

MICHIGAN PUBLIC SERVICE COMMISSION
ANNUAL REPORT OF NATURAL GAS UTILITIES (MAJOR AND NON-MAJOR)

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

Report submitted for year ending: January 1, 2016 through December 31, 2016	
Present name of respondent: Michigan Gas Utilities Corporation	
Address of principal place of business: 899 South Telegraph Road, Monroe, MI 48161	
Utility representative to whom inquires regarding this report may be directed:	
Name: Ron Herr	Title: Vice President & General Manager
Address: 899 South Telegraph Road	
City: Monroe	State: MI Zip: 48161
Telephone, Including Area Code: (734) 457-6129	
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:	
[]	were forwarded to the Commission
[X]	will be forwarded to the Commission
<u>on or about</u> April 28, 2017	
Annual reports to stockholders:	
[]	are published
[X]	are not published

FOR ASSISTANCE IN COMPLETION OF THIS FORM:

Contact the Michigan Public Service Commission (Heather Cantin) at
(517) 284-8266 or cantinh@michigan.gov OR forward correspondence to:

Michigan Public Service Commission
Financial Analysis & Audit Division (Heather Cantin)
7109 W. Saginaw Hwy.
P.O. Box 30221
Lansing, MI 48909

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Michigan Gas Utilities Corporation
Milwaukee, Wisconsin

We have audited the accompanying financial statements of Michigan Gas Utilities Corporation (the "Company"), which comprise the balance sheet — regulatory basis as of December 31, 2016, and the related statements of income— regulatory basis, retained earnings — regulatory basis, and cash flows — regulatory basis for the year then ended, included on pages 110 through 123 of the accompanying Michigan Public Service Commission Form P-522, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, and proprietary capital of Michigan Gas Utilities Corporation as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

Basis of Accounting

As discussed in Note 1 to the financial statements, these financial statements were prepared in accordance with the accounting requirements of the Michigan Public Service Commission as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Restricted Use

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

Deloitte & Touche LLP

April 28, 2017

INSTRUCTIONS FOR THE FILING OF THE ANNUAL REPORT OF
MAJOR AND NONMAJOR ELECTRIC UTILITIES

GENERAL INFORMATION

I. Purpose:

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

II. Who Must Submit:

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

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

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

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

III. What and Where to Submit:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. When to Submit

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

GENERAL INSTRUCTIONS

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

at the end of the current reporting year, and use for statement of income accounts the current year's amounts.


- III.** Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "NONE" where it truly and completely states the fact.
- IV.** For any page(s) that is not applicable to respondent, either
- (a) Enter the words "NOT APPLICABLE" on the particular page(s), OR
 - (b) Omit the page(s) and enter "NA", "NONE", or "NOT APPLICABLE" in column (c) on the List of Schedules, pages 2, 3, 4.
- V.** Complete this report by means which result in a permanent record. Complete the original copy in permanent black ink or typewriter print, if practical. The copies, however, may be carbon copies or other similar means or reproduction provided the impressions are clear and readable.
- VI.** Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (See VIII, below).
- VII.** Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ().
- VIII.** When making revisions, resubmit only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the identification and Attestation page, page 1. Mail dated resubmissions to:
- Michigan Public Service Commission (Financial Analysis & Audit Division)
Financial Analysis and Customer Choice Section
4300 W. Saginaw Hwy
Lansing, MI 48917
- IX.** Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 x 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and page number supplemented.
- X.** Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- XI.** Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XII.** Report all gas volumes on a pressure base of 14.65 psia and a temperature base of 60° F.
- XIII.** Respondents may submit computer printed schedules (reduced to 8 1/2 x 11 inch size) instead of preprinted schedules if they are in substantially the same format.

DEFINITIONS

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

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

ANNUAL REPORT OF NATURAL GAS COMPANIES (Major and Nonmajor)

IDENTIFICATION		
01 Exact Legal Name of Respondent Michigan Gas Utilities Corporation	02 Year of Report December 31, 2016	
03 Previous Name and Date of Change (if name changed during year)		
04 Address of Principal Business Office at End of Year (Street, City, State, Zip) 899 South Telegraph Road, Monroe, Michigan 48161		
05 Name of Contact Person Ron Herr	06 Title of Contact Person Vice President & General Manager	
07 Address of Contact Person (Street, City, State, Zip) 899 South Telegraph Road, Monroe, Michigan 48161		
08 Telephone of Contact Person, Including Area Code: (734) 457-6129	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 28, 2017
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 Ron L. Herr	03 Signature 	04 Date Signed (Mo, Da, Yr) April 13, 2017
02 Title Vice President & General Manager		

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
LIST OF SCHEDULES (Natural Gas Utility)			
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for		certain pages. Omit pages where the responses are "none," "not applicable," or "NA."	
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS			
General Information	101		
Control Over Respondent & Other Associated Companies	M 102		
Corporations Controlled by Respondent	103	None	
Officers and Employees	M 104		
Directors	105		
Security Holders and Voting Powers	M 106-107		
Important Changes During the Year	108-109		
Comparative Balance Sheet	M 110-113		
Statement of Income for the Year	M 114-117	Page 116 - None	
Statement of Retained Earnings for the Year	M 118-119		
Statement of Cash Flows	120-121		
Notes to Financial Statements	122-123		
BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)			
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
Gas Plant in Service	M 204-212B		
Gas Plant Leased to Others	213	None	
Gas Plant Held for Future Use	214	None	
Production Properties Held for Future Use	215	None	
Construction Work in Progress - Gas	216		
Construction Overheads - Gas	217		
General Description of Construction Overhead Procedure	M 218		
Accumulated Provision for Depreciation of Gas Utility Plant	M 219		
Gas Stored	220		
Nonutility Property	221	None	
Accumulated Provision for Depreciation and Amortization of Nonutility Property	221	None	
Investments	222-223	None	
Investment in Subsidiary Companies	224-225	None	
Gas Prepayments Under Purchase Agreements	226-227	None	
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 (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		December 31, 2016
LIST OF SCHEDULES (Natural Gas Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)			
Capital Stock	250-251		
Capital Stock Subscribed, Capital Stock Liability for Conversion, Premium on Capital Stock, and Installments Received on Capital Stock	252		
Other Paid-In Capital	253		
Discount on Capital Stock	254	None	
Capital Stock Expense	254	None	
Securities Issued or Assumed and Securities Refunded or Retired During the Year	255	None	
Long-Term Debt	256-257		
Unamortized Debt Expense, Premium and Discount on Long-Term Debt	258-259	None	
Unamortized Loss and Gain on Reacquired Debt	260	None	
Notes Payable	260A	None	
Payables to Associated Companies	260B		
Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	M 261 A-B	See MPSC Form P-522, Page 261	
Calculation of Federal Income Tax	M 261 C-D	See MPSC Form P-522, Page 261	
Taxes Accrued, Prepaid and Charged During Year	262-263		
Investment Tax Credits Generated and Utilized	264-265	None	
Accumulated Deferred Investment Tax Credits	M 266-267		
Miscellaneous Current and Accrued Liabilities	M 268		
Other Deferred Credits	269		
Accumulated Deferred Income Taxes - Accelerated Amortization Property	272-273	None	
Accumulated Deferred Income Taxes - Other Property	274-275		
Accumulated Deferred Income Taxes - Other	M 276 A-B		
Other Regulatory Liabilities	278		
INCOME ACCOUNT SUPPORTING SCHEDULES			
Gas Operating Revenues	300-301		
Rates and Sales Section	M 305 A-C		
Off-System Sales - Natural Gas	M 310 A-B	None	
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: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
LIST OF SCHEDULES (Natural Gas Utility) (Continued)			
Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
COMMON SECTION			
Regulatory Commission Expenses	350-351		
Research, Development and Demonstration Activities	352-353	None	
Distribution of Salaries and Wages	354-355		
Charges for Outside Professional and Other Consultative Services	357		
GAS PLANT STATISTICAL DATA			
Natural Gas Reserves and Land Acreage	500-501	None	
Changes in Estimated Hydrocarbon Reserves and Costs, and Net Realizable Value	504-505	None	
Compressor Stations	508-509		
Gas and Oil Wells	510	None	
Gas Storage Projects	M 512-513		
Distribution and Transmission Lines	M 514		
Liquefied Petroleum Gas Operations	516-517	None	
Distribution System Peak Deliveries	M 518		
Auxiliary Peaking Facilities	519		
System Map	522		
Footnote Data	551		
Stockholders' Report	---		
MPSC SCHEDULES			
Reconciliation of Deferred Income Tax Expense	117 A-B		
Operating Loss Carryforward	117 C		
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	Page 342 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 Michigan Gas Utilities Corporation	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
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>Scott J. Lauber, Executive Vice President & CFO WEC Business Services LLC 700 North Adams Street Green Bay, WI 54307</p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p>Delaware, September 16, 2005</p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p>N/A</p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p>Retail sale and transportation of natural gas and administrative services.</p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) Yes...Enter the date when such independent accountant was initially engaged: _____ (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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

CONTROL OVER RESPONDENT

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

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.

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.

Michigan Gas Utilities Corporation is a wholly-owned subsidiary of Integrys Holding, Inc. Integrys Holding, Inc. is a subsidiary of WEC Energy Group, Inc.

The 2016 Form 10-K of WEC Energy Group, Inc. are included.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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	President	Allen L. Leverett (1)	10,940
2			
3	President	J. Patrick Keyes (1)	73,748
4			
5	Executive Vice President and Chief Financial Officer	J. Patrick Keyes (2)	7,892
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7	Executive Vice President and Chief Financial Officer	Scott J. Lauber (2)	16,240
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Footnote Data

- (1) J. Patrick Keyes was appointed President effective April 1, 2016 to succeed Allen L. Leverett
(2) Scott J. Lauber was appointed Executive Vice President and Chief Financial Officer, effective April 1, 2016, to succeed J. Patrick Keyes

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
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 J. Patrick Keyes President	231 W. Michigan Street Milwaukee, WI 53203	10	None
2 J. Kevin Fletcher EVP - Customer Service and Operations	231 W. Michigan Street Milwaukee, WI 53203	10	None
3 Scott J. Lauber (2) EVP and CFO	231 W. Michigan Street Milwaukee, WI 53203	7	None
4 Susan H. Martin EVP, General Counsel, and Corp. Secretary	231 W. Michigan Street Milwaukee, WI 53203	10	None
5 Allen L. Leverett Director	231 W. Michigan Street Milwaukee, WI 53203	10	None
<p><u>Footnote Data</u> We do not have an Executive Committee</p> <p>(1) Number of Directors meetings includes in person meetings and unanimous consent actions</p> <p>(2) Scott J. Lauber was appointed to the Board of Directors effective April 1, 2016.</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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
SECURITY HOLDERS AND VOTING POWERS			
<p>1. (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting power.</p> <p>IntegrYS Holding, Inc. 231 W. Michigan Street Milwaukee, WI 53203</p>			
<p>1. (B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders. N/A</p> <p>2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such securities. N/A</p> <p>3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote. N/A</p> <p>4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration date. N/A</p>			
<p>1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:</p> <p>Stock books are not closed prior to the end of the year.</p>			
<p>2. State the total number of votes cast at the latest general proxy meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy:</p> <p>Total: 100</p> <p>By Proxy: 0</p> <p style="text-align: center;">Meeting conducted by unanimous consent of the sole shareholder on February 25, 2016.</p>			
<p>3. Give the date and place of such meeting:</p> <p>Directors were elected February 25, 2016, via unanimous consent of the sole shareholder, IntegrYS Enregy Group, Inc., in lieu of an annual meeting.</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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

SECURITY HOLDERS AND VOTING POWERS (Continued)

Line	Name (Title) and Address of Security Holder (a)	VOTING SECURITIES			
		Number of votes as of (date):			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes all voting securities		100		
5	TOTAL number of security holders		1		
6	TOTAL votes of security holders listed below		100		
7	Integrys Holding, Inc.		100		
8	231 W. Michigan Street				
9	Milwaukee, WI 53203				
10					
11					
12					
13					
14					
15					
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20					
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34					
35					

- # RESPONSE/NOTES TO INSTRUCTION #
- 2 Not Applicable.
 - 3 Not Applicable.
 - 4 Not Applicable.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
IMPORTANT CHANGES DURING THE YEAR			
Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not applicable" or "NA" where applicable.			
<p>1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.</p> <p>2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.</p> <p>3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.</p> <p>4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization.</p> <p>5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.</p> <p>6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.</p> <p>7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.</p> <p>8. State the estimated annual effect and nature of any important wage scale changes during the year.</p> <p>9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.</p> <p>10. Describe briefly and materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.</p> <p>11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.</p> <p>12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be attached to this page.</p>			

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
IMPORTANT CHANGES DURING THE YEAR			
<p>1. None.</p> <p>2. None.</p> <p>3. None.</p> <p>4. Michigan Gas Utilities Corporation ("MGUC") had no material leases as of December 31, 2016.</p> <p>5. MGUC had no new major source of gas made available to it during 2016 nor has it experienced any significant change in territory.</p> <p>6. None.</p> <p>7. No changes in Articles of Incorporation or By-Laws during 2016.</p> <p>8. MGUC's general wage increase and market wage data adjustments for non-union exempt and non-exempt employees was 2.6%, effective February 15, 2016, with an annual impact of \$108K. MGUC's general wage increase for union employees represented by The Utility Workers Union, Local 417 was 2.4% effective February 16, 2016, with an annual impact of \$43K. MGUC's general wage increase for union members represented by The United Steelworkers, Local 12295 was 3.0%, effective January 16, 2016, with an annual impact of \$130K.</p> <p>9. MGUC can be involved in various legal proceedings which arise in the normal course of operations. The individual claims that may have occurred throughout the year were not material to WEC Energy Group, as a whole, and reserves, if any, were provided on the balance sheet as appropriate. At the end of 2016, there were no pending legal proceedings or material claims.</p> <p>10. None.</p> <p>11. None.</p> <p>12. None.</p>			

Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)	December 31, 2016
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	368,320,261	394,625,152	
3	Construction Work in Progress (107)	200-201	3,858,227	4,516,870	
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		372,178,488	399,142,022	
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115, 119)		188,273,582	194,261,952	
6	Net Utility Plant (Enter Total of line 4 less 5)		183,904,906	204,880,070	
7	Nuclear Fuel (120.1-120.4, 120.6)		0	0	
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)		0	0	
9	Net Nuclear Fuel (Enter Total of line 7 less 8)		0	0	
10	Net Utility Plant (Enter Total of lines 6 and 9)		183,904,906	204,880,070	
11	Utility Plant Adjustments (116)	122-123	0	0	
12	Gas Stored-Base Gas (117.1)	220	3,132,625	3,132,625	
13	System Balancing Gas (117.2)	220	0	0	
14	Gas Stored in Reservoirs and Pipelines-Noncurrent (117.3)	220	0	0	
15	Gas Owed to System Gas (117.4)	220	0	0	
16	OTHER PROPERTY AND INVESTMENTS				
17	Nonutility Property (121)	221	0	0	
18	(Less) Accum. Prov. for Depr. and Amort. (122)	221	0	0	
19	Investments in Associated Companies (123)	222-223	0	0	
20	Investments in Subsidiary Companies (123.1)	224-225	0	0	
21	(For cost of Account 123.1 See Footnote Page 224, line 42)				
22	Noncurrent Portion of Allowances	---	0	0	
23	Other Investments (124)	222-223,229	0	0	
24	Sinking Funds (125)		0	0	
25	Depreciation Fund (126)		0	0	
26	Amortization Fund - Federal (127)		0	0	
27	Other Funds (128 & 129)		579,858	1,176,708	
28	LT Portion of Derivative Assets (175)		2,960	4,830	
29	LT Portion of Derivative Assets - Hedges (176)		0	0	
30	TOTAL Other Property and Investments (Total of lines 17 thru 27)		582,818	1,181,538	
31	CURRENT AND ACCRUED ASSETS				
32	Cash (131)	---	125,860	633,187	
33	Special Deposits (132-134)	---	1,491,672	86,260	
34	Working Fund (135)	---	0	0	
35	Temporary Cash Investments (136)	222-223	0	0	
36	Notes Receivable (141)	228A	0	0	
37	Customer Accounts Receivable (142)	228A	10,126,860	17,905,319	
38	Other Accounts Receivable (143)	228A	689,557	1,225,766	
39	(Less) Accum. Prov. for Uncoll. Acct.-Credit (144)	228A	1,668,352	1,864,643	
40	Notes Receivable from Associated Companies (145)	228B	0	0	
41	Accounts Receivable from Associated Companies (146)	228B	6,758	1,621,348	
42	Fuel Stock (151)	228C	0	0	
43	Fuel Stock Expenses Undistributed (152)	228C	0	0	
44	Residuals (Elec) and Extracted Products (153)	228C	0	0	
45	Plant Materials and Operating Supplies (154)	228C	820,474	697,331	
46	Merchandise (155)	228C	0	0	
47	Other Materials and Supplies (156)	228C	0	0	
48	Nuclear Material Held for Sale (157)	228C	0	0	

Name of Respondent Michigan Gas Utilities Corporation		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
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)
49	Allowances (158.1 and 158.2)	---	0	0
50	(Less) Noncurrent Portion of Allowances	---	0	0
51	Stores Expense Undistributed (163)	228C	11,897	50,683
52	Gas Stored Underground-Current (164.1)	220	20,568,548	13,746,496
53	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	220	0	0
54	Prepayments (165)	226,230	4,364,815	472,550
55	Advances for Gas (166-167)	229	0	0
56	Interest and Dividends Receivable (171)	---	1	8
57	Rents Receivable (172)	---	0	0
58	Accrued Utility Revenues (173)	---	10,091,695	13,332,636
59	Miscellaneous Current and Accrued Assets (174)	---	4,545,703	5,442,249
60	Derivative Instrument Assets (175)		60,680	1,046,150
61	(Less) LT Portion of Derivative Instrument Assets (175)		2,960	4,830
62	Derivative Instrument Assets - Hedges (176)		0	0
63	(Less) LT Portion of Derivative Instrument Assets - Hedges (176)		0	0
64	TOTAL Current and Accrued Assets (Enter Total of lines 30 thru 62)		51,233,208	54,390,510
65	DEFERRED DEBITS			
66	Unamortized Debt Expenses (181)	---	0	0
67	Extraordinary Property Losses (182.1)	230	0	0
68	Unrecovered Plant & Regulatory Study Costs (182.2)	230	0	0
69	Other Regulatory Assets (182.3)	232	38,970,031	36,660,842
70	Prelim. Survey & Invest. Charges (Electric) (183)	---	0	0
71	Prelim. Survey & Invest. Charges (Gas) (183.1, 183.2)	231	0	0
72	Clearing Accounts (184)	---	0	0
73	Temporary Facilities	---	0	0
74	Miscellaneous Deferred Debits (186)	233	70,737,555	70,805,136
75	Def. Losses from Disposition of Utility Plant (187)	---	0	0
76	Research, Devel. And Demonstration Expend. (188)	352-353	0	0
77	Unamortized Loss on Reacquired Debt (189)	---	0	0
78	Accumulated Deferred Income Taxes (190)	234-235	12,851,551	12,658,316
79	Unrecovered Purchased Gas Costs (191)	---	0	0
80	TOTAL Deferred Debits (Enter Total of lines 64 thru 77)		122,559,137	120,124,294
81	TOTAL Assets and Other Debits (Enter Total of lines 10 - 15, 28, 62 and 78)		361,412,694	383,709,037

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
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Page Number (a)	Line Number (b)	Column Number (c)	Comments (d)
110	41	d	Prepaid State and Federal income tax is now reported in account 146, accounts receivable from associated companies.
111	54	d	Prepaid State and Federal income tax is now reported in account 146, accounts receivable from associated companies.

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
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	132,053,397	132,061,570
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	1,432,380	9,263,799
12	Unappropriate Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reacquired Capital Stock (217)	250-251	0	0
14	Accumulated Other Comprehensive Income (219)	117	0	0
15	TOTAL Proprietary Capital (Enter Total of lines 2 thru 14)		133,485,877	141,325,469
16	LONG-TERM DEBT			
17	Bonds (221)	256-257	0	0
18	(Less) Reacquired Bonds (222)	256-257	0	0
19	Advances from Associated Companies (223)	256-257	71,000,000	71,000,000
20	Other Long-Term Debt (224)	256-257	0	0
21	Unamortized Premium on Long-Term Debt (225)	258-259	0	0
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	258-259	0	0
23	(Less) Current Portion of Long-Term Debt		(28,000,000)	0
24	TOTAL Long-Term Debt (Enter Total of lines 17 thru 23)		43,000,000	71,000,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases-Noncurrent (227)	---	0	0
27	Accumulated Prov. For Property Insurance (228.1)	---	0	0
28	Accumulated Prov. For Injuries and Damages (228.2)	---	0	0
29	Accumulated Prov. For Pensions and Benefits (228.3)	---	6,354,876	7,981,838
30	Accumulated Misc. Operating Provisions (228.4)	---	0	0
31	Accumulated Provision for Rate Refunds (229)	---	0	0
32	Long-Term Portion of Derivative Instrument Liabilities		250	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		1,780,727	1,874,633
35	TOTAL Other Noncurrent Liabilities (Enter Total of lines 26 thru 34)		8,135,853	9,856,471
36	CURRENT AND ACCRUED LIABILITIES			
37	Current Portion of Long-Term Debt			
38	Notes Payable (231)	260A	0	0
39	Accounts Payable (232)	---	19,396,981	17,198,119
40	Notes Payable to Associated Companies (233)	260B	63,650,000	41,225,000
41	Accounts Payable to Associated Companies (234)	260B	2,420,247	2,463,218
42	Customer Deposits (235)	---	180,212	7,246
43	Taxes Accrued (236)	262-263	4,408,907	4,418,304
44	Interest Accrued (237)	---	49,686	0
45	Dividends Declared (238)	---	0	0
46	Matured Long-Term Debt (239)	---	0	0

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
47	Matured Interest		0	0
48	Tax Collections Payable (241)		271,701	311,031
49	Misc. Current and Accrued Liabilities (242)		3,463,582	4,412,892
50	Obligations Under Capital Leases-Current (243)		0	0
51	Derivative Instrument Liabilities (244)		714,233	0
52	(Less) LT Portion of Derivative Instrument Liabilities		(250)	0
53	Derivative Instrument Liabilities - Hedges (245)		0	0
54	(Less LT Portion of Derivative Instrument Liabilities - Hedges)		0	0
55	Federal Income Taxes Accrued for Prior Years (246)		0	0
56	State and Local Taxes Accrued for Prior Years (246.1)		0	0
57	Federal Income Taxes Accrued for Prior Years - Adjustments (247)		0	0
58	State and Local Taxes Accrued for Prior Years - Adjustments (247.1)		0	0
59	TOTAL Current and Accrued Liabilities (Enter Total of lines 37 thru 58)		94,555,299	70,035,810
60	DEFERRED CREDITS			
61	Customer Advances for Construction (252)		0	0
62	Accumulated Deferred Investment Tax Credits (255)		533,140	509,733
63	Deferred Gains from Disposition of Utility Plt. (256)		0	0
64	Other Deferred Credits (253)		23,849,209	25,632,636
65	Other Regulatory Liabilities (254)		460,988	1,853,284
66	Unamortized Gain on Reacquired Debt (257)		0	0
67	Accumulated Deferred Income Taxes - Accelerated Amortization (281)		0	0
68	Accumulated Deferred Income Taxes - Other Property (282)		40,034,631	47,486,578
69	Accumulated Deferred Income Taxes - Other (283)		17,357,697	16,009,056
70	TOTAL Deferred Credits (Enter Total of lines 61 thru 69)		82,235,665	91,491,287
71	TOTAL Liabilities and Other Credits (Enter Total of lines 15, 24, 35, 59 and 70)		361,412,694	383,709,037

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

STATEMENT OF INCOME FOR THE YEAR

- | | |
|--|---|
| <p>1. Report amounts for accounts 412 and 413, <i>Revenue and Expenses from Utility Plant Leased to Others</i>, in another utility column (l, k, m, o) in a similar manner to a utility department. Spread the amount(s) over lines 02 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.</p> <p>2. Report amounts in account 414, <i>Other Utility Operating Income</i>, in the same manner as accounts 412 and 413 above.</p> <p>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.</p> <p>4. Use page 122 for Important notes regarding the statement of income or any account thereof.</p> | <p>5. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.</p> <p>6. Give concise explanations concerning significant amounts of any refunds made or received during the year</p> |
|--|---|

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Gas Operating Revenues (400)	300-301	127,107,258	138,299,823
3	Operating Expenses			
4	Operation Expenses (401)	320-325	93,667,799	103,073,580
5	Maintenance Expenses (402)	320-325	1,636,336	2,249,780
6	Depreciation Expenses (403)	336-338	9,588,205	9,100,829
7	Depreciation Expense for Asset Retirement Costs (403.1)		0	0
8	Amort. & Depl. Of Utility Plant (404-405)	336-338	144,213	23,410
9	Amort. Of Utility Plant Acq. Adj. (406)	336-338	0	0
10	Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)		0	0
11	Amort. Of Conversion Expenses (407.2)		0	0
12	Regulatory Debits (407.3)		0	0
13	(Less) Regulatory Credits (407.4)		0	0
14	Taxes Other Than Income Taxes (408.1)	262-263	5,152,663	5,216,629
15	Income Taxes - Federal (409.1)	262-263	2,483,507	2,816,613
16	Income Taxes - Other (409.1)	262-263	948,445	677,322
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	16,093,241	12,960,371
18	(Less) Provision for Deferred Income Taxes Cr. (411.1)	234, 272-277	14,213,370	10,814,031
19	Investment Tax Credit Adj. - Net (411.4)	266	(23,407)	(21,349)
20	(Less) Gains from Disp. Of Utility Plant (411.6)		0	0
21	Losses from Disp. Of Utility Plant (411.7)		0	0
22	(Less) Gains from Disposition of Allowances (411.8)		0	0
23	Losses from Disposition of Allowances (411.9)		0	0
24	Accretion Expense (411.10)		0	
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		115,477,632	125,283,154
26	Net Utility Operating Income (Enter Total of line 2 less 25) (Carry forward to page 117, line 27)		11,629,626	13,016,669

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

STATEMENT OF INCOME FOR THE YEAR (Continued)

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

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

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

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

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

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

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (e)	Previous Year (f)	Current Year (e)	Previous Year (f)	
						1
		127,107,258	138,299,823			2
						3
		93,667,799	103,073,580		0	4
		1,636,336	2,249,780			5
		9,588,205	9,100,829			6
		0	0			7
		144,213	23,410			8
		0	0			9
		0	0			10
		0	0			11
		0	0			12
		0	0			13
		5,152,663	5,216,629		0	14
		2,483,507	2,816,613			15
		948,445	677,322			16
		16,093,241	12,960,371			17
		14,213,370	10,814,031			18
		(23,407)	(21,349)			19
		0	0			20
		0	0			21
		0	0			22
		0	0			23
		0	0			24
		115,477,632	125,283,154		0	25
		11,629,626	13,016,669		0	26

Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)	December 31, 2016
STATEMENT OF INCOME PER THE YEAR (Continued)					
Line No.	Account (a)	Ref. Page No. (b)	TOTAL		
			Current Year (c)	Previous Year (d)	
27	Net Utility Operating Income (Carried forward from Page 114)	- - -	11,629,626	13,016,669	
28	Other Income and Deductions				
29	Other Income				
30	Nonutility Operating Income				
31	Revenue From Merchandising, Jobbing and Contract Work (415)		8,984	8,182	
32	(Less) Costs and Exp. Of Merchandising, Job & Contract Work (416)		0	0	
33	Revenue From Non Utility Operations (417)			864	
34	(Less) Expenses of Nonutility Operations (417.1)		(3,996)	(2,352)	
35	Nonoperating Rental Income (418)		0	0	
36	Equity in Earnings of Subsidiary Companies (418.1)	119	0	0	
37	Interest and Dividend Income (419)		535	6,067	
38	Allowance for Other Funds Used During Construction (419.1)		4,693	35,857	
39	Miscellaneous Nonoperating Income (421)		79,929	348	
40	Gain on Disposition of Property (421.1)		14,184	0	
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		104,329	48,966	
42	Other Income Deductions				
43	Loss on Disposition of Property (421.2)		0	0	
44	Miscellaneous Amortization (425)	340	0	0	
45	Donations (426.1)	340	9,087	13,387	
46	Life Insurance (426.2)		0	0	
47	Penalties (426.3)		0	788	
48	Expenditures for Certain Civic, Political, and Related Activities (426.4)		53,886	42,782	
49	Other Deductions (426.5)		11,063	(118,970)	
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		74,036	(62,013)	
51	Taxes Applic. To Other Income and Deductions				
52	Taxes Other Than Income Taxes (408.2)	262-263	225	225	
53	Income Taxes -- Federal (409.2)	262-263	(3,535,128)	(7,022,653)	
54	Income Taxes -- Other (409.2)	262-263	(644,704)	(665,801)	
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	4,326,668	10,586,916	
56	(Less) Provision for Deferred Income Taxes -- Cr. (411.2)	234, 272-277	2,591	2,820,312	
57	Investment Tax Credit Adj. -- Net (411.5)		0	0	
58	(Less) Investment Tax Credits (420)		0	0	
59	TOTAL Taxes on Other Inc. and Ded. (Total of lines 52 thru 58)		144,470	78,375	
60	Net Other Income and Deductions (Enter Total of lines 41, 50, 59)		(114,177)	32,604	
61	Interest Charges				
62	Interest on Long-Term Debt (427)		0	0	
63	Amort. Of Debt Disc. And Expenses (428)	258-259	0	0	
64	Amortization of Loss on Reacquired Debt (426.1)		0	0	
65	(Less) Amort. Of Premium on Debt-Credit (429)	258-259	0	0	
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)		0	0	
67	Interest on Debt to Assoc. Companies (430)	340	3,435,447	3,831,874	
68	Other Interest Expenses (431)	340	249,487	497,212	
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		(904)	(8,952)	
70	Net Interest Charges (Enter Total of lines 62 thru 69)		3,684,030	4,320,134	
71	Income Before Extraordinary Items (Enter Total of lines 27, 60 and 70)		7,831,419	8,729,139	
72	Extraordinary Items				
73	Extraordinary Income (434)		0	0	
74	(Less) Extraordinary Deductions (435)		0	0	
75	Net Extraordinary Items (Enter Total of line 73 less line 74)		0	0	
76	Income Taxes--Federal and Other (409.3)	262-263	0	0	
77	Extraordinary Items After Taxes (Enter Total of line 75 less line 76)		0	0	
78	Net Income (Enter Total of lines 71 and 77)		7,831,419	8,729,139	

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Name of Respondent	This Report is:	Date of Report:	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
RECONCILIATION OF DEFERRED INCOME TAX EXPENSE			
<p>1. Report on this page the charges to accounts 410, 411 and 420 reported in the contra accounts 190, 281, 282, 283 and 284.</p> <p>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.</p>		<p>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.</p>	
Line No.		Electric Utility	Gas Utility
1	Debits to Account 410 from:		
2	Account 190		1,905,192
3	Account 281		
4	Account 282		7,360,596
5	Account 283		6,827,453
6	Account 284		
7	Reconciling Adjustments		
8	TOTAL Account 410.1 (on pages 114-115 line 16)		16,093,241
9	TOTAL Account 410.2 (on page 117 line 49)		
10	Credits to Account 411 from:		
11	Account 190		(6,172,836)
12	Account 281		
13	Account 282		(35)
14	Account 283		(8,040,499)
15	Account 284		
16	Reconciling Adjustments		
17	Total Account 411.1 (on pages 114-15 line 17)		(14,213,370)
18	Total Account 411.2 (on page 117 line 50)		
19	Net ITC Adjustment:		
20	ITC Utilized for the Year DR		(1,166)
21	ITC Amortized for the Year CR		(22,241)
22	ITC Adjustments:		
23	Adjust last year's estimate to actual per filed return		
24	Other (specify)		
25	Net Reconciling Adjustments Account 411.4*		(23,407)
26	Net Reconciling Adjustments Account 411.5		
27	Net Reconciling Adjustments Account 420		

Name of Respondent	This Report is:	Date of Report:	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

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.
	1,905,192	4,326,668	6,231,860	1
			0	2
	7,360,596		7,360,596	3
	6,827,453		6,827,453	4
			0	5
	0		0	6
				7
	16,093,241			8
		4,326,668		9
	(6,172,836)	(2,591)	(6,175,427)	10
			0	11
	(35)		(35)	12
	(8,040,499)		(8,040,499)	13
			0	14
			0	15
				16
	(14,213,370)			17
		(2,591)		18
	(1,166)		(1,166)	19
	(22,241)		(22,241)	20
				21
				22
				23
				24
	(23,407)			25
				26
				27

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

OPERATING LOSS CARRYFORWARD

Fill in below when the company sustains an operating loss, loss carryback or carryforward whenever or wherever applicable.

Line No.	Year (a)	Operating Loss (b)	Loss Carryforward (F) or Carryback (B) (c)	Loss Utilized		Balance Remaining (f)
				Amount (d)	Year (e)	
1	2015	3,100,958	F			3,100,958
2	2015	2,084,118	F			2,084,118
3						
4						
5						
6						
7						
8						
9						
10						
11						
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Footnote - Line #1 is Federal NOL
Footnote - Line #2 is Michigan NOL

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

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		1,432,380
2	Changes (<i>Identify by prescribed retained earnings accounts</i>)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	TOTAL Credits to Retained Earnings (439)		
9	Debit:		
10	Debit:		
11	Debit:		
12	Debit:		
13	TOTAL Debits to Retained Earnings (439)		
14	Balance Transferred from Income (Account 433)		7,831,419
15	Appropriations of Retained Earnings (Account 436)		
16			
17			
18			
19			
20			
21	TOTAL Appropriations of Retained Earnings (Account 436)		
22	Dividends Declared-Preferred Stock (Account 437)		
23			
24			
25			
26			
27			
28	TOTAL Dividends Declared-Preferred Stock (Account 437)		

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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	Dividends Declared-Res Stock		0
31			
32			
33			
34			
35	TOTAL Dividends Declared-Common Stock (Account 438)		0
36	Transfers from Account 216.1 Unappropriated Undistributed Subsidiary Earnings		
37	Balance - End of the Year (Enter Total of lines 1 thru 36)		9,263,799
<p>APPROPRIATED RETAINED EARNINGS (Account 215)</p> <p>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.</p>			
38			
39			
40			
41			
42			
43	TOTAL Appropriated Retained Earnings (Account 215)		
<p>APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1)</p> <p>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.</p>			
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)		9,263,799
<p>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</p>			
47	Balance-Beginning of Year (Debit or Credit)		
48	Equity in Earnings for Year (Credit) (Account 418.1)		
49	(Less) Dividends Received (Debit)		
50	Other Changes (Explain)		
51	Balance-End of Year (Enter Total of lines 47 thru 50)		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

STATEMENT OF CASH FLOWS

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

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

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

Line No.	Description (See instructions for Explanation of Codes (a))	Current Year to Date (b)
1	Net Cash Flow from Operating Activities: (enter outflows from company as negative #s)	
2	Net Income (Line 72 on page 117)	7,831,419
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	9,588,206
5	Amortization of Utility Plant	144,213
6	Amortization of Manufactured Gas Plant Clean-up Expenditures	897,434
7	Intangible Plant	
8	Deferred Income Taxes (Net)	6,203,947
9	Investment Tax Credit Adjustment (Net)	(23,407)
10	Net (Increase) Decrease in Receivables	(8,188,479)
11	Net (Increase) Decrease in Inventory	6,906,409
12	Net (Increase) Decrease in Allowances Inventory	
13	Net (Increase) Decrease in Payables and Accrued Expenses	(446,822)
14	Net (Increase) Decrease in Other Regulatory Assets	1,664,909
15	Net (Increase) Decrease in Other Regulatory Liabilities	141,685
16	(Less) Allowance for Other Funds Used During Construction	5,597
17	(Less) Undistributed Earnings from Subsidiary Companies	
18	Other: (provide details in footnote)	1,659,433
19		
20		
21		
22	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 21)	26,373,350
23		
24	Cash Flows from Investment Activities:	
25	Construction and Acquisition of Plant (including land):	
26	Gross Additions to Utility Plant	(32,860,205)
27	Gross Additions to Nuclear Fuel	
28	Gross Additions to Common Utility Plant	
29	Gross Additions to Nonutility Plant	
30	(Less) Allowance to Other Funds Used During Construction	(5,597)
31	Other: Def Notes Receivable - Loan	
32		
33		
34	Cash Outflows for Plant (Total of lines 26 thru 33)	(32,854,608)
35		
36	Acquisition of Other Noncurrent Assets (d)	
37	Proceeds from Disposal of Noncurrent Assets (d)	
38		
39	Investments in and Advances to Assoc. and Subsidiary Companies	
40	Contributions and Advances from Assoc. and Subsidiary Companies	
41	Disposition of Investments in (and Advances to)	
42	Associated and Subsidiary Companies	
43		
44	Purchase of Investment Securities (a)	
45	Proceeds from Sales of Investment Securities (a)	

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
STATEMENT OF CASH FLOWS (Continued)				
4. Investing Activities		5. Codes used:		
(a) Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of asset acquired with liabilities assumed on pages 122-123.		(a) Net proceeds or payments. (b)		
(b) Do not include on this statement the dollar amount of leases capitalized per USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on pages 122-123.		Bonds, debentures and other long-term debt. (c)		
		Include commercial paper. (d)		
		Identify separately such items as investments, fixed assets, intangibles, etc. 6. Enter on Pages 122-123 clarifications and explanations.		
Line No.	Description (See instructions for Explanation of Codes) (a)	Current Year to Date (b)		
46	Loans Made or Purchased			
47	Collections on Loans			
48				
49	Net (Increase) Decrease in Receivables			
50	Net (Increase) Decrease in Inventory			
51	Net (Increase) Decrease in Allowances Held for Speculation			
52	Net Increase (Decrease) in Payables and Accrued Expenses			
53	Other: (provide details in footnote)	0		
54				
55				
56	Net Cash Provided by (Used in) Investing Activities	(32,854,608)		
57	(Total of lines 34 thru 54)			
58				
59	Cash Flows from Financing Activities:			
60	Proceeds from Issuance of:			
61	Long Term Debt	28,000,000		
62	Preferred Stock			
63	Common Stock			
64	Other:			
65	Return on Capital to Parent	0		
66	Contribution from Parent	8,173		
67	Inter-Company Notes Payable	(22,425,000)		
68	Other: (provide details in footnote)	0		
69	Net Decrease in Short-Term Debt			
70				
71	Cash Provided by Outside Sources (Total of lines 61 thru 69)	5,583,173		
72				
73	Payments for Retirement of:			
74	Long Term Debt			
75	Preferred Stock			
76	Common Stock			
77	Other:			
78				
79	Net Decrease in Short-Term Debt			
80				
81	Dividends on Preferred Stock			
82	Dividends on Common Stock	0		
83	Net Cash Provided by (Used in) Financing Activities	5,583,173		
84	(Total of lines 70 thru 81)			
85				
86	Net Increase (Decrease) in Cash and Cash Equivalents	(898,085)		
87	(Total of lines 22, 57 and 83)			
88				
89	Cash and Cash Equivalents at Beginning of Year	1,617,532		
90				
91	Cash and Cash Equivalents at End of Year	719,447		

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
FOOTNOTE DATA			
Schedule Page: 110 Line No.: 38 Column (d)			
Other Accounts Receivable			
Non Service Accounts Receivable			1,066,243
Other AR-Misc Liab Reclass			3,523
Oth AR Nat Gas NonCore Sales			156,000
Other A/R			
TOTAL			1,225,766
Schedule Page: 111 Line No.: 69 Column (d)			
Other Regulatory Assets			
Reg Asset - Derivatives-Current			55,450
Reg Asset - 2015 Purch Acctg Effect on Benefits Acctg			10,012,155
Reg Asset - FAS158			7,368,928
Reg Asset - Purch Acctg Effect on Benefits Acctg			14,463,394
ARO Deprec/Accr Non-Rate Base			1,156,402
Reg Asset - Deferred Taxes			3,194,182
Revenue Undercollect			410,331
TOTAL			36,660,842
Schedule Page: 111 Line No.: 74 Column (d)			
Miscellaneous Deferred Debits			
Goodwill			34,517,361
Tradename			5,218,000
Def Deb-Area Expans Program			2,047,603
Def Debit-Work Orders			75,640
LaborLoad/Transp Capital Accr			(88,462)
Reg Asset-Cleanup Gas-Expendit			29,034,994
TOTAL			70,805,136
Schedule Page: 113 Line No.: 64 Column (d)			
Other Deferred Credits			
Outstanding Checks Cancelled			21,281
ICE			2,535,691
Workers Comp Claim Reserve			18,582
Injuries & Damages Reserve			11,859
Deferred Income Plan			114,027
Performance Share Awards-LT			12,863
PUP Div Equivalents-LT			333
Gas Site Clean-up			22,918,000
TOTAL			25,632,636
Schedule Page: 113 Line No.: 65 Column (d)			
Other Regulatory Liabilities			
Reg Liab-Cost to Frwd-External			112,795
Deferred taxes-2010 Health Care Leg			117,966
Derivatives			1,232,430
Bonus Depreciation Refund			385,263
Reg Liab-Derivatives			4,830
TOTAL			1,853,284
Schedule Page: 120 Line No.: 18 Column (b)			
Other Operating			
Accrued Revenues			(3,240,941)
Prepayments and Misc Current Assets			1,426,336
Deferred Debits			(1,016,314)
Other Long Term Liabilities-Pension Exp			2,028,961
Other			2,461,391
TOTAL			1,659,433

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
NOTES TO FINANCIAL STATEMENTS (Continued) – Page 123			

GLOSSARY OF TERMS AND ABBREVIATIONS

The abbreviations and terms set forth below are used throughout this report and have the meanings assigned to them below:

Subsidiaries and Affiliates

Integrys	Integrys Holding, Inc. (previously known as Integrys Energy Group, Inc.)
WBS	WEC Business Services LLC
WEC Energy Group	WEC Energy Group, Inc. (previously known as Wisconsin Energy Corporation)
WPS	Wisconsin Public Service Corporation

Federal and State Regulatory Agencies

EPA	United States Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
MGUC	Michigan Gas Utilities Corporation
MPSC	Michigan Public Service Commission

Accounting Terms

ARO	Asset Retirement Obligation
ASU	Accounting Standards Update
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles
OPEB	Other Postretirement Employee Benefits

Environmental Terms

CO ₂	Carbon Dioxide
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Measurements

MCF	Million Cubic Feet
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Other Terms and Abbreviations

AIA	Affiliated Interest Agreement
ROE	Return on Equity

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
NOTES TO FINANCIAL STATEMENTS (Continued) – Page 123			

MICHIGAN GAS UTILITIES CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) MPSC Form P-522 Presentation Compared to United States 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 differ from GAAP. As required by the MPSC, MGUC classifies certain items in its 2016 Form P-522 in a manner different from GAAP, as described below. These items have no impact on the reported net income.

- Removal costs that do not have an associated legal obligation are recognized as a component of accumulated depreciation, whereas these costs are recognized for GAAP as a regulatory liability.
- The MPSC financial statement presentation reports energy costs receivable or refundable through rate adjustments as deferred debits and deferred credits, whereas the GAAP financial statements presentation reports these balances as regulatory assets and liabilities.
- Current portions of long-term debt, if applicable, is reported as deferred credits, whereas GAAP reporting requires a current and long-term portion of these liabilities.
- The GAAP financial statements are reported in accordance with the Income Taxes Topic of the FASB ASC, whereas the Form P-522 is reported in accordance with the MPSC-issued accounting guidance. As such, in the Form P-522, deferred income taxes are recognized based on the difference between positions taken in tax returns filed and amounts reported in the financial statements. In addition, interest and penalties on tax deficiencies are not reported as income tax expense.

(b) General Information—We are a wholly-owned subsidiary of Integrys. On June 29, 2015, Wisconsin Energy Corporation acquired Integrys, and Integrys became a wholly-owned subsidiary of Wisconsin Energy Corporation. Wisconsin Energy Corporation then changed its name to WEC Energy Group, Inc. In this report, when we refer to the "WEC Merger," we are referring to this acquisition. The WEC Merger was subject to the approvals of various government agencies, including the MPSC. Approvals were obtained from all agencies subject to several conditions. We do not believe the conditions set forth in the various regulatory orders approving the WEC Merger will have a material impact on our operations or financial results.

As used in these notes, the term "financial statements" includes the income statements, balance sheets, statements of cash flows, and statements of equity, unless otherwise noted. In this report, when we refer to "us," "we," "our," or "ours," we are referring to Michigan Gas Utilities Corporation.

We are a natural gas utility company that distributes, sells, and transports natural gas to customers in southern and western Michigan. We are subject to the jurisdiction of, and regulation by, the MPSC, which has general supervisory and regulatory powers over public utilities in Michigan. We are also subject to the standards of conduct and affiliate rules of the FERC.

We prepare our financial statements in conformity with GAAP as noted in footnote 1(a) there are certain differences between FERC and GAAP documented throughout. We make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

(c) Early Implementation of New Accounting Pronouncements—During 2016, we early implemented ASU 2015-17, Balance Sheet Classification of Deferred Taxes. As a result of adopting this ASU, our current deferred income taxes were classified as long-term deferred income tax liabilities on our December 31, 2016 and 2015 balance sheets.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
NOTES TO FINANCIAL STATEMENTS (Continued) – Page 123			

(d) Cash and Cash Equivalents—Cash and cash equivalents include marketable debt securities with an original maturity of three months or less.

(e) Revenues and Customer Receivables—We recognize revenues related to the sale of natural gas on the accrual basis and include estimated amounts for services provided but not yet billed to customers.

We present revenues net of pass-through taxes on the income statements.

Below is a summary of the significant mechanisms we had in place that allowed us to recover or refund changes in prudently incurred costs from rate case-approved amounts:

- Our rates included a one-for-one recovery mechanism for natural gas commodity costs. We defer any difference between actual natural gas costs incurred and costs recovered through rates as a current asset or liability. The deferred balance is returned to or recovered from customers at intervals throughout the year.
- In 2015, our rates included a decoupling mechanism, which allowed us to recover or refund differences between actual and authorized margins. See Note 14, Regulatory Environment, for more information.

We provide regulated natural gas service to customers in southern and western Michigan. The geographic concentration of our customers did not contribute significantly to our overall exposure to credit risk. We periodically review customers' credit ratings, financial statements, and historical payment performance and require them to provide collateral or other security as needed. As a result, we did not have any significant concentrations of credit risk at December 31, 2016. In addition, there were no customers that accounted for more than 10% of our revenues for the year ended December 31, 2016.

(f) Materials, Supplies, and Inventory—We record substantially all materials, supplies, and natural gas in storage inventories using the weighted-average cost method of accounting. Our inventory as of December 31 consisted of:

<i>(in millions)</i>	2016	2015
Natural gas in storage	\$ 13.7	\$ 20.6
Materials and supplies	0.7	0.8
Total	\$ 14.4	\$ 21.4

Substantially all natural gas in storage and materials and supplies inventories are recorded using the weighted-average cost method of accounting.

MGUC also has arrangements with third parties for natural gas storage. Such arrangements provide for spot and term purchases by MGUC of 3.8 Million Cubic Feet (“MCF”) of natural gas each summer for storage with other utilities, on pipelines, as well as MGUC owned storage facilities for delivery during the following heating season. As the natural gas is purchased under these arrangements, its cost, together with the related storage and transportation services charges, is recorded to natural gas in storage inventory. As natural gas is withdrawn, it is priced at the average cost of natural gas in storage computed separately for each storage location. Base natural gas stored underground is natural gas that is used to maintain the integrity of the storage field by maintaining pressure for working natural gas, and will only vary if the conditions of the storage field change. Base natural gas stored recorded by MGUC was \$3.1 million at December 31, 2016 and 2015.

(g) Regulatory Assets and Liabilities—The economic effects of regulation can result in regulated companies recording costs and revenues that have been or are expected to be allowed in the rate-making process in a period different from the period in which the costs or revenues would be recognized by a nonregulated company. When this occurs, regulatory assets and regulatory liabilities are recorded on the balance sheet. Regulatory assets represent probable future revenues associated with certain costs or liabilities that have been deferred and are expected to be recovered through rates charged to customers. Regulatory liabilities represent amounts

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that are expected to be refunded to customers in future rates or amounts that are collected in rates for future costs. Recovery or refund of regulatory assets and liabilities is based on specific periods determined by the regulators or occurs over the normal operating period of the assets and liabilities to which they relate. If at any reporting date a previously recorded regulatory asset is no longer probable of recovery, the regulatory asset is reduced to the amount considered probable of recovery with the reduction charged to expense in the reporting period the determination is made. See Note 4, Regulatory Assets and Liabilities, for more information.

(h) Property, Plant, and Equipment—We record property, plant, and equipment at cost. Cost includes material, labor, overhead, and capitalized interest. Additions to and significant replacements of property are charged to property, plant, and equipment at cost; minor items are charged to maintenance expense. The cost of depreciable utility property less salvage value is charged to accumulated depreciation when property is retired.

We record straight-line depreciation expense over the estimated useful life of utility property using depreciation rates as approved by the MPSC. Our annual utility composite depreciation rates were 2.63% for 2016 and 2.65% for 2015.

We capitalize certain costs related to software developed or obtained for internal use and record these costs to amortization expense over the estimated useful life of the related software, which ranges from 3 to 7 years. If software is retired prior to being fully amortized, the difference is recorded as a loss on the income statement.

See Note 5, Property, Plant, and Equipment, for more information.

(i) Goodwill and Other Intangible Assets—Goodwill and other intangible assets with indefinite lives are subject to an annual impairment test. Interim impairment tests are also performed when impairment indicators are present.

At December 31, 2016, and 2015, we had a \$5.2 million indefinite-lived intangible asset related to our trade name recorded within other long-term assets on our balance sheets. For an indefinite-lived intangible asset, an impairment loss is recognized when the carrying amount of the asset is no longer recoverable. The excess of the carrying amount of the asset over the fair value of the asset is recorded as an impairment loss. No impairment losses were recorded for our indefinite-lived intangible asset during 2016 and 2015.

Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable net assets acquired. At December 31, 2016, and 2015, we had gross goodwill of \$122.7 million and accumulated goodwill impairment losses of \$88.2 million, resulting in a net goodwill balance of \$34.5 million. The carrying amount of a reporting unit's goodwill is considered not recoverable if the carrying amount of the reporting unit exceeds the reporting unit's fair value. We assess fair value by considering future discounted cash flows, public company trading multiples, and merger and acquisition transaction multiples for similar companies. This evaluation utilizes the information available under the circumstances, including reasonable and supportable assumptions and projections. An impairment loss is recorded for the excess of the carrying amount of goodwill over its implied fair value. If an impairment loss exists, it is reflected within operating expenses on the income statements. Due to the WEC merger, we changed the date of our annual goodwill impairment test during 2016 from April 1 to July 1. Since no more than twelve months is allowed to elapse between impairment tests, we performed a step zero qualitative impairment test as of April 1, 2016, and a quantitative impairment test as of July 1, 2016. No impairment resulted from these tests.

(j) Asset Retirement Obligations—We recognize, at fair value, legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development, and normal operation of our assets. An ARO liability is recorded, when incurred, for these obligations as long as the fair value can be reasonably estimated, even if the timing or method of settling the obligation is unknown. The associated retirement costs are capitalized as part of the related long-lived asset and are depreciated over the useful life of the asset. The ARO liabilities are accreted to their present values each period using the credit-adjusted risk-free interest rates associated with the expected settlement dates of the AROs. These rates are determined when the obligations are incurred. Subsequent changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the associated retirement costs. We

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recognize regulatory assets or liabilities for the timing differences between when we recover an ARO in rates and when we recognize the associated retirement costs. See Note 6, Asset Retirement Obligations, for more information.

(k) Environmental Remediation Costs—We are subject to federal and state environmental laws and regulations that in the future may require us to pay for environmental remediation at sites where we have been, or may be, identified as a potentially responsible party. Loss contingencies may exist for the remediation of hazardous substances at various potential sites, including manufactured gas plant sites. See Note 11, Commitments and Contingencies, for more information.

We record environmental remediation liabilities when site assessments indicate remediation is probable and we can reasonably estimate the loss or a range of losses. The estimate includes both our share of the liability and any additional amounts that will not be paid by other potentially responsible parties or the government. When possible, we estimate costs using site-specific information but also consider historical experience for costs incurred at similar sites. Remediation efforts for a particular site generally extend over a period of several years. During this period, the laws governing the remediation process may change, as well as site conditions, potentially affecting the cost of remediation.

We have received approval to defer certain environmental remediation costs, as well as estimated future costs, through a regulatory asset. The recovery of deferred costs is subject to MPSC approval.

We review our estimated costs of remediation annually for our manufactured gas plant sites. We adjust the liabilities and related regulatory assets, as appropriate, to reflect the new cost estimates. Any material changes in cost estimates are adjusted throughout the year.

(l) Income Taxes—We are included in the consolidated United States income tax return filed by WEC Energy Group. In accordance with our tax allocation arrangement with WEC Energy Group, we are allocated income tax payments and refunds based upon our separate tax computation.

Deferred income taxes have been recorded to recognize the expected future tax consequences of events that have been included in the financial statements by using currently enacted tax rates for the differences between the income tax basis of assets and liabilities and the basis reported in the financial statements. If we conclude that certain deferred tax assets are likely to expire before being realized, a valuation allowance would be established against those assets. GAAP requires that, if we conclude in a future period that it is more likely than not that some or all of the deferred tax assets would be realized before expiration, we reverse the related valuation allowance in that period. Any change to the allowance, as a result of a change in judgment about the realization of deferred tax assets, is reported in income tax expense. We defer certain adjustments made to income taxes that will impact future rates and record regulatory assets or liabilities related to these adjustments.

We use the deferral method of accounting for investment tax credits (ITCs). Under this method, we record the ITCs as deferred credits and amortize such credits as a reduction to income tax expense over the life of the asset that generated the ITCs. ITCs that do not reduce income taxes payable for the current year are eligible for carryover and recognized as a deferred income tax asset.

We report interest and penalties accrued related to income taxes as a component of income tax expense in our income statements.

See Note 9, Income Taxes, for more information regarding our accounting for income taxes.

(m) Employee Benefits—The costs of pension and OPEB plans are expensed over the periods during which employees render service. These costs are allocated among WEC Energy Group's subsidiaries based on current employment status and actuarial calculations, as applicable. The MPSC allows recovery in rates for the net periodic benefit cost calculated under GAAP. See Note 10, Employee Benefits, for more information.

(n) Common Equity—We do not have any restrictions imposed on us that affect our ability to pay dividends to the sole holder of our common stock, Integrys.

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(o) Stock-Based Compensation—Prior to the WEC Merger, our employees were granted awards under Integrys’s stock-based compensation plans. Pursuant to the Agreement and Plan of Merger, dated as of June 22, 2014, between Integrys Energy Group, Inc. and Wisconsin Energy Corporation, immediately prior to completion of the merger, all of Integrys’s outstanding stock-based compensation awards became fully vested and were either paid to award recipients in cash, or the value of the awards was deferred into a deferred compensation plan. For the year ended December 31, 2015, we recorded stock-based compensation expense of \$0.3 million under the Integrys plans. The total intrinsic value of awards granted to our employees that were settled in 2015 due to the WEC Merger was \$0.3 million.

In 2016, our employees were granted awards under WEC Energy Group’s stock-based compensation plans. In accordance with the shareholder approved WEC Energy Group 1993 Omnibus Stock Incentive Plan, Amended and Restated Effective as of January 1, 2016, WEC Energy Group provides a long-term incentive through its equity interests to its non-employee directors, selected officers, and other key employees. The plan provides for the granting of stock options, restricted stock, performance shares, and other stock-based awards. Awards may be paid in WEC Energy Group common stock, cash, or a combination thereof. Stock-based compensation expense related to these awards is allocated to us based on the outstanding awards held by our employees and our allocation of labor costs. For the year ended December 31, 2016, we recorded stock-based compensation expense of \$0.3 million.

Stock-based compensation costs capitalized during 2016 and 2015 were not significant.

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

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

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

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

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methods that result in management’s best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to customers’ needs.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. We use a mid-market pricing convention (the mid-point price between bid and ask prices) as a practical measure for valuing certain derivative assets and liabilities. We primarily use a market approach for recurring fair value measurements and attempt to use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

When possible, we base the valuations of our derivative assets and liabilities on quoted prices for identical assets and liabilities in active markets. These valuations are classified in Level 1. The valuations of certain contracts not classified as Level 1 may be based on quoted market prices received from counterparties and/or observable inputs for similar instruments. Transactions valued using these inputs are classified in Level 2. Certain derivatives are categorized in Level 3 due to the significance of unobservable or internally-developed inputs.

We recognize transfers between the levels of the fair value hierarchy as of the end of the reporting period.

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Due to the short-term nature of cash and cash equivalents, net accounts receivable and unbilled revenues, accounts payable and short-term borrowings, the carrying amount for each such item approximates fair value. The fair value of our long-term debt is estimated based on the quoted market prices of United States Treasury issues having a similar term to maturity, adjusted for Integrys's bond rating and the present value of future cash flows.

See Note 12, Fair Value Measurements, for more information.

(q) Derivative Instruments—We use derivatives as part of our risk management program to manage the risks associated with the price volatility of natural gas costs for the benefit of our customers. Our approach is non-speculative and designed to mitigate risk. Our regulated hedging programs are approved by the MPSC.

We record derivative instruments on our balance sheets as an asset or liability measured at fair value unless they qualify for the normal purchases and sales exception, and are so designated. We continually assess our contracts designated as normal and will discontinue the treatment of these contracts as normal if the required criteria are no longer met. Changes in the derivative's fair value are recognized currently in earnings unless specific hedge accounting criteria are met or we receive regulatory treatment for the derivative. For most energy-related physical and financial contracts in our regulated operations that qualify as derivatives, the MPSC allows the effects of fair value accounting to be offset to regulatory assets and liabilities.

We classify derivative assets and liabilities as current or long-term on our balance sheets based on the maturities of the underlying contracts. Realized gains and losses on derivative instruments are primarily recorded in cost of natural gas on the income statements. Cash flows from derivative activities are presented in the same category as the item being hedged within operating activities on our statements of cash flows.

Derivative accounting rules provide the option to present certain asset and liability derivative positions net on the balance sheets and to net the related cash collateral against these net derivative positions. We elected not to net these items. On our balance sheets, cash collateral provided to others is reflected in other current assets. See Note 13, Derivative Instruments, for more information.

(r) Customer Deposits and Credit Balances—When customers apply for new service, they may be required to provide a deposit for the service. We use a credit scoring system as one of the methods to determine whether a deposit is necessary.

Customers can elect to be on a budget plan. Under this type of plan, a monthly installment amount is calculated based on estimated annual usage. During the year, the monthly installment amount is reviewed by comparing it to actual usage. If necessary, an adjustment is made to the monthly amount. Annually, the budget plan is reconciled to actual annual usage. Payments in excess of actual customer usage are presented as customer credit balances on the balance sheets.

(s) Subsequent Events—Management has evaluated the impact of events occurring after December 31, 2016 up to April 7, 2017, the date that our U.S. GAAP financial statements were issued and has updated such evaluation for disclosure purposes through April 28, 2017. These financial statements include all necessary adjustments and disclosures resulting from these evaluations.

NOTE 2—RELATED PARTIES

We routinely enter into transactions with related parties, including WEC Energy Group and its subsidiaries.

We provide and receive services, property, and other items of value to and from our ultimate parent, WEC Energy Group, and other subsidiaries of WEC Energy Group. Following the WEC Merger on June 29, 2015, Integrys Business Support, LLC (IBS) changed its name to WBS, and a new AIA (Non-WBS AIA) went into effect. The new Non-WBS AIA included the former Wisconsin Energy Corporation and its subsidiaries. It governed the provision and receipt of services by WEC Energy Group's subsidiaries, except that WBS continued to provide services to Integrys and its subsidiaries, including us, only under the existing WBS AIAs. WBS provided services to WEC Energy Group and the former Wisconsin Energy Corporation subsidiaries under interim WBS AIAs. The Non-WBS AIA

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included no other significant changes from the prior Non-IBS AIA. The MPSC and all other relevant state commissions approved the Non-WBS AIA or granted appropriate waivers related to the Non-WBS AIA.

Services under the Non-WBS AIA were subject to various pricing methodologies. All services provided by any regulated subsidiary to another regulated subsidiary were priced at cost. All services provided by any regulated subsidiary to any nonregulated subsidiary were priced at the greater of cost or fair market value. All services provided by any nonregulated subsidiary to any regulated subsidiary were priced at the lesser of cost or fair market value. All services provided by any regulated or nonregulated subsidiary to WBS were priced at cost.

WBS provided several categories of services (including financial, human resources, and administrative services) to us pursuant to the WBS AIAs, which were approved, or from which we were granted appropriate waivers, by the appropriate regulators, including the MPSC. As required by FERC regulations for centralized service companies, WBS renders services at cost. The MPSC must be notified prior to making changes to the services offered under and the allocation methods specified in the WBS AIAs. Other modifications or amendments to the WBS AIAs would require MPSC approval. Recovery of allocated costs is addressed in our rate cases.

On April 1, 2016, we, along with WEC Energy Group and other affiliates, filed a new agreement for approval with the relevant state commissions. The necessary regulatory approvals were received and the new agreement took effect January 1, 2017. The new agreement replaces the previous agreements. The pricing methodology and services under this new agreement are substantially identical to those under the agreements being replaced.

The following table shows activity associated with related party transactions:

<i>(in millions)</i>	2016	2015
Billings from WBS *	\$ 15.9	\$ 14.8
Interest expense on debt to parent	3.4	3.8

* Includes \$7.5 million for the transfer of certain software assets to us for the year ended December 31, 2016. Also includes amounts billed for services, pass through costs, and other items in accordance with the approved AIAs discussed above.

Through December 31, 2016, WBS served as plan sponsor and administrator for our qualified retirement plan and WPS served as plan sponsor and administrator for the OPEB plan.

See Note 7—Short-Term Debt to Parent, Note 8—Long-Term Debt to Parent, and Note 10—Employee Benefits for additional disclosures on related party transactions.

NOTE 3—SUPPLEMENTAL CASH FLOW INFORMATION

<i>(in millions)</i>	2016
Cash (paid) for interest, net of amount capitalized	\$ (3.4)
Cash received for income taxes, net	3.1
Significant non-cash transactions:	
Accounts (receivable) payable related to construction costs	(1.4)

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NOTE 4—REGULATORY ASSETS AND LIABILITIES

The following regulatory assets were reflected on our balance sheets as of December 31:

<i>(in millions)</i>	2016	2015	See Note
Regulatory assets ⁽¹⁾			
Unrecognized pension and OPEB costs ⁽²⁾	\$ 31.8	\$ 32.8	10
Income tax related items ⁽³⁾	3.2	3.1	
Other	1.7	3.1	
Total regulatory assets	\$ 36.7	\$ 39.0	

⁽¹⁾ Based on prior and current rate treatment, we believe it is probable that we will continue to recover from customers the regulatory assets in the table. Additionally, the regulatory assets in the table either earn a return or the cash has not yet been expended, in which case the assets are offset by liabilities.

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

⁽³⁾ Represents adjustments related to deferred income taxes, which are recovered in rates as the temporary differences that generated the income tax benefit reverse.

In addition, regulatory assets of \$29.0 million and \$29.9 million related to manufactured gas plant remediation are included in miscellaneous deferred debits as of December 31, 2016 and 2015. See Note 11, Commitments and Contingencies, for more information.

The following regulatory liabilities were reflected on our balance sheets as of December 31:

<i>(in millions)</i>	2016	2015
Regulatory liabilities		
Derivative	\$ 1.2	\$ 0.2
Decoupling		0.2
Other	0.7	0.3
Total regulatory liabilities	\$ 1.9	\$ 0.5

NOTE 5—PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following utility assets at December 31:

<i>(in millions)</i>	2016	2015
Utility plant	\$ 394.6	\$ 368.3
Less: Accumulated depreciation	194.2	188.3
Net	200.4	180
Construction work in progress	4.5	3.9
Total property, plant, and equipment	\$ 204.9	\$ 183.9

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NOTE 6—ASSET RETIREMENT OBLIGATIONS

We have recorded AROs primarily for the removal of asbestos-coated natural gas distribution mains and asbestos abatement at office buildings and service centers. We establish regulatory assets and liabilities to record the differences between ongoing expense recognition under the ARO accounting rules and the rate-making practices for retirement costs authorized by the MPSC. On our balance sheets, AROs are recorded within other long-term liabilities.

The following table shows changes to our AROs during the years ended December 31:

<i>(in millions)</i>	2016	2015
Balance as of January 1	\$ 1.8	\$ 1.7
Accretion	0.1	0.1
Liabilities settled	—	—
Balance as of December 31	\$ 1.9	\$ 1.8

NOTE 7—SHORT-TERM DEBT TO PARENT

The following table shows our short-term borrowings and their corresponding weighted-average interest rates as of December 31:

<i>(in millions, except for percentages)</i>	2016	2015
Short-term debt to parent:		
Amount outstanding at December 31	\$ 41.2	\$ 35.7
Weighted-average interest rate on amounts outstanding at December 31	1.00 %	0.58 %
Average amount outstanding during the year *	\$ 23.9	\$ 14.8
Weighted-average interest rate on amounts outstanding during the period	0.84 %	0.45 %

* Based on daily outstanding balances during the year.

Our short-term borrowing capacity with Integrys is \$50.0 million. Short-term borrowings bear interest computed at the average stated interest rate payable on commercial paper issued by WEC Energy Group. Short-term debt is callable by Integrys at any time.

NOTE 8—LONG-TERM DEBT TO PARENT

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

<i>(in millions)</i>	Interest Rate	Year Due	Description	2016	2015
10 Year	5.76%	2016	Senior Note	\$ —	\$ 28.0
15 Year	5.98%	2021	Senior Note	28.0	28.0
10 Year	3.00%	2023	Senior Note	15.0	15.0
10 Year	3.22%	2026	Senior Note	28.0	—
Total debt to parent				\$ 71.0	\$ 71.0
Current portion of long-term debt to parent				—	(28.0)
Total long-term debt to parent				\$ 71.0	\$ 43.0

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

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A schedule of all principal debt payment amounts related to our senior note maturities is as follows:

<i>(in millions)</i>	Payments
2017	\$ —
2018	—
2019	—
2020	—
2021	28.0
Later Years	43.0
Total	\$ 71.0

NOTE 9—INCOME TAXES

Income Tax Expense

The following table is a summary of income tax expense for each of the years ended December 31:

<i>(in millions)</i>	2016	2015
Current tax benefit	\$ (0.7)	\$ (4.2)
Deferred income taxes, net	6.0	9.9
Total income tax expense	\$ 5.3	\$ 5.7

Statutory Rate Reconciliation

The provision for income taxes for each of the years ended December 31 differs from the amount of income tax determined by applying the applicable United States statutory federal income tax rate to income before income taxes as a result of the following:

<i>(in millions)</i>	2016		2015	
	Amount	Effective Tax Rate	Amount	Effective Tax Rate
Expected tax at statutory federal tax rates	\$ 4.5	35.0 %	\$ 5.2	35.0 %
State income taxes net of federal tax benefit	0.6	5.0	0.7	4.6
Other, net	0.2	1.4	—	—
Total income tax expense	\$ 5.3	41.4 %	\$ 5.9	39.6 %

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Deferred Income Tax Assets and Liabilities

MGUC had deferred income tax assets of \$12.7 million and \$12.9 million as of December 31, 2016, and 2015, respectively. The components of deferred income tax assets included in the balance sheets primarily related to plant. MGUC had deferred income tax liabilities of \$63.5 million and \$57.4 million as of December 31, 2016, and 2015, respectively. The components of deferred income tax liabilities included in the balance sheets primarily related to plant and regulatory deferrals.

Deferred income tax liabilities increased \$6.1 million in 2016. This increase was primarily driven by the extension of 50% bonus depreciation on 2016 plant assets placed in service.

Unrecognized Tax Benefits

We did not establish a reserve for unrecognized tax benefits at December 31, 2016, and 2015.

We had no accrued interest or penalties related to unrecognized tax benefits at December 31, 2016, and 2015.

We do not expect any unrecognized tax benefits to affect our effective tax rate in periods after December 31, 2016.

We file income tax returns in the United States federal jurisdiction and in our major state operating jurisdiction as part of WEC Energy Group filings.

With a few exceptions, we are no longer subject to federal income tax examinations by the United States Internal Revenue Service for years prior to 2013.

We file state tax returns based on income in Michigan, our major state operating jurisdiction. With a few exceptions, we are no longer subject to state examinations for years prior to 2012. During 2016, the Michigan taxing authority completed its examination of the 2008-2011 tax years.

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

NOTE 10—EMPLOYEE BENEFITS

Pension and Other Postretirement Employee Benefits

Through December 31, 2016, we participated in the Integrys Energy Group retirement plan, a noncontributory, qualified pension plan sponsored by WBS. We were responsible for our share of the plan assets and obligations. Effective January 1, 2017, the Integrys Energy Group Retirement Plan was split into six separate plans. As a result, we now have our own pension plan. While the split did not impact our pension benefit obligation, federal regulations required a different allocation of assets among the new plans. Assets were transferred into our plan in January 2017. We also participate in an unfunded, non-qualified retirement plan sponsored by WPS. In addition, we maintain an unfunded, non-qualified Supplemental Employee Retirement Plan.

We offer an OPEB plan to employees, which is sponsored by WPS. We are responsible for our share of the plan assets and obligations for all these plans. Our balance sheets reflect only the liabilities associated with our past and current employees and our share of the plan assets. WEC Energy Group also offers medical, dental, and life insurance benefits to our active employees and their dependents. We expense the allocated costs of these benefits as incurred.

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The defined benefit pension plan is closed to all new hires. In addition, the service accruals for the defined benefit pension plan were frozen for non-union employees as of January 1, 2013. These employees receive an annual company contribution to their 401(k) savings plan, which is calculated based on age, wages, and full years of vesting service as of December 31 each year. In March 2014, we remeasured the obligations of our OPEB plan as a result of a plan design change to move participants age 65 and older to a Medicare Advantage plan starting January 1, 2015.

We use a year-end measurement date to measure the funded status of all of our pension and OPEB plans. Due to the regulated nature of our business, we have concluded that substantially all of the unrecognized costs resulting from the recognition of the funded status of our pension and OPEB plans qualify as a regulatory asset.

The following table shows information relating to the plans' benefit obligations and fair value of assets.

As of December 31: (in millions)	Pension Costs		OPEB Costs	
	2016	2015	2016	2015
Benefit obligation	\$ 52.0	\$ 49.4	\$ 14.8	\$ 15.5
Fair value of plan assets	45.1	44.1	14.8	14.9
Funded status	(6.9)	(5.3)	—	(0.6)
For the years ended December 31:				
Employer contributions	\$ 0.1	\$ 0.1	\$ —	\$ 0.1
Participant contributions	—	—	0.2	0.2
Benefit payments	(2.1)	(2.7)	(1.3)	(1.3)

The amounts recognized on our balance sheets at December 31 related to the funded status of the benefit plans were as follows:

(in millions)	Pension Costs		OPEB Costs	
	2016	2015	2016	2015
Other long-term assets	\$ —	\$ —	\$ 1.1	\$ 0.5
Pension and OPEB obligations	6.9	5.3	1.1	1.1
Total liabilities	\$ (6.9)	(5.3)	—	(0.6)

The accumulated benefit obligation for the qualified pension plans was \$49.3 million and \$46.0 million at December 31, 2016 and 2015.

The following table shows information for pension plans with an accumulated benefit obligation in excess of plan assets. Amounts presented are as of December 31:

(in millions)	2016	2015
Projected benefit obligation	\$ 52.0	\$ 49.4
Accumulated benefit obligation	49.3	46.0
Fair value of plan assets	45.1	44.1

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

<i>(in millions)</i>	Pension Costs		OPEB Costs	
	2016	2015	2016	2015
Net regulatory assets				
Net actuarial loss	\$ 23.8	\$ 23.5	\$ 9.8	\$ 11.2
Prior service credits	—	—	(1.8)	(1.9)
Total	\$ 23.8	\$ 23.5	\$ 8.0	\$ 9.3

The following table shows the estimated amounts that will be amortized into net periodic benefit cost during 2017:

<i>(in millions)</i>	Pension Costs	OPEB Costs
Net actuarial loss	\$ 1.7	\$ 1.0
Prior service credits	—	(0.2)
Total 2017 – estimated amortization	\$ 1.7	\$ 0.8

The amount of net periodic benefit cost recognized (including amounts capitalized to our balance sheets) for the years ended December 31 was as follows:

<i>(in millions)</i>	Pension Costs		OPEB Costs	
	2016	2015	2016	2015
Net periodic benefit cost	\$ 1.4	\$ 1.4	\$ 0.7	\$ 0.3

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

	Pension Costs		OPEB Costs	
	2016	2015	2016	2015
Discount rate	4.20%	4.49%	4.06%	4.32%
Rate of compensation increase	4.00%	4.00%	N/A	N/A
Assumed medical cost trend rate	N/A	N/A	7.00%	7.50%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2021	2021

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

	Pension Costs		OPEB Costs	
	2016	2015	2016	2015
Discount rate	4.26%	4.09%	4.32%	3.96%
Expected return on assets	7.25%	7.75%	7.25%	7.75%
Rate of compensation increase	4.00%	4.21%	N/A	N/A
Assumed medical cost trend rate (Pre 65/Post 65)	N/A	N/A	7.50%	6.00%
Ultimate trend rate	N/A	N/A	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	2021	2023

WEC Energy Group consults with its investment advisors on an annual basis to help forecast expected long-term returns on plan assets by reviewing historical returns as well as calculating expected total trust returns using the weighted-average of long-term

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market returns for each of the major target asset categories utilized in the fund. For 2017, the expected return on assets assumption for the pension and OPEB plans is 7.25%.

Plan Assets

Current pension trust assets and amounts which are expected to be contributed to the trusts in the future are expected to be adequate to meet pension payment obligations to current and future retirees.

The Investment Trust Policy Committee oversees investment matters related to all of our funded benefit plans. The Committee works with external actuaries and investment consultants on an on-going basis to establish and monitor investment strategies and target asset allocations. Forecasted cash flows for plan liabilities are regularly updated based on annual valuation results. Target allocations are determined using projected benefit payments and risk analyses of appropriate investments. They are intended to reduce risk, provide long-term financial stability for the plans and maintain funded levels which meet long-term plan obligations while preserving sufficient liquidity for near-term benefit payments.

Our pension trust target asset allocation is 60% equity securities and 40% fixed income securities. The two largest OPEB trusts have target asset allocations of 50% equity investments and 50% fixed income, and 45% equity investments and 55% fixed income, respectively. Equity securities primarily include investments in large-cap, mid-cap, and small-cap companies primarily located in the United States. Fixed income securities include corporate bonds of companies from diversified industries, mortgage and other asset backed securities, commercial paper, and United States Treasuries.

Pension and OPEB plan investments are recorded at fair value. See Note 1(o), Fair Value Measurements, for more information regarding the fair value hierarchy and the classification of fair value measurements based on the types of inputs used. Following our adoption of ASU 2015-07 on January 1, 2016, the assets that are not subject to leveling are investments that are valued using the net asset value per share (or its equivalent) practical expedient. We have applied this approach retrospectively to the 2015 table for comparability.

The following tables provide the fair values of our investments by asset class:

<i>(in millions)</i>	December 31, 2016							
	Pension Plan Assets				OPEB Plan Assets			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset Class								
Cash and cash equivalents	\$ 0.1	\$ 1.2	\$ —	\$ 1.3	\$ 0.5	\$ 0.1	\$ —	\$ 0.6
Equity securities:								
United States Equity	5.8	—	—	5.8	0.8	—	—	0.8
International Equity	1.1	—	—	1.1	0.1	—	—	0.1
Fixed income securities: *								
United States Bonds	—	9.3	—	9.3	—	2.3	—	2.3
International Bonds	—	1.2	—	1.2	—	0.2	—	0.2
	7.0	11.7	—	18.7	1.4	2.6	—	4.0
Investments measured at net asset value				26.4				10.8
Total	\$ 7.0	\$ 11.7	\$ —	\$ 45.1	\$ 1.4	\$ 2.6	\$ —	\$ 14.8

* This category represents investment grade bonds of United States and foreign issuers denominated in United States dollars from diverse industries.

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December 31, 2015

<i>(in millions)</i>	Pension Plan Assets				OPEB Plan Assets			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Asset Class								
Cash and cash equivalents	\$ —	\$ 1.0	\$ —	\$ 1.0	\$ 0.3	\$ 0.1	\$ —	\$ 0.4
Equity securities:								
United States Equity	1.2	0.1	—	1.3	0.4	—	—	0.4
International Equity	2.4	—	—	2.4	1.0	—	—	1.0
Fixed income securities: *								
United States Bonds	0.4	5.7	—	6.1	—	0.5	—	0.5
International Bonds	—	1.4	—	1.4	—	0.1	—	0.1
	4.0	8.2	—	12.2	1.7	0.7	—	2.4
Investments measured at net asset value				31.9				12.5
Total	\$ 4.0	\$ 8.2	\$ —	\$ 44.1	\$ 1.7	\$ 0.7	\$ —	\$ 14.9

* This category represents investment grade bonds of United States and foreign issuers denominated in United States dollars from diverse industries.

Cash Flows

We do not expect to make any contributions to our pension and OPEB plans in 2017. Contributions are dependent on various factors affecting us, including our liquidity position and possible tax law changes.

The following table shows the payments, reflecting expected future service, that we expect to make for pension and OPEB:

<i>(in millions)</i>	Pension	OPEB
2017	\$ 3.3	\$ 1.3
2018	3.3	1.3
2019	3.1	1.3
2020	3.2	1.2
2021	3.1	1.2
2022 through 2026	15.2	6.1

Savings Plans

WEC Energy Group sponsors a 401(k) savings plan which allows substantially all of our full-time employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan-specified guidelines. A percentage of employee contributions are matched by us through a contribution into the employee's savings plan account, up to certain limits. Certain employees participate in a defined contribution pension plan, in which amounts are contributed to an employee's savings plan account based on the employee's wages, age, and years of service. Our share of the total costs incurred under all of these plans was \$0.9 million in both 2016 and 2015.

NOTE 11—COMMITMENTS AND CONTINGENCIES

We have significant commitments and contingencies arising from our operations, including those related to unconditional purchase obligations, environmental matters, and enforcement and litigation matters.

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Unconditional Purchase Obligations

We routinely enter into long-term purchase and sale commitments for various quantities and lengths of time. We have obligations to distribute and sell natural gas to our customers and expect to recover costs related to these obligations in future customer rates.

The following table shows our minimum future commitments related to these purchase obligations as of December 31, 2016.

<i>(in millions)</i>	Date Contracts Extend Through	Total Amounts Committed	Payments Due By Period					Later Years
			2017	2018	2019	2020	2021	
Natural gas supply and transportation	2020	\$ 42.6	\$ 14.4	\$ 13.5	\$ 10.9	\$ 3.8	\$ —	\$ —

Environmental Matters

Consistent with other companies in the natural gas utility industry, we face significant ongoing environmental compliance and remediation obligations related to current and past operations. Specific environmental issues affecting us include, but are not limited to, current and future regulation of greenhouse gas emissions and remediation of impacted properties, including former manufactured gas plant sites.

We have continued to pursue a proactive strategy to manage our environmental compliance obligations, including:

- the protection of wetlands and waterways, threatened and endangered species, and cultural resources associated with utility construction projects;
- the reporting of CO₂ emissions to comply with air quality standards and federal clean air rules; and
- the remediation of former manufactured gas plant sites.

Environmental Protection Agency Greenhouse Gases Reporting Program

We are required to report our CO₂ equivalent emissions related to the natural gas that we distribute and sell under the EPA Greenhouse Gases Reporting Program. For 2015, we reported aggregated CO₂ equivalent emissions of approximately 1.7 million metric tonnes to the EPA. Based upon our preliminary analysis of the data, we estimate that we will report CO₂ equivalent emissions of approximately 1.6 million metric tonnes to the EPA for 2016.

Manufactured Gas Plant Remediation

We have identified sites at which we or a predecessor company owned or operated a manufactured gas plant or stored manufactured gas. We have also identified other sites that may have been impacted by historical manufactured gas plant activities. We are responsible for the environmental remediation of these sites. We are also working with the Michigan Environmental Protection Agency in our investigation and remediation planning. These sites are at various stages of investigation, monitoring, remediation, and closure.

The future costs for detailed site investigation, future remediation, and monitoring are dependent upon several variables including, among other things, the extent of remediation, changes in technology, and changes in regulation. Historically, our regulators have allowed us to recover incurred costs, net of insurance recoveries and recoveries from potentially responsible parties, associated with the remediation of manufactured gas plant sites. Accordingly, we have established regulatory assets for costs associated with these sites.

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We have established the following regulatory assets and reserves related to manufactured gas plant sites as of December 31:

<i>(in millions)</i>	2016	2015
Regulatory assets	\$ 29.0	\$ 29.9
Reserves for future remediation	22.9	23.6

Enforcement and Litigation Matters

We are involved in legal and administrative proceedings before various courts and agencies with respect to matters arising in the ordinary course of business. Although we are unable to predict the outcome of these matters, management believes that appropriate reserves have been established and that final settlement of these actions will not have a material effect on our financial condition or results of operations.

NOTE 12—FAIR VALUE MEASUREMENTS

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

<i>(in millions)</i>	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Derivative assets				
Natural gas contracts	\$ 1.0	\$ —	\$ —	\$ 1.0

<i>(in millions)</i>	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Derivative assets				
Natural gas contracts	\$ 0.1	\$ —	\$ —	\$ 0.1
Derivative liabilities				
Natural gas contracts	0.7	—	—	0.7

The derivative assets and liabilities listed in the tables above include options and futures used to manage volatility in natural gas supply costs. See Note 13, Derivative Instruments, for more information.

Fair Value of Financial Instruments

The following table shows the financial instruments included on our balance sheets that were not recorded at fair value at December 31:

<i>(in millions)</i>	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt to parent, including current portion	\$ 71.0	\$ 74.5	\$ 71.0	\$ 74.9

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NOTE 13—DERIVATIVE INSTRUMENTS

The following table shows our derivative assets and derivative liabilities:

<i>(in millions)</i>	December 31, 2016		December 31, 2015	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Other current				
Natural gas contracts	\$ 1.0	\$ —	\$ 0.1	\$ 0.7

Our estimated notional sales volumes and realized gains (losses) were as follows:

<i>(in millions)</i>	December 31, 2016		December 31, 2015	
	Volume	Losses	Volume	Losses
Natural gas contracts	3.0 MCF	\$ (1.0)	2.8 MCF	\$ (2.0)

At December 31, 2016 and 2015, we had posted cash collateral of \$0.1 million and \$1.5 million, respectively, in our margin accounts.

The following table shows derivative assets and derivative liabilities if derivative instruments by counterparty were presented net on our balance sheets:

<i>(in millions)</i>	December 31, 2016		December 31, 2015	
	Derivative Assets	Derivative Liabilities	Derivative Assets	Derivative Liabilities
Gross amount recognized on the balance sheet	\$ 1.0	\$ —	\$ 0.1	\$ 0.7
Gross amount not offset on the balance sheet *	—	—	(0.1)	(0.7)
Net amount	\$ 1.0	\$ —	\$ —	\$ —

* Includes cash collateral posted of \$0.6 million and \$1.0 million as of December 31, 2015. There was no cash collateral included at December 31, 2016.

NOTE 14—REGULATORY ENVIRONMENT

2016 Michigan Rate Order

In June 2015, we initiated a rate proceeding with the MPSC. In December 2015, the MPSC issued a final written order, effective January 1, 2016, approving a settlement agreement. The order authorized a retail natural gas rate increase of \$3.4 million (2.4%). The rates reflect a 9.9% ROE and a common equity component average of 52.0%. Based on the settlement agreement, we discontinued the use of our decoupling mechanism after December 31, 2015. In addition, since bonus depreciation was in effect in 2016, we established a regulatory liability for the resulting cost savings and must refund the liability in our next general rate case.

NOTE 15—NEW ACCOUNTING PRONOUNCEMENTS

Revenue Recognition

In May 2014, the FASB and the International Accounting Standards Board issued their joint revenue recognition standard, ASU 2014-09, Revenue from Contracts with Customers. Several amendments were issued subsequent to the standard to clarify the guidance. The core principle of the guidance is to recognize revenue in an amount that an entity is entitled to receive in exchange for goods and

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services. The guidance also requires additional disclosures about the nature, amount, timing, and uncertainty of revenues and the related cash flows arising from contracts with customers.

We intend to adopt this standard for interim and annual periods beginning January 1, 2018, and plan to use the modified retrospective method of adoption. This method will result in a cumulative-effect adjustment that will be recorded on the balance sheet as of the beginning of 2018, as if the standard had always been in effect. Disclosures in 2018 will include a reconciliation of results under the new revenue guidance compared with what would have been reported in 2018 under the old revenue recognition guidance in order to help facilitate comparability with the prior periods.

We are currently reviewing our contracts with customers and related financial disclosures to evaluate the impact of the amended guidance on our existing revenue recognition policies and procedures. We consider tariff sales at our regulated utility, excluding the revenue component related to alternative revenue programs, to be in the scope of the new standard. We have evaluated the nature of these revenues and do not expect that there will be a significant shift in the timing or pattern of revenue recognition for such sales. However, in our evaluation, we are also monitoring unresolved implementation issues for our industry, including the impacts of the new guidance on our ability to recognize revenue for certain contracts where collectability is uncertain and the accounting for contributions in aid of construction (CIAC). We currently account for CIAC funds received from customers and/or developers outside of revenue, as a reduction to property, plant, and equipment. The final resolution of these issues could impact our current accounting policies and revenue recognition.

Classification and Measurement of Financial Instruments

In January 2016, the FASB issued ASU 2016-01, Classification and Measurement of Financial Assets and Liabilities. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, and will be recorded with a cumulative-effect adjustment to beginning retained earnings as of the beginning of the fiscal year in which the guidance is effective. This guidance requires equity investments, including other ownership interests such as partnerships, unincorporated joint ventures, and limited liability companies, to be measured at fair value with changes in fair value recognized in net income. It also simplifies the impairment assessment of equity investments without readily determinable fair values and amends certain disclosure requirements associated with the fair value of financial instruments. This ASU does not apply to investments accounted for under the equity method of accounting. We are currently assessing the effects this guidance may have on our financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases. This guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, and will be applied using a modified retrospective approach. The main provision of this ASU is that lessees will be required to recognize lease assets and lease liabilities for most leases, including those classified as operating leases under GAAP. We are currently assessing the effects this guidance may have on our financial statements.

Stock-Based Compensation

In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting. Under this ASU, all excess tax benefits and tax deficiencies are recognized as income tax expense or benefit in the income statement, the tax effects of exercised or vested awards are treated as discrete items in the reporting period in which they occur, and excess tax benefits are recognized in the current period regardless of whether the benefit reduces taxes payable. On the cash flow statement, excess tax benefits are classified along with other income tax cash flows as an operating activity, and cash paid by an employer when directly withholding shares for tax purposes is classified as a financing activity. We adopted this guidance effective January 1, 2017, and do not expect it to impact our financial statements.

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Financial Instruments Credit Losses

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. This guidance is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. This ASU introduces a new impairment model known as the current expected credit loss model. The ASU requires a financial asset measured at amortized cost to be presented at the net amount expected to be collected. Previously, recognition of the full amount of credit losses was generally delayed until the loss was probable of occurring. We are currently assessing the effects this guidance may have on our financial statements.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued ASU 2016-15, Classification of Certain Cash Receipts and Cash Payments. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, and will be applied using a retrospective transition method. There are eight main provisions of this ASU for which current GAAP either is unclear or does not include specific guidance. We are currently assessing the effects this guidance may have on our financial statements.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, the FASB issued ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Under this ASU, an employer is required to disaggregate the service cost component from the other components of net benefit cost. The amendments provide explicit guidance on how to present the service cost component and the other components of the net benefit cost in the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization. The amendments should be applied retrospectively for the presentation of the service cost component and the other components of the net benefit cost in the income statement, and prospectively for the capitalization of the service cost component in assets. We are currently assessing the effects this guidance may have on our financial statements.

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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	365,950,258		
4	Property Under Capital Leases	0		
5	Plant Purchased or Sold	0		
6	Completed Construction not Classified	28,674,894		
7	Experimental Plant Unclassified	0		
8	TOTAL (Enter Total of lines 3 thru 7)	394,625,152		
9	Leased to Others	0		
10	Held for Future Use	0		
11	Construction Work in Progress	4,516,870		
12	Acquisition Adjustments	0		
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	399,142,022		
14	Accum. Prov. for Depr., Amort., & Depl.	0		
15	Net Utility Plant (Enter Total of line 13 less 14)	399,142,022		
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION			
17	In Service:			
18	Depreciation (108000,108001, 108200,254485)	191,453,629		
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)	2,808,323		
22	TOTAL In Service (Enter Total of lines 18 thru 21)	194,261,952		
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)	194,261,952		

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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
365,950,258					3
0					4
0					5
28,674,894					6
0					7
394,625,152					8
0					9
0					10
4,516,870					11
0					12
399,142,022					13
0					14
399,142,022					15
					16
					17
191,453,629					18
0					19
0					20
2,808,323					21
194,261,952					22
					23
					24
					25
0					26
					27
					28
					29
0					30
					31
					32
194,261,952					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	-		-
5		TOTAL Intangible Plant	22,656		-
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: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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

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

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

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

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					1
-	-	-	-	301	2
-	-	-	22,656	302	3
	-	8,763,635	8,763,635	303	4
-	-	8,763,635	8,786,291		5
					6
					7
-	-	-	-	304.1	8
-	-	-	-	304.2	9
-	-	-	-	305	10
-	-	-	-	306	11
-	-	-	-	307	12
-	-	-	-	308	13
-	-	-	-	309	14
-	-	-	-	310	15
-	-	-	-	311	16
-	-	-	-	312	17
-	-	-	-	313	18
-	-	-	-	314	19
-	-	-	-	315	20
-	-	-	-	316	21
-	-	-	-	317	22
-	-	-	-	318	23
-	-	-	-	319	24
-	-	-	-	320	25
-	-	-	-		26

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
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	85,536	-
38	330	Producing Gas Wells-Well Construction	-	-
39	331	Producing Gas Wells-Well Equipment	5,150	-
40	332	Field Lines	41,943	-
41	333	Field Compressor Station Equipment	115,824	-
42	334	Field Measuring and Regulating Station Equipment	2,051	-
43	335	Drilling and Cleaning Equipment	-	-
44	336	Purification Equipment	22,055	-
45	337	Other Equipment	14,957	-
46	338	Unsuccessful Exploration & Development Costs	-	-
47		TOTAL Production and Gathering Plant	322,608	-
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	322,608	-
60		SNG Production Plant (Submit Supplemental Statement)	-	-
61		TOTAL Production Plant	322,608	-
62		3. Natural Gas Storage and Processing Plant		
63		Underground Storage Plant		
64	350.1	Land	13,312	-

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)		December 31, 2016	
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)							
Retirements	Adjustments	Transfers	Balance at	Acct.	Line		
(d)	(e)	(f)	End of Year	No.	No.		
			(g)				
							27
-	-	-	-	325.1	28		
-	-	-	-	325.2	29		
-	-	-	-	325.3	30		
-	-	-	16,869	325.4	31		
-	-	-	18,223	325.5	32		
-	-	-	-	325.6	33		
-	-	-	-	326	34		
-	-	-	-	327	35		
-	-	-	-	328	36		
-	-	-	85,536	329	37		
-	-	-	-	330	38		
-	-	-	5,150	331	39		
-	-	-	41,943	332	40		
-	-	-	115,824	333	41		
-	-	-	2,051	334	42		
-	-	-	-	335	43		
-	-	-	22,055	336	44		
-	-	-	14,957	337	45		
-	-	-	-	338	46		
-	-	-	322,608		47		
					48		
-	-	-	-	340.1	49		
-	-	-	-	340.2	50		
-	-	-	-	341	51		
-	-	-	-	342	52		
-	-	-	-	343	53		
-	-	-	-	344	54		
-	-	-	-	345	55		
-	-	-	-	346	56		
-	-	-	-	347	57		
-	-	-	-		58		
-	-	-	322,608		59		
-	-	-	-		60		
-	-	-	322,608		61		
					62		
					63		
-	-	-	13,312	350.1	64		

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
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	318,598	-
67	352	Wells	-	-
68	352.1	Storage Leaseholds and Rights	-	-
69	352.2	Reservoirs	95,267	-
70	352.3	Non-recoverable Natural Gas	2,397,388	-
71	352.4	Gas URG-Storage Wells	2,887,338	225,429
72	352.5	Gas URG-Storage Leasehold & Rght	1,666,932	-
73	353	Lines	1,196,498	36,457
74	354	Compressor Station Equipment	2,973,847	4,249
75	355	Measuring and Regulating Equipment	740,945	13,489
76	356	Purification Equipment	1,118,628	378,395
77	357	Other Equipment	25,701	-
78	358	Gas in Underground Storage-Noncurrent	-	-
79		TOTAL Underground Storage-Noncurrent	13,436,909	658,019
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	13,436,909	658,019

Name of Respondent		This Report Is:		Date of Report	Year of Report	
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)	December 31, 2016	
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	
-	-	1,808	320,406	351	66	
-	-	-	-	352	67	
-	-	-	-	352.1	68	
-	-	-	95,267	352.2	69	
-	-	-	2,397,388	352.3	70	
-	-	-	3,112,767	352.4	71	
-	-	-	1,666,932	352.5	72	
-	-	-	1,232,955	353	73	
(3,143)	-	(1,808)	2,973,145	354	74	
-	-	-	754,434	355	75	
-	-	-	1,497,023	356	76	
-	-	-	25,701	357	77	
-	-	-	-	358	78	
(3,143)	-	-	14,091,785		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	
(3,143)	-	-	14,091,785		104	

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)				
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
105		4. Transmission Plant		
106	365.1	Land	31,394	-
107	365.2	Land Rights	927,544	-
108	365.3	Rights-of-Way	-	-
109	366	Structures and Improvements	566,996	44,683
110	367	Mains	42,973,207	2,445,096
111	368	Compressor Station Equipment	-	-
112	369	Measuring and Regulating Station Equipment	11,840,701	837,088
113	370	Communication Equipment	-	-
114	371	Other Equipment	-	-
115		TOTAL Transmission Plant	56,339,842	3,326,867
116		5. Distribution Plant		
117	374.1	Land	97,897	-
118	374.2	Land Rights	235,632	-
119	375	Structures and Improvements	321,293	-
120	376	Mains	130,523,074	5,776,690
121	377	Compressor Station Equipment	-	-
122	378	Measuring and Regulating Station Equip.-General	5,286,606	205,291
123	379	Measuring and Regulating Station Equip.-City Gate	(35,210)	-
124	380	Services	81,347,041	5,132,457
125	381	Meters	37,238,187	3,473,386
126	382	Meter Installations	-	-
127	383	House Regulators	14,625,356	335,016
128	384	House Regulator Installations	-	-
129	385	Industrial Measuring and Regulating Station Equip.	884,469	(811)
130	386	Other Property on Customer's Premises	-	-
131	387	Other Equipment	-	-
132	388	Distribution Plant - ARC Gas	1,277,488	-
133		TOTAL Distribution Plant	271,801,833	14,922,029
134		6. General Plant		
135	389.1	Land	1,251,451	-
136	389.2	Land Rights	-	-
137	390	Structures and Improvements	11,368,502	613,766
138	391	Office Furniture and Equipment	81,627	7,795
139	391.1	Computers and Computer Related Equipment	680,394	264,229
140	392	Transportation Equipment	5,507,785	2,340,261
141	393	Stores Equipment	14,131	-
142	394	Tools, Shop and Garage Equipment	1,752,366	254,724
143	395	Laboratory Equipment	653,276	-

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report		
Michigan Gas Utilities Corporation			December 31, 2016		
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
-	-	-	927,544	365.2	107
-	-	-	-	365.3	108
(1,833)	-	(6,657)	603,189	366	109
(13,830)	-	-	45,404,473	367	110
-	-	-	-	368	111
(477,197)	-	(28,747)	12,171,845	369	112
-	-	-	-	370	113
-	-	-	-	371	114
(492,860)	-	(35,404)	59,138,445		115
					116
-	-	-	97,897	374.1	117
-	-	-	235,632	374.2	118
(31,023)	-	-	290,270	375	119
(142,232)	-	14,148	136,171,680	376	120
-	-	-	-	377	121
(537,857)	-	(14,148)	4,939,892	378	122
(114)	-	35,404	80	379	123
(257,290)	-	-	86,222,208	380	124
(1,403,646)	-	-	39,307,927	381	125
-	-	-	-	382	126
(27,838)	-	-	14,932,534	383	127
-	-	-	-	384	128
-	-	-	883,658	385	129
-	-	-	-	386	130
-	-	-	-	387	131
-	-	-	1,277,488	388	132
(2,400,000)	-	35,404	284,359,266		133
					134
(60,816)	-	-	1,190,635	389.1	135
-	-	-	-	389.2	136
(267,356)	-	-	11,714,912	390	137
(5,148)	-	-	84,274	391	138
(538,195)	-	-	406,428	391.1	139
(1,074,346)	-	118,698	6,892,398	392	140
(9,084)	-	-	5,047	393	141
(143,558)	-	-	1,863,532	394	142
(5,126)	-	-	648,150	395	143

Name of Respondent		This Report Is:		Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)	December 31, 2016
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)					
Line No.	Acct. No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
144	396	Power Operated Equipment	1,506,686	180,201	
145	397	Communication Equipment	3,598,954	60,624	
146	398	Miscellaneous Equipment	5,152	-	
147		SUBTOTAL (Lines 134 thru 146)	26,420,324	3,721,600	
148	399	Other Tangible Property	(23,910)	-	
149		TOTAL General Plant	26,396,414	3,721,600	
150		TOTAL (Accounts 101 and 106)	368,320,262	22,628,515	
151	101.1	Property Under Capital Leases	-		
152	102	Gas Plant Purchased (See Instruction 8)	-		
153	(Less)	Gas Plant Sold (See Instruction 8)	-		
154	102				
155	103	Experimental Gas Plant Unclassified	-		
156		TOTAL GAS PLANT IN SERVICE	368,320,262	22,628,515	

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)		December 31, 2016	
GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)							
Retirements	Adjustments	Transfers	Balance at	Acct.	Line		
(d)	(e)	(f)	End of Year	No.	No.		
			(g)				
(171,965)	-	-	1,514,922	396	144		
(34,361)	-	-	3,625,217	397	145		
-	-	-	5,152	398	146		
(2,309,955)	-	118,698	27,950,667		147		
-	-	-	(23,910)	399	148		
(2,309,955)	-	118,698	27,926,757		149		
(5,205,958)	-	8,882,333	394,625,152		150		
			-	101.1	151		
			-	102	152		
			-	(Less)	152		
				102	153		
			-	103	154		
(5,205,958)	-	8,882,333	394,625,152		155		

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016
CONSTRUCTION WORK IN PROGRESS - GAS (Account 107)			
1. Report below descriptions and balances at end of year of projects in process of construction (107). 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research,		Development, and Demonstration (see Account 107 of the Uniform System of Accounts). 3. Minor projects (less than \$500,000) may be grouped.	
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)
1	Coldwater - Union City Rd to Race St Install 10" HP Main	1,624,653	477,491
2			
3	Projects with Balances Less Than \$500,000	2,892,217	
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43	TOTAL	4,516,870	477,491

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016
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CONSTRUCTION OVERHEADS - GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.

2. On page 218 furnish information concerning construction overheads.

3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.

4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c)
1	Internal Design, Engineering and Supervision	1,104,770	
2	Allowance for Funds Used During Construction	489,642	
3	Administrative and General	29,552	
4			
5			30,426,831
6			
7			
8			
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46	TOTAL	1,623,964	30,426,831

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the U.S. of A.

3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

Internal Design, Engineering, and Supervision

The Company capitalizes salaries (including applicable labor overheads) and expenses of supervisory, engineering and clerical personnel involved with the construction and retirement of gas mains and services. Costs include design and engineering services as well as supervising, directing, and controlling activities of field employees engaged in the construction and retirement activities. Each month, the amounts are allocated to gas mains, gas services, and retirement projects based on invoices, materials, and labor charged to those projects.

Allowance for Funds Used During Construction

Allowance for Funds Used During Construction is calculated on the average monthly eligible Construction Work In Progress ("CWIP") balance using the Company's overall rate of return as reflected in the Company's most recent rate case approved by the Michigan Public Service Commission.

External Design, Engineering, and Supervision

The Company capitalizes external costs incurred for the design, engineering, and consulting services involved with the construction and retirement of gas mains and gas services. Each month, the amounts are allocated to gas mains, gas services, and retirement projects based on invoices, materials, and labor charges on those projects.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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

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

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c + d + e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
1	Balance Beginning of Year	186,877,647	186,877,647		
2	Depreciation Prov. for Year, Charged to				
3	(403) Depreciation Expense	9,588,206	9,588,206		
4	(403.1) Deprec. and Deplet. Expense	0	0		
5	(413) Exp. of Gas Plt. Leas. to Others	0	0		
6	Transportation Expenses-Clearing	631,950	631,950		
7	Other Clearing Accounts	0	0		
8	Other Accounts (Specify):	0	0		
9	ARO Depreciation Expense 182375	57,992	57,992		
10	TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 9)	10,278,148	10,278,148	0	0
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	5,205,958	5,205,958		
13	Cost of Removal	961,947	961,947		
14	Salvage	436,721	436,721		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	5,731,184	5,731,184	0	0
16	Other Debit or Credit Items (Describe):	0	0		
17	Gain on Land Sale		(14,184)		
18	Vehicle Transfer from PGL		43,202		
19	Balance End of Year (Enter Total of lines 1, 10, 15, & 17)	191,424,611	191,453,629	0	0

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

20	Production - Manufactured Gas	0	0		
21	Production and Gathering - Natural Gas	225,578	225,578		
22	Products Extraction - Natural Gas	0	0		
23	Underground Gas Storage	6,785,319	6,785,319		
24	Other Storage Plant	0	0		
25	Base Load LNG Terminating & Proc. Plt.	0	0		
26	Transmission	27,815,782	27,815,782		
27	Distribution	146,098,004	146,098,004		
28	General	10,528,946	10,528,946		
29	TOTAL (Enter total of lines 20 thru 28)	191,453,629	191,453,629	0	0

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report			
Michigan Gas Utilities Corporation			December 31, 2016			
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 (a)	Noncurrent (Account 117) (b)	Current (Account 164.1) (c)	LNG (Account 164.2) (d)	LNG (Account 164.3) (e)	Total (f)
1	Balance at Beginning of Year	\$3,132,625	\$20,568,548			\$23,701,173
2	Gas Delivered to Storage (contra Account)		\$ 10,791,494			10,791,494
3	Gas Withdrawn from Storage (contra Account)		\$ (17,613,546)			(17,613,546)
4	Other Debits or Credits (Net)	0	\$0			-
5	Balance at End of Year	3,132,625	\$13,746,496			\$16,879,121
6	Mcf	1,854,262	4,635,086			6,489,348
7	Amount Per Mcf	\$1.69	\$2.97			\$2.60

Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		December 31, 2016

NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET

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

Line No.	Accounts (a)	Balance Beginning of Year (b)	Balance End of Year (c)
1	Notes Receivable (Account 141)	0	0
2	Customer Accounts Receivable (Account 142)	10,126,860	17,905,319
3	Other Accounts Receivable (Account 143) * (Disclose any capital stock subscriptions received)	689,557	1,225,766
4	TOTAL	10,816,417	19,131,085
5	Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144) **	1,668,352	1,864,643
6	TOTAL, Less Accumulated Provision for Uncollectible Accounts	9,148,065	17,266,442
7			
8			
9	* Accounts Receivable From Employees		
10	** Michigan's Portion of Account 144		
11			
12			
13			
14			

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

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

Line No.	Item (a)	Utility Customers (b)	Merchandise Jobbing and Contract Work (c)	Officers and Employees (d)	Other (e)	Total (f)
1	Balance beginning of year	1,668,352				1,668,352
2	Prov. for uncollectibles for current	1,646,073				1,646,073
3	Account written off (less)	1,449,782				1,449,782
4	Coll. of accounts written off					0
5	Adjustments (explain): Due to the Direct Write-off Method					0
6	Balance end of year	1,864,643	0	0	0	1,864,643
7						
8						
9						
10						
11						

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145, 146)

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

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

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

Line No.	Particulars (a)	Balance Beginning of Year (b)	Totals for Year		Balance End of Year (e)	Interest for Year (f)
			Debits (c)	Credits (d)		
1	Account 146:					
2	<u>Wisconsin Public Service Corporation</u>					
3	Accounts Receivable	2,198	69,286	68,015	3,469	
4	<u>Minnesota Energy Resources Corporation</u>					
5	Accounts Receivable	3,742	5,801	9,543	0	
6	<u>The Peoples Gas Light & Coke Company</u>					
7	Accounts Receivable	0	1,533	1,533	0	
8	<u>North Shore Gas Company</u>					
9	Accounts Receivable	161	854	1,015	0	
10	<u>Integrys Business Support, LLC</u>					
11	Accounts Receivable	657	598,954	551,108	48,503	
12	<u>Integrys Holding Inc</u>					
13	Accounts Receivable	0	120,290	120,290	0	
14	<u>WEC Energy Group</u>					
15	Accounts Receivable	0	84,161	84,161	0	
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	TOTAL	6,758	880,879	835,665	51,972	

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report: (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

MATERIALS AND SUPPLIES

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.

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.

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)	774,916	660,164	Gas Operations
6	Assigned to - Operations and Maintenance			
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated)	45,558	37,167	Gas Operations
10	Assigned to - Other			
11	TOTAL Account 154 <i>(Enter Total of lines 5 thru 10)</i>	820,474	697,331	Gas Operations
12	Merchandise (Account 155)			
13	Other Materials and Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Account 157)			
	<i>(Not applicable to Gas Utilities)</i>			
15	Stores Expense Undistributed (Account 163)	11,897	50,683	
16	Electric			
17	Gas			
18	Other			
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	832,371	748,014	

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)		December 31, 2016	
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						472,550
2	Prepaid Rents						
3	Prepaid Taxes (pages 262-263)						1,569,376
4	Prepaid Interest on Commercial Paper						
5	Gas Prepayments (pages 226-227)						
6	Miscellaneous Prepayments: Surplus Lines of Tax						0
7	TOTAL						2,041,926
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							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	TOTAL	0	0		0	0	

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

OTHER REGULATORY ASSETS (Account 182.3)

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

Line No.	Description and Purpose of Other Regulatory Assets (a)	Debits (b)	CREDITS		Balance at End of Year (e)
			Account Charged (c)	Amount (d)	
1	Reg Asset-Derivatives-Current	4,672,814	232	5,559,197	55,450
2	Reg Asset-Curr-NonDeriv Adj		232		0
3	Regulatory Asset - Retiree Health (FAS 106)		228.3		0
4	Regulatory Asset - FAS 158	2,182,901	228.3	613,666	7,368,928
5	Clean Up Gas Insurance Recovery		926		(0)
6	Regulatory Asset - Purch Acctg Eff Benefits	130,301	926	1,693,911	14,463,393
7	Regulatory Asset - 2015 Purch Acctg Eff Benefits	96,924		1,042,764	10,012,155
8	ARO Depreciation/Accretion - Non-Rate Base	162,214	230	10,317	1,156,402
9	Regulatory Asset - Deferred Taxes	12,331,568	254.4	12,252,080	3,194,183
10	Regulatory Asset - Derivatives	7,120	244/175	7,370	0
11	Regulatory Asset - Uncollectible Expense Tracker-MI		144	176,967	0
12	Revenue Decoupling - Under Collection 2013	0	495	16,166	(0)
13	Revenue Decoupling - Under Collection		495	520,593	410,331
14	Revenue Decoupling - Under Collection				
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35	TOTAL	19,583,842		21,893,031	36,660,842

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$50,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Tradename	5,218,000	0	186060	0	5,218,000
2	Deferred Debit-Area Expansion Program	1,132,381	9,546,716	107	8,631,494	2,047,603
3	Deferred Debit-Work Orders	10,824	72,815	107/234	83,639	0
4	Goodwill	34,517,361	0	425010	0	34,517,361
5	Regulatory Asset - Clean-Up Gas Expenditures	29,858,990	796,354	253/735	1,620,350	29,034,994
6	Labor Loader/Transportation Accrual	0	2,571,576		2,660,038	(88,462)
7	Misc Deferred Debit - OSIP		221,235		147,490	73,745
8	Misc Deferred Debit - Stock Option Tx		2,842		947	1,895
9	Other Deferred		106,202		106,202	0
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
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22						
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33						
34						
35						
36						
37						
38	Misc. Work in Progress					
39	DEFERRED REGULATORY COMM. EXPENSES (SEE PAGES 350-351)					
40	TOTAL	70,737,556	13,317,740		13,250,160	70,805,136

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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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

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

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2				
3				
4				
5				
6				
7	Other			
8	TOTAL Electric <i>(Enter Total of lines 2 thru 7)</i>			
9	Gas			
10	Accumulated Deferred Income Taxes	-		
11	Plant	1,995,923		453,512
12	Other Than Plant	3,584,430	1,905,192	5,719,324
13	Other Than Plant (FAS 109)	(8,031)		
14				
15	Other			
16	TOTAL Gas <i>(Enter Total of lines 10 thru 15)</i>	5,572,322	1,905,192	6,172,836
17	Other (Specify) Non-Utility	7,279,229		
18	TOTAL (Account 190 <i>(Enter Total of lines 8, 16 & 17)</i>)	12,851,551	1,905,192	6,172,836
19	Classification of Total:			
20	Federal Income Tax	9,949,595	1,688,982	5,621,747
21	State Income Tax	2,901,956	216,210	551,089
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 Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016
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ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)

3. If more space is needed, use separate pages as required. and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

4. In the space provided below, identify by amount

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
						-	10
			725			2,448,710	11
			134,872			7,263,690	12
			1,206			(9,237)	13
							14
							15
-	-	-	136,803	-	-	9,703,163	16
4,326,668	2,592					2,955,153	17
4,326,668	2,592	-	136,803	-	-	12,658,316	18
							19
3,892,888		-	121,231	-		9,868,241	20
433,780	2,592	-	15,572	-		2,790,075	21
							22

NOTES (Continued)

Name of Respondent Michigan Gas Utilities Corporation		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
CAPITAL STOCK (Accounts 201 and 204)					
1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outline in column (a) is available from the SEC 10-K Report Form filing, a specific reference			to report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible. 2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.		
Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)	
1	Account 201 - Common Stock				
2					
3	Total Common Stock				
4					
5	Account 204 - Preferred Stock				
6					
7	Total Preferred Stock				
8					
9					
10					
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Name of Respondent Michigan Gas Utilities Corporation		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016	
CAPITAL STOCK (Accounts 201 and 204) (Continued)						
3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued. 4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.			5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year. 6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledge and purposes of pledge.			
OUTSTANDING PER BALANCE SHEET <i>(Total amount outstanding without reduction for amounts held by respondents.)</i>		HELD BY RESPONDENT				
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	Line No.
	100					1
	100					2
						3
						4
						5
						6
						7
						8
						9
						10
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						33
						34

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

**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		132,061,570
2			
3			
4			
5			
6			
7			
8			
9			
10			
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37			
38			
39			
40	TOTAL	0	132,061,570

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
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		7,831,419
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
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39			
40	TOTAL	\$	7,831,419

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
LONG-TERM DEBT (Accounts 221, 222, 223 and 224)			
<p>1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, <i>Bonds</i>, 222, <i>Reacquired Bonds</i>, 223, <i>Advances from Associated Companies</i>, and 224, <i>Other Long-Term Debt</i>.</p> <p>2. In column (a), for new issues, give Commission authorization numbers and dates.</p> <p>3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>5. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p> <p>6. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p> <p>8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.</p> <p>9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.</p>			
Line No.	Class and Series of Obligation, Coupon Rate <i>(For new issue, give Commission Authorization numbers and dates)</i> (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)
1	Account 223 - Advances from Affiliates		
2	Long-Term N/P Assoc Co-Integrus Energy Group, Inc.	28,000,000	
3	Long-Term N/P Assoc Co-Integrus Energy Group, Inc.	15,000,000	
4	Long-Term N/P Assoc Co-Integrus Energy Group, Inc.	28,000,000	
5			
6			
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24			
25	TOTAL	71,000,000	0

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

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)			
4/1/2006	4/1/2021			28,000,000		1
4/1/2013	4/1/2023			15,000,000		2
4/13/2016	4/1/2026			28,000,000		3
						4
						5
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				71,000,000	0	25

Name of Respondent	This Report Is:	Date of Report	Year of Report			
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016			
PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)						
<p>1. Report particulars of notes and accounts payable to associated companies at end of year.</p> <p>2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to a total for the combined accounts.</p> <p>3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.</p> <p>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.</p> <p>5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.</p> <p style="text-align: center;">*See definition on page 226B</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 233:					
2	<u>Integrus Energy Group, Inc.</u>					
3	Short term loan to MGUC					
4	Loan 1/1-1/31/2016 Rate 0.59%	35,650,000		9,375,000	45,025,000	20,522
5	Repay 1/31/2016		7,950,000		(7,950,000)	
6	Loan 2/1-2/29/2016 Rate 0.74%			6,625,000	6,625,000	18,264
7	Repay 2/29/2016		14,225,000		(14,225,000)	
8	Loan 3/1-3/31/2016 Rate 0.85%			10,075,000	10,075,000	18,560
9	Repay 3/31/2016		19,125,000		(19,125,000)	
10	Loan 4/1-4/30/2016 Rate 0.80%			46,125,000	46,125,000	20,185
11	Repay 4/30/2016		42,700,000		(42,700,000)	
12	Loan 5/1-5/31/2016 Rate 0.79%			4,550,000	4,550,000	13,024
13	Repay 5/31/2016		8,950,000		(8,950,000)	
14	Loan 6/1-6/30/2016 Rate 0.79%			5,225,000	5,225,000	11,157
15	Repay 6/30/2016		13,450,000		(13,450,000)	
16	Loan 7/1-7/31/2016 Rate 0.86%			6,100,000	6,100,000	7,382
17	Repay 7/31/2016		4,975,000		(4,975,000)	
18	Loan 8/1-8/31/2016 Rate 0.81%			7,875,000	7,875,000	8,370
19	Repay 8/31/2016		4,300,000		(4,300,000)	
20	Loan 9/1-9/30/2016 Rate 0.83%			11,925,000	11,925,000	11,563
21	Repay 9/30/2016		2,125,000		(2,125,000)	
22	Loan 10/1-10/31/2016 Rate 0.83%			6,775,000	6,775,000	19,088
23	Repay 10/31/2016		3,325,000		(3,325,000)	
24	Loan 11/1-11/30/2016 Rate 0.83%			9,750,000	9,750,000	20,661
25	Repay 11/30/2016		4,275,000		(4,275,000)	
26	Loan 12/1-12/31/2016 Rate 1.04%			13,250,000	13,250,000	30,338
27	Repay 12/31/2016		6,675,000		(6,675,000)	
28	Total of Account 233	35,650,000	132,075,000	137,650,000	41,225,000	199,114
29						
30	Total of Account 233	35,650,000	132,075,000	137,650,000	41,225,000	199,114

Name of Respondent	This Report Is:	Date of Report	Year of Report			
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016			
PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)						
<p>1. Report particulars of notes and accounts payable to associated companies at end of year.</p> <p>2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to a total for the combined accounts.</p> <p>3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.</p> <p>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.</p> <p>5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.</p> <p style="text-align: center;">*See definition on page 226B</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 234:					
2	<u>The Peoples Gas Light & Coke Company</u>					
3	Accounts Payable	0	88,976	88,936	(40)	
4	Total	0	88,976	88,936	(40)	
5	<u>North Shore Gas</u>					
6	Accounts Payable	0	27,496	27,496	0	
7	Total	0	27,496	27,496	0	
8	<u>WEC Business Services, LLC</u>					
9	Accounts Payable	1,299,401	43,104,544	43,291,421	1,486,278	
10	Total	1,299,401	43,104,544	43,291,421	1,486,278	
11	<u>Wisconsin Public Service Corporation</u>					
12	Accounts Payable	137,994	1,701,271	1,651,033	87,756	
13	Total	137,994	1,701,271	1,651,033	87,756	
14	<u>Minnesota Energy Resources Corporation</u>					
15	Accounts Payable	0	154	154	0	
16	Total	0	154	154	0	
17	<u>Integrus Holding, Inc.</u>					
18	Accounts Payable	964,621	31,670,779	31,497,647	791,489	
19	Total	964,621	31,670,779	31,497,647	791,489	
20	<u>WEC Energy Group (WE00)</u>					
21	Accounts Payable	0	331,747	350,399	18,652	
22	Total	0	331,747	350,399	18,652	
23	<u>Wisconsin Electric Power (WE01)</u>					
24	Accounts Payable	18,231	529,825	590,524	78,930	
25	Total	18,231	529,825	590,524	78,930	
26	<u>Wisconsin Gas (WE07)</u>					
27	Accounts Payable		1,633	1,786	153	
28	Total	0	1,633	1,786	153	
29	Total of Account 234	2,420,247	77,456,425	77,499,396	2,463,218	
30	Total of Accounts 233 and 234	38,070,247	209,531,425	215,149,396	43,688,218	199,114

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
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)	\$7,831,419		
2	Reconciling items for the Year:			
3				
4	Federal and State Taxes	5,432,661		
5	Investment Tax Credit			
6				
7	Deductions Recorded on Books Not Deducted for Return:			
8	Schedule M-1 Adjustments			
9	Benefits Accrued	328,699		
10	Deferred Compensation			
11	Officer Compensation	417,119		
12	Incentives Accrued			
13	Bad Debts	196,290		
14	Meals & Entertainment	27,127		
15	Depreciation	(27,311,801)		
16	State Tax	189,253		
17	Environment Cleanup	140,996		
18	Regulatory Assets (NC)	2,277,336		
19	Vacation Payable	14,285		
20	Regulatory Liabilities (NC)	195,271		
21	Deferred Income & Deductions	(2,163,902)		
22	Lobbying	43,109		
23	Regulatory Liabilities (CUR)			
24	Interest	(49)		
25	Regulatory Assets (CUR)	(784,870)		
26	Net Operating Loss-Federal	(1,184,582)		
27	Price Risk Hedging (Current Asset)			
28	ESOP Dividends	(74,657)		
29	Taxes - Other	133,528		
30	Penalties			
31	Book Corrections			
32	Contingent Liabilities	2,535,691		
33				
34				
35				
36				
38				
39				
40	Federal Tax Net Income	(\$11,757,077)		
41	Show Computation of Tax:			
42	Federal Tax @ 35 %	(4,114,977)		
43				
44	Prior Year Adjustments	3,063,356		
45				
46		(1,051,621)		
48	Federal Tax Provision:			
49	Page 114, Line 15, Account 409.1	2,483,507		
50	Page 117, Line 53, Account 409.2	(3,535,128)		
51		(1,051,621)		

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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (Account 236)	Prepaid Taxes (Incl. in Account 165)
		(b)	(c)
1	INCOME TAXES:		
2	Federal Income	-	-
3	2015 and Prior Years	-	3,388,446
4		-	-
5		-	-
6	State Income	-	-
7	2015 and Prior Years	-	532,728
8		-	-
9	OTHER TAXES:	-	-
10	Employer's Portion of FICA & HTAX	-	-
11	Unemployment Compensation	-	-
12	Unauthorized Insurance Tax	-	-
13	Property Taxes	-	-
14	MI Severance Tax	-	-
15	Franchise Taxes	-	-
16	Billed Payroll Tax	-	-
17	Federal Excise Tax	-	-
18	Other Miscellaneous Taxes	-	-
19	TOTAL	\$0	3,921,174

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

Line No.	Electric Account 408.1, 409.1 (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Departments (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1				
2				
3		(2,483,507)		3,535,128
4				
5				
6				
7		(948,445)		644,704
8				
9				
10				
11				
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18				
19	TOTAL	(\$3,431,952)	\$0	\$4,179,832

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

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

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

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

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

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

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

Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	
			-	-	1
			-	-	2
(1,051,620)	(2,992,051)	(167)	-	1,448,182	3
			-	-	4
			-	-	5
			-	-	6
303,741	(80,518)	27,275	-	121,194	7
			-	-	8
			-	-	9
			-	-	10
			-	-	11
			-	-	12
			-	-	13
			-	-	14
			-	-	15
			-	-	16
			-	-	17
			-	-	18
(747,879)	(3,072,569)	\$27,108	\$0	\$1,569,376	19

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

Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line No.
				1
				2
				3
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\$0	\$0	\$0	-	19

Total Expense \$747,880

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)		December 31, 2016	
ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)							
Report below information applicable to Acct 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustment to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.							
Line No.	Account Subdivisions	Balance at Beginning of Year	Deferred for Year		Allocation to Current Year's Income		Adjustments
	(a)		(b)	Account No. (c)	Amount (d)	Account No. (e)	
1	Gas Utility						
2		533,140			411.4	23,407	
3							
4							
5							
6							
7							
8	TOTAL	533,140		0		23,407	0
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL						
10							
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14							
15							
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

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

Balance at End of Year	Average Period of Allocation to Income	Adjustment Explanation	Line No.
(h)	(i)		
			1
509,733	40.3 years		2
			3
			4
			5
			6
			7
509,733			8
			9
			10
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			48

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

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

Line No.	Item (a)	Balance End of Year (b)
1	Current & Accrued Liability - 401K Serv Acc	389,132
2	ESOP-Company Contribution	35,201
3	Incur But Not Reported - Workers Comp	173
4	Current & Accrued Liability-Vacation Pay Accrued	1,548,359
5	Accrued Wages Payable	467,203
6	Health Care / Life Accrual	26,096
7	Health Care IBNR Accrual	153,613
8	Accrued Pay At Risk	496,539
9	PUP Div Equivalent-STS	221
10	Accr Energy Aid Assistance	2,822
11	Acc Energy Aid Assist-Co Match	1,411
12	Gas Imbalance Liab	2,388
13	GCR Over/Under Collections	1,289,732
14		
15		
16		
17		
18		
19		
20		
21		
22	TOTAL	4,412,892

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

Line No.	List Advances by Department (a)	Balance End of Year (b)
23	NONE	
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39	TOTAL	0

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
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OTHER DEFERRED CREDITS (Account 253)

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

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year of Report (f)
			Contra Account (c)	Amount (d)		
1	Deferred Credit-Outst Checks Cancelled	11,480	131 / 234	29,527	39,327	21,280
2	Workers Comp Claim Reserve	19,630	925	35,697	34,649	18,582
3	Injuries & Damages Reserve	87,329	925	111,980	36,511	11,860
4	Deferred Income Plan	129,770	228 / 234	22,126	6,383	114,027
5	Deferred Credit-Gas Site Cleanup	23,601,000	182	700,613	17,613	22,918,000
6	Other Deferred Credit-ICE Rsv	0	921	6,683,564	9,219,255	2,535,691
7	PUP Div Equivalents-LT	0	920		333	333
8	Performance Share Awards-LT	0	920	5,743	18,606	12,863
9						
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17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	23,849,209		7,589,250	9,372,677	25,632,636

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

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	37,059,039	7,360,596	35
4	Other (Define)			
5	TOTAL (Enter Total of lines 2 thru 4)	37,059,039	7,360,596	35
6	Other (Specify)			
7	Plant (FAS 109)	2,975,592		
8	Non-Utility	0		
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	40,034,631	7,360,596	35
10	Classification of TOTAL			
11	Federal Income Tax	35,490,933	6,877,105	-
12	State Income Tax	4,543,698	483,491	35
13	Local Income Tax			

NOTES

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016
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ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (Account 282)(Continued)

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

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
							1
							2
		190/282	-	190/282		44,419,600	3
							4
			-		-	44,419,600	5
							6
		254/190	157,942	254/190	66,556	3,066,978	7
-	0	190/283		190/283	-	-	8
-	0		157,942		66,556	47,486,578	9
							10
-	0		157,942		-	42,525,980	11
-	0				66,555	4,960,599	12
							13

NOTES (Continued)

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

ACCUMULATED DEFERRED INCOME TAXES--OTHER (Account 283)

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

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Electric			
2	Plant			
3	Other Than Plant			
4	Other Than Plant (FAS 109)			
5				
6	Other			
7	TOTAL Electric (Total of lines 2 thru 6)	-	-	-
8	Gas			
9	Plant	-		
10	Other Than Plant	17,357,697	6,827,453	8,040,499
11	Other Than Plant (FAS 109)			
12				
13	Other			
14	TOTAL Gas (Total of lines 9 thru 13)	17,357,697		
15	Other (Specify)	-		
16	TOTAL (Account 283) (Enter total of lines 7, 14 and 15)	17,357,697	0	0
17	Classification of TOTAL			
18	Federal Income Tax	15,612,059	6,145,043	7,248,880
19	State Income Tax	1,745,638	682,410	791,619
20	Local Income Tax			

NOTES

Name of Respondent	This Report is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

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

3. Provide in the space below, the order authorizing the use of the account for each line item. Include amounts relating to insignificant items listed under Other.
 4. Fill in all columns for all items as appropriate.
 5. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct. No. (g)	Amount (h)	Acct. No. (i)	Amount (j)		
						-	1
						-	2
						-	3
						-	4
						-	5
						-	6
-	-		-		-	-	7
							8
						0	9
		190		190	135,595	16,009,056	10
		254/190		254/190		0	11
							12
							13
		-	-	-	135,595	16,009,056	14
						0	15
-	-	-	-	-	135,595	16,009,056	16
							17
					121,303	14,386,919	18
					14,291	1,622,138	19
							23

NOTES (Continued)

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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	Reg Liab-Cost to Fwd-External	254009	152,616	176,050	112,794
2	Reg Liab-Derivative-Current	254016	4,129,902	5,325,392	1,232,430
3	Reg Liab-2010 Health Care Leg	254391	13,108	0	117,967
4	Reg Liab-Derivatives	254450	16,920	18,790	4,830
5	Reg Liab - FASB 158	254490	21,324	10,662	0
6	Rev Overcollect Decouple 2012	25493M	189,992	0	0
7	Bonus Depreciation Refund	25443M	0	385,263	385,263
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	TOTAL		4,523,862	5,916,157	1,853,284

NOTE: All amounts are recorded in Account 254.

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Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
GAS OPERATING REVENUES (Account 400)			Geographic Basis	
<p>1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.</p> <p>2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted</p> <p>for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.</p> <p>4. Report quantities of natural gas sold in Mcf (14.73 psia at 60°F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf.</p> <p>5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously</p>				
Line No.	Title of Account (a)	OPERATING REVENUES		
		Amount for Year (b)	Amount for Previous Year (c)	
1	GAS SERVICE REVENUES			
2	480 Residential Sales	78,424,041	84,535,469	
3	481 Commercial & Industrial Sales			
4	Small (or Comm.) (See Instr. 6)	25,350,595	28,027,968	
5	Large (or Ind.) (See Instr. 6)	1,151,577	1,726,651	
6	482 Other Sales to Public Authorities		0	
7	484 Interdepartmental Sales		0	
8	TOTAL Sales to Ultimate Consumers	104,926,213	114,290,088	
9	483 Sales for Resale		0	
10	TOTAL Nat. Gas Service Revenues	104,926,213	114,290,088	
11	Revenues from Manufactured Gas			
12	TOTAL Gas Service Revenues	104,926,213	114,290,088	
13	OTHER OPERATING REVENUES			
14	485 Intracompany Transfers	0	0	
15	487 Forfeited Discounts	680,227	569,139	
16	488 Misc. Service Revenues	5,567	130,967	
17	489 Rev. from Trans. of Gas of Others	21,326,614	20,457,288	
18	490 Sales of Prod. Ext. from Nat. Gas	0	0	
19	491 Rev. from Nat. Gas Proc. by Others	0	0	
20	492 Incidental Gasoline and Oil Sales	0	0	
21	493 Rent from Gas Property	5,770	6,034	
22	494 Interdepartmental Rents	0	0	
23	495 Other Gas Revenues	0	2,846,307	
24	TOTAL Other Operating Revenues	22,018,178	24,009,735	
25	TOTAL Gas Operating Revenues	126,944,391	138,299,823	
26	(Less) 496 Provision for Rate Refunds			
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	126,944,391		
28	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)	103,774,636		
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)	1,151,577		
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))	104,926,213		

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016	
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
11,074,928	11,644,235		0	2
				3
4,093,407	4,208,310		0	4
202,792	277,209		0	5
				6
				7
15,371,127	16,129,754	0	0	8
				9
15,371,127	16,129,754	0	0	10
NOTES				11
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Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
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CUSTOMER CHOICE GAS OPERATING REVENUES (ACCOUNT 400)

- | | |
|---|--|
| <p>1. Report below <i>natural gas operating revenues</i> for each prescribed account, and manufactured gas revenues in total.</p> <p>2. Natural Gas means either natural gas unmixed or any mixture of natural and manufactured gas.</p> <p>3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of</p> | <p>meters added. The average number of customers means the average of twelve figures at the close of each month.</p> <p>4. Report quantities of natural gas sold in Mcf (14.65 psia at 60°F). If billings are on a term basis, give the Btu contents of the gas sold and the sales converted to Mcf.</p> <p>5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously reported</p> |
|---|--|

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		
3	481 Commercial & Industrial Sales		
4	Small (or Comm.) (See Instr. 6)		
5	Large (or Ind.) (See Instr. 6)		
6	482 Other Sales to Public Authorities		
7	484 Interdepartmental Sales		
8	TOTAL Sales to Ultimate Customers		
9	483 Sales for Resale		
10	TOTAL Nat. Gas Service Revenues		
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	0	0
13	OTHER OPERATING REVENUES		
14	485 Intracompany Transfers		
15	487 Forfeited Discounts		
16	488 Misc. Service Revenues		
17	489 Rev. from Trans. of Gas of Others	12,162,803	11,306,352
18	490 Sales of Prod. Ext. from Nat. Gas		
19	491 Rev. from Nat. Gas Proc. by Others		
20	492 Incidental Gasoline and Oil Sales		
21	493 Rent from Gas Property		
22	494 Interdepartmental Rents		
23	495 Other Gas Revenues		
24	TOTAL Other Operating Revenues		
25	TOTAL Gas Operating Revenues		
26	(Less) 485 Provision for Refunds		
27	TOTAL Gas Operating Revenues Net of Provision for Refunds	0	
28	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.)		
29	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)		
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))		

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016	
CUSTOMER CHOICE GAS OPERATING REVENUES (ACCOUNT 400) (Continued)				
<p>figures, explain any inconsistencies in a footnote.</p> <p>6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf</p>		<p>per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)</p> <p>7. See pages 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.</p>		
MCF OF NATURAL GAS SOLD		AVG. NO. OF NAT. GAS CUSTRS. PER MO.		Line
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	No.
				1
				2
				3
				4
				5
				6
				7
0	0	0	0	8
				9
0	0	0	0	10
<i>NOTES</i>				11
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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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

RATE AND SALES SECTION

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

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

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

Average Number of Customers. Number of customers should be reported on the basis of number of meters, plus number of flat-rate accounts, except that where separate meter readings are added for billing purposes, one customer shall be counted for code group of meters so added. The average number of customers means the average of the 12 figures at the close of each month.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

K. Other Gas Revenues. Revenues derived from operations of the respondent other than sales of gas. They include rent from gas property, interdepartmental rents, customers' forfeited discounts and penalties, services of customers' installations and miscellaneous gas revenues, such as fees and charges for changing, connecting and disconnecting service, profit on sales of materials and supplies not ordinarily purchased for resale, commissions on sales or distribution of others' gas (sold under rates filed by such others), management or supervision fees, sale of steam (except where the respondent furnishes steam-heating service) and rentals from leased property on customers' premises.

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

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

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

Michigan Only

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)		December 31, 2016	
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	146,758	11,074,927	78,422,231	75.46	534.36	\$ 7.08
2	A. Residential service	3,894	241,651	1,814,525	62.06	465.98	\$ 7.51
3	B. Residential space heating service	142,864	10,833,276	76,607,706	75.83	536.23	\$ 7.07
4	CD. Commercial service	11,157	4,092,339	25,307,561	366.80	2,268.31	\$ 6.18
5	C. Commercial service, except space heating	0	0	0	0		
6	D. Commercial space heating	11,157	4,092,339	25,307,561	366.80	2,268.31	\$ 6.18
7	E. Industrial service	29	202,791	1,151,577	6,992.79	39,709.55	\$ 5.68
8	F. Public street & highway lighting	0	1,431	44,844	-	-	\$ -
9	G. Other sales to public authorities						
10	H. Interdepartmental sales						
11	I. Other sales						
12	A-I Total sales to ultimate customers	157,944	15,371,488	104,926,213	97.32	664.33	\$ 6.83
13	J. Sales to other gas utilities for resale						
14	A-J. TOTAL SALES OF GAS	157,944	15,371,488	104,926,213	97.32	664.33	\$ 6.83
15	K. Other gas revenues						
16	A-K TOTAL GAS OPERATING REVENUE	157,944	15,371,488	\$ 104,926,213	97.32	664.33	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. ** 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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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	146,758	11,074,927	78,422,231
2	General	Heating & Cooling	C & D	11,157	4,092,339	25,307,561
3	Optional	Industrial	E	29	202,791	1,151,577
4	Other	Street Lighting	F	0	1,431	44,844
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	Total Company			157,944	15,371,488	104,926,213

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

625-B. CUSTOMER CHOICE SALES DATA BY RATE SCHEDULES

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

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

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

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

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

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

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

Line No.	Rate Schedule Designation (a)	Type of Service to which Schedule is applicable (b)	Class of Service (c)	Average Number of Customers per Month (d)	Mcf sold (e)	Revenue (Show to nearest dollar) (f)
1	Residential	General & Heating	A & B	21,014	1,625,702	7,049,072
2	General	Heating & Cooling	C & D	3,309	1,610,623	5,113,732
3	Optional	Industrial	E		0	0
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18	TOTALS			24,323	3,236,325	12,162,804

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
OFF-SYSTEM SALES - NATURAL GAS				
Report particulars (details) concerning off-system sales. Off-system sales include all sales other than MPSC approved rate schedule sales.				
Line No.	Name (a)	Point of Delivery (City or town and State) (b)	Account (c)	MCF of Gas Sold (d)
1	Targa Gas Marketing LLC	KS	804	48,675
2	ConocoPhillips	KS	804	15,748
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016		
OFF-SYSTEM SALES - NATURAL GAS (Continued)					
Revenue for Year (See Instr. 5) (e)	Average Revenue per MCF (f)	Peak Day Delivery to Customers			Line No.
		Date (g)	Mcf		
			Noncoin- cidental (h)	Coin- cidental (i)	
\$84,150	\$1.73				1
\$42,840	\$2.72				2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
\$126,990					21

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016	
REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES -- NATURAL GAS (Account 489.1)				
<p>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.</p> <p>2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas is transported or compressed is other than natural gas.</p> <p>3. Enter the average number of customers per company and/or by rate schedule.</p>		<p>4. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Specify the Commission order or regulation authorizing such transaction. Separate out the various customers, volumes and revenues by individual rate schedule.</p>		
Line No.	Name of Company <i>(Designate associated companies with an asterisk)</i> (a)	Number of Transportation Customers (b)	Average Number of Customers per Month (c)	Distance Transported (in miles) (d)*
1				
2	Gerdau Mac Steel Monroe, Inc. - Transportation of Gas			Various
3	Point of Receipt - Monroe			
4	Point of Delivery - Monroe			
5	Gas Received from ANR & PEPL, Delivered to Gerdau Mac Steel			
6	Otsego Paper - Transportation of Gas			Various
7	Point of Receipt - Otsego			
8	Point of Delivery - Otsego			
9	Gas Received from ANR, Delivered to Otsego Paper			
10	Real Alloy Specification Inc. - Transportation of Gas			Various
11	Point of Receipt - Coldwater			
12	Point of Delivery - Coldwater			
13	Gas Received from ANR, Delivered to Real Alloy Specification			
14				
15				
16				
17				
18	Other - Transportation of Gas, Individually Less Than 500,000 Mcf			Various
19	Various Points of Receipt and Delivery			
20	Various Companies from which Gas was Received and to which Delivered			
21				
22				
23				
24				
25				
26				
TOTAL				-

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

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016		
REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES -- NATURAL GAS (Account 489.1) (Continued)					
5. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system. 6. Enter Mcf at 14.65 psia dry at 60°F. 7. Minor items (less than 1,000,000 Mcf) may be grouped.			>Note: For transportation provided under Part 284 of Title 18 of the Code of Federal Regulations, report only grand totals for all transportation in columns (b) through (g) for the following regulation sections to be listed in column (a): 284.102, 284.122, 284.222, 284.223(a), 284.233(b), and 284.224. Details for each transportation are reported in separate annual reports required under Part 284 of the Commission's regulations."		
Mcf of Gas Received (e)*	Mcf of Gas Delivered (f)*	Revenue (g)	Average Revenue per Mcf of Gas Delivered (in cents) (h)	FERC Tariff Rate Schedule Designation (i)	Line No.
1,129,208	1,129,208	469,891	0.42		1 2 3 4
1,645,951	1,645,951	689,015	0.42		5 6 7 8
722,462	722,462	370,079	0.51		9 10 11 12
			0.00		13 14 15 16
8,841,024	8,841,024	7,634,825	0.86		17 18 19 20 21 22 23 24 25 26
12,338,645	12,338,645	\$ 9,163,811	\$0.74		

* (E&F) Reported in Sales Base Pressure

Name of Respondent Michigan Gas Utilities Corporation		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016
REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION OR DISTRIBUTION FACILITIES -- NATURAL GAS (Accounts 489.2, 489.3)				
<p>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.</p> <p>2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas is transported or compressed is other than natural gas.</p> <p>3. Enter the average number of customers per company and/or by rate schedule.</p>			<p>4. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Specify the Commission order or regulation authorizing such transaction. Separate out the various customers, volumes and revenues by individual rate schedule.</p>	
Line No.	Name of Company <i>(Designate associated companies with an asterisk)</i> (a)	Number of Transportation Customers (b)	Average Number of Customers per Month (c)	Distance Transported (in miles) (d)*
1	Customer Choice - Residential		21,014	--
2				
3				
4	Customer Choice - Small C&I		3,309	--
5				
6				
7	Customer Choice - Large C&I		0	--
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
TOTAL				-

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

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report		
Michigan Gas Utilities Corporation			December 31, 2016		
REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION OR DISTRIBUTION FACILITIES -- NATURAL GAS (Accounts 489.2, 489.3) (Continued)					
5. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system.		"Note: For transportation provided under Part 284 of Title 18 of the Code of Federal Regulations, report only grand totals for all transportation in columns (b) through (g) for the following regulation sections to be listed in column (a): 284.102, 284.122, 284.222, 284.223(a), 284.233(b), and 284.224. Details for each transportation are reported in separate annual reports required under Part 284 of the Commission's regulations."			
6. Enter Mcf at 14.65 psia dry at 60°F.					
7. Minor items (less than 1,000,000 mcf) may be grouped.					
Mcf of Gas Received (e)*	Mcf of Gas Delivered (f)*	Revenue (g)	Average Revenue per Mcf of Gas Delivered (in cents) (h)	FERC Tariff Rate Schedule Designation (i)	Line No.
1,625,702	1,625,702	7,049,071	4.34		1
1,610,623	1,610,623	5,113,732	3.18		2
0	0	0	0.00		3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
3,236,325	3,236,325	\$ 12,162,803	\$3.76		

*(D&E) Reported in Sales Base Pressure

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
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	897,434	798,534
3	Manufactured Gas Production <i>(Submit Supplemental Statement)</i>		
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation	0	0
7	750 Operation Supervision and Engineering	0	0
8	751 Production Maps and Records	0	0
9	752 Gas Wells Expenses	0	0
10	753 Field Lines Expenses	0	0
11	754 Field Compressor Station Expenses	0	0
12	755 Field Compressor Station Fuel and Power	0	0
13	756 Field Measuring and Regulating Station Expenses	0	0
14	757 Purification Expenses	0	0
15	758 Gas Well Royalties	0	0
16	759 Other Expenses	0	0
17	760 Rents	0	0
18	TOTAL Operation <i>(Enter Total of lines 7 thru 17)</i>	0	0
19	Maintenance		
20	761 Maintenance Supervision and Engineering	0	0
21	762 Maintenance of Structures and Improvements	0	0
22	763 Maintenance of Producing Gas Wells	0	0
23	764 Maintenance of Field Lines	0	0
24	765 Maintenance of Field Compressor Station Equipment	0	0
25	766 Maintenance of Field Meas. and Reg. Sta. Equipment	0	0
26	767 Maintenance of Purification Equipment	0	0
27	768 Maintenance of Drilling and Cleaning Equipment	0	0
28	769 Maintenance of Other Equipment	0	0
29	TOTAL Maintenance <i>(Enter Total of lines 20 thru 28)</i>	0	0
30	TOTAL Natural Gas Production and Gathering <i>(Total of lines 18 and 29)</i>	0	0
31	B2. Products Extraction		
32	Operation		
33	770 Operation Supervision and Engineering	0	0
34	771 Operation Labor	0	0
35	772 Gas Shrinkage	0	0
36	773 Fuel	0	0
37	774 Power	0	0
38	775 Materials	0	0
39	776 Operation Supplies and Expenses	0	0
40	777 Gas Processed by Others	0	0
41	778 Royalties on Products Extracted	0	0
42	779 Marketing Expenses	0	0
43	780 Products Purchased for Resale	0	0
44	781 Variation in Products Inventory	0	0
45	(Less) 782 Extracted Products Used by the Utility-Credit	0	0
46	783 Rents	0	0
47	TOTAL Operation <i>(Enter Total of lines 33 thru 46)</i>	0	0

NOTE: Page 320, Line 2, Column c. Write-off of gas plant site clean-up monitoring costs.
MPSC FORM P-522 (Rev. 1-01)

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
B2. Products Extraction (Continued)				
48	Maintenance			
49	784 Maintenance Supervision and Engineering	0	0	
50	785 Maintenance of Structures and Improvements	0	0	
51	786 Maintenance of Extraction and Refining Equipment	0	0	
52	787 Maintenance of Pipe Lines	0	0	
53	788 Maintenance of Extracted Products Storage Equipment	0	0	
54	789 Maintenance of Compressor Equipment	0	0	
55	790 Maintenance of Gas Measuring and Reg. Equipment	0	0	
56	791 Maintenance of Other Equipment	0	0	
57	TOTAL Maintenance <i>(Enter Total of lines 49 thru 56)</i>	0	0	
58	TOTAL Products Extraction <i>(Enter Total of lines 47 and 57)</i>	0	0	
C. Exploration and Development				
60	Operation			
61	795 Delay Rentals	0	0	
62	796 Nonproductive Well Drilling	0	0	
63	797 Abandoned Leases	0	0	
64	798 Other Exploration	0	0	
65	TOTAL Exploration and Development <i>(Enter Total of lines 61 thru 64)</i>	0	0	
D. Other Gas Supply Expenses				
66	Operation			
67	800 Natural Gas Well Head Purchases	114,110	153,325	
68	800.1 Natural Gas Well Head Purchases, Intracompany Transfers	0	0	
69	801 Natural Gas Field Line Purchases	0	0	
70	802 Natural Gas Gasoline Plant Outlet Purchases	0	0	
71	803 Natural Gas Transmission Line Purchases	0	0	
72	804 Natural Gas City Gate Purchases	47,011,896	67,233,522	
73	804.1 Liquefied Natural Gas Purchases	0	0	
74	805 Other Gas Purchases	0	0	
75	(Less) 805.1 Purchased Gas Cost Adjustments	0	0	
76				
77	TOTAL Purchased Gas <i>(Enter Total of lines 67 to 75)</i>	47,126,006	67,386,847	
78	806 Exchange Gas	0	0	
79	Purchased Gas Expenses			
80	807.1 Well Expenses-Purchased Gas	0	0	
81	807.2 Operation of Purchased Gas Measuring Stations	0	0	
82	807.3 Maintenance of Purchased Gas Measuring Stations	0	0	
83	807.4 Purchased Gas Calculations Expenses	0	0	
84	807.5 Other Purchased Gas Expenses	0	0	
85	TOTAL Purchased Gas Expenses <i>(Enter Total of lines 80 thru 84)</i>	0	0	
86	808.1 Gas Withdrawn from Storage-Debit	17,664,758	18,540,723	
87	(Less) 808.2 Gas Delivered to Storage-Credit	(10,715,240)	(19,477,227)	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing-Debit	0	0	
89	(Less) 809.2 Deliveries of Natural Gas for Processing-Credit	0	0	
90	Gas Used in Utility Operations-Credit			
91	810 Gas Used for Compressor Station Fuel-Credit	0	0	
92	811 Gas Used for Products Extraction-Credit	0	0	
93	812 Gas Used for Other Utility Operations-Credit	(146,156)	(161,476)	
94	TOTAL Gas Used in Utility Operations-Credit <i>(Total of lines 91 thru 93)</i>	(146,156)	(161,476)	
95	813 Other Gas Supply Expenses	346,286	207,437	
96	TOTAL Other Gas Supply Exp <i>(Total of lines 77, 78, 85, 86 thru 89, 94, 95)</i>	54,275,654	66,496,304	
97	TOTAL Production Expenses <i>(Enter Total of lines 3, 30, 58, 65, and 96)</i>	55,173,088	67,294,838	

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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	83,808	87,279	
102	815 Maps and Records	0	0	
103	816 Wells Expenses	24,988	25,733	
104	817 Line Expense	29,967	20,199	
105	818 Compressor Station Expenses	33,169	35,698	
106	819 Compressor Station Fuel and Power	11,072	78,205	
107	820 Measuring and Regulating Station Expenses	1,763	8,564	
108	821 Purification Expenses	23,321	32,002	
109	822 Exploration and Development	0	0	
110	823 Gas Losses	0	0	
111	824 Other Expenses	89,109	89,942	
112	825 Storage Well Royalties	0	0	
113	826 Rents	0	0	
114	TOTAL Operation <i>(Enter Total of lines 101 thru 113)</i>	297,197	377,622	
115	Maintenance			
116	830 Maintenance Supervision and Engineering	10,151	19,875	
117	831 Maintenance of Structures and Improvements	0	66,895	
118	832 Maintenance of Reservoirs and Wells	21,047	111,360	
119	833 Maintenance of Lines	4,855	9,492	
120	834 Maintenance of Compressor Station Equipment	39,624	69,283	
121	835 Maintenance of Measuring and Regulating Station Equipment	6,274	6,812	
122	836 Maintenance of Purification Equipment	7,367	15,464	
123	837 Maintenance of Other Equipment	8,609	6,611	
124	TOTAL Maintenance <i>(Enter Total of lines 116 thru 123)</i>	97,927	305,792	
125	TOTAL Underground Storage Expenses <i>(Total of lines 114 and 124)</i>	395,124	683,414	
126	B. Other Storage Expenses			
127	Operation			
128	840 Operation Supervision and Engineering	0	0	
129	841 Operation Labor and Expenses	0	0	
130	842 Rents	0	0	
131	842.1 Fuel	6,066	(14,696)	
132	842.2 Power	0	0	
133	842.3 Gas Losses	0	0	
134	TOTAL Operation <i>(Enter Total of lines 128 thru 133)</i>	6,066	(14,696)	
135	Maintenance			
136	843.1 Maintenance Supervision and Engineering	0	0	
137	843.2 Maintenance of Structures and Improvements	0	0	
138	843.3 Maintenance of Gas Holders	0	0	
139	843.4 Maintenance of Purification Equipment	0	0	
140	843.5 Maintenance of Liquefaction Equipment	0	0	
141	843.6 Maintenance of Vaporizing Equipment	0	0	
142	843.7 Maintenance of Compressor Equipment	0	0	
143	843.8 Maintenance of Measuring and Regulating Equipment	0	0	
144	843.9 Maintenance of Other Equipment	0	0	
145	TOTAL Maintenance <i>(Enter Total of lines 136 thru 144)</i>	0	0	
146	TOTAL Other Storage Expenses <i>(Enter Total of lines 134 and 145)</i>	6,066	(14,696)	

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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	C. Liquefied Natural Gas Terminating and Processing Expenses			
148	Operation			
149	844.1 Operation Supervision and Engineering	0	0	
150	844.2 LNG Processing Terminal Labor and Expenses	0	0	
151	844.3 Liquefaction Processing Labor and Expenses	0	0	
152	844.4 Liquefaction Transportation Labor and Expenses	0	0	
153	844.5 Measuring and Regulating Labor and Expenses	0	0	
154	844.6 Compressor Station Labor and Expenses	0	0	
155	844.7 Communication System Expenses	0	0	
156	844.8 System Control and Load Dispatching	0	0	
157	845.1 Fuel	0	0	
158	845.2 Power	0	0	
159	845.3 Rents	0	0	
160	845.4 Demurrage Charges	0	0	
161	(Less) 845.5 Wharfage Receipts-Credit	0	0	
162	845.6 Processing Liquefied or Vaporized Gas by Others	0	0	
163	846.1 Gas Losses	0	0	
164	846.2 Other Expenses	0	0	
165	TOTAL Operation (Enter Total of lines 149 thru 164)	0	0	
166	Maintenance			
167	847.1 Maintenance Supervision and Engineering	0	0	
168	847.2 Maintenance of Structures and Improvements	0	0	
169	847.3 Maintenance of LNG Processing Terminal Equipment	0	0	
170	847.4 Maintenance of LNG Transportation Equipment	0	0	
171	847.5 Maintenance of Measuring and Regulating Equipment	0	0	
172	847.6 Maintenance of Compressor Station Equipment	0	0	
173	847.7 Maintenance of Communication Equipment	0	0	
174	847.8 Maintenance of Other Equipment	0	0	
175	TOTAL Maintenance (Enter Total of lines 167 thru 174)	0	0	
176	TOTAL Liquefied Nat Gas Terminating and Processing Exp (Lines 165 & 175)	0	0	
177	TOTAL Natural Gas Storage (Enter Total of lines 125, 146, and 176)	401,190	668,718	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering	14,394	25,751	
181	851 System Control and Load Dispatching	0	0	
182	852 Communication System Expenses	0	0	
183	853 Compressor Station Labor and Expenses	0	0	
184	854 Gas for Compressor Station Fuel	0	0	
185	855 Other Fuel and Power for Compressor Stations	0	0	
186	856 Mains Expenses	27,574	60,526	
187	857 Measuring and Regulating Station Expenses	155,346	131,172	
188	858 Transmission and Compression of Gas by Others	0	0	
189	859 Other Expenses	131,239	22,584	
190	860 Rents	0	0	
191	TOTAL Operation (Enter Total of lines 180 thru 190)	328,553	240,033	

Name of Respondent		This Report Is:	Date of Report	Year of Report
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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
3. TRANSMISSION EXPENSES (Continued)				
192	Maintenance			
193	861 Maintenance Supervision and Engineering	0	0	
194	862 Maintenance of Structures and Improvements	0	0	
195	863 Maintenance of Mains	29,285	26,658	
196	864 Maintenance of Compressor Station Equipment	0	0	
197	865 Maintenance of Measuring and Reg. Station Equipment	155,418	178,193	
198	866 Maintenance of Communication Equipment	0	0	
199	867 Maintenance of Other Equipment	0	386	
200	TOTAL Maintenance (Enter Total of lines 193 thru 199)	184,703	205,237	
201	TOTAL Transmission Expenses (Enter Total of lines 191 and 200)	513,256	445,270	
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	720,584	960,828	
205	871 Distribution Load Dispatching	492,697	396,038	
206	872 Compressor Station Labor and Expenses	0	0	
207	873 Compressor Station Fuel and Power	0	0	
208	874 Mains and Services Expenses	1,547,357	1,263,545	
209	875 Measuring and Regulating Station Expenses-General	21,876	17,100	
210	876 Measuring and Regulating Station Expenses-Industrial	0	0	
211	877 Measuring and Regulating Station Expenses-City Gate Check Station	55,561	55,729	
212	878 Meter and House Regulator Expenses	626,783	813,805	
213	879 Customer Installations Expenses	909,239	1,016,212	
214	880 Other Expenses	2,865,815	3,231,347	
215	881 Rents	14,122	18,186	
216	TOTAL Operation (Enter Total of lines 204 thru 215)	7,254,034	7,772,790	
217	Maintenance			
218	885 Maintenance Supervision and Engineering	12,648	30,781	
219	886 Maintenance of Structures and Improvements	0	0	
220	887 Maintenance of Mains	470,126	641,586	
221	888 Maintenance of Compressor Station Equipment	0	0	
222	889 Maintenance of Meas. and Reg. Sta. Equip.-General	41,073	78,627	
223	890 Maintenance of Meas. and Reg. Sta. Equip.-Industrial	0	0	
224	891 Maintenance of Meas. and Reg. Sta. Equip.-City Gate Check Station	103,818	85,146	
225	892 Maintenance of Services	239,515	338,100	
226	893 Maintenance of Meters and House Regulators	213,186	371,493	
227	894 Maintenance of Other Equipment	198,544	193,018	
228	TOTAL Maintenance (Enter Total of lines 218 thru 227)	1,278,910	1,738,751	
229	TOTAL Distribution Expenses (Enter Total of lines 216 and 228)	8,532,944	9,511,541	
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901 Supervision	902,933	485,132	
233	902 Meter Reading Expenses	2,060,332	1,957,445	
234	903 Customer Records and Collection Expenses	3,816,170	6,497,702	
235	904 Uncollectible Accounts	1,679,762	1,251,100	
236	905 Miscellaneous Customer Accounts Expenses	476,270	219,063	
237	TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236)	8,935,467	10,410,442	

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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	0	375
241	908 Customer Assistance Expenses	4,408,406	3,700,911
242	909 Informational and Instructional Expenses	126,228	243,686
243	910 Miscellaneous Customer Service and Informational Expenses	457	3,997
244	TOTAL Customer Service and Information Expenses (Lines 240 thru 243)	4,535,091	3,948,969
245	7. SALES EXPENSES		
246	Operation		
247	911 Supervision	0	0
248	912 Demonstrating and Selling Expenses	0	0
249	913 Advertising Expenses	0	0
250	916 Miscellaneous Sales Expenses	0	0
251	TOTAL Sales Expenses (Enter Total of lines 247 thru 250)	0	0
252	8. ADMINISTRATIVE AND GENERAL EXPENSES		
253	Operation		
254	920 Administrative and General Salaries	2,852,316	4,014,964
255	921 Office Supplies and Expenses	4,166,348	1,390,183
256	(Less) (922) Administrative Expenses Transferred-Cr.	0	0
257	923 Outside Services Employed	636,063	942,782
258	924 Property Insurance	65,069	24,826
259	925 Injuries and Damages	490,616	691,134
260	926 Employee Pensions and Benefits	4,563,893	4,117,031
261	927 Franchise Requirements	0	0
262	928 Regulatory Commission Expenses	586,296	312,470
263	(Less) (929) Duplicate Charges-Cr.	0	0
264	930.1 General Advertising Expenses	174	0
265	930.2 Miscellaneous General Expenses	3,144,487	1,174,895
266	931 Rents	633,041	375,297
267	TOTAL Operation (Enter Total of lines 254 thru 266)	17,138,303	13,043,582
268	Maintenance		
269	935 Maintenance of General Plant	74,796	0
270	TOTAL Administrative and General Exp (Total of lines 267 and 269)	17,213,099	13,043,582
271	TOTAL Gas O. and M. Exp (Lines 97, 177, 201, 229, 237, 244, 251, and 270)	95,304,135	105,323,360

NUMBER OF GAS DEPARTMENT EMPLOYEES

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.

2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote.

3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.

1. Payroll Period Ended (Date)	11/5/2016
2. Total Regular Full-Time Employees	159
3. Total Part-Time and Temporary Employees	3
4. Total Employees	162

*Does not include: three IBS employees.

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
<p style="text-align: center;">GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805)</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <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> <ul style="list-style-type: none"> 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>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> </div> <div style="width: 48%;"> <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 asterisk (*) in Column (f).</p> <p><u>Column (g)</u> - Show for each purchase the approximate Btu per cubic foot.</p> <p><u>Column (h)</u> - State the volume of purchased gas as measured for purpose of determining the amount payable for the gas. Include current year receipts of make-up gas that was paid for in prior</p> <p><u>Column (i)</u> - State the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in Column (h).</p> <p><u>Column (j)</u> - State the average cost per Mcf to the nearest hundredth of a cent. [Column (i) divided by Column (h) multiplied by 100].</p> </div> </div>			

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Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
GAS PURCHASES (Accounts 800, 801, 802, 803, 804, and 805) (Continued)				
Line No.	Account Number (a)	Name of Seller * (Designate Associated Companies) (b)	Name of Producing Field or Gasoline Plant (c)	State (d)
1	800	<u>* Natural Gas Local Production Suppliers to Michigan Gas Utilities Corporation</u>		
2		Christian Oil Company		
3		West Hopkins Petroleum Company		
4				
5				
6				
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10	804	<u>* Natural Gas Suppliers to Michigan Gas Utilities Corporation</u>		
11		Anadarko Energy Services		
12		BP Canada Energy Marketing Co.		
13		Cargill Inc.		
14		CenterPoint Energy Services		
15		Chevron Natural Gas		
16		Cimarex Energy Co.		
17		Conoco Phillips Company		
18		DTE Energy Trading		
19		EDF Trading North America, LLC		
20		Iberdrola		
21		J.Aron & Company		
22		J.P. Morgan Ventures Energy Co.		
23		Laclede		
24		NextEra Energy Power		
25		Occidental		
26		Sequent Energy Management, LLC		
27		Southwestern Energy Services Co.		
28		Tenaska Gas Storage		
29		Tenaska Marketing Ventures		
30		Twin Eagle Resource Management		
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Name of Respondent		This Report Is:		Date of Report	Year of Report	
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)	December 31, 2016	
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.
			43,833	\$ 114,110	260.33	1
						2
						3
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			13,352,519	\$ 32,671,909	244.69	10
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Name of Respondent		This Report Is:		Date of Report		Year of Report	
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)		December 31, 2016	
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.				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).			
2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.				5. Report pressure base of measurement of gas volumes at 14.73 psia at 60°F.			
3. If the reported Mcf for any use is an estimated quantity, state such fact in a footnote.							
Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Natural Gas			Manufactured Gas	
			Mcf of Gas Used (c)	Amount of Credit (d)	Amount per Mcf (In Cents) (e)	Mcf of Gas Used (f)	Amount of Credit (g)
1	810 Gas used for Compressor Station Fuel-Cr	819	11,884	11,072	93.17		
2	811 Gas used for Products Extraction-Cr						
3	Gas Shrinkage and Other Usage in Respdnt's Own Proc.						
4	Gas Shrinkage, Etc. for Respdnt's Gas Processed by Others						
5	812 Gas used for Other Util. Oprs-Cr (Rpt sep. for each prin. use. Group minor uses)						
6	812.1 Gas used in Util. Oprs-Cr (Nonmajor only)						
7							
8	Operation of Buildings/Reg Station	Various	16,913	144,514	854.48		
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25	TOTAL		28,797	155,586	540.29		

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
OTHER GAS SUPPLY EXPENSES (Account 813)			
Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any			
Line No.	Description (a)	Amount (in dollars) (b)	
1	IBS-Allocated Labor	293,516	
2	IBS-Allocated NonLabor	51,690	
3	IBS Direct Labor	685	
4	IBS Direct Non Labor	395	
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50	TOTAL	346,286	

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)			
1	Industry association dues		89,307
2	Experimental and general research expenses		
3	Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent		
4	Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown)		
5	Intercompany Non-Labor Allocated		3,036,056
6	Expense Report Activity		8,492
7	Misc Other		1,679
8	Office Supplies & Expense		8,953
9			
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46	TOTAL		3,144,487

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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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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	1,954		
4	Products extraction plant			
5	Underground gas storage plant	418,202		22,504
6	Other storage plant			
7	Base load LNG terminating and processing plant			
8	Transmission plant	716,869		
9	Distribution plant	7,166,983		
10	General plant	1,284,198		
11	Common plant-gas			
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24				
25	TOTAL	9,588,206	-	22,504

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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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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.
	121,709	121,709	Intangible plant	1
		0	Production plant, manufactured gas	2
		1,954	Production and gathering plant, natural gas	3
		0	Products extraction plant	4
		440,706	Underground gas storage plant	5
		0	Other storage plant	6
		0	Base load LNG terminating and processing plant	7
		716,869	Transmission plant	8
		7,166,983	Distribution plant	9
		1,284,198	General plant	10
		0	Common plant-gas	11
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-	121,709	9,732,419	TOTAL	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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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	388	31.384%
2	Production Plant	294	0.665%
3	Storage Plant	13,744	3.207%
4	Transmission Plant	56,615	1.266%
5	Distribution Plant	276,600	2.591%
6	General Plant	18,460	6.957%
7			
8			
9			
10			

Notes to Depreciation, Depletion and Amortization of Gas Plant
Column (b) balances were obtained using a twelve month average.

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
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	9,087	
6	Total - 426.1	9,087	
7			
8	Life Insurance (426.2)	0	
9	Total - 426.2	0	
10			
11	Penalties (426.3)		
12	Total - 426.3	0	
13			
14	Expenditures for Certain Civic, Political and Related Activities (426.4)	53,886	
15	Total - 426.4	53,886	
16			
17	Other Deductions (426.5)		
18	Unrealized Loss - Fuel Options	11,063	
19	Total - 426.5	11,063	
20			
21	Interest on Debt to Assoc Companies (430)		
22	Int Debt - Integrys Energy Group Short Term	229,399	
23	Int Debt - Integrys Energy Group Long Term	3,206,048	
24	Total - 430	3,435,447	
25			
26	Other Interest Expense (431)		
27	Interest on Customer Deposits	202	
28	GCR Interest Adjustment	99,345	
29	Pior Year Tax Adjustment	4,282	
30	Other	118,550	
31	Total - 431	222,379	
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41		3,731,862	

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS			
<p>1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.</p> <p>2. Merchandising, Jobbing, and Contract Work (Accounts 415 and 416) - Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing and contract work activities.</p> <p>3. Nonutility Operations (Accounts 417 and 417.1) - Describe each nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes. Give the bases of any allocations of expenses between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.</p> <p>4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective date and expiration date</p> <p>and expiration date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income, before taxes, from the rentals. If the property is leases on a basis other than that of a fixed annual rental, state the method of determining rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any lessees which are associated companies.</p> <p>5. Equity in earnings of subsidiary companies (Account 418.1) - Report the utility's equity in the earnings or losses of each subsidiary company for the year.</p> <p>6. Interest and Dividend Income (Account 419) - Report interest and dividend income, before taxes, identified as to the asset account or group of accounts in which are included the assets from which the interest or dividend income was derived. Income derived from investments, Accounts 123, 124 and 136 may be shown in total. Income from sinking and other funds should be identified with the related special funds. Show also expenses included in Account 419 as required by the Uniform System of Accounts.</p> <p>7. Miscellaneous Nonoperating Income (Account 421) - Give the nature and source of each miscellaneous nonoperating income, and expense and the amount for the year. Minor items may be grouped by classes.</p>			
Line No.	Item (a)	Amount (b)	
1	Account 415 - Revenue from Contract Work	8,984	
2			
3	Account 417 - Revenues from Non-Utility Operations		
4	Revenue		
5	Operating Expenses	3,996	
6			
7	Account 418 - Nonoperating Rental Income		
8			
9	Account 419 - Interest & Dividend Income	535	
10			
11	Account 419.1 - Funds During Construction	4,693	
12			
13	Account 421 - Misc Non-Operating Income	79,929	
14			
15	Account 421.1 - Gain on Disposition of Property	14,184	
16			
17	Total Other Income	104,329	
18			
19			
20			
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Name of Respondent	This Report Is:	Date of Report:	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		December 31, 2016

GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)

1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility.
2. Individual gains or losses relating to property with an original cost of less than \$100,000 may be grouped with the number of such transactions disclosed in column (a).
3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)

Line No.	Description of Property (a)	Original Cost of Related Property (b)	Date Journal Entry Approved (When Required) (c)	Account 421.1 (d)	Account 421.2 (e)
1	Gain on Disposition of Property:				
2	Sale of one property	60,816		14,184	
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total Gain	60,816		14,184	

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
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	\$	40,188
3	Miscellaneous Expense		13,698
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
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31			
32	TOTAL		53,886

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Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
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REGULATORY COMMISSION EXPENSES

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

Line No.	Description <i>(Furnish name of regulatory commission or body, the docket or case number, and a description of the case.)</i> (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses for current year (b) + (c) (d)	Deferred at Beginning of Year (e)
1	Dept. of Licensing & Regulatory Affairs				
2	2015/2016 Public Utility Assessment,				
3	Third Quarter	85,186		85,186	
4					
5					
6	Dept. of Licensing & Regulatory Affairs				
7	2015/2016 Public Utility Assessment,				
8	Fourth Quarter	85,186		85,186	
9					
10					
11	Dept. of Licensing & Regulatory Affairs				
12	2016/2017 Public Utility Assessment,				
13	First Quarter	77,436		77,436	
14					
15					
16	Dept. of Licensing & Regulatory Affairs				
17	2016/2017 Public Utility Assessment,				
18	Second Quarter	32,931		32,931	
19					
20					
21	Dept. of Labor & Economic Growth				
22	2016 Public Utility Assessment	25,949		25,949	
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37	TOTAL	306,688	0	306,688	0

Name of Respondent	This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016

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)	
	928000	85,186					1
							2
							3
							4
							5
							6
							7
	928000	85,186					8
							9
							10
							11
							12
	928000	77,436					13
							14
							15
							16
							17
	928000	32,931					18
							19
							20
							21
	928000	25,949					22
							23
							24
							25
							26
							27
							28
							29
							30
							31
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							33
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							36
		306,688	0		0	0	37

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report	
Michigan Gas Utilities Corporation			December 31, 2016	
DISTRIBUTION OF SALARIES AND WAGES				
Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and		columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.		
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	ELECTRIC			
2	Operation			
3	Production			
4	Transmission			
5	Distribution			
6	Customer Accounts			
7	Customer Service and Informational			
8	Sales			
9	Administrative and General			
10	TOTAL Operation <i>(Enter Total of lines 3 thru 9)</i>	0		
11	Maintenance			
12	Production			
13	Transmission			
14	Distribution			
15	Administrative and General			
16	TOTAL Maint. <i>(Total of lines 12 thru 15)</i>	0		
17	Total Operation and Maintenance			
18	Production <i>(Enter Total of lines 3 and 12)</i>	0		
19	Transmission <i>(Enter Total of lines 4 and 13)</i>	0		
20	Distribution <i>(Enter Total of lines 5 and 14)</i>	0		
21	Customer Accounts <i>(Transcribe from line 6)</i>	0		
22	Customer Svc. And Informational <i>(Transcribe from line 7)</i>	0		
23	Sales <i>(Transcribe from line 8)</i>	0		
24	Administrative and General <i>(Enter Total of lines 9 & 15)</i>	0		
25	TOTAL Oper. And Maint. <i>(Total of lines 18 thru 24)</i>	0		
26	GAS			
27	Operation			
28	Production-Manufactured Gas	0		
29	Production-Nat. Gas (Including Expl. And Dev.)	0		
30	Other Gas Supply	(2,245)		
31	Storage, LNG Terminaling and Processing	185,050		
32	Transmission	32,982		
33	Distribution	4,314,160		
34	Customer Accounts	2,157,606		
35	Customer Service and Informational	644,585		
36	Sales			
37	Administrative and General	717,362		
38	TOTAL Operation <i>(Enter Total of lines 28 thru 37)</i>	8,049,500		

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report	
Michigan Gas Utilities Corporation			December 31, 2016	
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 Terminaling and Processing	33,275		
44	Transmission	82,911		
45	Distribution	764,214		
46	Administrative and General			
47	TOTAL Maint. (Enter Total of lines 40 thru 46)	880,400		
48	Total Operation and Maintenance	8,929,900		
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)	(2,245)		
52	Storage, LNG Terminaling and Processing (Total of lines 31 and 43)	218,325		
53	Transmission (Lines 32 and 44)	115,893		
54	Distribution (Lines 33 and 45)	5,078,374		
55	Customer Accounts (Line 34)	2,157,606		
56	Customer Service and Informational (Line 35)	644,585		
57	Sales (Line 36)	0		
58	Administrative and General (Lines 37 and 46)	717,362		
59	TOTAL Operation & Maint. (total of lines 49 thru 58)	8,929,900	4,557,788	13,487,688
60	OTHER UTILITY DEPARTMENTS			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59 & 61)	8,929,900	4,557,788	13,487,688
63	UTILITY PLANT			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	3,539,755	301,055	3,840,810
67	Other			0
68	TOTAL Construction (Total of lines 65 thru 67)	3,539,755	301,055	3,840,810
69	Plant Removal (By Utility Departments)			
70	Electric Plant			
71	Gas Plant			0
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	0	0	0
74	Other Accounts (Specify)			
	Misc.	10,020	0	10,020
75	Clearing Accounts	534,493	(548,481)	(13,988)
76	Co-Tenant			0
	Other Accounts	29,691	10,146	39,837
77	TOTAL Other Accounts	574,204	(538,335)	35,869
78	TOTAL SALARIES AND WAGES	13,043,859	4,320,508	17,364,367

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account

426.4, Expenditures for Certain civic, Political and Related Activities.)

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

- 2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.
- 3. Designate with an asterisk associated companies.

Line No.	Name / Address	Service	Basis of Charges	Acct #	Amount
1	Kent Power, Inc.	Construction Services	Fees	107	\$ 8,868,593
2	90 Spring Street			154	8,093
3	PO Box 327			184	664
4	Kent City, MI			863	1,328
5				878	41
6				880	13,894
7				887	6,872
8				892	659
9					\$ 8,900,144
11	Pescador LLC	Environmental Consulting	Fees	182	\$ 273,214
12	8150 South Lakeview Road			824	9,032
13	Traverse City, MI				\$ 282,246
15	Vertex US Holdings II, Inc.	Contracted Services	Fees	107	\$ 14,357
16	17657 Waterview Parkway			903	776,138
17	Dallas, TX				\$ 790,495
18					
19					
20					
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Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)
1	Wisconsin Public Service Corporation	Subsidiary of Integrys Holding, Inc.	Direct Labor and Labor Loadings for fringe benefits		24,969
2			Materials & Supplies		
3			Invoices & Expenses Accounts		
4			Direct Non Labor		
5					
6					
7					
8	WEC Business Services LLC	Subsidiary of WEC Energy Group, Inc.	Direct Non Labor	Various	174,943
9			Invoices & Expenses Accounts	Various	46,153
10					
11					
12	The Peoples Gas Light & Coke Company	Subsidiary of Peoples Energy, LLC	Direct Labor and Labor Loadings for fringe benefits	Various	(61)
13			Materials and Supplies	673	570
14			Invoices & Expenses Accounts	673	79
15			Usage based and Other	653	68
16					
17					
18					
19	Minnesota Energy Resources Corporation	Subsidiary of Integrys Holding, Inc.	Invoices & Expenses Accounts	609	(1,731)
20					
21					
22					
23	North Shore Gas Company	Subsidiary of Peoples Energy, LLC	Direct Labor and Labor Loadings	Various	(177)
24			Direct Non Labor		
25					
26					
27					
28					
29					
30					
31					
32					

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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.
		107/154		24,969	(1)	1
						2
		154	40,762	40,762	(1)	3
		163	1,150	1,150	(4)	4
			(434)	(434)		5
			Total	66,447		6
						7
		107	(209,186)	(34,243)	(1)	8
		107/232	4,509	50,662	(4)	9
			Total	16,419		10
						11
		107	0	(61)	(1)	12
						13
		242	0	570	(1), (4)	14
		107	0	79	(1)	15
		107/184	0	68	(4)	16
			Total	656		17
						18
				(1,731)	(1)	19
			Total	(1,731)		20
						21
		107	525	348	(1)	23
		107	52	52		24
			Total	400		25
						26
						27
						28
						29
						30
						31
			Total	82,191		32

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

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)				
1	Integrus Holding, Inc.	Subsidiary of WEC Energy Group, Inc.	Invoices/expenses	Various	15,500				
2			accounts (pass through)						
3									
4	WEC Business Services, LLC	Subsidiary of WEC Energy Group, Inc.	Direct Labor and Labor Loadings	Various	(7,292)				
5			for fringe benefits						
6			Invoices/expense						
7			accounts (pass through)						
8			Employee Benefits						
9			(pass through)						
10			Materials and Supplies						
11			Asset Transfer						
12			Inter-Unit Adjustments						
13			Other Bank and Financing Fees						
14			Other Non-Labor						
15									
16			Wisconsin Public Service Corporation			Subsidiary of Integrus Holding, Inc.	Direct Labor and Labor Loadings	Various	92,817
17							for fringe benefits		
18	Invoices/expense								
19	accounts (pass through)								
20	Materials and Supplies								
21	Usage based and Other								
22	Rent								
23	Operational Systems Charge								
24	Allocated Labor and Loadings								
25	Allocated Non Labor and Loadings								
26	Third Party Billings (Pass Thru)								
27									
28	Minnesota Energy Resources Corporation	Subsidiary of Integrus Holding, Inc.	Direct Labor and Labor Loadings	Various	114				
29			for fringe benefits						
30			Invoices/expense						
31									
32									
33									
34									
35									
36									
37									
38									

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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)

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

Account Number (f)	Amount Classified to Non-Operating Income (g)	Account Number (h)	Amount Classified to Balance Sheet (i)	Total (j)	Pricing Method (k)	Line No.
		253		15,500	(4)	1
			Total	15,500		2
		Various	19,072	11,780	(1)	3
						4
		Various	416,152	892,838	(4)	5
						6
		242	307,143	1,716,367	(1), (4)	7
		232	18,888	18,888	(1)	8
		107/108	7,011,416	7,011,416	(1)	9
		146	(7,467,732)	(7,467,732)	(1)	10
				85,966	(2)	11
		107	478,309	478,309	(1)	12
			Total	2,747,832		13
						14
		Various	74,711	167,528		15
						16
		Various	74,934	78,405		17
		Various	931,812	1,092,729		18
		107	49,633	279,266	(2)	19
				128		20
				12		21
				(2,451)		22
				(1,286)		23
		107	(5,950)	(5,950)		24
			Total	1,608,381		25
						26
				114	(1)	27
				15	(4)	28
			Total	129		29
						30
						31
						32
						33
						34
						35
						36
						37
						38

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

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) December 31, 2016	Year of Report December 31, 2016
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

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

Line No.	Company (a)	Affiliation (b)	Description: Nature of Goods and Services (c)	Account Number (d)	Amount Classified to Operating Income (e)	
1	The Peoples Gas Light & Coke Company	Subsidiary of Peoples Energy, LLC	Direct Labor and Labor Loadings for fringe benefits			
2			Employee Benefits	601	8,503	
3			(pass through)			
4			Invoices/expense			
5			accounts (pass through)	632	(294)	
6			Usage based and Other	653	11	
7			Materials and Supplies	673	119	
8			Operations System Charge	673	755	
9			Asset Transfer			
10						
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Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
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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.
		107	581	581	(1)	1
				8,503	(1), (4)	2
						3
						4
				(294)	(4)	5
				11	(1)	6
		107/154	2,825	2,944	(1)	7
				755	(1)	8
		101/108	75,496	75,496	(1)	9
			Total	87,996		10
						11
						12
						13
						14
						15
						16
			TOTAL	4,459,838		17
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- (1) Fully Loaded Cost
- (2) Market
- (3) Tariff
- (4) Actual Cost
- (5) Contract

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

COMPRESSOR STATIONS

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

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

Line No.	Name of Station and Location (a)	Number of Employees (b)	Plant Cost (c)
1	Underground Storage Compressor Stations 2 Total	3	2,973,847
2			
3	Gathering System Compressor Stations 0 Total		115,824
4			
5			
6			
7			
8			
9			
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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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

COMPRESSOR STATIONS (Continued)

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

Expenses (Except depreciation and taxes)		Gas for Compressor Fuel Mcf (14.65 psia at 60°F)	Operation Data			Line No.
Fuel or Power	Other		Total Compressor Hours of Operation During Year	No of Compr. Operated at Time of Station Peak	Date of Station Peak	
(d)	(e)	(f)	(g)	(h)	(i)	
11,072	81,774	12,144	2,037	0	N/A	1
-	-	-	-			2
						3
						4
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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)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
GAS STORAGE PROJECTS			
<p>1. Report particulars (details) for total gas storage projects.</p> <p>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).</p>		<p>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.</p>	
Line No.	Item (a)	Total Amount (b)	
1	Natural Gas Storage Plant		
2	Land and Land Rights	15,767	
3	Structures and Improvements	320,406	
4	Storage Wells and Holders	7,272,354	
5	Storage Lines	1,232,955	
6	Other Storage Equipment	5,250,303	
7	TOTAL (Enter Total of Lines 2 Thru 6)	14,091,785	
8	Storage Expenses		
9	Operation	297,197	
10	Maintenance	97,927	
11	Rents		
12	TOTAL (Enter Total of Lines 9 Thru 11)	395,124	
13	Storage Operations (In Mcf @ 14.65 Psia)		
14	Gas Delivered to Storage		
15	January	77,572	
16	February	88,860	
17	March	356,206	
18	April	361,309	
19	May	449,275	
20	June	622,244	
21	July	660,555	
22	August	705,712	
23	September	357,821	
24	October	321,407	
25	November	130,542	
26	December	95,316	
27	TOTAL (Enter Total of Lines 15 Thru 26)	4,226,819	
28	Gas Withdrawn from Storage		
29	January	1,303,776	
30	February	1,129,096	
31	March	604,883	
32	April	512,941	
33	May	110,568	
34	June	13,210	
35	July	31,263	
36	August	21,663	
37	September	1,506	
38	October	87,049	
39	November	591,851	
40	December	1,419,072	
41	TOTAL (Enter Total of Lines 29 Thru 40)	5,826,878	

Name of Respondent		This Report Is:	Date of Report	Year of Report
Michigan Gas Utilities Corporation		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2016
GAS STORAGE PROJECTS (Continued)				
Line No.	Item (a)			Total Amount (b)
	Storage Operations (In Mcf)			
42	Top or Working Gas End of Year (1)			4,655,204
43	Cushion Gas (Including Native Gas) (2)			3,519,000
44	Total Gas in Reservoir (Enter Total of Line 42 and Line 43) (1)			8,174,204
45	Certificated Storage Capacity (2)			7,242,000
46	Number of Injection - Withdrawal Wells (2)			14
47	Number of Observation Wells (2)			6
48	Maximum Day's Withdrawal from Storage (2)			28,528
49	Date of Maximum Days' Withdrawal (2)			1/18/2016
50	LNG Terminal Companies (In Mcf)			
51	Number of Tanks			
52	Capacity of Tanks			
53	LNG Volumes			
54	a) Received at "Ship Rail"			
55	b) Transferred to Tanks			
56	c) Withdrawn from Tanks			
57	d) "Boil Off" Vaporization Loss			
58	e) Converted to Mcf at Tailgate of Terminal			

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

(2) Includes only MGUC owned storage fields.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016
DISTRIBUTION AND TRANSMISSION LINES			
<p>1. Report below by States the total miles of pipe lines operated by respondent at end of year.</p> <p>2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.</p>		<p>3. Report separately any line that was not operated during the past year. Enter in a footnote the particulars (details) and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book cost are contemplated.</p> <p>4. Report the number of miles of pipe to one decimal point.</p>	
Line No.	Designation (Identification) of Line or Group of Lines (a)	Total Miles of Pipe (to 0.1) (b)	
1	DISTRIBUTION		
2	Benton Harbor <=1"	6.0	
3	2"	603.3	
4	3"	3.6	
5	4"	341.4	
6	6"	46.3	
7	8"	23.8	
8	10"	0.0	
9	12"	4.7	
10			
11	Grand Haven <=1"	2.9	
12	2"	305.2	
13	3"	1.7	
14	4"	156.3	
15	6"	17.3	
16	8"	8.9	
17	12"	11.0	
18			
19	Otsego <=1"	1.4	
20	2"	244.8	
21	3"	0.9	
22	4"	235.0	
23	6"	30.2	
24	8"	7.5	
25	12"	0.0	
26			
27	Coldwater & Partello <=1"	1.7	
28	2"	391.7	
29	3"	4.6	
30	4"	285.3	
31	6"	55.8	
32	8"	65.0	
33	10"	4.5	
34			
35	Monroe <=1"	3.8	
36	2"	482.6	
37	3"	8.9	
38	4"	393.8	
39	6"	95.0	
40	8"	22.7	
41	10"	18.2	
42	12"	5.9	
43			
44	All lines are located in the State of Michigan.		
45	TOTAL	3,891.7	

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) January 0, 1900	Year of Report December 31, 2016
DISTRIBUTION AND TRANSMISSION LINES (Continued)			
<p>1. Report below by States the total miles of pipe lines operated by respondent at end of year.</p> <p>2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.</p>		<p>3. Report separately any line that was not operated during the past year. Enter in a footnote the particulars (details) and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book cost are contemplated.</p> <p>4. Report the number of miles of pipe to one decimal point.</p>	
Line No.	Designation (Identification) of Line or Group of Lines (a)	Total Miles of Pipe (to 0.1) (b)	
1	TRANSMISSION		
2	Grand Haven 8"	0.5	
3			
4	Otsego 4"	0.0	
5	6"	7.8	
6	8"	12.2	
7			
8	Coldwater 4"	0.0	
9	6"	5.7	
10	8"	0.0	
11	10"	24.5	
12			
13	Monroe 8"	0.9	
14	10"	11.2	
15	12"	30.9	
16			
17	Partello <=1"	0.2	
18	2"	0.2	
19	3"	0.5	
20	4"	6.4	
21	6"	7.9	
22	8"	15.6	
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42			
43	All lines are located in the State of Michigan.		
44	TOTAL	124.5	

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report	
Michigan Gas Utilities Corporation			December 31, 2016	
DISTRIBUTION SYSTEM PEAK DELIVERIES				
1. Report below the total distribution system deliveries of gas, excluding deliveries to storage, for the periods of system peak deliveries indicated below during the calendar year.		2. Report Mcf on a pressure base of 14.73 psia at 60°F.		
Line No.	Item (a)	Day/Month (b)	Amount of Mcf (c)	Curtailments on Day/Month Indicated (d)
Section A. Three Highest Days of System Peak Deliveries				
1	Date of Highest Day's Deliveries	01/18/16		NO
2	Deliveries to Customers Subject to MPSC Rate Schedules		219,811	
3	Deliveries to Others		0	
4	TOTAL		219,811	
5	Date of Second Highest Day's Deliveries	02/12/16		NO
6	Deliveries to Customers Subject to MPSC Rate Schedules		212,176	
7	Deliveries to Others		0	
8	TOTAL		212,176	
9	Date of Third Highest Day's Deliveries	01/17/16		NO
10	Deliveries to Customers Subject to MPSC Rate Schedules		211,319	
11	Deliveries to Others		0	
12	TOTAL		211,319	
Section B. Highest Consecutive 3-Day System Peak Deliveries (and Supplies)				
13	Dates of Three Consecutive Days Highest System Peak Deliveries	1/17/2016		NO
		1/18/2016		NO
		1/19/2016		NO
14	Deliveries to Customers Subject to MPSC Rate Schedules		630,107	
15	Deliveries to Others		0	
16	TOTAL		630,107	
17	Supplies from Line Pack		0	
18	Supplies from Underground Storage (Note 1)		263,369	
19	Supplies from Other Peaking Facilities		0	
Section C. Highest Month's System Deliveries				
20	Month of Highest Month's System Deliveries	JANUARY		NO
21	Deliveries to Customers Subject to MPSC Rate Schedules		4,899,244	
22	Deliveries to Others		0	
23	TOTAL		4,899,244	

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

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Michigan Gas Utilities Corporation			December 31, 2016

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 14.65 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 - 28,000	7,776,952		
2						
3						
4		Underground Storage	12,000 - 20,000	1,017,444		
5		Underground Storage	17,500 - 30,000	3,006,062		
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NOTE: The daily deliverability of MGUC owned storage is less than the combined total of the three reservoirs due to pipeline constraints.

Name of Respondent Michigan Gas Utilities Corporation	This Report Is: (1) [X] An Original (2) [] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2016
SYSTEM MAPS			
<p>1. Furnish 5 copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.</p> <p>2. Indicate the following information on the maps:</p> <p>(a) Transmission lines - colored in red, if they are not otherwise clearly indicated.</p> <p>(b) Principal pipeline arteries of gathering systems.</p> <p>(c) Sizes of pipe in principal pipelines shown on map.</p> <p>(d) Normal directions of gas flow - indicated by arrows.</p> <p>(e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.</p> <p>(f) Locations of compressor stations, products extraction plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.</p> <p>(g) Important main line interconnections with other natural gas companies, indicating in each case whether gas is received or delivered and name of connecting company.</p> <p>(h) Principal communities in which respondent renders local distribution service.</p> <p>3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.</p> <p>4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.</p>			
<p>See MGU Gas Map on following page</p>			



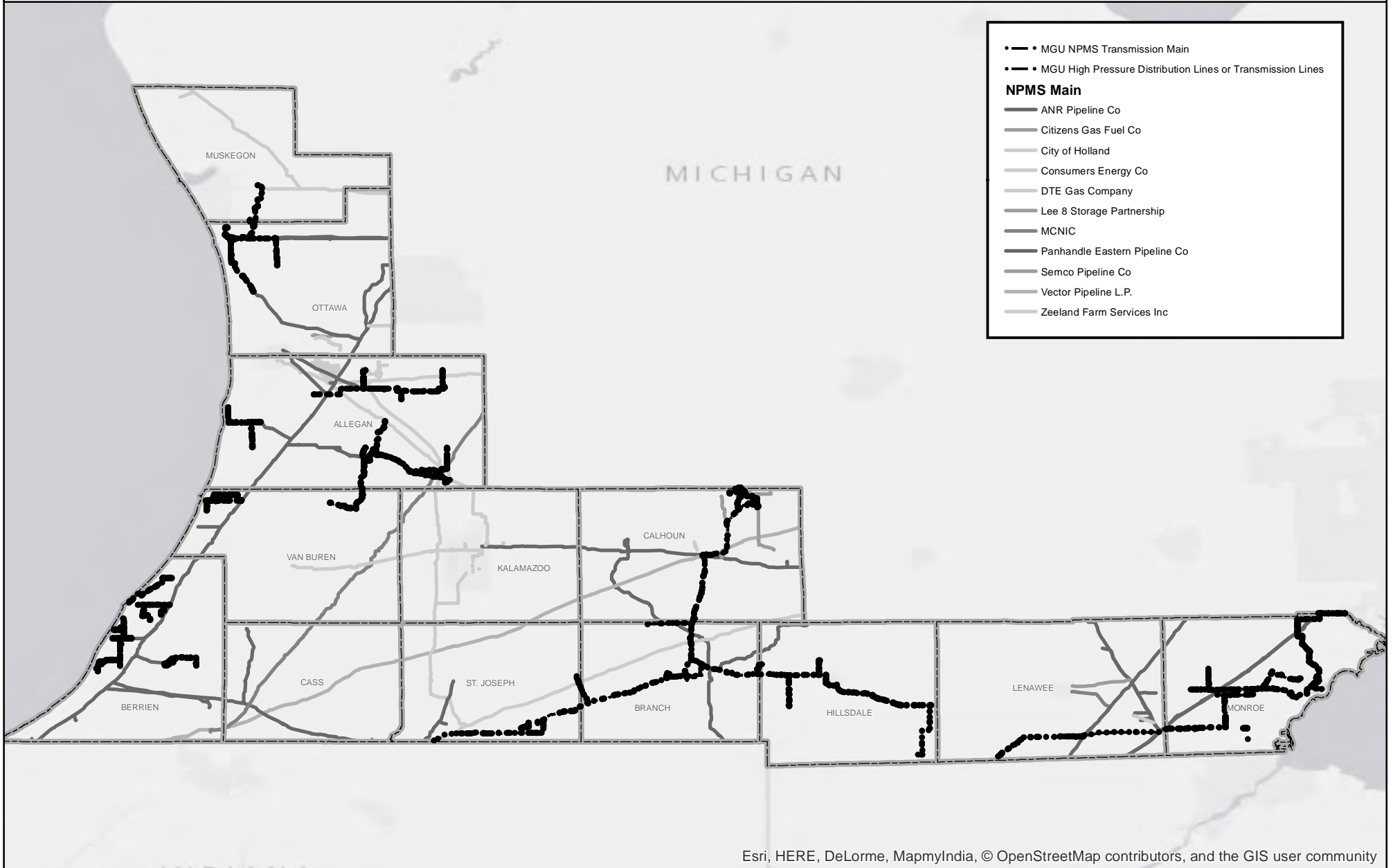
0 5 10 20 30 Miles

MGU High Pressure Distribution or Transmission Mains with NPMS Transmission Main



MICHIGAN
GAS UTILITIES®

Date: 3/22/2017



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