

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
LIST OF SCHEDULES (Natural Gas Company)					
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."					
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## GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of 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.

**Mr. Peter B. Oleksiak, Vice President and Controller, and Chief  
Accounting Officer  
2000 2nd Avenue, Detroit, Michigan 48226-1279**

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.

**Michigan - January 12, 1898**

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.

**Not Applicable**

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

**Gas Utility - Michigan**

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?

(1) ☐ YES ...Enter the date when such independent accountant was initially engaged: \_\_\_\_\_

(2) ☒ NO

MICHIGAN CONSOLIDATED GAS COMPANY	AN ORIGINAL	December 31, 2006
CONTROL OVER RESPONDENT		
<ol style="list-style-type: none"> <li>1. If any corporation, business trust, or similar organization or combination of such organization 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 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 whom trust was maintained, and purpose of the trust.</li> <li>2. List any entities which respondent did not control either directly or indirectly and which did not control respondent but which were associated companies at any time during the year.</li> <li>3. 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.</li> </ol>		
<p>MichCon Holdings, Inc. is the holding company of the respondent. The attached pages 102a - 102o detail the chain of ownership and control to the main parent company.</p>		

## I. NATURE OF BUSINESS OF CLAIMANTS AND EVERY SUBSIDIARY THEREOF

Claimant: DTE Energy Company

DTE Energy Company ("Company" or "DTE") is a Michigan corporation. DTE owns directly and indirectly, three utilities, The Detroit Edison Company ("Detroit Edison"), Michigan Consolidated Gas Company ("MichCon") and Citizens Gas Fuel Company ("Citizens"), and non-regulated subsidiaries engaged in energy marketing and trading, energy services, and various other electricity, coal and gas related businesses. The Company's address is 2000 2nd Avenue, Detroit, Michigan 48226-1279.

Claimant: DTE Enterprises, Inc.

DTE Enterprises, Inc. ("DTEE") owns directly and indirectly, two utilities, MichCon and Citizens, and non-regulated subsidiaries primarily involved in natural gas production, gathering, processing, transmission, storage, distribution and marketing in the Midwest-to-Northeast corridor. DTEE is organized under the laws of the state of Michigan and has its principal executive offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279.

Claimant: MichCon Holdings, Inc.

MichCon Holdings, Inc. is the holding company for MichCon and MichCon Enterprises, Inc. MichCon is a public utility engaged in the distribution and transmission of natural gas in the state of Michigan. MichCon's principal executive offices are located at 2000 2nd Avenue, Detroit, Michigan 48226-1279. MichCon conducts substantially all of its business in the state of Michigan and is subject to the jurisdiction of the Michigan Public Service Commission ("MPSC") as to various phases of its operations, including gas sales rates, service, and accounting. MichCon Enterprises, Inc. (a non-regulated affiliate) was formed to engage in non-regulated activities.

### 1. DTE Energy Company

A. DTE Energy Resources, Inc. ("DTE ER") is a Michigan corporation. DTE ER is a wholly owned subsidiary of the Company with offices at 425 S. Main, Ann Arbor, Michigan 48104. DTE ER is engaged in energy services, electric generation, electric and gas marketing and trading and landfill gas projects.

1. DTE Biomass Energy, Inc. ("DTE Biomass") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. DTE Biomass is a wholly owned subsidiary of DTE ER and is engaged in landfill gas projects.

a. Belleville Gas Producers, Inc. ("Belleville") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan, 48104. Belleville is a wholly owned subsidiary of DTE Biomass and it is engaged in landfill gas projects.

b. Birmingham Gas Producers, L.L.C. (1) ("Birmingham"), is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Birmingham is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.

c. DTE Arbor Gas Producers, Inc. ("DTE Arbor") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. DTE Arbor is a wholly owned subsidiary of DTE Biomass and it is engaged in landfill gas projects.

d. Escambia Gas Producers, Inc., formerly ESCA Gas Producers, Inc., ("Escambia") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. Escambia is a wholly owned subsidiary of DTE Biomass and it is engaged in landfill gas projects.

e. Fayetteville Gas Producers, L.L.C., formerly Fayetteville Gas Company, L.L.C. ("Fayetteville") is a North Carolina company with offices located at 425 S. Main, Ann Arbor, Michigan 48104. Fayetteville is a wholly owned subsidiary of DTE Biomass and it is engaged in landfill gas projects.

f. Hillside Gas Producers, L.L.C. ("Hillside") is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Hillside is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.

g. Kansas City Gas Producers, L.L.C. ("Kansas City") is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Kansas City is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.

- h. Montgomery Gas Producers, L.L.C. ("Montgomery"), is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Montgomery is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- i. Oklahoma Gas Producers, L.L.C. ("Oklahoma"), is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Oklahoma is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- j. Orlando Gas Producers, Inc. ("Orlando"), is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. Orlando is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- k. Phoenix Gas Producers, L.L.C. ("Phoenix"), is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Phoenix is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- l. Plainville Gas Producers, Inc., formerly Sumpter Gas Producers, Inc., ("Plainville") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. Plainville is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- m. Polk Gas Producers, L.L.C. ("Polk") is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Polk is a 99% owned subsidiary of DTE Biomass and it is engaged in landfill gas projects.
- n. RES Power, Inc. ("RESP") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. RESP is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- o. Riverview Gas Producers, Inc. ("Riverview") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. Riverview is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- p. Roxana Gas Producers, Inc. ("Roxana") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. Roxana is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- q. Sonoma Energy Systems, Inc. ("Sonoma") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. Sonoma is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- r. St. Louis Gas Producers, L.L.C. ("St. Louis") is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. St Louis is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- s. Wake Gas Producers, L.L.C. ("Wake") is a North Carolina company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Wake is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- t. Westside Gas Producers, L.L.C. ("Westside") is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Westside is a wholly owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- u. Wichita Gas Producers, L.L.C. ("Wichita"), formerly BES/LES Gas Producers I, L.L.C., is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Wichita is a 90% owned subsidiary of DTE Biomass and is engaged in acquiring rights to, developing, collecting and selling landfill gas and related constituent products.
- v. Winston Gas Producers, L.L.C. ("Winston") is a North Carolina company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Winston is a 99% owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- w. Salt Lake Energy Systems, L.L.C. ("Salt Lake") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Salt Lake is a 50% owned subsidiary of DTE Biomass and is engaged in a landfill gas-to-energy project.
- x. Pinnacle Gas Producers, L.L.C. ("Pinnacle") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Pinnacle is a wholly owned subsidiary of DTE Biomass and is engaged in a landfill gas-to-energy project.

- y. DTE Methane Resources, L.L.C. ("DTE Methane"), is a Michigan company with offices at 425 S. Main St., Ann Arbor, Michigan 48104. DTE Methane is a wholly owned subsidiary, 50% by DTE Biomass and 50% by DTE Coal Services and is engaged in coal mine methane projects.
- z. Adrian Gas Producers, L.L.C. ("Adrian Gas") is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Adrian Gas is a 50% owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- aa. Adrian Energy Associates, LLC ("Adrian Energy") is a Michigan company with offices at 29261 Wall Street, Wixom, Michigan 48393. Adrian Energy is a 50% owned subsidiary of DTE Biomass and is engaged in the production of electricity from landfill gas.
- bb. Bellefontaine Gas Producers, L.L.C. ("Bellefontaine Gas") is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Bellefontaine Gas is a 50% owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- cc. Bellefontaine Leachate Services, L.L.C. ("Bellefontaine Leachate") is a Michigan company with offices at 6910 Treeline Drive, Brecksville, Ohio 44141. Bellefontaine Leachate is a 50% owned subsidiary of DTE Biomass and is engaged in processing landfill leachate from landfill gas.
- dd. Raleigh Steam Producers, LLC, formerly Enerdyne IV, LLC, ("Raleigh") is a North Carolina company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Raleigh is a 50% owned subsidiary of DTE Biomass and is engaged in production of steam from landfill gas.
- ee. Riverview Energy Systems, a partnership ("Riverview") is a Michigan partnership with offices at 29261 Wall Street, Wixom, Michigan 48393. Riverview is a 50% owned subsidiary of RESP. and is engaged in the production of electricity from landfill gas.
- ff. Sacramento Gas Producers, L.L.C. ("Sacramento") is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Sacramento is a 50% owned subsidiary of DTE Biomass and is engaged in landfill gas projects.
- gg. Salem Energy Systems, LLC ("Salem") is a North Carolina company with offices at 29261 Wall Street, Wixom, Michigan 48393. Salem is 50% owned by DTE Biomass and is engaged in the production of electricity from landfill gas.
- hh. Enerdyne LTD, LLC is a North Carolina company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Enerdyne LTD is 75.5% owned by DTE Biomass.
  - (1) Waverly Gas Producers, LLC is a Virginia company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Waverly is 100% owned by Enerdyne LTD, LLC.
  - (2) Lynchburg Transmission, LLC is a Virginia company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Lynchburg is 100% owned by Enerdyne LTD, LLC.
  - (3) Iredell Transmission, LLC is a North Carolina company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Iredell is 100% owned by Enerdyne LTD, LLC.
  - (4) Middle Peninsula Gas Producers, LLC is a Virginia company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Middle Peninsula is 100% owned by Enerdyne LTD, LLC.
- ii. Enerdyne TEN, LLC is a Virginia company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Enerdyne TEN, LLC is 75.5% owned by DTE Biomass.
  - (1) King George Gas Producers, LLC is a Virginia company with offices at 425 S. Main, Ann Arbor, Michigan 48104. King George is 100% owned by Enerdyne TEN, LLC.
- jj. Sunshine Gas Producers, LLC is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104.



Sunshine Gas is a 50% owned subsidiary of DTE Biomass and is engaged in landfill projects.

- kk. Kiefer Landfill Generating II, LLC is a corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. Kiefer Landfill is a 10% owned subsidiary of DTE Biomass.

2. DTE Energy Trading, Inc. ("DTE Energy Trading"), formerly Huron Energy Services, Inc., is a Michigan corporation with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE Energy Trading is a wholly owned subsidiary of DTE ER. DTE Energy Trading is engaged in wholesale and retail energy marketing.

3. DTE Generation, Inc. ("DTE Generation") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Generation is a wholly owned subsidiary of DTE ER and is a holding company.

- a. DTE River Rouge, No. 1, LLC ("DTE River") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE River is a wholly owned subsidiary of DTE Generation, Inc. and is involved in a project at River Rouge Power Plant.

4. DTE Energy Services, Inc. ("DTE ES"), formerly Edison Energy Services, Inc., is a Michigan corporation with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE ES is a wholly owned subsidiary of DTE ER and it is engaged in energy services activities.

- a. DTE ES Holdings, Inc. ("DTE ES Holdings") is a Michigan corporation with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE ES Holdings is a wholly owned subsidiary of DTE ES and is a holding company. DTE ES Holdings merged with DTE BH Holdings, Inc. on January 20, 2006.

(1) DTE Indiana Harbor, LLC ("Indiana Harbor") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Indiana Harbor is a 75% owned by DTE ES and is 25% owned by DTE ES Holdings.

- a. Indiana Harbor Coke Company LP ("Indiana Harbor Coke Company") is a Delaware limited partnership with offices at 414 S. Main, Ann Arbor, Michigan 48104. Indiana Harbor Coke Company is 5% owned by Indiana Harbor.
- b. PCI Enterprises Company, Inc. ("PCI") is a Michigan corporation with offices at 414 S. Main, Ann Arbor, Michigan 48104. PCI is a wholly owned subsidiary of DTE ES and it operates a pulverized coal facility.
- c. CBC I, L.L.C. ("CBC") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. CBC is a wholly owned subsidiary of DTE ES and is a holding company.
- d. EES Coke Battery, L.L.C. ("EES") is a Michigan company with offices at 414 S. Main, Ann Arbor, Michigan 48104. EES is 50.5% owned by DTE ES and .5% by CBC and is engaged in coke supply.
- e. DTE BH Holdings, Inc. ("DTE BH") is a Delaware corporation with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE BH is a wholly owned subsidiary of DTE ES and is a holding company. This entity was dissolved in Michigan only on May 28, 2004. It had been incorporated in both Delaware and Michigan.
  - (1) BH Coke Energy Company, Inc. ("BH Coke") is a Delaware corporation with offices at 414 S. Main, Ann Arbor, Michigan 48104. BH Coke is a wholly owned subsidiary of DTE BH and is a holding company.
    - a. DTE Burns Harbor, L.L.C. ("DTE Burns Harbor") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE Burns Harbor is 38.77% owned by BH Coke and 12.23% owned by DTE BH and operates a coke battery facility.
- f. DTE Sparrows Point Operations, Inc. ("Sparrows Point Operations") is a Michigan corporation with offices at 414 S. Main, Ann Arbor, Michigan 48104. Sparrows Point Operations is a wholly owned subsidiary of DTE ES, and is engaged in the operation of pulverized coal injection facilities.

- g. DTE Sparrows Point Holdings, L.L.C. ("Sparrows Point Holdings") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Sparrows Point Holdings is a wholly owned subsidiary of DTE ES, and is a holding company. Sparrows Point Holdings was dissolved on August 23, 2006.
- h. DTE Georgetown Holdings, Inc. ("Georgetown Holdings") is a Delaware corporation with offices at 414 S. Main, Ann Arbor, Michigan 48104. Georgetown Holdings is a wholly owned subsidiary of DTE ES, and is a holding company.
- i. DTE Georgetown, LP. ("Georgetown"), is a Delaware limited partnership with offices at 414 S. Main, Ann Arbor, Michigan 48104. Georgetown is a 99% owned subsidiary of DTE ES and 1% owned by Georgetown Holdings, Inc. and is engaged in the generation of electricity.
- j. DTE Northwind Operations, L.L.C. ("Northwind Operations") is a Michigan company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Northwind Operations is a wholly owned subsidiary of DTE ES and handles the operation and maintenance of Northwind.
- k. DTE Northwind, L.L.C. ("Northwind") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Northwind is a wholly owned subsidiary of DTE ES and operates a chilled water plant.
- l. DTE Sparrows Point, L.L.C. ("Sparrows Point") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Sparrows Point is a wholly owned subsidiary of DTE ES and is engaged in the operation of a pulverized coal injection plant.
- m. DTE Synfuels, L.L.C. ("Synfuels") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Synfuels is a wholly owned subsidiary of DTE ES and is a holding company for synfuel projects.
  - (1) DTE Buckeye Operations, LLC ("Buckeye Operations") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Buckeye Operations is a wholly owned subsidiary of Synfuels and is engaged in synthetic fuel machine operations.
  - (2) DTE Synfuel Partners, LLC ("Synfuel Partners") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Synfuel Partners is a wholly owned subsidiary of Synfuels and is a holding company for numerous synthetic fuel manufacturing facilities.
    - a. DTE Smith Branch, LLC ("Smith Branch"), formerly CRC No. 5, LLC, is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Smith Branch is 1% owned by Synfuel Partners, and is engaged in synfuel projects.
    - b. DTE Clover, LLC ("Clover"), formerly CRC No. 6, LLC, is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Clover is 5% owned by Synfuel Partners, and is engaged in synfuel projects.
    - c. DTE IndyCoke, LLC ("IndyCoke"), formerly CRC No. 1, LLC, is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. IndyCoke is 1% owned by Synfuel Partners, and is engaged in synfuel projects.
    - d. DTE Belews Creek, LLC ("Belews Creek"), formerly CRC No. 3, LLC, is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Belews Creek is 1% owned by Synfuels Partners and is engaged in synfuel projects.
    - e. DTE Utah Synfuels, LLC ("Utah Synfuels"), formerly DTE Kentucky, LLC is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Utah Synfuels is 1% owned by Synfuel Partners, and is engaged in synfuel projects.
    - f. DTE Buckeye, LLC ("Buckeye") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Buckeye is 1% owned by Synfuel Partners, and is engaged in synfuel projects. CRC No. 2 L.L.C. and CRC No. 4 L.L.C. were merged into Buckeye on April 16, 2002.

- g. DTE River Hill, L.L.C. ("Riverhill") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Riverhill is 46% owned by Synfuels and 5% by Synfuel Partners, and is engaged in synfuel projects.
- h. DTE Red Mountain, L.L.C. ("Red Mountain") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Red Mountain is 5% owned by DTE ES Holdings No. 1 and is engaged in synfuel projects.
- (3) DTE Smith Branch Operations, LLC ("Smith Branch Operations") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Smith Branch Operations is a wholly owned subsidiary of Synfuels and is engaged in the operation of synthetic fuel facilities.
- (4) DTE Synfuel Operations, LLC ("Synfuel Operations") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Synfuel Operations is a 99% owned subsidiary of Synfuels and 1% owned by Synfuel Partners and provides labor and management services to operate synthetic fuel manufacturing facilities.
- (5) DTE IndyCoke Operations, LLC ("IndyCokeOper") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. IndyCokeOper is a wholly owned subsidiary of Synfuels and is engaged in synthetic fuel machine operations.
- n. DTE Pineville, LLC ("DTE Pine") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE Pine is a wholly owned by DTE Smith Branch and is engaged in synfuel projects.
- o. DTE Backup Generation Equipment Leasing, L.L.C. ("Backup Generation Equipment Leasing") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Backup Generation Equipment Leasing is a wholly owned subsidiary of DTE ES, and is engaged in the equipment-leasing business.
- p. Power Energy Partners, LLC ("Power Energy Partners") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Power Energy Partners is a wholly owned subsidiary of DTE ES, and is a holding company.
  - (1) Crete Energy Venture, LLC ("CEV") is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. CEV is 50% owned by Power Energy Partners, and is engaged in electricity generation.
  - (2) Crete Turbine Holdings, LLC ("CTH") is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. CTH is 50% owned by Power Energy Partners, and is engaged in equipment sales.
- q. DTE Moraine, L.L.C. ("Moraine") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Moraine is a wholly owned subsidiary of DTE ES, and is engaged in the development and operation of a compressed air facility.
- r. DTE East China, LLC ("East China"), formerly Woodward Energy, L.L.C., is a Michigan company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. East China is a wholly owned subsidiary of DTE ES and is engaged in electricity generation.
- s. DTE East China Operations, LLC ("East China Operations") is a Delaware company, with offices at 414 S. Main, Ann Arbor, Michigan 48104. East China Operations is a wholly owned subsidiary of DTE ES, and is engaged in the operation and maintenance of an electric generation facility.
- t. DTE Tonawanda, LLC ("Tonawanda") is a Michigan company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Tonawanda is a wholly owned subsidiary of DTE ES and is engaged in wastewater treatment and supply of chilled water.
- u. DTE Tonawanda Operations, LLC ("Tonawanda Operations") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Tonawanda Operations is a wholly owned subsidiary of DTE ES and is engaged in the operation of Tonawanda.
- v. DTE Heritage, LLC ("DTE Heritage") is a Michigan company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE Heritage is a wholly owned subsidiary of DTE ES and is engaged in the ownership and operation of an internal electric distribution system of electricity.

- w. DTE ES Holdings No. 1, LLC (“ES Holdings”) is a Delaware company with offices at 414 S. Main Street, Ann Arbor Michigan 48104. ES Holdings is a wholly owned subsidiary of DTE ES and is a holding company.
- x. DTE Lake Road Operations, LLC (“Lake Road”) is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. Lake Road is a wholly owned subsidiary of DTE ES and is engaged in the operation and maintenance of an electric generation facility.
- y. DTE ES Operations, LLC, formerly DTE La Paloma Operations, LLC (“ES Oper”) is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. ES Oper is a wholly owned subsidiary of DTE ES and is engaged in the operation and maintenance of an electric generation facility.
- z. DTE ES Finance, LLC (“ES Finance”) is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. ES Finance is a wholly owned subsidiary of DTE ES and is involved in financing and investing activities.
  - (1) DTE Crete Operations, LLC (“Crete Operations”) is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. Crete Operations is a wholly owned subsidiary of ES Finance and operates and maintains electric generating facilities.
- aa. DTE Pulp & Paper Holdings, Inc., formerly DTE Mobile, LLC (“DTE Pulp”) is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. DTE Pulp is a wholly owned subsidiary of DTE ES and is a holding company.
  - (1) MESC Capital, LLC (“MESC Cap”), formerly DTE Capital, LLC is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. MESC Cap is 50% owned by DTE Pulp and is involved in financing and investing activities.
    - a. Mobile Energy Services Company, LLC (“Mobile Energy”) is an Alabama company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Mobile Energy is a wholly owned subsidiary of DTE ES and owns and operates the energy and recovery complex and related facilities located at the pulp and tissue mill in Mobile, Alabama.
- bb. DTE PetCoke, LLC formerly DTE Utility Services, LLC (“Pet Coke”) is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. Pet Coke is wholly owned subsidiary of DTE ES. and is engaged in the supply of petroleum coke.
- cc. DTE Utility Services Holdings, LLC (“Utility Serv”) is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. Utility Serv is a wholly owned subsidiary of DTE ES.
- dd. DTE Energy Center, LLC (“Energy Center”) is a Delaware company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. Energy Center is 50% owned by Utility Serv Hold, and is involved in providing utility and energy conservation services.
- ee. DTE Coke Operations, LLC (“DTE Coke”) is a Michigan company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE Coke is a wholly owned subsidiary of DTE ES and is involved in synthetic fuel activities.
- ff. DTE Mobile Operations, LLC (“DTE Mobile”), formerly DTE Carneys Point, LLC, is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE Mobile is a wholly owned subsidiary of DTE ES and is involved in the operation of Mobile Energy.
- gg. DTE Energy Center Operations, LLC (“DTE Energy Cent Oper”) is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE Energy Cent Oper is a wholly owned subsidiary of DTE ES and is involved in the operation of Energy Center.
- hh. DTE On-Site Energy, LLC (“On-Site”) is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE On-Site is a wholly owned subsidiary of DTE ES and is involved in on-site energy projects.

- (1) DLM Energy, LLC ("DLM") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DLM is a wholly owned subsidiary of On-Site.
- (2) DTE Pittsburgh, LLC ("Pittsburgh") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Pittsburgh is a wholly owned subsidiary of On-Site.
- (3) DTE Defiance, LLC, formerly Defiance Energy, LLC is a Ohio company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE Defiance is a wholly owned subsidiary of On-Site.
- (4) DTE Lordstown, LLC, formerly Lordstown Energy, LLC is a Ohio company with offices at 414 S. Main, Ann Arbor, Michigan 48104. DTE Lordstown is a wholly owned subsidiary of On-Site.
- ii. DTE Hillman, LLC ("Hillman") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Hillman is a wholly owned subsidiary of DTE ES.
- jj. DTE Woodland, LLC ("Woodland") is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Woodland is a wholly owned subsidiary of DTE ES.
- (1) Woodland Biomass Power Ltd. is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. This company is a wholly owned subsidiary of Woodland.
- kk. DTE Pontiac North, LLC, formerly DTE Wickliffe, LLC ("Wickliffe") is a Michigan company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. Wickliffe is 100% owned by DTE ES.
- ll. Metro Energy, LLC is a Michigan company with offices at 414 S. Main Street, Ann Arbor, Michigan 48104. It provides Energy related services.
- mm. DTE Open-Loop Biomass, LLC is a Delaware company with offices at 414 S. Main, Ann Arbor, Michigan 48104. It is wholly owned by DTE Pulp and Paper Holdings.
- 5. DTE Coal Services, Inc. ("DTE Coal") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. DTE Coal is a wholly owned subsidiary of DTE ER and it is engaged in selling and transporting coal to third parties.
  - a. DTE Rail Services, Inc., formerly DTE CS Rail Services, Inc., ("DTE Rail") is a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. DTE Rail is a wholly owned subsidiary of DTE Coal and it is engaged in rail car repair and maintenance.
    - (1) Cornhusker Railways, LLC ("Cornhusker") is a Michigan company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Cornhusker is a wholly owned subsidiary of DTE Rail Services, Inc. and is a common carrier shortline railroad.
  - b. DTECS Holdings, Inc. ("DTECS Holdings") was a Michigan corporation with offices at 425 S. Main, Ann Arbor, Michigan 48104. DTECS Holdings was a wholly owned subsidiary of DTE Coal and was engaged in the business of administering coal contracts. DTECS Holdings was dissolved on December 20, 2006.
    - (1) DTECS Limited Partnership is a Michigan limited partnership with offices at 425 S. Main, Ann Arbor, Michigan 48104. DTECS Limited Partnership is a wholly owned subsidiary of DTE Coal, which holds a limited partnership interest, and is engaged in the acquisition, storage and reselling of coal.
  - c. DTE Peptec, Inc. ("DTE Peptec") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Peptec is involved in coal preparation and cleaning activities. DTE Peptec is a wholly owned subsidiary of DTE Coal.
    - (1) DTE Dickerson, L.L.C. ("DTE Dickerson") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Dickerson is involved in coal preparation and cleaning activities. DTE Dickerson is a wholly owned subsidiary of DTE Peptec.

- (2) Peptec, Inc. ("Peptec") is a Pennsylvania company with offices at 425 S. Main, Ann Arbor, Michigan 48104. Peptec is a wholly owned subsidiary of DTE Peptec.
- d. DTE DuQuoin, LLC ("DTE DuQuoin") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE DuQuoin is involved in slurry and mining, waste processing. DTE DuQuoin is a wholly owned subsidiary of DTECoal.
  - e. DTE Osage, LLC ("Osage") is a Michigan company with offices at 414 S. Main, Ann Arbor, Michigan 48104. Osage is a wholly owned subsidiary of DTE Coal and is engaged in coal cleaning and processing.
  - f. DTE Chicago Fuels Terminal, LLC, formerly DTE South Chicago Terminal LLC, is a Michigan company with offices at 414 S. Main, Ann Arbor, Michigan 48104. This company which is a wholly owned subsidiary of DTE Coal is engaged in coal cleaning and processing.
- B. Syndeco Realty Corporation ("Syndeco") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Syndeco is a wholly owned subsidiary of DTE. Syndeco is engaged in real estate projects.
- 1. Syndeco Plaza L.L.C. ("Syndeco Plaza") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Syndeco Plaza is a wholly owned subsidiary of Syndeco and is engaged real estate projects.
  - 2. Ashley Mews L.L.C. ("Ashley") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Ashley is a wholly owned subsidiary of Syndeco and is engaged in real estate projects. Ashley was dissolved November 13, 2006.
  - 3. Stratford Village, L.L.C. ("Stratford") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Stratford is a wholly owned subsidiary of Syndeco and is engaged in a residential condominium development in Orion Township. Stratford was dissolved November 13, 2006.
  - 4. Syndeco Meadowbrook, LLC ("Meadowbrook") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Syndeco holds 50% of this entity, which owns property in Novi for future development.
  - 5. Syndeco Plaza Unit Acquisition LLC ("Plaza Unit") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Syndeco holds 100% of this entity.
  - 6. Copeley License, LLC ("Copeley") is a Michigan company with offices at 2000 2<sup>nd</sup> Avenue, Detroit, Michigan 48226-1279. Syndeco holds 100% of this entity.
- C. The Detroit Edison Company ("Detroit Edison") is incorporated in Michigan and is a Michigan public utility. It is engaged in the generation, purchase, distribution and sale of electric energy in Southeastern Michigan. It also owned and operated a steam heating system in Detroit, Michigan, which was sold in January, 2003. On January 1, 1996, Detroit Edison became a wholly owned subsidiary of the Company. Detroit Edison's address is 2000 2nd Avenue, Detroit, Michigan 48226-1279.
- 1. Midwest Energy Resources Company ("MERC") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. MERC is a wholly owned subsidiary of Detroit Edison and is engaged in operating a coal-transshipment facility in Superior, Wisconsin.
  - 2. The Edison Illuminating Company of Detroit ("EIC") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. EIC is a wholly owned subsidiary of Detroit Edison and holds real estate.
  - 3. St. Clair Energy Corporation ("St. Clair") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. St. Clair is a wholly owned subsidiary of Detroit Edison and is engaged in fuel procurement.
  - 4. The Detroit Edison Securitization Funding, L.L.C. ("Securitization Funding") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Securitization Funding is a wholly owned subsidiary of Detroit Edison and is a special purpose entity established to recover certain stranded costs, called Securitization Property by Michigan Statute.

5. Detroit Edison Trust I ("DET I") is a Delaware statutory trust with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DET I may offer from time to time trust preferred securities.
  6. Detroit Edison Trust II ("DET II") is a Delaware statutory trust with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DET II may offer from time to time trust preferred securities.
  7. Detroit Edison Trust III ("DET III") is a Delaware statutory trust with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DET III may offer from time to time trust preferred securities.
  8. DTE Energy Testing and Monitoring Services, LLC ("DTE Energy Testing") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Energy Testing is a wholly owned subsidiary of Detroit Edison. DTE Energy Testing was dissolved on December 19, 2006.
- D. Wolverine Energy Services, Inc. ("Wolverine") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Wolverine is a wholly owned subsidiary of the Company and is a holding company.
1. DTE Edison America, Inc. ("Edison America") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Edison America is a wholly owned subsidiary of Wolverine, which is licensed to market energy and energy related products.
  2. DTE Energy Technologies, Inc. ("Technologies") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Technologies is a wholly owned subsidiary of Wolverine and is engaged in energy solutions for industrial, commercial and small businesses.
    - a. Alliance Energy Companies, Ltd. ("Alliance") is a Minnesota corporation with offices at 1715 Lake Drive West, Chanhassen, Minnesota 55317-8580. Alliance is a wholly owned subsidiary of Technologies and is the holding company for the following entities:
      - (1) DTE Energy Technologies-Canada, Inc., ("DTE ET Canada") formerly Alliance Energy Systems Canada, Ltd. is an Ontario, Canada corporation with offices at 2425 Matheson Boulevard East, Mississauga, Canada L4W 5K4. DTE ET Canada is a wholly owned subsidiary of Alliance and is engaged in selling electric generators in the Canadian market.
  3. DTE Energy Solutions, Inc. ("Solutions") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Solutions is a wholly owned subsidiary of Wolverine and is engaged in system based energy related products and services.
    - a. DTE Engineering Services, Inc., ("DTE Engineering Services") formerly UTS Systems, Inc., is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Engineering Services is a wholly owned subsidiary of Solutions. DTE Engineering Services is engaged in professional engineering services.
    - b. DTE Energy Solutions Canada, Ltd. ("Energy Solutions") which prior to May 8, 2002 was a joint venture between DTE Probyn Energy Solutions, Inc. and Probyn Company. This joint venture was organized June 23, 1998 under the Ontario Business Corporations Act. On May 8, 2002 Solutions acquired a 100% interest and changed the name to Energy Solutions. Energy Solutions has offices at 197 Glengarry Avenue, Toronto, Canada M5M 1E1.
    - c. Global View Technologies, L.L.C. ("Global") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Solutions holds a 19% interest in Global.
- E. DTE Energy Ventures, Inc. ("DTE Ventures"), formerly Edison Development Corporation is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Ventures is a wholly owned subsidiary of DTE. DTE Ventures is engaged in business development.
1. DTE Solar Company of California ("Solar") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Solar is a wholly owned subsidiary of DTE Ventures. Solar is engaged in solar photovoltaic leasing.

F. DTE Enterprises, Inc. ("DTEE") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Except where otherwise indicated, DTEE owns directly or indirectly all of the outstanding common stock of MichCon Holdings, Inc., Citizens Gas Fuel Company ("Citizens"), MCN Energy Enterprises Inc. ("MCNEE").

1. MichCon Holdings, Inc. is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279, is the holding company for MichCon, a Michigan corporation and MichCon Enterprises, Inc. MichCon is a public utility engaged in the distribution and transmission of natural gas in the state of Michigan. MichCon's principal executive offices are located at 2000 2nd Avenue, Detroit, Michigan 48226-1279. MichCon conducts substantially all of its business in the state of Michigan and is subject to the jurisdiction of the Michigan Public Service Commission ("MPSC") as to various phases of its operations, including gas sales rates, service, and accounting. MichCon Enterprises, Inc. (a non-regulated affiliate) was formed to engage in non-regulated activities.

Except where otherwise indicated, the companies set forth below are wholly owned subsidiaries of MichCon:

- a. MichCon Development Corporation is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Through its various partnership arrangements, MichCon Development Corporation owned an interest in Harbortown, a residential and small commercial development constructed along the Detroit River in Detroit, Michigan, which was sold in December 2003.
- b. Blue Lake Holdings, Inc. is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It holds a 25% interest in Blue Lake Gas Storage Company, a partnership that has converted a depleted natural gas field in northern Michigan into a 46 billion cubic feet (Bcf) natural gas storage field, which it now operates.
- c. MichCon Pipeline Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. Through the subsidiaries below, is engaged in pipeline and gathering projects in Michigan:
  - (1) MichCon Gathering Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It owns and operates the Antrim Expansion Pipeline.
  - (2) Saginaw Bay Pipeline Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It currently owns and operates a 68-mile pipeline that transports natural gas and natural gas liquids from reserves in east-central Michigan to natural gas processing plants in northern Michigan.
  - (3) Saginaw Bay Lateral Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It is the sole general partner and owns 46% of a partnership that owns and operates lateral pipelines interconnecting with the 68-mile pipeline previously described.
  - (4) Westside Pipeline Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279.
  - (5) Thunder Bay Gathering Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It owns and operates a pipeline system, consisting of 44 miles of gathering lines situated in Alpena and Alcona Counties in northeast Michigan.
  - (6) MichCon Lateral Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It owns and operates a 210 mile pipeline and 325 miles of gathering lines in northern Michigan.

The company set forth below is a wholly owned subsidiary of MichCon Enterprises, Inc.:

1. MichCon Fuel Services Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It markets natural gas as a vehicular fuel and markets energy to residential and commercial customers through a transportation brokerage pilot program. MichCon Fuel Services Company became inactive in 2001.

The companies set forth below are wholly owned subsidiaries of DTE Enterprises, Inc.



1. Citizens Gas Fuel Company ("Citizens"), a Michigan corporation is a public utility engaged in the distribution of natural gas in Michigan. Citizens' principal executive offices are located at 127 N. Main Street, Adrian, Michigan 49221.
2. MCN Energy Enterprises, Inc. ("MCNEE"), formerly MCN Investment Corporation, is the holding company for DTEE's various diversified energy subsidiaries. MCNEE, through its subsidiaries and joint ventures, provides gathering, processing and transmission services; engages in energy marketing activities and storage services; engages in gas and oil exploration, development and production; and is involved in other energy-related businesses. Except where otherwise indicated, the companies set forth below are wholly owned subsidiaries of MCNEE:
  - a. DTE Gas Storage, Pipelines and Processing Company, formerly MCNIC Pipeline & Processing Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It engages in pipeline and processing projects through the following subsidiaries and partnerships:
    - (1) MCNIC Offshore Pipeline & Processing Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It holds 100% of MCNIC Black Marlin Offshore Company, which held a 33.3% interest in the Black Marlin Pipeline System, which was sold in January 2001 and held a 33% interest in the Blue Dolphin System, which was sold in February 2002.
    - (2) DTE Michigan Holdings, Inc., formerly MCNIC Michigan Holdings, Inc. is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279.
      - (a) Bagley Processing Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. (47% general partnership interest in natural gas carbon dioxide ("CO2") removal facility).
      - (b) Warner Treating Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. (90% interest in natural gas CO2 removal facility)
      - (c) Terra-Westside Processing Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. (85% interest in natural gas CO2 removal facility).
    - (3) DTE East Coast Pipeline Company, formerly MCNIC East Coast Pipeline Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It held a 16.4% interest in the 292-mile Portland Natural Gas Transmission System Pipeline Project, which was sold in September 2003.
    - (4) DTE Millennium Company, formerly MCNIC Millennium Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It was formed to hold a 10.5% interest in the Millennium Pipeline Company, L.P.
    - (5) DTE LLC Millennium Company, formerly MCNIC L.L.C. Millennium Company is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-12796. It was formed to hold a 10.5% interest in the Millennium Pipeline Management Company, L.L.C., which holds a 1% interest in the Millennium Pipeline Company L.P.
    - (6) DTE Vector Company, formerly MCNIC Vector Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It was formed to hold a 39.6% limited partnership interest in Vector Pipeline, L.P., a Delaware Limited Partnership, which owns and operates the Vector Pipeline.
    - (7) DTE Vector II Company, formerly MCNIC Vector II Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It was formed in January 2000 to hold a 40% interest in Vector Pipeline Inc., which owns a 1% general partnership interest in Vector Pipeline, L.P., a Delaware Limited Partnership, which owns and operates the Vector Pipeline.
    - (8) DTE Vector Canada, formerly MCNIC Vector Canada, Inc. is a New Brunswick corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. MCNIC Vector Canada, Inc. holds a 39.6% limited

partnership interest in Vector Pipeline L.P., an Alberta, Canada limited partnership, which owns the Canadian portion of the Vector Pipeline.

- (9) DTE Vector Canada II, Inc. formerly MCNIC Vector Canada II, Inc. is a New Brunswick corporation holds 40% interest in Vector Pipeline Limited, which owns a 1% general partnership interest in Vector Pipeline L.P., an Alberta, Canada limited partnership, which owns the Canadian portion of the Vector Pipeline.
  - (10) MCNIC Compression GP, Inc. holds a 0.1% general partnership interest in the KCI Compression Company, L.P. The partnership interest in KCI Compression Company, L.P. was sold in July 2001.
  - (11) MCNIC Mobile Bay Gathering Company is a Michigan company and is inactive.
  - (12) Coal Recovery Holdings, LLC is a Delaware company and is inactive and has been dissolved.
  - (13) DTE Thunder Bay Processing, LLC is Michigan company with offices at 2000 2<sup>nd</sup> Avenue, Detroit, Michigan 48226-1279.
- b. MCN International Corporation is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It was formed as a holding company for DTEE's international subsidiaries.
- (1) MCNIC Nepal Limited of Grand Cayman, Cayman Island, owned 100% of the Class B Capital Stock of Panda Bhote Koshi, which gave MCNIC Nepal rights to an 85% distribution of Panda Bhote Koshi, a Cayman Island company that held a 100% interest in Panda of Nepal. Panda of Nepal held a 75% interest in Bhote Koshi Power Company Private Limited, which owned a 36 Megawatt ("MW") hydroelectric power project in Nepal. Bhote Koshi Power Company Private Limited was sold on March 24, 2006. Panda Bhote Koshi and Panda of Nepal were struck from the register (dissolved) on September 29, 2006.
  - (2) MCNIC UAE Limited of Grand Cayman, Cayman Island, was formed to hold a 39% interest in an United Arab Emirate fertilizer plant project. Subsequently, MCNIC UAE Limited converted its equity interest into a loan. The loan was sold in 2004 leaving MCNIC UAE with no remaining assets.
  - (3) MCNIC GP International Holdings of Grand Cayman, Cayman Islands is an inactive company.
  - (4) MCNIC International Holdings of Grand Cayman, Cayman Islands is an inactive company.
  - (5) IG One (Mauritius) Ltd. Of Grand Cayman, Cayman Islands is an inactive company. This company was dissolved on March 31, 2006.
- c. DTE Gas Storage Company, formerly MCNIC Gas Storage Company is a Michigan Corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It engages in the storage of natural gas.
- (1) South Romeo Gas Storage Company, LLC ("South Romeo"), has offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. South Romeo holds a 33% interest in South Romeo Gas Storage Corporation.
  - (2) W-10 Holdings, Inc., is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. It holds a 50% interest in Washington 10 Storage Partnership, a partnership that developed and operates the Washington 10 Storage Field, a 60.5 Bcf storage field in southeastern Michigan.
    - a. Washington 10 Storage Partnership, is a Michigan partnership with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. The partnership is owned 50% by DTE Gas Storage Company and 50% by W-10 Holdings, Inc. and the purpose of the partnership is to lease and operate the project as a natural gas storage facility.
  - (3) The Orchards Golf Limited Partnership ("Orchards Golf"), a Michigan partnership in which Orchards Golf has a 50% interest, developed, owns and operates a residential community and golf course on 520 acres of land above the South Romeo gas storage field in southeastern Michigan. The interest was sold September 30, 2006.

- (4) Shelby Storage LLC is a Michigan company with offices at 2000 2<sup>nd</sup> Avenue, Detroit, Michigan 48226-1279. It is used to procure storage, mineral and load rights for a storage field.
- (5) DTE Northeast Storage Company is a Michigan company with offices at 2000 2<sup>nd</sup> Avenue, Detroit, Michigan 48226-1279.
- (6) Washington 10 Gas Holdings, Inc. is a Delaware company with offices at 2000 2<sup>nd</sup> Avenue, Detroit, Michigan 48226. It is a wholly owned subsidiary of DTE Gas Storage Company.
  - (a) Washington 10 Storage Corporation is a Michigan company with offices at 2000 2<sup>nd</sup> Avenue, Detroit, Michigan 48226-1279. It is wholly owned by Washington 10 Gas Holdings, Inc.
- d. DTE Gas & Oil Company ("DTE Gas & Oil") formerly MCN Oil & Gas Company is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Gas & Oil is engaged in natural gas and oil exploration, development and production through the following subsidiaries:
  - (1) Otsego Exploration Company, L.L.C. is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279.
  - (2) MCNIC Enhanced Production, Inc., which has a 75% interest in Otsego EOR, L.L.C. is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279.
  - (3) MCNIC Oil & Gas Midcontinent, Inc. is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279.
  - (4) MCNIC Oil & Gas Properties, Inc. is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279.
  - (5) Otsego EOR, LLC is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279.
- G. DTE Gas Resources, Inc. formerly DTE Exploration & Development, Inc. ("DTE Gas") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Gas Resources is a wholly owned subsidiary of DTE. DTE Gas holds the stock in DTE Yates Center, Inc.
  - a. DTE Yates Center, Inc. ("DTE Yates") is a Michigan corporation with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Yates was involved in coal-bed methane activities, which have now been divested.
    - (1). Patrick DTE Exploration, L.L.C. ("Patrick DTE") is a Kansas company with offices at 515 South Kansas Avenue, Topeka, Kansas 66603. Patrick DTE is a wholly owned subsidiary of DTE Yates. Patrick DTE was involved in coal-bed methane activities, which have now been divested. Patrick DTE was dissolved on July 15, 2006.
  - b. DTE Texas I, LLC ("TX I") is a Delaware corporation with offices at 2000 2<sup>nd</sup> Avenue, Detroit, Michigan 48226-1279 and is a wholly owned subsidiary of DTE Gas.
  - c. DTE Texas II, LLC ("TX II") is a Delaware corporation with offices at 2000 2<sup>nd</sup> Avenue, Detroit, Michigan 48226-1279 and is a wholly owned subsidiary of DTE Gas.
- H. DTE Energy Trust I ("DTE I") is a Delaware statutory trust with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE I issued the 7.8% Trust Preferred Securities and trust common securities, purchased DTE Energy debt securities, fully and unconditionally guaranteed by DTE Energy Company.
- I. DTE Energy Trust II ("DTE II") is a Delaware statutory trust with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE II may offer from time to time trust preferred securities.

- J. DTE Energy Trust III ("DTE III") is a Delaware statutory trust with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE III may offer from time to time trust preferred securities.
- K. DTE Services I, LLC ("DTE Serv") is a Michigan company with offices at 2000 2nd Avenue, Detroit, Michigan 48226-1279. DTE Serv is a single member L.L.C., which holds the lease for the jet used for corporate travel. The lease is through Lear Investments Company, L.L.C. DTE Serv is a wholly owned subsidiary of DTE.
- L. Plug Power Inc. ("Plug") is a New York corporation, with offices at 468 Albany-Shaker Road, Latham, New York 12110. DTE Energy Company currently holds a 7% interest in Plug, which is involved with fuel cell technology.
- M. DTE Energy Corporate Services, LLC is a Michigan company with offices at 2000 2<sup>nd</sup> Avenue, Detroit, Michigan 48226-1279. This company is a wholly owned subsidiary of DTE Energy Company.

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
CORPORATIONS CONTROLLED BY RESPONDENT					
<p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If Control ceased prior to end of year, give particulars (details) in a footnote.</p> <p>2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved</p> <p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>4. 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 in column (a) provided the fiscal years for both the 10-K and this report are compatible.</p>					
DEFINITIONS					
<p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary.</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.</p> <p>4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.</p>					
Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)		
Blue Lake Holdings, Inc.	A 25% general partner in Blue Lake Gas Storage Company	100%			
MichCon Development Corporation	Real estate development.	100%			
MichCon Pipeline Company	Holding company parent holding 100% of the outstanding common stock of MichCon Gathering Company, MichCon Lateral Company, Saginaw Bay Lateral Company, Thunder Bay Gathering Company, Westside Pipeline Company and Saginaw Bay Pipeline Company.	100%	(1)		
Huron Pipeline Company	The corporation was formed to participate in the proposed ANR Link Interstate Pipeline Project and held 100% of the outstanding common stock of Huron Gas Services Company. Huron Gas Services Company merged into Huron Pipeline Company on December 13, 2004 and the surviving company, Huron Pipeline Company subsequently merged into Michigan Consolidated Gas Company on December 14, 2004.	100%			
<p>(1) See page 102 a for additional information.</p>					

## OFFICERS

1. Report below the name, title and salary for the top five executive officers.
2. Report in column (b) salaries and wages accrued during the year including deferred compensation
3. In column (c) report any other compensation provided, such as bonuses, car allowance, stock options and rights, savings contribution, etc and explain in a footnote what the amounts represent.
4. If a change was made during the year in the incumbent of any position, show the name and total remuneration of the previous incumbent and the date the change in incumbency occurred.
5. Upon request, the Company will provide the Commission with supplemental information on officers' and other employees' salaries.

Line No	Name and Title (a)	Base Wages (b)	Other Compensation (c) <sup>(1)</sup>	Total Compensation (d) <sup>(2)</sup>
1	Anthony F. Earley, Jr. Chairman of the Board and Chief Executive Officer of DTE Energy	\$ 1,125,000	\$ 5,043,466	\$ 6,168,466
2				
3	Gerard M. Anderson President and Chief Operating Officer of DTE Energy	\$ 700,000	\$ 2,034,151	\$ 2,734,151
4				
5	Robert J. Buckler President and Chief Operating Officer of Detroit Edison	\$ 560,000	\$ 1,440,788	\$ 2,000,788
6				
7				
8	Stephen E. Ewing President and Chief Operating Officer of MichCon	\$ 539,000	\$ 1,315,400	\$ 1,854,400
9				
10	David E. Meador Executive Vice President and Chief Financial Officer of DTE Energy	\$ 485,000	\$ 951,043	\$ 1,436,043
11				
12	<sup>(1)</sup> Includes bonuses and matching contributions to savings plans.			
13	<sup>(2)</sup> Includes compensation for services provided to DTE Energy Company and subsidiary companies, including Michigan Consolidated Gas Company.			
14				
15				
16				
17				
18				

## DIRECTORS

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

Name (and Title) of Director (a)	Principal Business Address (b)	Number of Directors' Meetings During Year (c)(1)	Fees During Year (d)
Anthony F. Earley, Jr. Director Chairman and Chief Executive Officer	2000 2nd Avenue Detroit, MI 48226-1279	0	0
Sandra Kay Ennis Director Corporate Secretary	2000 2nd Avenue Detroit, MI 48226-1279	0	0
David E. Meador Director Executive Vice President and Chief Financial Officer	2000 2nd Avenue Detroit, MI 48226-1279	0	0
Bruce D. Peterson Director	2000 2nd Avenue Detroit, MI 48226-1279	0	0

(1) MichCon Board of Directors held no scheduled meetings during 2006. As permitted by law, the Board acted on numerous matters by written consent.

MICHIGAN CONSOLIDATED GAS COMPANY	AN ORIGINAL	DECEMBER 31, 2006
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 powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders. (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.</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 security. State whether voting rights are actual or contingent; if contingent, describe the contingency.</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.</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 dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.</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>Not Applicable</p>		
<p>2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such vote cast by proxy</p> <p>Not Applicable</p>		
<p>3. Give the date and place of such meeting.</p> <p>MichCon Board of Directors held no scheduled meetings during 2006. As permitted by law, the Board acted on numerous matters by written consent.</p>		



MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		DECEMBER 31, 2006	
SECURITY HOLDERS AND VOTING POWERS (Continued)					
Line No.		VOTING SECURITIES			
		Number of votes as of (date). December 31, 1998			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes of all voting securities	10,300,000	10,300,000	0	
5	TOTAL number of security holders	1	1	0	
6	TOTAL votes of security holders listed below	10,300,000	10,300,000	0	
7					
8	MichCon Holdings, Inc.				
9	2000 2nd Avenue				
10	Detroit, MI 48226-1279	10,300,000	10,300,000	0	
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## IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none" or "not applicable" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operation 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.
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.
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.
6. Obligation 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.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceeding pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any 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.
11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instructions 1 to 11 above, such notes may be attached to this page.

1. None.
2. None.
3. None.

## IMPORTANT CHANGES DURING THE YEAR

4. None

5. None.

6. None.

7. None.

8. None

9. None.

10. None.

11. None.

12. Important Changes

See Notes to Consolidated Financial Statements starting on page 123 1

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
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	\$2,939,184,007	\$3,043,893,547	
3	Construction Work in Progress (107)	200-201	94,582,422	140,563,969	
4	TOTAL Utility Plant (Enter Total of lines 2 & 3)		3,033,766,429	3,184,457,516	
5	(Less) Accum. Prov. for Depr. Amort., Depl. (108,111,115,119)	200-201	1,766,694,250	1,755,716,759	
6	Net Utility Plant (Enter Total of line 4 less 5)		1,267,072,179	1,428,740,757	
7	Nuclear Fuel (120.1 - 120.4, 120.6)	---	---	---	
8	(Less) Accum. Prov. for Amort. of Nuclear Fuel Assemblies (120.5)	---	---	---	
9	Net Nuclear Fuel (Enter Total of line 7 less 8)		---	---	
10	Net Utility Plant (Enter Total of lines 6 and 9)		1,267,072,179	1,428,740,757	
11	Utility Plant Adjustments (116)	122-123	---	---	
12	Gas Stored Underground-Noncurrent (117)	220	33,591,614	33,591,614	
13	OTHER PROPERTY AND INVESTMENTS				
14	Nonutility Property (121)	221	2,289,169	2,290,163	
15	(Less) Accum. Prov. for Depr. and Amort. (122)	221	347,645	408,996	
16	Investments in Associated Companies (123)	222-223	272,065,000	294,137,987	
17	Investment in Subsidiary Companies (123.1)	224-225	76,523,044	84,926,643	
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)				
19	Noncurrent Portion of Allowances	---			
20	Other Investments (124)	222-223,229	2,020,293	2,096,069	
21	Special Funds (125-128)	---	---	---	
22	TOTAL Other Property and Investments (Enter Total of lines 14 thru 21)		352,549,860	383,041,866	
23	CURRENT AND ACCRUED ASSETS				
24	Cash (131)	---	243,610	526,270	
25	Special Deposits (132-134)	---	---	---	
26	Working Funds (135)	---	---	---	
27	Temporary Cash Investments (136)	222-223	---	---	
28	Notes Receivable (141)	228A	897,905	933,150	
29	Customer Accounts Receivable (142)	228A	372,516,861	297,396,866	
30	Other Accounts Receivable (143)	228A	46,522,802	55,466,139	
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	228A	78,279,649	95,797,871	
32	Notes Receivable from Associated Companies (145)	228B	3,421,683	5,311,705	
33	Accounts Receivable from Assoc. Companies (146)	228B	62,388,233	88,418,292	
34	Fuel Stock (151)	228C	---	---	
35	Fuel Stock Expense Undistributed (152)	228C	---	---	
36	Residuals (Elec) and Extracted Products (Gas) (153)	228C	---	---	
37	Plant Material and Operating Supplies (154)	228C	14,935,786	15,677,088	
38	Merchandise (155)	228C	---	---	
39	Other Material and Supplies (156)	228C	---	---	
40	Nuclear Materials Held for Sale (157)	228C	---	---	

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)					
Line No.	Title of Account  (a)	Page No.  (b)	Balance at Beginning of Year (d)	Balance at End of Year (d)	
41	Allowances (158.1 and 158.2)	---	---	---	
42	(Less) Noncurrent Portion of Allowances	---	---	---	
43	Stores Expenses Undistributed (163)	228C	1,211,570	862,319	
44	Gas Stored Underground - Current (164.1)	220	118,597,260	76,828,478	
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	220	---	---	
46	Prepayments (165)	226,230	3,852,683	10,626,990	
47	Advances for Gas (166-167)	229	---	---	
48	Interest and Dividends Receivable (171)	---	---	---	
49	Rents Receivable (172)	---	1,279,203	1,409,556	
50	Accrued Utility Revenues (173)	---	230,153,912	109,535,212	
51	Miscellaneous Current and Accrued Assets (174)	---	59,282,572	13,413,500	
52	TOTAL Current and Accrued Assets (Enter Total of lines 24 thru 51)		837,024,431	580,607,695	
53	DEFERRED DEBITS				
54	Unamortized Debt Expense (181)	---	5,844,273	5,218,337	
55	Extraordinary Property Losses (182.1)	230	---	---	
56	Unrecovered Plant & Regulatory Study Costs (182.2)	230	---	---	
57	Other Regulatory Assets	232	---	---	
58	Prelim. Survey & Invest. Charges (Electric)(183)	---	---	---	
59	Prelim. Survey & Invest. Charges (Gas) (183.1, 183.2)	231	---	---	
60	Clearing Accounts (184)	---	---	9,467	
61	Temporary Facilities (185)	---	---	---	
62	Miscellaneous Deferred Debits (186)	233	491,576,960	746,151,176	
63	Def. Losses from Disposition of Utility Pft. (187)	---	---	---	
64	Research, Devel. and Demonstration Expend. (188)	352-353	---	---	
65	Unamortized Loss on Reacquired Debt (189)	---	31,916,864	64,047,857	
66	Accumulated Deferred Income Taxes (190)	234-235	311,929,799	370,145,384	
67	Unrecovered Purchased Gas Costs (191)	---	---	---	
68	TOTAL Deferred Debits (Enter Total of lines 54 thru 67)		841,267,896	1,185,572,221	
69	TOTAL Assets and Other Debits (Enter Total of lines 10, 11, 12, 22, 52, and 68)		\$3,331,505,981	\$3,611,554,153	

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	\$10,300,000	\$10,300,000
3	Preferred Stock Issued (204)	250-251	—	—
4	Capital Stock Subscribed (202,205)	252	—	—
5	Stock Liability for Conversion (203,206)	252	—	—
6	Premium on Capital Stock (207)	252	—	—
7	Other Paid-In Capital (208-211)	253	432,541,122	432,541,122
8	Installments Received on Capital Stock (212)	252	—	—
9	(Less) Discount on Capital Stock (213)	254	—	—
10	(Less) Capital Stock Expense (214)	254	—	—
11	Retained Earnings (215,215.1,216)	118-119	295,641,933	304,418,404
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	17,588,629	25,827,053
13	(Less) Recquired Capital Stock (217)	250-251	—	—
14	Accumulated Other Comprehensive Income (219)	122(a)(b)	(1,262,014)	(1,159,384)
15	TOTAL Proprietary Capital (Enter Total of lines 2 thru 14)		754,809,870	771,927,196
16	LONG-TERM DEBT			
17	Bonds (221)	256-257	785,000,000	745,000,000
18	(Less) Recquired Bonds (222)	256-257	—	—
19	Advances from Associated Companies (223)	256-257	—	—
20	Other Long-Term Debt (224)	256-257	—	—
21	Unamortized Premium on Long-Term Debt (225)	258-259	1,171,875	1,078,125
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	258-259	1,545,310	1,408,177
23	TOTAL Long-Term Debt (Enter Total of lines 17 thru 22)		784,626,565	744,669,948
24	OTHER NONCURRENT LIABILITIES			
25	Obligations Under Capital Leases - Noncurrent (227)	—	—	—
26	Accumulated Provision for Property Insurance (228.1)	—	—	—
27	Accumulated Provision for Injuries and Damages (228.2)	—	17,498,580	15,486,728
28	Accumulated Provision for Pensions and Benefits (228.3)	—	—	—
29	Accumulated Miscellaneous Operating Provisions (228.4)	—	—	—
30	Asset Retirement Obligations (230)	—	2,587,226	99,588,521
31	TOTAL Other Noncurrent Liabilities (Enter Total of lines 25 thru 30)		20,085,806	115,075,250
32	CURRENT AND ACCRUED LIABILITIES			
33	Notes Payable (231)	260A	422,668,658	330,052,948
34	Accounts Payable (232)	—	228,123,066	197,529,556
35	Notes Payables to Associated Companies (233)	260B	55,177,101	59,228,143
36	Accounts Payable to Associated Companies (234)	260B	25,248,898	20,724,578
37	Customer Deposits (235)	—	15,128,966	16,680,266
38	Taxes Accrued (236)	262-263	15,524,608	6,834,282
39	Interest Accrued (237)	—	13,894,375	14,878,963
40	Dividends Declared (238)	—	12,500,000	12,500,000
41	Matured Long-Term Debt (239)	—	—	—

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)					
Line No.	Title of Account  (a)	Ref. Page No. (b)	Balance at Beginning of Year (d)	Balance at End of Year (e)	
42	Matured Interest (240)	---	---	---	
43	Tax Collections Payable (241)	---	1,230,711	115,528	
44	Miscellaneous Current and Accrued Liabilities (242)	268	39,994,530	129,267,001	
45	Obligations Under Capital Leases-Current (243)	---	111,536	---	
46	Federal Income Taxes Accrued for Prior Years (244)	---	461,500	504,000	
47	Michigan Single Business Taxes Accrued for Prior Years (244.1)	---	---	---	
48	Federal Income Taxes Accrued for Prior Years-Adj. (245)	---	---	---	
49	Michigan Single Business Taxes Accrued for Prior Years-Adj. (245.1)	---	---	---	
50	TOTAL Current and Accrued Liabilities (Enter Total of lines 33 thru 49)		830,063,949	788,315,264	
51	DEFERRED CREDITS				
52	Customer Advances for Construction (252)	268	1,599,273	---	
53	Accumulated Deferred Investment Tax Credits (255)	266-267	16,597,660	14,803,739	
54	Deferred Gains from Disposition of Utility Plant (256)	---	---	---	
55	Other Deferred Credits (253)	269	309,173,702	529,156,530	
56	Other Regulatory Liabilities	278	43,274,499	39,473,211	
57	Unamortized Gain on Reacquired Debt (257)	260	---	---	
58	Accumulated Deferred Income Taxes (281-284)	272-277	571,274,857	608,133,015	
59	TOTAL Deferred Credits (Enter Total of lines 52 thru 58)		941,919,991	1,191,566,495	
60	Total Liabilities and Other Credits (Enter Total of lines 15, 23, 31, 50, and 59)		\$3,331,505,981	\$3,611,554,153	

## STATEMENT OF INCOME FOR THE YEAR

- Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (1,k,m,o) in a similar manner to a utility department. Spread the amount(s) over lines 01 thru 20 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as account 412 and 413 above.
- 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.
- Use page 122 for important notes regarding the statement of income or any account thereof.
- 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.
- Give concise explanations concerning significant amounts of any refunds made or received during the year resulting

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	\$1,789,395,431	\$2,065,952,110
3	Operating Expenses			
4	Operation Expenses (401)	320-325	1,486,680,830	1,823,260,178
5	Maintenance Expenses (402)	320-325	30,306,115	27,166,699
6	Depreciation Expense (403)	336-338	78,395,595	85,620,560
7	Amort. & Depl. of Utility Plant (404-405)	336-338	6,048,315	6,042,252
8	Amort. of Utility Plant Acq. Adj. (406)	336-338	-	-
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407)	-	-	-
10	Amort. of Conversion Expenses (407)	-	-	-
11	Regulatory Debits (407.3)	-	-	-
12	(Less) Regulatory Credits (407.4)	-	-	-
13	Taxes Other Than Income Taxes (408.1)	262-263E	51,648,496	40,502,797
14	Income Taxes - Federal (409.1)	262-263E	41,374,125	(1,089,315)
15	- Other (409.1)	262-263E	(154,070)	(3,033,241)
16	Provision for Deferred Inc. Taxes (410.1)	234,272-277	46,678,524	16,523,803
17	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-277	71,994,514	15,343,376
18	Investment Tax Credit Adj. - Net (411.4)	266	(1,793,921)	(1,822,775)
19	(Less) Gains from Disp. of Utility Plant (411.6)		-	-
20	Losses from Disp. of Utility Plant (411.7)		-	-
21	(Less) Gains/Losses from Disposition of Allowances (411.8-411.9)		-	-
22	Accretion Expense (411.10)		5,463,561	158,799
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		1,672,653,056	1,977,986,382
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		\$116,742,375	\$87,965,729



## STATEMENT OF INCOME FOR THE YEAR (Continued)

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 expense accounts.

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.
8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.
10. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 1 to 19, 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 (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
		\$1,789,395,431	\$2,065,952,110			2
						3
		1,486,680,830	1,823,260,178			4
		30,306,115	27,166,699			5
		78,395,595	85,620,560			6
		6,048,315	6,042,252			7
		-	-			8
		-	-			9
		-	-			10
		-	-			11
		-	-			12
		51,648,496	40,502,797			13
		42,374,125	(1,089,315)			14
		(154,070)	(3,033,241)			15
		46,678,524	16,523,803			16
		71,994,514	15,343,376			17
		(1,793,921)	(1,822,775)			18
		-	-			19
		-	-			20
		-	-			21
		5,463,561	158,799			22
		1,672,653,056	1,977,986,382			23
		\$116,742,375	\$87,965,729			24

## STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 114)	-	\$116,742,375	\$87,965,729
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)		2,123,347	2,214,047
30	(Less) Costs and Exp. of Merchandising, Jobbing & Contract Work (416)		1,531,557	1,641,808
31	Revenues From Nonutility Operations (417)		-	-
32	(Less) Expenses of Nonutility Operations (417.1)		-	-
33	Nonoperating Rental Income (418)		21,483	15,327
34	Equity in Earnings of Subsidiary Companies (418.1)	119	8,238,424	8,734,914
35	Interest and Dividend Income (419)		9,036,504	10,190,890
36	Allowance for Other Funds Used During Construction (419.1)		2,325,015	1,198,556
37	Miscellaneous Nonoperating Income (421)		200,716	173,945
38	Gain on Disposition of Property (421.1)		2,842,450	83
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		23,256,381	20,885,954
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)		2,635,338	47,882,826
42	Miscellaneous Amortization (425)	340	-	-
43	Miscellaneous Income Deductions (426.1-426.5)	340	(797,714)	2,409,811
44	TOTAL Other Income Deductions (Enter Total of lines 41 thru 43)		1,837,624	50,292,637
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	262-263E	30,000	30,000
47	Income Taxes-Federal (409.2)	262-263E	1,987,153	(14,981,438)
48	Income Taxes-Other (409.2)	262-263E	-	-
49	Provision for Deferred Inc. Taxes (410.2)	234,272-277	-	-
50	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234,272-277	(58,044)	(1,128,496)
51	Investment Tax Credit Adj. - Net (411.5)		-	-
52	(Less) Investment Tax Credits (420)		-	-
53	TOTAL Taxes on Other Income & Deductions (Enter Total of 46 - 52)		2,075,197	(13,822,942)
54	Net Other Income and Deductions (Enter Total of lines 39, 44, 53)		19,343,560	(15,583,741)
55	INTEREST CHARGES			
56	Interest on Long-Term Debt (427)		47,446,564	49,077,738
57	Amort. of Debt Disc. and Expense (428)	258-259	763,070	792,650
58	Amortization of Loss on Recquired Debt (428.1)		1,680,684	1,686,027
59	(Less) Amort. of Premium on Debt-Credit (429)	258-259	93,750	93,750
60	(Less) Amortization of Gain on Recquired Debt-Credit (429.1)		-	-
61	Interest on Debt to Assoc. Companies (430)	340	2,596,820	2,409,554
62	Other Interest Expense (431)	340	18,566,291	6,136,348
63	(Less) Allowance for Borrowed Funds Used During Construction-Credit (4)		1,797,457	1,062,871
64	Net Interest Charges (Enter Total of 56 thru 63)		69,162,222	58,945,697
65	Income Before Extraordinary Items (Enter Total of lines 25, 54, and 64)		66,923,713	13,436,291
66	EXTRAORDINARY ITEMS			
67	Extraordinary Income (434)		91,182	-
68	(Less) Extraordinary Deductions (435)		-	-
69	Net Extraordinary Items (Enter Total of line 67 less line 68)		91,182	-
70	Income Taxes-Federal and Other (409.3)	262-263E	-	-
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)		91,182	-
72	Net Income (Enter Total of lines 65 and 71)		\$67,014,895	\$13,436,291

## 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 to the subaccounts of 410 and 411 found on pages 114-117 should agree with the subaccount totals reported on this page. In the event the deferred income tax expenses reported on pages 114-117 do not directly reconcile with the amounts found on this page, then provide the additional information requested in instruction #3, on a separate page.

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

Line No.		Electric Utility	Gas Utility
1			
2	Debits to Account 410 from:		
3			
4	Account 190		(\$5,996,436)
5	Account 281		0
6	Account 282		627,872
7	Account 283		52,047,088
8	Account 284		0
9	Account 244		0
10	Total Account 410.1 (on pages 114-15 line 16)		\$46,678,524
11	Total Account 410.2 (on pages 117 line 49)		
12			
13			
14	Credits to Account 411 from:		
15			
16	Account 190		\$55,930,896
17	Account 281		0
18	Account 282		1,899,111
19	Account 283		14,164,507
20	Account 284		0
21	Reconciling Adjustments A/C 186-96		0
22	Total Account 411.1 (on pages 114-15 line 17)		\$71,994,514
23	Total Account 411.2 (on page 117 line 50)		
24			
25			
26	Net ITC Adjustment		
27			
28	ITC Utilized for the Year DR		\$0
29	ITC Amortized for the Year CR		(1,793,921)
30	ITC Adjustments:		
31	Adjust last year's estimate to actual per		0
32	filed return		0
33	Other (specify) Paysop Credit A/C 411-41		0
34	Net Reconciling Adjustments Account 411.4*		(\$1,793,921)
35	Net Reconciling Adjustments Account 411.5**		
36	Net Reconciling Adjustments Account 420***		

\* on pages 114-15 line 18

\*\* on page 117 line 51

\*\*\* on page 117 line 52

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
RECONCILIATION OF DEFERRED INCOME TAX EXPENSE					
ISD	Total Utility	Other Income	Total Company	Line No.	
				1	
				2	
				3	
	(\$5,996,436)	\$0	(\$5,996,436)	4	
	0	0	0	5	
\$0	627,872	0	627,872	6	
0	52,047,088	0	52,047,088	7	
	0	0	0	8	
	0	0	0	9	
\$0	\$46,678,524			10	
		\$0		11	
				12	
				13	
				14	
				15	
	\$55,930,896	\$0	\$55,930,896	16	
	0	0	0	17	
\$0	1,899,111	0	1,899,111	18	
0	14,164,507	(58,044)	14,106,463	19	
0	0	0	0	20	
	0	0	0	21	
\$0	\$71,994,514			22	
		(\$58,044)		23	
				24	
				25	
				26	
				27	
\$0	\$0	\$0	\$0	28	
	(1,793,921)	0	(1,793,921)	29	
	0		0	30	
	0	0	0	31	
	0	0	0	32	
	0	0	0	33	
\$0	(\$1,793,921)			34	
		0		35	
		\$0		36	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
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. Show amounts of dividends per share.					
6. Show separately the state and federal income tax effect of items shown for 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, attach them at page 122.					
Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)		
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)				
1	Balance - Beginning of Year		\$295,641,933		
2	Changes (Identify by prescribed retained earnings accounts)		0		
3	Adjustments to Retained Earnings (Account 439)				
4	Credit: Guardian Bldg				
5	Credit:				
6	Credit:				
7	Credit:				
8	TOTAL Credits to Retained Earnings (Account 439)		0		
9	Debit:		0		
10	Debit:				
11	Debit:				
12	Debit:				
13	TOTAL Debits to Retained Earnings (Account 439)		0		
14	Balance Transferred from Income (Account 433 less Account 418.1)		58,776,471		
15	Appropriations of Retained Earnings (Account 436)				
16					
17					
18					
19					
20					
21	TOTAL Appropriations of Retained Earnings (Account 436)		0		
22	Dividends Declared - Preferred Stock (Account 437)				
23	Redeemable Cumulative Preferred Stock - \$2.05 - Series		0		
24					
25					
26					
27					
28	TOTAL Dividends Declared - Preferred Stock (Account 437)		0		

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)			
Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
29	Dividends Declared - Common Stock (Account 438)		
30	Cash (Note)		50,000,000
31	Non-Cash		
32			
33	(Note) As a wholly owned subsidiary of MCN Corporation dividends		
34	were not declared on a per share basis.		
35	TOTAL Dividends Declared - Common Stock (Account 438)		50,000,000
36	Transfers from Acct. 216.1, Unappropriated Undistrib. Subsidiary Earnings		0
37	Balance - End of Year (Enter Total of lines 1 thru 36)		\$304,418,404
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 earnings during the year.			
38			
39			
40			
41			
42			
43	TOTAL Appropriated Retained Earnings (Account 215)		0
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)		0
45	TOTAL Appropriated Retained Earnings (Accounts 215,215.1)		0
46	TOTAL Retained Earnings (Account 215,215.1,216)		0
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)			
47	Balance - Beginning of Year (Debit or Credit)		(\$17,588,629)
48	Equity in Earnings for Year (Credit) (Account 418.1)		(8,238,424)
49	(Less) Dividends Received (Debit)		
50	Other Changes (Explain) (below)		
51	Balance - End of Year ( Enter Total of lines 47 thru 50)		(\$25,827,053)

## STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondents annual stockholders report are applicable to this statement, such notes should be attached to page 122. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 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 page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operating Activities:	
2	Net Income (Line 72 (c) on page 117)	\$67,014,895
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	98,411,185
5	Amortization of (Specify)	
6		
7		
8	Deferred Income Taxes (Net)	(21,357,427)
9	Investment Tax Credit Adjustment (Net)	(1,793,921)
10	Net (Increase) Decrease in Receivables	176,263,146
11	Net (Increase) Decrease in Inventory	41,768,781
12	Net (Increase) Decrease in Allowances Inventory	
13	Net Increase (Decrease) in Payables and Accrued Expenses	(51,896,251)
14	Net (Increase) Decrease in Other Regulatory Assets	0
15	Net Increase (Decrease) in Other Regulatory Liabilities	(3,801,288)
16	(Less) Allowance for Other Funds Used During Construction	2,325,015
17	(Less) Undistributed Earnings from Subsidiary Companies	8,403,600
18	Other:	
19	Other Investments	26,855
20	Other Current and Deferred Assets and Liabilities	66,606,181
21	Loss/(Gain) of the Disposition of Property and Subsidiary Investments	(207,112)
22	Stock and Debt Expense Amortization	(31,461,673)
23		
24	Net Cash Provided by (Used in) Operating Activities:	
25	(Total of lines 2 thru 22)	\$328,844,755
26		
27	Cash Flows from Investment Activities:	
28	Construction and Acquisition of Plant (including land):	
29	Gross Additions to Utility Plant (less nuclear fuel)	(144,939,562)
30	Gross Additions to Nuclear Fuel	
31	Gross Additions to Common Utility Plant	
32	Gross Additions to Nonutility Plant	(994)
33	(Less) Allowance for Other Funds Used During Construction	(2,325,015)
34	Other:	
35	Net Property Retirements	(10,466,556)
36		
37	Cash Outflows for Plant (Total of lines 28 thru 36)	(153,082,097)
38		
39	Acquisition of Other Noncurrent Assets (d)	
40	Proceeds from Disposal of Noncurrent Assets (d)	3,025,000
41		
42	Investment in & Advances to Assoc. and Subsidiary Companies	0
43	Contributions & Advances from Assoc. and Subsidiary Companies	
44	Disposition of Investments in (and Advances to)	
45	Associated and Subsidiary Companies	
46		
47	Purchase of Investment Securities (a)	
48	Proceeds from Sales of Investment Securities (a)	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
STATEMENT OF CASH FLOWS (Continued)			
4.	Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. 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 costs on page 122.		
5.	Codes used:		
	(a) Net proceeds or payments.		
	(b) 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 page 122 clarifications and explanations.		
Line No.	DESCRIPTION (See Instruction No. 5 for Explanation of Codes) (a)	Amounts (b)	
49	Loans Made or Purchased		
50	Collections on Loans		
51			
52	Net (Increase) Decrease in Receivables	171,205	
53	Net (Increase) Decrease in Inventory		
54	Net (Increase) Decrease in Allowances Held for Speculation		
55	Net Increase (Decrease) in Payables and Accrued Expenses	0	
56	Other:		
57	Other		
58			
59			
60			
61	Net Cash Provided by (Used in) Investing Activities		
62	(Total of lines 36 thru 55)	(149,885,890)	
63			
64	Cash Flows from Financing Activities:		
65	Proceeds from Issuance of:		
66	Long-Term Debt (b)	0	
67	Preferred Stock		
68	Common Stock		
69	Other:		
70	Other		
71	Net Increase in Short-Term Debt (c)	(88,564,668)	
72	Other:		
73	Equity Investment	0	
74			
75	Cash Provided by Outside Sources (Total of lines 66 thru 73)	(88,564,668)	
76			
77	Payments for Retirement of:		
78	Long-Term Debt (b)	(40,111,536)	
79	Preferred Stock		
80	Common Stock		
81	Other:		
82	Other	0	
83	Net Decrease in Short-Term Debt (c)		
84	Dividends on Preferred Stock		
85	Dividends on Common Stock	(50,000,000)	
86	Net Cash Provided by (Used in) Financing Activities		
87	(Total of lines 75 thru 85)	(178,676,204)	
88			
89	Net Increase (Decrease) in Cash and Cash Equivalents		
90	(Total of lines 24, 61, 87)	\$282,660	
91			
92	Cash and Cash Equivalents at Beginning of Year	243,810	
93			
94	Cash and Cash Equivalents at End of Year	\$526,270	





MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME , AND HEDGING ACTIVITIES						
Line No.	Other Cash Flow Hedges (Specify) (f)	Other Cash Flow Hedges (Specify)* (g)	Totals for each category of items Account 219 (h)	Net Income (Carried Forward from Page 117, Line 72) (i)	Total Comprehensive Income (j)	
1		(1,345,593)	(1,442,389)			
2						
3		93,105	180,375			
4		93,105	180,375	13,436,291	13,616,666	
5		(1,252,488)	(1,262,014)			
6						
7		93,104	102,630			
8		93,104	102,630	67,014,895	\$67,117,525	
9		(1,159,384)	(1,159,384)			
	*Cash flow hedge related to debt issuance					

## 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 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 of 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 or 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 Systems 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.

## A. Cash Flow Statement

## 1. Cash And Cash Equivalents (Lines 92 and 94)

	2006	2005
Cash (131)	\$526,270	\$243,610
Working Funds (135)	0	0
Temporary Cash Investments (136)	0	0
Total Cash and Cash Equivalents	<u>\$526,270</u>	<u>\$243,610</u>

Interest Paid (Net of amount capitalized)	\$67,625,087	\$57,421,261
Income Taxes Paid	\$41,010,229	\$9,180,003

## 3. Reconciliation of Capital Leases

Leases Capitalized	2006	2005
Property Under Capital Leases (101-10)	\$5,232,322	\$5,232,322
Accumulated Amortization of Capital Leases (101-11)	(5,232,322)	(5,120,786)
Total Leases Capitalized	<u>\$0</u>	<u>\$111,536</u>

## Obligations Under Capital Leases

Capital Leases - Non-Current (227-10)	\$0	\$0
Capital Leases - Current Included in (227-10)		
Capital Leases - Current (243-10)	0	(111,536)
Total Obligations Under Capital Leases	<u>\$0</u>	<u>(\$111,536)</u>

## NOTES TO FINANCIAL STATEMENTS (Continued)

B. These financial statements were prepared in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in the applicable Uniform System of Accounts and published releases. Such requirements and published releases constitute a basis of accounting other than generally accepted accounting principles. The principal differences of this basis of accounting from generally accepted accounting principles include accounting for majority-owned subsidiaries on the equity basis, the classification of certain deferred income taxes and related regulatory assets and liabilities, and the exclusion of current maturities of long-term debt from current liabilities.

The "Notes to the Consolidated Financial Statements" from MichCon's 2006 Annual Report on Form 10K are filed within this report on pages 123.1 through 123.28.

The consolidation policy discussed in Note 1, Significant Accounting Policies, on page 123.1 of the incorporated notes is not applicable for this report as MichCon's subsidiaries are accounted for using the equity method of accounting for the purpose of this report.

Accounting for the Guardian Building - Impact of the April 28, 2005 Rate Order

As a result of the April 28, 2005 rate order the MPSC denied the inclusion of the Guardian Building within MichCon's rate base. Consequently, related amounts were adjusted through retained earnings.

In 2003, MichCon recorded a \$17 million loss in the MPSC Form P-522 from the sale of the Guardian Building, which was its former headquarters prior to the merger with DTE Energy. The loss recorded in the 2003 Annual Report on Form 10-K was \$3 million.

MichCon recorded a \$5 million and \$33 million pre-tax impairment loss in its 2003 and 2002 Annual Report on Form 10-K, respectively, to comply with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. This statement requires that "assets held for sale" shall be measured at the lower of its carrying amount or fair value less costs to sell.

The concept of "assets held for sale" is not recognized in the Michigan Public Service Commission (MPSC) Uniform System of Accounts. Utility property is either treated as sold or recognized as a retirement. Since the Guardian Building had been neither sold nor retired at the time of impairment, Michcon reversed previously recorded impairment, and recorded a loss in conjunction with the sale of the Guardian Building in 2003. In 2004, the appropriateness of this accounting was reviewed with the MPSC Staff, who indicated they have no objection to the treatment of the Guardian Building as an unimpaired asset. Also, MichCon did retire certain assets related to the Guardian Building that were deemed to no longer be used or useful.

Accounting for the Performance Excellence Process (PEP) Cost to Achieve (CTA) Impact of September 12, 2006

In September 2006, the MPSC approved the settlement of Case No. U-14907, MichCon's Performance Excellence Process (PEP) accounting case. Per the order, incremental costs to achieve (CTA) for PEP savings can be deferred effective with 2006 expenses. However, we have not yet requested or received approval to recover the cost in rates. Pending the approval, 2006 CTA of \$23,270,648 were included in account 930.2 Miscellaneous General Expense for the Annual 10-K report filing.

For Regulatory Reporting, Miscellaneous Deferred Debits account 186 was increased by \$12,080,272 and Regulatory Liability - Negative Pension account 253.41 was decreased by \$11,190,376 to recognize the approval to defer incremental CTA with the corresponding tax impact was reported in Deferred Tax account 283.1 of \$8,144,727, resulting in increased Net Income of \$15,125,921.

**MICHIGAN CONSOLIDATED GAS COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1—SIGNIFICANT ACCOUNTING POLICIES**

**Corporate Structure**

Michigan Consolidated Gas Company (MichCon) is a public utility engaged in the purchase, storage, transmission, distribution and sale of natural gas in the State of Michigan. MichCon is subject to the accounting requirements of and rate regulation by the MPSC with respect to the distribution and intrastate transportation of natural gas. MichCon serves approximately 1.3 million residential, commercial and industrial customers throughout Michigan. MichCon is an indirect, wholly owned subsidiary of Enterprises.

References in this report to “we”, “us”, “our” or “Company” are to MichCon.

**Principles of Consolidation**

We consolidate all majority owned subsidiaries and investments in entities in which we have controlling influence. Non-majority owned investments are accounted for using the equity method when the Company is able to influence the operating policies of the investee. Non-majority owned investments include investments in limited liability companies, partnerships or joint ventures. When we do not influence the operating policies of an investee, the cost method is used. We eliminate all intercompany balances and transactions.

For entities that are considered variable interest entities, we apply the provisions of Financial Accounting Standards Board (FASB) Interpretation No. (FIN) 46-R, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51*.

**Basis of Presentation**

The accompanying consolidated financial statements are prepared using accounting principles generally accepted in the United States of America. These accounting principles require us to use estimates and assumptions that impact reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities. Actual results may differ from our estimates.

**Revenues**

Revenues from the transportation and storage of natural gas are recognized as services are provided. We record revenues for gas services provided but unbilled at the end of each month.

Our accrued revenues include a component for the cost of gas sold that is recoverable through the GCR mechanism and certain other transactions that may create revenue refund obligations to GCR customers. MichCon presents its revenue net of any revenue refund obligations to GCR customers. Annual GCR proceedings before the MPSC permit MichCon to recover prudent and reasonable supply costs. Any over collection or under collection of costs, including interest, will be reflected in future rates. See Note 4.

## Comprehensive Income

Comprehensive income is the change in common shareholder's equity during a period from transactions and events from non-owner sources, including net income. As shown in the following table, amounts recorded to other comprehensive income (loss) at December 31, 2006 include unrealized gains and losses from derivatives accounted for as cash flow hedges.

(in Millions)	Net Unrealized Losses on Derivatives	Accumulated Other Comprehensive Loss
Beginning balance.....	\$ (1)	\$ (1)
Current - period change.....	-	-
Ending balance.....	\$ (1)	\$ (1)

## Cash Equivalents

Cash and cash equivalents include cash on hand, cash in banks and temporary investments purchased with remaining maturities of three months or less.

## Inventories

We value materials and supplies at average cost.

Gas inventory is determined using the last-in, first-out (LIFO) method. At December 31, 2006, the replacement cost of gas remaining in storage exceeded the \$77 million LIFO cost by \$236 million. During 2006, MichCon liquidated 5.1 billion cubic feet of prior years' LIFO layers. The liquidation reduced 2006 cost of gas by approximately \$1 million, but had no impact on earnings as a result of the GCR mechanism. At December 31, 2005, the replacement cost of gas remaining in storage exceeded the \$119 million LIFO cost by \$496 million. During 2004, MichCon liquidated 5.7 billion cubic feet of prior years' LIFO layers. The liquidation reduced 2004 cost of gas by approximately \$7 million, but had no impact on earnings as a result of the GCR mechanism.

## Property, Retirement and Maintenance, and Depreciation and Depletion

Summary of property by classification as of December 31:

(in Millions)	2006	2005
Property, Plant and Equipment		
	\$ 2,175	\$ 2,098
Distribution.....		
Storage.....	245	237
Other.....	971	917
Total.....	3,391	3,252
Less Accumulated Depreciation		
Distribution.....	(926)	(891)
Storage.....	(108)	(104)
Other.....	(505)	(473)
Total.....	(1,539)	(1,468)
	\$ 1,852	\$ 1,784
Net Property, Plant and Equipment.....		

Property is stated at cost and includes construction-related labor, materials, overheads and an allowance for funds used during construction. The cost of properties retired, less salvage value, is charged to accumulated depreciation. Expenditures for maintenance and repairs are charged to expense when incurred.

We base depreciation provisions on straight-line and units of production rates approved by the MPSC. The composite depreciation rate was 2.8% in 2006, 3.2% in 2005, and 3.6% in 2004.

The average estimated useful life for gas distribution and transmission property was 37 years and 40 years, respectively, at December 31, 2006.

Intangible assets relating to capitalized software are classified as Property, plant and equipment and the related amortization is included in Accumulated depreciation on the Consolidated Statement of Financial Position. We capitalize the costs associated with computer software we develop or obtain for use in our business. We amortize intangible assets on a straight-line basis over the expected period of benefit, primarily 15 years. Intangible assets amortization expense was \$6 million in 2006, \$6 million in 2005 and \$10 million in 2004. The gross carrying amount and accumulated amortization of intangible assets at December 31, 2006 were \$105 million and \$44 million, respectively. The gross carrying amount and accumulated amortization of intangible assets at December 31, 2005 were \$100 million and \$38 million, respectively. Amortization expense of intangible assets is estimated to be \$6 million annually for 2007 through 2011.

### Asset Retirement Obligations

We have recorded asset retirement obligations in accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations* and FASB Interpretation FIN No. 47, *Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143*. We have conditional

retirement obligations for gas pipeline retirement costs. To a lesser extent, we have conditional retirement obligations at certain service centers, compressor and gate stations.

The adoptions of SFAS No. 143 and FIN 47 resulted primarily in timing differences in the recognition of legal asset retirement costs that we are currently recovering in rates. We defer such differences under SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*.

The result of adopting FIN 47 on December 31, 2005, we recorded a plant asset of \$13 million with offsetting accumulated depreciation of \$4 million, and an asset retirement obligation liability of \$92 million. We also recorded a cumulative effect amount as a reduction to a regulatory liability of \$84 million.

No liability has been recorded with respect to lead-based paint, as the quantities of lead-based paint in our facilities are unknown. In addition, there is no incremental cost to demolitions of lead-based paint facilities vs. non-lead based paint facilities and no regulations currently exist requiring any type of special disposal of items containing lead-based paint.

A reconciliation of the asset retirement obligation for 2006 follows:

(in Millions)	
Asset retirement obligations at January 1, 2006.....	\$ 97
Accretion.....	6
Asset retirement obligations at December 31, 2006.....	<u>\$ 103</u>

### **Long-Lived Assets**

Our long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If the carrying amount of the asset exceeds the expected future cash flows generated by the asset, an impairment loss is recognized resulting in the asset being written down to its estimated fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

### **Excise and Sales Taxes**

We record the billing of excise and sales taxes as receivable with an offsetting payable to the applicable taxing authority, with no impact on the Consolidated Statement of Operations.

### **Deferred Debt Costs**

The costs related to the issuance of long-term debt are deferred and amortized over the life of each debt issue. In accordance with MPSC regulations, the unamortized discount, premium and expense related to debt redeemed with a refinancing are amortized over the life of the replacement issue.

### **Insured and Uninsured Risks**

Our comprehensive insurance program provides coverage for various types of risks. Our insurance policies cover risk of loss from property damage, general liability, workers' compensation, auto liability and directors' and officers' liability. Under our risk management policy, we self-insure portions of certain risks up to specified limits, depending on the type of



exposure. We have an actuarially determined estimate of our incurred but not reported liability prepared annually and adjust our reserves for self-insured risks as appropriate.

### **Investments in Debt and Equity Securities**

We generally classify investments in debt and equity securities as trading and have recorded such investments at market value with unrealized gains or losses included in earnings. Our investments are reviewed for impairment each reporting period. If the assessment indicates that the impairment is other than temporary, a loss is recognized resulting in the investment being written down to its estimated fair value.

### **Asset (Gains) and Losses, net**

In 2006, we sold certain investment rights related to storage field construction for a \$3 million pre-tax gain. This gain was offset by a \$3 million pre-tax loss as a result of a reduction to MichCon's 2004 GCR underrecovery related to the accounting treatment of the injected base gas remaining in the New Haven storage field when it was sold in early 2004. In 2005, we received a final rate order from the MPSC which resulted in disallowances of approximately \$42 million pre-tax of costs related to a computer billing system and \$6 million pre-tax of certain computer equipment and related depreciation. In 2004, we recorded a \$3 million gain from sales of a storage facility and land.

See the following notes for other accounting policies impacting our financial statements:

Note	Title
2	New Accounting Pronouncements
4	Regulatory Matters
5	Income Taxes
9	Financial and Other Derivative Instruments
11	Retirement Benefits and Trusteed Assets

## **NOTE 2 – NEW ACCOUNTING PRONOUNCEMENTS**

### **Accounting for Uncertainty in Income Taxes**

In July 2006, the FASB issued Financial Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109 – Accounting for Income Taxes*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109. Additionally, it prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in the tax return. FIN 48 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition and is effective for fiscal years beginning after December 15, 2006. We plan to adopt FIN 48 effective January 1, 2007. We do not expect the adoption to have a material impact to the January 1, 2007 balance of Retained earnings.

### **Fair Value Accounting**

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted

accounting principles, and expands disclosures about fair value measurements. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Fair value measurement should be determined based on the assumptions that market participants would use in pricing an asset or liability. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We plan to adopt SFAS 157 on January 1, 2008. We are currently assessing the effects of this statement, and have not yet determined the impact on the consolidated financial statements.

In February 2007, the FASB issued SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities - Including an Amendment of FASB Statement No. 115*. This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. The fair value option established by SFAS 159 permits all entities to choose to measure eligible items at fair value at specified election dates. An entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The fair value option: (a) may be applied instrument by instrument, with a few exceptions, such as investments otherwise accounted for by the equity method; (b) is irrevocable (unless a new election date occurs); and (c) is applied only to entire instruments and not to portions of instruments. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. We are currently assessing the effects of this statement, and have not yet determined the impact on the consolidated financial statements.

#### **Accounting for Defined Benefit Pension and Other Postretirement Plans**

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an Amendment of FASB Statements No. 87, 88, 106, and 132(R)*. SFAS 158 requires companies to (1) recognize the overfunded or underfunded status of defined benefit pension and defined benefit other postretirement plans in its financial statements, (2) recognize as a component of other comprehensive income, net of tax, the actuarial gains or losses and the prior service costs or credits that arise during the period but are not immediately recognized as components of net periodic benefit cost, (3) recognize adjustments to other comprehensive income when the actuarial gains or losses, prior service costs or credits, and transition assets or obligations are recognized as components of net periodic benefit cost, (4) measure postretirement benefit plan assets and plan obligations as of the date of the employer's statement of financial position, and (5) disclose additional information in the notes to financial statements about certain effects on net periodic benefit cost in the upcoming fiscal year that arise from delayed recognition of the actuarial gains and losses and the prior service cost and credits.

The requirement to recognize the funded status of a defined benefit pension or defined benefit other postretirement plan and the related disclosure requirements was effective for fiscal years ending after December 15, 2006, and we adopted this portion of the standard on December 31, 2006. We requested and received agreement from the MPSC to record the additional liability amounts on the balance sheet as a regulatory asset.

The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. The Statement provides two options for the transition to a fiscal year end measurement date. We currently use a November 30 measurement date. We have not yet determined which of the available transition measurement options we will use.

See Note 11.

## Quantifying Misstatements

In September 2006, the SEC staff issued Staff Accounting Bulletin (SAB) Topic 1N, *Financial Statements - Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statements* (SAB 108). SAB 108 addresses how a registrant should quantify the effect of an error on the financial statements. The SEC staff concluded in SAB 108 that a dual approach should be used to compute the amount of a misstatement. Specifically, the amount should be computed using both the "rollover" (current year income statement perspective) and "iron curtain" (year-end balance sheet perspective) methods. We adopted this SAB effective December 31, 2006. Based on our assessment, we identified no errors that would require an adjustment to current or prior financial statements; therefore, the adoption of SAB 108 had no financial statement impact.

## Stock Based Compensation

Effective January 1, 2006, our parent company, DTE Energy, adopted SFAS No. 123(R), *Share-Based Payment*, using the modified prospective transition method. We receive an allocation of costs associated with stock compensation and the related impact of cumulative accounting adjustments. Our allocation for 2006 for stock-based compensation expense was approximately \$2 million. The cumulative effect of the adoption of SFAS 123(R) had an immaterial impact on our operation and maintenance expense. We have not restated any prior periods as a result of the adoption of SFAS 123(R).

## NOTE 3 – RESTRUCTURING

### Performance Excellence Process

In mid-2005, we initiated a company-wide review of our operations called the Performance Excellence Process. We began a series of focused improvement initiatives and expect this process will be carried out over a two-to three- year period beginning in 2005.

We have incurred CTA for employee severance and other costs, consisting primarily of project management and consultant support. We cannot defer CTA costs at this time because a recovery mechanism has not been established.

Amounts expensed are recorded within the Operations and maintenance line in the Consolidated Statement of Operations.

Expenses incurred in 2006 are as follows:

<u>(in Millions)</u>	<u>Employee Severance Costs (1)</u>	<u>Other Costs (1)</u>	<u>Total Costs</u>
Costs incurred:	\$ <u>17</u>	\$ <u>7</u>	\$ <u>24</u>

(1) Includes corporate allocations

A liability for future CTA associated with the Performance Excellence Process has not been recognized because we have not met the recognition criteria of SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*.

## NOTE 4 - REGULATORY MATTERS

### Regulation

We are subject to the regulatory jurisdiction of the MPSC, which issues orders pertaining to rates, recovery of certain costs, including the costs of regulatory assets, conditions of service, accounting and operating-related matters.

### Regulatory Assets and Liabilities

We apply the provisions of SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*. SFAS No. 71 requires the recording of regulatory assets and liabilities for certain transactions that would have been treated as revenue and expense in non-regulated businesses. Continued applicability of SFAS No. 71 requires that rates be designed to recover specific costs of providing regulated services and be charged to and collected from customers. Future regulatory changes or changes in the competitive environment could result in the Company discontinuing the application of SFAS No. 71 for some or all of its business and require the write-off of the portion of any regulatory asset or liability that was no longer probable of recovery through regulated rates. Management believes that currently available facts support the continued application of SFAS No. 71.

The following are the balances of the regulatory assets and liabilities as of December 31:

(in Millions)	2006	2005
<b>Assets</b>		
Deferred environmental costs .....	\$ 38	\$ 32
Unamortized loss on reacquired debt.....	30	32
Accrued GCR revenue .....	-	42
Recoverable pension and postretirement costs .....	260	1
Recoverable uncollectibles expense .....	45	11
	<u>373</u>	<u>118</u>
Less amount included in current assets.....	(11)	(53)
	<u>\$ 362</u>	<u>\$ 65</u>
<b>Liabilities</b>		
Asset removal costs .....	\$ 354	\$ 353
Refundable income taxes .....	114	125
Accrued GCR refund .....	81	-
Safety and training cost refund .....	3	-
Accrued pension .....	39	12
	<u>591</u>	<u>490</u>
Less amount included in current liabilities and other liabilities.....	(81)	-
	<u>\$ 510</u>	<u>\$ 490</u>

## ASSETS

- *Deferred environmental costs* — The MPSC approved the deferral and recovery of investigation and remediation costs associated with former MGP sites.
- *Unamortized loss on reacquired debt* — The unamortized discount, premium and expense related to debt redeemed with a refinancing are deferred, amortized and recovered over the life of the replacement issue.
- *Accrued GCR revenue* — Receivable for the temporary under-recovery of and a return on gas costs incurred by MichCon which are recoverable through the GCR mechanism.
- *Recoverable pension and postretirement costs* — The traditional rate setting process allows for the recovery of pension and postretirement costs as measured by generally accepted accounting principles. In 2006, we adopted SFAS No. 158, *Employers' Accounting for Defined benefit Pension and Other Postretirement Plans*. See Note 11.
- *Recoverable uncollectibles expense* — Receivable for the MPSC approved uncollectible expense true-up mechanism that tracks the difference in the fluctuation in uncollectible accounts and amounts recognized pursuant to the MPSC authorization. Of the total amount deferred, \$11 million represents 2005 expenses and is expected to be recovered during 2007. The remainder relates to 2006 expense, the recovery period of which will be determined upon receipt of an MPSC order.

## LIABILITIES

- *Asset removal costs* — The amount collected from customers for the funding of future asset removal activities.
- *Refundable income taxes* — Income taxes refundable to MichCon's customers representing the difference in property-related deferred income taxes payable and amounts recognized pursuant to MPSC authorization.
- *Accrued GCR refund* — Liability for the temporary over-recovery of and a return on gas costs incurred by MichCon which are recoverable through the GCR mechanism.
- *Safety and training cost refund* — The MPSC ordered the refund of unspent costs which were included in the Company's rate structure.
- *Accrued pension* — Pension expense refundable to customers representing the difference created from volatility in the pension obligation and amounts recognized pursuant to MPSC authorization.

## Regulatory Accounting Treatment for Performance Excellence Process

In May 2006, we filed an application with the MPSC to allow deferral of costs associated with the implementation of the Performance Excellence Process, a company-wide cost-savings and performance improvement program. Implementation costs include project management, consultant support and employee severance expenses. We sought MPSC authorization to defer and amortize Performance Excellence Process implementation costs for accounting purposes to match the expected savings from the Performance Excellence Process program with the related CTA. We anticipate that the Performance Excellence Process will be carried out over a two- to three-year period beginning in 2006. MichCon's CTA is estimated to total between \$55 million and \$60 million. In September 2006, the MPSC issued an order approving a settlement agreement that allows MichCon, commencing in 2006, to defer the incremental CTA. Further, the order provides for MichCon to amortize the CTA deferrals over a ten-year period beginning with the year subsequent to the year the CTA was deferred. MichCon cannot defer CTA costs at this time because a recovery mechanism has not been established.

## **Gas Rate Case**

On April 28, 2005, the MPSC issued an order for final rate relief. The MPSC determined that the base rate increase granted to MichCon should be \$61 million annually effective April 29, 2005. This amount is an increase of \$26 million over the \$35 million in interim rate relief approved in September 2004. The rate increase was based on a 50% debt and 50% equity capital structure and an 11% rate of return on common equity.

The MPSC adopted MichCon's proposed tracking mechanism for uncollectible accounts receivable. Each year, MichCon will file an application comparing its actual uncollectible expense to its designated revenue recovery of approximately \$37 million. Ninety percent of the difference will be refunded or surcharged after an annual reconciliation proceeding before the MPSC. The MPSC also approved the deferral of the non-capitalized portion of the negative pension expense. MichCon will record a regulatory liability for any negative pension costs as determined under generally accepted accounting principles. Included as part of the base rate increase, the order provided for \$25 million in rates to recover safety and training costs. There is a one-way tracking mechanism that provides for refunding the portion of the \$25 million not expended on an annual basis.

The MPSC order reduced MichCon's depreciation rates, and the related revenue requirement associated with depreciation expense by \$14.5 million and is designed to have no impact on net income.

The MPSC did not allow the recovery of approximately \$25 million of merger interest costs allocated to MichCon that were incurred by DTE Energy as a result of the acquisition of MCN Energy.

The MPSC order also resulted in the disallowance of computer system and equipment costs and adjustments to environmental regulatory assets and liabilities. The MPSC disallowed recovery of ninety percent of the costs of a computer billing system that was in place prior to DTE Energy's acquisition of MCN Energy in 2001. As a result of the order, MichCon recognized an impairment of this asset of approximately \$42 million in the first quarter of 2005. The MPSC disallowed approximately \$6 million of certain computer equipment and related depreciation and the recovery of certain internal labor and legal costs related to remediation of MGP sites of approximately \$6 million. The MPSC ordered an additional \$5 million charge due to a change in the allocation of historical MGP sites insurance proceeds.

## **Uncollectible Expense Tracker Mechanism and Report of Safety and Training-Related Expenditures**

In March 2006, MichCon filed an application with the MPSC for approval of its uncollectible expense tracking mechanism for 2005. This is the first filing MichCon has made under the uncollectible tracking mechanism, which was approved by the MPSC in April 2005 as part of MichCon's last general rate case. MichCon's 2005 base rates included \$37 million for anticipated uncollectible expenses. Actual 2005 uncollectible expenses totaled \$60 million. The tracker mechanism allows MichCon to recover ninety percent of uncollectibles that exceeded that \$37 million base. Under the formula prescribed by the MPSC, MichCon recorded an underrecovery of approximately \$11 million for uncollectible expenses from May 2005 (when the mechanism took effect) through the end of 2005. In December 2006, the MPSC issued an order authorizing MichCon to implement the Uncollectible Expense True-up Mechanism (UETM) monthly surcharge for service rendered on and after January 1, 2007.

As part of the March 2006 application with the MPSC, MichCon filed a review of the 2005 annual safety and training - related expenditures. MichCon reported that actual safety and training-related expenditures for the initial period exceeded the pro-rata amounts included in base rates and based on the under-recovered position, recommended no refund at this time. In the December 2006 order, the MPSC also approved MichCon's 2005 safety and training report. As of December 31, 2006, MichCon is in a \$3 million over-recovery position for safety and training costs.

#### **Gas Cost Recovery Proceedings**

*2004 Plan Year* - In September 2003, MichCon filed its 2004 GCR plan case proposing a maximum GCR factor of \$5.36 per Mcf. MichCon agreed to switch from a calendar year to an operational year as a condition of its settlement in the 2003 GCR plan case. The operational GCR year runs from April to March of the following year. To accomplish the switch, the 2004 GCR plan reflected a 15-month transitional period, January 2004 through March 2005. Under this transition proposal, MichCon filed two reconciliations pertaining to the transition period; one in June 2004 addressing January through March 2004, one filed in June 2005 addressing the remaining April 2004 through March 2005 period and consolidating the two for purposes of the case. The June 2005 filing supported the \$46 million under-recovery with interest MichCon had accrued for the period ending March 31, 2005. In March 2006, MPSC Staff filed testimony recommending an adjustment to the accounting treatment of the injected base gas remaining in the New Haven storage field when it was sold in early 2004 that would result in a \$3 million reduction to MichCon's accrued underrecovery. In June 2006, an MPSC Administrative Law Judge (ALJ) issued a Proposal for Decision (PFD) recommending an approximately \$43 million under-recovery. MichCon recorded the \$3 million reduction to the 2004 underrecovery in the second quarter of 2006. The MPSC issued an order in August 2006 authorizing MichCon to roll a \$42 million net underrecovery, including interest, into its 2005 - 2006 GCR reconciliation. This order disallowed \$0.3 million related to the sale of storage services and concurrent reduction in gas purchases in February and March of 2005. The MPSC also found that the Staff's proposed accounting for the sale of the New Haven injected base gas was appropriate.

*2005-2006 Plan Year* - In December 2004, MichCon filed its 2005-2006 GCR plan case proposing a maximum GCR factor of \$7.99 per Mcf. The plan includes quarterly contingent GCR factors. These contingent factors allow MichCon to increase the maximum GCR factor to compensate for increases in gas market prices, thereby reducing the possibility of a GCR under-recovery. In April 2005, the MPSC issued an order recognizing that Michigan law allows MichCon to self-implement its quarterly contingent factors. MichCon self-implemented quarterly contingent GCR factors of \$8.54 per Mcf in July 2005 and \$10.09 per Mcf in October 2005. In response to market price increases in the fall of 2005, MichCon filed a petition to reopen the record in the case during September 2005. MichCon proposed a revised maximum GCR factor of \$13.10 per Mcf and a revised contingent factor matrix. In October 2005, the MPSC approved an increase in the GCR factor to a cap of \$11.3851 per Mcf for the period November 2005 through March 2006. In June 2006, MichCon filed its GCR reconciliation for the 2005-2006 GCR year. The filing supported a total over-recovery, including interest through March 2006, of \$13 million. MPSC Staff and other interveners filed testimony regarding the reconciliation in December 2006 in which they recommended disallowances related to MichCon's implementation of its dollar cost averaging fixed price program and its use of fixed basis in contracting purchases. In January 2007, MichCon filed testimony rebutting these recommendations. The 2005-2006 GCR plan case is in the early stages of the regulatory review and approval process and the final resolution is

uncertain. Based on available information, MichCon is unable to assess the range of a reasonably possible loss related to the proposed disallowances. An MPSC order is expected in 2007.

*2006-2007 Plan Year* – In December 2005, MichCon filed its 2006-2007 GCR plan case proposing a maximum GCR Factor of \$12.15 per Mcf. In July 2006, MichCon and the parties to the case reached a settlement agreement that provides for a maximum GCR factor of \$8.95 per Mcf, plus quarterly contingent GCR factors. These contingent factors will allow MichCon to increase the maximum GCR factor to compensate for increases in gas market prices, thereby reducing the possibility of a GCR under-recovery. The MPSC issued an order approving the settlement in August 2006.

*2007-2008 Plan Year / Native Base Gas Sale Consolidated* – In August 2006, MichCon filed an application with the MPSC requesting permission to sell native base gas that would become accessible with storage facilities upgrades. MichCon's estimated sale of this base gas would be worth \$34 million. In December 2006, the administrative law judge in the case approved a motion made by the Residential Ratepayer Consortium to consolidate this case with MichCon's 2007-2008 GCR plan case. In December 2006, MichCon filed its 2007-2008 GCR plan case proposing a maximum GCR factor of \$8.49 per Mcf. An MPSC Order in the consolidated cases is expected by the end of 2007.

#### Other

We are unable to predict the outcome of the regulatory matters discussed herein. Resolution of these matters is dependent upon future MPSC orders and appeals, which may materially impact the financial position, results of operations and cash flows of the Company.

#### NOTE 5 - INCOME TAXES

We are part of the consolidated federal income tax return of DTE Energy. Our federal income tax expense is determined on an individual company basis with no allocation of tax benefits or expenses from other affiliates of DTE Energy. We have an income tax payable of \$4 million at December 31, 2006 and \$5 million at December 31, 2005 due to DTE Energy.

Total income tax expense (benefit) varied from the statutory federal income tax rate for the following reasons:

(Dollars in Millions)	2006	2005	2004
Income tax expense at 35% statutory rate .....	\$ 22	\$ -	\$ 3
Investment tax credit .....	(1)	(1)	(1)
Depreciation .....	(7)	(7)	(7)
Employee Stock Ownership Plan Dividends .....	(1)	(1)	(1)
Medicare Benefits .....	(1)	(2)	(1)
Other, net .....	-	(3)	(2)
Total .....	<u>\$ 12</u>	<u>\$ (14)</u>	<u>\$ (9)</u>
Effective federal income tax rate .....	18.8 %	(n/m)(1) %	(98.3) %

(1) - Due to the amount of the pre-tax loss in 2005, the effective tax rate is not meaningful (n/m).



Components of income tax expense (benefit) were as follows:

(in Millions)	2006	2005	2004
Current federal and other income tax expense (benefit) .....	\$ 47	\$ (14)	\$ (44)
Deferred federal and other income tax expense .....	(35)	-	35
Total .....	<u>\$ 12</u>	<u>\$ (14)</u>	<u>\$ (9)</u>

Deferred tax assets and liabilities are recognized for the estimated future tax effect of temporary differences between the tax basis of assets or liabilities and the reported amounts in the financial statements. Deferred tax assets and liabilities are classified as current or noncurrent according to the classification of the related assets or liabilities. Deferred tax assets and liabilities not related to assets or liabilities are classified according to the expected reversal date of the temporary differences.

Deferred income tax assets (liabilities) were comprised of the following at December 31:

(in Millions)	2006	2005
Property, plant and equipment .....	\$ (107)	\$ (97)
Employee benefits .....	(85)	(82)
Other Comprehensive Income (OCI) .....	1	1
Other, .....	31	(5)
	<u>\$ (160)</u>	<u>\$ (183)</u>
Deferred income tax liabilities .....	\$ (553)	\$ (518)
Deferred income tax assets .....	393	335
	<u>\$ (160)</u>	<u>\$ (183)</u>
Current deferred income tax assets (included in Current Assets – Other)	\$ 21	8
Long term deferred income tax liabilities	(181)	(191)
	<u>(160)</u>	<u>(183)</u>

The above table excludes deferred tax liabilities associated with unamortized investment tax credits which are shown separately on the Consolidated Statement of Financial Position.

In January 2007, we signed an agreement with the Internal Revenue Service acknowledging our acceptance of the results of the 2002 and 2003 audits of MichCon as a component of the DTE Energy federal income tax returns. We accrue tax and interest related to tax uncertainties that arise due to actual or potential disagreements with governmental agencies about the tax treatment of specific items. We believe that our accrued tax liabilities are adequate for all years. See Note 2 for information regarding the planned January 1, 2007 adoption of FIN 48.

## NOTE 6 – LONG-TERM DEBT AND PREFERRED SECURITIES

### Long-Term Debt

Our long-term debt outstanding and interest rates of debt outstanding at December 31 were:

(in Millions)	2006	2005
<b>First Mortgage Bonds, interest payable semi-annually</b>		
7.15% series due 2006 .....	\$ -	\$ 40
7.21% series due 2007 .....	30	30
7.06% series due 2012 .....	40	40
8.25% series due 2014 .....	80	80
<b>Remarketable securities, interest payable semi-annually</b>		
6.45% series due 2038 .....	75	75
<b>Senior notes, interest payable semi-annually</b>		
6.125% series due 2008 .....	200	200
5.0% series due 2019 .....	120	120
5.7% series due 2033 .....	200	200
	<u>745</u>	<u>785</u>
Less amount due within one year	(30)	(40)
<b>Total</b>	<b>\$ 715</b>	<b>\$ 745</b>

Our remarketable securities and senior notes are secured by “fall-away mortgage” debt and, as such, are secured debt as long as our other first mortgage bonds are outstanding and become senior unsecured debt thereafter.

Substantially all of our net utility property is subject to the lien of our mortgage. Should we fail to timely pay our indebtedness under the mortgage, such failure may create cross defaults in the indebtedness of DTE Energy.

The following table shows the scheduled debt maturities and sinking fund requirements, excluding any unamortized discount or premium on debt:

(in Millions)	2007	2008	2009	2010	2011	2012 and thereafter	Total
Amount to mature	\$30	\$275	-	-	-	\$440	\$745

The following debt was retired, through optional redemption or payment at maturity, during 2006.

(in Millions)					
Company	Month Retired	Type	Interest Rate	Maturity	Amount
MichCon	May	First Mortgage Bonds	7.15%	May 2006	\$ 40

## Preferred and Preference Securities – Authorized and Unissued

At December 31, 2006, we had 7 million shares of preferred stock with a par value of \$1 per share and 4 million shares of preference stock with a par value of \$1 per share authorized, with no shares issued.

## NOTE 7 – SHORT-TERM CREDIT ARRANGEMENTS AND BORROWINGS

In October 2005, we entered into a \$181 million, five-year unsecured revolving credit agreement and simultaneously amended our existing \$244 million, five-year facility entered into in October 2004. Our aggregate availability under the combined facilities is \$425 million. The five-year credit facilities are with a syndicate of banks and may be used for general corporate borrowings, but are intended to provide liquidity support for our commercial paper program. Borrowings under the facilities are available at prevailing short-term interest rates. The agreements require us to maintain a debt to total capitalization ratio of no more than .65 to 1. Should we have delinquent debt obligations of at least \$50 million to any creditor, such delinquency will be considered a default under our credit agreements.

Effective December 31, 2006, the credit agreements were amended to, among other things, exclude MichCon's short-term debt from the debt/capital ratio in the first, third and fourth quarter reporting periods, exclude the effects of SFAS No. 158 in the compliance calculation, and exclude un-drawn letters of credit and guarantees (except for guaranteed debt of non-consolidated third parties) from the debt calculations under these credit agreements.

MichCon is currently in compliance with its covenants.

At December 31, 2006, we had outstanding commercial paper of \$330 million and other short-term borrowings of \$12 million. At December 31, 2005, we had outstanding commercial paper of \$423 million and other short-term borrowings of \$16 million.

The weighted average interest rates for short-term borrowings were 5.4% and 4.4% at December 31, 2006 and 2005, respectively.

## NOTE 8 – CAPITAL AND OPERATING LEASES

*Lessee* - We lease certain property under capital and operating lease arrangements expiring at various dates to 2024. Some leases contain renewal options.

(in Millions)	Operating Leases
2007.....	1
2008.....	1
2009.....	1
2010.....	1
2011.....	1
Thereafter.....	-
Total minimum lease payments.....	\$ 5

Rental expense for operating leases was \$1 million in 2006, \$2 million in 2005 and \$3 million in 2004.

*Lessor* – We lease a portion of our pipeline system to the Vector Pipeline Partnership through a capital lease contract that expires in 2020, with renewal options extending for five years.

The components of the net investment in the capital lease at December 31, 2006 were as follows:

(in Millions)	
2007 .....	9
2008 .....	9
2009 .....	9
2010 .....	9
2011 .....	9
Thereafter .....	80
Total minimum future lease receipts .....	125
Residual value of leased pipeline .....	40
Less - unearned income .....	(86)
Net investment in direct financing lease .....	79
Less - current portion .....	(1)
	<u>\$ 78</u>

## NOTE 9 – FINANCIAL AND OTHER DERIVATIVE INSTRUMENTS

We comply with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. Listed below are important SFAS No. 133 requirements:

- Derivative instruments must be recognized as assets or liabilities and measured at fair value, unless they meet the normal purchases and sales exemption.
- Accounting for changes in fair value depends on the purpose of the derivative instrument and whether it is designated as a hedge and qualifies for hedge accounting.
- Special accounting is allowed for derivative instruments that qualify as a hedge and are designated as a hedge for the variability of cash flow associated with a forecasted transaction. Gain or loss associated with the effective portion of the hedge is recorded in other comprehensive income. The ineffective portion is recorded to earnings. Amounts recorded in other comprehensive income will be reclassified to net income when the forecasted transaction affects earnings. If a cash flow hedge is discontinued because it is likely the forecasted transaction will not occur, net gains or losses are immediately recorded to earnings.
- Special accounting is also allowed for derivative instruments that qualify as a hedge and are designated as a hedge of the changes in fair value of an existing asset, liability or firm commitment. Gain or loss on the hedging instrument is recorded into earnings. An offsetting loss or gain on the underlying asset, liability or firm commitment is also recorded to earnings.

Our primary market risk exposure is associated with commodity prices, credit and interest rates. We have risk management policies to monitor and decrease market risks. We use derivative instruments to manage some of the exposure.

### Commodity Price Risk

We have fixed-priced contracts for portions of its expected gas supply requirements through 2010. We may also sell forward storage and transportation capacity contracts. These gas supply, firm transportation and storage contracts are designated and qualify for the normal purchases and sales exemption and are therefore accounted for under the accrual method. Our commodity price risk is limited due to the GCR mechanism. See Note 1.

### Credit Risk

We are exposed to credit risk if our customers or counterparties do not comply with their contractual obligations. We maintain credit policies that significantly minimize overall credit risk. These policies include an evaluation of potential customers' and counterparties' financial condition, credit rating, collateral requirements or other credit enhancements such as letters of credit or guarantees. We generally use standardized agreements that allow the netting of positive and negative transactions associated with a single counterparty.

### Interest Rate Risk

We occasionally use treasury locks and other interest rate derivatives to hedge the risk associated with interest rate market volatility. In 2004, we entered into an interest rate derivative to limit our sensitivity to market interest rate risk associated with the issuance of long-term debt. Such instrument was designated as a cash flow hedge. We subsequently issued long-term debt and terminated the hedge at a cost that is included in other comprehensive loss.

### Fair Value of Financial Instruments

The fair value of financial instruments is determined by using various market data and other valuation techniques. The table below shows the fair value relative to the carrying value for long-term debt securities. The carrying value of certain other financial instruments, such as notes payable, customer deposits and notes receivable approximate fair value and are not shown.

	2006		2005	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Long-Term Debt.....	\$ 747 million	\$ 745 million	\$ 806 million	\$ 785 million

## NOTE 10 - COMMITMENTS AND CONTINGENCIES

### Environmental Matters

Prior to the construction of major interstate natural gas pipelines, gas for heating and other uses was manufactured locally from processes involving coal, coke or oil. We own, or previously owned, 14 such former MGP sites. Investigations have revealed contamination related to the by-products of gas manufacturing at each site. In addition to the MGP sites, we are also in the

process of cleaning up other contaminated sites. Cleanup activities associated with these sites will be conducted over the next several years.

In 1993, a cost deferral and rate recovery mechanism was approved by the MPSC for investigation and remediation costs incurred at former MGP sites in excess of this reserve. As a result of a study completed in 1995, we accrued an additional liability and a corresponding regulatory asset of \$32 million. During 2006 we spent approximately \$2 million investigating and remediating these former MGP sites. In December 2006 we retained multiple environmental consultants to estimate the projected cost to remediate each MGP site. We accrued an additional \$7 million in remediation liabilities associated with former MGP holders and additional cleanup cost, to increase the reserve balance to \$39 million at December 31, 2006, with a corresponding increase in the regulatory asset.

Any significant change in assumptions, such as remediation techniques, nature and extent of contamination and regulatory requirements, could impact the estimate of remedial action costs for the sites and affect the Company's financial position and cash flows. However, we anticipate the cost deferral and rate recovery mechanism approved by the MPSC will prevent environmental costs from having a material adverse impact on our results of operations.

### **Personal Property Taxes**

MichCon and other Michigan utilities have asserted that Michigan's valuation tables result in the substantial overvaluation of utility personal property. Valuation tables established by the Michigan State Tax Commission (STC) are used to determine the taxable value of personal property based on the property's age. In November 1999, the STC approved new valuation tables that more accurately recognize the value of a utility's personal property. The new tables became effective in 2000 and are currently used to calculate property tax expense. However, several local taxing jurisdictions took legal action attempting to prevent the STC from implementing the new valuation tables and continued to prepare assessments based on the superseded tables.

In December 2005, a settlement agreement was reached and executed Stipulations for Consent Judgment, Consent Judgments, and Schedules to Consent Judgment were filed with the Michigan Tax Tribunal on behalf of Detroit Edison, MichCon and a significant number of the largest jurisdictions, in terms of tax dollars, involved in the litigation. The filing of these documents fulfilled the requirements of the settlement agreement and resolves a number of claims by the litigants against each other including both property and non-property issues. The settlement agreement resulted in a pre-tax economic benefit to MichCon in 2005 that included the release of a litigation reserve.

### **Labor Contracts**

There are several bargaining units for our represented employees. Approximately 970 of our represented employees are under contracts that expire in October 2007. The contracts of the remaining represented employees expire in 2008.

### **Other Commitments**

As of December 31, 2006, we were party to numerous long-term purchase commitments relating to a variety of goods and services required for our business. These agreements primarily consist of long-term gas purchase and transportation agreements. We estimate that these commitments

will be approximately \$1.5 billion through 2051. We also estimate that 2007 base level capital expenditures will be approximately \$215 million. We have made certain commitments in connection with expected capital expenditures.

### **Bankruptcies**

We sell gas and gas transportation and storage services to numerous companies operating in the steel, automotive, energy, retail and other industries. Certain of our customers have filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. We regularly review contingent matters relating to these customers and our sale contracts and we record provisions for amounts considered at risk of probable loss. We believe our previously accrued amounts are adequate for probable losses. The final resolution of these matters is not expected to have a material effect on our financial statements.

### **Other**

We are involved in certain legal, regulatory, administrative and environmental proceedings before various courts, arbitration panels and governmental agencies concerning matters arising in the ordinary course of business. These proceedings include certain contract disputes, environmental reviews and investigations, audits, inquiries from various regulators, and pending judicial matters. We cannot predict the final disposition of such proceedings. We regularly review legal matters and record provisions for claims that are considered probable of loss. The resolution of pending proceedings is not expected to have a material effect on our operations or financial statements in the period they are resolved.

See Note 4.

## **NOTE 11- RETIREMENT BENEFITS AND TRUSTEED ASSETS**

### ***Adoption of SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans****

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an Amendment of FASB Statements No. 87, 88, 106, and 132(R)*. SFAS 158 requires companies to (1) recognize the overfunded or underfunded status of defined benefit pension and defined benefit other postretirement plans in its financial statements, (2) recognize as a component of other comprehensive income, net of tax, the actuarial gains or losses and the prior service costs or credits that arise during the period but are not immediately recognized as components of net periodic benefit cost, (3) recognize adjustments to other comprehensive income when the actuarial gains or losses, prior service costs or credits, and transition assets or obligations are recognized as components of net periodic benefit cost, (4) measure postretirement benefit plan assets and plan obligations as of the date of the employer's statement of financial position, and (5) disclose additional information in the notes to financial statements about certain effects on net periodic benefit cost in the upcoming fiscal year that arise from delayed recognition of the actuarial gains and losses and the prior service cost and credits.

The requirement to recognize the funded status of a postretirement benefit plan and the related disclosure requirements is effective for fiscal years ending after December 15, 2006. We adopted this requirement as of December 31, 2006. The requirement to measure plan assets and benefit

obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. We plan to adopt this requirement as of December 31, 2008.

MichCon received approval from the MPSC to record the charge related to the additional liability as a miscellaneous deferred debit in the regulatory asset line on the consolidated statement of financial position since the traditional rate setting process allows for the recovery of pension and other postretirement plan costs. Retrospective application of the changes required by SFAS No. 158 is prohibited; therefore certain disclosures below are not comparable.

#### **Measurement Date**

In the fourth quarter of 2004, we changed the date for actuarial measurement of our obligations for benefit programs from December 31 to November 30. We believe the one-month change of the measurement date is a preferable change as it allows time for management to plan and execute its review of the completeness and accuracy of its benefit programs results and to fully reflect the impact on its financial results. The change did not have a material effect on retained earnings as of January 1, 2004, and net income amounts for any interim period in 2004. Accordingly, all amounts reported in the following tables for balances as of December 31 are based on a November 30 measurement date. Amounts reported in tables for the year ended December 31, 2006 are based on a measurement date of November 30, 2005. Amounts reported in tables for the year ended December 31, 2005 are based on a measurement date of November 30, 2004. Amounts reported in tables for the year ended December 31, 2004 are based on a measurement date of December 31, 2003.

#### **Pension Plan Benefits**

We sponsor a defined benefit retirement plan for MichCon represented employees (the "MichCon Plan"). The plan is noncontributory, covers substantially all employees and provides retirement benefits to MichCon employees based on the employee's years of benefit service, average final compensation and age at retirement. Currently this plan meets the full funding requirements of the Internal Revenue Code. We did not make a contribution to the MichCon Plan in 2006.

MichCon also participates in a defined benefit retirement plan sponsored by Detroit Edison for its represented and nonrepresented employees, the DTE Energy Company Retirement Plan ("DTE Plan"). The DTE Plan is noncontributory, covers substantially all employees not covered by the MichCon Plan and provides traditional retirement benefits to employees based on the employee's years of benefit service, average final compensation and age at retirement. In addition, certain nonrepresented employees are covered under a cash balance provision that bases benefits on annual employer contributions and interest credits. Currently the DTE Plan meets the full funding requirements of the Internal Revenue Code. The DTE Plan is treated as a plan covering employees of various affiliates of DTE Energy from the affiliates' perspective. Accordingly, the liabilities and assets associated with the DTE Plan are no longer reflected in the tables below, and the associated prepaid pension asset of \$294 million and \$272 million at December 31, 2006 and December 31, 2005, respectively, are now reflected as an amount due from affiliate. We are allocated income or expense each year as a result of our participation in the DTE Plan. The annual income for 2006, 2005, and 2004 was \$22 million, \$26 million, and \$27 million, respectively, and is not reflected in the following table.



In its April 2005 final rate order, the MPSC approved the deferral of the non-capitalized portion of our negative pension expense. At December 31, 2006, we recorded a \$27 million regulatory liability. At December 31, 2005, we recorded a \$12 million regulatory liability.

Net pension expense (credit) includes the following components:

(in Millions)	2006	2005	2004
Service Cost.....	\$ 7	\$ 5	\$ 5
Interest Cost.....	16	15	15
Expected Return on Plan Assets.....	(30)	(28)	(28)
Amortization of			
Net loss.....	2	1	-
Prior service cost.....	1	1	1
Special Termination Benefits.....	6	-	-
Net Pension Expense (Credit).....	<u>\$ 2</u>	<u>\$ (6)</u>	<u>\$ (7)</u>

Amounts in regulatory assets expected to be recognized as components of net periodic benefit cost during 2007 are comprised of \$2 million of net actuarial loss and \$1 million of prior service cost. We recorded a \$6 million pension cost associated with our Performance Excellence Process in 2006.

The following table reconciles the obligations, assets and funded status of the plans as well as the amounts recognized as prepaid pension cost in the consolidated statement of financial position at December 31:

(in Millions)	2006	2005
Accumulated Benefit Obligation - End of Period.....	<u>\$ 266</u>	<u>\$ 244</u>
Projected Benefit Obligation - Beginning of Period.....	\$ 275	\$ 256
Service Cost.....	7	5
Interest Cost.....	16	15
Actuarial Loss.....	12	14
Benefits Paid.....	(17)	(15)
Special Termination Benefits.....	6	-
Plan Amendments.....	-	-
Projected Benefit Obligation - End of Period.....	<u>\$ 299</u>	<u>\$ 275</u>
Plan Assets at Fair Value - Beginning of Period.....	\$ 344	\$ 330
Actual Return on Plan Assets.....	43	29
Benefits Paid.....	(17)	(15)
Plan Assets at Fair Value - End of Period.....	<u>\$ 370</u>	<u>\$ 344</u>
Funded Status of the Plans.....	\$ 71	\$ 69
December Adjustment.....	-	-
Funded Status, End of Year.....	<u>\$ 71</u>	<u>\$ 69</u>
Unrecognized		
Net Actuarial loss (a).....		53
Prior service cost(a).....		5
Prepaid Pension Cost(a).....		<u>\$ 127</u>

Noncurrent Assets (b) .....	\$	71
Current Liabilities (b) .....	\$	-
Noncurrent Liabilities (b) .....	\$	-
Amounts Recognized in Regulatory Assets(b) .....		
Net Actuarial loss (b) .....	\$	50
Prior service cost(b) .....	\$	3

(a) – Disclosure no longer required by FAS 158, adopted in 2006, retroactive adoption not permitted.

(b) - New disclosure required by FAS 158, adopted in 2006, retroactive adoption not permitted.

Assumptions used in determining the projected benefit obligation and net pension costs are listed below:

	2006	2005	2004
Projected Benefit Obligation			
Discount rate.....	5.70 %	5.90 %	6.00 %
Annual increase in future compensation levels.....	4.0 %	4.0 %	4.0 %
Net Pension Costs			
Discount rate.....	5.90 %	6.00 %	6.25 %
Annual increase in future compensation levels.....	4.0 %	4.0 %	4.0 %
Expected long-term rate of return on Plan assets.....	8.75 %	9.0 %	9.0 %

At December 31, 2006, the benefits expected to be paid in each of the next five years and in the aggregate for the five fiscal years thereafter are as follows:

(in Millions)	
2007.....	\$ 14
2008.....	14
2009.....	15
2010.....	16
2011.....	16
2012 – 2016 .....	95
Total .....	\$ 170

We employ a consistent formal process in determining the long-term rate of return for various asset classes. We evaluate input from our consultants, including their review of historic financial market risks and returns and long-term historic relationships between the asset classes of equities, fixed income and other assets, consistent with the widely accepted capital market principle that asset classes with higher volatility generate a greater return over the long-term. Current market factors such as inflation, interest rates, asset class risks and asset class returns are evaluated and considered before long-term capital market assumptions are determined. The long-term portfolio return is also established employing a consistent formal process, with due consideration of diversification, active investment management and rebalancing. Peer data is reviewed to check for reasonableness.

We employ a total return investment approach whereby a mix of equities, fixed income and other investments are used to maximize the long-term return of plan assets consistent with prudent

levels of risk. The intent of this strategy is to minimize plan expenses over the long term. Risk tolerance is established through consideration of future plan cash flows, plan funded status, and corporate financial considerations. The investment portfolio contains a diversified blend of equity, fixed income and other investments. Furthermore, equity investments are diversified across U.S. and non-U.S. stocks, growth and value investment styles, and large and small market capitalizations. Other assets such as private equity and absolute return funds are used judiciously to enhance long term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives may not be used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, periodic asset/liability studies, and quarterly investment portfolio reviews.

Our plan's weighted-average asset allocations by asset category at December 31 were as follows:

	2006	2005
Equity Securities.....	68 %	68 %
Debt Securities.....	23	27
Other.....	9	5
	<u>100%</u>	<u>100%</u>

Our plan's weighted-average asset target allocations by asset category at December 31, 2006, were as follows:

Equity Securities.....	65 %
Debt Securities.....	20
Other.....	15
	<u>100 %</u>

We also sponsor a defined contribution retirement savings plan for represented employees and participate in a defined contribution plan for nonrepresented employees. Participation in one of these plans is available to substantially all represented and nonrepresented employees. We match employee contributions up to certain predefined limits based upon eligible compensation, the employee's contribution rate and, in some cases, years of credited service. The cost of these plans was \$5 million in 2006, 2005, and 2004.

#### **Other Postretirement Benefits**

We provide certain postretirement health care and life insurance benefits for retired employees who are eligible for these benefits. Separate qualified Voluntary Employees' Beneficiary Association (VEBA) trusts exist for represented and nonrepresented employees. Our policy is to fund certain trusts to meet our postretirement benefit obligations. In 2006, we made cash contributions of \$40 million to our postretirement benefit plans. At the discretion of management, we may make up to a \$40 million contribution to our VEBA trusts in 2007.

Net postretirement cost includes the following components:

(in Millions)	2006	2005	2004
Service Cost .....	\$ 14	\$ 11	\$ 8
Interest Cost .....	26	24	23
Expected Return on Plan Assets .....	(12)	(12)	(11)
Amortization of			
Net loss .....	9	7	2
Prior service cost .....	2	2	1
Net transition obligation .....	5	6	8
Special Termination Benefits .....	2	-	-
Net Postretirement Cost .....	<u>\$ 46</u>	<u>\$ 38</u>	<u>\$ 31</u>

Amounts in regulatory assets expected to be recognized as components of net periodic benefit cost during 2007 are comprised of \$9 million of net actuarial loss, \$2 million of prior service cost and \$5 million of net transition obligation. We recorded a \$2 million postretirement benefit cost associated with our Performance Excellence Process in 2006.

The following table reconciles the obligations, assets and funded status of the plans including amounts recorded as accrued postretirement cost in the consolidated statement of financial position at December 31:

(in Millions)	2006	2005
Accumulated Postretirement Benefit Obligation - Beginning of Period .....	\$ 453	\$ 419
Service Cost .....	14	11
Interest Cost .....	26	25
Actuarial Loss .....	38	26
Special Termination Benefits .....	2	-
Benefits Paid .....	(23)	(22)
Plan Amendments .....	-	(6)
Accumulated Postretirement Benefit Obligation - End of Period .....	<u>\$ 510</u>	<u>\$ 453</u>
Plan Assets at Fair Value - Beginning of Period .....	\$ 129	\$ 126
Company Contribution .....	20	-
Actual Return on Plan Assets .....	16	12
Benefits Paid .....	(9)	(8)
Plan Assets at Fair Value - End of Period .....	<u>\$ 156</u>	<u>\$ 130</u>
Funded Status of the Plans .....	\$ (354)	\$ (323)
December Adjustment .....	7	(7)
Funded Status at Fair Value-End of Period .....	<u>\$ (347)</u>	<u>(330)</u>
Unrecognized (a)		
Net loss (a) .....		133
Prior service cost (a) .....		14
Net transition obligation (a) .....		39
Accrued Postretirement Liability - End of period (a) .....		<u>\$ (144)</u>

Noncurrent Assets (b) .....	\$	-
Current Liabilities (b) .....	\$	-
Noncurrent Liabilities(b) .....	\$	(347)
Amounts Recognized in Regulatory Assets (b) .....		
Net loss (b).....	\$	157
Prior service cost (b).....	\$	12
Net transition obligation (b).....	\$	35

(a) – Disclosure no longer required by FAS 158, adopted in 2006, retroactive adoption not permitted.

(b) - New disclosure required by FAS 158, adopted in 2006, retroactive adoption not permitted.

Assumptions used in determining the projected benefit obligation and net benefit cost are listed below:

	2006	2005	2004
Projected Benefits Obligation			
Discount rate.....	5.70 %	5.90 %	6.00 %
Net Benefit Costs			
Discount rate.....	5.90 %	6.00 %	6.25 %
Expected long-term rate of return on Plan assets.....	8.75 %	9.0 %	9.0 %

Benefit costs were calculated assuming health care cost trend rates beginning at 9% for 2006 and decreasing to 5% in 2011 and thereafter for persons under age 65 and decreasing from 8% to 5% for persons age 65 and over. A one-percentage-point increase in health care cost trend rates would have increased the total service cost and interest cost components of benefit costs by \$7 million and increased the accumulated benefit obligation by \$64 million at December 31, 2006. A one-percentage-point decrease in the health care cost trend rates would have decreased the total service cost and interest cost components of benefit costs by \$6 million and would have decreased the accumulated benefit obligation by \$53 million at December 31, 2006.

At December 31, 2006, the benefits expected to be paid, including prescription drug benefits, in each of the next five years and in the aggregate for the five fiscal years thereafter are as follows:

(in Millions)	
2007 .....	\$ 31
2008 .....	31
2009 .....	32
2010 .....	33
2011 .....	34
2012 – 2016 .....	173
Total .....	\$ 334

In December 2003, the Medicare Act was signed into law which provides for a non-taxable federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least “actuarially equivalent” to the benefit established by law. As a result of the adoption, our accumulated postretirement benefit obligation for the subsidy related to benefits attributed to past service was reduced by approximately \$24 million at January 1, 2004 and was accounted for as

an actuarial gain. The effects of the subsidy reduced net periodic postretirement benefit costs by \$2 million in 2006, \$5 million in 2005 and \$3 million in 2004.

At December 31, 2006, the gross amount of federal subsidies expected to be received in each of the next five years and in the aggregate for the five fiscal years thereafter was as follows:

(in Millions)		
2007 .....	\$	2
2008 .....		2
2009 .....		2
2010 .....		2
2011 .....		2
2012 – 2016 .....		8
Total .....	\$	<u>18</u>

The process used in determining the long-term rate of return for assets and the investment approach for our other postretirement benefits plans is similar to those previously described for our pension plans.

Our plan's weighted-average asset allocations by asset category at December 31 were as follows:

	2006	2005
Equity Securities .....	68 %	69 %
Debt Securities .....	27	31
Other .....	5	-
	<u>100 %</u>	<u>100 %</u>

Our plan's weighted-average asset target allocations by asset category at December 31, 2006 were as follows:

Equity Securities .....	65 %
Debt Securities .....	20
Other .....	15
	<u>100 %</u>

The adoption of SFAS No. 158 had the following incremental effect on the financial statement line items:

(in Millions)			
	<u>Qualified Plans</u>	<u>Postretirement Plans</u>	<u>Total Benefit Plans</u>
Increase (Decrease) in Assets and Liabilities			
Prepaid pension assets .....	\$ (53 )	-	\$(53)
Accrued postretirement liability .....	-	204	204
Regulatory assets .....	53	204	257

### Grantor Trust

We maintain a Grantor Trust that invests in life insurance contracts and income securities. Employees and retirees have no right, title or interest in the assets of the Grantor Trust, and we can revoke the trust subject to providing the MPSC with prior notification. We account for our investment at fair value with unrealized gains and losses recorded to earnings.

### NOTE 12 - RELATED PARTY TRANSACTIONS

We have agreements with affiliated companies to provide transportation and storage services and for the purchase of natural gas. We have an agreement with a DTE Energy affiliate where we are charged for our use of their shared capital assets. Additionally, under a service agreement with DTE Energy, various DTE Energy affiliates, including MichCon provide corporate support services inclusive of various financial, auditing, tax, legal, treasury and cash management, human resources, information technology, and regulatory services, which were billed to DTE Energy corporate. As these functions essentially support the entire DTE Energy Company, total administrative and general expenses billed to DTE Energy corporate by MichCon and the other affiliates, along with certain interest and financing costs were then billed to various subsidiaries of DTE Energy, including MichCon. MichCon participates in a defined benefit retirement plan sponsored by another affiliate of DTE Energy.

The following is a summary of transactions with affiliated companies:

(in Millions)	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>			
Transportation and storage services .....	\$ 9	\$ 11	\$ 8
Other services .....	4	5	3
<b>Costs</b>			
Gas purchases .....	-	-	5
Other services and interest .....	13	14	15
Corporate expenses and merger costs (net) (1) .....	68	93	100

(in Millions)	December 31,	
	2006	2005
<b>Assets</b>		
Accounts receivable .....	\$ 82	\$ 55
Prepaid pension assets .....	294	272
<b>Liabilities &amp; Equity</b>		
Accounts payable .....	13	16
Notes payable .....	12	16
Dividends payable .....	13	13
Dividends declared .....	50	50
Dividends paid .....	50	50

(1) As a result of an MPSC order, DTE Energy ceased billing merger costs to MichCon effective April 2005.

Our accounts receivable from affiliated companies and accounts payable to affiliated companies are payable upon demand and are generally settled in cash within a monthly business cycle.

Under inter-company credit agreements, we had short-term notes payable to affiliated companies. Short-term excess cash or cash shortfalls are remitted to or funded by the affiliated companies. These credit arrangements involve the charge and payment of interest at rates that approximate market.

#### **NOTE 13 - SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION (UNAUDITED)**

Due to the seasonal nature of MichCon's business, revenues and net income tend to be higher in the first and fourth quarters of the calendar year.

(in Millions)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
<b>2006</b>					
Operating Revenues .....	\$ 863	\$ 229	\$ 167	\$ 552	\$ 1,811
Operating Income (Loss) .....	82	(9)	(14)	56	115
Net Income (Loss) .....	50	(13)	(19)	34	52
<b>2005</b>					
Operating Revenues .....	834	261	206	797	2,098
Operating Income (Loss) .....	1	(3)	(19)	66	45
Net Income (Loss) .....	(13)	(50)	159	(83)	13



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)	3,042,637,269	
4	Property Under Capital Leases	0	
5	Plant Purchased or Sold		
6	Completed Construction not Classified		
7	Experimental Plant Unclassified		
8	TOTAL (Enter Total of lines 3 thru 7)	3,042,637,269	
9	Leased to Others		
10	Held for Future Use	1,256,278	
11	Construction Work in Progress	140,563,969	
12	Acquisition Adjustments		
13	TOTAL Utility Plant (Enter Total of lines 8 - 12)	3,184,457,516	
14	(Less) Accum. Prov. for Depr., Amort., & Depl.	1,755,716,759	
15	Net Utility Plant(Enter Total of line 13 less 14)	1,428,740,757	
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
17	In Service:		
18	Depreciation	1,754,864,957	
19	Amort. and Depl. of Producing Natural Gas Land and Land Rights		
20	Amort. of Underground Storage Land and Land Rights		
21	Amort. of Other Utility Plant		
22	TOTAL In Service (Enter Total lines 18 - 21)	1,754,864,957	
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	TOTAL Leased to Others (Enter Total lines 24 & 25)		
27	Held for Future Use		
28	Depreciation	851,802	
29	Amortization		
30	TOTAL Held for Future Use(Enter Total lines 28 & 29)	851,802	
31	Abandonment of Leases (Natural Gas)		
32	Amort. of Plant Acquisition Adj.		
33	TOTAL Accum. Prov. (Should agree with line 14 above) (Enter Total lines 22, 26, 30, 31 & 32)	1,755,716,759	

## SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS

## FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
3,042,637,269					3
0					4
-					5
-					6
-					7
3,042,637,269					8
-					9
1,256,278					10
140,563,969					11
-					12
3,184,457,516					13
1,755,716,759					14
1,428,740,757					15
					16
					17
1,754,864,957					18
					19
					20
					21
1,754,864,957					22
					23
					24
					25
					26
					27
851,802					28
					29
851,802					30
					31
					32
1,755,716,759					33

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106)					
1. Report below the original cost of gas plant in service according to the prescribed account. 2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Gas. 3. Include in column (c) or (d) as appropriate, corrections of additions and retirements for the current or preceding year. 4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such amounts. 5. Classify Account 106, according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provisions. Include also in column (d) reversals of tentative distributions of prior year unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns					
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
1		1. Intangible Plant			
2	301	Organization	8,235		
3	302	Franchises and Consents	2,419		
4	303	Miscellaneous Intangible Plant	92,590,431	1,552,693	
5		TOTAL Intangible Plant	92,601,085	1,552,693	
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	-	-	

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

(c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance 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 and credits distributed in column (f) to primary account classifications.
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 purchases 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)	Accl. No.	Line No.
					1
	-		8,235	301	2
	-		2,419	302	3
-	-	-	94,143,125	303	4
-	-	-	94,153,778		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

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL	December 31, 2006
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (g)	Additions (c)
27		Natural Gas Production and Gathering Plant		
28	325.1	Producing Lands	3,838	
29	325.2	Producing Leaseholds	1,989	
30	325.3	Gas Rights	-	-
31	325.4	Rights-of-Way	529,024	
32	325.5	Other Land	3,000	
33	325.6	Other Land Rights	-	-
34	326	Gas Well Structures	-	-
35	327	Field Compressor Station Structures	30,051	-
36	328	Field Meas. and Reg. Sta. Structures	566,662	-
37	329	Other Structures	-	-
38	330	Producing Gas Wells - Well Construction	226,872	-
39	331	Producing Gas Wells - Well Equipment	121,148	-
40	332	Field Lines	9,402,993	-
41	333	Field Compressor Station Equipment	321,003	-
42	334	Field Meas. and Reg. Sta. Equipment	2,398,456	-
43	335	Drilling and Cleaning Equipment	-	-
44	336	Purification Equipment	35,414	-
45	337	Other Equipment	-	-
46	338	Unsuccessful Exploration & Devel. Costs	1,163,272	-
47		TOTAL Production and Gathering Plant	14,803,722	-
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 Meas. and Reg. Equipment	-	-
57	347	Other Equipment	-	-
58		TOTAL Products Extraction Plant	-	-
59		TOTAL Natural Gas Production Plant	14,803,722	-
60		SNG Production Plant (Submit Supplemental Stmt)	-	-
61		TOTAL Production Plant	14,803,722	-
62		3. Natural Gas Storage and Processing Plant		
63		Underground Storage Plant		
64	350.1	Land	8,489,902	2,571

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					27
	-		3,838	325.1	28
	-		1,989	325.2	29
-	-	-	-	325.3	30
	-		529,024	325.4	31
	-		3,000	325.5	32
-	-	-	-	325.6	33
-	-	-	-	326	34
-	-	-	30,051	327	35
-	-	-	566,662	328	36
-	-	-	-	329	37
-	-	-	226,872	330	38
-	-	-	121,148	331	39
-	-	-	9,402,993	332	40
-	-	-	321,003	333	41
-	-	-	2,398,456	334	42
-	-	-	-	335	43
-	-	-	35,414	336	44
-	-	-	-	337	45
-	-	-	1,163,272	338	46
-	-	-	14,803,722		47
					48
-	-	-	-	340.1	49
-	-	-	-	340.2	50
-	-	-	-	341	51
-	-	-	-	342	52
-	-	-	-	343	53
-	-	-	-	344	54
-	-	-	-	345	55
-	-	-	-	346	56
-	-	-	-	347	57
-	-	-	-	348	58
-	-	-	14,803,722		59
-	-	-	-		60
-	-	-	14,803,722		61
					62
					63
-	-	-	8,492,472	350.1	64

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL	December 31, 2006
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (g)	Additions (c)
65	350.2	Rights-of-Way	56,167	-
66	351	Structures and Improvements	12,398,708	976,726
67	352	Wells	68,802,067	1,103,755
68	352.1	Storage Leaseholds and Rights	1,127,815	-
69	352.2	Reservoirs	-	-
70	352.3	Non-Recoverable Natural Gas	(356,592)	-
71	353	Lines	23,244,551	288,366
72	354	Compress Station Equipment	70,182,525	3,077,558
73	355	Measuring and Reg. Equipment	8,173,728	1,741,116
74	356	Purification Equipment	11,563,996	569,212
75	357	Other Equipment	-	-
76	358	Gas in Underground Storage - Noncurrent	182,355	-
77		TOTAL Underground Storage Plant	203,865,221	7,759,303
78		Other Storage Plant		
79	360.1	Land	-	-
80	360.2	Land Rights	-	-
81	361	Structures and Improvements	-	-
82	362	Gas Holders	-	-
83	363	Purification Equipment	-	-
84	363.1	Liquefaction Equipment	-	-
85	363.2	Vaporizing Equipment	-	-
86	363.3	Compressor Equipment	-	-
87	363.4	Meas. and Reg. Equipment	-	-
88	363.5	Other Equipment	-	-
89		TOTAL Other Storage Plant	-	-
90		Base Load Liquefied Natural Gas Terminating and Processing Plant		
91	364.1	Land	-	-
92	364.1a	Land Rights	-	-
93	364.2	Structures and Improvements	-	-
94	364.3	LNG Processing Terminal Equipment	-	-
95	364.4	LNG Transportation Equipment	-	-
96	364.5	Measuring and Regulating Equipment	-	-
97	364.6	Compressor Station Equipment	-	-
98	364.7	Communications Equipment	-	-
99	364.8	Other Equipment	-	-
100		TOTAL Base Load LNG Terminating and Processing Plant	-	-
101				
102		TOTAL Nat. Gas Storage and Proc. Plant	203,865,221	7,759,303

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)						
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.	
-	-	-	56,167	350.2	65	
(37,420)	-	-	13,338,013	351	66	
(43,631)	-	-	69,862,191	352	67	
-	-	-	1,127,815	352.1	68	
-	-	-	-	352.2	69	
-	-	-	(356,592)	352.3	70	
(11,009)	-	-	23,521,909	353	71	
(86,530)	-	-	73,173,553	354	72	
(17,165)	-	-	9,897,678	355	73	
(10,570)	-	-	12,122,638	356	74	
-	-	-	-	357	75	
-	-	-	182,355	358	76	
(206,325)	-	-	211,418,199		77	
					78	
-	-	-	-	360.1	79	
-	-	-	-	360.2	80	
-	-	-	-	361	81	
-	-	-	-	362	82	
-	-	-	-	363	83	
-	-	-	-	363.1	84	
-	-	-	-	363.2	85	
-	-	-	-	363.3	86	
-	-	-	-	363.4	87	
-	-	-	-	363.5	88	
-	-	-	-		89	
					90	
-	-	-	-	364.1	91	
-	-	-	-		92	
-	-	-	-	364.2	93	
-	-	-	-	364.3	94	
-	-	-	-	364.4	95	
-	-	-	-	364.5	96	
-	-	-	-	364.6	97	
-	-	-	-	364.7	98	
-	-	-	-	364.8	99	
-	-	-	-		100	
					101	
(206,325)	-	-	211,418,199		102	



MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)						
Line No.	Accl. No.	Account (a)	Balance at Beginning of Year (g)	Additions (c)		
103		4. Transmission Plant				
104	365.1	Land	1,069,405	79,522		
105	365.2	Land Rights	2,299,943			
106	365.3	Rights-of-way	3,099,936			
107	366	Structures and Improvements	8,460,745	536,502		
108	367	Mains	213,843,405	7,620,662		
109	368	Compressor Station Equipment	57,399,110	368,036		
110	369	Measuring and Reg. Station Equipment	20,358,540	1,973,646		
111	370	Communication Equipment	-	-		
112	371	Other Equipment	-	-		
	372	Asset Retire Cost Transmission	226,731	-		
113		TOTAL Transmission Plant	306,757,814	10,578,367		
114		5. Distribution Plant				
115	374.1	Land	2,525,447	13,601		
116	374.2	Land Rights	443,207	474,413		
117	375	Structures and Improvements	11,810,532	78,793		
118	376	Mains	938,987,520	31,350,636		
119	377	Compressor Station Equipment	-	-		
120	378	Meas. & Reg. Station Equip.-General	90,860,800	4,331,016		
121	379	Meas. & Reg. Station Equip.-City Gate	37,052,782	1,114,906		
122	380	Services	626,503,787	35,439,175		
123	381	Meters	173,738,936	4,910,446		
124	382	Meter Installations	139,312,115	2,144,174		
125	383	House Regulators	-	-		
126	384	House Reg. Installations	-	-		
127	385	Industrial Meas. & Reg. Station Equip.	64,351,858	3,096,184		
128	386	Other Prop. on Customer's Premises	-	-		
129	387	Other Equipment	-	-		
	388	Asset Retire Cost Distribution	255,755	12,372,224		
130		TOTAL Distribution Plant	2,085,842,737	95,325,568		
131		6. General Plant				
132	389.1	Land	1,725,827	-		
133	389.2	Land Rights	-	-		
134	390	Structures and Improvements	69,882,908	662,862		
135	391	Office Furniture and Equipment	3,939,827	2,894		
136	391.1	Computers & Computer Related Equipment	17,822,140	593,123		
137	392	Transportation Equipment	57,952,607	1,017,196		
138	393	Stores Equipment	831,703	-		
139	394	Tools, Shop & Gargage Equipment	18,171,804	1,129,975		
140	395	Laboratory Equipment	1,809,115	-		

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					103
-	-	-	1,148,927	365.1	104
-	-	-	2,299,943	365.2	105
-	-	-	3,099,936	365.3	106
(17,007)	-	-	8,980,240	366	107
(991,300)	(110,511)	-	220,362,256	367	108
(152,256)	-	-	57,614,889	368	109
(1,178)	-	-	22,331,008	369	110
-	-	-	-	370	111
-	-	-	-	371	112
-	-	-	226,731		
(1,161,741)	(110,511)	-	316,063,929		113
					114
(389,000)	-	-	2,150,048	374.1	115
-	-	-	917,620	374.2	116
(2,396)	-	-	11,886,929	375	117
(1,088,750)	-	-	969,249,406	376	118
-	-	-	-	377	119
(2,499)	-	-	95,189,318	378	120
(145,285)	-	-	38,022,403	379	121
(3,704,888)	-	-	658,238,073	380	122
-	-	-	178,649,381	381	123
(699,906)	-	-	140,756,382	382	124
-	-	-	-	383	125
-	-	-	-	384	126
-	-	-	67,448,042	385	127
-	-	-	-	386	128
-	-	-	-	387	129
-	-	-	12,627,979	388	
(6,032,724)	-	-	2,175,135,582		130
					131
-	-	-	1,725,827	389.1	132
-	-	-	-	389.2	133
(16,535)	-	-	70,529,235	390	134
(303,592)	-	-	3,639,129	391	135
(312,539)	-	-	18,102,724	391.1	136
(4,615,799)	-	-	54,354,003	392	137
(3,724)	-	-	827,979	393	138
(646,117)	-	-	18,655,663	394	139
(10,003)	-	-	1,799,112	395	140

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL	December 31, 2006
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (g)	Additions (c)
141	396	Power Operated Equipment	10,725,755	-
142	397	Communication Equipment	46,729,557	708,212
143	398	Miscellaneous Equipment	4,354,371	45
144		Subtotal (Lines 132 thru 143)	233,945,615	4,114,308
145	399	Other Tangible Property	-	-
146		TOTAL General Plant	233,945,615	4,114,308
147		TOTAL (Account 101 and 106)	2,937,816,194	119,330,239
148	101.1	Property Under Capital Leases	111,536	-
149	102	Gas Plant Purchased (See Instr. 8)	-	-
150	(Less)	Gas Plant Sold (See Instr. 8)	-	-
	102			
151	103	Experimental Gas Plant Unclassified	-	-
152		TOTAL Gas Plant in Service	2,937,927,730	119,330,239
NOTE: Respondent does not have Manufactured Gas Production Plant facilities.				

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006
GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
(595,594)	-	-	10,130,161	396	141
(493,960)	-	-	46,943,809	397	142
-	-	-	4,354,416	398	143
(6,997,864)	-	-	231,062,059		144
-	-	-	-	399	145
(6,997,864)	-	-	231,062,059		146
(14,398,653)	(110,511)	-	3,042,637,269		147
-	(111,536)	-	-	101.1	148
-	-	-	-	102	149
-	-	-	-	(102)	150
-	-	-	-	103	151
(14,398,653)	(222,046)	-	3,042,637,269		152

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL DECEMBER 31, 2006				
GAS PLANT HELD FOR FUTURE USE (Account 105)				
<p>1 Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.</p> <p>2 For property having an original cost of \$250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105</p>				
Line No	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
	Natural Gas Lands, Leaseholds, and Gas Rights Held for Future Utility Use (Per Pages 500-501)			\$1,804
2	Compressor Station, Measuring Station, and City Gate Station Structures and Improvements stored at Kalkaska Office and Warehouse, Kalkaska Township, Kalkaska County	Primarily in October and November 1995	Ongoing usage with the majority of plant to be put into use in 2007	253,272
7	Compressor Station and Measuring Station Equipment stored at Kalkaska Office and Warehouse, Kalkaska Township, Kalkaska County	Primarily in October, November 1995 and February, December 1996 March 2001	During 2007	430,710
13	Compressor Station and Measuring Station Equipment stored at Big Rapids Office and Warehouse Big Rapids, Mecosta County	Primarily in March 2001	During 2007	163,268
45	TOTAL			\$849,053

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006
PRODUCTION PROPERTIES HELD FOR FUTURE USE (Account 105.1)				
<p>1. Report separately each property held for future use at end of the year having an original cost of \$1,000,000 or more. Group other items of property held for future use.</p> <p>2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.1.</p>				
Line No	Description and Location of Property (a)	Date Originally Included in This Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	Natural Gas Lands, Leaseholds, and Gas Rights Held for Future Utility Use (Per Pages 500-501)			\$407,224
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46	TOTAL			\$407,224

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL	December 31, 2006
CONSTRUCTION WORK IN PROGRESS - GAS (Account 107)				
1. Report below descriptions and balances at end of year of projects in process of construction (107)				
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).				
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	The following automatic and blanket work orders are used for routine construction and are closed to plant monthly. The majority of the charges in these work orders were incurred in December 2006.			
3	<b>TRANSMISSION PLANT (1 Item)</b>	5,401		
4	<b>DISTRIBUTION PLANT (161 Items)</b>	6,592,033		
5	2" C & W Main - New Customer	535,891		
6	16" C & W Main - System Supply	754,933		
7	12" C & W Main - Public Improvements	605,378		
8	16" C & W Main - Public Improvements	631,178		
9	2" Plus SVC - New Construction	1,943,091		
10	2" Plus SVC Line Renewal	2,090,718		
11	Replacement Meters	888,490		
12	Upgrade Services	526,477		
13	<b>GENERAL PLANT (3 Items)</b>	775,616		
14	Class II Vehicles	919,643		
15	Class III Vehicles	2,362,057		
16	Tools & Equipment	2,372,212		
17	Class IV Mobile Power	3,277,621		
18	The following represents specific work orders and consists principally			
19	of charges to projects not completed as of December 31, 2006.			
20	<b>INTANGIBLE PLANT: (16 Items)</b>	1,034,996	2,164,529	
21	CADD - MARS Software	554,028		
22	Start Up Costs - MARS	1,191,451		
23	MARS Stoner Project - Phase II	1,198,621		
24	MARS - Application & Rule Base	788,535		
25	MARS - Corrosion Conversion	680,339		
26	Integrity Management Program	2,232,580		
27	Install New Energy Gas Mgt. System	3,180,061		
28	<b>UNDERGROUND STORAGE (53 Items)</b>	5,482,370	41,415,500	
29	Belle River Station Yard Improvements	1,291,547		
30	Columbus Station Yard Improvements	698,117		
31	Belle River Turbine Compression I	19,814,837		
32	GMVC Unit Valves	566,454		
33	Upgrade & Improve West Column	915,057		
34	Belle River I / W Wells	6,832,886		
35	Install Coalescing Filter	806,473		
36	Columbus - Pulsation Bottles	503,975		
37	W. Columbus Fld Ultrasonic Metr	1,042,004		
38	<b>TRANSMISSION PLANT (76 Items)</b>	6,779,328	26,711,177	
39	Misc. Gate Station Revisions	645,770		
40	Alpena 16" Pipeline	800,370		
41	Belle River - Detroit Pipeline	1,379,377		
42	Kalkaska - Woolfolk Pipeline	1,110,717		
43	Northeast Station Assess	574,697		
44	30" C-Line Renewal	3,626,039		
45	Austin - Detroit A Line Upgrade	4,566,065		
46	24" Austin Detroit B-Line	2,324,075		
47	West Columbus Pipeline Loop	8,042,000		
48	Trans System Measurement Stat.	1,464,969		
49	Southern Station Interconnect	2,715,700		
50	<b>DISTRIBUTION PLANT (21 Items)</b>	1,283,269	128,681,955	
51	Augusta Station	1,148,858		
52	Filter Separators at NW Gate	590,236		
53	8" North Muskegon Transfer Main	2,213,496		
54	24" Crosstown Main / CSO	1,311,863		
55	Bridge Piping Restoration	645,311		
56	Jameslown Right of Way	2,757,835		
57	Jameslown Pipeline	520,124		
58	Renew Service Lines Mercury Reg.	684,736		
59	CWIP Unbilled Liability	1,095,190		
60	Natural Gas Fuel Stat	956,079		
61	<b>GENERAL PLANT (94 Items)</b>	6,159,790	13,720,596	
62	Bridgewater Renovation	1,134,132		
63	Phase II Roof - Allen Rd.	664,363		
64	Replace HVAC - Noble	2,652,368		
65	Lynch Rd. - Garage Addition	685,451		
66	CADD / MARS Hardware	644,661		
67	Distribution System Model	628,819		
68	Mobile Data Terminals	4,036,498		
69	<b>Other - (6 Items)</b>	1,426,715		
70	<b>TOTAL</b>	<b>\$140,563,969</b>	<b>\$212,893,757</b>	

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	General Administration Capitalized	\$7,954,835	N/A
2	Supervision, Engineering and Transportation -		
3	Joint Expense	1,195,989	51,749,036
4	Pensions and Employee Benefits Capitalized	6,027,747	107,590,493
5	Allowance for Funds Used During Construction	4,139,251	55,184,209
6	Payroll Taxes	2,249,482	116,547,564
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33			
34	Total	\$21,567,304	



GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
2. Show below the computation of allowance for funds used during construction rates, if those differ from the overall rate of return authorized by the Michigan Public Service Commission.

General Administration Capitalized

Costs of certain administrative departments (i.e. Legal, Corporate Resources, Corporate Planning) are capitalized monthly based on annual estimates of how much work is applicable to construction work in progress. Amounts capitalized are initially debited to a blanket work order (Account 107). These charges are then transferred to construction work orders based on the current month's charges to these construction work orders.

Supervision, Engineering and Transportation - Joint Expense

Supervision, engineering and transportation costs of certain departments are distributed to operation and maintenance accounts and construction work orders on a pro rata basis to direct labor charges.

Pensions and Employees' Benefits Capitalized

Construction and retirement work orders are debited with costs of pensions and employees' benefits distributed on the basis of direct construction and retirement labor charges. The percentage applied to direct labor includes an additional component which represents amounts applicable to indirect labor.

Allowance for Funds Used During Construction (A.F.U.D.C.)

An allowance for funds used during construction is computed monthly by applying the A.F.U.D.C. rate to accumulated expenditures for specific major projects of all classes of property. The A.F.U.D.C. rate is equivalent to the most recently authorized overall rate of return as approved by the Michigan Public Service Commission. The composite A.F.U.D.C. rate for 2006 was 7.19% per annum.

Payroll Taxes

Construction and retirement work orders are debited with costs of payroll taxes (FICA, FUTA, MUTA) distributed on the basis of direct construction and retirement labor charges. The percentage applied to direct labor includes an additional component which represents amounts applicable to indirect labor.

Note: See Page 217 for amounts capitalized.

ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Accounts 108 and 110)

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 202-207, 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 cost 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

REF

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	1,766,694,250	1,765,842,448	851,802	
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	78,254,353	78,254,353		
4	(403.1) Depreciation Expense	141,243	141,243		
5	(404 & 405) Amortization Expense Intangible Plant	6,048,315	6,048,315		
8	Transportation Expenses-Clearing	8,392,178	8,392,176		
7	Other Clearing Accounts				
8	Other Accounts (Specify) (411) Accretion Expense	5,463,561	5,463,561		
9	TOTAL Deprec. Prov. for Year (Enter total of lines 3 thru 8)	98,299,650	98,299,650	0	
10	Net Charges for Plant Retired:				
11	Book Cost of Plant Retired	14,009,653	14,009,653		
12	Cost of Removal	11,338,205	11,338,205		
13	Salvage (Credit)	(761,139)	(761,139)		
14	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 11 thru 13)	24,586,719	24,586,719		
15	Other Debit or Credit Items (Describe): (2)	(84,690,422)	(84,690,422)	0	
16					
17	Balance End of Year (Enter Total of lines 1, 9, 14, 15, and 16)	1,755,716,759	1,754,864,957	851,802	

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

18	Production-Manufactured Gas				
19	Production and Gathering-Natural Gas	16,180,661	15,328,659	851,802	
20	Intangible Plant - Gas	44,270,322	44,270,322		
21	Underground Gas Storage	104,205,230	104,205,230		
22	Other Storage Plant (FAS 143/FIN 47)	4,532,825	4,532,825		
23	Retirement Work In Progress	(10,483,053)	(10,483,053)		
24	Transmission	194,987,952	194,987,952		
25	Distribution	1,253,415,776	1,253,415,776		
26	General	148,607,046	148,607,046		
27	TOTAL (Enter Total of lines 18 thru 26)	1,755,716,759	1,754,864,957	851,802	

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Notes: (2) OTHER DEBIT AND CREDIT ITEMS CONSISTS OF THE FOLLOWING:

RESERVE ADJUSTMENT FOR FAS 143/FIN 47 ARO Costs	(84,629,071)	
DEPRECIATION ON NON-UTILITY PLANT	(61,351)	
	<u>(84,690,422)</u>	

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## 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 (a)	Noncurrent (Account 117) (b)	Current (Account 164.1) (c)	LNG (Account 164.2) (d)	LNG (Account 164.3) (e)	Total (f)
1	Balance at Beginning of Year	\$33,591,614	\$118,597,260	0	0	\$152,188,874
2	Gas Delivered to Storage (contra Account)	0	353,753,876			353,753,876
3	Gas Withdrawn from Storage (contra Account)	0	(396,018,223)			(396,018,223)
4	Other Debits or Credits (Net)	0	495,565			495,565
5	Balance at End of Year	\$33,591,614	\$76,828,478	0	0	\$110,420,092
6	Mcf	66,801,805	53,188,966			119,990,771
7	Amount Per Mcf	\$0.50285	\$1.44444			\$0.92024

8. State basis of segregation of inventory between current and noncurrent portions:  
Current gas is excess over base pressure gas established for each reservoir.

NONUTILITY PROPERTY (Account 121)

1. Give a brief description and state the location of nonutility property included in Account 121.
2. Designate with an asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property. These items are separate and distinct from those allowed to be grouped under instruction No. 5.
5. Minor items (5% of the Balance at the End of the Year for Account 121) may be grouped.
6. Natural gas companies which have oil property should report such property by State, classified as to (a) oil lands and land rights, (b) oil wells, and (c) other oil property. Gasoline plants and other plants for the recovery from natural gas are classifiable as gas plant and should be reported as such and not shown as Nonutility Property.

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1	(All Properties in Michigan)			
2				
3	Land	\$211,834	\$0	211,834
4	Storage Field Land and Land Rights	0	0	0
5	Edmore Field	761,557	0	761,557
6	Computer Equipment - MRCS	0	0	0
7	Leased Water Heaters	981,615	0	981,615
8	Minor Items	334,163	994	335,157
9		\$2,289,169	\$994	\$2,290,163
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ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)

Report below the information called for concerning depreciation and amortization of nonutility property.

Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	\$347,645
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6	403-01 Deprec. Exp.	61,351
7	403-11 Deprec. Exp. - Computer Equip. - MEMS	
8	403-11 Deprec. Exp. - Other Audit Equip. - MEMS	
9	TOTAL Accruals for Year (Enter Total of lines 3 thru 8)	61,351
10	Net Charges for Plant Retired	
11	Book Cost of Plant Retired	0
12	Cost of Removal	0
13	Salvage (Credit)	0
14	TOTAL Net Charges (Enter Total of lines 10 thru 13)	0
15	Other Debit or Credit Items (Describe):	
16	Plant In Service	0
17	Balance, End of Year (Enter Total of lines 1, 9, 14, and 16)	\$408,996

## INVESTMENTS (Accounts 123, 124, 136)

1. Report below Investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.

2. Provide a subheading for each account and list thereunder the information called for:

(a) Investment in Securities - List and describe each security owned giving name of issuer, 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, Other Investments, 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.

(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 open account. Each note should be listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any

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)	Purchases or Additions During Year (c)
1	Account 123		
2			
3	Allocation of InterCo. Pension Costs	272,065,000	22,072,987
4			
5	Total Account 123	272,065,000	22,072,987
6			
7	Account 124		
8			
9	Detroit Investment Fund (Acquired 04-10-95)	2,020,293	75,776
10			
11			
12			
13			
14			
15			
16			
17			
18	Total Account 124	\$ 2,020,293	\$ 75,776
19			
20			
21			
22			
23	Account 136		
24			
25			
26	Total Account 136	\$ -	\$ -
27			
28			
29			
30			
31			

## INVESTMENTS (Accounts 123, 124, 136) (Continued)

advances due from officers, directors, stockholders, or employess. Exclude amount reported on page 229.

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.
4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.
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).

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 Investment Disposed of (h)	Line No.
					1
					2
-		294,137,987	-	-	3
					4
-		294,137,987	-	-	5
					6
					7
					8
0	10 units	2,096,069	-	-	9
				-	10
					11
					12
					13
					14
					15
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\$ -		\$ 2,096,069	\$ -	\$ -	17
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\$ -		\$ -	\$ -	\$ -	26
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					31

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1)					
1.	Report below investments in Account 123.1, Investment in Subsidiary Companies.				
2	Provide a subheading for each company and list thereunder the information called for below.				
	Sub-total by company and give a total in columns (e), (f), (g) and (h).				
	(a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.				
	(b) Investment Advances - Report separately the amounts of loans or Investment Advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.				
3	Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.				
Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)	
1	MICHCON DEVELOPMENT CORPORATION				
2	COMMON STOCK	6-29-84			
3	(PAR VALUE \$1 PER SHARE, 1,000				1,000
4	SHARES AT 12/31/98)				
5	ADDITIONAL PAID-IN CAPITAL				17,162,695
6	EQUITY IN EARNINGS				(11,091,473)
7	Total				6,072,222
8	BLUE LAKE HOLDINGS, INC.				
9	COMMON STOCK	6-25-91			
10	(PAR VALUE \$.01 PER SHARE, 10				0
11	SHARES AT 12/31/98)				
12	ADDITIONAL PAID-IN CAPITAL				7,490,192
13	OTHER COMPREHENSIVE INCOME				(9,528)
14	EQUITY IN EARNINGS				(760,471)
15	Total				6,720,195
16	MICHCON PIPELINE COMPANY				
17	COMMON STOCK	5-26-95			
18	(PAR VALUE \$.01 PER SHARE, 1000				10
19	SHARES AT 12/31/98)				
20	ADDITIONAL PAID-IN CAPITAL				34,290,044
21	EQUITY IN EARNINGS				29,440,572
22	Total				63,730,626
23					
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51					
52	Total Cost of Account 123.1	59,099,591	Total		76,523,043

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
INVESTMENT IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)					
4. For any securities, notes, or accounts that were pledged, designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge. 5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number. 6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year. 7. 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 interest adjustment includible in column (f). 8. Report on Line 42, column (a) the total cost of Account 123.1.					
Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or (Loss) from Investment Disposed of (h)	Line No.	
		1,000		1	
				2	
				3	
	0	17,162,695		4	
509,159		(10,582,314)		5	
509,159	0	6,581,381		6	
				7	
				8	
		0		9	
				10	
		7,490,182		11	
	9,526 (A)	0		12	
1,904,026		1,143,555		13	
1,904,026	9,526	8,633,747		14	
				15	
				16	
		10		17	
				18	
	155,650 (B)	34,445,694		19	
5,825,239		35,265,811		20	
5,825,239	155,650	69,711,515		21	
				22	
				23	
				24	
				25	
				26	
				27	
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				49	
				50	
				51	
8,238,424	165,176	84,926,643		52	

(A) Represents SFAS 133 equity adjustment.  
 (B) Represents additional capital contribution (to)/from MichCon.



## 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)	897,905	933,150
2	Customer Accounts Receivable (Account 142)	372,516,861	297,396,866
3	Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received)	46,522,802 (1)	55,466,139 (1)
4	Total	419,937,568	353,796,155
5	Less: Accumulated Provision for Uncollectible Accounts - Cr. (Accounts 144)	78,279,649	95,797,871
6	Total, Less Accumulated Provision for Uncollectible Accounts	\$341,657,919	\$257,998,284
7			
8			
9			
10			
11	(1) Includes amount receivable from Officers		
12	and Employees.	2,690	2,831
13			
14			

## ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS - CR. (Account 144)

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

Line No.	Item (a)	Utility Customers (b)	Merchandise, Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	74,947,156	\$0	\$0	\$3,332,494	\$78,279,650
2	Prov. for uncollectibles for year	66,683,171	(12,973)	0	1,327,956	67,998,154
3	Accounts written off	(51,185,512)	(11,577)	0	(3,224,773)	(54,421,862)
4	Coll. of accounts written off	3,921,483	14,147	0	6,299	3,941,929
5	Adjustments (explain): (2)	0	40,598	0	(40,598)	0
6	Balance end of Year	\$94,366,298	\$30,195	\$0	1,401,378	\$95,797,871
7						
8						
9	(2) A component of Other was reclassified to Merchandise, Jobbing, etc.					
10	The adjustment represents the beginning balance reclassification.					
11						

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

1. Report particulars of notes and accounts receivable from associated companies \* at end of year.
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.
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.
4. If any note was received in satisfaction of an open account, state the period covered by such open account.
5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year.
6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.

\* 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.

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

Line No.	Particulars (a)	Balance Beginning of Year (b)	Total for Year		Balance End of Year (e)	Interest For Year (f)
			Debits (c)	Credits (d)		
1	Account 145					
2	MichCon Pipeline Company	3,421,683	29,950,061	28,060,039	5,311,705	171,302
3	Blue Lake Holding	-	1,178	1,178	-	8
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14	Total Account 145	\$3,421,683	\$29,951,239	\$28,061,217	\$5,311,705	\$171,311
15	Notes receivable from associated companies arise from the Inter-Company Credit Agreements. Purpose: To provide a line of credit to associated companies. Maturity Date: N/A Interest Rate: The prime rate at Bank One, N.A.					
16						
17						
18						
19						
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21						
22						
23						
24						
25						
26						

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146) (Continued)						
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						
3	DTE Enterprises, Inc.	162,805	636,803	748,891	50,717	
4	MCN Energy Enterprises	258,841	894,769	1,096,238	57,372	
5	Citizens Gas Fuel Company	124,067	730,484	733,530	121,021	
6	MichCon Gathering Company	230,625	3,079,860	2,711,442	599,043	
7	MichCon Pipeline Company	39,429	451,577	453,870	37,136	
8	Jordan Valley Limited Partnership	27,718	358,136	356,259	29,595	
9	Saginaw Bay Pipeline Company	30,958	777,522	443,406	365,074	
10	Saginaw Bay Lateral Company	10,496	119,863	122,182	8,177	
11	Saginaw Bay Lateral Limited Partnership	3,635	47,426	47,585	3,476	
12	Westside Pipeline Company	12,016	170,117	170,765	11,368	
13	Washington 10 Holdings, Inc.	3,937,525	33,092,188	32,953,899	4,075,814	63,471
14	DTE Gas Storage Company	(2,085)	1,461,818	1,340,167	119,566	
15	Thunder Bay Gathering Company	39,635	661,128	683,705	17,058	
16	Blue Lake Holdings	280	1,823	1,974	129	
17	Detroit Edison Company	49,749,986	41,492,006	15,209,866	76,032,126	5,182
18	DTE Energy Company	7,185,625	73,797,219	74,651,444	6,331,400	
19	DTE Energy Trading, Inc.	253,567	2,073,728	2,171,796	155,499	
20	DTE Energy Ventures	7,025	74,185	69,201	12,009	54
21	DTE Michigan Holdings, Inc.	20,764	118,375	99,110	40,029	308
22	Shelby Storage LLC	-	87,564	33,313	54,251	84
23	MichCon Lateral Company	146,537	1,499,701	1,515,681	130,557	59
24	Washington 10 Storage Partnership	53,977	296,875	269,886	80,966	
25	DTE River Rouge No. 1, LLC	3,375	40,650	40,650	3,375	
26	DTE Energy Services, Inc.	8,500	102,000	93,500	17,000	
27	DTE Gas & Oil Company	82,933	979,085	996,506	65,512	
28	DTE Gas Storage Pipeline & Processing Co.	-	41,283	41,283	-	193
29	MichCon Development Corporation	-	20	-	20	
30						
31						
32						
33						
34						
35						
36						
37	Total Account 146	\$62,388,234	\$163,086,206	\$137,056,149	\$88,418,292	\$69,351
38						
39	Total of Accounts 145 and 146	\$65,809,917	\$193,037,445	\$165,117,366	\$93,729,996	\$240,662

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006
MATERIALS AND SUPPLIES				
<p>1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material. Nonmajor companies may report total on line 4.</p> <p>2. Give an explanation of important inventory adjustments during year (on a supplemental page) showing general classes of material and supplies and the various accounts (operating expenses, 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 (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)	0	0	
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)			
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)			
10	Assigned to - Other			
11	TOTAL Account 154 (Enter Total of lines 5 thru 10)	14,935,786 (1)	15,677,088 (1)	
12	Merchandise (Account 155)			
13	Other Materials and Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Account 157) (Not applicable to Gas Utilities)			
15	Stores Expense Undistributed (Account 163)	1,211,570	862,319	
16				
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	16,147,356	16,539,407	\$0
(1)	Plant Materials and Operating Supplies (Account 154)			
	Construction and Operating Materials and Supplies:			
	Pipe-steel and plastic	1,007,253	1,056,815	
	Fittings, valves, regulators, meter connections	3,204,522	3,693,473	
	Automotive and gas plant equipment parts	1,338,015	1,384,850	
	Appliance parts and installation materials	1,005,576	1,254,452	
	Gas Odorant	21,358	0	
	Truck Stock and other base stock	4,184,242	4,392,375	
	Other Materials	2,816,796	2,135,543	
	Uniforms and hand tools	492,881	567,470	
	Stationary and office supply forms	16,811	15,260	
	Forms	156,878	137,823	
	Sub-Total	14,246,333	14,638,062	
	Materials and supplies in transit	0	0	
	Materials and supplies - Unassigned costs:			
	Freight on materials	202,424	472,285	
	Sales and use taxes	482,569	566,742	
	Sub-Total	684,993	1,039,027	
	Inventory adjustments in suspense	4,459	0	
	TOTAL Account 154	\$14,935,786	\$15,677,088	

**ADVANCES FOR GAS PRIOR TO INITIAL DELIVERIES OR COMMISSION CERTIFICATION**  
(Accounts 124, 166 and 167)

1. Report below the information called for concerning all advances for gas, as defined in the text of Account 166. Advances for Gas Exploration, Development and Production, and 167, Other Advances for Gas, whether reported in Accounts 166, 167, or reclassified to Account 124, Other Investments. List Account 124 items first.
2. In column (a), give the date the advance was made, the payee (designate associated companies with an asterisk) a brief statement of the purpose, (exploration, development, production, general loan, etc.) and the estimated date of repayment. Do not use the term indefinite in reporting estimated date of repayment. If advances are made to a payee in connection with different projects with different arrangements for repayments, use separate lines for reporting; otherwise all advances may be grouped by payee, subject to the requirements of instruction 3 below.
3. If the beginning balance shown in column (c) does not agree with the prior year's ending balance, column (g), provide a detailed explanation in a footnote. Show all Advances made during the year in column (d) and all repayments or other credits in column (e). Report amounts shown in column (e) separately by account, as reported in column (f).

Line No.	Date of Advance, Payee, Purpose and Estimated Date of Repayment (a)	Account Number (124, 166 or 167) (b)	Balance at Beginning of Year (c)	Advances During Year (d)	Repayments or Other Credits During Year (e)	Accounts Charged (f)	Balance at End of Year (g)
1			0	0	0		0
2							
3							
4							
5							
6							
7							
8							
9							
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24							
25							
26			\$0	\$0	\$0		\$0
27							
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38							

PREPAYMENTS (ACCOUNT 165)

- Report below the particulars (details) on each prepayment.
- Report all payments for undelivered gas on line 5 and complete pages 225 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	\$0
2	Prepaid Rents	65,579
3	Prepaid Taxes (262-263)	4,645,597
4	Prepaid Interest	-
5	Gas Prepayments (226-227)	-
6	Miscellaneous Prepayments: (1)	5,915,814
7	TOTAL	\$10,626,990

Notes:		Balance at End of Year (In Dollars)
(1)	Miscellaneous Prepayments:	-
	Employees Insurance Deposits	-
	Prepaid Sales Tax	5,155,910
	Prepaid Audit Fees	47,618
	Prepaid Insurance-Supp D&R Plan	-
	Prepaid MPSC Fee	712,287
	Other	-
		5,915,815

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						
2						
3						
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25						
26						
27						
28	TOTAL	\$0	\$0		\$0	\$0

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006		
PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)						
1. Report below particulars (details) concerning the cost of plans, surveys, and investigations made for the purpose of determining the feasibility of projects under contemplation. 2. For gas companies, report separately amounts included in Account 183.1, Preliminary Natural Gas Survey and Investigation Charges, and Account 183.2, Other Preliminary Survey and Investigation Charges. 3. Minor items (less than \$250,000) may be grouped by classes.						
Line No.	Description and Purpose of Project (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2						
3	<u>Account 183.1</u>					
4	Projects at year end	\$0	\$0		\$0	\$0
5						
6						
7						
8						
9						
10	<u>Account 183.2</u>					
11		0	0		0	0
12						
13						
14						
15						
16						
17						
18						
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43						
44	Total	\$0	\$0		\$0	\$0

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
OTHER REGULATORY ASSETS					
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 accounts).					
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	Assets in Other Accounts				
2	Deferred Asset - GCR (Account 174)	164,762	Various	42,529,474	0
3					
4	Deferred Environmental Testing/Clean-up Costs (Account 186 and 253)	11,458,053	930	5,141,506	37,816,271
5					
6					
7	Unamortized Loss on Retirement of Debt (Account 189)		428	1,680,684	30,236,181
8					
9	2006 UETM (Account 189)	33,811,676	485		33,811,676
10					
11					
12	Minimum Pension Liability (Account 182)	259,752,000	Various	1,242,000	259,752,000
13	- Minimum Pension reflects the adoption of SFAS 158 during 2006				
14					
15					
16	REGULATORY ACCOUNTING ADJUSTMENT				
17	Cost to Achieve per Rate Order - U-14909				
18	Misc Deferred Debits (Account 186)	12,080,272	930		12,080,272
19	Regulatory Liability - Negative Pension (Account 253)	11,190,376	930		11,190,376
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
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39					
40					
41					
42	TOTAL	\$328,457,139		\$50,593,664	\$384,886,776



MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
MISCELLANEOUS DEFERRED DEBITS (Account 186)						
1. Report below the particulars (details) called for concerning miscellaneous deferred debits.						
2. For any deferred debt 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 Debit (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	N/R - Vector Pipeline Lease	172,712,442	-	Various	9,130,353	163,582,089
2	Prepaid Pension Expense	126,586,000	4,553,667	Various	59,729,089	71,410,578
3	Deferred Asset - Gas Customer Choice	64,971,548	261,179,432	143	225,054,111	101,096,868
4	Grantor Trust	76,010,794	3,524,991	Various	-	79,535,785
5	Deferred Environmental Charges	39,888,839	10,010,802	Various	5,141,506	44,756,134
6	Deferred Lost Gas Asset	6,228,610	21,204,439	485	17,033,049	10,400,000
7	Deferred Financing Costs	1,786,866	502,701	Various	943,415	1,346,151
8	Payroll Conversion Advances	1,245,590	790	Various	187,679	1,058,701
9	Regulatory Asset - FAS 87	1,242,000	259,973,000	253	1,463,000	259,752,000
10	N/R - 500 Associates LLC	428,762	34,251	419	-	463,013
11	Recovery H.L. Brown Facility Costs	80,752	-	Various	60,752	-
12	Other Deferred Costs	80,000	-	Various	-	60,000
13	Deferred CTA Costs	-	12,080,272	930		12,080,272
14						
15						
16						
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18						
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41						
42						
43						
44	Misc Work In Progress					
45	Accounts Payable Invoice Clearing	328,497	2,099,315		1,836,765	591,047
46	Labor Distribution Clearing	(1,120)	490,859		489,739	-
47	Work in Process	27,380	8,330,574		8,341,417	16,538
48						
49	TOTAL	491,576,960	583,985,093		329,410,875	746,151,176

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.

2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited To Account 410.1 (c)	Amounts Credited To Account 411.1 (d)
1	Electric			
2				
3				
4				
5				
6				
7	Other			
8	TOTAL Electric (Enter Total of lines 2 thru 7)			
9	Gas			
10	Bad Debts	\$27,382,013	(\$3,842,055)	\$3,335,588
11	Veba	90,738,427	-	20,460,474
12	Tax Basis Adjustments	33,662,811	625,597	0
13	Lost Gas	(3,671,864)	(2,952,989)	0
14	Vacation Liability	3,738,565	1,772,166	1,386,793
15	Other	160,079,847	(1,599,155)	30,748,041
16	TOTAL Gas (Enter Total of lines 10 thru 15)	\$311,929,799	(\$5,996,436)	\$55,930,896
17	Other (Specify)			
18	TOTAL (Account 190) (Enter Total of lines 8, 16, & 17)	\$311,929,799	(\$5,996,436)	\$55,930,896
19	Classification of Total:			
20	Federal Income Tax			
21	State Income Tax			
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 under Other.

Other Line 15			
Post 1992 Misc. Deferrals	\$113,736,486	(\$593,111)	\$21,431,327
Inventory Capitalized	594,776	-	519,716
Vector Pipeline	1,305,363	-	35,386
Environmental Insurance Recovery	1,166,031	(751,274)	-
FAS 112	(254,770)	(254,770)	-
Long-term DFIT Assets	-	-	7,936,529
Stock Compensation	-	-	825,083
FASB 96 Plant Excess DFIT	43,135,861	-	-
FASB 96 Non-Plant Excess DFIT	138,638	-	-
FASB 96 Non-Plant Reg. Assets	257,462	-	-
Total Other	\$160,079,847	(\$1,599,155)	\$30,748,041

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No
Amount Debited Account 410.2 (e)	Amounts Credited Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
-	-		-		-	\$34,559,656	10
-	-		-		-	111,198,901	11
-	-		-		-	33,037,214	12
-	-		-		-	(718,875)	13
-	-		-	190-Q1	1,271,558	4,624,750	14
0	0	See Below	4,983,306	See Below	1	187,443,738	15
\$0	\$0		\$4,983,306		\$1,271,559	\$370,145,384	16
							17
\$0	\$0		\$4,983,306		\$1,271,559	\$370,145,384	18
							19
							20
							21
							22

## NOTES (Continued)

-	-	190-20	\$1,271,558	Rounding	\$1	\$134,489,367	
-	-		-			1,114,492	
-	-		-		-	1,340,749	
-	-		-		-	1,917,305	
-	-		-		-	0	
-	-		-		-	7,936,529	
-	-	920-00	49,998		-	775,985	
-	-	286-RA	3,662,650		-	39,473,211	
-	-		-		-	138,638	
-	-		-		-	257,462	
\$0	\$0		\$4,983,306		\$1	\$187,443,738	

MICHIGAN CONSOLIDATED GAS COMPANY      AN ORIGINAL      December 31, 2006				
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 outlined in column (a) 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 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	COMMON STOCK	15,100,000	\$1.00	-
2				
3	CUMULATIVE PREFERRED STOCK			
4	SERIES:			
5	REDEEMABLE \$2.05 SERIES	7,000,000	\$1.00	N/A
6				
7	CUMULATIVE PREFERENCE STOCK	4,000,000	\$1.00	N/A
8				
9				
10				
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13				
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30				

MICHIGAN CONSOLIDATED GAS COMPANY      AN ORIGINAL      December 31, 2006						
CAPITAL STOCK (Accounts 201 and 204) (Continued)						
3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued. 4. The identification of each class of preferred stock should allow 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 pledgee and purpose of pledge.						
OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent.)		HELD BY RESPONDENT				Line No.
		As Reacquired Stock (Account 217)		In Sinking and Other Funds		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
10,300,000	\$10,300,000	-	-	-	-	1
						2
						3
						4
-	-	-	-	-	-	5
						6
-	-	-	-	-	-	7
						8
						9
						10
						11
						12
						13
						14
						15
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						30

**CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION,  
PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK**  
(Accounts 202 and 205, 203 and 206, 207, 212)

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. For Account 202, Common Stock Subscribed and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of the year.
4. For Premium on Account 207, Capital Stock, designate with an asterisk any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item (a)	Number of Shares (b)	Amount (c)
1	None		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
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29			
30			
31			
32			
33			
34			
35			
36	Total	0	\$0

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)			
Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.			
(a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.			
(b) Reduction in Par or Stated Value of Capital Stock (Account 209)-State amount and give brief explanation of the capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.			
(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210)-Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.			
(d) Miscellaneous Paid-In Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.			
Line No.	Item (a)	Amount (b)	
1	<u>ACCOUNT 209 REDUCTION IN PAR OR STATED VALUE OF COMMON STOCK</u>		
2			
3	BALANCE, DECEMBER 31, 2005	\$133,900,000	
4	NO TRANSACTIONS DURING 2006	-	
5			
6	BALANCE, DECEMBER 31, 2006	\$133,900,000	\$133,900,000
7			
8			
9	<u>ACCOUNT 210 GAIN ON RESALE OR CANCELLATION OF REACQUIRED CAPITAL STOCK</u>		
10			
11	BALANCE, DECEMBER 31, 2005	\$12,525	
12	NO TRANSACTIONS DURING 2006	-	
13			
14	BALANCE, DECEMBER 31, 2006	\$12,525	\$12,525
15			
16			
17			
18	<u>ACCOUNT 211 MISCELLANEOUS PAID-IN-CAPITAL</u>		
19			
20	BALANCE, DECEMBER 31, 2005	\$298,628,597	
21	NO TRANSACTIONS DURING 2006	-	
22			
23	BALANCE, DECEMBER 31, 2006	\$298,628,597	\$298,628,597
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38	Total		\$432,541,122

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
DISCOUNT ON CAPITAL STOCK (Account 213)			
1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. 2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off during the year and specify the amount charged.			
Line No.	Class and Series of Stock (a)	Balance at End of Year (b)	
1	None		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21	TOTAL	\$0	
CAPITAL STOCK EXPENSE (Account 214)			
1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. 2. If any change occurred during the year in the balance with respect to any class or series of stock attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.			
Line No.	Class and Series of Stock (a)	Balance at End of Year (b)	
1	None		
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
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14			
15			
16			
17			
18			
19			
20			
21	TOTAL	\$0	



Name of Respondent Michigan Consolidated Gas Company	This Report Is: <input type="checkbox"/> (1) An Original <input checked="" type="checkbox"/> (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2006
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**SECURITIES ISSUED OR ASSUMED AND SECURITIES REFUNDED OR RETIRED  
DURING THE YEAR**

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Include in the identification of each class and series of security, as appropriate, the interest or dividend

rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance or redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 16 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discounts, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

**Mortgage Bonds Retired**

**7.15% Bond Series due 2006**

Payment in the amount of \$40,000,000 on the 7.15% 1996 bond series due 05-30-06, was made on May 30, 2006.

<u>Settlement Date</u>	<u>Coupon %</u>	<u>Maturity Date</u>	<u>Repurchase Amount</u>	<u>Premium On redemption</u>	<u>Unamortized Expenses</u>
5/30/1996	7.15%	5/30/2006	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -

\$ - of Redemption Premium were charged to Account 189, Unamortized Loss on Recquired Debt.

\$ - of Unamortized Expenses were charged to Account 189, Unamortized Loss on Recquired Debt.

**Securities Issued**

No new securities were issued during 2006.

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006
LONG-TERM DEBT (Accounts 221, 222, 223, and 224)				
1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) 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 reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.				
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.				
3. 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				
4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.				
5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term				
Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d)
1	<b>Account 221 - Bonds</b>			
2	First Mortgage Bonds:			
3				
4	7.150% Series due 2006	05-30-96	05-30-06	40,000,000 ®
5	7.210% Series due 2007	05-20-97	05-01-07	30,000,000
6	7.060% Series due 2012	05-20-97	05-01-12	40,000,000
7	8.250% Series due 2014	09-26-94	05-01-14	80,000,000
8	6.125% Snr Note due 2008	08-22-01	09-01-08	200,000,000
9	5.7% Snr Note due 2033	02-20-03	03-15-33	200,000,000
10	5% Snr Note due 2019	10-04-04	10-01-19	120,000,000
11				
12				
13				
14				
15				
16				
17				
18	<b>Other Bonds:</b>			
19	6.450% MOPPRS Series due 2038	06-23-98	06-30-38	75,000,000
20				
21	<b>Retired Debt in 2006 ®</b>			(40,000,000) ®
22				
23	<b>Total Account 221 Bonds</b>			<b>745,000,000</b>
24				
25				
26	<b>Account 224 - Other</b>			
27	Life Insurance Loans and Other		various	0
28	Deferred Transition Adjustment			0
29	SWAP Mark to Market			0
30				
31	<b>Total Account 224 Other</b>			<b>0</b>
32				
33	<b>TOTAL</b>			<b>\$745,000,000</b>
34				
35	® Bonds were retired during 2006			
36				
37				
38				
39				
40				
41	<b>Total</b>			<b>\$745,000,000</b>

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)					
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.					
6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.					
7. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.					
8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, Interest on Long-Term Debt, and Account 430, Interest on Debt to Associated Companies.					
9. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.					
Interest for Year		Held by Respondent		Redemption Price Per \$100 at End of Year	Line No.
Rate (In %)	Amount	Reacquired Bonds (Acct. 222)	Sinking and Other Funds		
(e)	(f)	(g)	(h)	(i)	
					1
					2
					3
7.15	1,183,722				4
7.21	2,163,000				5
7.06	2,824,000				6
8.25	6,600,000				7
6.125	12,250,000				8
5.7	11,428,470 (1)				9
5	6,146,434 (1)				10
					11
					12
					13
					14
					15
					16
					17
6.45	4,850,938				18
					19
					20
					21
					22
	47,446,564		-		23
					24
					25
various	0			-	26
					27
					28
					29
					30
	0		-		31
					32
	47,446,564		-		33
					34
(1) Interest on these instruments is being reported net of OCI cash flow hedge					35
					36
					37
					38
					39
					40
	\$ 47,446,564	\$ -	\$ -		41

**UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT**  
(Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense Premium or Discount (c)	Amortization Period	
				Date From (d)	Date To (e)
1	<b>UNAMORTIZED DEBT EXPENSE ON LONG-TERM DEBT</b>				
2					
3	<b>First Mortgage Bonds:</b>				
4					
5	7.15 % Series Due 2006 - A752	40,000,000	359,277	05-30-96	05-30-06
6	8 1/4% Series Due 2014 -A751	80,000,000	700,000	09-26-94	05-01-14
7	7.06% Series due 2012 -A753	40,000,000	434,119	05-20-97	05-01-12
8	7.21% Series due 2007 - A754	30,000,000	302,758	05-20-97	05-01-07
9	6.125% Snr Note due 2008 - A758	200,000,000	1,612,368	08-22-01	09-01-08
10	5.7% 2003A due 2033 - A759	200,000,000	1,794,965	02-20-03	03-15-33
11	5% 2004E Snr Note due 2019	120,000,000	2,324,610	10-04-04	09-30-19
12					
13					
14	<b>Other Bonds:</b>				
15					
16	6.45 % MOPPRS Series due 2038- A755	75,000,000	839,877	06-30-98	06-30-38
17					
18					
19	<b>TOTAL ACCOUNT 181</b>	<b>\$785,000,000</b>	<b>\$8,367,974</b>		
20					
21					
22	<b>UNAMORTIZED PREMIUM ON OTHER BONDS</b>				
23	6.45 % MOPPRS Series due 2038 A755	75,000,000	(1,875,000)	06-30-98	06-30-13
24					
25	<b>TOTAL ACCOUNT 225</b>	<b>\$75,000,000</b>	<b>(\$1,875,000)</b>		
26					
27					
28	<b>UNAMORTIZED DISCOUNT ON FIRST MORTGAGE BONDS</b>				
29					
30	8 1/4% Series due 2014 -A751	80,000,000	680,000	09-26-94	05-01-14
31	6.45 % MOPPRS Series due 2038-A755	75,000,000	23,250	06-30-98	06-30-38
32	6.125% Snr Note due 2008 - A758	200,000,000	368,000	08-22-01	09-01-08
33	5.7% 2003A due 2033 - A759	200,000,000	726,000	02-20-03	03-15-33
34	5.7% 2004e due 2019 - A760	120,000,000	487,200	10-04-04	09-30-19
35	<b>TOTAL ACCOUNT 226</b>	<b>\$675,000,000</b>	<b>\$2,284,450</b>		
36					
37					
38					
39					
40					

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL				December 31, 2006
UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226) (Continued)				
<p>5. 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> <p>6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.</p> <p>7. 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.</p>				
Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)	Line No.
				1
				2
				3
				4
14,963		(14,963)	0	5
285,481		(34,258)	251,223	6
187,861		(29,663)	158,198	7
41,249		(30,937)	10,312	8
725,620		(272,107)	453,513	9
1,712,732		(62,853)	1,649,879	10
2,208,227		(160,597)	2,047,630	11
				12
				13
				14
				15
668,140		(20,558)	647,582	16
				17
				18
<b>\$5,844,273</b>	<b>\$0</b>	<b>(\$625,936)</b>	<b>\$5,218,337</b>	19
				20
				21
				22
(1,171,875)	93,750		(1,078,125)	23
				24
<b>(\$1,171,875)</b>	<b>\$93,750</b>	<b>\$0</b>	<b>(\$1,078,125)</b>	25
				26
				27
				28
				29
286,672		(32,034)	254,638	30
18,891		(582)	18,309	31
137,731		(50,112)	87,619	32
655,417		(21,926)	633,491	33
446,600		(32,480)	414,120	34
<b>\$1,545,311</b>	<b>0</b>	<b>(\$137,134)</b>	<b>\$1,408,177</b>	35
				36
				37
				38
				39
				40

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006		
UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (ACCOUNTS 189, 257)						
1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue. 2. In column (c) show the principal amount of bonds or other long-term debt reacquired. 3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts. 4. Show loss amounts by enclosing the figures in parentheses. 5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.						
Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal Amount of Debt Reacquired (c)	Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	<u>Account 189</u>					
2						
3	9 3/4% series due 2000 -					
4	Refunding 7.06%, 1997B due 2012 - A753	6/30/97	12,000,000	1,009,562	428,635	360,955
5						
6	8% series due 2002					
7	Refunding Rmkt Nt 6.45% 1998 MOPPRS 2038-A755	6/30/98	58,665,000	4,345,527	3,511,072	3,403,039
8						
9	BONDS 9 1/2 SER DUE 2021					
10	Refunding 2001 6 1/8% due 2008-A758	2001	40,000,000	2,769,610	1,067,885	867,428
11						
12	Refunding 5.7% 2003A due 2033 - A759	2003	172,174,000	25,916,511	23,661,478	22,793,168
13						
14	Refunding 5.0% 2004E due 2D19 - A760	2004	107,327,000	3,523,365	3,247,794	3,011,591
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28			\$ 390,187,000	\$ 37,564,775	\$ 31,916,864	\$ 30,236,181
29	<u>Account 257</u>					
30	None					
31						
32						
33						
34						
35						
36						
37						
38	* MAPS - Mandatory Puttable / remarketable Securities					
39	* MOPPRS - Mandatory Par Put Remarketed Securities					
40						
41						
42						
43						

## NOTES PAYABLE (Account 231)

1. Report the particulars indicated concerning notes payable at end of year.
2. Give particulars of collateral pledged, if any.
3. Furnish particulars for any formal or informal compensating balance agreements covering open lines of credit.
4. Any demand notes should be designated as such in column (d).
5. Minor amounts may be grouped by classes, showing the number of such amounts.

Line No.	Payee (a)	Purpose for which issued (b)	Date of Note (c)	Date of Maturity (d)	Int. rate (e)	Balance end of year (f)
1	Various Lenders of Commercial Paper	For Gas in Underground Storage and Other Working Capital	Various (1)	Various (1)	Various (1)	(\$330,052,948)
2						
3						
4						
5						
6						
7						
8						
9						
10						
11	(1) MichCon continues to maintain its amended \$243.75 million 2004 five-year facility agreement and its \$181.25 million 2005					
12	five-year agreement. The maturity dates of the 2004 and 2005 facility agreements remain at 2009 and 2010, respectively.					
13	The five-year credit facilities are both with a syndicate of banks and may be utilized for general corporate borrowings,					
14	but are primarily intended to provide liquidity support for commercial paper programs.					
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
TOTAL						(\$330,052,948)

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006		
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.						
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	<u>Account 233</u>					
2	MichCon Development Corporation	\$ 6,577,956	\$ 41,075	\$ 829,588	\$ 7,366,468	\$ 317,749
3	Saginaw Bay Lateral Limited Partnership	47,131	54,254	29,211	22,088	1,521
4	Westside Pipeline Company	4,525,333	3,981,319	948,569	1,492,582	215,554
5	Saginaw Bay Lateral Company	1,207,205	306,719	404,527	1,305,013	60,649
6	Jordan Valley Limited Partnership	4,611,315	651,471	2,091,229	6,051,073	238,674
7	MichCon Gathering Company	12,480,569	14,408,841	20,772,160	18,843,889	937,455
8	Thunder Bay Gathering Company	323,603	627,801	1,045,155	740,958	26,310
9	Saginaw Bay Pipeline Company	4,894,184	1,281,247	1,521,385	5,134,322	249,183
10	MichCon Holdings, Inc.	4,383,866	27,375	237,609	4,594,100	210,234
11	DTE Energy Company	12,020,013	69,685,936	65,181,028	7,515,105	51,929
12	MichCon Lateral Company	4,105,926	3,069,225	4,435,683	5,472,384	239,047
13	Blue Lake Holding	0	2,007,490	2,697,651	690,162	48,515
14	Total (Account 233)	\$ 55,177,101	\$ 96,142,752	\$ 100,193,795	\$ 59,228,143	\$ 2,596,820
15						
16	Note: Notes Payable to associated companies arise from the Inter-Company Credit Agreement.					
17	Purpose: To provide a line of credit from associated companies.					
18	Maturity Date: N/A					
19	Interest Rate: The prime rate at Bank One, N.A.					
20	<u>Account 234</u>					
21	DTE Energy Company	\$ 15,261,921	\$ 144,902,969	\$ 145,006,228	\$ 15,365,180	-
22	MichCon Gathering Company	2,218,494	194,477	104,393	2,128,410	-
23	MichCon Pipeline Company	0	409,369	464,854	55,485	-
24	Saginaw Bay Pipeline Company	15,994	208,333	256,572	64,233	-
25	DTE Enterprises	-	264,776	285,529	20,753	-
26	Detroit Edison Company	7,752,489	\$ 29,481,546	\$ 24,819,574	3,090,517	-
27						
28	Total (Account 234)	\$ 25,248,898	\$ 175,461,470	\$ 170,937,150	\$ 20,724,578	\$ -
29						
30						
31						
32						
33	Total	\$ 80,425,999	\$ 271,604,223	\$ 271,130,945	\$ 79,952,721	\$ 2,596,820



MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
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 a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however,</p>			
Line No.		Total Amount	
1	Utility net operating income (page 114 line 24)		
2	Allocations: Allowance for funds used during construction		
3	Interest expense		
4	Other (specify)		
5	Net income for the year (page 117 line 72)	\$67,014,895	
6	Allocation of Net income for the year		
7	Add Federal income tax expenses	15,438,411	
8			
9	Total pre-tax income	82,453,306	
10			
11	Add: Taxable income not reported on books		
12	SEE PAGE 261-C	15,152,489	
13			
14			
15	Add: Deductions recorded on books not deducted from return		
16	SEE PAGE 261-C	105,168,951	
17			
18			
19	Subtract: Income recorded in books not included in return		
20	SEE PAGE 261-C	(68,672,435)	
21			
22			
23	Subtract: Deductions on return not charged against book income		
24	SEE PAGE 261-C	(33,692,299)	
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	Federal taxable income for the year	\$100,410,012	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES					
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.					
3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2.					
4. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions.					
Utility		Other		Line No.	
\$116,742,375				1	
				2	
				3	
				4	
				5	
55,144,088		\$11,870,807		6	
13,393,214		2,045,197		7	
				8	
68,537,302		13,916,004		9	
				10	
				11	
15,152,489		0		12	
				13	
				14	
				15	
105,168,951		0		16	
				17	
				18	
				19	
(60,434,011)		(8,238,424)		20	
				21	
				22	
				23	
(33,692,299)		0		24	
				25	
				26	
				27	
				28	
				29	
				30	
				31	
				32	
				33	
				34	
				35	
				36	
				37	
				38	
				39	
				40	
				41	
				42	
\$94,732,432		\$5,677,580		43	

MICHIGAN CONSOLIDATED GAS COMPANY      AN ORIGINAL      December 31, 2006		
RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES		
Line No.		Total Amount
1	NOTES	
2	Line 12: Taxable Income Not Reported On Books:	
3	Lost Gas Deferral	\$4,171,390
4	Contributions in aid of construction - CAP Program	6,509,856
5	Employee Benefit Accrual	2,789,404
6	Other miscellaneous	1,681,839
7		
8	Line 12 Subtotal	\$15,152,489
9		
10	Line 16: Deductions Recorded On Books Not Deducted From Return:	
11	Gas Cost Recovery	\$42,364,711
12	Retirement Costs Transferred	7,434,278
13	Vector Pipeline Adjustment	1,279,203
14	Capitalized Software Costs	1,715,985
15	Stock Compensation Expense	2,357,381
16	Reserve for Bad Debts	20,507,551
17	Regulatory Liability	26,972,158
18	Other miscellaneous	2,537,684
19		
20	Line 16 Subtotal	\$105,168,951
21		
22	Line 20: Income Recorded in Books Not Included In Return:	
23	Pension expense	\$30,928,000
24	Equity earnings in subsidiaries	8,238,424
25	Uncollectible Tracker	4,124,052
26	Grantor Trust	2,698,202
27	Restructuring Charges	13,896,236
28	VEBA accrual, net of contribution	6,507,645
29	Other miscellaneous	227,9876
30		
31	Line 20 Subtotal	\$68,672,435
32		
33	Line 24: Deductions On Return Not Charged Against Book Income:	
34	Property tax expense	\$2,670,888
35	Reserve for Injuries and Damages	1,806,852
36	Gross Removal Costs	10,360,998
37	Loss on ACRS/MACRS Retirements	2,238,001
38	ESOP Dividends Pass Through	3,380,570
39	Contributions in aid of construction - Service Lines	1,082,638
40	Depreciation (tax over book)	12,152,352
41		
42	Line 24 Subtotal	\$33,692,299

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES			Line No.
Utility	Other		
			1
			2
\$4,171,390	\$0		3
6,509,856	0		4
2,789,404	0		5
1,681,839	0		6
			7
\$15,152,489	\$0		8
			9
			10
\$42,364,711	\$0		11
7,434,278	0		12
1,279,203	0		13
1,715,985	0		14
2,357,381	0		15
20,507,551	0		16
26,972,158	0		17
2,537,684	0		18
			19
\$105,168,951	\$0		20
			21
			22
\$30,928,000	\$0		23
0	8,238,424		24
4,124,052	0		25
2,698,202	0		26
13,896,236	0		27
6,507,645	0		28
2,279,876	0		29
			30
\$60,434,011	\$8,238,424		31
			32
			33
\$2,670,888	\$0		34
1,806,852	0		35
10,360,998	0		36
2,238,001	0		37
3,380,570	0		38
1,082,638	0		39
12,152,352	0		40
			41
\$33,692,299	\$0		42

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
CALCULATION OF FEDERAL INCOME TAX			
Line No.		Total Amount	
1	Estimated Federal taxable income for the current year (page 261A)	\$100,410,012	
2			
3	Show Computation of estimated gross Federal income tax applicable to line 1:		
4	\$100,410,012 * 35 %	35,143,504	
5			
6			
7			
8	TOTAL	\$35,143,504	
9			
10	Allocation of estimated gross Federal income tax from line 11		
11	Investment tax credits estimated to be utilized for the year (page 264 col (c))		
12			
13	Adjustment of last years estimated Federal income tax to the filed return:		
14			
15	Last year's gross Federal income tax expense per the filed return	(\$2,423,812)	
16	Last year's estimated gross Federal income tax expense	(10,596,170)	
17	Increased (decreased) gross Federal income tax expense	8,172,358	
18			
19	Last year's investment tax credits utilized per the filed return	0	
20	Last year's investment tax credits estimated to be utilized	0	
21	Increased (decreased) investment tax credits utilized	0	
22			
23	Additional Adjustments (Specify)		
24	FAS 109 adjustment	45,416	
25			
26			
27			
28			
29			
30			
31	Total Current Federal Income Tax	\$43,361,278	
32	Expense:		
33	409.1 (page 114, line 14)	\$41,374,125	
34	409.2 (page 117, line 47)	\$1,987,153	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
CALCULATION OF FEDERAL INCOME TAXES (continued)			Line No.
Utility	Other		
			1
			2
			3
			4
			5
			6
			7
			8
			9
\$33,156,351	\$1,987,153		10
			11
			12
			13
			14
(\$2,423,812)	0		15
(\$10,596,170)	0		16
\$8,172,358	\$0		17
			18
			19
			20
			21
			22
			23
45,416	0		24
			25
			26
			27
			28
			29
			30
\$41,374,125	\$1,987,153		31
			32
\$41,374,125			33
	\$1,987,153		34

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

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.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or 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.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for

Line No.	Kind of Tax (See Instruction 5) (a)	Balance at Beginning of Year	
		Taxes Accrued (b)	Prepaid Taxes (c)
1	Federal Taxes		
2			
3	Federal Insurance Contributions	(\$899,705)	-
4	Federal Unemployment	1,111	-
5	Fed. Excise Tax Accrual	(55,028)	-
6	Federal R & E Tax Credit	-	-
7	Federal Income - Accrual	(2,405,086)	-
8	- Prepaid	-	-
9	Superfund Tax	-	-
10	Subtotal Federal Taxes	(3,358,708)	-
11			
12	State Taxes		
13			
14	Michigan Unemployment	2,944	-
15	Michigan General Sales Tax	9,300,344	-
16	Michigan Use	229,090	-
17	Michigan Gasoline	-	-
18	Michigan Severance	19,064	-
19	Michigan Diesel Fuel	-	-
20	Michigan Single Business	3,699,380	-
21	M.P.S.C. Fee	-	\$590,966
22	Virginia Income	-	-
23	Subtotal State Taxes	13,250,822	590,966
24			
25	Local		
26			
27	Property - Accrued	1,182,011	-
28	- Prepaid	-	2,832,485
29	City Utility Users	4,362,230	-
30	City Income	88,253	-
31	Subtotal Local Taxes	5,632,494	2,832,485
32			
33			
34	Total A/C 236	\$15,524,608	\$3,423,451
35	Income Tax Prior Year - A/C 244, 245	\$0	-
36	Other Tax Prior Year - A/C 244.1, 245.1	\$461,500	-
37			

MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006  
TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and state income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	Balance at End of Year		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
					1
					2
\$11,996,584	\$10,888,349	-	\$208,530	-	3
131,050	130,175	-	1,986	-	4
57,223	2,195	-	-	-	5
-	-	-	-	-	6
43,227,320	41,010,229	-	(187,995)	-	7
-	-	-	-	-	8
-	-	-	-	-	9
55,412,177	52,030,948	-	22,521	-	10
					11
					12
					13
334,137	332,702	-	4,379	-	14
78,520,617	87,820,961	-	-	-	15
4,474,031	4,028,949	-	674,172	-	16
-	-	-	-	-	17
81,800	100,864	-	-	-	18
-	-	-	-	-	19
6,852,259	6,745,090	-	3,806,549	-	20
2,285,703	2,407,024	-	-	\$712,287	21
-	-	-	-	-	22
92,548,547	101,435,590	-	4,485,100	712,287	23
					24
					25
					26
37,250,578	38,432,589	-	-	-	27
(1,813,112)	-	-	-	4,645,597	28
24,112,516	26,082,268	-	2,392,478	-	29
(154,070)	0	-	(65,817)	-	30
59,395,912	64,514,857	0	2,326,661	4,645,597	31
					32
					33
\$207,356,636	\$217,981,395	\$0	\$6,834,282	\$5,357,884	34
\$0	0	\$0	\$0	-	35
\$42,500	0	0	\$504,000		36
					37



MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)			
DISTRIBUTION OF TAXES CHARGED			
Line No.	Kind of Tax (See Instruction 5) (a)	Electric (Account 408.1 409.1) (b)	Gas (Account 408.1 409.1) (c)
1	Federal Taxes		
2			
3	Federal Insurance Contributions	\$ -	\$8,356,181
4	Federal Unemployment	-	101,601
5	Fed. Excise Tax Accrual	-	57,223
6	Federal R & E Tax Credit	-	-
7	Federal Income - Accrual	-	41,374,128
8	- Prepaid	-	-
9	Superfund Tax	-	0
10	Subtotal Federal Taxes	0	49,889,131
11			
12			
13			
14			
15			
16			
17			
18			
19	State Taxes		
20			
21	Michigan Unemployment	-	259,051
22	Michigan General Sales Tax	-	-
23	Michigan Use	-	-
24	Michigan Gasoline	-	-
25	Michigan Severance	-	-
26	Michigan Diesel Fuel	-	-
27	Michigan Single Business	-	6,791,403
28	M.P.S.C. Fee	-	2,285,703
29	Virginia Income	-	-
30	Subtotal State Taxes	0	9,336,157
31			
32			
33			
34			
35			
36			
37	Local		
38			
39	Property - Accrued	-	35,872,236
40	- Prepaid	-	(1,813,112)
41	City Utility Users	-	-
42	City Income	-	(154,070)
43	Subtotal Local Taxes	0	33,905,054
44			
45			
46	Total A/C 236	\$0	\$93,130,342
47	Income Tax Prior Year - A/C 244, 245	-	\$0
48	Other Tax Prior Year - A/C 244.1, 245.1	-	\$42,500
49	Total		

## TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

(Show utility department where applicable and account charged.)

Other Utility Department (Account 408.1, 409.1) (d)	Other Income and Deductions (Account 408.2 409.2) (e)	Extraordinary Items (Account 409.3) (f)	Other Utility Opn. Income (Account 408.1, 409.1) (g)	Adj. to Ret. Earnings (Account 439) (h)	Other (i)	Line No.
						1
						2
					\$ 3,640,403	3
					29,449	4
					-	5
					-	6
	1,987,153				(133,959)	7
					-	8
					-	9
0	1,987,153	0	0	0	3,535,893	10
						11
						12
						13
						14
						15
						16
						17
						18
						19
						20
					75,086	21
					78,520,617	22
					4,474,031	23
					-	24
					81,800	25
					-	26
					60,856	27
					-	28
					-	29
0	0	0	0	0	83,212,390	30
						31
						32
						33
						34
						35
						36
						37
	30,000				1,348,342	38
					-	39
					24,112,516	40
					-	41
					-	42
0	30,000	0	0	0	25,460,858	43
						44
\$0	\$2,017,153	\$0	\$0	\$0	\$112,209,141	45
-	-	-	-	-	\$0	46
-	-	-	-	-	\$0	47
						48
						49

## TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

## DISTRIBUTION OF TAXES CHARGED

Line No.	Kind of Tax (See Instruction 5) (a)	Total Other (b)	Work-In- Progress (c)	Depreciation Reserve (d)
1	Federal Taxes			
2				
3	Federal Insurance Contributions	3,640,403	2,422,025	-
4	Federal Unemployment	29,449	29,449	-
5	Fed. Excise Tax Accrual	-	-	-
6	Federal R & E Tax Credit	-	-	-
7	Federal Income - Accrual	(133,959)	-	-
8	- Prepaid	-	-	-
9	Superfund Tax	-	-	-
10	Subtotal Federal Taxes	3,535,893	2,451,474	0
11				
12				
13				
14				
15				
16				
17				
18				
19	State Taxes			
20				
21	Michigan Unemployment	75,086	75,086	-
22	Michigan General Sales Tax	78,520,617	-	-
23	Michigan Use	4,474,031	2,191,388	34,131
24	Michigan Gasoline	-	-	-
25	Michigan Severance	81,800	-	-
26	Michigan Diesel Fuel	-	-	-
27	Michigan Single Business	60,856	-	-
28	M.P.S.C. Fee	-	-	-
29	Virginia Income	-	-	-
30	Subtotal State Taxes	83,212,390	2,266,474	34,131
31				
32				
33				
34				
35				
36				
37	Local			
38				
39	Property - Accrued	1,348,342	-	-
40	- Prepaid	-	-	-
41	City Utility Users	24,112,516	-	-
42	City Income	-	-	-
43	Subtotal Local Taxes	25,460,858	0	0
44				
45				
46	Total A/C 236	\$112,209,141	\$4,717,948	\$34,131
47	Income Tax Prior Year - A/C 244, 245	\$0	-	-
48	Other Tax Prior Year - A/C 244.1, 245.1	\$0	-	-
49	Total			

MICHIGAN CONSOLIDATED GAS COMPANY							AN ORIGINAL	December 31, 2008
TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)								

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)					
<p>1. Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and non-utility operations. Explain by footnote any correction adjustments to the account balance shown in column (g). Include in column (j) the average period over which the tax credits are amortized.</p> <p>2. Fill in columns for all line items as appropriate.</p>					
Line No.	Account Subdivisions (a)	Subaccount Number (b)	Balance at Beginning of Year (c)	Deferred for Year	
				Account Number (d)	Amount (e)
1	Gas Utility				
2	PRE - 1970				
3	3%	255-10	\$239,831		
4	7%	255-10	218,404		
5	Subtotal Pre - 1970		458,235		
6					
7					
8					
9					
10					
11					
12	JDITC: POST - 1970				
13	4%	255-20	589,244		
14	6%	255-20	-		
15	7%	255-20	744,110		
16	4% & 6%	255-20	-		
17	8% & 10%	255-20	14,806,071		
18					
19	Subtotal POST - 1970		16,139,425		
20	Total		16,597,660		
21	Other				
22	3%				
23	4%				
24	7%				
25	8%				
26	10%				
27					
28					
29					
30					
31					
32	JDITC				
33					
34					
35	Total				
NOTES					

## ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (Continued)

Allocations to Current Year's Income		Adjustments (h)	Balance at End of Year (i)	Average Period of Allocation to Income (j)	Line No.
Account No. (f)	Amount (g)				
					1
					2
411-42	(\$75,499)		\$164,332	41.57	3
411-42	(46,907)		171,497	37.43	4
	(122,406)		335,829		5
					6
					7
					8
					9
					10
					11
					12
411-42	(75,583)	-	513,661	39.21	13
411-42	-	-	-		14
411-42	(170,037)	-	574,073	35.69	15
411-42	-	-	-		16
411-42	(1,425,895)	-	13,380,176	34.55	17
	(1,671,515)	-	14,467,910		18
	(\$1,793,921)	-	14,803,739		19
					20
					21
					22
					23
					24
					25
					26
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					28
					29
					30
					31
					32
					33
					34
					35

NOTES (Continued)

MICHIGAN CONSOLIDATED GAS COMPANY      AN ORIGINAL      December 31, 2006		
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)		
1. Report the amount and description of other current and accrued liabilities at end of year.		
2. Minor items (Less than \$100,000) may be grouped under appropriate title.		
Line No.	Item (a)	Balance end of year (b)
1	Accrued Credits for Overcollected Gas Sales Revenue	80,716,084
2	Accrued Vacation	15,388,391
3	Exchange Gas	11,250,255
4	Employee Incentives	7,268,000
5	Accrued Environmental Remediation Expenses	3,624,317
6	Employee Benefit Plan Costs Incurred but not Reported	3,008,412
7	Accrued Wages	2,594,000
8	ANR Pipeline - Transportation of Gas	2,747,259
9	Accrued Restructuring Charges	840,917
10	Current Portion - Pension Benefits	636,000
11	Escheats Payable	446,787
12	Capacity Reservation Charges Refundable - Transportation Service	239,905
13	Contingent Liability - Energy Loans	139,560
14	Employee Withholdings and Deductions	289,741
15	Accrued Unemployment Contributions	50,862
16	Other (4 items)	26,511
17		
18		
19		
20		
21		
22		
23		
24		
25	TOTAL	\$129,267,001

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)		
Line No.	List Advances by Department (a)	Balance at End of Year (b)
31	Gas Main Extension	\$0
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45	TOTAL	\$0

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006		
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.						
4 For any undelivered gas obligations to customers under take-or-pay clauses of sale agreements, show the total amount on this page and report particulars (details) called for by page 267. Show also on this page, but as a separate item, any advance billings or receipts for gas sales or service classified in Account 253 but not related to take-or-pay arrangements.						
Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Postretirement Benefit Obligation	144,227,963		40,013,414	242,549,016	346,763,565
2	Unearned Interest Revenue Vector	93,421,965		7,720,797	-	85,701,168
3	Regulated Liability - Pension Offset	12,407,838		11,818,822	27,600,604	28,189,620
4	Environmental Remediation Expenses	28,825,438		1,689,740	8,656,577	35,792,275
5	NonQualified Benefit Plans	17,881,101		3,025,490	4,808,183	19,663,794
6	Environmental Insurance Recovery - (10 yr Amort.)	8,383,114		1,470,977	23,725	6,941,862
7	Regulated Liability - Safety Costs	-		328,651	2,836,835	2,508,184
8	Unfunded Savings Plan	1,666,453		507,965	878,675	2,037,163
9	Gas Customer Choice Deposits	1,548,483		787,457	206,757	965,783
10	Refund Pending Final Disposition	554,077		-	39,039	593,116
11	Deferred Liability - Transportation	253,270		253,270	-	-
12	Lost gas deferral	-		4,097,230	4,097,230	-
13	Miscellaneous Deferred Credits	-		2,635,338	2,635,338	-
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
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29						
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37						
38						
39						
40						
41						
42						
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46						
47						
48						
49						
50						
51						
52						
53						
54						
55						
56						
57						
58						
59						
60	TOTAL	\$ 309,173,702		\$ 74,349,151	\$ 294,331,979	\$ 529,156,530



MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)					
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization. 2. For Other (Specify), include deferrals relating to other income and deductions. 3. Use separate pages as required.					
Line No.	Account Subdivisions (a)	Sub-Acc't. No. (b)	Balance at Beginning of Year (c)	CHANGES DURING YEAR	
				Amounts Debited to (Account 410.1) (d)	Amounts Credited to (Account 411.1) (e)
1	Account 282				
2	Electric				
3	Gas Sec. 167 Acc Deprec.		\$210,264,913	\$627,872	\$1,899,111
4	Other (Define)		0	0	0
5	TOTAL (Enter total of lines 2 - 4)	282	210,264,913	627,872	1,899,111
6	Other (Specify) Non-Utility				
7					
8					
9	TOTAL Account 282 (Enter total of lines 5 thru 8)		\$210,264,913	\$627,872	\$1,899,111
10	Classification of Total				
11	Federal Income Tax		\$210,264,913	\$627,872	\$1,899,111
12	State Income Tax				
13	Local Income Tax				
NOTES					
	ACCUMULATED D.F.I.T - LIBERALIZED				
	DEPRECIATION:				
	LINE 3 GAS - UTILITY				
	FASB 109 Plant Reg. Liability	285-RA	\$81,573,310	\$0	\$6,769,617
	Liberalized Depr. - Pre 1981	282-10	(2,920,618)	0	0
	Liberalized Depr. - Post 1980	282-20	130,171,822		(4,870,506)
	Accumulated DFIT - Depreciation	282-50	1,440,399	627,872	0
			210,264,913	627,872	1,899,111
	LINE 4 GAS				
	SUBTOTAL - LINE 5 GAS		\$210,264,913	\$627,872	\$1,899,111
	LINE 6				
	OTHER - NON UTILITY LIBERALIZED				
	DEPRECIATION				
	SUBTOTAL - LINE 6 OTHER		0	0	0
	GRAND TOTAL ACCOUNT 282-XX		\$210,264,913	\$627,872	\$1,899,111

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006			
ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)							
See Instructions Page 274							
CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (l)	Line No.
Amounts Debited (Account 410.2) (f)	Amounts Credited (Account 411.2) (g)	DEBITS		CREDITS			
		Acc't. (h)	Amount (i)	Acc't (j)	Amount (k)		
							1
							2
\$0			\$0		\$0	\$208,993,674	3
			0		0	0	4
0	0		0		0	208,993,674	5
							6
							7
							8
\$0	\$0		\$0		\$0	\$208,993,674	9
							10
\$0	\$0		\$0		\$0	\$208,993,674	11
							12
							13
NOTES (Continued)							
						\$74,803,693	
						(2,920,618)	
						135,042,328	
						2,068,271	
0	0		0		0	208,993,674	
\$0	\$0		\$0		\$0	\$208,993,674	
	0						
	0						
0	0		0		0	0	
\$0	\$0		\$0		\$0	\$208,993,674	

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
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. 3. Provide in the space below, the order authorizing the use of the account for each line item.						
Line No.	Account Subdivisions (a)	Sub-Acc't. No. (b)	Balance at Beginning of Year (c)	CHANGES DURING YEAR		
				Amounts Debited (Acc't. 410.1) (d)	Amounts Credited (Acc't. 411.1) (e)	
1	Account 283					
2	Electric					
3						
4						
5						
6	Other					
7	TOTAL Electric (Total of lines 2 thru 6)					
8	GAS					
9	Loss On Bond Refunding	(283-10)	(\$10,640,625)	\$36,397,919	\$10,260,200	
10	Property Taxes	(283-20)	19,391,441	934,811	3,172,487	
11	Misc. Deferrals	(283-QI)	265,472,300	7,944,673	731,820	
12						
13	ACRS/MACRS & Retirement Plant	(283-QL)	909,137	(261,406)	0	
14	MARS Project	(283-QG)	22,482,098	0	0	
15	Other		63,395,593	7,031,091	0	
16	TOTAL Gas (Total of lines 9 thru 15)		361,009,944	52,047,088	14,164,507	
17	Other (Specify)					
18						
19						
20						
21						
22	TOTAL (Account 283) (Enter Total of lines 7, 16, & 17)		\$361,009,944	\$52,047,088	\$14,164,507	
23	Classification of TOTAL					
24	Federal Income Tax		\$359,445,944	\$51,176,088	\$14,164,507	
25	State Income Tax					
26	Local Income Tax		\$1,564,000	\$871,000	\$0	
NOTES						
	Other Gas (Line 15)					
	GCR Undercollections	(283-80)	\$7,356,227	(\$4,709,963)	\$0	
	FAS 133 MTM	(283-00)	(674,417)	0	0	
	State & Local Taxes	(283-QM)	1,564,000	871,000	0	
	FAS 96 Excessive Deferrals	(253-PB)	598,843	0	0	
	VEBA	(283-QJ)	54,550,940	10,870,054	0	
	Total Other Gas		\$63,395,593	\$7,031,091	\$0	

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

Include amounts relating to insignificant items listed under Other.

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

5. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (l)	Line No.
Amounts Debited (Acc't.410.2) (f)	Amounts Credited (Acc't.411.2) (g)	DEBITS		CREDITS			
		Acc't (h)	Amount (i)	Acc't (j)	Amount (k)		
							1
							2
							3
							4
							5
							6
							7
							8
\$0	\$0	Rounding	\$1	286-RB	(\$138,638)	\$15,635,733	9
0	0					17,153,765	10
0	(58,044)			283-QL	\$ 783,300	271,959,897	11
					0		12
0	0	283-QL	783,300			1,431,031	13
0	0					22,482,098	14
0	0		0	See Below	(50,133)	70,476,817	15
0	(58,044)	0	783,301	0	594,529	399,139,341	16
							17
							18
							19
							20
\$0	(\$58,044)		\$783,301		\$594,529	\$399,139,341	21
							22
\$0	(\$58,044)		\$783,301		\$594,529	\$396,704,341	23
\$0	\$0		\$0		\$0	\$2,435,000	

NOTES (Continued)

\$0	\$0					\$2,646,264	
0	0			427-00	(50,133)	(624,284)	
0	0					2,435,000	
0	0					598,843	
0	0					65,420,994	
\$0	\$0		\$0		(\$50,133)	\$70,476,817	

## OTHER REGULATORY LIABILITIES

1. Report 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 accounts).
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	SFAS 109 Non-Plant Excess DFIT (Account		138,638		\$0
2	286-RB)				
3	SFAS 109 Plant Reg Liability (Account 286-RA)	191-RA	3,662,650		<u>\$39,473,211</u>
4					
5	Total Regulatory Liabilities				<u>\$39,473,211</u>
6					
7	<u>Regulatory Liabilities in Other Accounts</u>				
8					
9	Refunds Payable (Account 242-33 and 253-16)			39,039	\$594,276
10					
11	Unamortized Investment Tax Credits (Account	411-42	1,793,921		\$14,803,739
12	255-10 and 255-20)				
13					
14	SFAS 109 Plant Excess DFIT (Account 285-RA)	411-11	6,769,617		\$74,803,693
15					
16	Accrued Credits for Overcollected Gas Sales Revenue				
17	(Account 242-73)	various			\$0
18					
19					
20	Safety and training cost refund	485-17		2,508,184	\$2,508,184
21	(Account (229-00)				
22					
23	Accrued Credits for 80/20 & 90/10				\$0
24	(Account 253-AB)	174-98			
25					
26	Accrued Negative Pension Offset			26,972,158	<u>\$39,379,996</u>
27	(Account 243- 41 )				
28					
29	Total Regulatory Liabilities in Other Accounts				<u>\$132,089,888</u>
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
MPSC FORM P-522 (Rev. 1-94)		Page 278			
TOTAL			\$12,364,826	\$29,519,381	\$171,563,099

## GAS OPERATING REVENUES (Account 400)

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.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	GAS SERVICE REVENUES		
2	480 Residential Sales	1,207,527,175	1,346,351,697
3	481 Commercial & Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	366,380,735	429,588,776
5	Large (or Ind.) (See Instr. 6)	13,493,107	15,968,466
6	482 Other Sales to Public Authorities	0	0
7	484 Gas Customer Choice Revenue (2)	4,970,756	2,721,096
8	TOTAL Sales to Ultimate Consumers	1,592,371,773	1,794,630,035
9	483 Sales for Resale	0	0
10	TOTAL Nat. Gas Service Revenues	1,592,371,773	1,794,630,035
11	Revenues from Manufactured Gas	0	0
12	TOTAL Gas Service Revenues	\$1,592,371,773	\$1,794,630,035
13	OTHER OPERATING REVENUES		
14	485 Intracompany Transfer	0	0
15	487 Forfeited Discounts	\$12,756,273	\$9,138,349
16	488 Misc. Service Revenues	28,441,362	27,924,482
17	489 Rev. from Trans. of Gas of Others	187,236,078	177,663,644
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	39,976	31,680
22	494 Interdepartmental Rents	2,200,000	1,300,000
23	495 Other Gas Revenues	45,595,358	28,625,369
24	TOTAL Other Operating Revenues	276,269,047	244,683,524
25	TOTAL Gas Operating Revenues	1,868,640,820	2,039,313,559
26	(Less) 485 Provision for Rate Refunds		
	Provision for Gas Sales Refunds	83,416,779	(28,771,411)
	Lost Gas Deferred (1)	(4,171,390)	2,132,860
	Total Provision for Rate Refunds	79,245,389	(26,638,551)
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	\$1,789,395,431	\$2,065,952,110
28	Sales by Communities (Incl. Main Line Sales to Resid. and Comm. Custrs.)	\$1,573,907,910	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	13,493,107	
30	Sales for Resale	0	
31	Other Sales to Pub. Auth. (Local Dist. Only)	0	
32	Gas Customer Choice Revenue	4,970,756	
33	TOTAL (Same as Line 10, Columns (b) and (d))	\$1,592,371,773	

## GAS OPERATING REVENUES (Account 400) (Continued)

5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)
7. See page 106-109, Important Changes During Year, for important new territory added and important rate increases or decreases.

MCF OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
101,711,072	122,070,334	1,039,761	1,053,665	2
				3
31,107,369	39,408,086	76,153	80,280	4
1,210,353	1,493,721	460	454	5
0	0	0	0	6
486,761	345,778	0	0	7
134,515,555	163,317,919	1,116,374	1,134,399	8
0	0	0	0	9
134,515,555	163,317,919	1,116,374	1,134,399	10
				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
				28
132,818,441				29
1,210,353				30
0				31
0				32
486,761				33
134,515,555				

## NOTES

(1) In order to reduce volatility in monthly lost gas expense, month to month deferrals are used.

(2) Gas sales related to reconciliation of Gas Customer Choice Program.

## CUSTOMER CHOICE GAS OPERATING REVENUES (ACCOUNT 400)

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 degrees F). If billings are on 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 reported

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	<b>GAS SERVICE REVENUES</b>		
2	489 Residential Sales	36,224,871	33,118,275
3	489 Commercial & Industrial Sales		
4	Small (or Comm.) (See Instr. 6)	17,576,657	12,598,553
5	Large (or Ind.) (See Instr. 6)	507,894	426,752
6	TOTAL Sales to Ultimate Customers	54,309,422	46,143,581
7			
8	<b>OTHER OPERATING REVENUES</b>		
9			
10	489 Other Choice Revenues	687,510	527,812
11			
12	TOTAL Other Operating Revenues	54,996,932	46,671,392
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	53,801,528	
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	507,894	
30	Year End Reconciliation		
31	Other Choice Revenue	687,510	
32			
33	TOTAL (Same as Line 7, Columns (b) and (d))	54,996,932	



## CUSTOMER CHOICE GAS OPERATING REVENUES (ACCOUNT 400) (Continued)

figures, explain any inconsistencies in a footnote.

6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf

per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

7. See pages 108-109, Important changes During Year, for important new territory added and important rate increases or decreases.

MCF OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
13,811,936	13,475,455	126,705	114,910	2
				3
7,096,589	5,237,370	16,336	10,747	4
248,832	209,590	95	71	5
21,157,357	18,922,415	143,136	125,728	6
				7
				8
				9
				10
NOTES				11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
				25
				26
				27
20,908,525				28
248,832				29
(114,576)				30
				31
				32
21,042,781				33

Name of Respondent Michigan Consolidated Gas Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec 31, 2006
<b>RATE AND SALES SECTION</b>			

**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.

Thousands of Cubic Feet or Therms 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 uses 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, apartment houses (but not individual tenants therein), garages, churches, warehouses, etc.

**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 Street 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 therefore 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 CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006		
625-A. SALES DATA FOR THE YEAR							
(For the State of Michigan)							
Line No.	Class of Service	Average Number of Customers per month	Gas Sold Mcf*	Revenue (Show to nearest dollar)	AVERAGES		
					Mcf* per Customer	Revenue Per Customer	Revenue per Mcf*
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	AB. Residential service						
2	A. Residential service	21,706	1,149,762	\$14,562,149	52.97	\$670.88	\$12.67
3	B. Residential space heating service	1,018,055	101,120,721	1,192,965,026	99.33	1,171.81	11.60
4	CD. Commercial service						
5	C. Commercial service, except space heating	3,914	1,911,574	22,056,110	488.39	5,635.18	11.54
6	D. Commercial space heating	72,239	29,366,886	344,324,624	406.52	4,766.46	11.72
7	E. Industrial service	460	1,217,010	13,493,107	2,645.67	29,332.84	11.09
8	F. Public Street & highway lighting	0	0	0	N/M	0	N/M
9	G. Other Sales to Public Authorities						
10	H. Gas Customer Choice (1)	0	488,438	4,970,756			10.16
11	I. Other sales						
12	A-I. Total sales to ultimate customers	1,116,374	135,255,391	1,592,371,773	121.16	\$1,426.38	\$11.77
13	J. Sales to other gas utilities for resale	0	0	0	N/M	N/M	0.00
14	A-J. TOTAL SALES OF GAS	1,116,374	135,255,391	\$1,592,371,773	121.16	\$1,426.38	\$11.77
15	K. Other gas revenues			\$276,269,047			
16	A-K. TOTAL GAS OPERATING REVENUE			\$1,868,640,820			

\* Report Mcf on a pressure base of 14.65 psia dry and a temperature base of 60°F. Give two decimals.

(1) Gas Customer Choice revenue and volumes associated with reconciliation.

NOTE: Revenue; columns d, f and g are net of prior period refunds and revenue deferred under certain surcharge programs (see page 305C).

## 625-B. 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 classification shown in Schedule 625A, 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 625A, page 305B.
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 625A. 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 625A.
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	Total Integrated Natural Gas System:					
2	Rate GS-1	General Service	C,D&E	76,561	32,907,970	\$397,272,788
3	Rate A	Res. & Res. Heat use	A&B	999,230	97,305,416	1,189,204,979
4	Rate 2A	Res. & Res. Heat use	A&B	6,851	5,415,877	61,967,348
5	Rate AS	Res. & Res. Heat use	A&B	33,679	3,926,119	45,036,975
6	No. 3A	Res. heating	B	0	0	0
7	Rate GS-2	Comm. & Ind. use	C, D&E	16	493,892	6,289,354
8	No. 7	Fuel for Ind. use	F	0	0	0
9	No. 8	Comm. & Ind. use	C&E	0	0	0
10	No. 9	Comm. & Ind. use	C&E	0	0	0
11	Rate S	Comm. Heating - Schools	D	37	693,630	7,986,632
12						
13	Customer Refunds					0
14	Surcharges:	Area Expansion Program				0
15		MichCon Conservation Co.				0
16						
17	Gas Customer Choice		A,B,C,D,E		489,438	4,970,756
18	Total Unbilled				(5,976,951)	(120,357,059)
19						
20	Total Company			1,116,374	135,255,391	\$1,592,371,773

\* Volume reported at 14.65 psia dry and a temperature base of 60° F.

## 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.
- 2 Column (a): List all rates 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, etc.
- 4 Column (c): Using the classification shown on Page 305B, 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.
- 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.
- 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	Choice Customers on Integrated Natural Gas System:					
2	Rate GS-1	General Service	C,D&E	16,400	6,968,365	\$17,304,798
3	Rate A	Res. & Res. Heat use	A&B	118,164	12,368,824	33,007,884
4	Rate 2A	Res. & Res. Heat use	A&B	1,066	977,745	1,895,338
5	Rate AS	Res. & Res. Heat use	A&B	7,474	894,984	1,923,313
6	Rate GS-2	Comm. & Ind. use	C, D&E	3	105,094	181,766
7	Rate S	Comm. Heating - Schools	D	28	131,921	257,964
8						
9	Program Year-End Reconciliation				(115,206)	
10						
11	Choice Unbilled				(173,210)	(261,641)
12						
13						
14						
15						
16						
17						
18						
19						
20	Total Company			143,135	21,158,517	\$54,309,422

\* Volume reported at 14.65 psia dry and a temperature base of 60° F.

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
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)	Mcf of Gas Sold (Approx. B.T.U. per Cu. Ft.) Mcf @ 14.73 (d)	
1	None				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
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26					
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40					
41					
42					

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
OFF-SYSTEM SALES - NATURAL GAS (Continued)					
Revenue for Year (See Instr. 5)	Average Revenue Per Mcf (In cents)	Peak Day Delivery to Customers			Line No.
		Date	Mcf		
			Noncoin- cidental	Coin- cidental	
(e)	(f)	(g)	(h)	(i)	
	¢				1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
\$0	¢				19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35
					36
					37
					38
					39
					40
					41
					42

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

1. Report below particulars (details) concerning revenue from transportation or compression (by respondent) of natural gas for others. Subdivide revenue between transportation or compression for interstate pipeline companies and others.
2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas transported or compressed is other than natural gas.
3. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Also specify the Commission order or regulation authorizing such transaction.

Line No.	Name of Company and Description of Service Performed (Designate associated companies with an asterisk) (a)	Distance Transported (In miles) (b)
1	Transportation of Gas	
2	Intrastate Transportation	
3	CMS Gas Transmission (6)	Various
4	* DTE Energy Trading Corporation (3)	13 Miles
5	Coral/Catex (3)	Various
6	CMS Gas Marketing (3)	Various
7	Dominion Midwest (3)	Various
8	* DTE Oil & Gas (3)	Various
9	Petroleum Development (3)	Various
10	Samson (3)	Various
11	Semco (4)	Various
12	Various Other Intermediate Transportation (3) & (8)	Various
13		
14		
15	Various End Users - Volumes Greater Than 1,000,000 Mcf	Various
16	Various End Users - Volumes Less Than 1,000,000 Mcf	Various
17	Pilot Transportation /Gas Customer Choice	Various
18	PTS supplier revenue - adjustments + billing fees	
19	Total Intrastate Transportation	
20		
21		
22	Interstate Transportation	
23	AEC Marketing (5)	Various
24	Aquila (3) & (6)	Various
25	ANR Pipeline Company (1) & (7)	142 Miles
26	* DTE Energy Trading Corporation (5)	Various
27	BP Canada (5)	Various
28	Cargill (5)	Various
29	Constellation Power (5)	Various
30	Coral Gas (5)	Various
31	NJR Energy (5)	Various
32	PPM Energy (5)	Various
33	Centerpoint (5) & (8)	Various
34	Panhandle (5)	Various
35	Tenaska (5)	Various
36	Sequent (5)	Various
37	United Energy Trading (5)	Various
38	WPS (5) & (8)	Various
39	Various Interstate Transportation (5)	Various
40	Title Transfer Charges	
41		
42		
43	ANR Link	
44	Consumers Gas (2)	Various
45		
46	Exelon	
47		
48		
TOTAL		



MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006  
 REVENUE FROM TRANSPORTATION OF GAS OF OTHERS-NATURAL GAS (Account 489)(Continued)

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

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

Mcf of Gas Received (c)	Mcf of Gas Delivered (d)	Revenue (e)	Average Revenue per Mcf of Gas Delivered (In cents) (f)	FERC Tariff Rate Schedule Designation (g)	Line No.
					1
					2
2,150,634	2,152,084	\$147,175	6.84 ¢		3
2,938,203	2,938,206	\$357,241	12.16 ¢		4
1,423,442	1,441,698	\$157,281	10.91		5
1,079,529	1,079,529	\$161,135	14.93		6
2,750,253	2,750,253	\$300,814	10.94		7
1,678,662	1,678,662	\$208,485	12.42		8
1,606,754	1,606,754	\$200,557	12.48		9
2,026,773	2,026,773	\$302,587	14.93		10
1,158,031	1,164,328	\$137,021	11.77		11
2,395,692	2,369,713	\$684,480	28.88		12
					13
					14
70,347,115	71,482,983	\$35,633,465	49.85		15
44,376,007	43,208,807	\$44,986,241	104.11		16
22,932,481	21,158,517	\$54,309,422	256.68		17
		\$687,510			18
156,863,576	155,058,307	\$138,273,395	89.18		19
					20
					21
					22
1,278,871	1,278,871	\$404,465	31.63 (8)		23
2,537,790	2,537,267	\$244,896	9.65		24
93,507,406	93,507,406	\$17,805,841	19.04 (8)	ST92-1997/ST93-4518	25
15,072,275	15,072,335	\$1,832,397	12.16		26
8,693,923	8,704,763	\$1,029,670	11.83		27
3,735,729	3,241,840	\$337,003	10.40		28
7,228,381	7,231,947	\$569,778	7.88		29
1,001,675	1,191,878	\$562,019	47.15 (8)		30
1,534,352	1,534,352	\$2,344,435	152.80 (8)		31
2,139,949	2,139,949	\$1,736,588	81.15 (8)		32
1,443,227	1,443,302	\$1,328,672	92.06		33
7,973,808	7,970,509	\$834,571	10.47		34
5,432,956	4,445,808	\$308,376	6.94		35
1,984,826	1,503,357	\$174,060	11.58		36
2,967,859	2,922,690	\$171,922	5.88		37
21,812,208	21,324,492	\$9,955,534	46.69 (8)		38
1,059,547	3,860,241	\$2,729,495	70.71 (8)		39
		\$1,405,486			40
					41
					42
					43
3,150,396	2,654,144	\$737,480	27.79 (8)		44
					45
5,505,830	5,651,291	\$4,449,996	78.74		46
					47
					48
344,934,584	343,274,749	\$187,236,078			

MICHIGAN CONSOLIDATED GAS COMPANY	AN ORIGINAL	December 31, 2006
REVENUE FROM TRANSPORTATION OF GAS OF OTHERS-NATURAL GAS (Account 489)(Continued)		

- (1) Point of Receipt: Volumes of gas received from ANR Pipeline Company at their Willow Run Meter Station, Ypsilanti Township, Washtenaw County Michigan.
- (1) Point of Delivery: Volumes of gas delivered to ANR Pipeline Company at their W.G. Woolfolk Compressor Station, Austin Township, Mecosta County, Michigan.
- (2) Point of Receipt: Volumes of gas received at Willow, Belle River, or Kalkaska.
- (2) Point of Delivery: Volumes of gas delivered at ANR Link Interconnect Columbus.
- (3) Point of Receipt: Volumes of gas received at various locations on the Alpena transmission line
- (3) Point of Delivery: Volumes of gas delivered to Willow, E. Caledonia or Mentor.
- (4) Point of Receipt: Volumes of gas received at Willow
- (4) Point of Delivery: Volumes of gas delivered to the Washington Township
- (5) Point of Receipt: Volumes of gas received from ANR, Great Lakes, Consumers Energy, Shell Oil Company, and PEPL at their various ANR, Belle River, Northville, Kalkaska, and Rouge facilities respectively.
- (5) Point of Delivery: Volumes of gas delivered to Michigan Gas Utilities, Union Gas, Ltd., Great Lakes, or PEPL at their various ANR, Grand Haven, St. Clair, Belle River and Rouge facilities, respectively.
- (6) Point of Receipt: Volumes of gas received at various locations on the Alpena transmission line.
- (6) Point of Delivery: Volumes of gas delivered to West Branch/ Saginaw Bay.
- (7) Point of Receipt: Volumes of gas received from ANR Pipeline Company at their W.G. Woolfolk Compressor Station, Austin Township, Mecosta County, Michigan. (See Page 313C - F.E.R.C. Tariff Schedule ST93-4518)
- (7) Point of Delivery: Volumes of gas delivered to the interconnection between ANR Pipeline Company and Michigan Consolidated in Kalkaska County, Michigan. (See Page 313C - F.E.R.C. Tariff Schedule ST93-4518)
- (8) Includes demand charges that may or may not have volumes associated with the charge.

\* Affiliated company

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
GAS OPERATION AND MAINTENANCE EXPENSES					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line	Account	Amount for Current Year	Amount for Previous Year	Amount for Previous Year	
No.	(a)	2006	2005	2004	
1	1. PRODUCTION EXPENSES				
2	A. Manufactured Gas Production				
3	Manufactured Gas Production (Submit Supplemental Statement) (1)				
4	B. Natural Gas Production				
5	B1. Natural Gas Production and Gathering				
6	Operation				
7	750 Operation Supervision and Engineering	\$5,504	\$7,733	\$10,688	
8	751 Production Maps and Records				
9	752 Gas Wells Expenses	1,110	28	219	
10	753 Field Lines Expenses				
11	754 Field Compressor Station Expenses	516	368	345	
12	755 Field Compressor Station Fuel and Power				
13	756 Field Measuring and Regulating Station Exps.				
14	757 Purification Expenses	3,350	3,593	5,040	
15	758 Gas Well Royalties				
16	759 Other Expenses	89,974	84,545	162,185	
17	760 Rents				
18	TOTAL Operation (Enter Total lines 7 thru 17)	100,457	106,266	178,476	
19	Maintenance				
20	761 Maintenance Supervision and Engineering	0	0	327	
21	762 Maintenance of Structures and Improvements				
22	763 Maintenance of Producing Gas Wells	5,323	683,768	634,126	
23	764 Maintenance of Field Lines				
24	765 Maintenance of Field Compressor Station Equip.				
25	766 Maintenance of Field Meas. & Reg. Sta. Equip.				
26	767 Maintenance of Purification Equipment	3	0	0	
27	768 Maintenance of Drilling and Cleaning Equipment				
28	769 Maintenance of Other Equipment	7,219	89	0	
29	TOTAL Maintenance (Enter Total of lines 20 - 28)	12,545	683,877	634,453	
30	TOTAL Natural Gas Production and Gathering (Enter Total of lines 18 and 29)	113,002	790,143	812,929	
31	B2. Products Extraction				
32	Operation				
33	770 Operation Supervision and Engineering				
34	771 Operation Labor				
35	772 Gas Shrinkage				
36	773 Fuel				
37	774 Power				
38	775 Materials				
39	776 Operation Supplies and Expenses				
40	777 Gas Processed by Others				
41	778 Royalties on Products Extracted				
42	779 Marketing Expenses				
43	780 Products Purchases for Resale				
44	781 Variation in Products Inventory				
45	(Less) 782 Extracted Products Used by the Utility-Cr.				
46	783 Rents				
47	TOTAL Operation (Enter Total of lines 33 thru 46)	0	0	0	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
GAS OPERATION AND MAINTENANCE EXPENSES					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year 2006	Amount for Previous Year 2005	Amount for Previous Year 2004	
B2. Products Extraction (Continued)					
48	Maintenance				
49	784 Maintenance Supervision and Engineering				
50	785 Maintenance of Structures and Improvements				
51	786 Maintenance of Extraction and Refining Equip.				
52	787 Maintenance of Pipe Lines				
53	788 Maintenance of Extracted Products Storage Equip.				
54	789 Maintenance of Compressor Equipment				
55	790 Maintenance of Gas Measuring and Reg. Equipment				
56	791 Maintenance of Other Equipment				
57	TOTAL Maintenance (Enter Total of lines 49 - 56)				
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	0	0	0	
C. Exploration and Development					
60	Operation				
61	795 Delay Rentals				
62	796 Nonproductive Well Drilling				
63	797 Abandoned Leases				
64	798 Other Exploration				
65	TOTAL Exploration and Developemnt (Enter Total of lines 61 thru 64)	0	0	0	
D. Other Gas Supply Expenses					
66	Operation				
67	800 Natural Gas Well Head Purchases	545,497	1,718,287	2,489,772	
68	801 Natural Gas Field Line Purchases	1,180,466	3,622,564	352,193	
69	802 Natural Gas Gasoline Plant Outlet Purchases				
70	803 Natural Gas Transmission Line Purchases				
71	803.1 Off-System Gas Purchases (Note: Includes 803.2)	1,003,052,205	1,229,246,368	849,435,446	
72	804 Natural Gas City Gate Purchases	83,486,854	281,988,922	179,188,308	
73	804.1 Liquefied Natural Gas Purchases				
74	805 Other Gas Purchases				
75	(Less) 805.1 Purchased Gas Cost Adjustments				
76	(Less) 805.2 Incremental Gas Cost Adjustments				
77	TOTAL Purchased Gas (Enter Total of lines 67 - 76)	1,088,265,023	1,516,576,141	1,031,465,720	
78	806 Exchange Gas	14,221,423	(9,756,894)	1,362,475	
79	Purchased Gas Expenses				
80	807.1 Well Expenses - Purchased Gas				
81	807.2 Operation of Purchased Gas Measuring Stations				
82	807.3 Maintenance of Purchased Gas Measuring Stations				
83	807.4 Purchased Gas Calculations Expenses				
84	807.5 Other Purchased Gas Expenses	0	0	838,489	
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	0	0	838,489	
86	808.1 Gas Withdrawn from Storage - Debit	395,633,168	291,016,642	301,106,028	
87	(Less) 808.2 Gas Delivered to Storage - Credit	353,753,877	329,035,533	273,256,607	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing - Debit				
89	(Less) 809.2 Deliveries of Natural Gas for Processing - Credit				
90	(Less) Gas Used in Utility Operations - Credit				
91	810 Gas Used for Compressor Station Fuel - Credit	7,513,417	9,954,515	7,507,173	
92	811 Gas Used for Products Extraction - Credit				
93	812 Gas Used for Other Utility Operations - Credit	6,165,954	5,570,744	3,991,631	
94	TOTAL Gas Used in Utility Operations - Credit (Enter Total of lines 91 thru 93)	13,679,371	15,525,260	11,498,804	
95	813 Other Gas Supply Expenses				
95a	813.1 Synthetic Gas Supply Expenses				
95b	813.2 Gas Cost Recovery Expenses-Royalties				
96	TOTAL Other Gas Supply Expenses (Enter Total of lines 77, 78, 85, 86 thru 89, 94, 95)	1,130,666,366	1,453,275,096	1,050,017,301	
97	TOTAL Production Expenses (Enter Total of lines 30, 58, 65, and 96)	1,130,799,368	1,454,065,240	1,050,830,230	

## GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	Amount for Current Year 2006	Amount for Previous Year 2005	Amount for Previous Year 2004
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	411,742	518,815	439,969
102	815 Maps and Records			
103	816 Wells Expenses	441,683	470,895	327,345
104	817 Lines Expense	578,414	542,033	486,986
105	818 Compressor Station Expenses	2,783,312	2,709,371	3,171,059
106	819 Compressor Station Fuel and Power	4,884,304	6,916,882	5,455,676
107	820 Measuring and Regulating Station Expenses	7,556	6,129	6,619
108	821 Purification Expenses			
109	822 Exploration and Development			
110	823 Gas Losses	1,571,084	1,774,264	1,275,571
111	824 Other Expenses	4,130	2,261	5,792
112	825 Storage Well Royalties	501,913	211,882	130,230
113	826 Rents			
114	TOTAL Operation (Enter Total of lines 101 - 113)	11,184,139	13,152,530	11,299,246
115	Maintenance			
116	830 Maintenance Supervision and Engineering	456,004	568,549	656,888
117	831 Maintenance of Structures and Improvements	0	8	35,770
118	832 Maintenance of Reservoirs and Wells	46,962	54,458	87,523
119	833 Maintenance of Lines	6,440	28,614	13,445
120	834 Maintenance of Compressor Station Equipment	1,737,195	1,530,957	1,433,912
121	835 Maintenance of Measuring and Regulating Station Equipment			
122	836 Maintenance of Purification Equipment			
123	837 Maintenance of Other Equipment	10,804	7,792	16,023
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	2,259,424	2,190,377	2,245,561
125	TOTAL Underground Storage Expenses (Enter Total of lines 114 and 124)	13,443,563	15,342,907	13,544,807
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering			
129	841 Operation Labor and Expenses			
130	842 Rents			
131	842.1 Fuel			
132	842.2 Power			
133	842.3 Gas Losses			
134	TOTAL Operation (Enter Total of lines 128 - 133)	0	0	0
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering			
137	843.2 Maintenance of Structures and Improvements			
138	843.3 Maintenance of Gas Holders			
139	843.4 Maintenance of Purification Equipment			
140	843.5 Maintenance of Liquefaction Equipment			
141	843.6 Maintenance of Vaporizing Equipment			
142	843.7 Maintenance of Compressor Equipment			
143	843.8 Maintenance of Measuring & Regulating Equip.			
144	843.9 Maintenance of Other Equipment			
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	0	0	0
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	0	0	0

## GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	Amount for Current Year 2006	Amount for Previous Year 2005	Amount for Previous Year 2004
147	C. Liquefied Natural Gas Terminating and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering			
150	844.2 LNG Processing Terminal Labor and Expenses			
151	844.3 Liquefaction Processing Labor and Expenses			
152	844.4 Liquefaction Transportation Labor and Expenses			
153	844.5 Measuring and Regulating Labor and Expenses			
154	844.6 Compressor Station Labor and Expenses			
155	844.7 Communication System Expenses			
156	844.8 System Control and Load Dispatching			
157	845.1 Fuel			
158	845.2 Power			
159	845.3 Rents			
160	845.4 Demurrage Charges			
161	(Less) 845.5 Wharfage Receipts - Credit			
162	845.6 Processing Liquefied or Vaporized Gas by Others			
163	846.1 Gas Losses			
164	846.2 Other Expenses			
165	TOTAL Operation (Enter Total of lines 149 - 164)	0	0	0
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering			
168	847.2 Maintenance of Structures and Improvements			
169	847.3 Maintenance of LNG Processing Terminal Equip.			
170	847.4 Maintenance of LNG Transportation Equipment			
171	847.5 Maintenance of Measuring and Regulating Equip.			
172	847.6 Maintenance of Compressor Station Equipment			
173	847.7 Maintenance of Communication Equipment			
174	847.8 Maintenance of Other Equipment			
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)			
176	TOTAL Liquefied Natural Gas Terminating and Processing Expenses (Lines 165 & 175)			
177	TOTAL Natural Gas Storage (Enter Total of lines 125, 146, and 176)	13,443,563	15,342,907	13,544,807
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	918,705	998,127	1,069,010
181	851 System Control and Load Dispatching	146,727	212,862	0
182	852 Communication System Expenses			
183	853 Compressor Station Labor and Expenses	956,527	862,606	974,147
184	854 Gas for Compressor Station Fuel	2,389,077	3,317,271	2,240,831
185	855 Other Fuel and Power for Compressor Stations			
186	856 Mains Expenses	2,376,411	1,785,780	1,295,615
187	857 Measuring and Regulating Station Expenses	512,793	676,894	708,126
188	858 Transmission and Compression of Gas by Others	7,960,968	8,404,349	7,269,461
189	859 Other Expenses	5,505,554	2,690,496	1,383,130
190	860 Rents			
191	TOTAL Operation (Enter Total of lines 180 - 190)	20,766,763	18,949,385	14,948,320

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006	
GAS OPERATION AND MAINTENANCE EXPENSES				
Line No.	Account (a)	Amount for Current Year 2006	Amount for Previous Year 2005	Amount for Previous Year 2004
	3. TRANSMISSION EXPENSES (Continued)			
192	Maintenance			
193	861 Maintenance Supervision and Engineering	19	49,107	67,810
194	862 Maintenance of Structures and Improvements	183,773	224,521	268,037
195	863 Maintenance of Mains	1,177,909	343,758	898,113
196	864 Maintenance of Compressor Station Equipment	516,192	368,804	470,311
197	865 Maintenance of Measuring & Reg. Station Equip.	714,059	709,383	32,179
198	866 Maintenance of Communication Equipment	3,670,725	2,842,845	2,608,819
199	867 Maintenance of Other Equipment	358,062	497,560	371,421
200	TOTAL Maintenance (Enter Total lines 193 - 199)	6,620,738	5,035,978	4,716,691
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	27,387,501	23,985,362	19,665,011
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	347,406	372,734	425,396
205	871 Distribution Load Dispatching			
206	872 Compressor Station Labor and Expenses	206,703	117,456	58,853
207	873 Compressor Station Fuel and Power			
208	874 Mains and Services Expenses	12,780,525	18,195,930	19,724,659
209	875 Measuring & Regulating Station Exps.-General	873,432	800,856	828,872
210	876 Measuring & Regulating Station Exps.-Industrial			
211	877 Measuring & Regulating Station Exps.-City Gate Check Station	2,497,428	2,525,767	2,584,644
212	878 Meter and House Regulator Expenses	16,324,567	14,357,679	13,694,037
213	879 Customer Installations Expenses	16,938,929	21,154,676	20,951,672
214	880 Other Expenses	21,068,222	18,291,100	12,449,191
215	881 Rents			
216	TOTAL Operation (Enter Total of lines 204 - 215)	71,037,213	75,816,200	70,727,324
217	Maintenance			
218	885 Maintenance Supervision and Engineering			
219	886 Maintenance of Structures and Improvements	1,775	7,865	194
220	887 Maintenance of Mains	6,626,992	6,963,154	7,408,171
221	888 Maintenance of Compressor Station Equipment	0	0	794
222	889 Maintenance - Meas & Reg Sta. Equip.-General	2,266,207	1,967,352	2,292,188
223	890 Maintenance - Meas & Reg Sta. Equip.-Industrial			
224	891 Maintenance - Meas & Reg Sta. Equip.-City Gate Check Station	449,647	398,105	365,412
225	892 Maintenance of Services	3,298,297	3,440,606	3,306,101
226	893 Maintenance of Meters and House Regulators	6,774,667	4,647,494	4,356,115
227	894 Maintenance of Other Equipment	1,049,713	883,678	842,889
228	TOTAL Maintenance (Enter Total of lines 218 - 227)	20,467,297	18,308,275	18,571,865
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	91,504,510	94,124,475	89,299,190
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	5,538	58,157	241,358
233	902 Meter Reading Expenses	10,658,614	9,868,348	8,076,626
234	903 Customer Records and Collection Expenses	28,820,626	29,825,672	25,700,971
235	904 Uncollectible Accounts	73,730,364	59,929,706	59,682,103
236	905 Miscellaneous Customer Accounts Expenses	332,321	453,940	317,198
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	113,647,463	100,135,824	94,018,256

## GAS OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	Amount for Current Year 2006	Amount for Previous Year 2005	Amount for Previous Year 2004
238	6 CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	0	6,970	61,975
241	908 Customer Assistance Expenses	805,979	971,378	1,406,597
242	909 Informational and Instructional Expenses	328,842	348,486	417,205
243	910 Miscellaneous Customer Service and Info. Exps.	696,315	975,677	1,330,683
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	1,831,136	2,302,511	3,216,460
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	333	3,100	27,559
248	912 Demonstrating and Selling Expenses	7,453,037	7,824,449	6,302,270
249	913 Advertising Expenses	20,432	20,188	21,583
250	916 Miscellaneous Sales Expenses	291,696	370,727	600,530
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	7,765,498	8,218,463	6,951,942
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	401 Operating Expenses	44,494.2	381,336.99	0.00
255	920 Administrative and General Salaries	29,336,482	32,730,137	32,411,474
256	921 Office Supplies and Expenses	21,330,376	20,537,584	12,437,035
257	921.1 Restructuring charges			
258	921.3 DTE Holding Co. Allocation	12,239,068	(419,115)	1,131,271
259	921.8 Procurement Card Clearing Acct.	5,640	29,607	715,852
260	(Less) 922 Administrative Expenses Transferred-Cr.	4,735,805	6,451,757	5,457,075
261	923 Outside Services Employed	18,700,118	16,027,071	13,408,347
262	924 Property Insurance	1,495,602	2,259,265	2,363,615
263	925 Injuries and Damages	3,754,462	5,250,473	11,392,807
264	926 Employee Pensions and Benefits	58,573,414	45,461,958	22,352,264
265	927 Franchise Requirements			
266	928 Regulatory Commission Expenses	470,515	654,881	555,488
267	(Less) 929 Duplicate Charges - Cr.			
268	930.1 General Advertising Expenses			
269	930.2 Miscellaneous General Expenses (Note 1)	(20,880,193)	15,094,016	2,502,884
270	930.2 DTE Holding Company Allocation\	6,903	8,907,430	36,188,316
271	931 Rents	9,290,718	10,841,015	10,065,028
272	TOTAL Operation (Enter Total of lines 254 - 270)	129,661,795	151,303,903	140,157,304
273	Maintenance			
274	935 Maintenance of General Plant	946,110	948,191	675,445
275	TOTAL Administrative and General Expenses (Enter Total of lines 271 and 273)	130,607,908	152,252,094	140,832,749
276	TOTAL Gas O. and M. Expenses (Lines 97, 177, 201, 229, 237, 244, 251 and 274)	\$1,516,986,945	\$1,850,426,877	\$1,418,358,645

Note 1: In accordance with MichCon PEP Order U-14909, for regulatory accounting purposes MichCon the Cost to Achieve that were expenses for GAAP can be deferred for regulatory accounting purposes. For 2006 that amount was \$23,270,648.

## NUMBER OF GAS DEPARTMENT EMPLOYEES

- The data on number of employees should be reported for the payroll period ending nearest to December 31, or any payroll period ending 60 days before or after December, 31.
- 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.
- 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.

1 Payroll Period Ended (Date)	12-31-06
2 Total Regular Full-Time Employees	2,043
3 Total Part-Time and Temporary Employees	11
4 Total Employees	2,054



MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006		
EXPLORATION AND DEVELOPMENT EXPENSES (Accounts 795, 796, 798) (Except Abandoned Leases, Account 797)							
<p>1. Report below exploration and development costs for the year, exclusive of Account 797, Abandoned Leases, according to the prescribed accounts shown by the column headings.</p> <p>2. Provide subheadings and subtotals for exploration and development costs for each State.</p> <p>3. Explain in a footnote any differences between amounts reported in column (f) and the amount shown on page 231, Preliminary Survey and Investigation Charges, for clearance to Account 798 during the year from Account 183.1, Preliminary Natural Gas Survey and Investigation Charges.</p>							
Line No.	Field (a)	County (b)	Delay Rentals (Account 795) (c)	Nonproductive Well Drilling (Account 796) Number of Wells (d)	Amount (e)	Other Exploration Costs (Account 798) (f)	Total (g)
1	NONE		NONE	NONE		NONE	
2							
3							
4							
5							
6							
7							
8							
9							
10							
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17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27	Total			0	0	0	0
ABANDONED LEASES (Account 797)							
<p>1. Report below particulars (details) concerning the provision for the year to cover probable loss on abandonment of natural gas leases included in Account 105, Gas Plant Held for Future Use which have never been productive.</p> <p>2. Explain the basis of determining the year's provision and state whether the basis is the same as that used for the preceding year. If the year's total provision is comprised of separate determinations with respect to certain groups or classes of leases, show separately the determinations for each such group or class. If the provision was so determined that component amounts may be identified by territories, fields, or counties, show the component amounts identified as such.</p>							
Line No.	Item (a)	Amount (b)					
1	NONE						
2							
3							
4							
5							
6							
7							
8							
9							
10	Total	0					

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006
EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas)				
1. Report below particulars (details) concerning the gas volumes and related dollar amounts of natural gas exchange transactions during the year. Minor transactions (less than 100,000 Mcf) may be grouped. 2. Also give the particulars (details) called for concerning each natural gas exchange where consideration was received or paid in performance of gas exchange services.				
Line No.	Name of Company (Designate associated companies with an asterisk)  (a)	Exchange Gas Received		
		Point of Receipt (City, state, etc.) (b)	Mcf (c)	Debit (Credit) Account 242 (d)
1	Consumers Energy Company			(1)
2	Transportation	Received by Displacement	414,001	147,640
3				
4	ANR Pipeline Company			
5	Spot Purchases - Post Rate Order 636	Received by Cashout	14,650	46,850
6	Interconnect Balancing Agreement	Received by Displacement	863,969	0
7				
8	Great Lakes Transmission Company	Received by Displacement		
9	Transportation (Ethane)		273,719	(1,288,874)
10	Transportation		418,859	(637,160)
11				
12	Union Gas	Received by Displacement	77,502	(102,968)
13				
14	Panhandle	Received by Displacement	154,920	175,848
15				
16	Wet Header	Received by Displacement	933,891	0
17				
18	Vector Pipeline	Received by Displacement	3,836,327	(870,064)
19				
20	Washington 10 Storage Company*	Received by Displacement	9,663,472	219,810
21				
22	DTE Gas Storage Company	Received by Displacement	802,244	(1,056,888)
23				
24	Other Gas Utilities	Received by Displacement	1,057,789	(936,007)
25				
26	MichCon Gathering	Received by Displacement	720,188	(5,793,192)
27				
28				
29				
30	Respondent records net exchange gas transactions monthly to account 242 or			
31	174 and account 806.			
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	Total		19,231,531	(\$10,095,005)

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas) (Continued)						
3. List individually net transactions occurring during the year for each rate schedule.						
4. Indicate points of receipt and delivery of gas so that they may be readily identified on a map of the respondent's pipeline system.						
Exchange Gas Delivered			Excess Mcf Received or (Delivered) (h)	Debit (Credit) Account 806 (i)	Line No.	
Point of Delivery (City, state, etc.) (e)	Mcf (f)	Debit (Credit) Account 174 (g)				
		(1)			1	
Delivered by Displacement	(442,207)	108,776	(28,206)	(256,416)	2	
					3	
					4	
Delivered by Cashout	(19,309)	0	(4,659)	(46,850)	5	
Delivered by Displacement	(809,110)	(854,232)	54,859	854,232	6	
					7	
Delivered by Displacement					8	
	(108,736)	0	164,983	1,288,874	9	
	(175,028)	(1,655,270)	243,831	2,292,430	10	
					11	
Delivered by Displacement	(58,503)	(62,320)	18,999	165,288	12	
					13	
Delivered by Displacement	(171,920)	0	(17,000)	(175,848)	14	
					15	
Delivered by Displacement	(783,369)	(1,663,372)	150,522	1,663,372	16	
					17	
Delivered by Displacement	(3,727,993)	0	108,334	870,064	18	
					19	
Delivered by Displacement	(9,685,333)	0	(21,861)	(219,810)	20	
					21	
Delivered by Displacement	(670,856)	0	131,388	1,056,888	22	
					23	
Delivered by Displacement	(934,965)	0	122,824	936,007	24	
					25	
Delivered by Displacement	0	0	720,188	5,793,192	26	
					27	
					28	
					29	
					30	
					31	
					32	
					33	
					34	
					35	
					36	
					37	
					38	
					39	
					40	
					41	
					42	
					43	
					44	
	(17,587,329)	(\$4,126,418)	1,644,202	\$14,221,423	45	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006		
EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas) (Continued)						
5. Furnish any additional explanations needed to further explain the accounting for exchange gas transactions.						
6. Report the pressure base of measurement of gas volumes at 14.73 psia at 60°F.						
Line No.	Name of Company (Designate associated companies with an asterisk)  (a)	Charges Paid or Payable by Respondent		Revenues Received or Receivable by Respondent		FERC Tariff Rate Schedule Identifi- cation (n)
		Amount  (j)	Account  (k)	Amount  (l)	Account  (m)	
1						
2	N/A					
3						
4						
5	N/A					
6	N/A					
7						
8						
9	N/A					
10	N/A					
11						
12	N/A					
13						
14	N/A					
15						
16	N/A					
17						
18	N/A					
19						
20	N/A					
21						
22	N/A					
23						
24	N/A					
25						
26	N/A					
27						
28	Imbalance fees on off-system transportation agreements.			34,255	489	
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45	Total	\$0		\$34,255		

## 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 charge 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-Credit	814 819/854	951,714	\$7,655,584	804.40 ¢		
2	811 Gas Used for Products Extraction-Credit	757	0	0	0.00		
3	812 Gas Used for Other Utility Operations-Credit (Report sep. for each prin. use. Group minor uses.)						
4	Oper. of Dist. Service Bldgs.	184	100,734	810,301	804.40		
5	Oper. of Undgr. Stg. Wells	816	46,559	374,520	804.40		
6	Undgr. Stor. Gas Losses	823	198,982	1,600,608	804.40		
7	Undgr. Storage Well Royalties	825	57,445	462,091	804.41		
8	Transmission Compression - others	858	131,459	1,057,456	804.40		
9	Oper. of City Gate Stations	877	155,661	1,252,135	804.40		
10	Oper. of Undgr. Stg. Wells	817	36,673	295,000	804.41		
11	Other Operation Expenses	Various	14,842	119,391	804.41		
12							
13	Total account 812		742,355	5,971,502	804.40		
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	Total		1,694,069	\$13,627,086	804.40 ¢	0	\$0

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (ACCOUNT 858)			
1. Report below particulars (details) concerning gas transported or compressed for respondent by others equalling more than 1,000,000 Mcf (Bcf) and amounts of payments for such services during the year. Minor items (less than 1,000,000 Mcf) must be grouped. 2. In column (a) give name of companies to which payments were made, points of delivery and receipt of gas, names of companies to which gas was delivered and			
Line No.	Name of Company and Description of Service Performed (Designate associated companies with an asterisk)	Distance Transported (in miles)	
	(a)	(b)	
1	ANR Pipeline Company (1)		
2			
3	Great Lakes Gas Transmission (2)		
4			
5	Trunkline Gas Company (3)		
6			
7	Panhandle Eastern Pipeline (4)		
8			
9	Vector Pipeline (5)		
10			
11	Transcanada Pipeline Company (6)		
12			
13	Saginaw Bay (7)		
14			
15			
16	(1) Expenses represent:		
17	a.) Transmission from ANR's Woolfolk Receipt Point to Grand Rapids.		
18	b.) Transmission from the Columbus Meter Station to the Niagara		
19	Interconnection.		
20			
21	(2) Transmission from various points on Great Lake's system to various MichCon points.		
22			
23	(3) Transmission from various points on Trunkline's system to Panhandle Eastern's system.		
24			
25	(4) Transmission from various points on Panhandle Eastern's system to River Rouge.		
26			
27	(5) Transmission from various points on Vector Pipeline's system to Various MichCon points.		
28			
29	(6) Transmission from Transcanada's pipeline system to various points on Vector's system.		
30			
31	(7) Transmission of gas between West Branch (Alpena system) and Kalkaska		
32			
33	(8) Mcf of gas rec'd and delivered:		
34	Volumes are moved primarily on a fixed fee basis so volumes are not tracked.		
35			
36			
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44			
45			
46	TOTAL	0	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (ACCOUNT 858) (Continued)					
<p>from which received. Points of delivery and receipt should be so designated that they can be identified readily on map of respondent's pipeline system.</p> <p>3. If the Mcf of gas received differs from the Mcf delivered, explain in a footnote the reason for difference, i.e., uncompleted deliveries, allowance for transmission loss, etc.</p>					
Mcf of Gas Delivered (14.73 psia at 60°F) (c)	Mcf of Gas Received (14.73 psia at 60°F) (d)	Amount of Payment (in dollars) (e)	Amount per Mcf of Gas Received (in cents) (f)	Line No.	
(8)	(8)	\$6,949,887	¢	1	
				2	
(8)	(8)	4,842	¢	3	
				4	
(8)	(8)	662	¢	5	
				6	
(8)	(8)	87,951	¢	7	
				8	
(8)	(8)	59,274	¢	9	
				10	
(8)	(8)	(6,206)	¢	11	
				12	
(8)	(8)	864,557	¢	13	
				14	
				15	
				16	
				17	
				18	
				19	
				20	
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				45	
0	0	\$7,960,968	¢	46	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
LEASE RENTALS CHARGED			
<p>1 For purposes of this schedule a "lease" is defined as a contract or other agreement by which one party (lessor) conveys an intangible right or land or other tangible property and equipment to another (lessee) for a specified period of one year or more for rent</p> <p>2 Report below, for leases with annual charges of \$25,000 or more, but less than \$250,000 the data called for in columns a, b (descriptions only), f, g and j</p> <p>3 For leases having annual charges of \$250,000 or more, report the data called for in all the columns below.</p> <p>4 The annual charges referred to in instruction 1 and 2 include the basic lease payment and other payments to or in behalf of the lessor such as taxes, depreciation, assumed interest or dividends on the lease. Securities, cost of property replacements** and other expenditures with respect to leased property except the expenses paid by lessee are to be itemized in column f below.</p> <p>5 Leases of construction equipment in connection with construction work in progress are not required to be reported herein. Continuous, master or open-end leases for EDP or office equipment, automobile fleets and other equipment that is short-lived and replaced under terms of the lease or for pole rentals shall report only the data called for in columns a, b (description), f, g and j, unless the lessee has the option to purchase the property.</p> <p>6 In column (a) report the name of the lessor. List lessors which are associated companies * (describing association) first, followed by non-associated lessors. * See</p>			
A. LEASE RENTAL CHARGED TO GAS OPERATING EXPENSES			
Name of Lessor (a)	Basic Details of Lease (b)	Terminal Dates of Lease, Primary (P) or Renewal (R) (c)	
MCKINLEY COMMERCIAL	ANN ARBOR BUSINESS OFFICE		
FIRST BAPTIST INSTITUTIONAL CHURCH	SEVEN MILE ROAD CUSTOMER OFFICE PARKING		
TOYS R US	DEARBORN BUSINESS OFFICE		
CENTERPOINT DEVELOPMENT COMPANY	EASTBROOK OFFICE		
NORTHERN STAR BROADCASTING	GLEN ARBOR RADIO TOWER		
LAUREN L BOWLER	7 MILE ROAD BUSINESS OFFICE		
R & B DAVIS ENTERPRISES	WAREHOUSE/OFFICE LEASE/GRAYLING		
621 ASSOCIATES, LLC	FIRST STREET PARKING GARAGE		
DEVELOPERS OIVERSIFIED REALTY CORP	8 MILE ROAD BUSINESS OFFICE		
USDA FOREST SERVICE	PIPELINE PERMITS		
GREEN ALLEN, LTD	CENTRAL STOREHOUSE, ALLEN ROAD Sale and Lease back First right of refusal Lease may be cancelled near end of term under certain conditions Respondent is responsible for all O&M expenses and replacement of property All taxes and insurance		
SOUTHWEST MICHIGAN INDUSTRIAL INVESTORS	GRAND RAPIDS CALL CENTER	(P) 12/01/2005	

\*\* See Gas Plant Instruction 6 & Operating Expense Instruction 3 of the Uniform System of Accounts



MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006			
LEASE RENTALS CHARGED (continued)							
definition on page 226 (B). 7 In column (b) for each leasing arrangement, report in order, classified by transmission line, distribution system or other operating unit or system, followed by any other leasing arrangements not covered under the preceding classifications: Description of the property, whether lease is a sale and leaseback, whether lessee has option to purchase and conditions of the purchase, whether lease is cancellable by either party and the cancellation conditions, state the tax treatment used, the accounting treatment of the lease payments (levelized charges to expense or other treatment), the basis of any charges apportioned between the lessor and lessee, and the responsibility of the respondent for operation and maintenance expenses and replacement of property. The above information is to be reported with initiation of the lease and thereafter when changed or every five years, whichever comes first. 8 Report in column (d), as of the date of the current lease term, the original cost of the property leased, estimated if not known, or the fair market value of the property if greater than original cost and indicate as shown. If leased property is part of a large unit, such as part of a building, indicate without associating any cost or value with it. 9 Report in column (k) below the estimated remaining annual charges under the current term of the lease. Do not apply a present value to the estimate. Assume that cancellable leases will not be cancelled when estimating the remaining charges.							
A. LEASE RENTAL CHARGED TO GAS OPERATING EXPENSES							
Original Cost (O) or Fair Market Value (D) or Property (D)	Expenses to be Paid by Lessee Itemize (e)	AMOUNT OF RENT - CURRENT YEAR				Account Charged (j)	Remaining Annual Charges Under Lease Est. If Not Known (k)
		Current Year		Accumulated to Date			
		Lessor (f)	Other (g)	Lessor (h)	Other (i)		
		60,760				87700 87400 87800 87900	0
		33,387				87700 87400 87800 87900	8,347
		89,209				87700 87400 87800 87900	14,868
		105,840				87700 87400 87800 87900	26,460
		25,669				87700 87400 87800 87900	40,643
		63,436				87700 87400 87800 87900	58,150
		30,000				87700 87400 87800 87900	105,000
		60,000				87700 87400 87800 87900	115,000
		89,000				87700 87400 87800 87900	255,750
		52,769				87700 87400 87800 87900	316,611
		242,400				87700 87400 87800 87900	1,030,200
(O)	3,821,796 Lease Payment	347,436				87700 87400 87800 87900	3,126,924

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
LEASE RENTALS CHARGED (continued)			
A. LEASE RENTAL CHARGED TO GAS OPERATING EXPENSES (continued)			
Name of Lessor (a)	Basic Details of Lease (b)	Terminal Dates of Lease Primary (P) or Renewal (R) (c)	
ICX CORPORATION	VEHICLES		
SUTTON LEASING, INC	VEHICLES		
B. OTHER LEASE RENTALS CHARGED (Such as to Deferred Debits, etc )			

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006			
LEASE RENTALS CHARGED (continued)							
A. LEASE RENTAL CHARGED TO GAS OPERATING EXPENSES (continued)							
Original Cost (D) or Fair Market Value (D) or Property (D)	Expenses to be Paid by Lessee Itemize (e)	AMOUNT OF RENT - CURRENT YEAR				Account Charged (j)	Remaining Annual Charges Under Lease Est. If Not Known (k)
		Current Year		Accumulated to Date			
		Lessor (f)	Other (g)	Lessor (h)	Other (i)		
		198,015				75410 75700 83400 86500 87400 87500 87800 87900	
		267,155				92100	
B. OTHER LEASE RENTALS CHARGED (Such as to Deferred Debits, etc.)							

MICHIGAN CONSOLIDATED GAS COMPANY		
AN ORIGINAL		
December 31, 2006		
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 expenses relate.		
Line No.	Description (a)	Amount (In dollars) (b)
1	813-20 Royalty Expense on Produced Gas	\$0
2		
3		
4		
5		
6		
7		
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48		
49		
50	Total	\$0

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
MISCELLANEOUS GENERAL EXPENSES (ACCOUNT 930.2) (GAS)			
			Amount (b)
1	Industry Association Dues		\$540,309
2	DTE Holding Company A&G Cost Allocation		789,544
3	Alternative Fuels Vehicle Program		70,569
4	Recoverable Environmental Clean-up Costs		993,616
5	Nonoccupational Medical and Dental expense		1,166
6	Misc. Other		4,651
7			
8			
9			
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52			
53	Total		\$2,399,855

**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 charges 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 manner in which column (b) balances are obtained. If

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

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Cost (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)
1	Intangible plant			
2	Production plant, manufactured gas			
3	Production and gathering plant, natural gas	143,671		
4	Products extraction plant			
5	Underground gas storage plant	5,158,560	22,407	
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant	8,417,166		
9	Distribution plant	56,209,064	118,836	
10	General plant	8,325,892		
11	Common plant-gas			
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
25	Total	78,254,353	141,243	

## DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT

(Accounts 403, 404.1, 404.2, 404.3, 405)

(Except Amortization of Acquisition Adjustments) (Continued)

average balances, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit of production method is used to determine depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.

Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
81	6,048,235	6,048,315	Intangible plant	1
			Production plant, manufactured gas	2
			Production and gathering plant, natural gas	3
		143,671		
			Products extraction plant	4
		5,180,967	Underground gas storage plant	5
			Other storage plant	6
			Base load LNG terminating and processing plant	7
		8,417,166	Transmission plant	8
		56,327,900	Distribution plant	9
		8,325,892	General plant	10
			Common plant-gas	11
				12
				13
				14
				15
				16
				17
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				19
				20
				21
				22
				23
81	6,048,235	84,443,911	Total	25

MICHIGAN CONSOLIDATED GAS COMPANY      AN ORIGINAL      December 31, 2006  
 DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (CONTINUED)

Section B. Factors Used in Estimating Depreciation Charges

Line No.	Functional Classification (a)	Depreciation Plant Base (Thousands) (b)	Applied Depr. Rate(s) (Percent) (c)
1	Production and Gathering Plant		
2	Offshore		
3	Onshore (2)	13,083	1.10%
4	Underground Gas Storage Plant	204,258	2.76%
5	Transmission Plant		
6	Offshore		
7	Onshore	303,551	2.77%
8	General Plant (3)	164,197	5.07%
9	Distribution Plant	2,121,710	2.89%
10			

Notes to Depreciation, Depletion and Amortization of Gas Plant

- (1) Amounts in column (b) are the average of the beginning and ending balances for 2006
- (2) Not included in the Depreciable Balance for Production Plant are several accounts which are depreciated by the Units Production Method. The average plant balance for these accounts is \$1.7 million. The depreciation expense associated with these accounts is \$0. This approximates to a depreciation rate of 0.0%.
- (3) Not included in the Depreciable Balance for General Plant are several transportation Plant Accounts which were depreciated in the clearing accounts. The average plant balance for these accounts is \$66.6 million. The depreciation expense associated with these accounts is \$8,392,179. This approximates to an depreciation rate of 12.60%.



MICHIGAN CONSOLIDATED GAS COMPANY AN ORIGINAL December 31, 2006		
PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS		
Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.		
(a) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortizations charges for the year, and the period of amortization.		
(b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 425.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$10,000 may be grouped by classes within the above accounts		
(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open accounts, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.		
(d) Other Interest Expense (Account 431)-Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.		
Line No.	Item (a)	Amount (b)
1		
2	<u>Miscellaneous Amortization (Account 425)</u>	\$0
3		
4	<u>Miscellaneous Income Deductions (Account 426.1-426.6)</u>	
5	Account 426.19 Energy Assistance Program	554,685
6	Account 426.2 Grantor Trust Life Insurance	(2,698,202)
7	Account 426.3 Penalties IRS	2,259
8	Account 426.4 Legislative advocacy costs	610,707
9	Account 426.5 Promotional Expense	288,274
10	Account 426.5 Account reconciliation correction write-offs	251,225
11	Account 426.5 Uncollectible Reserve write-offs - Energy Loan Program	(87,431)
12	Account 426.5 Uncollectible Reserve write-offs - A/R Trade	164,343
13	Account 426.5 Allocation clearing	116,639
14	Account 426.5 Misc Other	(213)
15		
16		
17	TOTAL Miscellaneous Deductions	(\$797,714)
18		
19		
20		
21		
22		
23		
24		
25		
26		
27	<u>Interest on Debt to Associated Companies (Account 430)</u>	
28	Jordan Valley Limited Partnership	238,674
29	MichCon Development	317,749
30	MichCon Gathering Company	937,455
31	Blue Lake Holdings	48,515
32	Saginaw Bay Lateral LTD	1,521
33	Westside Pipeline Company	215,554
34	Saginaw Bay Pipeline Company	249,183
35	Saginaw Bay Lateral Company	60,649
36	Thunder Bay Gathering Company	26,310
37	Michcon Holdings	210,234
38	DTE Energy Company	51,929
39	MichCon Lateral	239,047
40		
41	TOTAL Interest on Debt to Associated Companies	\$2,596,820
42		
43		
44		
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47		

MICHIGAN CONSOLIDATED GAS COMPANY      AN ORIGINAL      December 31, 2006		
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) Miscellaneous Amortization (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortizations charges for the year, and the period of amortization.</p> <p>(b) Miscellaneous Income Deductions-Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related Activities; and 425.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than \$10,000 may be grouped by classes within the above accounts.</p> <p>(c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open accounts, (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) Other Interest Expense (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		
2	<u>Other Interest Expenses (Account 431)</u>	
3	Interest on customer deposits	\$1,209,942
4	Interest on gas sales refunds	39,039
5	Interest Expense - Supplemental Death and Retirement Income Plan	753,431
6	Interest on commercial paper	10,307,834
7	Interest on commercial fees line of credit	1,046,337
8	Interest Expense - Gas Cost Recovery	6,656,203
9	Interest on Property tax payments	48,457
10	Interest carrying charge on UETM Surcharge	(1,646,406)
11	Interest carrying charge on Safety Tracker	93,332
12	Interest on Gas Choice accounts	57,835
13	Interest on Transportation Gas Bills	\$288
14	Interest - Other	0
15	TOTAL Other Interest Expenses	18,566,291
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MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL	December 31, 2006
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 basis 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 net income before taxes, from the operation. 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 of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining the 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. 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 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>8. Miscellaneous Nonoperating Income (Account 421)-Give the nature and source of each miscellaneous Nonoperating income, and expense and the amount thereof for the year. Minor items may be grouped by classes.</p>				
Line No.	Item (a)	Amount (b)		
1	<u>Income from Merchandising, Jobbing and Contract Work (Account 415, 416)</u>			
2				
3	Revenue from Merchandise Sales and Contract Work	\$2,123,347		
4	Expense from Merchandise Sales and Contract Work	(1,531,557)		
5				
6		\$591,790		
7	<u>Income from Nonutility Operations (Accounts 417 and 417.1)</u>			
8				
9	None	\$0		
10				
11	<u>Nonoperating Rental Income (Account 418)</u>			
12				
13	Rental Income from Leased Water Heater Program	\$22,809		
14	Rental Expense from Leased Water Heater Program	(1,326)		
15		\$21,483		
16	<u>Interest and Dividend Income (Account 419)</u>			
17				
18				
19				
20	Interest on Grantor Trust	\$904,842		
20	Interest on Notes from MichCon Subsidiaries/Associated companies	7,961,460		
21	Interest on Financing of Customer Attachment Program	155,283		
22	Other (1 item)	14,919		
23	Total before taxes	\$9,036,504		
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26				
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## PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS

1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.
2. Merchandising, Jobbing and Contract Work (Accounts 415 and 416)-Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing, and contract work activities.
3. Nonutility Operations (Accounts 417 and 417.1)-Describe each Nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization and net income before taxes, from the operation. Give the bases of any allocations of expenses between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.
4. Nonoperating Rental Income (Account 418)-For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective date and expiration date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining the 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.
5. 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 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.
6. Miscellaneous Nonoperating Income (Account 421)-Give the nature and source of each miscellaneous Nonoperating income, and expense and the amount thereof for the year. Minor items may be grouped by classes.

Line No.	Item (a)	Amount (b)
1		
2	<u>Miscellaneous Nonoperating Income (Account 421)</u>	
3		
4	Parking Deck Revenue	\$7,327
5	Building Revenue	34,569
6	Vehicle Reimbursement Personal Use Revenue	53,144
7	Equity earnings in Detroit Investment Fund	75,776
8	Money recovered from Escheat Claim made to State of Michigan	32,025
9	Labor Transfers	(37,992)
10	Accounts Receivable adjustments to Gas Choice Customer program and miscellaneous receivable	
11	balances	35,388
12	Other	479
13		
14		200,716
15		
16		
17		
18		
19	TOTAL OTHER INCOME	\$9,850,492
20		
21		
22		
23		
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33		
34		

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)					
1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type; Leased, Held for Future Use, or Nonutility.					
2. Individual gains or losses relating to property with an original cost of less than \$100,000 may be grouped, with the number of such transactions disclosed in column (a).					
3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold).					
Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on disposition of Property:				
2					
3	<u>Utility</u>				
4					
5	Sale of 410 E. Dowland St, Ludington, MI (Land)	\$389,000		(\$157,550)	
6					
7	Sale of Developmental Rights to ANR				
8	(related to Cold Springs project)	\$0		\$3,000,000	
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20		\$389,000		\$2,842,450	
21					
22	Loss on disposition of Property:				
23					
24	<u>Utility</u>				
25					
26	Sale of Base Gas - New Haven Storage Field				
27	Sale occurred in 2004, GCR case # 13902-R				
28	settled accounting treatment in 2006.	\$0			\$2,635,338
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41	Total loss	\$0			\$2,635,338

## EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES

(Account 426.4)

1. Report below all expenditures incurred by the respondent during the year for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances); approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials which are accounted for as Other Income Deductions. Expenditures for Certain Civic, Political and Related Activities; Account 426.4.
2. Advertising expenditures in this Account shall be classified according to subheadings, as follows: (a) radio, television, and motion picture advertising; (b) newspaper, magazine, and pamphlet advertising; (c) letters or inserts in customers' bills, (d) inserts in reports to stockholders, (e) newspaper and magazine editorial services; and (f) other advertising.
3. Expenditures within the definition of paragraph (1), other than advertising shall be reported according to captions or descriptions, clearly indicating the nature and purpose of the activity.
4. If respondent has not incurred any expenditures contemplated by the instructions of Account 426.4, so state.
5. For reporting years which begin during the calendar year 1963 only, minor amounts may be grouped by classes if the number of items so grouped is shown.

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

Line No.	Item (a)	Amount (b)
1	State and Federal Legislative Advocacy Expenses	\$610,707
2		
3		
4		
5		
6		
7		
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9		
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14		
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29		
30		
31		
32		
33		
34		
35	TOTAL	\$610,707

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
REGULATORY COMMISSION EXPENSES					
1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party. 2. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility. 3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.					
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 to Date (d)	Deferred in Account 186 at Beginning of Year (e)
1	<b>GCR Matters</b>				
2		—	548,496	\$548,496	—
3	MPSC Case No. U-13902-R, 2004-05 GCR Reconciliation				
4	MPSC Case No. U-15042, 2007-08 GCR Plan				
5	MPSC Case No. U-14717, 2006-07 GCR Plan				
6	MPSC Case No. U-14401-R, 2005-06 GCR Reconciliation				
7					
8					
9	<b>General Rate Case Matters</b>				
10		—	192,074	192,074	—
11					
12	MPSC Case No. U-14800, Sale of Excess System Gas Supply				
13					
14					
15					
16					
17	<b>General Pricing and Regulation</b>		759,082	759,082	—
18					
19	Various MPSC Cases, Customer Complaints, Certificates of				
20	Public Convenience and Necessity				
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34	Utility Assessment	2,559,674	—	2,559,674	—
35					
36					
37	<b>TOTAL</b>	<b>\$2,559,674</b>	<b>\$1,499,652</b>	<b>\$4,059,326</b>	<b>—</b>

REGULATORY COMMISSION EXPENSES (Continued)

4. The totals of columns (e), (i), (k), and (l) must agree with the totals shown at the bottom of page 233 for Account 186.  
 5. List in columns (f), (g), and (h) expenses incurred during the year which were charged currently to income, plant, or other accounts.  
 6. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR			Deferred in Account 186, End of Year (l)	Line No.
CHARGED CURRENTLY TO			Deferred to Account 186 (i)	Contra Account (j)	Amount (k)		
Department (f)	Account No. (g)	Amount (h)					
GAS	928-00	328,504	—		—	—	1
GAS	926-30	196,909					2
GAS	408-AL	23,083					3
							4
							5
							6
							7
							8
							9
GAS	928-00	114,656	—		—	—	10
GAS	926-30	69,295					11
GAS	408-AL	8,123					12
							13
							14
							15
							16
GAS	928-00	496,166					17
GAS	926-30	235,329					18
GAS	408-AL	27,587					19
							20
							21
							22
							23
							24
							25
							26
							27
							28
							29
							30
							31
							32
							33
GAS	408-17	2,285,704	—		—	—	34
	928-00	273,970					35
							36
		\$4,059,326	—		—	—	37



MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES			
<p>1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D &amp; D) projects initiated, continued, or concluded during the year. Report also support given to others during the year for jointly-sponsored projects. (Identify recipient regardless of affiliation.) For any R, D &amp; D work carried on by the respondent in which there is a sharing of costs with others, show separately the respondent's cost for the year and cost chargeable to others. (See definition of research, development, and demonstration in Uniform System of Accounts.)</p> <p>2. Indicate in column (a) the applicable classification, as shown below. Classifications:</p> <p>A. Gas R, D &amp; D Performed Internally</p> <p>(1) Pipeline</p> <p>a. Design</p> <p>b. Efficiency</p> <p>(2) Compressor Station</p> <p>a. Design</p> <p>b. Efficiency</p> <p>(3) System Planning, Engineering, and Operation</p> <p>(4) Transmission Control and Dispatching</p> <p>(5) LNG Storage and Transportation</p> <p>(6) Underground Storage</p> <p>(7) Other Storage</p> <p>(8) New Appliances and New Uses</p> <p>(9) Gas Exploration, Drilling, Production, and Recovery</p> <p>(10) Coal gasification</p> <p>(11) Synthetic Gas</p> <p>(12) Environmental Research</p> <p>(13) Other (Classify and Include Items in Excess of \$5,000.)</p> <p>(14) Total Cost Incurred</p>			
Line No.	Classification (a)	Description (b)	
1		None	
2			
3			
4			
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6			
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## RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

## B. Gas R, D &amp; D Performed Externally

- (1) Research Support to American Gas Association
- (2) Research Support to Others (Classify)
- (3) Total Costs Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing \$5,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under \$5,000 by classifications and indicate the number of items grouped Under Other, (A.(13) and B.(2)) classify items by type of R, D & D activity.
4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107 (Construction Work in Progress) first. Show in column (f) the amounts related to the account charged in column (e).
5. Show in column (g) the total unamortized accumulation of costs of projects. This total must equal the balance in Account 188 (Research, Development, and Demonstration Expenditures) outstanding at the end of the year.
6. If costs have not been segregated for R, D & D activities or projects, submit estimates for columns (c), (d) and (f) with such amounts identified by "Est."
7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR		Unamortized Accumulation (g)	Line No.
		Account (e)	Amount (f)		
	\$0		\$0	-	1
					2
					3
				-	4
					5
	\$0		\$0	-	6
					7
					8
					9
					10
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MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
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	N/A			
4	Transmission	N/A			
5	Distribution	N/A			
6	Customer Accounts	N/A			
7	Customer Service and Informational	N/A			
8	Sales	N/A			
9	Administrative and General	N/A			
10	TOTAL Operation (Total of line 3 thru 9)	-			
11	Maintenance				
12	Production	N/A			
13	Transmission	N/A			
14	Distribution	N/A			
15	Administrative and General	N/A			
16	TOTAL Maintenance (Total of line 12 thru 15)	-			
17	Total Operation and Maintenance				
18	Production (Total of lines 3 and 12)	N/A			
19	Transmission (Total of Lines 4 and 13)	N/A			
20	Distribution (Total of lines 5 and 14)	N/A			
21	Customer Accounts (Line 6)	N/A			
22	Customer Service and Informational (Line 7)	N/A			
23	Sales (Line 8)	N/A			
24	Administrative and General (Total of lines 9 and 15)	N/A			
25	TOTAL Operation and Maint. (Total of lines 18 thru 24)	-			
26	Gas				
27	Operation				
28	Production-Manufactured Gas	-			
29	Production-Nat. Gas (Including Expl. and Dev.)	56,741			
30	Other Gas Supply	-			
31	Storage, LNG Terminaling and Processing	591,257			
32	Transmission	2,390,991			
33	Distribution	20,086,191			
34	Customer Accounts	18,527,104			
35	Customer Service and Informational	359,352			
36	Sales	2,130,927			
37	Administrative and General	22,965,464			
38	TOTAL Operation (Total of lines 28 thru 37)	67,108,027			
39	Maintenance				
40	Production-Manufactured Gas	-			
41	Production-Nat. Gas	160			
42	Other Gas Supply	-			
43	Storage, LNG Terminaling and Processing	444,556			
44	Transmission	3,152,900			
45	Distribution	6,280,115			
46	Administrative and General	21,468			
47	TOTAL Maintenance (Total of lines 40 thru 46)	9,899,199			

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
DISTRIBUTION OF SALARIES AND WAGES (Continued)					
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)	
	Gas (Continued)				
48	Total Operation and Maintenance				
49	Production-Manufactured Gas (Lines 28 & 40)	-			
50	Production-Natural Gas (Including Expl. and Dev.)	56,901			
	(Lines 29 & 41)				
51	Other Gas Supply (Lines 30 & 42)	-			
52	Storage, LNG Terminating and Processing (Lines 31 & 43)	1,035,813			
53	Transmission (Lines 32 & 44)	5,543,891			
54	Distribution (Lines 33 & 45)	26,366,306			
55	Customer Accounts (Line 34)	18,527,104			
56	Customer Service and Informational (Line 35)	359,352			
57	Sales (Line 36)	2,130,927			
58	Administrative and General (Lines 37 & 46)	22,986,932			
59	TOTAL Operation and Maint. (Total of line 49 thru 58)	77,007,226	31,528,392	108,535,618	
60	Other Utility Departments				
61	Operation and Maintenance				
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	77,007,226	31,528,392	108,535,618	
63	Utility Plant				
64	Construction (By Utility Departments)				
65	Electric Plant	-	-	-	
66	Gas Plant	20,945,051	4,510,014	25,455,065	
67	Other	-	-	-	
68	TOTAL Construction (Enter Total of lines 65 thru 67)	20,945,051	4,510,014	25,455,065	
69	Plant Removal (By Utility Departments)				
70	Electric Plant	-	-	-	
71	Gas Plant	2,719,381	417,216	3,136,597	
72	Other	-	-	-	
73	TOTAL Plant Removal (Total of lines 70 thru 72)	2,719,381	417,216	3,136,597	
74	Other Accounts (Specify):				
75	Deferred Accounts (GWO)	63,887	(1,184)	62,703	
76	Associated Companies Accounts Receivable	6,349,340	526,522	6,875,862	
77	Merger Expenses included in Misc. NonGas Expense	-	-	-	
78	Other	1,247,459	6,326	1,253,785	
79	Labor Clearing Account	28,768,206	(28,765,492)	2,714	
80	Other Clearing Accounts	8,221,813	(8,221,813)	-	
81	TOTAL Other Accounts	44,650,705	(36,455,641)	8,195,064	
82	TOTAL SALARIES AND WAGES	145,322,363	(19)	145,322,344	
83					
84					
85					
86					
87					
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99					

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2005	
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES					
<p>1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account 426.4, Expenditures for Certain Civic, Political and Related Activities.)</p> <p>(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.</p> <p>2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval</p> <p>3. Designate with an asterisk associated companies.</p>					
Line No.	Name and Address of Person or Organization Rendering Services (a)	Description of Services (b)	Basis of Charges (c)	Amount (d)	Account Charged (e)
1	ADVANTAGE LANDSCAPE/CONSTRUCTION	LANDSCAPING/	SERVICES	79,966	923, 930
2	AND SUPPLY CENTER	CONSTRUCTION			
3	17355 ALLEN RD.				
4	MELVINDALE, MI 48122				
5					
6	ADVANTICA, INC	COMPUTER	SERVICES	115,106	923
7	P.O. BOX 7777-W5015	SOFTWARE			
8	PHILADELPHIA, PA 191755015	DEVELOPMENT			
9					
10					
11	ANALYTICAL SURVEYS, INC.	CONSULTING	SERVICES	111,523	923
12	9725 DATA POINT DRIVE	AND TRAINING			
13	SAN ANTONIO, TX 78229				
14					
15	ASI ENVIRONMENTAL TECHNOLOGIES, INC.	ENVIRONMENTAL	SERVICES	35,710	908, 909
16	410 E. DOWLAND ST.	CONSULTING			
17	LUDINGTON, MI 49431				
18					
19	CARLSON CONSULTING LLC	ENGINEERING	SERVICES	48,509	107, 923
20	1966 SOUTH SIMON ROAD				
21	LAKE LEELANAU, MI 49653				
22					
23	CDA ENGINEERING, INC	ENGINEERING	SERVICES	29,000	107, 923
24	550 STEPHENSON HWY, STE 310				
25	TROY, MI 48063				
26					
27	CEMENTRITE INC	CONSTRUCTION	SERVICES	380,666	107,923
28	2183 NORTHWAY DR.		EXPENSE		
29	MT PLEASANT, MI 48858				
30					
31	CERIDIAN	MEDICAL	SERVICES	656,762	242,143
32	2100 EAST MAPLE RD. - SUITE 100	REIMBURSEMENT			
33	BIRMINGHAM, MI 48009-6514				
34					
35	CLAYTON GROUP SERVICES	ENVIRONMENTAL	SERVICES	127,587	908, 909
36	P.O. BOX 67000	CONSULTING			
37	DETROIT, MI 482671872				
38					
39	COURT SERVICES	LEGAL	SERVICES	48,678	923
40	22846 MICHIGAN AVE.				
41	DEARBORN, MI 48124				
42					
43	DELL MARKETING L.P.	COMPUTER	SERVICES	1,382,775	923
44	C/O DELL USA L.P.	TRAINING			
45	P.O. BOX 643561				
46	PITTSBURG, PA 152643561				
47					
48					

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES						
Line No.	Name and Address of Person or Organization Rendering Services (a)	Description of Services (b)	Basis of Charges (c)	Amount (d)	Account Charged (e)	
1	DELOITTE & TOUCHE LLP	AUDITING	SERVICES	763,332	921,923	
2	PO BOX 7247-6446					
3	PHILADELPHIA, PA 191706446					
4						
5						
6	DENTCO ENTERPRISES, INC.	LANDSCAPING	SERVICES	707,230	923,930	
7	1161 E. CLARK RD SUITES 124-126					
8	DEWIT, MI 48220					
9						
10	DEWEY BALLANTINE LLP	LEGAL	SERVICES	46,434	921,923	
11	1775 PENNSYLVANIA AVE NW					
12	WASHINGTON, DC 20006					
13						
14	DICKSON & TRYER ENGINEERING CO, LTD	ENGINEERING	SERVICES	616,193	107,923	
15	P.O. BOX 80478					
16	3912 CR 1290 SOUTH					
17	MIDLAND, TX 79706					
18						
19	DIRECTIONAL DRILLING CONTRACTORS, L.L.C.	CONTRUCTION	SERVICES	679,385	107,923	
20	2112 M-37 SOUTH					
21	TRAVERSE CITY, MI 49684-6156					
22						
23	EARTH TECH, INC.	ENVIROMENTAL	SERVICES	123,762	908,909	
24	5555 GLENWOOD HILLS PKWY SE					
25	GRAND RAPIDS, MI 49588-0874					
26						
27	ENVIRONMENTAL RECYCLING TECHNICAL SVCS.	ENVIROMENTAL	SERVICES	42,957	908,909	
28	527 EAST WOODLAND CIRCLE					
29	BOWLING GREEN, OH 43402					
30						
31						
32	ENVIROSOLUTIONS, INC.	ENVIROMENTAL	SERVICES	63,151	908,909	
33	P.O. BOX 44047					
34	DETROIT, MI 48244					
35						
36						
37	EXPONET, INC	ENVIROMENTAL	SERVICES	54,293	908,909	
38	P.O. BOX 200283 DEPT 002					
39	DALLAS, TX 753200283					
40						
41	FISHBECK, THOMPSON, CARR & HUBER, INC	ENVIROMENTAL	SERVICES	225,278	908,909	
42	1515 ARBORETUM DR. SE					
43	GRAND RAPIDS, MI 49588-0874					
44						
45	GEO-CON/ENVIRONMENTAL BARRIER CO.	ENVIROMENTAL	SERVICES	58,904	908,909	
46	4075 MONROEVILLE BLVD, STE 400 CORP BLVD					
47	MONROEVILLE, PA 15146					
48						
49						
50	GIVE 'EM BRAKE SAFETY	SAFETY	SERVICES	93,736	923	
51	2610 SANFORD AVENUE	COMMUNICATION				
52	GRANDVILLE, MI 49418					
53						
54	GLOBAL ENVIRONMENTAL ENGINEERING, INC.	ENVIRONMENTAL/	SERVICES	80,587	908,909	
55	129 BRIDGE ST.	ENGINEERING			107,923	
56	ELK RAPIDS, MI 49629					
57						
58						
59						
60						
61						

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES						
Line No.	Name and Address of Person or Organization Rendering Services (a)	Description of Services (b)	Basis of Charges (c)	Amount (d)	Account Charged (e)	
1	HENKELS & MCCOY, INC.	CONSTRUCTION	SERVICES	3,533,870	107,923	
2	2268 COLLECTION CENTER ORIVE					
3	CHICAGO, IL 60693					
4						
5	HOERBIGER ENGINEERING SERVICES	ENGINEERING	SERVICES	32,445	107,923	
6	14525 TORREY CHASE BLVD.					
7	HOUSTON, TX 77014					
8						
9						
10						
11	HOLLAND ENGINEERING	ENGINEERING	SERVICES	361,400	107,923	
12	220 HOOVER BLVO, STE 2					
13	HOLLAND, MI 49423					
14						
15						
16						
17	HUNTON & WILLIAMS LLP	LEGAL	SERVICES	34,120	921,923	
18	1601 BRYON ST, 30TH FL.					
19	DALLAS, TX 75201					
20						
21	INTERGRADED SUPPLY MANAGEMENT, INC.	ENGINEERING	SERVICES	583,876	107,923	
22	3575 VINEWOOD					
23	DETROIT, MI 48208					
24						
25	JOHN P. JACOBS, P.C.	LEGAL	SERVICES	41,037	921,923	
26	719 GRISWOLD, SUITE 600					
27	P.O. BOX 33600					
28	DETROIT, MI 482525600					
29						
30						
31						
32	MERCER MANAGEMENT CONSULTING INC.	MANAGEMENT CONSULTING	SERVICES	2,195,381	923	
33	P.O. BOX 3800-28					
34	BOSTON, MI 02241					
35						
36						
37	MISS DIG SYSTEM, INC.	SAFTEY COMMUNICATION	SERVICES	278,331	858,874	
38	1030 FEATHERSTONE					
39	PONTIAC, MI 48342-1830					
40						
41	M L CHARTER INC	CONSTRUCTION	SERVICES	2,092,055	107,923	
42	9195 MARINE CITY HIGHWAY					
43	FAIR HAVEN MI 48023					
44						
45	NTH CONSULTANTS	ENVIRONMENTAL/ENGINEERING	SERVICES	171,997	906,909	
46	480 FORD FIELD				107,923	
47	2000 BRUSH STREET					
48	DETROIT, MI 48226					
49						
50						
51	NSA ARCHITECTS, ENGINEERS, PLANNERS	CONSULTANTS ENGINEERING	SERVICES	53,261	107,923	
52	23761 RESEARCH DRIVE					
53	FARNINGTON HILLS, MI 46335					
54						
55	OCCUPATIONAL RESEARCH & ASSESSMENT	HR CONSULTING	SERVICES	68,892	923	
56	124 ELM STREET					
57	BIG RAPIDS, MI 49307					
58						
59						
60						
61						
62						

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006	
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES					
Line No.	Name and Address of Person or Organization Rendering Services (a)	Description of Services (b)	Basis of Charges (c)	Amount (d)	Account Charged (e)
1	ON SITE ENGINEERING, LLC	ENGINEERING	SERVICES	63,259	107, 923
2	P.O. BOX 5647				
3	3180 RACQUET CLUB DRIVE, STE C				
4	TRAVERSE CITY, MI 49696				
5		LEGAL	SERVICES	64,925	923
6	P. SCHNEIDER & ASSOCIATES				
7	130 MAIN STREET				
8	CAIRO, NY 12413				
9		ENVIRONMENTAL	SERVICES	179,039	908, 909
10	PHOENIX ENVIRONMENTAL				
11	11042 H/ TECH DR.				
12	WHITMORE LAKE, MI 48189				
13		COMMUNICATION	SERVICES	108,156	923
14	PORT CITY COMMUNICATIONS, INC.				
15	942 MILITARY STREET				
16	PORT HURON, MI 48060				
17		ENGINEERING	SERVICES	27,541	107, 923
18	POWER PLUS ENGINEERING, INC.				
19	46575 MAGELLAN DR				
20	NOVI, MI 483772452				
21		ENGINEERING CONSULTANTS	SERVICES	25,579	923
22	PROFESSIONAL SERVICE INDUSTRIES INC.				
23	1000 NORTH OPDYKE RD, SUITE C				
24	AUBURN HILLS, MI 48326				
25		ACCOUNTING LIABILITIES CONSULTANTS	SERVICES	74,537	923
26	RENEW INTERNATIONAL LLC				
27	440 LOUISIANA, STE 400				
28	HOUSTON, TX 77002				
29		ENVIRONMENTAL	SERVICES	389,526	908, 909
30	RMT, INC.				
31	P.O. BOX 14186				
32	MADISON, WI 537080166				
33		ARCHITECTURAL/ ENGINEERING	SERVICES	530,563	107, 923
34	SSOE, INC.				
35	1001 MADISON AVE.				
36	TOLEDO, OH 43624				
37		ENVIRONMENTAL	SERVICES	185,931	908, 909
38	SECOR INTERNATIONAL INC.				
39	12034 134TH CTNE #102				
40	REDMOND, WA 98052				
41		ENGINEERING	SERVICES	286,162	107, 923
42					
43	WILLBROS ENGINEERS, INC.				
44	2087 E. 71ST STREET				
45	P.O. BOX 701650	WASTE DISPOSAL	SERVICES	220,324	923, 935
46	TULSA, OK 74136				
47					
48	WASTE MANAGEMENT OF NORTHERN MICHIGAN				
49	ATTN: COMMERCIAL COLLECTION	LEGAL	SERVICES	38,662	923
50	P.O. BOX 6220				
51	TRAVERSE CITY, MI 49696				
52					
53		LEGAL	SERVICES	38,662	923
54					
55	YOUNG & RUBICAM, INC				
56	P.O. BOX 751731				
57	CHARLOTTE, NC 282751731				
58					
59					
60					



## SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	DTE Enterprises, Inc.	Parent of MichCon Holdings	Admin. & General		
2	MCN Energy Enterprises, Inc.	Subsidiary of DTE Enterprises	Admin. & General		
3	Citizens Gas Fuel Company	Subsidiary of DTE Enterprises	Admin. & General		
4					
5	MichCon Gathering Company	Subsidiary of MichCon	Admin. & General		
6					
7	MichCon Pipeline Company	Subsidiary of MichCon	Admin. & General		
8					
9	Jordan Valley Limited Partnership	Subsidiary of MichCon	Admin. & General		
10	Saginaw Bay Pipeline Company	Subsidiary of MichCon	Admin. & General		
11	DTE Energy Trading, Inc.	Subsidiary of DTE Energy Resources	Gas Transportation	489-46	2,189,638
12			Gas Transportation	489-63	168,461
13					
14	Saginaw Bay Lateral Company	Subsidiary of MichCon	Admin. & General		
15	Saginaw Bay Lateral Limited Ptnrship	Subsidiary of MichCon	Admin. & General		
16	Westside Pipeline Company	Subsidiary of MichCon	Admin. & General		
17					
18	DTE Gas Storage Co.	Subsidiary of DTE Enterprises	Operations	495-35	296,875
19					
20					
21					
22	Thunder Bay Gathering Co.	Subsidiary of MichCon	Admin. & General		
23	Blue Lake Holdings, Inc.	Subsidiary of MichCon	Admin. & General		
24					
25	The Detroit Edison Company	Subsidiary of DTE Energy Company	Admin. & General	494-00	2,200,000
26			Gas Transportation	489-24	2,288,562
27	DTE Energy Company	Parent of DTE Enterprises	Admin. & General		
28			Corp Support Group	408-XX	2,663,163
29			Corp Support Group		
30			Corp Support Group	901XX-913XX	19,226,655
31			Corp Support Group	920-XX	17,782,590
32			Corp Support Group	921XX-930XX	32,743,034
33					
34	DTE Energy Ventures, Inc.	Subsidiary of DTE Energy Company	Admin. & General		
35					
36	DTE River Rouge No. 1, L.L.C.	Subsidiary of DTE Energy Resources	Gas Transportation	489-25	354,792
37	DTE Energy Services, Inc.	Subsidiary of DTE Energy Resources	Gas Transportation	489-42	102,000
38					
39	DTE Gas & Oil Company	Subsidiary of DTE Enterprises	Gas Transportation	489-41	110,497
40	DTE Michigan Holdings, Inc.	Subsidiary of MCN Energy Enterprises	Admin. & General		
41	Michcon Lateral Company	Subsidiary of MichCon	Admin. & General		
<b>TOTAL</b>					<b>\$80,126,265</b>

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

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.

6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.

7. In column (j) report the total.

8. In column (k) indicate the pricing method (cost, per contract terms, etc.).

Account Number (f)	Amount Classified to Non-operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
415-10	353,280	146-01	636,802	636,802	cost	1
		146-02	541,489	894,769	cost	2
		146-03	730,484	730,484	cost	3
						4
415-10	26,880	146-33	341,538	368,418	cost	5
						6
419-FR	171,302	146-34, 40	451,577	622,879	cost	7
						8
415-10, 419-FT	1,680	146-57	356,456	358,136	cost	9
415-10, 419-FU	3,360	146-68	774,162	777,522	cost	10
				2,189,638	contract	11
				168,461	contract	12
						13
		146-78	119,863	119,863	cost	14
		146-79	47,426	47,426	cost	15
		146-87	170,117	170,117	cost	16
						17
415-10, 419-GI, GM, 419-HC, HB	1,580,401	146-06, 70, 89, 90, 97	33,399,327	35,276,603	contract	18
						19
				-	cost	20
						21
415-10, 419-FV	1,680	146-37	659,468	661,148	cost	22
419 FQ	8	146-15	1,823	1,831	cost	23
						24
419-GJ, GL, 415-10	7,282	146-12, 18, 20-25	12,319,510	14,526,792	cost	25
				2,288,562	contract	26
		146-00	545,900	545,900	cost	27
				2,663,163	cost	28
426-XX	598,316			598,316	cost	29
				19,226,655	cost	30
				17,782,590	cost	31
				32,743,034	cost	32
						33
419-GT	54	146-04	74,131	74,185	cost	34
						35
				354,792	contract	36
				102,000	contract	37
						38
		146-31	868,588	979,085	contract	39
419-GN, GQ	367	146-19	118,008	118,375	cost	40
		146-13	1,499,701	1,499,701	cost	41
	\$2,744,610		\$53,656,371	\$136,527,246		

## SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	DTE Energy Company	Parent of DTE Enterprises	Corporate Support Group	90100-91600	37,574,744
2			Corporate Support Group	92000-93500	102,939,770
3			Corporate Support Group	409-10	133,959
4			Corporate Support Group	408-AL	3,317,410
5			Corporate Support Group	401-90	44,494
6			Corporate Support Group		
7			Interest Expense		
8			Miscellaneous A/R		
9			DFIT-Stock Based Comp.		
10					
11	The Detroit Edison Company	Subsidiary of DTE Energy Co.	O&M Expense	75000-89400	2,624,082
12			Customer Service	90200-91300	587,690
13			A&G Expense	921-00, 935-00	3,839,337
14			A&G Expense	926-20	(270,713)
15			Rent Expense	931-20	10,300,000
16			Audit Fees	923-00	1,043
17			Miscellaneous Non-op		
18			Construct/Retire WIP		
19			Miscellaneous A/R		
20			Materials & Supplies		
21			Other Assets		
22			Audit Fee Accrual		
23			Environmental Reserve		
24			Environmental Reserve		
25					
26					
27	Blue Lake Holdings	Subsidiary of MichCon	Interest Expense		
28					
29	MichCon Holdings, Inc.	Parent of MichCon	Interest Expense		
30					
31	Saginaw Bay Lateral Company	Subsidiary of MichCon	Interest Expense		
32					
33	Saginaw Bay Lateral Limited Ptnrship	Subsidiary of MichCon	Interest Expense		
34					
35	Westside Pipeline Company	Subsidiary of MichCon	Interest Expense		
36					
TOTAL					

## 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.
				37,574,744	Cost	1
				102,939,770	Cost	2
				133,959	Cost	3
				3,317,410	Cost	4
415-50, 416-50	51,637			105,131	Cost	5
426-XX	1,453,684			1,453,684	Cost	6
430-GE	51,929			51,929	Cost	7
		146-XX	1,359,724	1,359,724	Cost	8
		19052	(49,098)	(49,098)	Cost	9
						10
				2,624,082	Cost	11
				587,690	Cost	12
				3,839,337	Cost	13
				(270,713)	Cost	14
				10,300,000	Cost	15
				1,043	Cost	16
416-10, 426-40	3,059			3,059	Cost	17
		107-00, 108-50, 186-10	4,698,112	4,698,112	Cost	18
		146-XX	679	679	Cost	19
		154-42	1,314,671	1,314,671	Cost	20
		184-XX	675,148	675,148	Cost	21
		232-51	114,300	114,300	Cost	22
		242-HA	281,172	281,172	Cost	23
		253-HA	45,628	45,628	Cost	24
						25
						26
430-FP	48,515			48,515	Cost	27
						28
430-GD	210,234			210,234	Cost	29
						30
430-FT	60,649			60,649	Cost	31
						32
430-FQ	1,521			1,521	Cost	33
						34
430-FR	215,554			215,554	Cost	35
						36

MICHIGAN CONSOLIDATED GAS COMPANY      AN ORIGINAL      December 31, 2006					
SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)					
1. In column (a) report the name of the associated company. 2. In column (b) describe the affiliation (percentage ownership, etc.). 3. In column (c) describe the nature of the goods and services provided (administrative and general expenses, gas transportation services, dividends declared, etc.). 4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Jordan Valley Pipeline Company	Subsidiary of MichCon	Interest Expense		
2					
3	Saginaw Bay Pipeline Company	Subsidiary of MichCon	Interest Expense		
4			O&M Expense	856-00, 858-01	(145,209)
5					
6	Thunder Bay Gathering Company	Subsidiary of MichCon	Interest Expense		
7					
8	MichCon Development Corporation	Subsidiary of MichCon	Interest Expense		
9					
10	MichCon Gathering Company	Subsidiary of MichCon	O&M Expense	801-15	8,257
11			O&M Expense	857-00	672
12			Misc Royalty Income	495-20	(529)
13			Interest Expense		
14			Miscellaneous A/R		
15			Miscellaneous A/R		
16			Refund Payable Customers		
17					
18	Washington 10 Storage Partnership	Subsidiary of DTE Energy	Gas Purchases	80603	(219,810)
19		Enterprises	Construct. WIP		
20					
21					
22	MichCon Pipeline Company	Subsidiary of MichCon	O&M Expense	858-01	863,207
23			Cash		
24			Miscellaneous A/R		
25					
26	MichCon Lateral Company	Subsidiary of MichCon	Interest Expense		
27					
28	DTE Gas & Oil Company	Subsidiary of DTE Energy	O&M Expense	804-25	(402,249)
29		Enterprises			
30	DTE Energy Enterprises	Subsidiary of DTE Energy Co.	Other Expenses		
31					
32	MCN International Corporation	Subsidiary of DTE Energy	Miscellaneous A/R		
33		Enterprises			
34					
35					
36					
37					
TOTAL					\$161,196,155

## 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.
430-FF	238,574			238,574	Cost	1
						2
430-FS	249,183			249,183	Cost	3
				(145,209)	Cost	4
						5
430-FZ	26,310			26,310	Cost	6
						7
430-FG	317,749			317,749	Cost	8
						9
				8,257	Cost	10
				572	Cost	11
				(529)	Cost	12
430-FH	937,455			937,455	Cost	13
		143-91	70,794	70,794	Cost	14
		145-33	430	430	Cost	15
		242-33	16,700	16,700	Cost	16
						17
				(219,810)	Cost	18
		107-00	(539,100)	(539,100)	Cost	19
						20
						21
				863,207	Cost	22
		131-10	1,715	1,715	Cost	23
		143-73	1,713	1,713	Cost	24
						25
430-GL	239,047			239,047	Cost	26
						27
				(402,249)	Cost	28
						29
88000	20,753			20,753	Cost	30
						31
		145-XX	455	455	Cost	32
						33
						34
						35
						36
						37
	\$3,897,279		\$7,993,043	\$173,325,151		

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL		December 31, 2006	
NATURAL GAS RESERVES AND LAND ACREAGE						
<p>1. Report below particulars (details) concerning the remaining recoverable salable gas reserves and natural gas land acreage at end of year. Designate gas reserves on acreage acquired before October 8, 1969, and reserves on acreage acquired after October 7, 1969.</p> <p>2. Classify the gas reserves and related land and land rights and costs under the sub-headings: (A) Producing Gas Lands, and (B) Non-producing Gas Lands. Provide a total for each classification.</p> <p>3. For producing gas lands, report the required information alphabetically by State, County, or offshore area, and field. If the field name is not assigned, report as "unnamed." Identify offshore fields according to their location in State or Federal domains by using the letter "S" for State domain, and "F" for Federal domain in column (a). For column (b), enter the zone number if applicable. The land, leasehold, and gas rights costs so reported should agree with the amounts carried under Account 101, Gas Plant in Service, and as reported for Accounts 325.1, 325.2, and 325.3 on page 204-205. In column (e) show for each field the year and remaining recoverable salable gas reserves available to respondent from owned lands, leaseholds, and gas rights.</p> <p>4. For non-producing gas lands, report the required information alphabetically by State, County, or offshore areas by blocks. Report offshore lands in the same manner as producing gas lands. The land,</p>						
Line No.	OFFSHORE AREA		Name of Field or Block (c)	Name of State/ County/Offshore Area (d)	Recoverable Gas Reserves (Thousands Mcf) (e)	OWNED LANDS
	Domain (a)	Zone (b)				Acres (f)
1			A. PRODUCING	Michigan		
2			GAS LANDS	(Acquired before 1-1-75)		
3			Big Hand	St. Clair Co.		1.0
4			Washington 10	Macomb Co.		
5			Washington 10A	Macomb Co.		
6			Washington 11	Macomb Co.		
7			Unnamed	Macomb Leases		
8						
9						
10				Subtotal	0	1.0
11				(Acquired after 12-31-74)		
12			Falmouth	Missawkee Co.		-
13						
14				Subtotal	0	0.0
15				Total Recoverable Reserves	0	1.0
16			B. NON-PRODUCING			
17			GAS LANDS	(Acquired before 1-1-75)		
18			Unnamed	Osceola Co.		
19			Unnamed	Oakland Co.		
20				Subtotal	-	-
21				(Acquired after 12-31-74)		
22			Lee 2A	Calhoun Co.		
23			Unnamed	Macomb Leases		
24			Unnamed	Mecosta Leases		
25			Unnamed	Missawkee Leases		
26			Unnamed	Oakland Leases		
27			Unnamed	Osceola Leases		
28				Subtotal	-	-
29				Total Non - Producing Gas Lands	-	-
30						
31	Note: Full Cost Accounting adopted January 1, 1975.					
32						
33						
34						
35						
36						
37						
38	TOTAL				0	1.0

NATURAL GAS RESERVES AND LAND ACREAGE (Continued)

leasehold, and gas rights costs reported should agree with the amounts carried under Accounts 105, Gas Plant Held for Future Use and 105.1, Production Properties Held for Future Use, and reported in total on pages 214 and 215. Do not report estimates of gas reserves (column e) for unproven fields; however, if the company made estimates for such lands normally includes such estimates in stating its reserve position in connection with proposed financing and for managerial and other purposes, include such estimates on this page.

5. Report the cost of lands, leaseholds, and gas rights in accordance with the provisions of the Uniform Systems of Accounts for Natural Gas Companies.
6. For columns (j) and (k), do not duplicate acreages reported for owned lands and leaseholds. Designate with an asterisk royalty interests separately owned.
7. Indicate by footnote whether acres reported are gross acres or net acres based on proportion of ownership in jointly owned tracts.
8. Do not include oil mineral interests in the cost of acreage reported.
9. Report volumes on a pressure base of 14.73 psia at 60°F.

OWNED LANDS (Cont.)	LEASEHOLDS		OWNED GAS RIGHTS		TOTAL		Line No.
Cost (g)	Acre (h)	Costs (i)	Acre (j)	Costs (k)	Acre (l)	Costs (m)	
\$3,838			-	-	1.0	\$3,838	1
			-	-	0.0	0	2
			-	-	0.0	0	3
			-	-	-	0	4
	2.0	471	-	-	2.0	471	5
							6
							7
							8
							9
3,838	2.0	471	-	0	3.0	4,309	10
-	-	-	-	-	0.0	0	11
0	-	-	-	-	0.0	0	12
3,838	2.0	471	-	0	3.0	4,309	13
							14
-	5.0	949	-	-	5.0	949	15
-	-	1,804	-	-	-	1,804	16
-	5.0	2,753	-	-	5.0	2,753	17
-	55.0	-	-	-	55.0	-	18
-	11.0	2,884	-	-	11.0	2,884	19
-	2,138.2	-	-	-	2,138.2	-	20
-	3,170.3	403,391	-	-	3,170.3	403,391	21
-	160.0	-	-	-	160.0	-	22
-	600.0	-	-	-	600.0	-	23
-	6,134.5	406,275	-	-	6,134.5	406,275	24
-	6,139.5	409,028	-	-	6,139.5	409,028	25
							26
							27
							28
							29
							30
							31
							32
							33
							34
							35
							36
\$3,838	6,141.5	\$409,499	-	\$0	6,142.5	\$413,337	37



EXPLANATION OF DIFFERENCES BETWEEN BALANCES  
AS REPORTED IN ACCT. 325.1, 325.2, AND  
325.3, ON PAGE 202A AND COST OF PRODUCING GAS LAND REPORTED  
ON PAGES 500-501

PAGE 202AAccounts

325-1	Col. (g)	\$3,838
325-2		1,989
325-3	Col. (k)	-
	Total	<u>5,827</u>

PAGE 500-501

Col. (m)	<u>4,309</u>
Difference*	<u><u>\$1,518</u></u>

\*Oil interest not included on Page 500-501, per instruction No. 8.

325-81	\$1,142
325-91	<u>376</u>
Total	<u><u>\$1,518</u></u>

## CHANGES IN ESTIMATED HYDROCARBON RESERVES AND COSTS, AND NET REALIZABLE VALUE

1. Report changes during the year in recoverable salable reserves of the respondent located on acreage acquired after October 7, 1969. Have the reported reserves attested to every three years by an independent appraiser. File the attestation with the Commission along with this report. If the reserves, at the time the reserve determination is made, significantly differ from those reported on this page, file a reconciliation and explanation of such differences along with the attestation.
2. For any important changes in the estimated reserves due to purchases, sales, or exchanges of land, leaseholds or rights, furnish on page 505 a brief explanation of the transaction and reserves involved. Also, explain the criteria used to estimate the net realizable value of reserves.
3. For column (d), report the reserves and changes associated with lands, leaseholds, and rights included in Account 105.1, Production Properties Held for Future Use. (See Gas Plant Accounts Instruction 7G of the U.S. of A.)
4. Report pressure base of gas volumes at 14.73 psia at 60°F.
5. For line 16 base the net realizable value of hydrocarbon reserves on the current selling price of the hydrocarbon reserves less estimated costs of extraction, completion, and disposal.

Line No.	Items (a)	Total Reserves Gas (Thousands Mcf) (b)	Lands, Leaseholds and Rights		Total Reserves Oil and Liquids (Barrels) (e)	Investment (Net Book Value) (f)
			In Service Gas (Thousands Mcf) (c)	Held for Future Use Gas (Thousands Mcf) (d)		
1	Estimated Recoverable Reserves at Beginning of year	0.000	0.000	-	-	-
2	ADDITIONS					
3	Purchases and Exchanges of Lands, Leaseholds and Rights	-	-	-	-	-
4	Transfers from Reserves Held for Future Use	-	-	-	-	-
5	Upward Revision of Basic Reserve Estimates (Explain in a Footnote)	-	-	-	-	-
6	Other Increases (Explain in a footnote)	-	-	-	-	-
7	TOTAL Additions (Lines 3 thru 6)	-	-	-	-	-
8	DEDUCTIONS					
9	Production During Year	-	-	-	-	-
10	Sales and Exchanges of Lands, Leaseholds, and Rights	-	-	-	-	-
11	Transfers of Reserves Held for Future Use to Reserves in Service	-	-	-	-	-
12	Downward Revision of Estimates of Recoverable Reserves (Explain in a footnote)	-	-	-	-	-
13	Other Decreases (Explain in a footnote)	-	-	-	-	-
14	TOTAL Deductions (Lines 9 thru 13)	0	0	-	-	-
15	Estimates Recoverable Reserves at End of Year (Enter Total of lines 1,7, and 14)(1)	0.000	0.000	-	-	-
16	Net Realizable Value at End of Reporting Year (Explain on page 505):		\$0.00			

## NOTES

NOTE: Full Cost Accounting adopted January 1, 1975.

## HYDROCARBON RESERVES AND COSTS, AND NET REALIZABLE VALUE (Continued)

Explain below items for which explanations are required on page 504, Changes in Estimated Hydrocarbon Reserves and Costs, and Net Realizable Value. For line 16 on page 504, explain the criteria used to estimate such value and provide an explanation of any significant revision in the value of the reserves, other than from the addition of new reserves.

**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, if jointly owned.

Line No.	Name of Station and Location (a)	Number of Employees (1) (b)	Plant Cost (c)
1	<u>FIELD COMPRESSOR STATIONS</u>		
2			
3			
4			
5	<u>UNDERGROUND STORAGE COMPRESSOR STATIONS</u>		
6	Columbus Station		
7	Columbus Twp., St. Clair Co.		\$16,849,653
8	Belle River Mills Station		
9	China Twp., St. Clair Co.		34,052,342
10	New Haven Twp., Gratiot Co.		
11	W. C. Taggart Compressor Station		54,973,431
12	TOTAL		
13	<u>TRANSMISSION COMPRESSOR STATIONS</u>		
14	Kalkaska Station		
15	Kalkaska Twp., Kalkaska Co.		31,323,196
16	Milford Station		
17	Milford Twp., Oakland Co.		26,097,368
18	Reed City Compressor Station		
19	Lincoln Twp., Osceola Co.		1,844,415
20			
21			
22			
23			
24			
25			
26			
27			
28	Alpena Station		
29	Various Locations		3,492,024
30	14 Satellite Stations		
31	Various Locations		885,440
32			
33	<u>DISTRIBUTION COMPRESSOR STATION</u>		
34	Detroit District		
35	River Rouge		
36			
37	<u>OTHER COMPRESSOR STATIONS</u>		
38	Romeo Station -SOLD		
39	Washington Twp., Macomb Co.		

## COMPRESSOR STATIONS

Designate any station that was not operated during the past year. State in a footnote whether the book cost of 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 during the year and show in a footnote the size of each such unit, and the date each such unit was placed in operation.

3. For column (d), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

Fuel or Power (2) (d)	Other (e)	Gas for Comps. Fuel Mcf (14.73 psia at 60°F) (f)	Operation Data			Line No.
			Total Compressor Hours of Operation During Year (g)	No. of Compr. Operated at time of Station Peak (h)	Date of Station Peak (i)	
						1
						2
0	\$0	0				3
						4
						5
			3,255	2	6/7/2006	6
						7
			13,515	5	6/7/2006	8
						9
			11,584	15	2/22/2006	10
318,317	\$5,094,941	614,936				11
						12
0	\$1,746,392	217,105				13
						14
			14,907	3	3/21/2006	15
50,250	\$626,087	73,427				16
			2,732	2	12/9/2006	17
						18
			N/A	N/A	N/A	19
						20
						21
						22
						23
						24
						25
						26
						27
						28
	\$12,294	1,484	N/A	N/A	N/A	29
						30
			55,868	8	3/3/2006	31
						32
						33
						34
						35
						36
						37
0	\$0	0				38
						39

## COMPRESSOR STATIONS

MICHIGAN CONSOLIDATED GAS COMPANY  
COMPRESSOR STATIONS  
YEAR ENDED DECEMBER 31, 2006

- (1) Respondent does not maintain separate payrolls for compressor stations.  
(2) Column (d) represents the cost of electric power and column (e) represents Natural Gas used by the Company at the respective compressor stations.

## (3) Retired Locations

Name of Station

Type

Unit #

Bear Lake

JG-2

445

(Sold)

Grant 14

JG-2

406

(Sold)

## (4) Location Transfer

NONE

Transfer to

Unit#

## GAS AND OIL WELLS

1. Report below the particulars (details) concerning gas and oil wells of the respondent which are either producing or capable of production.
2. Report the required information alphabetically by states. List wells located offshore separately.
3. For column (a), under separate headings, list gas wells first, oil wells second, and combination wells third. Combination wells are wells producing or capable of production from one or more oil reservoirs and also from one or more gas reservoirs. Enter totals for each of the headings (gas wells, oil wells, combination wells). Designate any wells not operated during the past year, and in a footnote state whether the book cost of such wells, or any portion thereof, has been retired in the books of account, or what disposition of the wells and their book cost is contemplated.
4. In column (f) report wells reclassified during the year as oil wells, gas wells, or combination wells. Show additions in black and deductions enclosed in parentheses. The total additions equal the total deductions.

Line No.	Location of Wells (a)	Number of Wells Beginning of Year (b)	ADDITIONS DURING YEAR			Wells Reclassified (f)	REDUCTIONS DURING YEAR			Number of Wells at End of Year (j)
			Successful Wells Drilled (c)	Wells Purchased (d)	Total (c + d) (e)		Wells Abandoned (g)	Wells Sold (h)	Total (g + h) (i)	
1	All in the State of Michigan									
2										
3	Producing Gas Wells:									
4										
5	Lee 2B Field									
6	Calhoun County									
7	Lee Township	0	0	0	0	0	0	0	0	0
8										
9	New Haven Field									
10	Gratiot County									
11	New Haven Township	0	0	0	0	0	0	0	0	0
12	Sumner Township	0	0	0	0	0	0	0	0	0
13										
14	Washington 11 Field									
15	Macomb County									
16	Washington Township	0	0	0	0	0	0	0	0	0
17										
18	Washington 10 Field									
19	Macomb County									
20	Washington Township	0	0	0	0	0	0	0	0	0
21										
22	Washington 10A Field									
23	Macomb County									
24	Washington Township	0	0	0	0	0	0	0	0	0
25										
26	Hardy Dam									
27	Mecosta County									
28	Aetna Township	0	0	0	0	0	0	0	0	0
29										
30	Producing Gas Wells TOTAL	0	0	0	0	0	0	0	0	0
31										
32										
33										
34										
35										
36										
37										
38										
39										
40										
41										
42										
43										
44										

MICHIGAN CONSOLIDATED GAS COMPANY			AN ORIGINAL			December 31, 2006				
GAS AND OIL WELLS										
Line No.	Location of Wells (a)	Number of Wells Beginning of Year (b)	ADDITIONS DURING YEAR			Wells Reclassified (f)	REDUCTIONS DURING YEAR			Number of Wells at End of Year (j)
			Successful Wells Drilled (c)	Wells Purchased (d)	Total (c + d) (e)		Wells Abandoned (g)	Wells Sold (h)	Total (g + h) (i)	
1	All in the State of Michigan									
2										
3	Shut-in Gas Wells									
4	NONE									
5										
6	Producing Oil Wells:									
7										
8	Big Hand Field									
9	St. Clair County									
10	Columbus Township	0	0	0	0	0	0	0	0	0
11										
12	Grant 3 Field									
13	Grand Travi. County									
14	Grant Township	0	0	0	0	0	0	0	0	0
15										
16	Producing Oil Wells TOTAL	0	0	0	0	0	0	0	0	0
17										
18										
19										
20										
21										
22										
23										
24										
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36										
37										
38										
39										



## GAS AND OIL WELLS

Line No.	Location of Wells (a)	Number of Wells Beginning of Year (b)	ADDITIONS DURING YEAR			Wells Reclas- sified (f)	REDUCTIONS DURING YEAR			Number of Wells at End of Year (j)
			Success- ful Wells Drilled (c)	Wells Purchased (d)	Total (c + d) (e)		Wells Aban- doned (g)	Wells Sold (h)	Total (g + h) (i)	
1	All in the State of Michigan									
2										
3	Shut-in Gas Wells									
4	NONE									
5										
6	Producing Oil Wells:									
7										
8	Big Hand Field									
9	St. Clair County									
10	Columbus Township	0	0	0	0	0	0	0	0	0
11										
12	Grant 3 Field									
13	Grand Trav. County									
14	Grant Township	0	0	0	0	0	0	0	0	0
15										
16	Prod. Oil Wells TOTAL	0	0	0	0	0	0	0	0	0
17										
18										
19										
20										
21										
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MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
GAS STORAGE PROJECTS			
1. Report particulars (details) for total gas storage projects. 2. Total storage plant (Column b) should agree with amounts reported by the respondent in Acct's 350.1 to 364.8 inclusive (pages 204-205). 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	\$8,548,640	
3	Structures and Improvements	13,338,013	
4	Storage Wells and Holders	70,633,414	
5	Storage Lines	23,521,909	
6	Other Storage Equipment	95,193,869	
7	TOTAL (Enter Total of Lines 2 Thru 6)	\$211,235,845	
8	Storage Expenses		
9	Operation	\$11,118,413	
10	Maintenance	2,259,424	
11	Rents	-	
12	TOTAL (Enter Total of Lines 9 thru 11)	\$13,377,837	
13	Storage Operations (In Mcf @ 14.73 psia 60°F)		
14	Gas Delivered to Storage		
15	January	(1,851,694)	
16	February	(2,803,084)	
17	March	10,741,420	
18	April	5,787,860	
19	May	6,665,052	
20	June	9,136,832	
21	July	7,604,855	
22	August	3,444,995	
23	September	5,045,357	
24	October	(444,584)	
25	November	994,946	
26	December	(1,879,424)	
27	TOTAL (Enter Total of Lines 15 thru 26)	42,442,531	
28	Gas Withdrawn from Storage		
29	January	6,372,345	
30	February	19,398,516	
31	March	3,973,402	
32	April	1,895,020	
33	May	2,491,279	
34	June	1,744,872	
35	July	(20,038)	
36	August	(1,625,203)	
37	September	9,031	
38	October	2,031,080	
39	November	2,893,194	
40	December	8,349,805	
41	TOTAL (Enter Total of Lines 29 Thru 40)	47,513,303	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
GAS STORAGE PROJECTS (CONTINUED)			
Line No.	Item (a)	Total Amount (b)	
	Storage Operations (In Mcf @ 14.73 psia 60°F)		
42	Top or Working Gas End of Year	52,898,027	
43	Cushion Gas (Including Native Gas)	66,436,405	
44	Total Gas in Reservoir (Enter Total of Line 42 and Line 43)	119,334,432	
45	Certificated Storage Capacity (1)	123,763,276	
46	Reservoir Pressure at Which Storage Capacity Computed (1)		
47	Number of Injection - Withdrawal Wells	191	
48	Number of Observation Wells	49	
49	Maximum Day's Withdrawal from Storage	1,936,402	
50	Date of Maximum Days' Withdrawal	2/18/2006	
51	Year Storage Operations Commenced	1953	
52	LNG Terminal Companies (In Mcf)		
53	Number of Tanks		
54	Capacity of Tanks		
55	LNG Volumes		
56	a) Received at "Ship Rail"		
57	b) Transferred to Tanks		
58	c) Withdrawn from Tanks		
59	d) "Boil Off" Vaporization Loss		
60	e) Converted to Mcf at Tailgate of Terminal		
<p>Notes:</p> <p>(1) Transactions relating to gas stored "for others" are not reflected on these pages. At December 31, 2006; 55,553,339 Mcf was stored for others.</p>			

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL	December 31, 2006
Distribution and Transmission Lines			
<p>1. Report below by States the total miles of transmission lines of each transmission system operated by respondent at end of year.</p> <p>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.</p> <p>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.</p> <p>4. Report the number of miles of pipe to one decimal point.</p>			
Line No.	Designation (Identification) of Line or Group of Lines (a)	Total Miles of Pipe (to O.1) (b)	
1	Integrated Natural Gas Systems		
2	Located in State of Michigan		
3			
4	Distribution Mains	18,626.2	
5	Transmission Mains *	2,456.5	
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22	* Includes Transmissions Mains for MichCon (1,870.7),		
23	MichCon Lateral Co. (509.8) and MichCon Gathering Co. (76).		
24			
25			
26			
27			
28			
29			
30			
31	TOTAL	21,082.7	

MICHIGAN CONSOLIDATED GAS COMPANY		AN ORIGINAL		December 31, 2006
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 of a pressure base of 14.73 psia of 60°F.				
Line No.		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 *	02/18		
2	Deliveries to Customers Subject to MPSC Rate Schedules		1,936,402	
3	Deliveries to Others		0	
4	TOTAL		1,936,402	
5	Date of Second Highest Day's Deliveries *	02/17		
6	Deliveries to Customers Subject to MPSC Rate Schedules		1,787,592	
7	Deliveries to Others		0	
8	TOTAL		1,787,592	
9	Date of Third Highest Day's Deliveries *	02/19		
10	Deliveries to Customers Subject to MPSC Rate Schedules		1,742,445	
11	Deliveries to Others		0	
12	TOTAL		1,742,445	
Section B. Highest Consecutive 3-Day System Peak Deliveries (and Supplies)				
13	Dates of Three Consecutive Days Highest System Peak Deliveries *	02/17-19		
14	Deliveries to Customers Subject to MPSC Rate Schedules		5,466,439	
15	Deliveries to Others		0	
16	TOTAL		5,466,439	
17	Supplies from Line Pack			
18	Supplies from Underground Storage		(3,992,974)	
19	Supplies from Other Peaking Facilities		N/A	
Section C. Highest Month's System Deliveries				
20	Month of Highest Month's System Deliveries	FEBRUARY		
21	Deliveries to Customers Subject to MPSC Rate Schedules		37,800,220	
22	Deliveries to Others		2,978,659	
23	TOTAL		40,778,879	

\* Split of sendout on a daily basis is not accurately separable between MPSC rate schedule and Others.

## 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.

Line No.	Location of Facility	Type of Facility	Maximum Daily Delivery Capacity of Facility, Mcf at 14.73 psia at 60°F	Cost of Facility (In dollars)	Was Facility Operated on Day of Highest Transmission Peak Delivery?	
					Yes	No
	(a)	(b)	(c)	(d)	(e)	(f)
1	West Central Michigan	Underground Storage Plant	353,058		X	
2						
3						
4	Southeastern Michigan	Underground Storage Plant	2,070,612		X	
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						

## SYSTEM MAPS

1. Furnish 5 copies of a system map (one with each 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 the previous annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.
2. Indicate the following information on the maps:
  - (a) Transmission lines - colored in red, if they are not otherwise clearly indicated.
  - (b) Principal pipeline arteries of gathering system.
  - (c) Size of pipe in the principal pipelines shown on map.
  - (d) Normal directions of gas flow - indicated by arrows.
  - (e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.
  - (f) Locations of compressor stations, products extraction plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.
  - (g) Important main line interconnections with other natural gas companies, indicating in each case whether gas is received or delivered and name of connecting company.
  - (h) Principal communities in which respondent renders local distribution service.
3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show, a legend giving all symbols and abbreviations used; designation of facilities leased to or from another company, giving name of such other company.
4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

Map provided in 1993 Annual Report with supplement in 1996 Annual Report.

MICHIGAN CONSOLIDATED GAS COMPANY    AN ORIGINAL			December 31, 2006
FOOTNOTE DATA			
Page No. (a)	Line No. (b)	Column No. (c)	Comments (d)
			<p>Footnotes are included on applicable pages. For MichCon's SEC 10-K filing footnotes see pages 123.1 through 123.28.</p>