

MICHIGAN PUBLIC SERVICE COMMISSION

ANNUAL REPORT OF NATURAL GAS UTILITIES (MAJOR AND NONMAJOR)

This form is authorized by 1919 PA 419, as amended, authorizes this form being MCL 460.51 et seq.; and 1969 PA 306, as amended, being MCL 24.201 et seq. Filing of this form is mandatory.

Failure to complete and submit this form will place you in violation of the Acts.

Report submitted for year ending:			
December 31, 2007			
Present legal name of respondent:			
Michigan Gas Utilities Corporation			
Present DBA name in Michigan if different from legal name:			
Address of principal place of business:			
899 South Telegraph Road, Monroe MI 48161			
Utility representative to whom inquiries regarding this report may be directed:			
Name	Gary Erickson	Title	President
Address	899 South Telegraph Road		
City	Monroe	State	MI Zip Code 84161
Telephone:	(734) 457-6115	E-Mail:	gwerickson@michigangasutilities.com
If the utility name has been changed during the past year:			
Prior Name			
Date of Change			
Two copies of the published annual report to stockholders:			
<input checked="" type="checkbox"/> were forwarded to the Commission			
<input type="checkbox"/> will be forwarded to the Commission			
on or about			
Annual reports to stockholders:			
<input checked="" type="checkbox"/> are published			
<input type="checkbox"/> are not published			

Should you have any questions regarding this report, please contact:

Brian Ballinger, Financial Analysis Section Supervisor
(517) 241-6103 OR blballi@michigan.gov

Michigan Public Service Commission
Regulated Energy Division
6545 Mercantile Way
PO Box 30221
Lansing, MI 48909



Deloitte & Touche LLP
555 E. Wells Street, Suite 1400
Milwaukee, WI 53202-3824
USA

Tel: +1 414 271 3000
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Michigan Gas Utilities Corporation:

We have audited the balance sheet — regulatory basis of Michigan Gas Utilities Corporation (the "Company") as of December 31, 2007, and the related statements of income — regulatory basis; retained earnings — regulatory basis; and cash flows — regulatory basis, for the year ended December 31, 2007 included on Pages 110 through 121 of the accompanying Michigan Public Service Commission (MPSC) Form P-521. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared in accordance with the accounting requirements of the MPSC, as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, such regulatory — basis financial statements present fairly, in all material respects, the assets, liabilities, and proprietary capital of Michigan Gas Utilities Corporation as of December 31, 2007, and the results of its operations and its cash flows for the year ended December 31, 2007, in accordance with the accounting requirements of the MPSC as set forth in its applicable Uniform System of Accounts and published accounting releases.

This report is intended solely for the information and use of the board of directors and management of Michigan Gas Utilities Corporation, and for filing with the MPSC, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 22, 2008

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

GENERAL INFORMATION

I. Purpose:

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

II. Who Must Submit:

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

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

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

III. What and Where to Submit:

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

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

Retain one copy of this report for your files.

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

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

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

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

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

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

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

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

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

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

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

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

IV. When to Submit

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

GENERAL INSTRUCTIONS

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

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

III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "NONE" where it truly and completely states the fact.

IV. For any page(s) that is not applicable to respondent, either

(a) Enter the words "NOT APPLICABLE" on the particular page(s), or

(b) Omit the page(s) and enter "NA", "NONE", or "NOT APPLICABLE" in column (c) on the List of Schedules, pages 2, 3 and 4.

V. Complete this report by means which result in a permanent record. Complete the original copy in permanent black ink or typewriter print, if practical. The copies, however, may be carbon copies or other similar means of reproduction provided the impressions are clear and readable.

VI. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (See VIII, below).

VII. Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ().

VIII. When making revisions, resubmit only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the identification and Attestation page, page 1. Mail dated resubmissions to:

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

IX. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 x 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and page number supplemented.

X. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.

XI. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.

XII. Report all gas volumes on a pressure base of 14.65 psia and a temperature base 60°F.

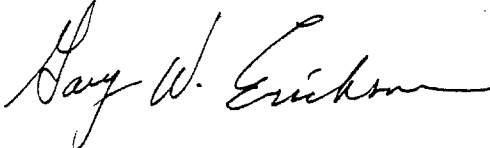
XIII. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11 inch size) instead of the preprinted schedules if they are in substantially the same format.

DEFINITIONS

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

- II. Commission Authorization (Comm. Auth.) - The authorization of the Michigan Public Service Commission, or any other Commission. Name the Commission whose authorization was obtained and give the date of the authorization.
- III. Respondent - The person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.

ANNUAL REPORT OF NATURAL GAS COMPANIES (Major and Nonmajor)

IDENTIFICATION		
01 Exact Legal Name of Respondent Michigan Gas Utilities Corporation		02 Year of Report 2007
03 Previous Name and Date of Change (if name changed during year)		
04 Address of Principal Business Office at End of Year (Street, City, State, Zip) 899 S. Telegraph Road, Monroe, Michigan 48161		
05 Name of Contact Person Gary W. Erickson		06 Title of Contact Person President
07 Address of Contact Person (Street, City, State, Zip) 899 S. Telegraph Road, Monroe, Michigan 48161		
08 Telephone of Contact Person, Including Area Code: (734) 457-6115	09 This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) April 30, 2008
ATTESTATION		
The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including April 1 and including December 31 of the year of the report.		
01 Name Gary W. Erickson	03 Signature 	04 Date Signed (Mo, Da, Yr) 4/25/08
02 Title President		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
LIST OF SCHEDULES (Natural Gas Utility)			
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
General Information	101		
Control Over Respondent & Other Associated Companies	M 102		
Corporations Controlled by Respondent	103	None	
Officers and Employees	M 104		
Directors	105		
Security Holders and Voting Powers	M 106-107		
Important Changes During the Year	108-109		
Comparative Balance Sheet	M 110-113		
Statement of Income for the Year	M 114-117	None-Page 116	
Statement of Retained Earnings for the Year	M 118-119		
Statement of Cash Flows	120-121		
Notes to Financial Statements	122-123		
BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
Gas Plant in Service	M 204-212B		
Gas Plant Leased to Others	213	None	
Gas Plant Held for Future Use	214	None	
Production Properties Held for Future Use	215	None	
Construction Work in Progress - Gas	216		
Construction Overheads - Gas	217		
General Description of Construction Overhead Procedure	M 218		
Accumulated Provision for Depreciation of Gas Utility Plant	M 219		
Gas Stored	220		
Nonutility Property	221	None	
Accumulated Provision for Depreciation and Amortization of Nonutility Property	221	None	
Investments	222-223	None	
Investment in Subsidiary Companies	224-225	None	
Gas Prepayments Under Purchase Agreements	226-227		
Advances for Gas Prior to Initial Deliveries or Commission Certification	229	None	
Prepayments	230		
Extraordinary Property Losses	230	None	
Unrecovered Plant and Regulatory Study Costs	230	None	
Preliminary Survey and Investigation Charges	231	None	
Other Regulatory Assets	232		
Miscellaneous Deferred Debits	233		
Accumulated Deferred Income Taxes (Account 190)	234-235		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
LIST OF SCHEDULES (Natural Gas Utility) (Continued)			
Title of Schedule	Reference Page No.	Remarks	
(a)	(b)	(c)	
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)			
Capital Stock	250-251		
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
Other Paid-In Capital	253		
Discount on Capital Stock	254	None	
Capital Stock Expense	254	None	
Securities Issued or Assumed and Securities Refunded or Retired During the Year	255	None	
Long-Term Debt	256-257		
Unamortized Debt Expense, Premium and Discount on Long-Term Debt	258-259	None	
Unamortized Loss and Gain on Reacquired Debt	260	None	
Notes Payable	260A	None	
Payables to Associated Companies	260B		
Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	M 261 A-B		
Calculation of Federal Income Tax	M 261 C-D		
Taxes Accrued, Prepaid and Charged During Year	262-263		
Investment Tax Credits Generated and Utilized	264-265	None	
Accumulated Deferred Investment Tax Credits	M 266-267	None	
Miscellaneous Current and Accrued Liabilities	M 268		
Other Deferred Credits	269		
Accumulated Deferred Income Taxes - Accelerated Amortization Property	272-273	None	
Accumulated Deferred Income Taxes - Other Property	274-275		
Accumulated Deferred Income Taxes - Other	M 276 A-B		
Other Regulatory Liabilities	278		
INCOME ACCOUNT SUPPORTING SCHEDULES			
Gas Operating Revenues	300-301		
Rates and Sales Section	M 305 A-C		
Off-System Sales - Natural Gas	M 310 A-B		
Revenue from Transportation of Gas of Others-Natural Gas	312-313		
Sales of Products Extracted from Natural Gas	315	None	
Revenues from Natural Gas Processed by Others	315	None	
Gas Operation and Maintenance Expenses	M 320-325		
Number of Gas Department Employees	325		
Exploration and Development Expenses	326	None	
Abandoned Leases	326	None	
Gas Purchases	M 327, 327A-B		
Exchange Gas Transactions	328-330	None	
Gas Used in Utility Operations - Credit	331		
Transmission and Compression of Gas by Others	332-333	None	
Other Gas Supply Expenses	334		
Miscellaneous General Expenses - Gas	M 335		
Depreciation, Depletion and Amortization of Gas Plant	336-338		
Income from Utility Plant Leased to Others	339	None	
Particulars Concerning Certain Income Deduction and Interest Charges	340		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
LIST OF SCHEDULES (Natural Gas Utility) (Continued)			
Title of Schedule	Reference Page No.	Remarks	
(a)	(b)	(c)	
COMMON SECTION			
Regulatory Commission Expenses	350-351		
Research, Development and Demonstration Activities	352-353	None	
Distribution of Salaries and Wages	354-355		
Charges for Outside Professional and Other Consultative Services	357		
GAS PLANT STATISTICAL DATA			
Natural Gas Reserves and Land Acreage	500-501	None	
Changes in Estimated Hydrocarbon Reserves and Costs, and Net Realizable Value	504-505	None	
Compressor Stations	508-509		
Gas and Oil Wells	510		
Gas Storage Projects	M 512-513		
Distribution and Transmission Lines	M 514		
Liquefied Petroleum Gas Operations	516-517	None	
Distribution System Peak Deliveries	M 518		
Auxiliary Peaking Facilities	519		
System Map	522		
Footnote Data	551		
Stockholders' Report	---		
MPSC SCHEDULES			
Reconciliation of Deferred Income Tax Expense	117 A-B		
Operating Loss Carryforward	117 C	None	
Notes & Accounts Receivable Summary for Balance Sheet	228 A		
Accumulated Provision for Uncollectible Accounts - Credit	228 A		
Receivables From Associated Companies	228 B		
Materials and Supplies	228 C		
Notes Payable	260 A	None	
Payables to Associated Companies	260 B		
Customer Advances for Construction	268		
Accumulated Deferred Income Taxes - Temporary	277	None	
Gas Operation and Maintenance Expenses (Nonmajor)	320N-324N	None	
Lease Rentals Charges	333A-333D	None	
Depreciation, Depletion and Amortization of Gas Plant (Nonmajor)	336 N	None	
Particulars Concerning Certain Other Income Accounts	341		
Gain or Loss on Disposition of Property	342 A-B	None	
Expenditures for Certain Civic, Political and Related Activities	343		
Common Utility Plant and Expenses	356	None	
Summary of Costs Billed to Associated Companies	358-359		
Summary of Costs Billed from Associated Companies	360-361		

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
Michigan Gas Utilities Corp			
GENERAL INFORMATION			
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p>Diane Ford, Vice President - Corporate Controller Integrus Energy Group, Inc. 700 North Adams Green Bay, WI 54307-9001</p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p>Delaware, September 16, 2005</p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p>N/A</p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p>Retail sale and transportation of natural gas and administrative services.</p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) <input type="checkbox"/> Yes...Enter the date when such independent accountant was initially engaged: _____</p> <p>(2) <input checked="" type="checkbox"/> No</p>			

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
Michigan Gas Utilities Corp			
CONTROL OVER RESPONDENT			
<p>1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for</p> <p>whom trust was maintained, and purpose of the trust. If other companies are controlled by the organization which holds control over the respondent, list the names of such companies and the kind of business each is engaged in.</p> <p>2. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.</p>			
<p>Michigan Gas Utilities Corporation is a wholly owned subsidiary of Integrys Energy Group, Inc.</p> <p>The 2007 Annual Report and Form 10-K of Integrys Energy Group, Inc. are included.</p>			

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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

OFFICERS

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

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

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

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Chief Executive Officer	Lawrence T. Borgard	\$ 364,000
2	President	Gary W. Erickson	176,000
3	Vice President	Charles F. Hauska	147,278
4	Vice President-Regulatory Affairs	James F. Schott	208,000
5	Assistant Secretary	Dane E. Allen	141,840
6	Treasurer	Bradley A. Johnson	240,000
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Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
Michigan Gas Utilities Corp			
DIRECTORS			
<p>1. Report below any information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.</p> <p>2. Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.</p>			
Name and Title of Director (a)	Principal Business Address (b)	# of Directors Meetings During Yr (c)	Fees During Yr (d)
1 Lawrence T. Borgard - President & Chief Operating Officer	700 North Adams Street Green Bay, WI 54301	4	\$ -
2 Gary W. Erickson - President	899 South Telegraph Road Monroe, Michigan 48161	5	-
3 Bradley A. Johnson - Treasurer	700 North Adams Street Green Bay, WI 54301	4	-
4 Thomas P. Meinz - Chairman	700 North Adams Green Bay, WI 54307-9001	5	-
5 James F. Schott - Vice President Regulatory Affairs	700 North Adams Green Bay, WI 54307-9001	4	-
<p><u>Footnote Data</u></p> <p>1</p> <p>2</p> <p>3</p>			

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

<p align="center">SECURITY HOLDERS AND VOTING POWERS</p> <p>1. (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting power. Integrus Energy Group, Inc.</p> <p>1. (B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders. N/A</p> <p>2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such securities. N/A</p> <p>3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote. N/A</p> <p>4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration date. N/A</p>

<p>1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:</p> <p>Stock books are not closed.</p>
--

<p>2. State the total number of votes cast at the latest general proxy meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy:</p> <p>Total: 100</p> <p>By Proxy: 0</p> <p align="center">Meeting conducted by unanimous consent of shareholder dated May 16, 2007.</p>

<p>3. Give the date and place of such meeting:</p> <p>Directors were elected May 16, 2007 via unanimous consent of the sole shareholder in lieu of an Annual Meeting.</p>
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Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A resubmission		04/30/08		December 31, 2007	
SECURITY HOLDERS AND VOTING POWERS (Continued)							
Line	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES					
		Number of votes as of (date):					
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)		
4	TOTAL votes all voting securities		100				
5	TOTAL number of security holders		1				
6	TOTAL votes of security holders listed below		100				
	Integrys Energy Group, Inc.		100				
7	130 East Randolph Drive						
8	Chicago, IL 60601						
9							
10							
11	Instruction 2: Not Applicable						
12	Instruction 3: Not Applicable						
13	Instruction 4: Not Applicable						
14							
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# RESPONSE/NOTES TO INSTRUCTION # 2 Not Applicable. 3 Not Applicable. 4 Not Applicable.							

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/30/08	December 31, 2007
IMPORTANT CHANGES DURING THE YEAR			
<p>Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not applicable" or "NA" where applicable.</p>			
<ol style="list-style-type: none"> 1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact. 2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference 3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform 4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing 5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number 6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the 7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments. 8. State the estimated annual effect and nature of any important wage scale changes during the year. 9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year. 10. Describe briefly and materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these 11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected. 12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be attached to this. 			

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corp.	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/30/08	December 31, 2007

IMPORTANT CHANGES DURING THE YEAR
<p>1. Michigan Gas Utilities obtained an additional franchise in Milan Township (Monroe County), which was adopted November 9, 2006, yet did not become effective until January 2, 2007. No payment of consideration was contingent with the above franchise.</p> <p>2. None.</p> <p>3. None.</p> <p>4. MGUC had no material leases as of December 31, 2007.</p> <p>5. MGUC had no new major source of gas made available to it during 2007.</p> <p>6. None.</p> <p>7. None.</p> <p>8. MGUC's general wage increase and market wage data adjustments for non-union exempt and non-exempt employees averaged 4.31%, effective December 16, 2007.</p> <p>9. MGUC is involved in various legal proceedings which arise in the normal course of operations. The individual claims are not material to Integrys Energy Group, as a whole, and reserves have been provided on the balance sheet as appropriate.</p> <p>10. None.</p> <p>11. None.</p> <p>12. Not applicable.</p>

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
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	\$274,832,978	\$273,930,637
3	Construction Work in Progress (107)	200-201	178,069	753,773
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		275,011,048	274,684,409
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115, 119)	200-201	136,948,230	140,462,961
7	Net Utility Plant (Enter Total of line 4 less 5)	-	138,062,818	134,221,448
8	Nuclear Fuel (120.1-120.4, 120.6)	-	0	0
9	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	-	0	0
10	Net Nuclear Fuel (Enter Total of line 7 less 8)	-	0	0
11	Net Utility Plant (Enter Total of lines 6 and 9)	-	\$138,062,818	\$134,221,448
12	Utility Plant Adjustment (116)	122-123	0	0
13	Gas Stored Underground-Noncurrent (117-117.1)	220	0	3,601,761
14	OTHER PROPERTY AND INVESTMENTS			
15	Nonutility Property (121)	221	\$0	\$0
16	(Less) Accum. Prov. for Depr. and Amort. (122)	221	0	0
17	Investments in Associated Companies (123)	222-223	0	0
18	Investment in Subsidiary Companies (123.1)	224-225	0	0
19	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
20	Noncurrent Portion of Allowances	-	0	0
21	Other Investments (124)	222-223, 229	0	0
22	Special Funds (125-128)	-	0	0
23	TOTAL Other Property and Investments (Total of lines 14-21)	-	\$0	\$0
24	CURRENT AND ACCRUED ASSETS			
25	Cash (131)	-	\$1,005,581	\$1,155,096
26	Special Deposits (132-134)	-	2,500	2,500
27	Working Funds (135)	-	5,850	4,850
28	Temporary Cash Investments (136)	222-223	0	0
29	Notes Receivable (141)	228A	1,577	0
30	Customer Accounts Receivable (142)	228A	20,019,348	18,331,764
31	Other Accounts Receivable (143, 148, 149)	228A	633,165	225,892
32	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	228A	3,073,149	2,135,501
33	Notes Receivable from Associated Companies (145)	228B	0	0
34	Accounts Receivable from Assoc. Companies (146 & 147)	228B	1,207,333	5,990,782
35	Fuel Stock (151)	228C	0	0
36	Fuel Stock Expense Undistributed (152)	228C	0	0
37	Residuals (Elec) and Extracted Products (Gas) (153)	228C	0	0
38	Plant Material and Operating Supplies (154)	228C	481,022	468,349
39	Merchandise (155)	228C	0	0
40	Other Material and Supplies (156)	228C	0	0
41	Nuclear Materials Held for Sale (157)	228C	0	0

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
42	Allowances (158.1 and 158.2)	---	0	0
43	(Less) Noncurrent Portion of Allowances	---	0	0
44	Stores Expense Undistributed (163)	228C	248,119	185,251
45	Gas Stored Underground-Current (164)	220	41,853,344	37,613,759
46	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	220	0	0
47	Prepayments (165)	226, 230	818,026	214,317
48	Advances for Gas (166-167)	229	0	0
49	Interest and Dividends Receivable (171)	---	0	0
50	Rents Receivable (172)	---	0	0
51	Accrued Utility Revenues (173)	---	23,048,117	24,582,060
52	Miscellaneous Current and Accrued Assets (174)	---	3,082,558	1,242,854
53	Derivative Instrument Assets (175)		17,586	5,933
54	(Less) LT Portion of Derivative Inst. Assets (175)			0
55	TOTAL Current and Accrued Assets (Enter Total of lines 24 thru 53)		\$89,350,977	\$87,887,905
56	DEFERRED DEBITS			
57	Unamortized Debt Expense (181)	---	\$0	\$0
58	Extraordinary Property Losses (182.1)	230	0	0
59	Unrecovered Plant and Regulatory Study Costs (182.2)	230	0	0
60	Other Regulatory Assets (182.3)	232	30,315,612	28,781,732
61	Prelim. Survey and Invest. Charges (Electric) (183)	---	0	0
62	Prelim. Survey and Invest. Charges (Gas) (183.1,183.2)	231	0	0
63	Clearing Accounts (184)	---	0	0
64	Temporary Facilities (185)	---	0	0
65	Miscellaneous Deferred Debits (186)	233	156,570,968	160,809,648
66	Def. Losses from Disposition of Utility Plant (187)	---	0	0
67	Research, Devel, and Demonstration Expend. (188)	352-353	0	0
68	Unamortized Loss on Reacquired Debt (189)	---	0	0
69	Accumulated Deferred Income Taxes (190)	234-235	5,677,538	13,043,694
70	Unrecovered Purchased Gas Costs (191)	---	0	6,559,751
71	TOTAL Deferred Debits (Enter Total of lines 54 thru 69)		\$192,564,119	\$209,194,824
72	TOTAL Assets and other Debits (Enter Total of lines 10, 11, 12, 22, 54 and 70)		\$419,977,914	\$434,905,939

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)					
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)	
1	PROPRIETARY CAPITAL				
2	Common Stock Issued (201)	250-251	\$100	\$100	
3	Preferred Stock Issued (204)	250-251	0	0	
4	Capital Stock Subscribed (202, 205)	252	0	0	
5	Stock Liability for Conversion (203, 206)	252	0	0	
6	Premium on Capital Stock (207)	252	226,971,194	227,010,098	
7	Other Paid-In Capital (208-211)	253	0	0	
8	Installments Received on Capital Stock (212)	252	0	0	
9	(Less) Discount on Capital Stock (213)	254	0	0	
10	(Less) Capital Stock Expense (214)	254	0	0	
11	Retained Earnings (215, 215.1, 216)	118-119	(7,642,978)	(2,587,377)	
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0	
13	(Less) Reacquired Capital Stock (217)	250-251	0	0	
14	TOTAL Proprietary Capital (Enter Total of lines 2 thru 13)		\$219,328,316	\$224,422,821	
15	LONG-TERM DEBT				
16	Bonds (221)	256-257	\$0	\$0	
17	(Less) Reacquired Bonds (222)	256-257	0	0	
18	Advances from Associated Companies (223)	256-257	84,000,000	84,000,000	
19	Other Long-Term Debt (224)	256-257	0	0	
20	Unamortized Premium on Long-Term Debt (225)	258-259	0	0	
21	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	258-259	0	0	
22	TOTAL Long-Term Debt (Enter Total of lines 16 thru 21)		\$84,000,000	\$84,000,000	
23	OTHER NONCURRENT LIABILITIES				
24	Obligations Under Capital Leases - Noncurrent (227)	---	\$0	\$0	
25	Accumulated Provision for Property Insurance (228.1)	---	0	0	
26	Accumulated Provision for Injuries and Damages (228.2)	---	0	0	
27	Accumulated Provision for Pensions and Benefits (228.3)	---	0	756,627	
28	Accumulated Miscellaneous Operating Provisions (228.4)	---	0	0	
29	Accumulated Provision for Rate Refunds (229)	---	0	0	
30	Asset Retirement Obligations (230)	---	114,058	120,199	
31	TOTAL Other Noncurrent Liabilities (Enter Total of lines 24 thru 30)		\$114,058	\$876,826	
32	CURRENT AND ACCRUED LIABILITIES				
33	Notes Payable (231)	260A	\$0	\$0	
34	Accounts Payable (232)	---	32,747,587	27,709,109	
35	Notes Payable to Associated Companies (233)	260B	22,300,000	32,025,000	
36	Accounts Payable to Associated Companies (234)	260B	6,054,077	3,126,544	
37	Customer Deposits (235)	---	1,863,211	960,325	
38	Taxes Accrued (236)	262-263	3,052,147	1,820,347	
39	Interest Accrued (237)	---	67,435	77,765	
40	Dividends Declared (238)	---	0	0	
41	Matured Long-Term Debt (239)	---	0	0	

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
42	Matured Interest (240)	---	0	0
43	Tax Collections Payable (241)	---	259,588	31,396
44	Misc. Current and Accrued Liabilities (242)	268	10,264,045	3,699,387
45	Obligations Under Capital Leases-Current (243)	---	0	0
46	Federal Income Taxes Accrued for Prior Years (244)	---	0	0
47	Michigan Single Business Taxes Accrued for Prior Years (244.1)	---	0	0
48	Fed. Inc. Taxes Accrued for Prior Years-Adj. (245)	---	0	0
49	Michigan Single Business Taxes Accrued for Prior Years-Adj. (245.1)	---	0	0
50	TOTAL Current and Accrued Liabilities (Enter Total of lines 33 thru 49)		76,608,089	69,449,875
51	DEFERRED CREDITS			
52	Customer Advances for Construction (252)	---	\$0	\$0
53	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
54	Deferred Gains from Disposition of Utility Plant (256)	---	0	0
55	Other Deferred Credits (253)	269	27,178,044	26,235,707
56	Other Regulatory Liabilities (254) excluding 254185	278	1,983,998	5,126,073
57	Unamortized Gain on Reacquired Debt (257)	260	0	0
58	Accumulated Deferred Income Taxes (281-283)	272-277	10,765,408	24,794,637
59	TOTAL Deferred Credits (Enter Total of lines 52 thru 58)		\$39,927,450	\$56,156,418
60	TOTAL Liabilities and Other Credits (Enter Total of lines 14, 22, 31, 50 and 59)		\$419,977,914	\$434,905,939

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report: (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
Michigan Gas Utilities Corp			

STATEMENT OF INCOME FOR THE YEAR

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

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

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

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

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

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

Line No.	Account (a)	(Ref.) Page No. (b)	TOTAL	
			12 Months Ended Current Year (c)	9 Months Ended Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	220,175,242	110,077,499
3	Operating Expenses			
4	Operation Expenses (401)	320-325	193,031,937	107,464,732
5	Maintenance Expenses (402)	320-325	2,430,620	1,887,813
6	Depreciation Expense (403)	336-338	7,042,139	5,357,462
7	Amort. & Depl. of Utility Plant (404-405)	336-338	116,340	92,345
8	Amort. of Utility Plant Acq. Adj. (406)	336-338	0	0
9	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs		0	0
10	Amort. of Conversion Expenses (407)		0	0
11	Regulatory Debits (407.3)		0	0
12	(Less) Regulatory Credits (407.4)		0	0
13	Taxes Other Than Income Taxes (408.1)	262-263	4,313,272	2,663,183
14	Income Taxes - Federal (409.1)	262-263	(9,923,213)	(6,832,467)
15	- Other (409.1)	262-263	0	0
16	Provision for Deferred Inc. Taxes (410.1)	234,272-276B	16,745,443	6,060,519
17	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-276B	4,365,892	3,346,571
18	Investment Tax Credit Adj. - Net (411.4)	234,272-276B	0	0
19	(Less) Gains from Disp. of Utility Plant (411.6)	266	0	0
20	Losses from Disp. of Utility Plant (411.7)		0	0
21	(Less) Gains from Disposition of Allowances (411.8)		0	0
22	Losses from Disposition of Allowances (411.9)		0	0
23	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 22)		209,390,646	113,347,016
24	Net Utility Operating Income (Enter Total of line 2 less 23) (Carry forward to page 117, line 25)		10,784,596	(3,269,517)

Name of Respondent	This Report is:	Date of Report:	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

STATEMENT OF INCOME FOR THE YEAR (Continued)

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

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

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

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

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

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

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	12 Months Ended Current Year (g)	9 Months Ended Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
		220,175,242	110,077,499			2
						3
		193,031,937	107,464,732			4
		2,430,620	1,887,813			5
		7,042,139	5,357,462			6
		116,340	92,345			7
		0	0			8
		0	0			9
		0	0			10
		0	0			11
		0	0			12
		4,313,272	2,663,183			13
		(9,923,213)	(6,832,467)			14
		0	0			15
		16,745,443	6,060,519			16
		4,365,892	3,346,571			17
		0	0			18
		0	0			19
		0	0			20
		0	0			21
		0	0			22
0	0	209,390,646	113,347,016	0	0	23
0	0	10,784,596	(3,269,517)	0	0	24

Name of Respondent Michigan Gas Utilities Corp		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report: (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No.	Account (a)	(Ref.) Page No. (b)	12 Months Ended Current Year (c)	9 Months Ended Previous Year (d)
25	Net Utility Operating Income (Carried forward from page 114)	-	10,784,596	(3,269,517)
26	Other Income and Deductions			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing and Contract Work (415)		120,211	79,144
30	(Less) Costs & Exp of Merchandising, Job & Contract Work (416)		-	-
31	Revenues From Nonutility Operations (417)		31,068	52,420
32	(Less) Expenses of Nonutility Operations (417.1)		(96,419)	(68,983)
33	Nonoperating Rental Income (418)		-	-
34	Equity in Earnings of Subsidiary Companies (418.1)	119	-	-
35	Interest and Dividend Income (419)		373,981	410,224
36	Allowance for Other Funds Used During Construction (419.1)		-	-
37	Miscellaneous Nonoperating Income (421)		(46,179)	-
38	Gain on Disposition of Property (421.1)		-	-
39	TOTAL Other Income (Enter Total of lines 29 thru 38)		382,661	472,805
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)		-	-
42	Miscellaneous Amortization (425)	340	-	-
43	Miscellaneous Income Deductions (426.1 426.5)	340	18,492	11,409
44	TOTAL Other Income Deductions (Enter Total of lines 41 thru 43)		18,492	11,409
45	Taxes Applic. to Other Income and Deductions			
46	Taxes Other Than Income Taxes (408.2)	262-263	3,025	150
47	Income Taxes-Federal (409.2)	262-263	5,986,033	(2,355,466)
48	Income Taxes-Other (409.2)	262-263	-	-
49	Provision for Deferred Inc. Taxes (410.2)	234,272-277	3,893,499	4,401,624
50	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234,272-277	9,617,155	2,020,520
51	Investment Tax Credit Adj. - Net (411.5)		-	-
52	(Less) Investment Tax Credits (420)		-	-
53	TOTAL Taxes on Other Inc. and Ded. (Total of 46 thru 52)		265,402	25,788
54	Net Other Income and Deductions (Enter Total of lines 39, 44, 53)		98,767	435,608
55	Interest Charges			
56	Interest on Long-Term Debt (427)		-	-
57	Amort. of Debt Disc. and Expense (428)	258-259	-	-
58	Amortization of Loss on Reacquired Debt (428.1)		-	-
59	(Less) Amort. of Premium on Debt-Credit (429)	258-259	-	-
60	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		-	-
61	Interest on Debt to Assoc. Companies (430)	340	5,370,986	3,809,201
62	Other Interest Expense (431)	340	456,776	999,868
63	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		0.00	-
64	Net Interest Charges (Enter Total of 56 thru 63)		5,827,762	4,809,069
65	Income Before Extraordinary Items (Enter Total of lines 25, 54, and 64)		5,055,601	(7,642,978)
66	Extraordinary Items			
67	Extraordinary Income (434)		-	-
68	(Less) Extraordinary Deductions (435)		-	-
69	Net Extraordinary Items (Enter Total of line 67 less line 68)		-	-
70	Income Taxes-Federal and Other (409.3)	262-263	-	-
71	Extraordinary Items After Taxes (Enter Total of line 69 less line 70)		-	-
72	Net Income (Enter Total of lines 65 and 71)		5,055,601	(7,642,978)

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Name of Respondent	This Report is:	Date of Report:	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

RECONCILIATION OF DEFERRED INCOME TAX EXPENSE			
1. Report on this page the charges to accounts 410, 411 and 420 reported in the contra accounts 190, 281, 282, 283 and 284. 2. The charges in the subaccounts of 410 and 411 found on pages 114-117 should agree with the subaccount totals reported on these pages.		In the event the deferred income tax expenses reported on pages 114-117 do not directly reconcile with the amounts found on these pages, then provide the additional information requested in instruction #3, on a separate page.	
Line No.		Electric Utility	Gas Utility
1	Debits to Account 410 from:		
2	Account 190		10,753,698
3	Account 281		0
4	Account 282		610,908
5	Account 283		5,380,837
6	Account 284		0
7	Reconciling Adjustments		0
8	TOTAL Account 410.1 (on pages 114-115 line 16)		16,745,443
9	TOTAL Account 410.2 (on page 117 line 49)		
10	Credits to Account 411 from:		
11	Account 190		(1,527,758)
12	Account 281		0
13	Account 282		367,281
14	Account 283		(3,205,415)
15	Account 284		0
16	Reconciling Adjustments		0
17	Total Account 411.1 (on pages 114-15 line 17)		(4,365,892)
18	Total Account 411.2 (on page 117 line 50)		
19	Net ITC Adjustment:		
20	ITC Utilized for the Year DR		
21	ITC Amortized for the Year CR		0
22	ITC Adjustments:		
23	Adjust last year's estimate to actual per filed return		
24	Other (specify)		
25	Net Reconciling Adjustments Account 411.4*		0
26	Net Reconciling Adjustments Account 411.5		
27	Net Reconciling Adjustments Account 420		

Name of Respondent	This Report is:	Date of Report:	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

RECONCILIATION OF DEFERRED INCOME TAX EXPENSE (Continued)

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

Other Utility	Total Utility	Other Income	Total Company	Line No.
	10,753,698		10,753,698	1
	0		0	2
	610,908	3,893,499	4,504,407	3
	5,380,837		5,380,837	4
	0		0	5
	0		0	6
	16,745,443			7
		3,893,499		8
	(1,527,758)	(7,236,038)	(8,763,796)	9
	0		0	10
	367,281	(2,381,117)	(2,013,836)	11
	(3,205,415)		(3,205,415)	12
	0		0	13
	0		0	14
	(4,365,892)			15
		(9,617,155)		16
	0		0	17
				18
				19
				20
				21
				22
				23
				24
	0			25
				26
				27

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

STATEMENT OF RETAINED EARNINGS FOR THE YEAR

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)		
1	Balance-Beginning of Year		(7,642,978)
2	Changes (<i>Identify by prescribed retained earnings accounts</i>)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	TOTAL Credits to Retained Earnings (439)		
9	Debit:		
10	Debit:		
11	Debit:		
12	Debit:		
13	TOTAL Debits to Retained Earnings (439)		
14	Balance Transferred from Income (Account 433)		5,055,601
15	Appropriations of Retained Earnings (Account 436)		
16			
17			
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		
22	Dividends Declared-Preferred Stock (Account 437)		
23			
24			
25			
26			
27			
28	TOTAL Dividends Declared-Preferred Stock (Account 437)		

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/07	Year of Report December 31, 2007
STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)				
Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)	
29	Dividends Declared-Common Stock (Account 438)			
30				
31				
32				
33				
34				
35	TOTAL Dividends Declared-Common Stock (Account 438)			
36	Transfers from Account 216.1 Unappropriated Undistributed Subsidiary Earnings			
37	Balance - End of the Year (Enter Total of lines 1 thru 36)		(2,587,377)	
APPROPRIATED RETAINED EARNINGS (Account 215)				
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.			
38				
39				
40				
41				
42				
43	TOTAL Appropriated Retained Earnings (Account 215)			
APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1)				
	State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.			
44	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215.1)			
45	TOTAL Appropriated Retained Earnings (Account 215 & 215.1)			
46	TOTAL Retained Earnings (Accounts 215, 215.1 & 216)		(2,587,377)	
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)				
47	Balance-Beginning of Year (Debit or Credit)			
48	Equity in Earnings for Year (Credit) (Account 418.1)			
49	(Less) Dividends Received (Debit)			
50	Other Changes (Explain)			
51	Balance-End of Year (Enter Total of lines 47 thru 50)			

Name of Respondent	This Report Is:	Date of Report	Year of Report
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STATEMENT OF CASH FLOWS

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

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

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

Line No.	Description (See instructions for Explanation of Codes) (a)	Current Year to Date (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 on page 117)	5,055,601
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	7,042,139
5	Amortization of Utility Plant	116,340
6	Amortization of (Specify) Other	-
7	Intangible Plant	
8	Deferred Income Taxes (Net)	6,655,895
9	Investment Tax Credit Adjustment (Net)	
10	Net (Increase) Decrease in Receivables	2,302,090
11	Net (Increase) Decrease in Inventory	5,873,817
12	Net (Increase) Decrease in Allowances Inventory	-
13	Net (Increase) Decrease in Payables and Accrued Expenses	(14,623,958)
14	Net (Increase) Decrease in Other Regulatory Assets	370,376
15	Net (Increase) Decrease in Other Regulatory Liabilities	3,149,253
16	(Less) Allowance for Other Funds Used During Construction	-
17	(Less) Undistributed Earnings from Subsidiary Companies	-
18	Other: (provide details in footnote)	(19,752,313)
19		
20		
21		
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	(3,810,760)
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant	
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	(7,491,472)
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance to Other Funds Used During Construction	
31	Other:	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(7,491,472)
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

Name of Respondent	This Report Is:	Date of Report	Year of Report
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STATEMENT OF CASH FLOWS (Continued)

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

Line No.	Description (See instructions for Explanation of Codes) (a)	Current Year to Date (b)
46	Loans Made or Purchased	
47	Collections on Loans	
48		
49	Net (Increase) Decrease in Receivables	
50	Net (Increase) Decrease in Inventory	
51	Net (Increase) Decrease in Allowances Held for Speculation	
52	Net Increase (Decrease) in Payables and Accrued Expenses	1,686,844
53	Other: (provide details in footnote)	
54	Other: Acquisition	
55		
56	Net Cash Provided by (Used in) Investing Activities	
57	(Total of lines 34 thru 54)	(5,804,628)
58		
59	Cash Flows from Financing Activities:	
60	Proceeds from Issuance of:	
61	Long Term Debt	
62	Preferred Stock	
63	Common Stock	
64	Other:	9,725,000
65	Equity Contribution From Parent	38,903
66	Net Increase in Short-Term Debt	
67	Other: (provide details in footnote)	
68	Changes in Loans on Executive Life Insurance	
69		
70	Cash Provided by Outside Sources (Total of lines 61 thru 69)	9,763,903
71		
72	Payments for Retirement of:	
73	Long Term Debt	
74	Preferred Stock	
75	Common Stock	
76	Other:	
77	Equity Adjustments to Parent	
78	Net Decrease in Short-Term Debt	
79		
80	Dividends on Preferred Stock	
81	Dividends on Common Stock	
82	Net Cash Provided by (Used in) Financing Activities	
83	(Total of lines 70 thru 81)	9,763,903
84		
85	Net Increase (Decrease) in Cash and Cash Equivalents	
86	(Total of lines 22, 57 and 83)	148,515
87		
88	Cash and Cash Equivalents at Beginning of Year	1,013,931
89		
90	Cash and Cash Equivalents at End of Year	1,162,446

Name of Respondent	This Report Is:	Date of Report	Year of Report
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Footnote Data			
Schedule Page: 113 Line No.: 55 Column (b)			
Other Deferred Credits			
Outstanding Checks Cancelled			(1,303)
Unearned Revenue (Transportation Cashouts)			223,903
Gas Site Clean-up			(26,334,000)
Def Comp Res Loan Program			(124,307)
TOTAL			(26,235,707)
Schedule Page: 120 Line No.: 18 Column (b)			
Other Operating			
Base Gas			(3,601,761)
Accum Dep			53,872.00
Accrued Revenues			(1,533,943)
Prepayments and Misc Current Assets			2,443,413
Deferred Debits			(9,482,623)
Investments			11,653
Accrued Interest on Customer Deposits			10,330
Other Current Liabilities			(7,467,543)
Pension and Post Retirement Liability			756,627
Other items			(942,338)
TOTAL			(19,752,313)
Schedule Page: 121 Line No.: 64 Column (b)			
Other Financing			
Increase in Notes Payable from WPSR			9,725,000
TOTAL			9,725,000

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/30/08	December 31, 2007
NOTES TO FINANCIAL STATEMENTS			
<p>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.</p> <p>2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at the end of year, including a brief explanation, of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.</p> <p>3. For Account 116, <i>Utility Plant Adjustments</i>, explain the origin of such amount, debits and credits during the year,</p> <p>and plan of disposition contemplated, giving references to Commission orders of other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.</p> <p>4. Where Accounts 189, <i>Unamortized Loss on Reacquired Debt</i>, and 257, <i>Unamortized Gain on Reacquired Debt</i>, are not used, give an explanation, providing the rate treatment given these items. See general Instruction 17 of the Uniform System of Accounts.</p> <p>5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.</p> <p>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.</p>			

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corp	(2) <input type="checkbox"/> A Resubmission	April 30, 2008	December 31, 2007
NOTES TO FINANCIAL STATEMENTS (Continued) – Page 123			

MICHIGAN GAS UTILITIES CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007

The Notes to the Financial Statements that follow are as of and for the twelve-month period from January 1, 2007 to December 31, 2007.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) MPSC Form P-522 Presentation Compared to Generally Accepted Accounting Principles--The accompanying financial statements have been prepared in accordance with the accounting requirements of the MPSC as set forth in the Uniform System of Accounts and accounting releases, which differs from generally accepted accounting principles ("GAAP"). As required by MPSC, Michigan Gas Utilities Corporation ("MGUC") classifies certain items in its 2007 Form P-522 in a manner different than the presentation in accordance with GAAP:

- Removal costs that do not have an associated legal obligation are recognized as a component of accumulated depreciation, whereas these costs are recognized for GAAP as a regulatory liability.
- Accumulated deferred income taxes are reported as deferred debits and deferred credits and are not netted into short-term or long-term classifications as required by GAAP.
- MPSC requires transactions for the real-time and day-ahead Regional Transmission Organization administered energy markets to be separately reported for each hour on the statement of income, whereas MGUC combines the transactions of these two markets for a given hour for GAAP reporting purposes.
- The GAAP financial statement presentation reports unamortized loss on reacquired debt and energy refunds or recoveries as regulatory assets and liabilities whereas the MPSC financial statement presentation reports these balances as deferred debits and current assets and liabilities.
- GAAP financial statements reflect the adoption of Financial Accounting Standards Board Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes*," whereas the Form P-522 is reported in accordance with the MPSC issued accounting guidance for this Interpretation. As such, the Form P-522 recognizes deferred income taxes based on the difference between positions taken in tax returns filed and amounts reported in the financial statements and does not report interest and penalties on tax deficiencies as income taxes.

(b) Nature of Operations--MGUC, a wholly-owned subsidiary of Integrys Energy Group, Inc., is a regulated gas utility that supplies and distributes natural gas to southern Michigan customers in and around Grand Haven, Otsego, Benton Harbor, Coldwater, and Monroe.

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

(c) Use of Estimates--The preparation of financial statements in conformity with accounting requirements of the MPSC requires management to make estimates and assumptions that affect

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NOTES TO FINANCIAL STATEMENTS (Continued) – Page 123			

reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

- (d) **Cash and Cash Equivalents**--All short-term investments with an original maturity of three months or less are considered to be cash equivalents. Cash paid for income taxes for the twelve-month period ended December 31, 2007 was \$2.9 million and cash paid for interest totaled \$5.6 million.

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

Cash	\$1,155,096
Special Deposits	2,500
Working Funds	<u>4,850</u>
	\$1,162,446

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS (Continued) – Page 123			

Arrangement for storage of natural gas also exists with third parties. Such arrangements provide for spot and term purchases by MGUC of up to 7.981 million Mcf of natural gas each summer for storage with other utilities and on pipelines, as well as MGUC owned storage facilities for delivery during the following heating season. Under the arrangements, the cost of such natural gas, together with related storage and transportation service charges, is charged to natural gas in underground storage as the natural gas is purchased. As natural gas is withdrawn, it is priced at the average cost of natural gas in storage computed separately for each third party.

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

MGUC accounts for its derivative contracts in accordance with SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities*," as amended and interpreted. SFAS No. 133 establishes accounting and financial reporting standards for derivative instruments and requires, in part, that we recognize certain derivative instruments on the balance sheet as assets or liabilities at their fair value. The derivatives qualify for regulatory deferral subject to the provisions of SFAS No. 71, "*Accounting for the Effects of Certain Types of Regulation*;" the derivatives are marked to fair value pursuant to SFAS No. 133 and are offset with a corresponding regulatory asset or liability. At December 31, 2007, the Company has recorded a risk management asset of \$5,933 as a derivative instrument asset. This asset is related to a natural gas purchase contract to mitigate price volatility.

- (i) **Property, Plant, and Equipment**--Utility plant is stated at the original cost of construction including an allowance for funds used during construction. The cost of renewals and betterments of units of property (as distinguished from minor items of property) is capitalized as an addition to the utility plant accounts. Except for land, no gain or loss is recognized in connection with ordinary retirements of utility property units. Maintenance, repair, replacement, and renewal costs associated with items not qualifying as units of property are considered operating expenses. The utility charges the cost of units of property retired, sold, or otherwise disposed of, less salvage, to accumulated depreciation. The cost of removal associated with the retirement is also charged to accumulated depreciation.

MGUC records straight-line depreciation expense over the estimated useful life of utility property and includes amounts for estimated removal and salvage. The annual utility composite depreciation rate was 2.67% for 2007 and 2.06% for the nine-month period ended December 31, 2006.

MGUC capitalizes certain costs related to software developed or obtained for internal use and amortizes those costs to operating expense over the estimated useful life of the related software, which is usually three to eight years.

- (j) **Allowance for Funds Used During Construction**--MGUC uses an allowance for funds used during construction (AFUDC) calculation which includes both a debt and an equity component as required by regulatory accounting. MGUC did not record AFUDC for the twelve-month period ended December 31, 2007 because there were no significant construction projects during the year.
- (k) **Asset Impairment**--MGUC reviews the recoverability of long-lived tangible and intangible assets in accordance with SFAS No. 144. This Statement requires review of assets when circumstances indicate that the carrying amount may not be recoverable. The carrying amount of assets held and used is not recoverable if it exceeds the undiscounted sum of cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is not recoverable, the impairment loss is measured as the excess of the asset's carrying value over its fair value. Impairment charges

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are recorded if the carrying value of such assets exceeds the future anticipated cash flows. There were no impairment charges for the twelve-month period ended December 31, 2007.

- (l) **Regulatory Assets and Liabilities**--MGUC is subject to the provisions of SFAS No. 71. Regulatory assets represent probable future revenue associated with certain incurred costs that will be recovered from customers through the ratemaking process. Regulatory liabilities represent amounts that are refundable in future customer rates. Based on a current evaluation of the various factors and conditions that are expected to impact future cost recovery, we believe that future recovery of our regulatory assets is probable. If, at any reporting date, a previously recorded regulatory asset is no longer probable of recovery, the regulatory asset is reduced to the amount considered probable of recovery with the reduction charged to current expense. For additional information, see Note 4, "Regulatory Assets and Liabilities."
- (m) **Goodwill and Other Intangible Assets**--In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and other assets with indefinite lives are not amortized, but are subject to annual impairment tests. Impairment tests were performed at the time of acquisition for MGUC. Going forward, MGUC will perform annual impairment tests during the second quarter. The impairment tests are updated whenever events or changes in circumstances indicate that the assets might be impaired. Based upon the results of testing, no impairments were noted for the twelve-month period ended December 31, 2007. See Note 5, "Goodwill and Other Intangible Assets," for additional information.
- (n) **Asset Retirement Obligations**--SFAS No. 143, "Accounting for Asset Retirement Obligations," requires companies to recognize, at fair value, legal obligations associated with the retirement of tangible long-lived assets that resulted from the acquisition, construction or development, and/or normal operation of the assets. The asset retirement obligations are accreted using a credit-adjusted risk-free interest rate commensurate with the expected settlement dates of the asset retirement obligations. The associated retirement costs are capitalized as part of the related long-lived assets and are depreciated over the useful lives of the assets.
- MGUC recognizes Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations," which clarifies that conditional asset retirement obligations are within the scope of SFAS No. 143. Therefore, a liability must be recorded for these obligations as long as the fair value can be reasonably estimated, even if the timing or method of settling the obligation is unknown. Asset retirement obligations included within the scope of Interpretation No. 47 are calculated and recorded utilizing the methodology in SFAS No. 143. See Note 8, "Asset Retirement Obligations," for additional information regarding SFAS 143 and Interpretation No. 47.
- (o) **Income Taxes**--We account for income taxes using the liability method as prescribed by SFAS No. 109, "Accounting for Income Taxes." Under this method, deferred income taxes have been recorded using currently enacted tax rates for the differences between the tax basis of assets and liabilities and the basis reported in the financial statements. Due to the effects of regulation on MGUC, certain adjustments made to defer income taxes are, in turn, recorded as regulatory assets or liabilities.

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

Integrus Energy Group files a consolidated United States income tax return that includes domestic subsidiaries of which its ownership is 80% or more. Integrus Energy Group and its consolidated

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

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

On July 12, 2007, the Michigan Governor signed legislation that replaced the Single Business Tax with an effective date of January 1, 2008. On September 30, 2007, the Michigan legislature passed, and the governor signed into law, a "SFAS No. 109" amendment to the new Michigan Business Tax ("MBT"), providing a future tax deduction for existing book-tax differences. This legislation allows companies to record a state deferred tax asset for the future tax deduction, which offsets the state deferred tax liability recorded in the third quarter of 2007 for this new MBT.

On September 30, 2007, the Michigan legislature passed a bill that will expand the state's 6% sales tax to additional services. The Governor signed the legislation on September 30, 2007. On December 1, 2007, the Governor signed legislation that would repeal the previous expansion of the state's sales tax. The same legislation added an annual surcharge to taxpayer's MBT liability. These new provisions discussed above are effective as of January 1, 2008, at which time we began recording the effects on current earnings.

- (p) **Taxes Other Than Income**--MGUC presents revenue net of pass-through taxes on the Statements of Income. The company accounts for the Michigan Single Business Tax as tax other than income taxes.
- (q) **Guarantees**--FASB Interpretation No. 45, "*Guarantor's Accounting and Disclosure Requirements for Guarantees Including Indirect Guarantees of Indebtedness of Others*," requires that the guarantor recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. See Note 11, "*Guarantees*," for additional information on Interpretation No. 45.
- (r) **New Accounting Pronouncements**--In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes new criteria to be considered when measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. MGUC applies fair value measurements to certain assets and liabilities, primarily derivative instruments, available-for-sale securities, deferred compensation liabilities, financial instruments required to be disclosed at fair value under SFAS No. 107, "*Fair Value of Financial Instruments*," and long-lived assets evaluated for impairments. SFAS No. 157 is effective for MGUC on January 1, 2008 for financial assets and liabilities and January 1, 2009 for nonfinancial assets and liabilities.

SFAS No. 157 requires that a fair value measurement reflect the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model. SFAS No. 157 also requires that we consider our own credit

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profile in valuing liabilities and specifies that transaction costs should not be considered in the determination of fair value. There was no impact on net income due to the adoption of this statement on January 1, 2008.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*." This standard permits entities to choose to measure many financial instruments and certain other items at fair value, following the provisions of SFAS No. 157. SFAS No. 159 is effective for MGUC beginning January 1, 2008. We have chosen not to elect the fair value option for any of our financial assets and liabilities.

In December 2007, the FASB issued SFAS No. 141(R), "*Business Combinations*." SFAS No. 141(R) provides greater consistency in the accounting and financial reporting of business combinations. SFAS No. 141(R) requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction and any non-controlling interest in the acquiree at the acquisition date, measured at the fair value as of that date. This includes the measurement of the acquirer's shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for pre-acquisition gain and loss contingencies, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition-related transaction costs, and the recognition of changes in the acquirer's income tax valuation allowance and deferred taxes. This statement also establishes disclosure requirements to enable the evaluation of the nature and financial effect of the business combination. SFAS No. 141(R) is effective for business combinations consummated after January 1, 2009. Also effective January 1, 2009, any adjustments to uncertain tax positions from business combinations consummated prior to January 1, 2009 will no longer be recorded as an adjustment to goodwill, but will be reported in income.

- (s) **Reclassification**--At December 31, 2006, MGUC previously reported assets related to manufactured gas plant activities of \$26.6 million as regulatory assets included in Account 182.3. The \$26.6 million was reclassified from regulatory assets to miscellaneous deferred debits in Account 186 to conform to the December 31, 2007 presentation.

NOTE 2--ACQUISITIONS OF ASSETS

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

Integrys Energy Group paid total consideration of \$341.7 million for the Michigan natural gas distribution operations, which included closing adjustments related primarily to purchased working capital, and contributed the net assets acquired to MGUC, in a non-cash transaction. The transaction was accounted for under the purchase method of accounting. The purchase price \$341.7 million was allocated based on the estimated fair market value of the assets acquired and liabilities assumed. The excess cost of the acquisition over the estimated fair value of the tangible net assets acquired was allocated to identifiable intangible assets with the remainder then allocated to goodwill. The results of operations were included in the accompanying financial statements since the date of acquisition. The following table shows the

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preliminary allocation of the purchase price to the assets acquired and liabilities assumed at the date of the acquisition.

(Millions)	
Accounts receivable, net	\$ 28.4
Accrued unbilled revenues	15.6
Inventories	22.5
Other current assets	2.7
Property plant and equipment, net	135.6
Regulatory assets	56.5
Other long-term assets	
Goodwill	122.7
Intangibles – trade name	5.2
Other long-term assets	5.6
Total Assets	394.8
Other current liabilities	6.3
Regulatory liabilities	1.2
Environmental remediation liabilities	24.9
Pension and postretirement benefit obligations	20.5
Other long-term liabilities	0.2
Total Liabilities	53.1
Net Assets Acquired	\$341.7

NOTE 3--FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The estimated fair values of our financial instruments as of December 31, 2007 were:

(Millions)	Carrying Amount	Fair Value
Cash and cash equivalents	\$1.2	\$1.2
Accounts receivable	22.4	22.4
Accounts payable	30.9	30.9
Derivative assets	0.0	0.0

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NOTE 4--REGULATORY ASSETS AND LIABILITIES

The following regulatory assets and liabilities are reflected in the Balance Sheet as of December 31, 2007 and December 31, 2006:

<i>(Millions)</i>	2007	2006
Regulatory assets		
Pension and post-retirement benefit related items	\$28.8	\$30.3
Environmental remediation costs (net of insurance recoveries)	27.8	26.6
Total	\$56.6	\$56.9
Regulatory liabilities		
Pension and post-retirement benefit related items	\$5.1	\$1.9
Other	0.0	.1
Total	\$5.1	\$2.0

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

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

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

NOTE 5--GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill recorded by MGUC was \$122.7 million at December 31, 2007 related to the acquisition of the natural gas distribution operations in Michigan in April 2006. In conjunction with the acquisition of the natural gas distribution operations, a \$5.2 million indefinite lived intangible asset was recorded related to the MGUC trade name. Goodwill and Intangible assets are recorded on the balance sheet in Account 186.

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NOTE 6--SHORT-TERM DEBT

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

- Maximum amount of short-term borrowings outstanding during the twelve-months ended December 31, 2007 \$ 34.9
- Average amount of short-term borrowings outstanding during the twelve-months ended December 31, 2007 \$ 7.9
- Weighted average interest rate on short-term borrowings for the twelve-months ended December 31, 2007 5.24%
- Weighted average interest rate on short-term borrowings at year end 4.88%
- Short-term borrowings from Integrys Energy Group at December 31, 2007 \$ 32.0

NOTE 7--LONG-TERM DEBT

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

At December 31 (Millions)				2007
Integrys Energy Group Notes				
<u>Term</u>	<u>Interest Rate</u>	<u>Year Due</u>	<u>Description</u>	
7 year	5.72%	2013	Senior Note	28.0
10 year	5.76%	2016	Senior Note	28.0
15 year	5.98%	2021	Senior Note	28.0
Total Long-Term Debt				\$84.0

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

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

Year ending December 31 (Millions)	
2008	\$ -
2009	-
2010	-
2011	-
2012	-
Later years	84.0
Total payments	\$84.0

NOTE 8--ASSET RETIREMENT OBLIGATIONS

Under the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations," and Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations," MGUC has recorded liabilities for legal obligations associated with the retirement of tangible long-lived assets. MGUC identified asset retirement

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obligations primarily related to asbestos abatement at office buildings and service centers. In accordance with SFAS No. 71, MGUC established regulatory assets and liabilities to record the differences between ongoing expense recognition under SFAS No. 143 and Interpretation No. 47, and the rate-making practices for retirement costs authorized by the MPSC. At December 31, 2007, asset retirement obligations had a balance of \$120,199. Accretion expense was \$6,141 for the twelve-month period ended December 31, 2007.

NOTE 9—INCOME TAXES

The principal components of our deferred tax assets and liabilities recognized in the balance sheet as of December 31, 2007 are as follows:

<i>(Millions)</i>	2007	2006
Deferred tax assets:		
Employee benefits	\$2.4	\$3.2
Plant related	7.2	1.2
Other	3.4	1.3
Total deferred tax assets	13.0	5.7
Deferred tax liabilities:		
Regulatory deferrals	\$12.4	\$10.6
Plant related	11.5	
Other	.9	.2
Total deferred tax liabilities	\$24.8	\$10.8

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

The following table presents a reconciliation of federal income taxes (which are calculated by multiplying the statutory federal income tax rate by book income before federal income tax) to the provision for income taxes reported in the Statement of Income for the twelve-month period ended December 31, 2007.

<i>(Millions, except for percentages)</i>	Rate	2007	Rate	2006
Statutory federal income tax	35.0%	\$2.6	35.0%	\$(4.1)
Effective income tax	35.0%	\$2.6	35.0%	\$(4.1)
Current provision - Federal		\$(4.1)		\$(9.2)
Deferred provision		6.7		5.1
Total income tax expense		\$2.6		\$(4.1)

As the related temporary differences reverse, MGUC is prospectively refunding taxes to customers for which deferred taxes were recorded in prior years at rates different than current rates. The regulatory liability for these refunds and other regulatory tax effects totaled approximately \$4 as of December 31, 2007.

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NOTE 10--COMMITMENTS AND CONTINGENCIES

Commodity and Purchase Order Commitments

MGUC routinely enters into long-term purchase and sale commitments that have various quantity requirements and durations. MGUC has obligations related to natural gas contracts totaling \$116.5 million, substantially all of which end by 2019.

Environmental

Manufactured Gas Plant Remediation

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

MGUC has estimated future investigation and remediation costs of approximately \$26.3 million as of December 31, 2007. The MPSC has historically authorized recovery of these costs. An environmental liability and related regulatory asset were recorded at the date of acquisition to reflect the expected investigation and clean-up costs relating to these sites and the expected recovery of these costs in future rates.

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

NOTE 11--GUARANTEES

Corporate guarantees in the amount of \$75.0 million have been authorized by Integrys Energy Group's Board of Directors to support MGUC. Integrys Energy Group had issued \$60.9 million of outstanding guarantees related to MGUC's natural gas supply at December 31, 2007.

NOTE 12--EMPLOYEE BENEFIT PLANS

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

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

In accordance with purchase accounting rules, the Company established an opening balance sheet liability as of the April 1, 2006 sale close date, equal to the difference between plan liabilities and assets

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transferred from Aquila, Inc. using the same discount rate assumption (5.65%) chosen by Integrys Energy Group at the December 31, 2005 disclosure date which was also used for calculating net periodic benefit cost in 2006. The Company also established a regulatory asset equal to the difference between the opening balance sheet liabilities for all benefit plans of the Company and what was on the balance sheet of Aquila, Inc. on the date of the sale. The Company's share of pension costs/(credits) was \$(193,300) in 2007 and \$256,523 for the nine-month period ended December 31, 2006. The Company's share of other postretirement benefit costs/(credits) was \$(219,825) in 2007 and \$596,992 for the nine-month period ended December 31, 2006.

The Company also maintains a legacy non-qualified Supplemental Employee Retirement Plan (SERP). The liabilities for this plan are recorded on the Company's Balance Sheet. There are no assets for this plan. Actuarial calculations are performed (based upon specific employees and their related years of service) in order to determine the Company's benefit cost.

The following tables provide a reconciliation of the changes in the plan's benefit obligations and fair value of assets during 2007 and 2006.

SERP		
	2007	2006
Reconciliation of benefit obligation		
Obligation at January 1	\$ 860,290	\$ -
Plan acquisition (April 1)	-	1,057,751
Interest cost	47,896	42,201
Actuarial (gain) loss - net	25,837	(167,306)
Benefit payments	(88,698)	(72,356)
Obligation at December 31	\$ 845,325	\$ 860,290
Reconciliation of fair value of plan assets		
Fair value of plan assets at January 1	\$ -	\$ -
Actual return on plan assets	-	-
Employer contributions	88,698	72,356
Benefit payments	(88,698)	(72,356)
Fair value of plan assets at December 31	\$ -	\$ -

Amounts recognized in the Company's Balance Sheet at December 31, 2007 and 2006 related to the SERP consisted of:

SERP		
	2007	2006
Current liabilities	\$ 88,698	\$ 123,697
Noncurrent liabilities	756,627	736,593
	<u>\$ 845,325</u>	<u>\$ 860,290</u>

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The following table shows the amounts that have not yet been recognized in the Company's net periodic benefit cost as of December 31, 2007 and 2006:

	SERP	
	2007	2006
Regulatory Liability		
Net actuarial gain	\$ 136,031	\$ 167,306

The following table presents the components of the net periodic benefit cost for the SERP for 2007 and 2006:

	SERP	
	2007	2006
Net periodic benefit cost		
Interest cost	\$ 47,896	\$ 42,201
Net periodic benefit cost (credit)	\$ 47,896	\$ 42,201

Assumptions

The weighted average assumptions used at December 31 in the accounting for the Integrys Energy Group benefit plans are as follows:

	SERP	
	2007	2006
Discount rate for benefit obligations	6.40%	5.87%
Discount rate for net periodic benefit cost	5.87%	5.65%
Expected rate on assets	N/A	N/A
Rate of compensation increase	5.50%	5.50%

The following table shows the payments, reflecting expected future service, which the Company expects to make for the SERP benefits.

	SERP
2008	88,698
2009	88,698
2010	88,698
2011	88,698
2012	88,698
2013–2017	355,358

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Defined Contribution Benefit Plans

Integrys Energy Group maintains a 401(k) Savings Plan for substantially all full-time employees. Prior to 2008, employees generally could contribute from 1% to 50% of their base compensation to individual accounts within the 401(k) Savings Plan. The Company matches 100% of the employees' contributions up to 6% of eligible compensation. The Company also offers a discretionary profit-sharing contribution to eligible employees based on a percentage of base pay. The Company's share of the total costs was \$799,046 in 2007 and \$537,208 for the nine-month period ended December 31, 2006.

NOTE 13--COMMON STOCK

Common Stock of MGUC consists of Common Stock without par value, \$1 stated value, authorized 1,000 shares, issued and outstanding – 100 shares. The Common Stock balance was \$100 at December 31, 2007. All shares of the Company's Common Stock are owned by Integrys Energy Group.

NOTE 14--RELATED PARTY TRANSACTIONS

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

The following table shows inter-company transaction balances for the twelve months ended December 31, 2007:

<i>(Millions)</i>	2007	2006
Accounts Receivable	\$0.0	\$1.2
Taxes Receivable	5.9	.8
Advances from Affiliates	84.0	84.0
Accounts Payable	3.1	6.1
Notes Payable	32.0	22.3

MGU also provides and receives administrative and support services, to and from its parent, Integrys Energy Group, and other subsidiaries of Integrys Energy Group. All such transactions are settled through cross-charges and inter-company billings, as reflected in the balances in the above table. Interest expense for the twelve months ended December 31, 2007, includes \$5.4 million on debts from associate companies.

WPSC serves as plan sponsor and administrator for the qualified retirement plan and other post retirement benefits, which were not acquired in the merger between Integrys Energy Group and PEC. Pursuant to the foregoing, and consistent with an affiliated interest agreement filed with the MPSC on April 12, 2006, as part of a revised compliance plan in Case No. U-12134, the associated liabilities for MGUC's pension liability of \$6.0 million, and post retirement health liability of \$14.2 million were transferred from MGUC's balance sheet to the WPSC's balance sheet.

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

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Line No.	Item (a)	Total (b)	Electric (c)	
1	UTILITY PLANT			
2	In Service			
3	Plant in Service (Classified) Includes ARO	268,839,585		
4	Property Under Capital Leases	0		
5	Plant Purchased or Sold	0		
6	Completed Construction not Classified	5,091,052		
7	Experimental Plant Unclassified	0		
8	TOTAL (Enter Total of lines 3 thru 7)	273,930,637		
9	Leased to Others	0		
10	Held for Future Use	0		
11	Construction Work in Progress	753,773		
12	Acquisition Adjustments	0		
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	274,684,409		
14	Accum. Prov. for Depr., Amort., & Depl.	140,462,961		
15	Net Utility Plant (Enter Total of line 13 less 14)	134,221,448		
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation (108000,108200,254185)	139,217,803		
19	Amort. and Depl. of Producing Natural Gas Land and Land Rights	0		
20	Amort. of Underground Storage Land and Land Rights	0		
21	Amort. of Other Utility Plant (111000)	1,245,158		
22	TOTAL In Service (Enter Total of lines 18 thru 21)	140,462,961		
23	Leased to Others			
24	Depreciation	0		
25	Amortization and Depletion	0		
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)	0		
27	Held for Future Use			
28	Depreciation	0		
29	Amortization	0		
30	TOTAL Held for Future Use (Enter Total of lines 28 and 29)	0		
31	Abandonment of Leases (Natural Gas)	0		
32	Amort. of Plant Acquisition Adj.			
33	TOTAL Accumulated provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32)	140,462,961		

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
268,839,585					3
0					4
0					5
5,091,052					6
0					7
273,930,637					8
0					9
0					10
753,773					11
0					12
274,684,410					13
140,462,961					14
134,221,449					15
					16
					17
139,217,803					18
0					19
0					20
1,245,158					21
140,462,961					22
					23
0					24
0					25
0					26
					27
					28
0					29
0					30
0					31
					32
140,462,961					33

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GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)				
<p>1. Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>2. In addition to Acct 101, Gas Plant in Service (Classified), this schedule includes Account 102, Gas Plant Purchased or Sold; Acct 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Gas.</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such amounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries</p>		<p>for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements.</p> <p>Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior year's tentative account distributions of these amounts.</p>		
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1		1. Intangible Plant		
2	301	Organization	-	
3	302	Franchises and Consents	22,656	
4	303	Miscellaneous Intangible Plant	361,586	44,309
5		TOTAL Intangible Plant	384,242	44,309
6		2. Production Plant		
7		Manufactured Gas Production Plant		
8	304.1	Land	-	
9	304.2	Land Rights	-	
10	305	Structures and Improvements	-	
11	306	Boiler Plant Equipment	-	
12	307	Other Power Equipment	-	
13	308	Coke Ovens	-	
14	309	Producer Gas Equipment	-	
15	310	Water Gas Generating Equipment	-	
16	311	Liquefied Petroleum Gas Equipment	-	
17	312	Oil Gas Generating Equipment	-	
18	313	Generating Equipment-Other Processes	-	
19	314	Coal, Coke and Ash Handling Equipment	-	
20	315	Catalytic Cracking Equipment	-	
21	316	Other Reforming Equipment	-	
22	317	Purification Equipment	-	
23	318	Residual Refining Equipment	-	
24	319	Gas Mixing Equipment	-	
25	320	Other Equipment	-	
26		TOTAL Manufactured Gas Production Plant	-	-

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report		
Michigan Gas Utilities Corp	(1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	August 8, 2008	December 31, 2007		
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)					
<p>Careful observation of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.</p> <p>6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classification.</p>			<p>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.</p> <p>8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.</p>		
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					1
			-	301	2
			22,656	302	3
46,586			359,309	303	4
46,586	-	-	381,965		5
					6
					7
			-	304.1	8
			-	304.2	9
			-	305	10
			-	306	11
			-	307	12
			-	308	13
			-	309	14
			-	310	15
			-	311	16
			-	312	17
			-	313	18
			-	314	19
			-	315	20
			-	316	21
			-	317	22
			-	318	23
			-	319	24
			-	320	25
-	-	-	-		26

Name of Respondent Michigan Gas Utilities		This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) August 8, 2008	Year of Report December 31, 2007
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
27		Natural Gas Production & Gathering Plant		
28	325.1	Producing Lands	-	
29	325.2	Producing Leaseholds	-	
30	325.3	Gas Rights	-	
31	325.4	Rights-of-Way	16,869	
32	325.5	Other Land	18,223	
33	325.6	Other Land Rights	-	
34	326	Gas Well Structures	-	
35	327	Field Compressor Station Structures	-	
36	328	Field Measuring and Regulating Station Structures	-	
37	329	Other Structures	54,883	32,520
38	330	Producing Gas Wells-Well Construction	-	
39	331	Producing Gas Wells-Well Equipment	5,150	
40	332	Field Lines	41,943	
41	333	Field Compressor Station Equipment	115,824	
42	334	Field Measuring and Regulating Station Equipment	2,051	
43	335	Drilling and Cleaning Equipment	-	
44	336	Purification Equipment	22,055	
45	337	Other Equipment	9,961	
46	338	Unsuccessful Exploration & Development Costs	-	
47		TOTAL Production and Gathering Plant	286,959	32,520
48		Products Extraction Plant		
49	340.1	Land	-	
50	340.2	Land Rights	-	
51	341	Structures and Improvements	-	
52	342	Extraction and Refining Equipment	-	
53	343	Pipe Lines	-	
54	344	Extracted Products Storage Equipment	-	
55	345	Compressor Equipment	-	
56	346	Gas Measuring and Regulating Equipment	-	
57	347	Other Equipment	-	
58		TOTAL Products Extraction Plant	-	-
59		TOTAL Natural Gas Production Plant	286,959	32,520
60		SNG Production Plant (Submit Supplemental Statement)	-	
61		TOTAL Production Plant	286,959	32,520
62		3. Natural Gas Storage and Processing Plant		
63		Underground Storage Plant		
64	350.1	Land	13,312	

Name of Respondent Michigan Gas Utilities	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) August 8, 2008	Year of Report December 31, 2007		
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
		18,223	18,223	325.1	28
			-	325.2	29
			-	325.3	30
			16,869	325.4	31
		(18,223)	-	325.5	32
			-	325.6	33
			-	326	34
			-	327	35
			-	328	36
			87,403	329	37
			-	330	38
			5,150	331	39
			41,943	332	40
			115,824	333	41
			2,051	334	42
			-	335	43
			22,055	336	44
			9,961	337	45
			-	338	46
-	-	-	319,479		47
					48
			-	340.1	49
			-	340.2	50
			-	341	51
			-	342	52
			-	343	53
			-	344	54
			-	345	55
			-	346	56
			-	347	57
-	-	-	-		58
-	-	-	319,479		59
			-		60
-	-	-	319,479		61
					62
					63
			13,312	350.1	64

Name of Respondent Michigan Gas Utilities		This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) August 8, 2008	Year of Report December 31, 2007
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
65	350.2	Rights-of-Way	2,455	
66	351	Structures and Improvements	276,491	
67	352	Wells	2,470,587	
68	352.1	Storage Leaseholds and Rights	1,666,932	
69	352.2	Reservoirs	95,267	
70	352.3	Non-recoverable Natural Gas	4,840,503	
71	352.4	Gas URG-Storage Wells	-	4,031
72	352.5	Gas URG-Storage Leashold & Right	-	
73	353	Lines	897,299	
74	354	Compressor Station Equipment	2,924,131	22,725
75	355	Measuring and Regulating Equipment	676,304	
76	356	Purification Equipment	676,320	267,624
77	357	Other Equipment	18,594	173
78	358	Gas in Underground Storage-Noncurrent	-	
79		TOTAL Underground Storage-Noncurrent	14,558,195	294,553
80		Other Storage Plant		
81	360.1	Land	-	
82	360.2	Land Rights	-	
83	361	Structures and Improvements	-	
84	362	Gas Holders	-	
85	363	Purification Equipment	-	
86	363.1	Liquefaction Equipment	-	
87	363.2	Vaporizing Equipment	-	
88	363.3	Compressor Equipment	-	
89	363.4	Measuring and Regulating Equipment	-	
90	363.5	Other Equipment	-	
91		TOTAL Other Storage Plant	-	-
92		Base Load Liquefied NG Terminating and Processing Plant		
93	364.1	Land	-	
94	364.1a	Land Rights	-	
95	364.2	Structures and Improvements	-	
96	364.3	LNG Processing Terminal Equipment	-	
97	364.4	LNG Transportation Equipment	-	
98	364.5	Measuring and Regulating Equipment	-	
99	364.6	Compressor Station Equipment	-	
100	364.7	Communication Equipment	-	
101	364.8	Other Equipment	-	
102		TOTAL Base Load LNG Terminating and Processing Plant	-	-
103				
104		TOTAL Natural Gas Storage and Processing Plant	14,558,195	294,553

Name of Respondent Michigan Gas Utilities		This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) August 8, 2008	Year of Report December 31, 2007
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
			2,455	350.2	65
		5,332	281,823	351	66
		(2,470,587)	-	352	67
		(1,666,932)	-	352.1	68
			95,267	352.2	69
	(205,742)	(3,601,761)	1,033,000	352.3	70
		2,470,587	2,474,618		71
		1,666,932	1,666,932		72
			897,299	353	73
			2,946,856	354	74
			676,304	355	75
			943,944	356	76
			18,767	357	77
			-	358	78
-	(205,742)	(3,596,429)	11,050,577		79
					80
			-	360.1	81
			-	360.2	82
			-	361	83
			-	362	84
			-	363	85
			-	363.1	86
			-	363.2	87
			-	363.3	88
			-	363.4	89
			-	363.5	90
-	-	-	-		91
					92
			-	364.1	93
			-	364.1a	94
			-	364.2	95
			-	364.3	96
			-	364.4	97
			-	364.5	98
			-	364.6	99
			-	364.7	100
			-	364.8	101
-	-	-	-		102
					103
-	(205,742)	(3,596,429)	11,050,577		104

Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities		(1) [] An Original (2) [X] A Resubmission		(Mo, Da, Yr) August 8, 2008	December 31, 2007
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)					
Line No.	Acct. No.	Account	Balance at Beginning of Year	Additions	
		(a)	(b)	(c)	
105		4. Transmission Plant			
106	365.1	Land	31,394		
107	365.2	Land Rights	726,824		
108	365.3	Rights-of-Way	-		
109	366	Structures and Improvements	42,155		
110	367	Mains	31,694,678		
111	368	Compressor Station Equipment	-		
112	369	Measuring and Regulating Station Equipment	6,228,999		
113	370	Communication Equipment	-		
114	371	Other Equipment	-		
115		TOTAL Transmission Plant	38,724,050	-	
116		5. Distribution Plant			
117	374.1	Land	81,376		
118	374.2	Land Rights	51,888		
119	375	Structures and Improvements	334,830		
120	376	Mains	97,523,689	2,793,791	
121	377	Compressor Station Equipment	-		
122	378	Measuring and Regulating Station Equip.-General	4,046,714	54,227	
123	379	Measuring and Regulating Station Equip.-City Gate	-	0	
124	380	Services	52,530,081	1,849,927	
125	381	Meters	28,908,954	1,024,088	
126	382	Meter Installations	-		
127	383	House Regulators	13,444,873	129,944	
128	384	House Regulator Installations	-		
129	385	Industrial Measuring and Regulating Station Equip.	513,659	(5,450)	
130	386	Other Property on Customer's Premises	-		
131	387	Other Equipment	-		
132		TOTAL Distribution Plant	197,436,064	5,846,527	
133		6. General Plant			
134	389.1	Land	1,251,451		
135	389.2	Land Rights	-		
136	390	Structures and Improvements	10,338,718	206,066	
137	391	Office Furniture and Equipment	861,079	20,953	
138	391.1	Computers and Computer Related Equipment	1,234,258	40,086	
139	392	Transportation Equipment	2,206,843	116,848	
140	393	Stores Equipment	107,116		
141	394	Tools, Shop and Garage Equipment	1,953,072	134,507	
142	395	Laboratory Equipment	360,801	3,622	

Name of Respondent Michigan Gas Utilities	This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) August 8, 2008	Year of Report December 31, 2007		
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.
					105
			31,394	365.1	106
			726,824	365.2	107
			-	365.3	108
			42,155	366	109
17,116		103,704	31,781,266	367	110
			-	368	111
			6,228,999	369	112
			-	370	113
			-	371	114
17,116	-	103,704	38,810,638		115
					116
			81,376	374.1	117
			51,888	374.2	118
			334,830	375	119
112,769		(115,662)	100,089,049	376	120
			-	377	121
6,516			4,094,425	378	122
			0	379	123
81,378		11,958	54,310,588	380	124
333,018			29,600,024	381	125
			-	382	126
25,858			13,548,959	383	127
			-	384	128
			508,209	385	129
			-	386	130
			-	387	131
559,539	-	(103,704)	202,619,348		132
					133
	(0)		1,251,451	389.1	134
			-	389.2	135
300,808		(5,332)	10,238,644	390	136
347,220			534,812	391	137
166,570		-	1,107,774	391.1	138
48,269			2,275,422	392	139
37,827		3,404	72,693	393	140
310,412		18,950	1,796,117	394	141
81,084			283,339	395	142

Name of Respondent Michigan Gas Utilities		This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) August 8, 2008	Year of Report December 31, 2007
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)(Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
143	396	Power Operated Equipment	970,566	72,803
144	397	Communication Equipment	4,017,934	4,953
145	398	Miscellaneous Equipment	31,970	
146		SUBTOTAL (Lines 134 thru 145)	23,333,809	599,838
147	399	Other Tangible Property	109,660	
148		TOTAL General Plant	23,443,469	599,838
149		TOTAL (Accounts 101 and 106)	274,832,979	6,817,747
150	101.1	Property Under Capital Leases	-	
151	102	Gas Plant Purchased (See Instruction 8)	-	
152	(Less)	Gas Plant Sold (See Instruction 8)	-	
153	102			
154	103	Experimental Gas Plant Unclassified	-	
155		TOTAL GAS PLANT IN SERVICE	274,832,979	6,817,747

Name of Respondent Michigan Gas Utilities		This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) August 8, 2008	Year of Report December 31, 2007
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.
14,939			1,028,430	396	143
1,970,068		(18,950)	2,033,869	397	144
12,147		(3,404)	16,419	398	145
3,289,344	(0)	(5,332)	20,638,970		146
			109,660	399	147
3,289,344	(0)	(5,332)	20,748,631		148
3,912,585	(205,742)	(3,601,761)	273,930,638		149
			-	101.1	150
			-	102	151
			-	(Less)	152
				102	153
			-	103	154
3,912,585	(205,742)	(3,601,761)	273,930,638		155

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
CONSTRUCTION WORK IN PROGRESS - GAS (Account 107)				
1. Report below descriptions and balances at end of year of projects in process of construction (107).		Development, and Demonstration (see Account 107 of the Uniform System of Accounts).		
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,		3. Minor projects (less than \$500,000) may be grouped.		
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)	
1	Projects with Balances Less Than \$500,000	753,773		
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43	TOTAL	753,773	0	

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
CONSTRUCTION OVERHEADS - GAS				
1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items. 2. On page 218 furnish information concerning construction overheads. 3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page		218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction. 4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then prorated to construction jobs.		
Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)	
1	Local Engineering	16,039	7,377,011	
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46	TOTAL	16,039	7,377,011	

Name of Respondent	This Report is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

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

Administrative and General Transferred Credit

1. (a) Overheads capitalized consist of administrative, engineering, and clerical salaries and related expenses charged to Accounts 920 and 921, Administrative and General Expenses, property taxes, and an applicable portion of the injuries and damages insurance, which are incurred in connection with construction matters.

(b) The amount charged to construction work in progress is based on a study made to determine the portion of such expenses properly charged to construction.

(c) Overheads are charged directly to individual work orders. A monthly overhead distribution is made to each individual work order on the basis of current charges to the total of all individual work order current charges.

(d) Generally, there is no difference made in percentages for different types of construction.

(e) Overheads are indirectly assigned.

Employees' Pensions and Benefits Capitalized

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

Construction Overhead - Personnel

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

Name of Respondent		This Report Is:	Date of Report	Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007	
ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)					
1. Explain in a footnote any important adjustments during year. 2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, pages 204-211, column (d), excluding retirements of non-depreciable property. 3. Accounts 108 and 110 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service.			If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications. 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.		
Section A. Balances and Changes During Year					
Line No.	Item (a)	Total (c + d + e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	135,819,411	135,819,411		
2	Depreciation Prov. for Year, Charged to				
3	(403) Depreciation Expense	7,042,139	7,042,139		
4	(403.1) Deprec. and Deplet. Expense	0			
5	(413) Exp. of Gas Plt. Leas. to Others	0			
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts	288,670	288,670		
8	Other Accounts (Specify):	0			
9	ARO Depreciation Expense 182375	30,459	30,459		
10	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 9)	7,361,268	7,361,268	0	0
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	3,865,999	3,865,999		
13	Cost of Removal	357,845	357,845		
14	Salvage (Credit)	259,822	259,822		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	3,964,022	3,964,022	0	0
16	Other Debit or Credit Items (Describe):	0			
17	1. True up entries-Donation	1,145	1,145		
18	2. Transfers & Reclassification	0			
19	Balance End of Year (Enter Total of lines 1, 10, 15, & 17)	139,217,803	139,217,803	0	0
Section B. Balances at End of Year According to Functional Classifications					
20	Production - Manufactured Gas	0			
21	Production and Gathering - Natural Gas	230,934	230,934		
22	Products Extraction - Natural Gas	0			
23	Underground Gas Storage	4,483,334	4,483,334		
24	Other Storage Plant	0			
25	Base Load LNG Terminating & Proc. Plt.	0			
26	Transmission	24,299,050	24,299,050		
27	Distribution	104,452,486	104,452,486		
28	General	5,751,999	5,751,999		
29	TOTAL (Enter total of lines 20 thru 28)	139,217,803	139,217,803	0	0

Name of Respondent	This Report Is:	Date of Report	Year of Report			
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007			
GAS STORED (ACCOUNT 117, 164.1, 164.2 AND 164.3)						
<p>1. If during the year adjustment was made to the stored gas inventory (such as to correct cumulative inaccuracies of gas measurements), furnish in a footnote an explanation of the reason for the adjustment, the Mcf and dollar amount of adjustment, and account charged or credited.</p> <p>2. Give in a footnote a concise statement of the facts and the accounting performed with respect to any encroachment of withdrawals during the year, or restoration of previous encroachment, upon native gas constituting the "gas cushion" of any storage reservoir.</p> <p>3. If the company uses a "base stock" in connection with its inventory accounting, give a concise statement of the basis of establishing such "base stock" and the inventory basis and the accounting performed with respect to any encroachment</p>		<p>of withdrawals upon "base stock," or restoration of previous encroachment, including brief particulars of any such accounting during the year.</p> <p>4. If the company has provided accumulated provision for stored gas which may not eventually be fully recovered from any storage project, furnish a statement showing: (a) date of Commission authorization of such accumulated provision, (b) explanation of circumstances requiring such provision, (c) basis of provision and factors of calculation, (d) estimated ultimate accumulated provision accumulation, and (e) a summary showing balance of accumulated provision and entries during year.</p> <p>5. Report pressure base of gas volumes as 14.65 psia at 60°F.</p>				
Line No.	Description	Noncurrent (Account 117)	Current (Account 164.1)	LNG (Account 164.2)	LNG (Account 164.3)	Total
	(a)	(b)	(c)	(d)	(e)	(f)
1	Balance at Beginning of Year	0	\$41,853,344			\$41,853,344
2	Gas Delivered to Storage (contra Account)	3,601,761	58,645,191			62,246,952
3	Gas Withdrawn from Storage (contra Account)	0	(62,884,776)			(62,884,776)
4	Other Debits or Credits (Net)	0				-
5	Balance at End of Year	3,601,761	\$37,613,759			\$41,215,519
6	Mcf		5,356,313			5,356,313
7	Amount Per Mcf		\$7.02			\$7.69
8						

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Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS				
<p>1. Report below the information called for concerning gas prepayments as defined in the text of Account 165, <i>Prepayments</i>. (Report advances on page 229.)</p> <p>2. If any prepayment at beginning of year (or incurred during year) was cancelled, forfeited, or ap</p> <p>purpose, state in a footnote gas volume and dollar amount, period when such prepayment was incurred, and accounting disposition of prepayment amount. Give a concise explanation of circumstances causing forfeiture or other disposition of the prepayment.</p>				
Line No.	Name of Vendor (Designate associated companies with an asterisk) (a)	Seller FERC Rate Schedule No. (b)	BALANCE BEGINNING OF YEAR	
			Mcf (14.73 psia at 60°F) (c)	Amount (d)
1	MichCon (Demand Charges)			80,991
2	ANR Pipeline			4,000
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41				
42	TOTAL		0	84,991

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS (Continued)			
3. If for any reason a take or pay situation is in controversy, list in the columns below the amount of those prepayment claims which have not been paid, together with footnote notation that the amount is in controversy (and any explanation the respondent chooses to make).		4. If any prepayment was determined other than by reference to amounts per Mcf or demand-commodity factors, furnish in a footnote a concise explanation of basis of computation.	
BALANCE END OF YEAR		PREPAYMENTS IN CURRENT YEAR	
Mcf (14.73 psia at 60°F) (e)	Amount (f)	Cents per Mcf (g)	Mcf (14.73 psia at 60°F) (h)
			Percent of Year's required take (i)
			Make-up Period expiration date (j)
			Line No.
			1
			2
			3
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			39
			40
			41
0	-		0
			42

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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)	1,577	0
2	Customer Accounts Receivable (Account 142)	20,019,348	18,331,764
3	Other Accounts Receivable (Account 143) * (Disclose any capital stock subscriptions received)	633,165	225,892
4	TOTAL	20,654,090	18,557,656
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144) **	3,073,149	2,135,501
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	17,580,941	16,422,155
7			
8			
9	* Accounts Receivable From Employees		
10	** Michigan's Portion of Account 144		
11			
12			
13			
14			

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144)						
1. Report below the information called for concerning this accumulated provision.						
2. Explain any important adjustments of subaccounts.						
3. Entries with respect to officers and employees shall not include items for utility services.						
Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	3,073,149				3,073,149
2	Prov. for uncollectibles for current	3,240,352				3,240,352
3	Account written off (less)	4,178,000				4,178,000
4	Coll. of accounts written off					0
5	Adjustments (explain): To reserve based on modified black motor formula					0
6	Balance end of year	2,135,501	0	0	0	2,135,501
7						
8						
9						
10						
11						

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007	
RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)						
<p>1. Report particulars of notes and accounts receivable from associated companies* at end of year.</p> <p>2. Provide separate headings and totals for Accounts 145, Notes Receivable from Associated Companies, and 146, Accounts Receivable from Associated Companies, in addition to a total for the combined accounts.</p> <p>3. For notes receivable, list each note separately and state purpose for which received. Show also in column (a) date of note, date of maturity and interest rate.</p> <p>4. If any note was received in satisfaction of an open account, state the period covered by such open account.</p> <p>5. Include in column (f) interest recorded as income during the year including interest on accounts and notes held any time during the year.</p> <p>6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.</p>						
<p>* NOTE: "Associated companies" means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the account company. This includes related parties.</p> <p>"Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.</p>						
Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Account 146:					
2	<u>Integrus Energy Group, Inc.</u>				0	
3	Accounts Receivable	66,839	196,036	260,387	2,489	
4	<u>Upper Peninsula Power Company</u>				0	
5	Accounts Receivable	5	2,795	2,592	208	
6	<u>Wisconsin Public Service Corp</u>				0	
7	Accounts Receivable	54,298	2,005,385	2,032,215	27,468	
8	Inventory Receivable	0			0	
9	Total	54,298	2,005,385	2,032,215	27,468	
10	<u>Minnesota Energy Resources</u>				0	
11	Accounts Receivable	1,086,191	2,058,235	3,131,674	12,752	
12						
13	Account 147:					
14	<u>Wisconsin Public Service Corp</u>	(984,865)	12,568,155	5,635,425	5,947,865	
15						
16						
17						
18						
19	TOTAL	222,468	16,830,606	11,062,292	5,990,782	

NOTE:

Name of Respondent	This Report Is:	Date of Report:	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

MATERIALS AND SUPPLIES				
<p>1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material. Nonmajor companies may report total on line 4.</p>		<p>2. Give an explanation of important inventory adjustments during the year (on a supplemental page) showing general classes of material and supplies and the various accounts (operating expense, clearing accounts, plant, etc.) affected-debited or credited. Show separately debits or credits to stores expense-clearing, if applicable.</p>		

Line No.	Account (a)	Balance Beginning of Year Conv. Amts 4/1/06 (b)	Balance End of Year (c)	Department or Departments Which Use Material (d)
1	Fuel Stock (Account 151)	-	-	
2	Fuel Stock Expenses Undistributed (Account 152)	-	-	
3	Residuals and Extracted Products (Account 153)	-	-	
4	Plant Materials and Operating Supplies (Account 154)	-	-	
5	Assigned to - Construction (Estimated)	163,593	258,738	Gas Operations
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)		-	
8	Transmission Plant (Estimated)		-	
9	Distribution Plant (Estimated)	317,429	209,611	Gas Operations
10	Assigned to - Other	-	-	
11	TOTAL Account 154 (Enter Total of lines 5 thru 10)	481,022	468,349	Gas Operations
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)	248,119	185,251	
16	Electric	-	-	
17	Gas		-	
18	Other	-	-	
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	729,141	653,600	

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 30, 2007
Michigan Gas Utilities Corp			

PREPAYMENTS (Account 165)

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

Line No.	Nature of Prepayment (a)	Balance at End of Year (In Dollars) (b)
1	Prepaid Insurance	214,317
2	Prepaid Rents	0
3	Prepaid Taxes (pages 262-263)	0
4	Prepaid Interest on Commercial Paper	0
5	Gas Prepayments (pages 226-227)	0
6	Miscellaneous Prepayments: Licenses	0
7	TOTAL	214,317

EXTRAORDINARY PROPERTY LOSSES (Account 182.1)

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

UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)

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

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

OTHER REGULATORY ASSETS (Account 182.3)

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

Line No.	Description and Purpose of Other Regulatory Assets (a)	Debits (b)	CREDITS		Balance at End of Year (e)
			Account Charged (c)	Amount (d)	
1	Regulatory Asset - Retiree Health (FAS 106)	207,051	926.1	51,780	155,271
2	Regulatory Asset - Clean-Up Gas Expenditures	30,449,252	253.3	2,680,288	27,768,964
3	Clean-Up Gas Insurance Recovery	578,507	182.3	578,507	0
4	Regulatory Asset - Purch Acctg Eff Benefits	31,272,200	926.1	2,736,317	28,535,883
5	ARO Depreciation/Accretion - Non-Rate Base	66,380	108.2		66,380
6	Environmental Clean-Up Costs	1,362,272	182.3	1,362,272	0
7	Regulatory Asset-FAS 158	24,198	186.6		24,198
8					
9					
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34					
35	TOTAL	63,959,860		7,409,163	56,550,697

NOTE: All amounts are recorded in Account 182.3.

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		04/30/08 (Mo, Da, Yr)		December 31, 2007	
MISCELLANEOUS DEFERRED DEBITS (Account 186)							
1. Report below the particulars (details) called for concerning miscellaneous deferred debits.				3. Minor items (1% of the Balance at End of Year for Account 186 or amounts less than \$50,000, whichever is less) may be grouped by classes.			
2. For any deferred debit being amortized, show period of amortization in column (a).							
Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)	
				Account Charged (d)	Amount (e)		
1	Accruals to Subsidiaries	0	15,712	Various	15,312	400	
2	Goodwill	122,872,188	77,408	Various	244,235	122,705,361	
3	Tradename	5,218,000		186060		5,218,000	
4	Deferred Debit-Area Expans Program	88,517	21,743	143550	16,497	93,763	
5	Deferred Debit-Work Orders	9,463	61,205	Various	60,534	10,134	
6	Deferred Debit-Notes Receivable Lon	15,875	12,810	235000	13,941	14,744	
7	Advances to Associated Companies-WPSC	1,791,924	13,038,323	254190	9,870,340	4,959,907	
8	Labor Load/Transp Capital Accl		517,599	Various	479,225	38,374	
9							
10							
11							
12							
13							
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37							
38	Misc. Work in Progress						
39	TOTAL	129,995,967	13,744,799		10,700,084	133,040,682	

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

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

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2				
3				
4				
5				
6				
7	Other			
8	TOTAL Electric (Enter Total of lines 2 thru 7)			
9	Gas			
10	Accumulated Deferred Income Taxes			
11	Plant	0	1,512,382	367,281
12	Other Than Plant	4,365,140	9,241,316	1,159,004
13	Other Than Plant (FAS 109)	1		
14				
15	Other			
16	TOTAL Gas (Enter Total of lines 10 thru 15)	4,365,141	10,753,698	1,526,285
17	Other (Specify) Non-Utility			7,237,511
18	TOTAL (Account 190 (Enter Total of lines 8, 16 & 17)	4,365,141	10,753,698	8,763,796
19	Classification of Total:			
20	Federal Income Tax	0	0	0
21	State Income Tax	0	0	0
22	Local Income Tax			

NOTES

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

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

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		04/30/08		December 31, 2007	
ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)							
3. If more space is needed, use separate pages as required.				and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.			
4. In the space provided below, identify by amount							
CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
							2
							3
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0	0			0	0	0	10
						(1,145,101)	11
		(A)	9,579,628			5,862,456	12
			1			2	13
							14
							15
0	0	0	9,579,628	0	0	4,717,357	16
			1,088,826			8,326,337	17
0	0	0	10,668,454	0	0	13,043,694	18
							19
0	0	0	0	0	0	0	20
0	0		0		0	0	21
							22
NOTES (Continued)							

Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 04/30/08	December 31, 2007
CAPITAL STOCK (Accounts 201 and 204)					
<p>1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outline in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.</p> <p>2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.</p>					
Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)	
1	Account 201 - Common Stock	0	0		
2					
3	Total Common Stock	0			
4					
5	Account 204 - Preferred Stock				
6					
7	Total Preferred Stock				
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Name of Respondent		This Report Is:		Date of Report	Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 04/30/08	December 31, 2007	
CAPITAL STOCK (Accounts 201 and 204) (Continued)						
3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued. 4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.				5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year. 6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledge and purposes of pledge.		
OUTSTANDING PER BALANCE SHEET		HELD BY RESPONDENT				
<i>(Total amount outstanding without reduction for amounts held by respondents.)</i>		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	Line No.
	(100)					1
						2
						3
						4
						5
						6
						7
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (Accounts 202 & 205, 203 & 206, 207, 212)			
<p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, <i>Common Stock Subscribed</i>, and Account 205, <i>Preferred Stock Subscribed</i>, show the subscription price and the balance due on each class at the end of year.</p> <p>3. Describe in a footnote the agreement and transactions under which a conversion liability existed</p> <p>under Account 203, <i>Common Stock Liability for Conversion</i>, or Account 206, <i>Preferred Stock Liability for Conversion</i>, at the end of the year.</p> <p>4. For Premium on Account 207, <i>Capital Stock</i>, designate with a double asterisk any amounts representing the excess of consideration received over stated values of stocks without par value.</p>			
Line No.	Name of Account & Description of Item (a)	Number of Shares (b)	Amount (c)
1	Account 207 - Premium on Capital Stock	71,627,909	227,010,098
2			
3			
4			
5			
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40	TOTAL	71,627,909	227,010,098

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
Michigan Gas Utilities Corp			
OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)			
<p>Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.</p> <p>(a) <i>Donations Received from Stockholders</i> (Account 208)--State amount and give brief explanation of the origin and purpose of each donation.</p> <p>(b) <i>Reduction in Par or Stated Value of Capital Stock</i> (Account 209)--State amount and give brief explanation of the</p>		<p>capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.</p> <p>(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210)--Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.</p> <p>(d) Miscellaneous Paid-In Capital (Account 211)--Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.</p>	
Line No.	Item (a)	Amount (b)	
1	<u>Account 211 - Division Equity</u>		
2			
3	Balance Beginning of Year	\$ -	
4			
5	Net Income	5,055,601	
6			
7			
8			
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11			
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40	TOTAL	\$ 5,055,601	

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
LONG-TERM DEBT (Accounts 221, 222, 223 and 224)			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>			
Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give Commission Authorization numbers and dates) (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)
1	Account 223 - Advances from Affiliates		
2	Long-Term N/P Assoc Co-Integrus Energy Group	84,000,000	
3			
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25	TOTAL	84,000,000	0

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

LONG-TERM DEBT (Accounts 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.

11. Explain any debits and credits other than amortization debited to Account 428, *Amortization of Debt-Discount and Expense*, or credited to Account 429, *Amortization of Premium on Debt-Credit*.

12. In a footnote, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.

14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, *Interest on Long-Term Debt*, and Account 430, *Interest on Debt to Associated Companies*.

16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

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

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
Michigan Gas Utilities Corp			

PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)

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

**See definition on page 226B*

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Account 234:					
2	<u>Wisconsin Public Service Corporation</u>					
3	Accounts Payable	1,051,012	18,111,926	18,237,052	1,176,138	
4	Inventory Payable	3,497	9,315	5,818	0	
5	Annual Incentive Plan Payable	1,462	1,462	2,169	2,169	
6	Total	1,055,971	18,122,703	18,245,039	1,178,308	
7	<u>Integrus Energy Group, Inc.</u>					
8	Accounts Payable	2,934,744	8,413,854	7,330,967	1,851,857	
9	Annual Incentive Plan Payable	0	0	4,047	4,047	
10	Total	2,934,744	8,413,854	7,335,014	1,855,904	
11	<u>Upper Peninsula Power Company</u>					
12	Accounts Payable	45,951	274,968	265,250	36,233	
13	Annual Incentive Plan Payable	6,160	10,406	32,683	28,437	
14	Total	52,111	285,374	297,933	64,670	
15	<u>Minnesota Energy Resources</u>					
16	Accounts Payable	1,026,386	4,041,113	3,036,558	21,831	
17	Annual Incentive Plan Payable	0	0	5,832	5,832	
18	Total	1,026,386	4,041,113	3,042,390	27,663	
19	Total of Account 234	5,069,212	30,863,044	28,920,376	3,126,544	
20						
21	Account 233:					
22	<u>Integrus Energy Group, Inc.</u>					
23	Short Term Loan to MGU					
24	Loan 1/1-1/31/2007 Rate 5.4%	22,300,000		12,900,000	35,200,000	
25	Repay 1/30/2007		18,600,000	0	(18,600,000)	67,920
26	Loan 2/1-2/28/2007 Rate 5.39%		0	11,000,000	11,000,000	
27	Repay 2/28/2007		16,300,000		(16,300,000)	33,965
28	Loan 3/1-3/31/2007 Rate 5.4%			4,200,000	4,200,000	
29	Repay 3/3/2007		15,500,000		(15,500,000)	12,370
30	Loan 7/1-7/31/2007 Rate 5.42%			2,300,000	2,300,000	
31	Repay 7/31/2007		1,200,000		(1,200,000)	1,969
32	Loan 8/1-8/31/2007 Rate 6.02%			7,700,000	7,700,000	
33	Repay 8/31/2007		3,150,000		(3,150,000)	5,425
34						

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)

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

**See definition on page 226B*

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Loan 9/1-9/30/2007 Rate 5.49%		0	11,325,000	11,325,000	
2	Repay 9/30/2007		4,200,000	0	(4,200,000)	29,173
3	Loan 10/1-10/31/2007 Rate 5.1%		0	13,150,000	13,150,000	
4	Repay 10/31/2007		4,375,000	0	(4,375,000)	54,154
5	Loan 11/1-11/30/2007 Rate 5.1%		0	12,100,000	12,100,000	
5	Repay 11/31/2007		4,550,000		(4,550,000)	91,552
6	Loan 12/1-12/31/2007 Rate 4.88%			10,350,000	10,350,000	
7	Repay 12/31/2007		7,425,000		(7,425,000)	117,758
8	Total of Account 233	22,300,000	75,300,000	85,025,000	32,025,000	414,286
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26						
27						
28	Total of Accounts 234 and 233	27,369,212	106,163,044	113,945,376	35,151,544	414,286

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES		
1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as, furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.		2. If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	\$5,055,601
2	Reconciling items for the Year:	
3		
4	Federal and State Taxes	2,582,917
5	Investment Tax Credit	
6		
7	Deductions Recorded on Books Not Deducted for Return:	
8	Schedule M-1 Adjustments	
9	Benefits Accrued	(1,861,616)
10	Deferred Compensation	(34,090)
11	Incentives Accrued	53,180
12	Bad Debts	(937,648)
13	Meals & Entertainment	22,764
14	Basis Adjustment (CWIP)	5,077
15	Basis Adjustment (PLT)	658,671
16	Depreciation	(17,416,676)
17	Removal (PLT)	(112,284)
18	Environment Cleanup	(1,184,964)
19	Regulatory Assets (NC)	3,189,358
20	Vacation Payable	(197,449)
21	Regulatory Assets (CUR)	(8,189,979)
22	Regulatory Liabilities (NC)	(17,586)
23	Regulatory Liabilities (CUR)	5,933
24	Deferred Income & Deductions	(49,536)
25	Lobbying	508
26		
27		
28		
29		
30	Note: Reversal of 2006 MPSC adjustment.	(252,508)
31		
32		
33		
34		
35		
36		
37		
38		
39		
40	Federal Tax Net Income	(\$18,680,327)
41	Show Computation of Tax:	
42	Federal Tax @ 35 %	(6,538,114)
43		
44		
45		
46		
47		
48	Federal Tax Provision:	(6,538,114)
49	Page 114, Line 14, Account 409.1	(9,923,213)
50	Page 117, Line 47, Account 409.2	5,850,235
51		(4,072,978)
		(\$4,072,978)

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Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR					
<p>1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.</p> <p>2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or</p>			<p>accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.</p> <p>3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.</p> <p>4. List the aggregate of each kind of tax in such manner</p>		
Line No.	Kind of Tax (See Instruction 5)	BALANCE AT BEGINNING OF YEAR			
		Taxes Accrued (Account 236)		Prepaid Taxes (Incl. in Account 165)	
	(a)	(b)	(c)		
1	INCOME TAXES:				
2	Federal Income				
3	2006	-			
4	2007	984,865			
5					
6					
7	OTHER TAXES:				
8	Employer's Portion of FICA & HTAX	11,132		-	
9	Unemployment Compensation	-		-	
10	MI Single Business Tax				247,400
11	Unauthorized Insurance Tax			-	
12	Property Taxes	3,034,600		-	
13	MI Severance Tax	6,415		-	
14	Franchise Taxes	-		-	
15					
16					
17					
18	TOTAL	\$4,037,012		\$247,400	
DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)					
Line No.	Electric Account 408.1, 409.1)	Gas (Account 408.1, 409.1)	Other Utility Departments (Account 408.1, 409.1)	Other Income and Deductions (Account 408.2, 409.2)	
	(i)	(j)	(k)	(l)	
1					
2					
3					
4		(9,923,213)		5,850,235	
5					
6					
7					
8		620,484			
9		119,165			
10		417,000		(100)	
11		19,910			
12		3,136,713			
13					
14				3,125	
15					
16					
17					
18	TOTAL	(\$5,609,941)		\$5,853,260	

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007		
TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)					
<p>that the total tax for each State and subdivision can readily be ascertained.</p> <p>5. If any tax (exclude Federal and state income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).</p> <p>6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.</p> <p>7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll</p>		<p>deductions or otherwise pending transmittal of such taxes to the taxing authority.</p> <p>8. Show in columns (i) and (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.</p> <p>9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.</p>			
Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
					1
			-	-	2
2,464,694	3,435,309	-	14,250	-	3
(6,537,672)	(576,000)	(443)	-	5,962,115	4
			-	-	5
			-	-	6
			-	-	7
620,484	793,574	190,795	28,837	-	8
119,165	127,896	8,741	10	-	9
416,900	25,000	-	144,500	-	10
19,910	9,710		10,200	-	11
3,136,713	1,503,483	(3,034,600)	1,633,230	-	12
49,205	52,049		3,571	-	13
3,125	3,125		-	-	14
			-	-	15
			-	-	16
					17
292,524	\$5,374,146	(\$2,835,507)	\$1,834,598	\$5,962,115	18
DISTRIBUTION OF TAXES CHARGE (Show utility department where applicable and account charged.)					
Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line No.	
				1	
				2	
				3	
				4	
				5	
				6	
				7	
				8	
				9	
				10	
				11	
			49,205	12	
				13	
				14	
				15	
				16	
				17	
			\$49,205	18	
			Total Expense	\$292,524	

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

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

Line No.	Item (a)	Balance End of Year (b)
1	MI GCR Overcollection	0
2	Current Pension Obligation	88,698
3	Current & Accrued Liability-Vacation Pay Accrued	1,136,452
4	Misc Liability - Legal & Audit	60,900
5	Goal Sharing	285,800
6	Accrued Gas Imbalance	1,795,210
7	MGU Accrued Other	926
8	Accrued Energy Aid Assistance	5,711
9	Accrued Energy Aid Assistance-Company Match	3,524
10	Profit Sharing Accrual	276,680
11	Exchange Gas MichCon	45,486
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21		
22	TOTAL	3,699,387

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

Line No.	List Advances by Department (a)	Balance End of Year (b)
23	Gas	0
24		
25		
26		
27		
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36		
37		
38		
39	TOTAL	0

Name of Respondent		This Report Is:		Date of Report	Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 04/30/08	December 31, 2007	
OTHER DEFERRED CREDITS (Account 253)						
1. Report below the particulars (details) called for concerning other deferred credits. 2. For any deferred credit being amortized, show the period of amortization. 3. Minor items (less than \$10,000) may be grouped by classes.						
Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year of Report (f)
			Contra Account (c)	Amount (d)		
1	Deferred Credit-Sup Ret Select	736,593	926/234/254/242	986,570	249,977	0
2	Deferred Credit-Outst Checks Cancelled	84	142		1,219	1,303
3	Deferred Credit-Unearned Rev MGU	0	804.20	1,173,398	949,495	223,903
4	Deferred Credit-Gas Site Cleanup	26,325,000	182	1,315,272	1,324,272	26,334,000
5	Deferred Cr-Def Comp Res Loan Program	116,367	926		7,940	124,307
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48	TOTAL	27,178,044		3,475,240	2,532,902	26,235,707

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
ACCUMULATED DEFERRED INCOME TAXES--OTHER PROPERTY (Account 282)				
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating		to property not subject to accelerated amortization. 2. For Other (Specify), include deferrals relating to other		
Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas	(79,458)	610,908	367,281
4	Other (Define)			
5	TOTAL (Enter Total of lines 2 thru 4)	(79,458)	610,908	367,281
6	Other (Specify)			
7	Plant (FAS 109)	(7,180)		
8	Non-utility	(1,088,826)		
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	(1,175,464)	610,908	367,281
10	Classification of TOTAL			
11	Federal Income Tax	(1,175,464)	610,908	367,281
12	State Income Tax	0	0	0
13	Local Income Tax			
NOTES				

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		04/30/08 (Mo, Da, Yr)		December 31, 2007	
ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282)(Continued)							
income and deductions. 3. Use separate pages as required.							
CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
							2
		190/282	1,512,382	190/282		2,411,113	3
							4
			1,512,382		0	2,411,113	5
							6
		254/190	7,180	254/190	0	0	7
3,893,499	2,381,117	190/283		190/283	423,556	0	8
3,893,499	2,381,117		1,519,562		423,556	2,411,113	9
							10
3,893,499	2,381,117		1,519,562		423,556	2,411,113	11
			0		0	0	12
							13
NOTES (Continued)							

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
ACCUMULATED DEFERRED INCOME TAXES--OTHER (Account 283)				
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.		2. For Other (Specify), include deferrals relating to other income and deductions.		
Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2	Plant	0		
3	Other Than Plant	0		
4	Other Than Plant (FAS 109)	0		
5				
6	Other	0		
7	TOTAL Electric (Total of lines 2 thru 6)	0	0	0
8	Gas			
9	Plant	0		
10	Other Than Plant	10,628,476	5,380,837	3,205,415
11	Other Than Plant (FAS 109)	1		
12				
13	Other			
14	TOTAL Gas (Total of lines 9 thru 13)	10,628,475	5,380,837	3,205,415
15	Other (Specify)			
16	TOTAL (Account 283) (Enter total of lines 7, 14 and 15)	10,628,475	5,380,837	3,205,415
17	Classification of TOTAL			
18	Federal Income Tax	10,628,475	5,380,837	3,205,415
19	State Income Tax	0	0	0
20	Local Income Tax	0	0	0
NOTES				

Name of Respondent Michigan Gas Utilities Corp		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/08		Year of Report December 31, 2007	
ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)							
3. Provide in the space below, the order authorizing the use of the account for each line item. Include amounts relating to insignificant items listed under Other.				4. Fill in all columns for all items as appropriate. 5. Use separate pages as required.			
CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
						0	2
						0	3
						0	4
							5
						0	6
0	0		0		0	0	7
							8
0	0				0	0	9
		190		190	9,579,628	22,383,526	10
		254/190	1	254/190		(2)	11
							12
							13
0	0	0	1	0	9,579,628	22,383,524	14
							15
0	0	0	1	0	9,579,628	22,383,524	16
							17
0	0		1		8,793,750	21,597,646	18
0	0		0		785,878	785,878	19
0	0		0		0	0	23
NOTES (Continued)							

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
OTHER REGULATORY LIABILITIES					
1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts). 2. For regulatory liabilities being amortized, show period of amortization in column (a). 3. Minor items (amounts less than \$50,000) may be grouped by classes. 4. Give the number and name of the account(s) where each amount is recorded.					
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	DEBITS		Credits (d)	Balance at End of Year (e)
		Account Credited (b)	Amount (c)		
1	Derivatives	254150	0	5,933	5,933
2	FASB 158	254190	203,684	5,323,822	5,120,138
3	Deferred Taxes	254400	10	14	4
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	TOTAL		203,694	5,329,769	5,126,075

NOTE: All amounts are recorded in Account 254.

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Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
GAS OPERATING REVENUES (Account 400)			Geographic Basis	
1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total. 2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas. 3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted		for each group of meters added. The average number of customers means the average of twelve figures at the close of each month. 4. Report quantities of natural gas sold in Mcf (14.73 psia at 60°F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf. 5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously		
Line No.	Title of Account (a)	OPERATING REVENUES		
		Amount for Year (b)	Amount for Previous Year (c)	
1	GAS SERVICE REVENUES			
2	480 Residential Sales	139,215,743	82,742,544	
3	481 Commercial & Industrial Sales			
4	Small (or Comm.) (See Instr. 6)	52,717,915	28,808,243	
5	Large (or Ind.) (See Instr. 6)	4,613,405	3,484,986	
6	482 Other Sales to Public Authorities	0		
7	484 Interdepartmental Sales	0		
8	TOTAL Sales to Ultimate Consumers	196,547,063	115,035,774	
9	483 Sales for Resale	0		
10	TOTAL Nat. Gas Service Revenues	196,547,063	115,035,774	
11	Revenues from Manufactured Gas			
12	TOTAL Gas Service Revenues	196,547,063	115,035,774	
13	OTHER OPERATING REVENUES			
14	485 Intracompany Transfers	0		
15	487 Forfeited Discounts	540,573	436,970	
16	488 Misc. Service Revenues	127,290	121,232	
17	489 Rev. from Trans. of Gas of Others	7,774,541	4,789,342	
18	490 Sales of Prod. Ext. from Nat. Gas	0		
19	491 Rev. from Nat. Gas Proc. by Others	0		
20	492 Incidental Gasoline and Oil Sales	0		
21	493 Rent from Gas Property	3,000	1,500	
22	494 Interdepartmental Rents	0		
23	495 Other Gas Revenues	15,182,775	(10,307,319)	
24	TOTAL Other Operating Revenues	23,628,178	(4,958,275)	
25	TOTAL Gas Operating Revenues	220,175,241	110,077,499	
26	(Less) 496 Provision for Rate Refunds			
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	220,175,241		
28	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	191,933,658		
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	4,613,405		
30	Sales for Resale			
31	Other Sales to Pub. Auth. (Local Dist. Only)			
32	Interdepartmental Sales			
33	TOTAL (Same as Line 10, Columns (b) and (d))	196,547,063		

Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007	
GAS OPERATING REVENUES (Account 400) (Continued)			Geographic Basis	
reported figures, explain any inconsistencies in a footnote. 6. <i>Commercial and Industrial Sales</i> , Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf		per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.) 7. See pages 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.		
MCF OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
13,871,097	7,032,584	151,179	148,813	2
				3
5,241,148	2,498,246	13,308	12,988	4
915,940	484,012	293	284	5
				6
				7
20,028,185	10,014,842	164,780	162,085	8
				9
20,028,185	10,014,842	164,780	162,085	10
NOTES				11
				12
				13
				14
				15
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				29
				30
				31
				32
				33

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) April 30, 2008	December 31, 2007

RATE AND SALES SECTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Michigan Only

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		04/30/08		December 31, 2007	
6285-A. SALES DATA FOR THE YEAR							
Line No.	Class of Service (a)	Average Number of Customers per month (b)	Gas Sold Mcf (c)	Revenue (Show to nearest dollar) (d)	AVERAGES		
					Mcf * Per Customer (e)	Revenue per Customer (f)	Revenue per Mcf (f)
1	AB. Residential service	151,179	13,871,097	139,208,763	91.75	920.82	\$ 10.04
2	A. Residential service	4,035	284,901	5,405,265	70.60	1,339.51	18.97
3	B. Residential space heating service	147,144	13,586,196	133,803,498	92.33	909.34	9.85
4	CD. Commercial service	13,288	5,238,584	52,666,874	394.24	3,963.54	10.05
5	C. Commercial service, except space heating						
6	D. Commercial space heating	13,288	5,238,584	52,666,874	394.24	3,963.54	10.05
7	E. Industrial service	293	915,940	4,613,405	3,122.52	15,727.52	5.04
8	F. Public street & highway lighting	20	2,564	58,021	129.28	2,925.45	22.63
9	G. Other sales to public authorities						
10	H. Interdepartmental sales						
11	I. Other sales						
12	A-I Total sales to ultimate customers	164,780	20,028,185	196,547,063	121.54	1,192.78	9.81
13	J. Sales to other gas utilities for resale						
14	A-J. TOTAL SALES OF GAS	164,780	20,028,185	196,547,063	121.54	1,192.78	9.81
15	K. Other gas revenues			23,628,178			
16	A-K TOTAL GAS OPERATING REVENUE	164,780	20,028,185	\$220,175,242	121.54	\$ 1,336.18	N/A **
<p>* Report Mcf on a pressure base of 14.65 psia dry and a temperature base of 60 degrees Fahrenheit. Give two decimals.</p> <p>** Not calculated because Transportation Revenue included in other gas revenues will distort the results.</p>							

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
Michigan Gas Utilities Corp			

SALES DATA BY RATE SCHEDULES FOR THE YEAR

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

Line No.	Rate Schedule Designation (a)	Type of Service to which Schedule is applicable (b)	Class of Service (c)	Avg. No. of Customers per month (d)	Mcf Sold (e)	Revenue (Show to nearest dollar) (f)
1	Residential	General & Heating	A & B	151,179	13,871,097	139,208,763
2	General	Heating & Cooling	C & D	13,288	5,238,584	52,666,874
3	Optional	Industrial	E	293	915,940	4,613,405
4	Other	Street Lighting	F	20	2,564	58,021
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	Total Company			164,780	20,028,185	196,547,064

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Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 04/30/08	December 31, 2007
OFF-SYSTEM SALES - NATURAL GAS					
Report particulars (details) concerning off-system sales. Off-system sales include all sales other than MPSC approved rate schedule sales.					
Line No.	Name (a)	Point of Delivery (City or town and State) (b)	Account (c)	Dekatherms of Gas Sold (d)	
1	Chevron Natural Gas	Seward, KS		31,000	
2	DTE Energy Trading	Benton Harbor, MI		9,000	
3	DTE Energy Trading	Willow Run, MI		16,000	
4	DTE Energy Trading	Willow Run, MI		9,000	
5	BP Canada	Farwell, MI		9,000	
6	BP Canada	Stag Lake, MI		9,000	
7	BP Canada	Stag Lake, MI		7,900	
8	BP Canada	Farwell, MI		1,100	
9	BP Canada	Willow Run, MI		9,000	
10	BP Canada	Wayne, MI		189,000	
11	Chevron Natural Gas	Allegan, MI		4,000	
12	Chevron Natural Gas	Allegan, MI		38,400	
13	Sequent Energy Management, L.P.	Acadia, LA		5,600	
14	Sequent Energy Management, L.P.	Acadia, LA		16,800	
15	Sequent Energy Management, L.P.	Acadia, LA		5,600	
16	Sequent Energy Management, L.P.	Acadia, LA		5,600	
17	Sequent Energy Management, L.P.	Acadia, LA		84,000	
18	Eagle Energy Partners I, L.P.	Seward, KS		5,160	
19	Eagle Energy Partners I, L.P.	Seward, KS		25,800	
20					

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007		
Michigan Gas Utilities Corp					
OFF-SYSTEM SALES - NATURAL GAS (Continued)					
Revenue for Year (See Instr. 5) (e)	Average Revenue per Dekatherms (f)	Peak Day Delivery to Customers			Line No.
		Date (g)	Mcf		
			Noncoin- cidental (h)	Coin- cidental (i)	
\$209,250	\$6.75				1
58,410	\$6.49				2
100,160	\$6.26				3
58,230	\$6.47				4
56,430	\$6.27				5
60,120	\$6.68				6
55,932	\$7.08				7
7,788	\$7.08				8
65,700	\$7.30				9
1,483,650	\$7.85				10
28,000	\$7.00				11
272,640	\$7.10				12
38,192	\$6.82				13
112,560	\$6.70				14
\$37,408	6.68				15
39,200	7.00				16
579,600	6.90				17
31,734	6.15				18
157,380	6.10				19
\$3,452,384					20

Name of Respondent Michigan Gas Utilities Corp.		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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		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		
Line No.	Name of Company and Description of Service Performed (Designate associated companies with an asterisk) (a)	Distance Transported (in miles) (b)*		
1				
2	Mac Steel - Transportation of Gas	Various		
3	Point of Receipt - Monroe			
4	Point of Delivery - Monroe			
5	Gas Received from ANR, Delivered to Mac Steel			
6	IMCO - Transportation of Gas	Various		
7	Point of Receipt - Coldwater			
8	Point of Delivery - Coldwater			
9	Gas Received from ANR, Delivered to IMCO			
10	Other - Transportation of Gas, Individually Less Than 500,000 Mcf	Various		
11	Various Points of Receipt and Delivery			
12	Various Companies From Which Gas Was Received and To Which Delivered			
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
TOTAL		-		

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

Name of Respondent Michigan Gas Utilities Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007		
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, 284.1		
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.
1,173,959	1,173,959	390,943	0.33		1
					2
					3
					4
1,072,277	1,072,277	415,216	0.39		5
					6
					7
					8
8,189,245	8,189,245	6,968,382	0.85		9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
10,435,481	10,435,481	\$ 7,774,541	\$0.75		

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

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
GAS OPERATION AND MAINTENANCE EXPENSES			
If the amount for previous year is not derived from previously reported figures, explain in footnotes.			
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production	130,307	111,348
3	Manufactured Gas Production (<i>Submit Supplemental Statement</i>)		
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Wells Expenses		
10	753 Field Lines Expenses		
11	754 Field Compressor Station Expenses	243,881	215,310
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses	250,134	123,735
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses		
17	760 Rents		
18	TOTAL Operation (<i>Enter Total of lines 7 thru 17</i>)	494,015	339,045
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements		
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment		
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment		
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (<i>Enter Total of lines 20 thru 28</i>)	0	0
30	TOTAL Natural Gas Production and Gathering (<i>Total of lines 18 and 29</i>)	494,015	339,045
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering		
34	771 Operation Labor		
35	772 Gas Shrinkage		
36	773 Fuel		
37	774 Power		
38	775 Materials		
39	776 Operation Supplies and Expenses		
40	777 Gas Processed by Others		
41	778 Royalties on Products Extracted		
42	779 Marketing Expenses		
43	780 Products Purchased for Resale		
44	781 Variation in Products Inventory		
45	(Less) 782 Extracted Products Used by the Utility-Credit		
46	783 Rents		
47	TOTAL Operation (<i>Enter Total of lines 33 thru 46</i>)	0	0

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account	Amount for Current Year	Amount for Previous Year	
	(a)	(b)	(c)	
	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 Equipment			
52	787 Maintenance of Pipe Lines			
53	788 Maintenance of Extracted Products Storage Equipment			
54	789 Maintenance of Compressor Equipment			
55	790 Maintenance of Gas Measuring and Reg. Equipment			
56	791 Maintenance of Other Equipment			
57	TOTAL Maintenance (Enter Total of lines 49 thru 56)	0	0	
58	TOTAL Products Extraction (Enter Total of lines 47 and 57)	0	0	
59	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 Development (Enter Total of lines 61 thru 64)	0	0	
	D. Other Gas Supply Expenses			
66	Operation			
67	800 Natural Gas Well Head Purchases	1,455,757	1,638,756	
68	800.1 Natural Gas Well Head Purchases, Intracompany Transfers			
69	801 Natural Gas Field Line Purchases			
70	802 Natural Gas Gasoline Plant Outlet Purchases			
71	803 Natural Gas Transmission Line Purchases			
72	804 Natural Gas City Gate Purchases	163,221,631	94,132,686	
73	804.1 Liquefied Natural Gas Purchases			
74	805 Other Gas Purchases	0	(10,359)	
75	(Less) 805.1 Purchased Gas Cost Adjustments			
76				
77	TOTAL Purchased Gas (Enter Total of lines 67 to 75)	164,677,389	95,761,083	
78	806 Exchange Gas	0		
79	Purchased Gas Expenses			
80	807.1 Well Expenses-Purchased Gas			
81	807.2 Operation of Purchased Gas Measuring Stations			
82	807.3 Maintenance of Purchased Gas Measuring Stations			
83	807.4 Purchased Gas Calculations Expenses			
84	807.5 Other Purchased Gas Expenses			
85	TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84)	0	0	
86	808.1 Gas Withdrawn from Storage-Debit	62,977,505	24,939,154	
87	(Less) 808.2 Gas Delivered to Storage-Credit	(60,532,279)	(42,741,682)	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit			
89	(Less) 809.2 Deliveries of Natrual Gas for Processing-Credit			
90	Gas Used in Utility Operations-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	0	(16,743)	
92	811 Gas Used for Products Extraction-Credit			
93	812 Gas Used for Other Utility Operations-Credit	(436,820)	(281,191)	
94	TOTAL Gas Used in Utility Operations-Credit (Total of lines 91 thru 93)	(436,820)	(297,934)	
95	813 Other Gas Supply Expenses	4,510	1,000	
96	TOTAL Other Gas Supply Exp (Total of lines 77, 78, 85, 86 thru 89, 94, 95)	166,690,304	77,661,621	
97	TOTAL Production Expenses (Enter Total of lines 3, 30, 58, 65, and 96)	167,314,627	78,112,014	

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expenses			
100	Operation			
101	814 Operation Supervision and Engineering	48,894	39,524	
102	815 Maps and Records			
103	816 Wells Expenses	19,629	20,447	
104	817 Line Expense	24,639	14,566	
105	818 Compressor Station Expenses	14,356	11,766	
106	819 Compressor Station Fuel and Power			
107	820 Measuring and Regulating Station Expenses	17,902	17,015	
108	821 Purification Expenses	7,515	2,262	
109	822 Exploration and Development			
110	823 Gas Losses			
111	824 Other Expenses	65,466	28,811	
112	825 Storage Well Royalties			
113	826 Rents			
114	TOTAL Operation (Enter Total of lines 101 thru 113)	198,401	134,391	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	23,005	18,121	
117	831 Maintenance of Structures and Improvements		102	
118	832 Maintenance of Reservoirs and Wells	90,634	65,514	
119	833 Maintenance of Lines	24,874	4,489	
120	834 Maintenance of Compressor Station Equipment	44,175	19,333	
121	835 Maintenance of Measuring and Regulating Station Equipment	4,413	3,438	
122	836 Maintenance of Purification Equipment	5,144	12,350	
123	837 Maintenance of Other Equipment	2,837	12,364	
124	TOTAL Maintenance (Enter Total of lines 116 thru 123)	195,081	135,712	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)	393,482	270,105	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering			
129	841 Operation Labor and Expenses			
130	842 Rents			
131	842.1 Fuel			
132	842.2 Power			
133	842.3 Gas Losses			
134	TOTAL Operation (Enter Total of lines 128 thru 133)	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 and Regulating Equipment			
144	843.9 Maintenance of Other Equipment			
145	TOTAL Maintenance (Enter Total of lines 136 thru 144)	0	0	
146	TOTAL Other Storage Expenses (Enter Total of lines 134 and 145)	0	0	

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account	Amount for Current Year	Amount for Previous Year	
	(a)	(b)	(c)	
147	C. Liquefied Natural Gas Terminaling and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering			
150	844.2 LNG Processing Terminal Labor and Expenses			
151	844.3 Liquefaction Processing Labor and Expenses			
152	844.4 Liquefaction Transportation Labor and Expenses			
153	844.5 Measuring and Regulating Labor and Expenses			
154	844.6 Compressor Station Labor and Expenses			
155	844.7 Communication System Expenses			
156	844.8 System Control and Load Dispatching			
157	845.1 Fuel			
158	845.2 Power			
159	845.3 Rents			
160	845.4 Demurrage Charges			
161	(Less) 845.5 Wharfage Receipts-Credit			
162	845.6 Processing Liquefied or Vaporized Gas by Others			
163	846.1 Gas Losses			
164	846.2 Other Expenses			
165	TOTAL Operation (Enter Total of lines 149 thru 164)	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 Equipment			
170	847.4 Maintenance of LNG Transportation Equipment			
171	847.5 Maintenance of Measuring and Regulating Equipment			
172	847.6 Maintenance of Compressor Station Equipment			
173	847.7 Maintenance of Communication Equipment			
174	847.8 Maintenance of Other Equipment			
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	0	0	
176	TOTAL Liquefied Nat Gas Terminaling and Processing Exp (Lines 165 & 175)	0	0	
177	TOTAL Natural Gas Storage (Enter Total of lines 125, 146, and 176)	393,482	270,105	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	109		
181	851 System Control and Load Dispatching			
182	852 Communication System Expenses			
183	853 Compressor Station Labor and Expenses			
184	854 Gas for Compressor Station Fuel			
185	855 Other Fuel and Power for Compressor Stations			
186	856 Mains Expenses	62,939	32,182	
187	857 Measuring and Regulating Station Expenses	26,515	21,774	
188	858 Transmission and Compression of Gas by Others			
189	859 Other Expenses			
190	860 Rents			
191	TOTAL Operation (Enter Total of lines 180 thru 190)	89,563	53,955	

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account	Amount for Current Year	Amount for Previous Year	
	(a)	(b)	(c)	
3. TRANSMISSION EXPENSES (Continued)				
192	Maintenance			
193	861 Maintenance Supervision and Engineering			
194	862 Maintenance of Structures and Improvements			
195	863 Maintenance of Mains	42,678	27,852	
196	864 Maintenance of Compressor Station Equipment			
197	865 Maintenance of Measuring and Reg. Station Equipment	60,959	28,342	
198	866 Maintenance of Communication Equipment			
199	867 Maintenance of Other Equipment	20,057	12,884	
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	123,693	69,078	
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	213,256	123,034	
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	1,276,539	1,553,517	
205	871 Distribution Load Dispatching	262,972	236,434	
206	872 Compressor Station Labor and Expenses			
207	873 Compressor Station Fuel and Power			
208	874 Mains and Services Expenses	907,408	694,654	
209	875 Measuring and Regulating Station Expenses-General			
210	876 Measuring and Regulating Station Expenses-Industrial			
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	9,193	5,750	
212	878 Meter and House Regulator Expenses	1,053,503	659,116	
213	879 Customer Installations Expenses	603,633	364,796	
214	880 Other Expenses	2,168,973	1,926,950	
215	881 Rents	13,424	13,193	
216	TOTAL Operation (Enter Total of lines 204 thru 215)	6,295,644	5,454,409	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	44,719	21,542	
219	886 Maintenance of Structures and Improvements			
220	887 Maintenance of Mains	681,252	624,020	
221	888 Maintenance of Compressor Station Equipment			
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	78,329	60,879	
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial			
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	91,897	41,656	
225	892 Maintenance of Services	568,609	451,545	
226	893 Maintenance of Meters and House Regulators	334,331	254,221	
227	894 Maintenance of Other Equipment	197,834	123,995	
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	1,996,971	1,577,858	
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	8,292,615	7,032,267	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	2,146	4,268	
233	902 Meter Reading Expenses	2,080,379	1,275,040	
234	903 Customer Records and Collection Expenses	4,280,341	3,004,783	
235	904 Uncollectible Accounts	3,339,759	2,624,262	
236	905 Miscellaneous Customer Accounts Expenses	313,338	165,056	
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	10,015,964	7,073,409	

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision	22,311	24,172	
241	908 Customer Assistance Expenses	367,265	201,371	
242	909 Informational and Instructional Expenses	235,066	97,260	
243	910 Miscellaneous Customer Service and Informational Expenses	14,106	12,528	
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	638,747	335,331	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	0		
248	912 Demonstrating and Selling Expenses	0		
249	913 Advertising Expenses	0		
250	916 Miscellaneous Sales Expenses	0		
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	0	0	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	2,120,650	7,695,753	
255	921 Office Supplies and Expenses	1,909,666	2,698,465	
256	(Less) (922) Administrative Expenses Transferred-Cr.	0		
257	923 Outside Services Employed	439,335	1,509,971	
258	924 Property Insurance	52,283	45,222	
259	925 Injuries and Damages	404,670	54,694	
260	926 Employee Pensions and Benefits	3,015,800	4,114,548	
261	927 Franchise Requirements	0		
262	928 Regulatory Commission Expenses	312,382	53,844	
263	(Less) (929) Duplicate Charges-Cr.	0		
264	930.1 General Advertising Expenses	10,705	30,698	
265	930.2 Miscellaneous General Expenses	205,559	94,656	
266	931 Rents	7,941	3,369	
267	TOTAL Operation (Enter Total of lines 254 thru 266)	8,478,990	16,301,220	
268	Maintenance			
269	935 Maintenance of General Plant	114,875	105,165	
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	8,593,865	16,406,385	
271	TOTAL Gas O. and M. Exp (Lines 97, 177, 201, 229, 237, 244, 251, and 270)	195,462,557	109,352,545	
NUMBER OF GAS DEPARTMENT EMPLOYEES				
<p>1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.</p> <p>2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special</p> <p>construction employees in a footnote.</p> <p>3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent</p>				
1. Payroll Period Ended (Date)		12/29/2007		
2. Total Regular Full-Time Employees		173 *		
3. Total Part-Time and Temporary Employees		5		
4. Total Employees		178		
*Does not include: Felix O'Aku or Gary Erickson				

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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805)			
<p>1. Report particulars of gas purchases during the year in the manner prescribed below.</p> <p>2. Provide subheadings and totals for prescribed accounts as follows:</p> <p>800 Natural Gas Well Head Purchases. 801 Natural Gas Field Line Purchases. 802 Natural Gas Gasoline Plant Outlet Purchases. 803 Natural Gas Transmission Line Purchases. 803.1 Off-System Gas Purchases. 804 Natural Gas City Gate Purchases. 804.1 Liquefied Natural Gas Purchases. 805 Other Gas Purchases.</p> <p>Purchases are to be reported in account number sequence, e.g. all purchases charged to Account 800, followed by charges to Account 801, etc. Under each account number, purchases should be reported by states in alphabetical order. Totals are to be shown for each account in Columns (h) and (i) and should agree with the books of account, or any differences reconciled.</p> <p>In some cases, two or more lines will be required to report a purchase, as when it is charged to more than one account.</p> <p>3. Purchases may be reported by gas purchase contract totals (at the option of the respondent) provided that the same price is being paid for all gas purchased under the contract. If two or more prices are in effect under the same contract, separate details for each price shall be reported. The name of each seller included in the contract total shall be listed on separate sheets, clearly cross-referenced. Where two or more prices are in effect the sellers at each price are to be listed separately.</p> <p>4. Purchases of less than 100,000 Mcf per year per contract from sellers not affiliated with the reporting company may (at the option of the respondent) be grouped by account number, except when the purchases were permanently discontinued during the reporting year. When grouped purchases are reported, the number of grouped purchases is to be reported in Column (b). Only Columns (a), (b), (h), (i), and (j) are to be completed for grouped purchases; however, the Commission may request additional details when necessary. Grouped non-jurisdictional purchases should be shown on a separate line.</p>		<p>5. Column instructions are as follows:</p> <p><u>Column (b)</u> - Report the names of all sellers. Abbreviations may be used where necessary.</p> <p><u>Column (c)</u> - Give the name of the producing field only for purchases at the wellhead or from field lines. The plant name should be given for purchase from gasoline outlets. If purchases under a contract are from more than one field or plant, use the name of the one contributing the largest volume. Use a footnote to list the other fields or plants involved.</p> <p><u>Columns (d) and (e)</u> - Designate the state and county where the gas is received. Where gas is received in more than one county, use the name of the county having the largest volume and by footnote list the other counties involved.</p> <p><u>Column (f)</u> - Show date of the gas purchase contract. If gas is purchased under a renegotiated contract, show the date of the original contract and the date of the renegotiated contract on the following line in brackets. If new acreage is dedicated by ratification of an existing contract show the date of the ratification, rather than the date of the original contract. If gas is being sold from a different reservoir than the original dedicated acreage pursuant to Section 2.56(f)(2) of the Commission's Rules of Practice and Procedure, place the letter "A" after the contract date.</p> <p>If the purchase was permanently discontinued during the reporting year, so indicate by an asterick (*) in Column (f).</p> <p><u>Column (g)</u> - Show for each purchase the approximate Btu per cubic foot.</p> <p><u>Column (h)</u> - State the volume of purchased gas as measured for purpose of determining the amount payable for the gas. Include current year receipts of make-up gas that was paid for in prior years.</p> <p><u>Column (i)</u> - State the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in Column (h).</p> <p><u>Column (j)</u> - State the average cost per Mcf to the nearest hundredth of a cent. [Column (i) divided by Column (h) multiplied by 100].</p>	

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
GAS PURCHASES (Accounts 800, 801, 802, 803, 804, and 805) (Continued)					
Line No.	Account Number (a)	Name of Seller * (Designate Associated Companies) (b)	Name of Producing Field or Gasoline Plant (c)	State (d)	
1	800				
2	804				
3	805				
4					
5					
6	For additional information please refer to the Gas Cost Reconciliation Reports,				
7	Case No. U-14715-R, to be filed in June 2007.				
8					
9					
10					
11					
12					
13		<u>* Natural Gas Suppliers to Michigan Gas Utilities Corporation</u>			
14		Anadarko Energy Services			
15		BP Canada Energy Marketing Co.			
16		Cargill, Incorporated			
17		Chevron Natural Gas			
18		ConocoPhillips Company			
19		DTE Energy Trading, Inc.			
20		Eagle Energy Partners I, L.P.			
21		Nexen Marketing U.S.A. Inc.			
22		Occidental Energy Marketing			
23		ONEOK Energy Services			
24		Sequent Energy Management, LLC			
25		Tenaska Marketing Ventures			
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Name of Respondent		This Report Is:		Date of Report	Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) 04/30/08	December 31, 2007	
GAS PURCHASES (Accounts 800, 801, 802, 803, 804, and 805) (Continued)						
County (e)	Date of Contract (f)		Gas ** Purchased-Mcf (14.73 psia 60 F) (h)	Cost of Gas (i)	Cost Per Mcf (cents) (j)	Line No.
			216,219	1,455,757	673.28	1
			21,855,227	162,747,816	744.66	2
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** Volumes are reported in MMBtu.
MPSC FORM P-522 (Rev. 1-01)

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	04/30/08	December 31, 2007

GAS USED IN UTILITY OPERATIONS-CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.
2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
3. If the reported Mcf for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Mcf of gas used, omitting entries in columns (d) and (e).
5. Report pressure base of measurement of gas volumes at 14.73 psia at 60°F.

Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Natural Gas			Manufactured Gas	
			Mcf of Gas Used (c)	Amount of Credit (d)	Amount per Mcf (In Cents) (e)	Mcf of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel-Cr	754	31,720	243,881	768.86		
2	811 Gas used for Products Extraction-Cr						
3	Gas Shrinkage and Other Usage in Respdnt's Own Proc.						
4	Gas Shrinkage, Etc. for Respdnt's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs-Cr (Rpt sep. for each prin. use. Group minor uses)						
6	812.1 Gas used in Util. Oprs-Cr (Nonmajor only)						
7							
8	Operation of Buildings	Various	26,529	436,820	1,646.57		
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23							
24							
25	TOTAL		58,249	680,701	1,168.61		

Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) April 30, 2007	December 31, 2007
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	Coordinate Gas Supply Resource	4,510.00			
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50	TOTAL	4,510.00			

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)				
1	Industry association dues			44,166
2	Experimental and general research expenses			
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent			20,011
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown)			
5	Intercompany Cost Allocation			141,382
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49	TOTAL			205,559

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Name of Respondent Michigan Gas Utilities Corp	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007	
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2 404.3, 405) (Except Amortization of Acquisition Adjustments)				
1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown. 2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual changes in the intervals		between the report years (1971, 1974 and every fifth year thereafter). Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the		
Section A. Summary of Depreciation, Depletion, and Amortization Charges				
Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant (404xxx)			
2	Production plant, manufactured gas			
3	Production and gathering plant, natural gas	15,761		
4	Products extraction plant			
5	Underground gas storage plant	316,301		60,176
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant	919,192		
9	Distribution plant	5,021,125		
10	General plant	769,761		
11	Common plant-gas			
12				
13				
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23				
24				
25	TOTAL	7,042,140	-	60,176.00

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007	
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2 404.3, 405) (Except Amortization of Acquisition Adjustments) (Continued)				
manner in which column (b) balance are obtained. If average balances, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine		depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves. 3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.		
Section A. Summary of Depreciation, Depletion, and Amortization Charges				
Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405),(404200) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
	56,163	56,163	Intangible plant	1
		0	Production plant, manufactured gas	2
		15,761	Production and gathering plant, natural gas	3
		0	Products extraction plant	4
		376,477	Underground gas storage plant	5
		0	Other storage plant	6
		0	Base load LNG terminating and processing plant	7
		919,192	Transmission plant	8
		5,021,125	Distribution plant	9
		769,761	General plant	10
		0	Common plant-gas	11
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-	56,163	7,158,479	TOTAL	25

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)				
Section B. Factors Used in Estimated Depreciation Charges				
Line No.	Functional Classification (a)	Depreciation Plant Base (Thousands) (b)	Applied Depr. Rate(s) (Percent) (c)	
1	Intangible Plant	398	14.119%	
2	Production Plant	288	5.467%	
3	Storage Plant	14,413	2.612%	
4	Transmission Plant	38,762	2.371%	
5	Distribution Plant	199,554	2.516%	
6	General Plant	18,107	4.251%	
7				
8				
9				
10				
<p>Notes to Depreciation, Depletion and Amortization of Gas Plant</p> <p>Column (b) balances were obtained using a twelve month average from January 2007 through December 2007.</p>				

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS		
<p>Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.</p> <p>(a) <i>Miscellaneous Amortization</i> (Account 425)-Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.</p> <p>(b) <i>Miscellaneous Income Deductions</i> -- Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, Donations; 426.2, Life Insurance; 426.3, Penalties; 426.4, Expenditures for Certain Civic, Political and Related</p>		<p>Activities; and 426.5, Other Deductions, of the Uniform System of Accounts. Amounts of less than 5% of each account total for the year (or \$1,000, whichever is greater) may be <u>grouped by classes within the above accounts.</u></p> <p>(c) <i>Interest on Debt to Associated Companies</i> (Account 430) -- For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.</p> <p>(d) <i>Other Interest Expense</i> (Account 431) -- Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.</p>

Line No.	Item (a)	Amount (b)
1	Miscellaneous Amortization (425)	0
2	Total - 425	0
3		
4	Donations (426.1)	
5	Co Match of Energy Aid Assistance	13,413
6	Total - 426.1	13,413
7		
8	Interest on Debt to Assoc Companies (430)	
9	Int Debt - Integrys Energy Group Short Term	414,286
10	Int Debt - Integrity Energy Group Long Term	4,956,700
11	Total - 430	5,370,986
12		
13	Other Interest Expense (431)	
14	Interest on Customer Deposits	120,242
15	GCR Interest Adjustment	463,394
16	Misc	78
17	Total - 431	583,715
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19		
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37		5,968,113

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2008	December 31, 2007

PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS

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

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

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

4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective date and expiration date

and expiration date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income, before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any lessor which are associated companies.

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

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

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

Line No.	Item (a)	Amount (b)
1	Account 415 - Revenue from Contract Work	120,211
2		
3	Account 417 - Revenues from Non-Utility Operations	
4	Revenue	21,302
5	Operating Expenses	(96,419)
6	Non Tar Revenue	9,765
7	Account 419 - Interest & Dividend Income	373,981
8		
9	Account 421 - Misc Non-Operating Income	(46,179)
10		
11		
12	Total Other Income	382,661
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 4/30/2008	December 31, 2007
EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES (Account 426.4)			
<p>1. Report below all expenditures incurred by the respondent during the year for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances); approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials which are accounted for as Other Income Deductions, Expenditures for Certain Civic, Political and Related Activities, Account 426.4.</p> <p>2. Advertising expenditures in this Account shall be classified according to subheadings, as follows: (a) radio, television, and motion picture advertising; (b) newspaper, magazine, and pamphlet advertising; (c) letters or inserts in customer's bills; (d) inserts in</p>		<p>reports to stockholders; (e) newspaper and magazine editorial services; and (f) other advertising.</p> <p>3. Expenditures within the definition of paragraph (1), other than advertising shall be reported according to captions or descriptions clearly indicating the nature and purpose of the activity.</p> <p>4. If respondent has not incurred any expenditures contemplated by the instruction of Account 426.4, so state.</p> <p>5. Minor amount may be grouped by classes if the number of items so grouped is shown.</p> <p>NOTE: The classification of expenses as nonoperating and their inclusion in this amount is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.</p>	
Line No.	Item (a)	Amount (b)	
1			
2	Labor	\$ 5,079	
3			
4			
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31			
32	TOTAL	5,079	

Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007	
REGULATORY COMMISSION EXPENSES					
1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or			cases in which such a body was a party. 2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.		
Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for current year (b) + (c) (d)	Deferred at Beginning of Year (e)
1	Dept. of Labor & Economic Growth				
2	2006/2007 Public Utility Assessment,				
3	First Quarter	79,985		79,985	
4					
5					
6	Dept. of Labor & Economic Growth				
7	2006/2007 Public Utility Assessment,				
8	Second Quarter	94,096		94,096	
9					
10					
11	Dept. of Labor & Economic Growth				
12	2006/2007 Public Utility Assessment,				
13	Third Quarter	73,803		73,803	
14					
15					
16	Dept. of Labor & Economic Growth				
17	2006/2007 Public Utility Assessment,				
18	Fourth Quarter	22,554		22,554	
19					
20					
21	Dept. of Labor & Economic Growth				
22	2006/2007 Public Utility Assessment	23,169		23,169	
23					
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25					
26					
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43					
44	TOTAL	293,609	0	293,609	0

Name of Respondent			This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corp			(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		04/30/08		December 31, 2007	
REGULATORY COMMISSION EXPENSES (Continued)								
3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a), the period of amortization.				4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.				
				5. Minor items (less than \$25,000) may be grouped.				
EXPENSES INCURRED DURING YEAR					AMORTIZED DURING YEAR			Line No.
CHARGED CURRENTLY TO			Deferred	Contra Account	Amount	Deferred at End of Year		
Department	Account No.	Amount						
(f)	(g)	(h)	(i)	(j)	(k)	(l)		
							1	
							2	
	928000	79,985					3	
							4	
							5	
							6	
							7	
	928000	94,096					8	
							9	
							10	
							11	
							12	
	928000	73,803					13	
							14	
							15	
							16	
							17	
	928000	22,554					18	
							19	
							20	
							21	
	928000	23,169					22	
							23	
							24	
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		293,609	0		0	0	44	

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

DISTRIBUTION OF SALARIES AND WAGES

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

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	ELECTRIC			
2	Operation			
3	Production			
4	Transmission			
5	Distribution			
6	Customer Accounts			
7	Customer Service and Informational			
8	Sales			
9	Administrative and General			
10	TOTAL Operation (Enter Total of lines 3 thru 9)	0		
11	Maintenance			
12	Production			
13	Transmission			
14	Distribution			
15	Administrative and General			
16	TOTAL Maint. (Total of lines 12 thru 15)	0		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	0		
19	Transmission (Enter Total of lines 4 and 13)	0		
20	Distribution (Enter Total of lines 5 and 14)	0		
21	Customer Accounts (Transcribe from line 6)	0		
22	Customer Svc. And Informational (Transcribe from line 7)	0		
23	Sales (Transcribe from line 8)	0		
24	Administrative and General (Enter Total of lines 9 & 15)	0		
25	TOTAL Oper. And Maint. (Total of lines 18 thru 24)	0		
26	GAS			
27	Operation			
28	Production-Manufactured Gas	0		
29	Production-Nat. Gas (Including Expl. And Dev.)	0		
30	Other Gas Supply	65,267		
31	Storage, LNG Terminaling and Processing	116,875		
32	Transmission	49,575		
33	Distribution	3,728,798		
34	Customer Accounts	2,009,050		
35	Customer Service and Informational	268,362		
36	Sales	0		
37	Administrative and General	(268,676)		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	5,969,249		

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DISTRIBUTION OF SALARIES AND WAGES (Continued)				
Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and		columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.		
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
GAS (Continued)				
39	Maintenance			
40	Production-Manufactured Gas	0		
41	Production-Natural Gas	0		
42	Other Gas Supply	0		
43	Storage, LNG Terminating and Processing	45,391		
44	Transmission	95,552		
45	Distribution	1,161,283		
46	Administrative and General	59,913		
47	TOTAL Maint. (Enter Total of lines 40 thru 46)	1,362,139		
48	Total Operation and Maintenance	7,331,389		
49	Production-Manufactured Gas (Total of lines 28 and 40)	0		
50	Production-Nat. Gas (Including Expl. & Dev.) (Total of lines 29 and 41)	0		
51	Other Gas Supply (Enter Total of lines 30 and 42)	65,267		
52	Storage, LNG Terminating and Processing (Total of lines 31 and 43)	162,266		
53	Transmission (Lines 32 and 44)	145,127		
54	Distribution (Lines 33 and 45)	4,890,080		
55	Customer Accounts (Line 34)	2,009,050		
56	Customer Service and Informational (Line 35)	268,362		
57	Sales (Line 36)	0		
58	Administrative and General (Lines 37 and 46)	(208,763)		
59	TOTAL Operation & Maint. (total of lines 49 thru 58)	7,331,389	63,859	7,395,248
60	OTHER UTILITY DEPARTMENTS			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59 & 61)	7,331,389	63,859	7,395,248
63	UTILITY PLANT			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	1,771,776	120,223	1,891,999
67	Other			0
68	TOTAL Construction (Total of lines 65 thru 67)	1,771,776	120,223	1,891,999
69	Plant Removal (By Utility Departments)			
70	Electric Plant			
71	Gas Plant			
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	0	0	0
74	Other Accounts (Specify)			0
	Misc.	719,971	0	719,971
75	Clearing Accounts	325,316	(309,196)	16,119
76	Co-Tenant	0	0	
	Other Accounts	281,282	4,092	285,374
77	TOTAL Other Accounts	1,326,569	(305,105)	1,021,464
78	TOTAL SALARIES AND WAGES	10,429,733	(121,023)	10,308,711

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Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES				
<p>1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account</p> <p>426.4 Expenditures for Certain Civic, Political and Related Activities.</p> <p>(a) Name and address of person or organization rendering services.</p> <p>(b) description of services received during year and project or case to which services relate.</p> <p>(c) basis of charges.</p> <p>(d) total charges for the year, detailing utility department and account charged.</p> <p>2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.</p> <p>3. Designate with an asterisk associated companies.</p>				
Line No.	Name/Address	Description	Amount	Account(s)
1	Alliance Data Systems	Customer Billing	\$ 593	880
2	10511 Airport Road		\$ 3,517,509	903
3	Scottsbluff, NE 69631		\$ 1,660	923
4			\$ 45,989	921
6			\$ 3,565,751	
7				
8	Arby Construction, Inc.	Construction	\$ 527,609	107
9	19705 West Lincoln Avenue			
10	New Berlin, WI 53146			
11				
12	Deloitte & Touche LLP	Auditors	\$ 26,000	923
13	555 East Wells Street, Suite 1400			
14	Milwaukee, WI 53202-3824			
15				
16	Kent Power, Inc.	Construction	\$ 1,725,857	107
17	90 Spring Street		3,446	878
18	Kent City, MI 49330		34,786	887
19			2,230	892
20			534	893
21			1,766,854	
22				
23	KFORCE, Inc.	HR Consulting	\$ 24,075	880
24	1001 East Palm Avenue		143,232	923
25	Tampa, FL 33605-3551		\$ 36,313	935
26			\$ 203,620	
27				
28	Miller, Canfield, Paddock & Stone PLC	Legal	\$ 147,845	923
29	One Michigan Avenue, Suite 900			
30	Lansing, MI 48933			
31				
32	Pescador LLC	Environmental Consulting	\$ 221,571	182337
33	36 Highview Road			
34	Traverse City, MI 49686			
35				
36	R L Coolsaet Construction Co.	Construction	\$ 53,173	107
37	P. O. Box 279		782	878
38	Taylor, MI 48180		\$ 53,955	
39				
40				
41				
42	TOTAL		\$ 6,513,205	

Name of Respondent		This Report Is:	Date of Report	Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007	
SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES					
1. In column (a) report the name of the associated company.			services provided (administrative and general expenses, dividends declared, etc.).		
2. In column (b) describe the affiliation (percentage ownership, etc.).			4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.		
3. In column (c) describe the nature of the goods and					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Integrus Energy Group, Inc.	Parent Company	Labor & Labor Loadings	610047	73,238
2		(MGU is a wholly-	Invoices & Expenses Accts	Various	41,229
3		owned subsidiary of	Other	610047	65,071
4		Integrus Energy Group,	Usage Based	652000	9
5		Inc.)			
6					
7					
8	WPS Energy Services, Inc.	In Common Control With	Invoices & Expenses Accts	645004	502
9			Other		
10					
11					
12	Upper Peninsula Power Co.	In Common Control With	Invoices & Expenses Accts	Various	2,795
13			Other		
14					
15					
16	Wisconsin Public Service	In Common Control With	Labor & Labor Loadings		
17	Corporation		Invoices & Expenses Accts	Various	12,928
18			Materials & Supplies	875000	128
19			Other	Various	380
20			Usage Based	875000	38
21					
22					
23	Minnesota Energy Resources	In Common Control With	Labor & Labor Loadings	Various	89,466
24	Corporation		Invoices & Expenses Accts	Various	69,530
25			Materials & Supplies		0
26			Other	Various	39,168
27			Usage Based	892000	1,718
28					
29					
30					
31					
32					
33					
34					
35					

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

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.
			0	73,238	(1)	1
		Various	2,438	43,667	(4)	2
			0	65,071	(2)	3
			0	9	(4)	4
			Total	181,984		5
						6
						7
			0	502	(4)	8
		146011	0	0	(2)	9
			Total	502		10
						11
		Various	0	2,795	(4)	12
		Various	0	0	(2)	13
			Total	2,795		14
						15
		Various	13,594	13,594	(1)	16
		Various	17,124	30,052	(4)	17
			0	128	(1)	18
		Various	5,609	5,988	(2)	19
		Various		38	(4)	20
			Total	49,800		21
						22
			0	89,466	(1)	23
		Various	(1,002,731)	(933,201)	(4)	24
		107000	56	56	(1)	25
		Various	0	39,168	(2)	26
		Various	(1,701)	17	(4)	27
			Total	(804,495)		28
						29
						30
						31
						32
						33
						34
			Total	(569,413)		35

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

Name of Respondent		This Report Is:	Date of Report	Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007	
SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES					
1. In column (a) report the name of the associated company.			services provided (administrative and general expenses, dividends declared, etc.).		
2. In column (b) describe the affiliation (percentage ownership, etc.).			4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.		
3. In column (c) describe the nature of the goods and					
Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Integrus Energy Group, Inc.	Parent Company-owns	Labor and Labor Loading	Various	44,009
2		100% of Michigan Gas	Invoices and Expenses	Various	734,643
3		Utility Corp.	Other	Various	1,095,743
4			Category 1	930200	491
5			Usage Based	Various	12,984
6					
7					
8	WPS Energy Services, Inc.	In Common Control With	Labor and Labor Loading	920000	199
9			Other	920000	119
10					
11					
12	Upper Peninsula Power Company	In Common Control With	Labor and Labor Loading	Various	171,566
13			Invoices and Expenses	Various	37,699
14			Other	Various	55,985
15					
16					
17	Wisconsin Public Service Corporation	In Common Control With	Labor and Labor Loading	Various	1,216,680
18			Invoices and Expenses	Various	746,733
19			Materials & Supplies	Various	128,801
20			Other	Various	1,829,380
21			Category 1	930200	140,891
22			Usage Based	Various	279,053
23			Direct Support	871000	8,826
24					
25					
26	Minnesota Energy Resources	In Common Control With	Labor and Labor Loading	Various	24,243
27	Corporation		Invoices and Expenses	Various	25,471
28			Other	Various	11,647
29					
30					
31					
32					
33					
34					
35					

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

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.
			0	44,009	(1)	1
		Various	343,680	1,078,322	(4)	2
		107000	5,782	1,101,525	(2)	3
		930200		491	(1)	4
			0	12,984	(4)	5
		Total		2,237,331		6
						7
			0	199	(1)	8
			0	119	(2)	9
		Total		318		10
						11
			0	171,566	(1)	12
			0	37,699	(4)	13
			0	55,985	(2)	14
		Total		265,250		15
						16
		Various	41,738	1,258,418	(1)	17
		Various	(54,126)	692,607	(4)	18
		Various	41,508	170,309	(1)	19
		Various	16,348	1,845,728	(2)	20
		930200		140,891	(1)	21
		Various	88,883	367,936	(4)	22
		Various		8,826	(1)	23
		Total		4,484,715		24
						25
			0	24,243	(1)	26
		Various	(1,003,789)	(978,318)	(4)	27
			0	11,647	(2)	28
				(942,429)		29
						30
						31
						32
						33
						34
		Total		6,045,185		35

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

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

COMPRESSOR STATIONS

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

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

Line No.	Name of Station and Location	Number of Employees	Plant Cost
	(a)	(b)	(c)
1	Underground Storage Compressor Stations 4 Total	3	2,946,856
2			
3	Gathering System Compressor Stations 1 Total	0	115,824
4			
5			
6			
7			
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

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	Olivet, MI	2								2
2										
3										
4										
5										
6										
7										
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Name of Respondent Michigan Gas Utilities Corp		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
GAS STORAGE PROJECTS				
1. Report particulars (details) for total gas storage projects. 2. Total storage plant (column b) should agree with amounts reported by the respondent in Acct's 350.1 to 364.8 inclusive (pages 206-207). 3. Give particulars (details) of any gas stored for the benefit of another company under a gas exchange arrangement or on basis of purchase and resale to other company. Designate with an asterisk if other company is an associated company.				
Line No.	Item (a)	Total Amount (b)		
1	Natural Gas Storage Plant			
2	Land and Land Rights	15,767		
3	Structures and Improvements	281,823		
4	Storage Wells and Holders	5,269,818		
5	Storage Lines	897,299		
6	Other Storage Equipment	4,585,871		
7	TOTAL (Enter Total of Lines 2 Thru 6)	11,050,578		
8	Storage Expenses			
9	Operation			
10	Maintenance			
11	Rents	-		
12	TOTAL (Enter Total of Lines 9 Thru 11)	-		
13	Storage Operations (In Mcf @ 14.65 Psia)			
14	Gas Delivered to Storage			
15	January	1,634,884		
16	February	2,117,790		
17	March	1,008,030		
18	April	443,878		
19	May	84,506		
20	June	26,306		
21	July	30,238		
22	August	5,613		
23	September	33,460		
24	October	233,748		
25	November	1,251,809		
26	December	1,830,717		
27	TOTAL (Enter Total of Lines 15 Thru 26)	8,700,979		
28	Gas Withdrawn from Storage			
29	January	202,716		
30	February	94,928		
31	March	565,477		
32	April	599,031		
33	May	1,464,452		
34	June	1,139,090		
35	July	1,137,572		
36	August	1,133,807		
37	September	1,110,851		
38	October	546,394		
39	November	62,998		
40	December	102,088		
41	TOTAL (Enter Total of Lines 29 Thru 40)	8,159,404		

Name of Respondent Michigan Gas Utilities Corp		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
GAS STORAGE PROJECTS (Continued)				
Line No.	Item (a)			Total Amount (b)
	Storage Operations (In Mcf)			
42	Top or Working Gas End of Year (1)			
43	Cushion Gas (Including Native Gas) (2)			
44	Total Gas in Reservoir (Enter Total of Line 42 and Line 43) (1)			-
45	Certificated Storage Capacity (2)			
46	Number of Injection - Withdrawal Wells (2)			
47	Number of Observation Wells (2)			
48	Maximum Day's Withdrawal from Storage (2)			
49	Date of Maximum Days' Withdrawal (2)			12/08/07
50	LNG Terminal Companies (In Mcf)			
51	Number of Tanks			
52	Capacity of Tanks			
53	LNG Volumes			
54	a) Received at "Ship Rail"			
55	b) Transferred to Tanks			
56	c) Withdrawn from Tanks			
57	d) "Boil Off" Vaporization Loss			
58	e) Converted to Mcf at Tailgate of Terminal			

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

(2) Includes only MGU owned storage fields.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 04/30/08	Year of Report December 31, 2007
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DISTRIBUTION AND TRANSMISSION LINES

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

Line No.	Designation (Identification) of Line or Group of Lines (a)	Total Miles of Pipe (to 0.1) (b)
1	DISTRIBUTION	
2	Benton Harbor <=1"	6.6
3	2"	571.1
4	3"	8.7
5	4"	311.5
6	6"	46.8
7	8"	24.7
8	10"	0.2
9	12"	4.7
10		
11	Grand Haven <=1"	4.8
12	2"	288.2
13	3"	3.1
14	4"	141.1
15	6"	16.1
16	8"	9.4
17	12"	11.0
18		
19	Otsego <=1"	2.2
20	2"	225.3
21	3"	1.5
22	4"	197.3
23	6"	32.4
24	8"	19.5
25	12"	0.1
26		
27	Coldwater & Partello <=1"	1.8
28	2"	366.7
29	3"	5.6
30	4"	270.1
31	6"	55.9
32	8"	79.0
	10"	23.6
33		
34	Monroe <=1"	5.1
35	2"	462.8
36	3"	10.5
37	4"	352.4
38	6"	93.6
39	8"	23.6
40	10"	29.8
41	12"	35.7
42		
43	All lines are located in the state of Michigan	
44	TOTAL	3,742.6

Name of Respondent Michigan Gas Utilities Corp.	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) April 30, 2008	Year of Report December 31, 2007
DISTRIBUTION AND TRANSMISSION LINES			
1. Report below by States the total miles of pipe lines operated by respondent at end of year. 2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.		3. Report separately any line that was not operated during the past year. Enter in a footnote the particulars (details) and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book cost are contemplated. 4. Report the number of miles of pipe to one decimal point.	
Line No.	Designation (Identification) of Line or Group of Lines (a)	Total Miles of Pipe (to 0.1) (b)	
1	TRANSMISSION		
2	Grand Haven 8"	0.5	
3			
4	Otsego 4"	0.0	
5	6"	7.7	
6	8"	14.2	
7			
8	Coldwater 4"	0.1	
9	6"	21.3	
10	8"	1.8	
11	10"	23.6	
12			
13	Monroe 10"	18.9	
14	12"	33.7	
15			
16	Partello <=1"	0.2	
17	2"	0.2	
18	3"	0.5	
19	4"	10.8	
20	6"	8.3	
21	8"	15.6	
22			
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42			
43	All lines are located in the state of Michigan		
44	TOTAL	157.4	

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007
DISTRIBUTION SYSTEM PEAK DELIVERIES				
1. Report below the total distribution system deliveries of gas, excluding deliveries to storage, for the periods of system peak deliveries indicated below during the calendar year. 2. Report Mcf on a pressure base of 14.73 psia at 60°F.				
Line No.	Item (a)	Day/Month (b)	Amount of Mcf (c)	Curtailments on Day/Month Indicated (d)
Section A. Three Highest Days of System Peak Deliveries				
1	Date of Highest Day's Deliveries	02/05/07		Yes
2	Deliveries to Customers Subject to MPSC Rate Schedules		242,339	
3	Deliveries to Others		0	
4	TOTAL		242,339	
5	Date of Second Highest Day's Deliveries	02/04/07		Yes
6	Deliveries to Customers Subject to MPSC Rate Schedules		242,203	
7	Deliveries to Others		0	
8	TOTAL		242,203	
9	Date of Third Highest Day's Deliveries	02/03/07		Yes
10	Deliveries to Customers Subject to MPSC Rate Schedules		238,578	
11	Deliveries to Others		0	
12	TOTAL		238,578	
Section B. Highest Consecutive 3-Day System Peak Deliveries (and Supplies)				
13	Dates of Three Consecutive Days Highest System Peak Deliveries	02/03/07		Yes
		02/04/07		Yes
		02/05/07		Yes
14	Deliveries to Customers Subject to MPSC Rate Schedules		723,120	
15	Deliveries to Others		0	
16	TOTAL		723,120	
17	Supplies from Line Pack		0	
18	Supplies from Underground Storage (Note 1)		282,688	
19	Supplies from Other Peaking Facilities		0	
Section C. Highest Month's System Deliveries				
20	Month of Highest Month's System Deliveries	February		2/3 to 2/7
21	Deliveries to Customers Subject to MPSC Rate Schedules		5,235,568	
22	Deliveries to Others		0	
23	TOTAL		5,235,568	

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

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corp		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		04/30/08		December 31, 2007	
AUXILIARY PEAKING FACILITIES							
1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc. 2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted.				For other facilities, report the rated maximum daily delivery capacities. 3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.			
	Location of Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility, Mcf at 14.73 psia at 60°F (c)	Cost of Facility (In dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery?		
					Yes (e)	No (f)	
1	Partello/Anderson/Mymachod-Calhoun County, MI Cortright/Cambell - Calhoun County, MI Lee 3/3A - Calhoun & Eaton Counties, MI	Underground Storage	15,000 -28000	6,778,892	X		
2		Underground Storage	12,000 - 20,000	882,921	X		
3		Underground Storage	17,500 - 30,000	3,490,695	X		
4							
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NOTE: The daily deliverability of MGU owned storage is less than the combined total of the three reservoirs due to pipeline constraints.

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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corp	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 04/30/08	December 31, 2007

SYSTEM MAPS

1. Furnish 5 copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.
 - (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.
2. Indicate the following information on the maps:
 - (a) Transmission lines - colored in red, if they are not otherwise clearly indicated.
 - (b) Principal pipeline arteries of gathering systems.
 - (c) Sizes of pipe in principal pipelines shown on map.
 - (d) Normal directions of gas flow - indicated by arrows.
 - (e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.
3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.
4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

See Page 522A

WARNING

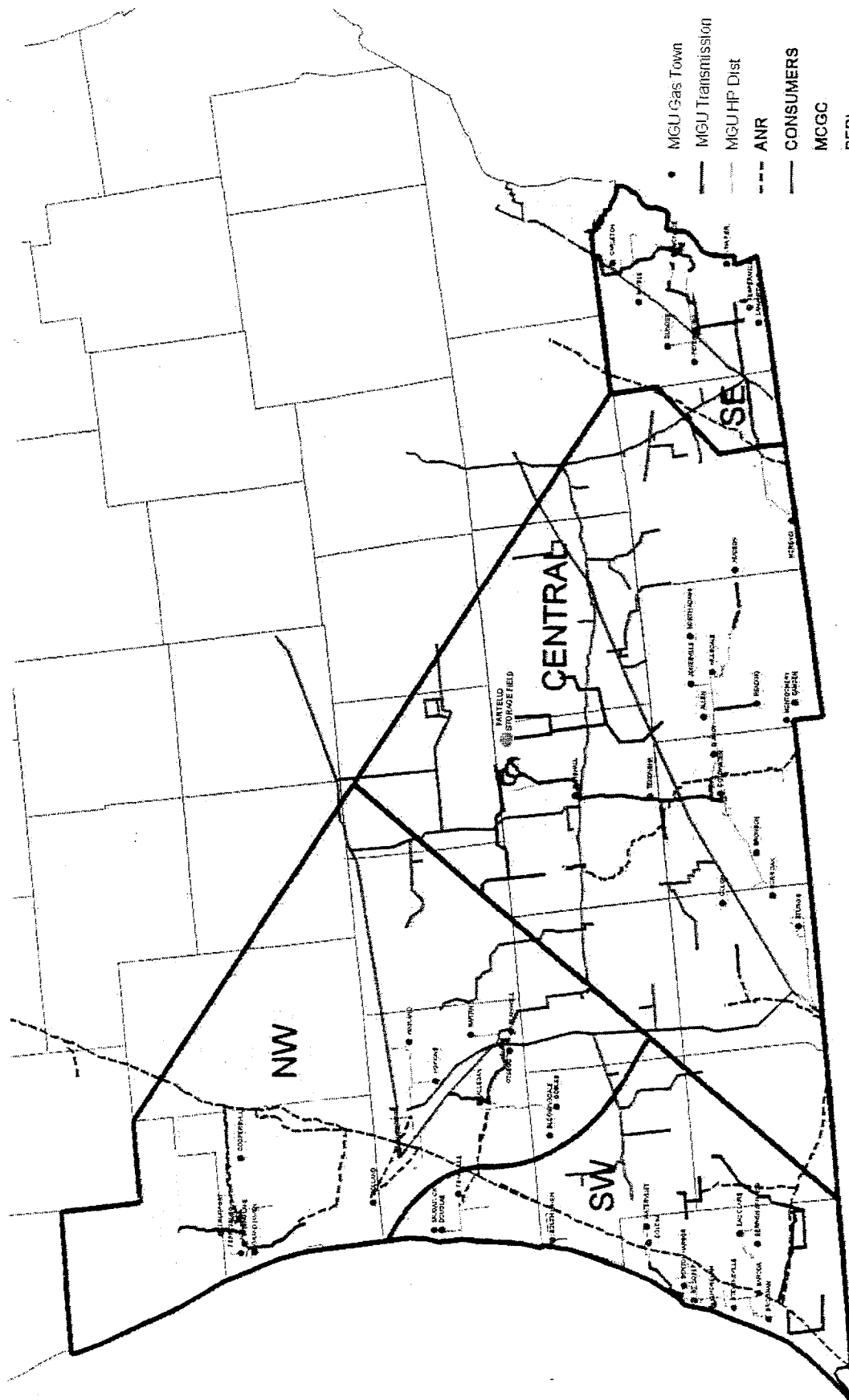
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