 psia at 60°F) (c) | Amount (d) | |
| 1 | ANR Pipeline | | | 4,000 | |
| 2 | | | | | |
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| 40 | | | | | |
| 41 | | | | | |
| 42 | TOTAL | | 0 | 4,000 | |

| | | | | | | |
|---|--|-----------------------------|--|---|--|-------------|
| Name of Respondent | This Report Is: | | Date of Report | Year of Report | | |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | | |
| 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) | | |
| | | | | | | 1 |
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| | | | | | | 41 |
| 0 | - | | 0 | | | 42 |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|---|--|--|--------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| 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) | 10 | 0 | |
| 2 | Customer Accounts Receivable (Account 142) | 17,344,036 | 15,267,691 | |
| 3 | Other Accounts Receivable (Account 143) * (Disclose any capital stock subscriptions received) | 331,142 | 600,558 | |
| 4 | TOTAL | 17,675,188 | 15,868,249 | |
| 5 | Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144) ** | 1,773,876 | 1,235,877 | |
| 6 | TOTAL, Less Accumulated Provision for Uncollectible Accounts | 15,901,312 | 14,632,372 | |
| 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) | | | | | | |
|---|---|--------------------------|--|-------------------------------|--------------|--------------|
| 1. Report below the information called for concerning this accumulated provision. | | | | | | |
| 2. Explain any important adjustments of subaccounts. | | | | | | |
| 3. 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 | 1,773,876 | | | | 1,773,876 |
| 2 | Prov. for uncollectibles for current | (538,000) | | | | (538,000) |
| 3 | Account written off (less) | 1,427,896 | | | | 1,427,896 |
| 4 | Coll. of accounts written off | | | | | 0 |
| 5 | Adjustments (explain): Due to the Direct Write-Off Method | 1,427,896 | | | | 1,427,896 |
| 6 | Balance end of year | 1,235,876 | 0 | 0 | 0 | 1,235,876 |
| 7 | | | | | | |
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| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

| RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146) | | | | | | |
|---|---|--|-----------------|----------------|----------------------------|--------------------------|
| 1. Report particulars of notes and accounts receivable from associated companies* at end of year. | | 4. If any note was received in satisfaction of an open account, state the period covered by such open account. | | | | |
| 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. | | 5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year. | | | | |
| 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. | | 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 accounting company. This includes related parties.</p> <p>"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.</p> | | | | | | |
| 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 | Account 146: | | | | | |
| 2 | <u>Wisconsin Public Service Corporation</u> | | | | | |
| 3 | Accounts Receivable | 0 | 56,025 | 55,313 | 712 | |
| 4 | <u>Minnesota Energy Resources Corporation</u> | | | | | |
| 5 | Accounts Receivable | 70 | 15,668 | 15,739 | 0 | |
| 6 | <u>The Peoples Gas Light & Coke Company</u> | | | | | |
| 7 | Accounts Receivable | 0 | 62,909 | 62,909 | 0 | |
| 8 | <u>North Shore Gas Company</u> | | | | | |
| 9 | Accounts Receivable | 1,187 | 111 | 1,298 | 0 | |
| 10 | <u>Upper Peninsula Power Company</u> | | | | | |
| 11 | Accounts Receivable | 0 | 966 | 966 | 0 | |
| 12 | <u>Integrus Business Support, LLC</u> | | | | | |
| 13 | Accounts Receivable | 40,596 | 250,423 | 258,148 | 32,871 | |
| 14 | | | | | | |
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| 24 | | | | | | |
| 25 | TOTAL | 41,853 | 386,102 | 394,373 | 33,583 | |

| 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, 2013 | Year of Report December 31, 2012 | |
|--|---|---|-------------------------------------|---|
| Michigan Gas Utilities Corporation | | | | |
| 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) | 350,192 | 426,161 | Gas Operations |
| 6 | Assigned to - Operations and Maintenance | | | |
| 7 | Production Plant (Estimated) | | | |
| 8 | Transmission Plant (Estimated) | | | |
| 9 | Distribution Plant (Estimated) | 56,938 | 49,476 | Gas Operations |
| 10 | Assigned to - Other | | | |
| 11 | TOTAL Account 154 <i>(Enter Total of lines 5 thru 10)</i> | 407,130 | 475,637 | 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) | 5,991 | 19,610 | |
| 16 | Electric | | | |
| 17 | Gas | | | |
| 18 | Other | | | |
| 19 | | | | |
| 20 | TOTAL Materials and Supplies (Per Balance Sheet) | 413,121 | 495,247 | |

| | | | |
|------------------------------------|---|--|-------------------------------------|
| 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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |

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 | 293,364 |
| 2 | Prepaid Rents | |
| 3 | Prepaid Taxes (pages 262-263) | 188,386 |
| 4 | Prepaid Interest on Commercial Paper | |
| 5 | Gas Prepayments (pages 226-227) | |
| 6 | Miscellaneous Prepayments: Licenses | |
| 7 | TOTAL | 481,750 |

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 | | | | | | |
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| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | TOTAL | 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 | | | | | | |
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| 29 | | | | | | |
| 30 | TOTAL | 0 | 0 | | 0 | 0 |

| | | | |
|------------------------------------|---|--|-------------------------------------|
| 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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |

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 | Reg Asset-Curr-NonDeriv Adj | 120,936 | 232 | 33,902 | 87,034 |
| 2 | Regulatory Asset - Retiree Health (FAS 106) | 2,658 | 228.3 | 33,657 | 0 |
| 3 | Regulatory Asset - FAS 158 | 23,552,397 | 228.3 | 22,195,188 | 22,309,033 |
| 4 | Environmental Clean-Up Costs | 2,276,461 | 926 | 2,276,461 | 0 |
| 5 | Regulatory Asset - Purch Acctg Eff Benefits | 61,834 | 926 | 1,625,444 | 20,717,833 |
| 6 | ARO Depreciation/Accretion - Non-Rate Base | 158,752 | 230 | | 616,995 |
| 7 | Regulatory Asset - Deferred Taxes | 13,127,223 | 254.4 | 13,106,533 | 3,297,972 |
| 8 | Regulatory Asset - Derivatives | 493,610 | 244/175 | 336,890 | 194,730 |
| 9 | Regulatory Asset - Uncollectible Expense Tracker-MI | 40,000 | 144 | 578,000 | 1,235,877 |
| 10 | Revenue Decoupling - Under Collection 2012 | 1,550,346 | 495 | 379,616 | 1,170,730 |
| 11 | Revenue Decoupling - Under Collection 2010 | | 495 | 692,953 | 0 |
| 12 | Revenue Decoupling - Under Collection 2011 | | 495 | 102,213 | 157,088 |
| 13 | | | | | |
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| 34 | | | | | |
| 35 | TOTAL | 41,384,217 | | 41,360,857 | 49,787,291 |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

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 (less than \$50,000) 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 | Tradename | 5,218,000 | 0 | 186060 | 0 | 5,218,000 |
| 2 | Deferred Debit-Area Expansion Program | 995,335 | 306,821 | 107 | 146,713 | 1,155,444 |
| 3 | Deferred Debit-Work Orders | 10,701 | 59,659 | 107/234 | 59,735 | 10,625 |
| 4 | Goodwill | 34,517,361 | 0 | 425010 | | 34,517,361 |
| 5 | Regulatory Asset - Clean-Up Gas Expenditures | 23,227,975 | 851,585 | 253/735 | 802,654 | 23,276,906 |
| 6 | Deferred Debit-Other | 849,473 | 0 | 143350 | 849,473 | 0 |
| 7 | | | | | | |
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| 36 | | | | | | |
| 37 | | | | | | |
| 38 | Misc. Work in Progress | | | | | |
| 39 | DEFERRED REGULATORY COMM. EXPENSES (SEE PAGES 350-351) | | | | | |
| 40 | TOTAL | 64,818,845 | 1,218,065 | | 1,858,575 | 64,178,336 |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 |

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 <i>(Enter Total of lines 2 thru 7)</i> | | | |
| 9 | Gas | | | |
| 10 | Accumulated Deferred Income Taxes | - | | |
| 11 | Plant | (1,264,090) | 66,924 | 172,254 |
| 12 | Other Than Plant | (9,083,623) | 3,631,828 | 2,693,638 |
| 13 | Other Than Plant (FAS 109) | 1,750 | - | - |
| 14 | | | | |
| 15 | Other | | | |
| 16 | TOTAL Gas <i>(Enter Total of lines 10 thru 15)</i> | (10,345,963) | 3,698,752 | 2,865,892 |
| 17 | Other (Specify) Non-Utility | (23,814,506) | | |
| 18 | TOTAL (Account 190 <i>(Enter Total of lines 8, 16 & 17)</i>) | (34,160,469) | 3,698,752 | 2,865,892 |
| 19 | Classification of Total: | | | |
| 20 | Federal Income Tax | (29,647,915) | 3,254,564 | 2,563,072 |
| 21 | State Income Tax | (4,512,554) | 444,188 | 302,820 |
| 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 | |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | April 30, 2013 | | December 31, 2012 | |
| 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 (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 |
| | | | | | | | 3 |
| | | | | | | | 4 |
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| | | | | | | | 7 |
| | | | | | | | 8 |
| | | | | | | | 9 |
| | | | | | | - | 10 |
| | | | | | 2,738,839 | 1,369,419 | 11 |
| | | | | | 16,974,312 | 8,828,879 | 12 |
| | | | | | (3,344) | (1,594) | 13 |
| | | | | | | | 14 |
| | | | | | | | 15 |
| - | - | - | - | - | 19,709,807 | 10,196,704 | 16 |
| 5,434,854 | 2,377,288 | | | | 36,759,304 | 20,756,940 | 17 |
| 5,434,854 | 2,377,288 | - | - | - | 56,469,111 | 30,953,644 | 18 |
| | | | | | | | 19 |
| 4,245,222 | 855,290 | - | - | - | 50,021,132 | 26,165,221 | 20 |
| 1,189,632 | 1,521,998 | - | | - | 6,447,979 | 4,788,423 | 21 |
| | | | | | | | 22 |
| NOTES (Continued) | | | | | | | |

| Name of Respondent | This Report Is: | Date of Report | Year of Report | |
|--|--|---|--------------------------------------|----------------------------------|
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | |
| CAPITAL STOCK (Accounts 201 and 204) | | | | |
| <p>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.</p> <p>2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.</p> | | | | |
| 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 | | | |
| 2 | | | | |
| 3 | Total Common Stock | | | |
| 4 | | | | |
| 5 | Account 204 - Preferred Stock | | | |
| 6 | | | | |
| 7 | Total Preferred Stock | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
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|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

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 | | HELD BY RESPONDENT | | | | |
|---|------------|-----------------------------------|----------|----------------------------|------------|----------|
| (Total amount outstanding without reduction for amounts held by respondents.) | | 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 |
| | (100) | | | | | 3 |
| | | | | | | 4 |
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| Name of Respondent | This Report Is: | Date of Report | Year of Report |
|---|--|--------------------------------|-------------------|
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (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 | 78,550,086 | 168,715,930 |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
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| 30 | | | |
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| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | TOTAL | 78,550,086 | 168,715,930 |

| | | | |
|--|---|---|-------------------------------------|
| 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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| OTHER PAID-IN CAPITAL (Accounts 208-211, inc.) | | | |
| <p>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.</p> <p>(a) <i>Donations Received from Stockholders</i> (Account 208)--State amount and give brief explanation of the origin and purpose of each donation.</p> <p>(b) <i>Reduction in Par or Stated Value of Capital Stock</i> (Account 209)--State amount and give brief explanation of the</p> | | <p>capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.</p> <p>(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.</p> <p>(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.</p> | |
| Line No. | Item (a) | Amount (b) | |
| 1 | <u>Account 211 - Division Equity</u> | | |
| 2 | | | |
| 3 | Balance Beginning of Year | \$ | - |
| 4 | | | |
| 5 | Net Income | | 4,980,918 |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
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| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | TOTAL | \$ | 4,980,918 |

| 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, 2013 | Year of Report December 31, 2012 |
|--|--|--|---|
| Michigan Gas Utilities Corporation | | | |
| LONG-TERM DEBT (Accounts 221, 222, 223 and 224) | | | |
| <p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, <i>Bonds</i>, 222, <i>Reacquired Bonds</i>, 223, <i>Advances from Associated Companies</i>, and 224, <i>Other Long-Term Debt</i>.</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 (For new issue, give Commission Authorization numbers and dates) (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-Integrus Energy Group, Inc. | 56,000,000 | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
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| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | TOTAL | 56,000,000 | 0 |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

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-Discount 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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| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| | | | | | | 23 |
| | | | | | | 24 |
| | | | | 0 | 0 | 25 |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

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 a 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 | Account 233: | | | | | |
| 2 | <u>Integrus Energy Group, Inc.</u> | | | | | |
| 3 | Short term loan to MGUC | | | | | |
| 4 | Loan 1/1-1/31/2012 Rate 0.42% | 0 | | 2,950,000 | 2,950,000 | |
| 5 | Repay 1/31/2012 | 0 | 650,000 | | (650,000) | 211 |
| 6 | Loan 2/1-2/28/2012 Rate 0.43% | 0 | | 1,350,000 | 1,350,000 | |
| 7 | Repay 2/28/2012 | 0 | 3,650,000 | | (3,650,000) | 66 |
| 8 | Loan 3/1-3/31/2012 Rate 0.47% | 0 | | | 0 | |
| 9 | Repay 3/31/2012 | 0 | | | 0 | |
| 10 | Loan 4/1-4/30/2012 Rate 0.44% | 0 | | | 0 | |
| 11 | Repay 4/30/2012 | 0 | | | 0 | |
| 12 | Loan 5/1-5/31/2012 Rate 0.44% | 0 | | | 0 | |
| 13 | Repay 5/31/2012 | 0 | | | 0 | |
| 14 | Loan 6/1-6/30/2012 Rate 0.46% | 0 | | | 0 | |
| 15 | Repay 6/30/2012 | 0 | | | 0 | |
| 16 | Loan 7/1-7/31/2012 Rate 0.45% | 0 | | | 0 | |
| 17 | Repay 7/31/2012 | 0 | | | 0 | |
| 18 | Loan 8/1-8/31/2012 Rate 0.42% | 0 | | | 0 | |
| 19 | Repay 8/31/2012 | 0 | | | 0 | |
| 20 | Loan 9/1-9/30/2012 Rate 0.43% | 0 | | | 0 | |
| 21 | Repay 9/30/2012 | 0 | | | 0 | |
| 22 | Loan 10/1-10/31/2012 Rate 0.47% | 0 | | | 0 | |
| 23 | Repay 10/31/2012 | 0 | | | 0 | |
| 24 | Loan 11/1-11/30/2012 Rate 0.42% | 0 | | 1,425,000 | 1,425,000 | |
| 25 | Repay 11/30/2012 | 0 | 1,250,000 | | (1,250,000) | 29 |
| 26 | Loan 12/1-12/31/2012 Rate 0.45% | 0 | | 50,000 | 50,000 | |
| 27 | Repay 12/31/2012 | 0 | 225,000 | | (225,000) | 7 |
| 28 | Total of Account 233 | 0 | 5,775,000 | 5,775,000 | 0 | 313 |
| 29 | | | | | | |
| 30 | | | | | | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

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 a 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 | Account 234: | | | | | |
| 2 | <u>Peoples Energy Corporation</u> | | | | | |
| 3 | Accounts Payable | 0 | | | 0 | |
| 4 | Total | 0 | 0 | 0 | 0 | |
| 5 | <u>The Peoples Gas Light & Coke Company</u> | | | | | |
| 6 | Accounts Payable | 1,188 | 10,564 | 9,418 | 42 | |
| 7 | Total | 1,188 | 10,564 | 9,418 | 42 | |
| 8 | <u>Integrays Business Support, LLC</u> | | | | | |
| 9 | Accounts Payable | 1,418,521 | 35,127,646 | 34,928,223 | 1,219,098 | |
| 10 | Total | 1,418,521 | 35,127,646 | 34,928,223 | 1,219,098 | |
| 11 | <u>Wisconsin Public Service Corporation</u> | | | | | |
| 12 | Accounts Payable | 92,799 | 1,871,004 | 1,870,257 | 92,052 | |
| 13 | Total | 92,799 | 1,871,004 | 1,870,257 | 92,052 | |
| 14 | <u>Upper Peninsula Power Company</u> | | | | | |
| 15 | Accounts Payable | 241 | 2,692 | 2,714 | 263 | |
| 16 | Total | 241 | 2,692 | 2,714 | 263 | |
| 17 | <u>Minnesota Energy Resources Corporation</u> | | | | | |
| 18 | Accounts Payable | 15,194 | 321,321 | 327,662 | 21,535 | |
| 19 | Total | 15,194 | 321,321 | 327,662 | 21,535 | |
| 20 | <u>Integrays Energy Services, Inc.</u> | | | | | |
| 21 | Accounts Payable | 0 | 74 | 103 | 29 | |
| 22 | Total | 0 | 74 | 103 | 29 | |
| 23 | <u>Integrays Energy Group, Inc.</u> | | | | | |
| 24 | Accounts Payable | 1,348,931 | 10,662,348 | 10,610,986 | 1,297,569 | |
| 25 | Total | 1,348,931 | 10,662,348 | 10,610,986 | 1,297,569 | |
| 26 | <u>North Shore Gas Company</u> | | | | | |
| 27 | Accounts Payable | 0 | 983 | 989 | 6 | |
| 28 | Total | 0 | 983 | 989 | 6 | |
| 29 | Total of Account 234 | 2,876,874 | 47,996,632 | 47,750,352 | 2,630,594 | |
| 30 | Total of Accounts 233 and 234 | 2,876,874 | 53,771,632 | 53,525,352 | 2,630,594 | 313 |

| | | | | |
|------------------------------------|--|--|--------------------------------|-------------------|
| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

| RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES | | |
|--|--|--|
| <p>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.</p> | | <p>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.</p> |

| Line No. | Particulars (Details) (a) | Amount (b) |
|----------|---|----------------|
| 1 | Net Income for the Year (Page 117) | \$5,008,199 |
| 2 | Reconciling items for the Year: | |
| 3 | | |
| 4 | Federal and State Taxes | 3,062,753 |
| 5 | Investment Tax Credit | |
| 6 | | |
| 7 | Deductions Recorded on Books Not Deducted for Return: | |
| 8 | Schedule M-1 Adjustments | |
| 9 | Benefits Accrued | (2,126,941) |
| 10 | Deferred Compensation | 5,149 |
| 11 | Incentives Accrued | 99,654 |
| 12 | Bad Debts | 0 |
| 13 | Meals & Entertainment | 25,433 |
| 14 | Depreciation | (20,115,571) |
| 15 | State Tax | 770,165 |
| 16 | Environment Cleanup | 425,792 |
| 17 | Regulatory Assets (NC) | 850,033 |
| 18 | Vacation Payable | 21,656 |
| 19 | Regulatory Liabilities (NC) | (1,596,713) |
| 20 | Deferred Income & Deductions | 106,984 |
| 21 | Lobbying | 17,745 |
| 22 | Regulatory Liabilities (CUR) | 757,623 |
| 23 | Interest | 63,379 |
| 24 | Regulatory Assets (CUR) | (2,055,753) |
| 25 | Net Operating Loss-Federal | 2,047,335 |
| 26 | Price Risk Hedging (Current Asset) | 2,010 |
| 27 | ESOP Dividends | (49,691) |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 38 | | |
| 39 | | |
| 40 | Federal Tax Net Income | (\$12,680,757) |
| 41 | Show Computation of Tax: | |
| 42 | Federal Tax @ 35 % | (4,438,265) |
| 43 | | |
| 44 | Prior Year Adjustments | (381,936) |
| 45 | | |
| 46 | | (4,820,201) |
| 48 | Federal Tax Provision: | |
| 49 | Page 114, Line 15, Account 409.1 | (1,685,133) |
| 50 | Page 117, Line 53, Account 409.2 | (3,135,068) |
| 51 | | (4,820,201) |

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| Name of Respondent | | This Report Is: | | Date of Report | | Year of Report | |
|---|--------------------------------------|--|---|---|--|-------------------|--|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | April 30, 2013 | | December 31, 2012 | |
| TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR | | | | | | | |
| <p>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.</p> <p>2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or</p> | | | | <p>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.</p> <p>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.</p> <p>4. List the aggregate of each kind of tax in such manner</p> | | | |
| Line. No. | Kind of Tax (See Instruction 5) | BALANCE AT BEGINNING OF YEAR | | | | | |
| | | Taxes Accrued (Account 236) | Prepaid Taxes (Incl. in Account 165) | | | | |
| | (a) | (b) | (c) | | | | |
| 1 | INCOME TAXES: | | | | | | |
| 2 | Federal Income | - | - | | | | |
| 3 | 2011 and Prior Years | (18,187) | 1,384,528 | | | | |
| 4 | | - | - | | | | |
| 5 | | - | - | | | | |
| 6 | State Income | - | - | | | | |
| 7 | 2011 and Prior Years | - | 273,729 | | | | |
| 8 | | - | - | | | | |
| 9 | OTHER TAXES: | - | - | | | | |
| 10 | Employer's Portion of FICA & HTAX | 46,912 | - | | | | |
| 11 | Unemployment Compensation | 33 | - | | | | |
| 12 | Unauthorized Insurance Tax | - | 9,251 | | | | |
| 13 | Property Taxes | 1,542,571 | - | | | | |
| 14 | MI Severance Tax | 1,489 | - | | | | |
| 15 | Franchise Taxes | - | - | | | | |
| 16 | Billed Payroll Tax | - | - | | | | |
| 17 | Federal Excise Tax | - | 534 | | | | |
| 18 | Other Miscellaneous Taxes | - | - | | | | |
| 19 | TOTAL | \$1,572,818 | 1,668,042 | | | | |
| DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.) | | | | | | | |
| Line No. | Electric Account 408.1, 409.1) | Gas (Account 408.1, 409.1) | Other Utility Departments (Account 408.1, 409.1) | Other Income and Deductions (Account 408.2, 409.2) | | | |
| | (i) | (j) | (k) | (l) | | | |
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | (1,685,133) | | (3,135,068) | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | (256,601) | | (662,260) | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | 637,663 | | | | | |
| 11 | | 53,403 | | | | | |
| 12 | | 13,270 | | | | | |
| 13 | | 3,205,383 | | | | | |
| 14 | | - | | | | | |
| 15 | | - | | 125 | | | |
| 16 | | 353,472 | | | | | |
| 17 | | 709 | | | | | |
| 18 | | 50 | | | | | |
| 19 | TOTAL | \$2,322,216 | \$0 | (\$3,797,203) | | | |

| Name of Respondent | This Report Is: | Date of Report | Year of Report | | |
|---|--|--|------------------------------------|---|----------|
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | | |
| TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued) | | | | | |
| <p>that the total tax for each State and subdivision can readily be ascertained.</p> <p>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).</p> <p>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.</p> <p>7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll</p> | | <p>deductions or otherwise pending transmittal of such taxes to the taxing authority.</p> <p>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.</p> <p>9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.</p> | | | |
| 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 |
| | | | 192,381 | - | 2 |
| (4,820,201) | (6,368,843) | 46,454 | - | - | 3 |
| | | | - | - | 4 |
| | | | - | - | 5 |
| (918,860) | (1,014,371) | 3,184 | - | 175,034 | 6 |
| | | | - | - | 7 |
| | | | - | - | 8 |
| | | | - | - | 9 |
| 637,663 | 636,928 | | 47,647 | - | 10 |
| 53,403 | 53,399 | | 37 | - | 11 |
| 13,270 | 15,468 | | - | 11,449 | 12 |
| 6,442,983 | 3,169,681 | | 4,815,873 | - | 13 |
| 13,813 | 13,718 | | 1,584 | - | 14 |
| 125 | 125 | | - | - | 15 |
| 353,472 | 353,472 | | - | - | 16 |
| 709 | 2,077 | | - | 1,902 | 17 |
| 50 | 50 | | - | - | 18 |
| 1,776,427 | (3,138,296) | \$49,638 | \$5,057,522 | \$188,385 | 19 |
| 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 |
| | | | | 3,237,600 | 12 |
| | | | | 13,813 | 13 |
| | | | | | 14 |
| | | | | | 15 |
| | | | | | 16 |
| | | | | | 17 |
| | | | | | 18 |
| \$0 | \$0 | \$0 | 3,251,413 | | 19 |

Total Expense \$1,776,426

| Name of Respondent | | This Report Is: | | Date of Report | | Year of Report | |
|--|---|--|-------------------|-----------------|-------------------------------------|-------------------|-------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | April 30, 2013 | | December 31, 2012 | |
| ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) | | | | | | | |
| Report below information applicable to Acct 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized. | | | | | | | |
| Line No. | Account Subdivisions | Balance at Beginning of Year | Deferred for Year | | Allocation to Current Year's Income | | Adjustments |
| | (a) | | (b) | Account No. (c) | Amount (d) | Account No. (e) | |
| 1 | Gas Utility | | | | | | |
| 2 | | 594,399 | | | 411.4 | 9,482 | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | TOTAL | 594,399 | | 0 | | 9,482 | 0 |
| 9 | Other (List separately and show 3%, 4%, 7%, 10% and TOTAL | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
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|--|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (Continued) | | | |
| | | | |
| Balance at End of Year | Average Period of Allocation to Income | Adjustment Explanation | Line No. |
| (h) | (i) | | |
| | | | 1 |
| 603,881 | 40.3 Years | | 2 |
| | | | 3 |
| | | | 4 |
| | | | 5 |
| | | | 6 |
| | | | 7 |
| 603,881 | | | 8 |
| | | | 9 |
| | | | 10 |
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| | | | 47 |
| | | | 48 |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

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 | Current & Accrued Liability - 401K Serv Acc | 17,283 |
| 2 | ESOP-Company Contribution | 18,367 |
| 3 | Incur But Not Reported - Workers Comp | 425 |
| 4 | Current Pension Obligation | 76,220 |
| 5 | Current Pension Restoration | 7,248 |
| 6 | Current Post Retirement Obligation | 579 |
| 7 | Current & Accrued Liability-Vacation Pay Accrued | 966,171 |
| 8 | Accrued Wages Payable | 235,197 |
| 9 | Health Care/Life Accrual | 110,466 |
| 10 | Misc Liability - Legal & Audit | 49,337 |
| 11 | Goal Sharing | 403,175 |
| 12 | MGUC Accrued Other | 857 |
| 13 | Accrued Energy Aid Assistance | 1,694 |
| 14 | Accrued Energy Aid Assistance-Company Match | 847 |
| 15 | Profit Sharing Accrual | 41,543 |
| 16 | Gas Imbalance Liability | 401 |
| 17 | GCR Over/Under Collections | 0 |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | TOTAL | 1,929,810 |

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

| Line No. | List Advances by Department (a) | Balance End of Year (b) |
|----------|------------------------------------|-------------------------------|
| 23 | Gas | 0 |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | TOTAL | 0 |

| Name of Respondent | | This Report Is: | | Date of Report | Year of Report | |
|---|--|--|-----------------------|--------------------------------|-------------------|---|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | |
| 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-Outst Checks Cancelled | 12,638 | 131/253 | 227 | 5,651 | 18,062 |
| 2 | Deferred Income Plan | 161,560 | 253 | 0 | 8,010 | 169,570 |
| 3 | Deferred Cr-Def Comp Res Loan Program | 30,802 | 926/253 | 81 | 1,942 | 32,663 |
| 4 | Deferred Cr-Def Comp Variable Stock Acct | 107,833 | 234/926 | 26,443 | 28,462 | 109,852 |
| 5 | Deferred Cr-Def Comp Mut Fund Option | 16,448 | 926 | 789 | 2,057 | 17,716 |
| 6 | I/C LT Payable-2/08 Res Stk Grant | 0 | 920 | 0 | 0 | 0 |
| 7 | I/C LT Payable-2/09 Res Stk Grant | 0 | 920 | 0 | 0 | 0 |
| 8 | I/C LT Payable-2/10 Res Stk Grant | 0 | 920 | 0 | 0 | 0 |
| 9 | Long Term Payables to Affiliates | 0 | 182 | 57,999 | 1,365 | (56,634) |
| 10 | Deferred Credit-Gas Site Cleanup | 20,313,000 | 182 | 425,792 | 425,792 | 20,313,000 |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
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| 42 | | | | | | |
| 43 | | | | | | |
| 44 | | | | | | |
| 45 | | | | | | |
| 46 | | | | | | |
| 47 | TOTAL | 20,642,281 | | 511,331 | 473,279 | 20,604,229 |

| Name of Respondent | | This Report Is: | | Date of Report | | Year of Report | |
|--|---|--|---|---|--|-------------------|--|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | April 30, 2013 | | December 31, 2012 | |
| 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 | 19,440,492 | 4,864,782 | 851,230 | | | |
| 4 | Other (Define) | | | | | | |
| 5 | TOTAL (Enter Total of lines 2 thru 4) | 19,440,492 | 4,864,782 | 851,230 | | | |
| 6 | Other (Specify) | | | | | | |
| 7 | Plant (FAS 109) | 3,275,533 | | | | | |
| 8 | Non-Utility | (497,932) | | | | | |
| 9 | TOTAL Account 282 (Enter Total of lines 5 thru 8) | 22,218,093 | 4,864,782 | 851,230 | | | |
| 10 | Classification of TOTAL | | | | | | |
| 11 | Federal Income Tax | 18,630,856 | 4,434,103 | 803,037 | | | |
| 12 | State Income Tax | 3,587,237 | 430,679 | 48,193 | | | |
| 13 | Local Income Tax | | | | | | |
| NOTES | | | | | | | |

| | | | | | | | |
|---|--|--|---------------|------------------|---------------|----------------------------------|-------------|
| Name of Respondent | | This Report Is: | | Date of Report | | Year of Report | |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | April 30, 2013 | | December 31, 2012 | |
| 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 | - | 190/282 | | 23,454,044 | 3 |
| | | | | | | | 4 |
| | | | - | | - | 23,454,044 | 5 |
| | | | | | | | 6 |
| | | 254/190 | | 254/190 | 179,715 | 3,095,818 | 7 |
| 1,626,276 | 2,427,870 | 190/283 | | 190/283 | - | (1,299,526) | 8 |
| 1,626,276 | 2,427,870 | | 0 | | 179,715 | 25,250,336 | 9 |
| | | | | | | | 10 |
| 1,505,802 | 2,158,902 | | | | 159,727 | 21,449,095 | 11 |
| 120,474 | 268,968 | | | | 19,988 | 3,801,241 | 12 |
| | | | | | | | 13 |
| NOTES (Continued) | | | | | | | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 |

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 | | | |
| 3 | Other Than Plant | | | |
| 4 | Other Than Plant (FAS 109) | | | |
| 5 | | | | |
| 6 | Other | | | |
| 7 | TOTAL Electric (Total of lines 2 thru 6) | - | - | - |
| 8 | Gas | | | |
| 9 | Plant | - | | |
| 10 | Other Than Plant | 19,237,877 | 4,602,713 | 4,471,297 |
| 11 | Other Than Plant (FAS 109) | | | |
| 12 | | | | |
| 13 | Other | | | |
| 14 | TOTAL Gas (Total of lines 9 thru 13) | 19,237,877 | 4,602,713 | 4,471,297 |
| 15 | Other (Specify) | (757,698.00) | | |
| 16 | TOTAL (Account 283) (Enter total of lines 7, 14 and 15) | 18,480,179 | 4,602,713 | 4,471,297 |
| 17 | Classification of TOTAL | | | |
| 18 | Federal Income Tax | 17,323,459 | 4,207,651 | 3,998,495 |
| 19 | State Income Tax | 1,156,720 | 395,062 | 472,802 |
| 20 | Local Income Tax | | | |

NOTES

| | | | | | | | |
|---|--|--|---------------|--|---------------|----------------------------------|-------------|
| Name of Respondent | | This Report is: | | Date of Report | | Year of Report | |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | April 30, 2013 | | December 31, 2012 | |
| 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 |
| | | | | | | - | 2 |
| | | | | | | - | 3 |
| | | | | | | - | 4 |
| | | | | | | | 5 |
| | | | | | | - | 6 |
| - | - | | - | | - | - | 7 |
| | | | | | | | 8 |
| | | | | | | 0 | 9 |
| | | 190 | 1,556,655 | 190 | | 20,925,948 | 10 |
| | | 254/190 | | 254/190 | | 0 | 11 |
| | | | | | | | 12 |
| | | | | | | | 13 |
| - | - | - | 1,556,655 | - | - | 20,925,948 | 14 |
| (857,052) | (2,415,585) | | (800,835) | | | 0 | 15 |
| (857,052) | (2,415,585) | - | 755,820 | - | - | 20,925,948 | 16 |
| | | | | | | | 17 |
| (1,495,469) | (2,147,866) | | 663,747 | | | 18,848,759 | 18 |
| 638,417 | (267,719) | | 92,073 | | | 2,077,189 | 19 |
| | | | | | | | 23 |
| NOTES (Continued) | | | | | | | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

| 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 | Deferred Taxes - 2010 Health Care Leg | 254 | 6,048 | 0 | 200,560 |
| 2 | Deferred Taxes | 254400 | 13,158,096 | 13,158,096 | 0 |
| 3 | Derivatives | 254450 | 1,945,639 | 1,534,800 | 3,440 |
| 4 | FASB 158 | 254490 | 86,958 | 41,242 | 37,250 |
| 5 | Uncollectible Expense Tracker | 25467M | 156,606 | 532,052 | 834,912 |
| 6 | Revenue Decoupling -2010 | 25498M | 66,681 | 66,681 | 0 |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
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| 19 | | | | | |
| 20 | | | | | |
| 21 | TOTAL | | 15,420,028 | 15,332,871 | 1,076,162 |

NOTE: All amounts are recorded in Account 254.

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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, 2013 | Year of Report December 31, 2012 |
|---|---|---|-------------------------------------|
| Michigan Gas Utilities Corporation | | | |
| GAS OPERATING REVENUES (Account 400) | | Geographic Basis | |
| 1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total. 2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas. 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 | | for each group of meters added. The average number of customers means the average of twelve figures at the close of each month. 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. 5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously | |
| Line No. | Title of Account (a) | Amount for Year (b) | Amount for Previous Year (c) |
| 1 | GAS SERVICE REVENUES | | |
| 2 | 480 Residential Sales | 74,894,885 | 111,587,335 |
| 3 | 481 Commercial & Industrial Sales | | |
| 4 | Small (or Comm.) (See Instr. 6) | 16,250,580 | 27,863,480 |
| 5 | Large (or Ind.) (See Instr. 6) | 1,977,769 | 3,065,009 |
| 6 | 482 Other Sales to Public Authorities | | 0 |
| 7 | 484 Interdepartmental Sales | | 0 |
| 8 | TOTAL Sales to Ultimate Consumers | 93,123,234 | 142,515,824 |
| 9 | 483 Sales for Resale | | 0 |
| 10 | TOTAL Nat. Gas Service Revenues | 93,123,234 | 142,515,824 |
| 11 | Revenues from Manufactured Gas | | |
| 12 | TOTAL Gas Service Revenues | 93,123,234 | 142,515,824 |
| 13 | OTHER OPERATING REVENUES | | |
| 14 | 485 Intracompany Transfers | 0 | 0 |
| 15 | 487 Forfeited Discounts | 476,004 | 648,332 |
| 16 | 488 Misc. Service Revenues | 263,640 | 331,207 |
| 17 | 489 Rev. from Trans. of Gas of Others | 22,530,763 | 21,079,773 |
| 18 | 490 Sales of Prod. Ext. from Nat. Gas | 0 | 0 |
| 19 | 491 Rev. from Nat. Gas Proc. by Others | 0 | 0 |
| 20 | 492 Incidental Gasoline and Oil Sales | 0 | 0 |
| 21 | 493 Rent from Gas Property | 5,556 | 0 |
| 22 | 494 Interdepartmental Rents | 0 | 0 |
| 23 | 495 Other Gas Revenues | 9,882,058 | (3,053,383) |
| 24 | TOTAL Other Operating Revenues | 33,158,021 | 19,005,930 |
| 25 | TOTAL Gas Operating Revenues | 126,281,255 | 161,521,754 |
| 26 | (Less) 496 Provision for Rate Refunds | | |
| 27 | TOTAL Gas Operating Revenues Net of Provision for Refunds | 126,281,255 | |
| 28 | Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.) | 91,145,465 | |
| 29 | Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities) | 1,977,769 | |
| 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)) | 93,123,234 | |

| | | | | |
|---|--|--|---------------------------------|------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report | |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | |
| GAS OPERATING REVENUES (Account 400) (Continued) | | Geographic Basis | | |
| reported figures, explain any inconsistencies in a footnote. 6. <i>Commercial and Industrial Sales</i> , 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 |
| Quantity for Year (d) | Quantity for Previous Year (e) | Number for Year (f) | Number for Previous Year (g) | No. |
| | | | | 1 |
| 9,567,867 | 11,379,187 | 128,556 | 130,368 | 2 |
| | | | | 3 |
| 2,221,049 | 3,055,944 | 7,996 | 8,545 | 4 |
| 297,942 | 362,577 | 29 | 32 | 5 |
| | | | | 6 |
| | | | | 7 |
| 12,086,858 | 14,797,708 | 136,581 | 138,945 | 8 |
| | | | | 9 |
| 12,086,858 | 14,797,708 | 136,581 | 138,945 | 10 |
| NOTES | | | | 11 |
| | | | | 12 |
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| | | | | 33 |

| | | | |
|------------------------------------|---|--|-------------------------------------|
| 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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |

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 group of meters so added. The average number of customers means the average of the 12 figures at the close of each month.

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, servicing of customers' installations and miscellaneous gas revenues.

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 miscellaneous gas revenues, such as fees and charges for changing, connecting and disconnecting service, profit on sales of materials and supplies not ordinarily purchased for resale, commissions on sales or distribution of others' gas (sold under rates filed by such others), management or supervision fees, sale of steam (except where the respondent furnishes steam-heating service) and rentals from leased property on customers' premises.

*** 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 | | This Report Is: | | Date of Report | Year of Report | | |
|---|---|--|------------------|--------------------------------------|------------------------|--------------------------|---------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) April 30, 2012 | December 31, 2012 | | |
| 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 | 128,556 | 9,567,865 | 74,892,867 | 74.43 | 582.57 | \$ 7.83 |
| 2 | A. Residential service | 3,164 | 188,358 | 1,551,855 | 59.53 | 490.47 | \$ 8.24 |
| 3 | B. Residential space heating service | 125,392 | 9,379,507 | 73,341,012 | 74.80 | 584.89 | \$ 7.82 |
| 4 | CD. Commercial service | 7,996 | 2,221,050 | 16,250,578 | 277.77 | 2,032.34 | \$ 7.32 |
| 5 | C. Commercial service, except space heating | 0 | 0 | 0 | | | |
| 6 | D. Commercial space heating | 7,996 | 2,221,050 | 16,250,578 | 277.77 | 2,032.34 | \$ 7.32 |
| 7 | E. Industrial service | 29 | 296,500 | 1,934,393 | 10,224.14 | 66,703.21 | \$ 6.52 |
| 8 | F. Public street & highway lighting | 0 | 1,442 | 45,397 | - | - | \$ - |
| 9 | G. Other sales to public authorities | | | | | | |
| 10 | H. Interdepartmental sales | | | | | | |
| 11 | I. Other sales | | | | | | |
| 12 | A-I Total sales to ultimate customers | 136,581 | 12,086,857 | 93,123,235 | 88.50 | 681.82 | \$ 7.70 |
| 13 | J. Sales to other gas utilities for resale | | | | | | |
| 14 | A-J. TOTAL SALES OF GAS | 136,581 | 12,086,857 | 93,123,235 | 88.50 | 681.82 | \$ 7.70 |
| 15 | K. Other gas revenues | | | | | | |
| 16 | A-K TOTAL GAS OPERATING REVENUE | 136,581 | 12,086,857 | \$ 93,123,235 | 88.50 | 681.82 | N/A ** |
| <p>* Report Mcf on a pressure base of 14.65 psia dry and a temperature base of 60 degrees Fahrenheit. Give two decimals.</p> <p>** Not calculated because Transportation Revenue included in other gas revenues will distort the results.</p> | | | | | | | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

SALES DATA BY RATE SCHEDULES FOR THE YEAR

1. Report below the distribution of customers, sales and revenue for the year by individual rate schedules. (See definitions 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 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.
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 624-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 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 | 128,556 | 9,567,865 | 74,892,867 |
| 2 | General | Heating & Cooling | C & D | 7,996 | 2,221,050 | 16,250,578 |
| 3 | Optional | Industrial | E | 29 | 296,500 | 1,934,393 |
| 4 | Other | Street Lighting | F | 0 | 1,442 | 45,397 |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
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| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | Total Company | | | 136,581 | 12,086,857 | 93,123,235 |

| | | | |
|------------------------------------|---|--|-------------------------------------|
| 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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |

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 | Residential | General & Heating | A & B | 23,638 | 1,993,148 | 7,602,086 |
| 2 | General | Heating & Cooling | C & D | 4,899 | 2,292,366 | 6,890,859 |
| 3 | Optional | Industrial | E | 0 | 0 | 0 |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
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| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | TOTALS | | | 28,537 | 4,285,514 | 14,492,945 |

| Name of Respondent | | This Report Is: | | Date of Report | Year of Report |
|--|-----------------------------|--|----------------|----------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| 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 | No Off-System Sales in 2012 | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
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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, 2013 | Year of Report December 31, 2012 | | |
| Michigan Gas Utilities Corporation | | | | | |
| OFF-SYSTEM SALES - NATURAL GAS (Continued) | | | | | |
| | | Peak Day Delivery to Customers | | | |
| | | | Mcf | | |
| | | | Noncoin- | Coin- | |
| Revenue for Year (See Instr. 5) (e) | Average Revenue per Dekatherms (f) | Date (g) | cidental (h) | cidental (i) | Line No. |
| | | | | | 1 |
| | | | | | 2 |
| | | | | | 3 |
| | | | | | 4 |
| | | | | | 5 |
| | | | | | 6 |
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| | | | | | 20 |
| \$0 | | | | | 21 |

| Name of Respondent Michigan Gas Utilities Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 30, 2013 | Year of Report December 31, 2012 |
|--|---|---|---|-------------------------------------|
| REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES -- NATURAL GAS (Account 489.1) | | | | |
| 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. 2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas is transported or compressed is other than natural gas. 3. Enter the average number of customers per company and/or by rate schedule. | | | 4. 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. Specify the Commission order or regulation authorizing such transaction. Separate out the various customers, volumes and revenues by individual rate schedule. | |
| Line No. | Name of Company (Designate associated companies with an asterisk) (a) | Average Number of Customers per Month (b) | Distance Transported (in miles) (c)* | |
| 1 | | | | |
| 2 | Mac Steel Monroe, Inc. - Transportation of Gas | | Various | |
| 3 | Point of Receipt - Monroe | | | |
| 4 | Point of Delivery - Monroe | | | |
| 5 | Gas Received from ANR & PEPL, Delivered to Mac Steel | | | |
| 6 | Otsego Paper - Transportation of Gas | | Various | |
| 7 | Point of Receipt - Otsego | | | |
| 8 | Point of Delivery - Otsego | | | |
| 9 | Gas Received from ANR, Delivered to Otsego Paper | | | |
| 10 | Aleris Specification Alloy Inc. - Transportation of Gas | | Various | |
| 11 | Point of Receipt - Coldwater | | | |
| 12 | Point of Delivery - Coldwater | | | |
| 13 | Gas Received from ANR, Delivered to Aleris Specification Allow Inc. | | | |
| 14 | Other - Transportation of Gas, Individually Less Than 500,000 Mcf | | Various | |
| 15 | Various Points of Receipt and Delivery | | | |
| 16 | Various Companies from which Gas was Received and to which Delivered | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| TOTAL | | | - | |

* (C) Distance transported (in miles) from origin is not available because it is delivered from different suppliers.

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES -- NATURAL GAS (Account 489.1) (Continued)

5. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system.
6. Enter Mcf at 14.65 psia at 60°F.
7. 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), 284.233(b), and 284.224. Details for each transportation are reported in separate annual reports required under Part 284 of the Commission's regulations."

| Mcf of Gas Received (d)* | Mcf of Gas Delivered (e)* | Revenue (f) | Average Revenue per Mcf of Gas Delivered (in cents) (g) | FERC Tariff Rate Schedule Designation (h) | Line No. |
|-----------------------------|------------------------------|----------------|--|--|----------|
| 1,069,330 | 1,069,330 | 440,372 | 0.41 | | 1 |
| | | | | | 2 |
| | | | | | 3 |
| | | | | | 4 |
| 1,060,340 | 1,060,340 | 456,853 | 0.43 | | 5 |
| | | | | | 6 |
| | | | | | 7 |
| | | | | | 8 |
| 591,289 | 591,289 | 327,020 | 0.55 | | 9 |
| | | | | | 10 |
| | | | | | 11 |
| | | | | | 12 |
| 7,381,603 | 7,381,603 | 6,813,573 | 0.92 | | 13 |
| | | | | | 14 |
| | | | | | 15 |
| | | | | | 16 |
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| | | | | | 21 |
| | | | | | 22 |
| | | | | | 23 |
| | | | | | 24 |
| | | | | | 25 |
| | | | | | 26 |
| 10,102,562 | 10,102,562 | \$ 8,037,818 | \$0.80 | | |

* (D&E) Reported in Sales Base Pressure
MPSC FORM P-522 (Rev. 01-11)

| | | | | |
|--|---|---|---|-------------------------------------|
| Name of Respondent Michigan Gas Utilities Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 30, 2013 | Year of Report December 31, 2012 |
| REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION OR DISTRIBUTION FACILITIES -- NATURAL GAS (Accounts 489.2, 489.3) | | | | |
| 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. 2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas is transported or compressed is other than natural gas. 3. Enter the average number of customers per company and/or by rate schedule. | | | 4. 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. Specify the Commission order or regulation authorizing such transaction. Separate out the various customers, volumes and revenues by individual rate schedule. | |
| Line No. | Name of Company (Designate associated companies with an asterisk) (a) | Average Number of Customers per Month (b) | Distance Transported (in miles) (c)* | |
| 1 | | | | |
| 2 | Customer Choice - Residential | 23,638 | -- | |
| 3 | | | | |
| 4 | Customer Choice - Small C&I | 4,899 | -- | |
| 5 | | | | |
| 6 | Customer Choice - Large C&I | 0 | -- | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
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| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| TOTAL | | | - | |

*(C) Distance transported (in miles) from origin is not available because it is delivered from different suppliers.

| 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, 2013 | Year of Report December 31, 2012 | | |
|--|---|--|---|---|----------|
| Michigan Gas Utilities Corporation | | | | | |
| REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION OR DISTRIBUTION FACILITIES -- NATURAL GAS (Accounts 489.2, 489.3) (Continued) | | | | | |
| 5. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system. 6. Enter Mcf at 14.65 psia at 60°F. 7. 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), 284.233(b), and 284.224. Details for each transportation are reported in separate annual reports required under Part 284 of the Commission's regulations." | | |
| Mcf of Gas Received (d)* | Mcf of Gas Delivered (e)* | Revenue (f) | Average Revenue per Mcf of Gas Delivered (in cents) (g) | FERC Tariff Rate Schedule Designation (h) | Line No. |
| 1,993,148 | 1,993,148 | 7,602,086 | 3.81 | | 1 |
| 2,292,366 | 2,292,366 | 6,890,859 | 3.01 | | 2 |
| 0 | 0 | 0 | 0.00 | | 3 |
| | | | | | 4 |
| | | | | | 5 |
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| | | | | | 20 |
| | | | | | 21 |
| | | | | | 22 |
| | | | | | 23 |
| | | | | | 24 |
| | | | | | 25 |
| | | | | | 26 |
| 4,285,514 | 4,285,514 | \$ 14,492,945 | \$3.38 | | |

*(D&E) Reported in Sales Base Pressure
 MPSC FORM P-522 (Rev. 01-11)

| 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, 2013 | Year of Report December 31, 2012 |
|--|---|--|-------------------------------------|
| Michigan Gas Utilities Corporation | | | |
| 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 | 376,862 | 272,881 |
| 3 | Manufactured Gas Production (<i>Submit Supplemental Statement</i>) | | |
| 4 | B. Natural Gas Production | | |
| 5 | B1. Natural Gas Production and Gathering | | |
| 6 | Operation | 0 | 0 |
| 7 | 750 Operation Supervision and Engineering | 0 | 0 |
| 8 | 751 Production Maps and Records | 0 | 0 |
| 9 | 752 Gas Wells Expenses | 0 | 0 |
| 10 | 753 Field Lines Expenses | 0 | 0 |
| 11 | 754 Field Compressor Station Expenses | 0 | 0 |
| 12 | 755 Field Compressor Station Fuel and Power | 0 | 0 |
| 13 | 756 Field Measuring and Regulating Station Expenses | 0 | 124 |
| 14 | 757 Purification Expenses | 0 | 0 |
| 15 | 758 Gas Well Royalties | 0 | 0 |
| 16 | 759 Other Expenses | 0 | 0 |
| 17 | 760 Rents | 0 | 0 |
| 18 | TOTAL Operation (<i>Enter Total of lines 7 thru 17</i>) | 0 | 124 |
| 19 | Maintenance | | |
| 20 | 761 Maintenance Supervision and Engineering | 0 | 0 |
| 21 | 762 Maintenance of Structures and Improvements | 0 | 0 |
| 22 | 763 Maintenance of Producing Gas Wells | 0 | 0 |
| 23 | 764 Maintenance of Field Lines | 0 | 0 |
| 24 | 765 Maintenance of Field Compressor Station Equipment | 0 | 0 |
| 25 | 766 Maintenance of Field Meas. and Reg. Sta. Equipment | 0 | 0 |
| 26 | 767 Maintenance of Purification Equipment | 0 | 0 |
| 27 | 768 Maintenance of Drilling and Cleaning Equipment | 0 | 0 |
| 28 | 769 Maintenance of Other Equipment | 0 | 0 |
| 29 | TOTAL Maintenance (<i>Enter Total of lines 20 thru 28</i>) | 0 | 0 |
| 30 | TOTAL Natural Gas Production and Gathering (<i>Total of lines 18 and 29</i>) | 0 | 124 |
| 31 | B2. Products Extraction | | |
| 32 | Operation | | |
| 33 | 770 Operation Supervision and Engineering | 0 | 0 |
| 34 | 771 Operation Labor | 0 | 0 |
| 35 | 772 Gas Shrinkage | 0 | 0 |
| 36 | 773 Fuel | 0 | 0 |
| 37 | 774 Power | 0 | 0 |
| 38 | 775 Materials | 0 | 0 |
| 39 | 776 Operation Supplies and Expenses | 0 | 0 |
| 40 | 777 Gas Processed by Others | 0 | 0 |
| 41 | 778 Royalties on Products Extracted | 0 | 0 |
| 42 | 779 Marketing Expenses | 0 | 0 |
| 43 | 780 Products Purchased for Resale | 0 | 0 |
| 44 | 781 Variation in Products Inventory | 0 | 0 |
| 45 | (Less) 782 Extracted Products Used by the Utility-Credit | 0 | 0 |
| 46 | 783 Rents | 0 | 0 |
| 47 | TOTAL Operation (<i>Enter Total of lines 33 thru 46</i>) | 0 | 0 |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|--|--|--|---------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| GAS OPERATION AND MAINTENANCE EXPENSES (Continued) | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | |
| B2. Products Extraction (Continued) | | | | |
| 48 | Maintenance | | | |
| 49 | 784 Maintenance Supervision and Engineering | 0 | 0 | |
| 50 | 785 Maintenance of Structures and Improvements | 0 | 0 | |
| 51 | 786 Maintenance of Extraction and Refining Equipment | 0 | 0 | |
| 52 | 787 Maintenance of Pipe Lines | 0 | 0 | |
| 53 | 788 Maintenance of Extracted Products Storage Equipment | 0 | 0 | |
| 54 | 789 Maintenance of Compressor Equipment | 0 | 0 | |
| 55 | 790 Maintenance of Gas Measuring and Reg. Equipment | 0 | 0 | |
| 56 | 791 Maintenance of Other Equipment | 0 | 0 | |
| 57 | TOTAL Maintenance (Enter Total of lines 49 thru 56) | 0 | 0 | |
| 58 | TOTAL Products Extraction (Enter Total of lines 47 and 57) | 0 | 0 | |
| C. Exploration and Development | | | | |
| 60 | Operation | | | |
| 61 | 795 Delay Rentals | 0 | 0 | |
| 62 | 796 Nonproductive Well Drilling | 0 | 0 | |
| 63 | 797 Abandoned Leases | 0 | 0 | |
| 64 | 798 Other Exploration | 0 | 0 | |
| 65 | TOTAL Exploration and Development (Enter Total of lines 61 thru 64) | 0 | 0 | |
| D. Other Gas Supply Expenses | | | | |
| 66 | Operation | | | |
| 67 | 800 Natural Gas Well Head Purchases | 1,214,808 | 1,024,732 | |
| 68 | 800.1 Natural Gas Well Head Purchases, Intracompany Transfers | 0 | 0 | |
| 69 | 801 Natural Gas Field Line Purchases | 0 | 0 | |
| 70 | 802 Natural Gas Gasoline Plant Outlet Purchases | 0 | 0 | |
| 71 | 803 Natural Gas Transmission Line Purchases | 0 | 0 | |
| 72 | 804 Natural Gas City Gate Purchases | 56,419,239 | 88,510,349 | |
| 73 | 804.1 Liquefied Natural Gas Purchases | 0 | 0 | |
| 74 | 805 Other Gas Purchases | 0 | 0 | |
| 75 | (Less) 805.1 Purchased Gas Cost Adjustments | 0 | 0 | |
| 76 | | | | |
| 77 | TOTAL Purchased Gas (Enter Total of lines 67 to 75) | 57,634,047 | 89,535,081 | |
| 78 | 806 Exchange Gas | 0 | 0 | |
| 79 | Purchased Gas Expenses | | | |
| 80 | 807.1 Well Expenses-Purchased Gas | 0 | 0 | |
| 81 | 807.2 Operation of Purchased Gas Measuring Stations | 0 | 0 | |
| 82 | 807.3 Maintenance of Purchased Gas Measuring Stations | 0 | 0 | |
| 83 | 807.4 Purchased Gas Calculations Expenses | 0 | 0 | |
| 84 | 807.5 Other Purchased Gas Expenses | 0 | 0 | |
| 85 | TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84) | 0 | 0 | |
| 86 | 808.1 Gas Withdrawn from Storage-Debit | 21,753,370 | 29,607,863 | |
| 87 | (Less) 808.2 Gas Delivered to Storage-Credit | (15,124,409) | (20,223,590) | |
| 88 | 809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit | 0 | 0 | |
| 89 | (Less) 809.2 Deliveries of Natural Gas for Processing-Credit | 0 | 0 | |
| 90 | Gas Used in Utility Operations-Credit | | | |
| 91 | 810 Gas Used for Compressor Station Fuel-Credit | 0 | 0 | |
| 92 | 811 Gas Used for Products Extraction-Credit | 0 | 0 | |
| 93 | 812 Gas Used for Other Utility Operations-Credit | (186,511) | (148,559) | |
| 94 | TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93) | (186,511) | (148,559) | |
| 95 | 813 Other Gas Supply Expenses | 179,523 | 213,018 | |
| 96 | TOTAL Other Gas Supply Exp (Total of lines 77, 78, 85, 86 thru 89, 94, 95) | 64,256,020 | 98,983,813 | |
| 97 | TOTAL Production Expenses (Enter Total of lines 3, 30, 58, 65, and 96) | 64,632,882 | 99,256,818 | |

| | | | | |
|--|---|--|---------------------------------|-------------------|
| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| GAS OPERATION AND MAINTENANCE EXPENSES (Continued) | | | | |
| 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 | 81,078 | 68,318 | |
| 102 | 815 Maps and Records | 90 | 0 | |
| 103 | 816 Wells Expenses | 28,161 | 23,411 | |
| 104 | 817 Line Expense | 21,124 | 21,032 | |
| 105 | 818 Compressor Station Expenses | 15,909 | 7,161 | |
| 106 | 819 Compressor Station Fuel and Power | 83,457 | 2,528 | |
| 107 | 820 Measuring and Regulating Station Expenses | 7,133 | 14,680 | |
| 108 | 821 Purification Expenses | 9,495 | 7,441 | |
| 109 | 822 Exploration and Development | 0 | 0 | |
| 110 | 823 Gas Losses | 0 | 0 | |
| 111 | 824 Other Expenses | 94,048 | 59,938 | |
| 112 | 825 Storage Well Royalties | 0 | 0 | |
| 113 | 826 Rents | 0 | 0 | |
| 114 | TOTAL Operation (Enter Total of lines 101 thru 113) | 340,495 | 204,509 | |
| 115 | Maintenance | | | |
| 116 | 830 Maintenance Supervision and Engineering | 6,909 | 8,982 | |
| 117 | 831 Maintenance of Structures and Improvements | 0 | 0 | |
| 118 | 832 Maintenance of Reservoirs and Wells | 54,804 | 101,188 | |
| 119 | 833 Maintenance of Lines | 19,513 | 20,953 | |
| 120 | 834 Maintenance of Compressor Station Equipment | 44,118 | 26,535 | |
| 121 | 835 Maintenance of Measuring and Regulating Station Equipment | 5,119 | 7,680 | |
| 122 | 836 Maintenance of Purification Equipment | 3,534 | 15,253 | |
| 123 | 837 Maintenance of Other Equipment | 16,708 | 12,575 | |
| 124 | TOTAL Maintenance (Enter Total of lines 116 thru 123) | 150,705 | 193,167 | |
| 125 | TOTAL Underground Storage Expenses (Total of lines 114 and 124) | 491,200 | 397,676 | |
| 126 | B. Other Storage Expenses | | | |
| 127 | Operation | | | |
| 128 | 840 Operation Supervision and Engineering | 0 | 0 | |
| 129 | 841 Operation Labor and Expenses | 0 | 0 | |
| 130 | 842 Rents | 0 | 0 | |
| 131 | 842.1 Fuel | 9,401 | 12,348 | |
| 132 | 842.2 Power | 0 | 0 | |
| 133 | 842.3 Gas Losses | 0 | 0 | |
| 134 | TOTAL Operation (Enter Total of lines 128 thru 133) | 9,401 | 12,348 | |
| 135 | Maintenance | | | |
| 136 | 843.1 Maintenance Supervision and Engineering | 0 | 0 | |
| 137 | 843.2 Maintenance of Structures and Improvements | 0 | 0 | |
| 138 | 843.3 Maintenance of Gas Holders | 0 | 0 | |
| 139 | 843.4 Maintenance of Purification Equipment | 0 | 0 | |
| 140 | 843.5 Maintenance of Liquefaction Equipment | 0 | 0 | |
| 141 | 843.6 Maintenance of Vaporizing Equipment | 0 | 0 | |
| 142 | 843.7 Maintenance of Compressor Equipment | 0 | 0 | |
| 143 | 843.8 Maintenance of Measuring and Regulating Equipment | 0 | 0 | |
| 144 | 843.9 Maintenance of Other Equipment | 0 | 0 | |
| 145 | TOTAL Maintenance (Enter Total of lines 136 thru 144) | 0 | 0 | |
| 146 | TOTAL Other Storage Expenses (Enter Total of lines 134 and 145) | 9,401 | 12,348 | |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|--|--|--|---------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| GAS OPERATION AND MAINTENANCE EXPENSES (Continued) | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | |
| 147 | C. Liquefied Natural Gas Terminating and Processing Expenses | | | |
| 148 | Operation | | | |
| 149 | 844.1 Operation Supervision and Engineering | 0 | 0 | |
| 150 | 844.2 LNG Processing Terminal Labor and Expenses | 0 | 0 | |
| 151 | 844.3 Liquefaction Processing Labor and Expenses | 0 | 0 | |
| 152 | 844.4 Liquefaction Transportation Labor and Expenses | 0 | 0 | |
| 153 | 844.5 Measuring and Regulating Labor and Expenses | 0 | 0 | |
| 154 | 844.6 Compressor Station Labor and Expenses | 0 | 0 | |
| 155 | 844.7 Communication System Expenses | 0 | 0 | |
| 156 | 844.8 System Control and Load Dispatching | 0 | 0 | |
| 157 | 845.1 Fuel | 0 | 0 | |
| 158 | 845.2 Power | 0 | 0 | |
| 159 | 845.3 Rents | 0 | 0 | |
| 160 | 845.4 Demurrage Charges | 0 | 0 | |
| 161 | (Less) 845.5 Wharfage Receipts-Credit | 0 | 0 | |
| 162 | 845.6 Processing Liquefied or Vaporized Gas by Others | 0 | 0 | |
| 163 | 846.1 Gas Losses | 0 | 0 | |
| 164 | 846.2 Other Expenses | 0 | 0 | |
| 165 | TOTAL Operation (Enter Total of lines 149 thru 164) | 0 | 0 | |
| 166 | Maintenance | | | |
| 167 | 847.1 Maintenance Supervision and Engineering | 0 | 0 | |
| 168 | 847.2 Maintenance of Structures and Improvements | 0 | 0 | |
| 169 | 847.3 Maintenance of LNG Processing Terminal Equipment | 0 | 0 | |
| 170 | 847.4 Maintenance of LNG Transportation Equipment | 0 | 0 | |
| 171 | 847.5 Maintenance of Measuring and Regulating Equipment | 0 | 0 | |
| 172 | 847.6 Maintenance of Compressor Station Equipment | 0 | 0 | |
| 173 | 847.7 Maintenance of Communication Equipment | 0 | 0 | |
| 174 | 847.8 Maintenance of Other Equipment | 0 | 0 | |
| 175 | TOTAL Maintenance (Enter Total of lines 167 thru 174) | 0 | 0 | |
| 176 | TOTAL Liquefied Nat Gas Terminating and Processing Exp (Lines 165 & 175) | 0 | 0 | |
| 177 | TOTAL Natural Gas Storage (Enter Total of lines 125, 146, and 176) | 500,601 | 410,024 | |
| 178 | 3. TRANSMISSION EXPENSES | | | |
| 179 | Operation | | | |
| 180 | 850 Operation Supervision and Engineering | 9,769 | 0 | |
| 181 | 851 System Control and Load Dispatching | 0 | 0 | |
| 182 | 852 Communication System Expenses | 0 | 0 | |
| 183 | 853 Compressor Station Labor and Expenses | 0 | 0 | |
| 184 | 854 Gas for Compressor Station Fuel | 0 | 0 | |
| 185 | 855 Other Fuel and Power for Compressor Stations | 0 | 0 | |
| 186 | 856 Mains Expenses | 41,602 | 33,541 | |
| 187 | 857 Measuring and Regulating Station Expenses | 118,840 | 137,534 | |
| 188 | 858 Transmission and Compression of Gas by Others | 0 | 0 | |
| 189 | 859 Other Expenses | 4,854 | 0 | |
| 190 | 860 Rents | 0 | 0 | |
| 191 | TOTAL Operation (Enter Total of lines 180 thru 190) | 175,065 | 171,074 | |

| | | | | |
|--|---|--|---------------------------------|-------------------|
| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| GAS OPERATION AND MAINTENANCE EXPENSES (Continued) | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | |
| | 3. TRANSMISSION EXPENSES (Continued) | | | |
| 192 | Maintenance | | | |
| 193 | 861 Maintenance Supervision and Engineering | 0 | 0 | |
| 194 | 862 Maintenance of Structures and Improvements | 0 | 0 | |
| 195 | 863 Maintenance of Mains | 14,255 | 35,797 | |
| 196 | 864 Maintenance of Compressor Station Equipment | 0 | 0 | |
| 197 | 865 Maintenance of Measuring and Reg. Station Equipment | 139,167 | 207,936 | |
| 198 | 866 Maintenance of Communication Equipment | 0 | 0 | |
| 199 | 867 Maintenance of Other Equipment | 5,382 | 9,663 | |
| 200 | TOTAL Maintenance (Enter Total of lines 193 thru 199) | 158,804 | 253,396 | |
| 201 | TOTAL Transmission Expenses (Enter Total of lines 191 and 200) | 333,869 | 424,471 | |
| 202 | 4. DISTRIBUTION EXPENSES | | | |
| 203 | Operation | | | |
| 204 | 870 Operation Supervision and Engineering | 1,070,518 | 1,141,611 | |
| 205 | 871 Distribution Load Dispatching | 373,630 | 268,441 | |
| 206 | 872 Compressor Station Labor and Expenses | 0 | 0 | |
| 207 | 873 Compressor Station Fuel and Power | 0 | 0 | |
| 208 | 874 Mains and Services Expenses | 1,206,821 | 1,007,473 | |
| 209 | 875 Measuring and Regulating Station Expenses-General | 19,177 | 18,396 | |
| 210 | 876 Measuring and Regulating Station Expenses-Industrial | 0 | 0 | |
| 211 | 877 Measuring and Regulating Station Expenses-City Gate Check Station | 67,932 | 51,689 | |
| 212 | 878 Meter and House Regulator Expenses | 1,103,777 | 1,213,539 | |
| 213 | 879 Customer Installations Expenses | 580,962 | 516,634 | |
| 214 | 880 Other Expenses | 2,480,376 | 2,228,536 | |
| 215 | 881 Rents | 15,891 | 4,759 | |
| 216 | TOTAL Operation (Enter Total of lines 204 thru 215) | 6,919,084 | 6,451,078 | |
| 217 | Maintenance | | | |
| 218 | 885 Maintenance Supervision and Engineering | 41,664 | 41,244 | |
| 219 | 886 Maintenance of Structures and Improvements | 0 | 0 | |
| 220 | 887 Maintenance of Mains | 652,822 | 625,408 | |
| 221 | 888 Maintenance of Compressor Station Equipment | 0 | 0 | |
| 222 | 889 Maintenance of Meas. and Reg. Sta. Equip.-General | 52,541 | 59,831 | |
| 223 | 890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial | 0 | 0 | |
| 224 | 891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station | 61,594 | 93,127 | |
| 225 | 892 Maintenance of Services | 331,323 | 237,433 | |
| 226 | 893 Maintenance of Meters and House Regulators | 286,425 | 282,164 | |
| 227 | 894 Maintenance of Other Equipment | 180,081 | 303,822 | |
| 228 | TOTAL Maintenance (Enter Total of lines 218 thru 227) | 1,606,450 | 1,643,029 | |
| 229 | TOTAL Distribution Expenses (Enter Total of lines 216 and 228) | 8,525,534 | 8,094,107 | |
| 230 | 5. CUSTOMER ACCOUNTS EXPENSES | | | |
| 231 | Operation | | | |
| 232 | 901 Supervision | 395,834 | 326,951 | |
| 233 | 902 Meter Reading Expenses | 1,837,447 | 1,958,532 | |
| 234 | 903 Customer Records and Collection Expenses | 5,717,980 | 5,619,394 | |
| 235 | 904 Uncollectible Accounts | 1,440,571 | 1,732,444 | |
| 236 | 905 Miscellaneous Customer Accounts Expenses | 50,011 | 59,168 | |
| 237 | TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236) | 9,441,843 | 9,696,489 | |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|---|---|--|---------------------------------|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| GAS OPERATION AND MAINTENANCE EXPENSES (Continued) | | | | |
| 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 | 593 | 1,094 | |
| 241 | 908 Customer Assistance Expenses | 4,162,131 | 485,545 | |
| 242 | 909 Informational and Instructional Expenses | 184,592 | 33,553 | |
| 243 | 910 Miscellaneous Customer Service and Informational Expenses | 3,514 | 1,228 | |
| 244 | TOTAL Customer Service and Information Expenses (Lines 240 thru 243) | 4,350,830 | 521,420 | |
| 245 | 7. SALES EXPENSES | | | |
| 246 | Operation | | | |
| 247 | 911 Supervision | 0 | 0 | |
| 248 | 912 Demonstrating and Selling Expenses | 0 | 0 | |
| 249 | 913 Advertising Expenses | 0 | 0 | |
| 250 | 916 Miscellaneous Sales Expenses | 0 | 0 | |
| 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 | 4,082,801 | 3,982,095 | |
| 255 | 921 Office Supplies and Expenses | 957,283 | 1,381,542 | |
| 256 | (Less) (922) Administrative Expenses Transferred-Cr. | 0 | 0 | |
| 257 | 923 Outside Services Employed | 705,718 | 751,344 | |
| 258 | 924 Property Insurance | 36,242 | 35,715 | |
| 259 | 925 Injuries and Damages | 451,976 | 443,760 | |
| 260 | 926 Employee Pensions and Benefits | 4,778,671 | 5,105,362 | |
| 261 | 927 Franchise Requirements | 0 | 0 | |
| 262 | 928 Regulatory Commission Expenses | 335,955 | 206,680 | |
| 263 | (Less) (929) Duplicate Charges-Cr. | 0 | 0 | |
| 264 | 930.1 General Advertising Expenses | 1,521 | 6,699 | |
| 265 | 930.2 Miscellaneous General Expenses | 1,232,427 | 1,469,235 | |
| 266 | 931 Rents | 473,695 | 476,183 | |
| 267 | TOTAL Operation (Enter Total of lines 254 thru 266) | 13,056,289 | 13,858,616 | |
| 268 | Maintenance | | | |
| 269 | 935 Maintenance of General Plant | 0 | | |
| 270 | TOTAL Administrative and General Exp (Total of lines 267 and 269) | 13,056,289 | 13,858,616 | |
| 271 | TOTAL Gas O. and M. Exp (Lines 97, 177, 201, 229, 237, 244, 251, and 270) | 100,841,848 | 132,261,946 | |
| NUMBER OF GAS DEPARTMENT EMPLOYEES | | | | |
| <p>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.</p> <p>2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.</p> <p>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 employees attributed to the gas department from joint functions.</p> | | | | |
| 1. Payroll Period Ended (Date) | | 10/27/2012 | | |
| 2. Total Regular Full-Time Employees | | 151 * | | |
| 3. Total Part-Time and Temporary Employees | | 3 | | |
| 4. Total Employees | | 154 | | |
| *Does not include: Barbara Nick and three IBS employee. | | | | |

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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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| 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>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</p> <p>If the purchase was permanently discontinued during the reporting year, so indicate by an asterisk (*) 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</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 | | This Report Is: | Date of Report | Year of Report |
|---|-----------------------|--|--|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| 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 | <u>* Natural Gas Local Production Suppliers to Michigan Gas Utilities Corporation</u> | | |
| 2 | | Apache | | |
| 3 | | Calhoun Energy, LLC | | |
| 4 | | Christian Oil Company | | |
| 5 | | West Bay Exploration | | |
| 6 | | West Hopkins Petroleum Company | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | 804 | <u>* Natural Gas Suppliers to Michigan Gas Utilities Corporation</u> | | |
| 11 | | Anadarko Energy Services | | |
| 12 | | BP Canada Energy Marketing Co. | | |
| 13 | | CenterPoint Energy Services | | |
| 14 | | Chevron Natural Gas | | |
| 15 | | Cimarex Energy Co. | | |
| 16 | | Conoco Phillips Company | | |
| 17 | | EDF Trading North America, LLC | | |
| 18 | | Gavilon, LLC | | |
| 19 | | J.Aron & Company | | |
| 20 | | J.P. Morgan Ventures Energy Co. | | |
| 21 | | Sequent Energy Management, LLC | | |
| 22 | | Southwestern Energy Services Co. | | |
| 23 | | Tenaska Marketing Ventures | | |
| 24 | | Twin Eagle Resource Management | | |
| 25 | | | | |
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| Name of Respondent | | This Report Is: | | Date of Report | Year of Report | |
|---|----------------------------|--|---|--------------------------------|-----------------------------------|-------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | |
| 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. |
| | | | 444,545 | \$ 1,214,808 | 273.27 | 1 |
| | | | | | | 2 |
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| | | | | | | 6 |
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| | | | | | | 9 |
| | | | 13,071,746 | \$ 45,207,549 | 345.84 | 10 |
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| Name of Respondent | | This Report Is: | | Date of Report | | Year of Report | |
|---|--|--|------------------------|---|-------------------------------------|------------------------|-------------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) April 30, 2013 | | December 31, 2012 | |
| GAS USED IN UTILITY OPERATIONS-CREDIT (Accounts 810, 811, 812) | | | | | | | |
| 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. 2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas. 3. If the reported Mcf for any use is an estimated quantity, state such fact in a footnote. | | | | 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). 5. Report pressure base of measurement of gas volumes at 14.73 psia at 60°F. | | | |
| 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 | 819 | 19,356 | 83,457 | 431.17 | | |
| 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/Reg Station | Various | 19,949 | 103,054 | 516.59 | | |
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| 24 | | | | | | | |
| 25 | TOTAL | | 39,305 | 186,511 | 474.52 | | |

| 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, 2013 | Year of Report December 31, 2012 |
|--|---|--|-------------------------------------|
| Michigan Gas Utilities Corporation | | | |
| OTHER GAS SUPPLY EXPENSES (Account 813) | | | |
| Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any | | | |
| Line No. | Description (a) | Amount (in dollars) (b) | |
| 1 | Gas Supply Services | 179,523 | |
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| 50 | TOTAL | 179,523 | |

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|--|---|--|--------------------------------|-------------------|
| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas) | | | | |
| | | | | |
| 1 | Industry association dues | | | 108,814 |
| 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 | | | |
| 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 | | | 1,123,613 |
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| 49 | TOTAL | | | 1,232,427 |

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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, 2013 | Year of Report December 31, 2012 | |
|---|---|--|---|---|
| Michigan Gas Utilities Corporation | | | | |
| 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. 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 | | 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 | | |
| 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 | 21 | | |
| 4 | Products extraction plant | | | |
| 5 | Underground gas storage plant | 298,331 | | 25,837 |
| 6 | Other storage plant | | | |
| 7 | Base load LNG terminating and processing plant | | | |
| 8 | Transmission plant | 474,345 | | |
| 9 | Distribution plant | 6,711,241 | | |
| 10 | General plant | 604,692 | | |
| 11 | Common plant-gas | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
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| 23 | | | | |
| 24 | | | | |
| 25 | TOTAL | 8,088,631 | - | 25,837 |

| 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, 2013 | Year of Report December 31, 2012 | |
|--|---|---|---|-------------|
| Michigan Gas Utilities Corporation | | | | |
| DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2 404.3, 405) (Except Amortization of Acquisition Adjustments) (Continued) | | | | |
| <p>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</p> | | <p>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.</p> | | |
| 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),(404200) (f) | Total (b to f) (g) | Functional Classification (a) | Line No. |
| | 906 | 906 | Intangible plant | 1 |
| | | 0 | Production plant, manufactured gas | 2 |
| | | 21 | Production and gathering plant, natural gas | 3 |
| | | 0 | Products extraction plant | 4 |
| | | 324,169 | Underground gas storage plant | 5 |
| | | 0 | Other storage plant | 6 |
| | | 0 | Base load LNG terminating and processing plant | 7 |
| | | 474,345 | Transmission plant | 8 |
| | | 6,711,241 | Distribution plant | 9 |
| | | 604,692 | General plant | 10 |
| | | 0 | Common plant-gas | 11 |
| | | | | 12 |
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| - | 906 | 8,115,374 | TOTAL | 25 |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report |
|--|----------------------------------|--|---|-------------------|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| 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 | 215 | 0.422% | |
| 2 | Production Plant | 324 | 0.007% | |
| 3 | Storage Plant | 11,576 | 2.800% | |
| 4 | Transmission Plant | 41,327 | 1.148% | |
| 5 | Distribution Plant | 230,968 | 2.906% | |
| 6 | General Plant | 17,103 | 3.536% | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| <p>Notes to Depreciation, Depletion and Amortization of Gas Plant</p> <p>Column (b) balances were obtained using a twelve month average from January 2011 through December 2011.</p> | | | | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

| PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS | | |
|---|--|---|
| <p>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.</p> <p>(a) <i>Miscellaneous Amortization</i> (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.</p> <p>(b) <i>Miscellaneous Income Deductions</i> -- 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</p> | | <p>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 <u>grouped by classes within the above accounts.</u></p> <p>(c) <i>Interest on Debt to Associated Companies</i> (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.</p> <p>(d) <i>Other Interest Expense</i> (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.</p> |

| Line No. | Item (a) | Amount (b) |
|----------|---|------------|
| 1 | Miscellaneous Amortization (425) | 0 |
| 2 | Total - 425 | 0 |
| 3 | | |
| 4 | Donations (426.1) | |
| 5 | Co. Match of Energy Aid Assistance | 11,442 |
| 6 | Total - 426.1 | 11,442 |
| 7 | | |
| 8 | Life Insurance (426.2) | 0 |
| 9 | Total - 426.2 | 0 |
| 10 | | |
| 11 | Penalties (426.3) | 0 |
| 12 | Total - 426.3 | 0 |
| 13 | | |
| 14 | Expenditures for Certain Civic, Political and Related Activities (426.4) | 22,181 |
| 15 | Total - 426.4 | 22,181 |
| 16 | | |
| 17 | Other Deductions (426.5) | |
| 18 | Unrealized Loss - Fuel Options | 2,010 |
| 19 | Total - 426.5 | 2,010 |
| 20 | | |
| 21 | Interest on Debt to Assoc Companies (430) | |
| 22 | Int Debt - Integrys Energy Group Short Term | 209,431 |
| 23 | Int Debt - Integrys Energy Group Long Term | 4,963,490 |
| 24 | Total - 430 | 5,172,921 |
| 25 | | |
| 26 | Other Interest Expense (431) | |
| 27 | Interest on Customer Deposits | 13,359 |
| 28 | GCR Interest Adjustment | (178,396) |
| 29 | Misc | 2,545 |
| 30 | Total - 431 | (162,492) |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | | 5,046,062 |

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| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |
| PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS | | | |
| <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p> <p>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 leases 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 lessees which are associated companies.</p> <p>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.</p> <p>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.</p> <p>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.</p> | | | |
| Line No. | Item (a) | Amount (b) | |
| 1 | Account 415 - Revenue from Contract Work | (69,488) | |
| 2 | | | |
| 3 | Account 417 - Revenues from Non-Utility Operations | | |
| 4 | Revenue | (2,408) | |
| 5 | Operating Expenses | 32,370 | |
| 6 | | | |
| 7 | Account 419 - Interest & Dividend Income | (14,000) | |
| 8 | | | |
| 9 | Account 421 - Misc Non-Operating Income | (39,332) | |
| 10 | | | |
| 11 | | | |
| 12 | Total Other Income | (92,857) | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
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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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES (Account 426.4) | | | |
| <p>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.</p> <p>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</p> | | <p>reports to stockholders; (e) newspaper and magazine editorial services; and (f) other advertising.</p> <p>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.</p> <p>4. If respondent has not incurred any expenditures contemplated by the instruction of Account 426.4, so state.</p> <p>5. Minor amount may be grouped by classes if the number of items so grouped is shown.</p> <p>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.</p> | |
| Line No. | Item (a) | Amount (b) | |
| 1 | | | |
| 2 | Labor | \$ | 3,062 |
| 3 | Consulting Expenses | | 12,923 |
| 4 | Memberships | | 5,836 |
| 5 | Miscellaneous Expense | | 360 |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
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| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | TOTAL | | 22,181 |

| Name of Respondent | | This Report Is: | Date of Report | Year of Report | |
|--|--|--|--|--|--|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | |
| 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 (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (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 Licensing & Regulatory Affairs | | | | |
| 2 | 2011/2012 Public Utility Assessment, | | | | |
| 3 | Third Quarter | 80,703 | | 80,703 | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | Dept. of Licensing & Regulatory Affairs | | | | |
| 7 | 2011/2012 Public Utility Assessment, | | | | |
| 8 | Fourth Quarter | 80,703 | | 80,703 | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | Dept. of Licensing & Regulatory Affairs | | | | |
| 12 | 2012/2013 Public Utility Assessment, | | | | |
| 13 | First Quarter | 79,602 | | 79,602 | |
| 14 | | | | | |
| 15 | | | | | |
| 16 | Dept. of Licensing & Regulatory Affairs | | | | |
| 17 | 2012/2013 Public Utility Assessment, | | | | |
| 18 | Second Quarter | 69,454 | | 69,454 | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | Dept. of Labor & Economic Growth | | | | |
| 22 | 2012 Public Utility Assessment | 25,493 | | 25,493 | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
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| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | TOTAL | 335,955 | 0 | 335,955 | 0 |

| | | | | | | | | |
|---|---------------------------|-------------------|--|--|--------------------------------|---------------------------------------|-------------------|-------------|
| Name of Respondent | | | This Report Is: | | Date of Report | | Year of Report | |
| Michigan Gas Utilities Corporation | | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) April 30, 2013 | | December 31, 2012 | |
| 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 (i) | Contra Account (j) | Amount (k) | Deferred at End of Year (l) | | |
| Department (f) | Account No. (g) | Amount (h) | | | | | | |
| | 928000 | 80,703 | | | | | 1 | |
| | | | | | | | 2 | |
| | | | | | | | 3 | |
| | | | | | | | 4 | |
| | | | | | | | 5 | |
| | | | | | | | 6 | |
| | | | | | | | 7 | |
| | 928000 | 80,703 | | | | | 8 | |
| | | | | | | | 9 | |
| | | | | | | | 10 | |
| | | | | | | | 11 | |
| | 928000 | 79,602 | | | | | 12 | |
| | | | | | | | 13 | |
| | | | | | | | 14 | |
| | | | | | | | 15 | |
| | | | | | | | 16 | |
| | | | | | | | 17 | |
| | 928000 | 69,454 | | | | | 18 | |
| | | | | | | | 19 | |
| | | | | | | | 20 | |
| | | | | | | | 21 | |
| | 928000 | 25,493 | | | | | 22 | |
| | | | | | | | 23 | |
| | | | | | | | 24 | |
| | | | | | | | 25 | |
| | | | | | | | 26 | |
| | | | | | | | 27 | |
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| | | | | | | | 33 | |
| | | | | | | | 34 | |
| | | | | | | | 35 | |
| | | | | | | | 36 | |
| | | 335,955 | 0 | | 0 | 0 | 37 | |

| 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, 2013 | Year of Report December 31, 2012 | |
|---|---|--|--|--------------|
| Michigan Gas Utilities Corporation | | | | |
| 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 | ELECTRIC | | | |
| 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 (<i>Enter Total of lines 3 thru 9</i>) | 0 | | |
| 11 | Maintenance | | | |
| 12 | Production | | | |
| 13 | Transmission | | | |
| 14 | Distribution | | | |
| 15 | Administrative and General | | | |
| 16 | TOTAL Maint. (<i>Total of lines 12 thru 15</i>) | 0 | | |
| 17 | Total Operation and Maintenance | | | |
| 18 | Production (<i>Enter Total of lines 3 and 12</i>) | 0 | | |
| 19 | Transmission (<i>Enter Total of lines 4 and 13</i>) | 0 | | |
| 20 | Distribution (<i>Enter Total of lines 5 and 14</i>) | 0 | | |
| 21 | Customer Accounts (<i>Transcribe from line 6</i>) | 0 | | |
| 22 | Customer Svc. And Informational (<i>Transcribe from line 7</i>) | 0 | | |
| 23 | Sales (<i>Transcribe from line 8</i>) | 0 | | |
| 24 | Administrative and General (<i>Enter Total of lines 9 & 15</i>) | 0 | | |
| 25 | TOTAL Oper. And Maint. (<i>Total of lines 18 thru 24</i>) | 0 | | |
| 26 | GAS | | | |
| 27 | Operation | | | |
| 28 | Production-Manufactured Gas | 0 | | |
| 29 | Production-Nat. Gas (Including Expl. And Dev.) | 0 | | |
| 30 | Other Gas Supply | 0 | | |
| 31 | Storage, LNG Terminating and Processing | 140,796 | | |
| 32 | Transmission | 40,403 | | |
| 33 | Distribution | 3,966,609 | | |
| 34 | Customer Accounts | 1,853,307 | | |
| 35 | Customer Service and Informational | 452,442 | | |
| 36 | Sales | 0 | | |
| 37 | Administrative and General | 712,003 | | |
| 38 | TOTAL Operation (<i>Enter Total of lines 28 thru 37</i>) | 7,165,560 | | |

| 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, 2013 | Year of Report December 31, 2012 | |
|---|---|--|--|--------------|
| Michigan Gas Utilities Corporation | | | | |
| 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) |
| GAS (Continued) | | | | |
| 39 | Maintenance | | | |
| 40 | Production-Manufactured Gas | 0 | | |
| 41 | Production-Natural Gas | 0 | | |
| 42 | Other Gas Supply | 0 | | |
| 43 | Storage, LNG Terminating and Processing | 37,095 | | |
| 44 | Transmission | 103,302 | | |
| 45 | Distribution | 829,336 | | |
| 46 | Administrative and General | 0 | | |
| 47 | TOTAL Maint. (Enter Total of lines 40 thru 46) | 969,733 | | |
| 48 | Total Operation and Maintenance | 8,135,293 | | |
| 49 | Production-Manufactured Gas (Total of lines 28 and 40) | 0 | | |
| 50 | Production-Nat. Gas (Including Expl. & Dev.) (Total of lines 29 and 41) | 0 | | |
| 51 | Other Gas Supply (Enter Total of lines 30 and 42) | 0 | | |
| 52 | Storage, LNG Terminating and Processing (Total of lines 31 and 43) | 177,891 | | |
| 53 | Transmission (Lines 32 and 44) | 143,705 | | |
| 54 | Distribution (Lines 33 and 45) | 4,795,945 | | |
| 55 | Customer Accounts (Line 34) | 1,853,307 | | |
| 56 | Customer Service and Informational (Line 35) | 452,442 | | |
| 57 | Sales (Line 36) | 0 | | |
| 58 | Administrative and General (Lines 37 and 46) | 712,003 | | |
| 59 | TOTAL Operation & Maint. (total of lines 49 thru 58) | 8,135,293 | 196,493 | 8,331,786 |
| 60 | OTHER UTILITY DEPARTMENTS | | | |
| 61 | Operation and Maintenance | | | |
| 62 | TOTAL All Utility Dept. (Total of lines 25, 59 & 61) | 8,135,293 | 196,493 | 8,331,786 |
| 63 | UTILITY PLANT | | | |
| 64 | Construction (By Utility Departments) | | | |
| 65 | Electric Plant | | | |
| 66 | Gas Plant | 2,511,817 | 204,883 | 2,716,700 |
| 67 | Other | | | 0 |
| 68 | TOTAL Construction (Total of lines 65 thru 67) | 2,511,817 | 204,883 | 2,716,700 |
| 69 | Plant Removal (By Utility Departments) | | | |
| 70 | Electric Plant | | | |
| 71 | Gas Plant | | | 0 |
| 72 | Other | | | |
| 73 | TOTAL Plant Removal (Total of lines 70 thru 72) | 0 | 0 | 0 |
| 74 | Other Accounts (Specify) | | | |
| | Misc. | (11,666) | 0 | (11,666) |
| 75 | Clearing Accounts | 372,261 | (411,282) | (39,021) |
| 76 | Co-Tenant | 0 | 0 | 0 |
| | Other Accounts | 73,632 | 9,867 | 83,499 |
| 77 | TOTAL Other Accounts | 434,227 | (401,415) | 32,812 |
| 78 | TOTAL SALARIES AND WAGES | 11,081,337 | (38) | 11,081,299 |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 |

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

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 \$50,000, including payments for legislative services, except those which should be reported in Account

426.4, Expenditures for Certain civic, Political and Related Activities.)
 (a) Name and address of person or organization rendering services,
 (b) description of services received during year and project or case to which services relate,
 (c) basis of charges,
 (d) total charges for the year, detailing utility department and account charged.

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.

3. Designate with an asterisk associated companies.

| Line No. | Name / Address | Service | Basis of Charges | Acct # | Amount |
|----------|---------------------------------------|-----------------|------------------|--------|--------------|
| 1 | Deloitte & Touche LLP | Legal | Billable Hours | 923 | \$ 139,716 |
| 2 | 111 South Wacker Drive | | | | |
| 3 | Chicago, IL | | | | |
| 4 | | | | | |
| 5 | Kent Power | Construction | By Project | 107 | \$ 5,389,960 |
| 6 | 90 Spring Street | | | 184 | 3,114 |
| 7 | P. O. Box 327 | | | 865 | 8,147 |
| 8 | Kent City, MI | | | 874 | 5,308 |
| 9 | | | | 878 | 22 |
| 10 | | | | 887 | 17,645 |
| 11 | | | | | \$ 5,424,197 |
| 12 | | | | | |
| 13 | Miller, Canfield, Paddock & Stone PLC | Legal | Billable Hours | 923 | \$ 301,067 |
| 14 | P. O. Drawer 640348 | | | | |
| 15 | Detroit, MI | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | Pescador LLC | Env. Consulting | Billable Hours | 182 | \$ 292,200 |
| 19 | 36 Highview Road | | | 824 | 11,054 |
| 20 | Traverse City, MI | | | | \$ 303,254 |
| 21 | | | | | |
| 22 | | | | | |
| 23 | RL Coolsaet Construction | Construction | By Project | 107 | \$ 908,912 |
| 24 | P. O. Box 279 | | | 887 | \$ 3,243 |
| 25 | Taylor, MI | | | | \$ 912,155 |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | | | | | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | | | | | |
| 38 | TOTAL | | | | \$ 7,080,389 |

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| Name of Respondent | | This Report Is: | Date of Report | Year of Report | |
|---|--|--|--|-----------------------|--|
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) April 30, 2013 | December 31, 2012 | |
| SUMMARY OF COSTS BILLED TO 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 & Labor Loadings | Various | 2,588 |
| 2 | | | Invoices & Expenses Accounts | Various | 239 |
| 3 | | | Materials & Supplies | | |
| 4 | | | Other | Various | 325 |
| 5 | | | Other Stock-Based Compensation | 920 | 712 |
| 6 | | | | | |
| 7 | | | | | |
| 8 | Minnesota Energy Resources Corporation | In Common Control With | Labor & Labor Loadings | | |
| 9 | | | Invoices & Expenses Accounts | 673 | 895 |
| 10 | | | Other | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | Integrus Business Support, LLC | In Common Control With | Labor & Labor Loadings | | |
| 14 | | | Invoices & Expenses Accounts | 656 | 617 |
| 15 | | | Materials & Supplies | | |
| 16 | | | Other | | 186,658 |
| 17 | | | Other - Relocation Exp | | 24,200 |
| 18 | | | | | |
| 19 | | | | | |
| 20 | The Peoples Gas Light & Coke Company | In Common Control With | Labor & Labor Loadings | Various | 59 |
| 21 | | | Invoices & Expenses Accounts | | |
| 22 | | | Other | 600 | 243 |
| 23 | | | | | |
| 24 | | | | | |
| 25 | Upper Peninsula Power Company | In Common Control With | Invoices & Expenses Accounts | 656 | 417 |
| 26 | | | Other | | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | | | | | |
| 32 | | | | | |

| | | | |
|------------------------------------|--|--------------------------------|-------------------|
| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Michigan Gas Utilities Corporation | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 |

| SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued) | | | | | | |
|---|--|-----------------------|---|--------------|-----------------------|----------|
| 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 | 341 | 2,929 | (1) | 1 |
| | | Various | 8 | 247 | (4) | 2 |
| | | 154120 | 3,316 | 3,316 | | 3 |
| | | Various | 7,755 | 8,080 | (1) | 4 |
| | | | 39,853 | 40,565 | (2) | 5 |
| | | | Total | 55,137 | | 6 |
| | | | | | | 7 |
| | | Various | 3 | 3 | (1) | 8 |
| | | | | 895 | (4) | 9 |
| | | | 14,567 | 14,567 | | 10 |
| | | | Total | 15,465 | | 11 |
| | | | | | | 12 |
| | | 107 | 7,108 | 7,108 | (1) | 13 |
| | | | | 617 | (4) | 14 |
| | | 154120 | 661 | 661 | | 15 |
| | | | | 186,658 | | 16 |
| | | | | 24,200 | | 17 |
| | | | Total | 219,244 | | 18 |
| | | | | | | 19 |
| | | Various | 30,526 | 30,586 | (1) | 20 |
| | | Various | 14,651 | 14,651 | (4) | 21 |
| | | | | 243 | | 22 |
| | | | Total | 45,479 | | 23 |
| | | | | | | 24 |
| | | | | 417 | (4) | 25 |
| | | | (15) | (15) | (4) | 26 |
| | | | Total | 402 | | 27 |
| | | | | | | 28 |
| | | | | | | 29 |
| | | | Total | 335,727 | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |

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

| Name of Respondent Michigan Gas Utilities Corporation | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) April 30, 2013 | Year of Report December 31, 2012 | |
|--|--|---|--|-------------------------------------|--|
| 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 | Integrus Energy Group, Inc. | Parent Company owns 100% of Michigan Gas Utilities Corporation | Labor and Labor Loading | Various | 1,276 |
| 2 | | | Invoices and Expenses | Various | 295,336 |
| 3 | | | Other | Various | 223,305 |
| 4 | | | | | |
| 5 | | | | | |
| 6 | Wisconsin Public Service Corporation | In Common Control With | Labor and Labor Loading | Various | 84,593 |
| 7 | | | Employees Benefits & Other | Various | 5,502 |
| 8 | | | Materials & Supplies | Various | 807,721 |
| 9 | | | Invoices and Expenses | Various | 93,882 |
| 10 | | | Other | Various | 398,380 |
| 11 | | | Other Post Retirement benefits | Various | 332,824 |
| 12 | | | | | |
| 13 | | | | | |
| 14 | Upper Peninsula Power Company | In Common Control With | Invoices and Expenses | Various | 2,699 |
| 15 | | | Other | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | Minnesota Energy Resources Corporation | In Common Control With | Labor and Labor Loading | Various | 235,792 |
| 19 | | | Invoices and Expenses | Various | 22,203 |
| 20 | | | Other | Various | (13) |
| 21 | | | | | |
| 22 | | | | | |
| 23 | The Peoples Gas Light & Coke Co. | In Common Control With | Labor and Labor Loading | Various | (577) |
| 24 | | | Invoices and Expenses | | 869 |
| 25 | | | Other | Various | 6,124 |
| 26 | | | | | |
| 27 | | | | | |
| 28 | Integrus Business Support, LLC | In Common Control With | Labor and Labor Loading | Various | 2,322,232 |
| 29 | | | Invoices and Expenses | Various | 2,650,985 |
| 30 | | | Other | Various | 6,290,248 |
| 31 | | | | | |
| 32 | | | | | |
| 33 | North Shore Gas Company | In Common Control With | Labor and Labor Loading | Various | 760 |
| 34 | | | Other | | |
| 35 | | | | | |
| 36 | Integrus Energy Services, Inc. | In Common Control With | Labor and Labor Loading | Various | 103 |
| 37 | | | | | |
| 38 | | | | | |

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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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |

SUMMARY OF COSTS BILLED FROM 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. |
|-----------------------|--|-----------------------|---|--------------|-----------------------|----------|
| | | 253 | | 1,276 | (1) | 1 |
| | | Various | | 295,336 | (4) | 2 |
| | | Various | | 223,305 | (2) | 3 |
| | | | Total | 519,917 | | 4 |
| | | | | | | 5 |
| | | Various | | 84,593 | (1) | 6 |
| | | Various | | 5,502 | (1), (4) | 7 |
| | | Various | | 807,721 | (1) | 8 |
| | | Various | | 93,882 | (4) | 9 |
| | | Various | | 398,380 | (2) | 10 |
| | | Various | | 332,824 | (4) | 11 |
| | | | Total | 1,722,902 | | 12 |
| | | | | | | 13 |
| | | | | 2,699 | (4) | 14 |
| | | | 15 | 15 | | 15 |
| | | | Total | 2,714 | | 16 |
| | | | | | | 17 |
| | | Various | | 235,792 | (1) | 18 |
| | | | | 22,203 | (4) | 19 |
| | | | 1,583 | 1,571 | (2) | 20 |
| | | | Total | 259,565 | | 21 |
| | | | | | | 22 |
| | | 232099 | | (577) | (1) | 23 |
| | | | | 869 | (4) | 24 |
| | | | | 6,124 | (2) | 25 |
| | | | Total | 6,417 | | 26 |
| | | | | | | 27 |
| | | Various | 123,954 | 2,446,187 | (1) | 28 |
| | | Various | 7,448,945 | 10,099,931 | (4) | 29 |
| | | Various | (6,666,453) | (376,205) | (2) | 30 |
| | | | Total | 12,169,912 | | 31 |
| | | 163000 | | | | 32 |
| | | 163000 | | 760 | (1) | 33 |
| | | | 7 | 7 | | 34 |
| | | | Total | 767 | | 35 |
| | | | | 103 | (1) | 36 |
| | | | Total | 103 | | 37 |
| | | | Total | 14,682,297 | | 38 |

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

| | | | | |
|--|---|--|---|-------------------|
| Name of Respondent | | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | April 30, 2013 | December 31, 2012 |
| 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 | Number of Employees | Plant Cost | |
| | (a) | (b) | (c) | |
| 1 | Underground Storage Compressor Stations 3 Total | | 3,069,588 | |
| 2 | | | | |
| 3 | Gathering System Compressor Stations 1 Total | | 115,824 | |
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|---|--------|--|---|---|----------------------|-------------------|--|
| Name of Respondent | | This Report Is: | | Date of Report | | Year of Report | |
| Michigan Gas Utilities Corporation | | (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | April 30, 2013 | | December 31, 2012 | |
| COMPRESSOR STATIONS (Continued) | | | | | | | |
| <p>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</p> | | | | <p>of each such unit, and the date each such unit was placed in operation.</p> <p>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.</p> | | | |
| 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) | | |
| 83,457 | 64,206 | 19,356 | 3,371 | | | 1 | |
| - | - | - | - | | | 2 | |
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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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| 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 | 305,896 | |
| 4 | Storage Wells and Holders | 5,895,735 | |
| 5 | Storage Lines | 897,299 | |
| 6 | Other Storage Equipment | 4,893,575 | |
| 7 | TOTAL (Enter Total of Lines 2 Thru 6) | 12,008,273 | |
| 8 | Storage Expenses | | |
| 9 | Operation | 340,495 | |
| 10 | Maintenance | 150,705 | |
| 11 | Rents | - | |
| 12 | TOTAL (Enter Total of Lines 9 Thru 11) | 491,200 | |
| 13 | Storage Operations (In Mcf @ 14.65 Psia) | | |
| 14 | Gas Delivered to Storage | | |
| 15 | January | 103,282 | |
| 16 | February | 61,239 | |
| 17 | March | 488,621 | |
| 18 | April | 204,839 | |
| 19 | May | 622,930 | |
| 20 | June | 736,182 | |
| 21 | July | 823,517 | |
| 22 | August | 799,299 | |
| 23 | September | 506,229 | |
| 24 | October | 264,512 | |
| 25 | November | 65,651 | |
| 26 | December | 158,512 | |
| 27 | TOTAL (Enter Total of Lines 15 Thru 26) | 4,834,813 | |
| 28 | Gas Withdrawn from Storage | | |
| 29 | January | 910,928 | |
| 30 | February | 1,008,197 | |
| 31 | March | 543,132 | |
| 32 | April | 265,603 | |
| 33 | May | 55,971 | |
| 34 | June | 36,896 | |
| 35 | July | 42,601 | |
| 36 | August | 5,920 | |
| 37 | September | 50,233 | |
| 38 | October | 216,409 | |
| 39 | November | 757,380 | |
| 40 | December | 676,110 | |
| 41 | TOTAL (Enter Total of Lines 29 Thru 40) | 4,569,380 | |

| | | | | |
|------------------------------------|---|---|--|-------------------------------------|
| 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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | | |
| GAS STORAGE PROJECTS (Continued) | | | | |
| Line No. | Item (a) | Total Amount (b) | | |
| | Storage Operations (In Mcf) | | | |
| 42 | Top or Working Gas End of Year (1) | 4,332,785 | | |
| 43 | Cushion Gas (Including Native Gas) (2) | 3,368,000 | | |
| 44 | Total Gas in Reservoir (Enter Total of Line 42 and Line 43) (1) | 7,700,785 | | |
| 45 | Certificated Storage Capacity (2) | 7,272,000 | | |
| 46 | Number of Injection - Withdrawal Wells (2) | 14 | | |
| 47 | Number of Observation Wells (2) | 6 | | |
| 48 | Maximum Day's Withdrawal from Storage (2) | 21,324 | | |
| 49 | Date of Maximum Days' Withdrawal (2) | 12/31/12 | | |
| 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 MGUC owned storage fields and gas stored for MGUC by Washington 10 Storage Corp., Consumer's Energy Company, and ANR Pipeline Company, all under storage contract.

(2) Includes only MGUC owned storage fields.

| 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, 2013 | Year of Report December 31, 2012 |
|--|---|--|-------------------------------------|
| Michigan Gas Utilities Corporation | | | |
| 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 | DISTRIBUTION | | |
| 2 | Benton Harbor <=1" | 6.5 | |
| 3 | 2" | 582.5 | |
| 4 | 3" | 7.8 | |
| 5 | 4" | 322.9 | |
| 6 | 6" | 46.8 | |
| 7 | 8" | 24.0 | |
| 8 | 10" | 0.0 | |
| 9 | 12" | 4.7 | |
| 10 | | | |
| 11 | Grand Haven <=1" | 3.6 | |
| 12 | 2" | 295.6 | |
| 13 | 3" | 2.0 | |
| 14 | 4" | 151.7 | |
| 15 | 6" | 16.2 | |
| 16 | 8" | 8.9 | |
| 17 | 12" | 11.0 | |
| 18 | | | |
| 19 | Otsego <=1" | 1.5 | |
| 20 | 2" | 235.5 | |
| 21 | 3" | 0.9 | |
| 22 | 4" | 218.4 | |
| 23 | 6" | 24.9 | |
| 24 | 8" | 7.0 | |
| 25 | 12" | 0.0 | |
| 26 | | | |
| 27 | Coldwater & Partello <=1" | 1.5 | |
| 28 | 2" | 390.9 | |
| 29 | 3" | 4.7 | |
| 30 | 4" | 265.2 | |
| 31 | 6" | 26.3 | |
| 32 | 8" | 61.6 | |
| 33 | 10" | 0.0 | |
| 34 | | | |
| 35 | Monroe <=1" | 4.6 | |
| 36 | 2" | 475.6 | |
| 37 | 3" | 9.4 | |
| 38 | 4" | 377.2 | |
| 39 | 6" | 94.8 | |
| 40 | 8" | 23.7 | |
| 41 | 10" | 18.6 | |
| 42 | 12" | 3.4 | |
| 43 | | | |
| 44 | All lines are located in the State of Michigan. | | |
| 45 | TOTAL | 3,729.9 | |

| 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, 2013 | Year of Report December 31, 2012 |
|--|---|---|-------------------------------------|
| Michigan Gas Utilities Corporation | | | |
| DISTRIBUTION AND TRANSMISSION LINES (Continued) | | | |
| 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 | TRANSMISSION | | |
| 2 | Grand Haven 8" | 0.5 | |
| 3 | | | |
| 4 | Otsego 4" | 0.0 | |
| 5 | 6" | 7.7 | |
| 6 | 8" | 12.4 | |
| 7 | | | |
| 8 | Coldwater 4" | 0.1 | |
| 9 | 6" | 21.3 | |
| 10 | 8" | 1.8 | |
| 11 | 10" | 23.6 | |
| 12 | | | |
| 13 | Monroe 10" | 11.2 | |
| 14 | 12" | 32.3 | |
| 15 | | | |
| 16 | Partello <=1" | 0.2 | |
| 17 | 2" | 0.2 | |
| 18 | 3" | 0.5 | |
| 19 | 4" | 12.2 | |
| 20 | 6" | 8.3 | |
| 21 | 8" | 15.6 | |
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| 42 | | | |
| 43 | All lines are located in the State of Michigan. | | |
| 44 | TOTAL | 147.9 | |

| 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, 2013 | Year of Report December 31, 2012 | |
|---|---|---|-------------------------------------|--|
| Michigan Gas Utilities Corporation | | | | |
| 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) |
| Section A. Three Highest Days of System Peak Deliveries | | | | |
| 1 | Date of Highest Day's Deliveries | 01/19/12 | | No |
| 2 | Deliveries to Customers Subject to MPSC Rate Schedules | | 196,805 | |
| 3 | Deliveries to Others | | 0 | |
| 4 | TOTAL | | 196,805 | |
| 5 | Date of Second Highest Day's Deliveries | 01/20/12 | | No |
| 6 | Deliveries to Customers Subject to MPSC Rate Schedules | | 186,073 | |
| 7 | Deliveries to Others | | 0 | |
| 8 | TOTAL | | 186,073 | |
| 9 | Date of Third Highest Day's Deliveries | 02/11/12 | | No |
| 10 | Deliveries to Customers Subject to MPSC Rate Schedules | | 172,748 | |
| 11 | Deliveries to Others | | 0 | |
| 12 | TOTAL | | 172,748 | |
| Section B. Highest Consecutive 3-Day System Peak Deliveries (and Supplies) | | | | |
| 13 | Dates of Three Consecutive Days Highest System Peak Deliveries | 01/18/12 | | No |
| | | 01/19/12 | | No |
| | | 01/20/12 | | No |
| 14 | Deliveries to Customers Subject to MPSC Rate Schedules | | 549,124 | |
| 15 | Deliveries to Others | | 0 | |
| 16 | TOTAL | | 549,124 | |
| 17 | Supplies from Line Pack | | 0 | |
| 18 | Supplies from Underground Storage (Note 1) | | 179,859 | |
| 19 | Supplies from Other Peaking Facilities | | 0 | |
| Section C. Highest Month's System Deliveries | | | | |
| 20 | Month of Highest Month's System Deliveries | January | | No |
| 21 | Deliveries to Customers Subject to MPSC Rate Schedules | | 4,326,912 | |
| 22 | Deliveries to Others | | 0 | |
| 23 | TOTAL | | 4,326,912 | |

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) April 30, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |

AUXILIARY PEAKING FACILITIES

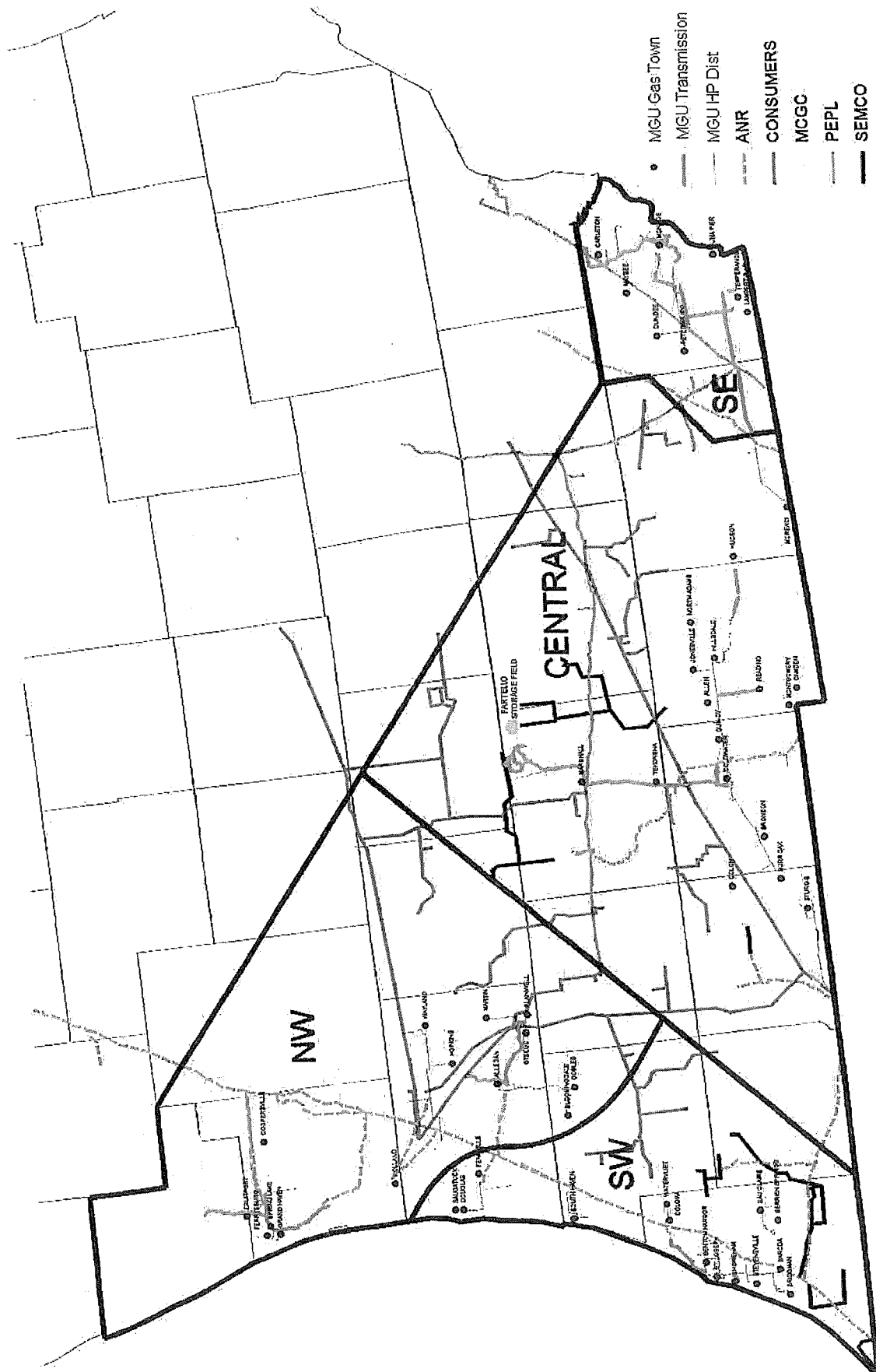
1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted.

For other facilities, report the rated maximum daily delivery capacities.
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- | | | | | |
| 2 | Calhoun County, MI | Underground Storage | 15,000 - 28,000 | 7,546,778 | | |
| 3 | Cortright/Cambell - | | | | | |
| 4 | Calhoun County, MI | Underground Storage | 12,000 - 20,000 | 889,942 | | |
| 5 | Lee 3/3A - | | | | | |
| 6 | Calhoun & Eaton Counties, MI | Underground Storage | 17,500 - 30,000 | 3,499,935 | | |
| 7 | | | | | | |
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NOTE: The daily deliverability of MGUC owned storage is less than the combined total of the three reservoirs due to pipeline constraints.

| | | | |
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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, 2013 | Year of Report December 31, 2012 |
| Michigan Gas Utilities Corporation | | | |
| SYSTEM MAPS | | | |
| <p>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.</p> <p>2. Indicate the following information on the maps:</p> <p>(a) Transmission lines - colored in red, if they are not otherwise clearly indicated.</p> <p>(b) Principal pipeline arteries of gathering systems.</p> <p>(c) Sizes of pipe in principal pipelines shown on map.</p> <p>(d) Normal directions of gas flow - indicated by arrows.</p> <p>(e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.</p> <p>(f) Locations of compressor stations, products extraction plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.</p> <p>(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.</p> <p>(h) Principal communities in which respondent renders local distribution service.</p> <p>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.</p> <p>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.</p> | | | |
| See Page 522A | | | |



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