

CONSUMERS ENERGY CO  
Form U-3A-2/A  
June 07, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT #1 TO

FORM U-3A-2

STATEMENT BY HOLDING COMPANY CLAIMING EXEMPTION UNDER  
RULE U-3A-2 FROM THE PROVISIONS OF THE PUBLIC UTILITY  
HOLDING COMPANY ACT OF 1935

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TO BE FILED ANNUALLY PRIOR TO JUNE 7, 2002

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CONSUMERS ENERGY COMPANY

(Name of Company)

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hereby files with the Securities and Exchange Commission, pursuant to Rule 2, its statement of information holding company from the provisions of the Public Utility Holding Company Act of 1935, and information:

JUNE 7, 2002

1. Name, state of organization, location and nature of business of claimant and e than any exempt wholesale generator (EWG) or foreign utility company in which holds an interest.

Consumers Energy Company

Address: 212 West Michigan Avenue, Jackson, Michigan 49201

Consumers Energy Company is a Michigan corporation engaged in the generation, of electricity, and in the purchase, storage, transmission, distribution and peninsula of the state of Michigan.

1. CMS Engineering Co.

Address: 212 West Michigan Avenue, Jackson, Michigan 49201

CMS Engineering Company is a Michigan corporation engaged in offering design, and related construction services to natural gas utilities, natural gas expl and other energy businesses.

2. CMS Midland Holdings Company

Address: 212 West Michigan Avenue, Jackson, Michigan 49201

CMS Midland Holdings Company is a Michigan corporation involved as a Limi Limited Partnership, a Delaware limited partnership, which leases assets to Limited Partnership, a Michigan limited partnership.

3. CMS Midland, Inc.

Address: 212 West Michigan Avenue, Jackson, Michigan 49201

CMS Midland, Inc. is as Michigan corporation engaged as a 49% General Pa Venture Limited Partnership, a Michigan limited partnership.

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4. Consumers Campus Holdings, LLC  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers Campus Holdings, LLC is a Michigan limited liability company formed for the purpose of being a lessee in the synthetic lease financing of the new Consumers Energy Company building located in downtown Jackson, Michigan.
5. Consumers EnergyGuard Services, Inc.  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers EnergyGuard Services, Inc., is a Michigan corporation formed for the purpose of providing a residential bill payment insurance product to Consumers' residential customers.
6. Consumers Funding LLC  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers Funding LLC is a Delaware limited liability company formed for the purpose of holding property transferred by Consumers and issuer of securitization bonds.
7. Consumers Nuclear Services, LLC  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers Nuclear Services, LLC is a Michigan limited liability company formed for the purpose of holding a 20% member interest in Nuclear Management LLC.
  - 7.1 Nuclear Management Company, LLC (20%)  
Address: 700 First Street, Hudson, Wisconsin 54016  
Nuclear Management Company, LLC is a Wisconsin limited liability company formed for the purpose of ensuring reliability and continued safe operation, to pursue overall excellence in the provision of services as well as to identify efficiencies in the provision of operating services.
8. Consumers Receivables Funding, LLC  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers Receivables Funding, LLC is a Delaware limited liability company formed for the purpose of purchasing receivables from Consumers Energy Company and sell them to a third party.
9. ES Services Company  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
ES Services Company is a Michigan corporation formed for the purpose of offering energy management and related services primarily to electric utilities and generation companies.
10. MEC Development Corp.  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
MEC Development Corp. is a Michigan corporation that previously held assets transferred to Consumers Energy Company.

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- bonds issued by the Midland Cogeneration Venture Limited Partnership, a Michigan
11. Michigan Electric Transmission Company  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Michigan Electric Transmission Company is a Michigan corporation formed for transmission facilities acquired from Consumers. It was merged with and into Company LLC (a Michigan limited liability company) on April 30, 2002, immediately becoming a Limited Holding Partner.
  12. Michigan Gas Storage Company  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Michigan Gas Storage Company is a Michigan corporation and a natural gas storage company under the Natural Gas Act engaged in the interstate transportation and storage of gas for Consumers.
  13. Consumers Parnall Holdings, LLC  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers Parnall Holdings, LLC is a Michigan limited liability corporation for the purpose of holding the interest of CEC Investments I, Inc. and related to the Parnall building pending a purchase of the title to the land by Consumers.
  14. Consumers Power Company Financing I  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers Power Company Financing I is a Delaware Trust established to issue Trust Securities.
  15. Consumers Energy Company Financing II  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers Energy Company Financing II is a Delaware Trust established to issue Trust Securities.
  16. Consumers Energy Company Financing III  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers Energy Company Financing III is a Delaware Trust established to issue Trust Securities.
  17. Consumers Energy Company Financing IV  
Address: 212 West Michigan Avenue, Jackson, Michigan 49201  
Consumers Energy Company Financing IV is a Delaware Trust established to issue Trust Securities.
  18. Consumers Energy Company Financing V

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Address: 212 West Michigan Avenue, Jackson, Michigan 49201

Consumers Energy Company Financing V is a Delaware Trust established to issue T

2. A brief description of the properties of claimant and each of its subsidiary public utility generation, transmission and distribution of electric energy for sale, or for the production of natural or manufactured gas, indicating the location of principal generating plants, transmission fields, gas manufacturing plants, and electric and gas distribution facilities, including a outside the State in which claimant and its subsidiaries are organized and all transmission receive electric energy or gas at the borders of such State.

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 Claimant's subsidiary Consumers is a public utility. Its property and facilities used for transmission located within the State of Michigan and are described below.

### (1) Electric Properties

Consumers' electric generation is supplied by the following plants:

| Name and Location (Michigan)                     | Size and Year<br>Entering Service | 2001<br>Summer Net Demand<br>Capability |
|--|-----------------------------------|---|
| <b>Coal Generation</b>                           |                                   |   |
| J H Campbell 1&2 - West Olive                    | 2 Units, 1962-1967                |   |
| J H Campbell 3 - West Olive                      | 1 Unit, 1980                      |   |
| D E Karn - Essexville                            | 2 Units, 1959-1961                |   |
| B C Cobb - Muskegon                              | 2 Units, 1956-1957                |   |
| J R Whiting - Erie                               | 3 Units, 1952-1953                |   |
| J C Weadock - Essexville                         | 2 Units, 1955-1958                |   |
| <b>Total Coal Generation</b>                     |                                   |   |
| <b>Oil/Gas Generation</b>                        |                                   |   |
| B C Cobb - Muskegon                              | 3 Units, 1999-2000                |   |
| D E Karn - Essexville                            | 2 Units, 1975-1977                |   |
| <b>Total Oil/Gas Generation</b>                  |                                   |   |
| <b>Hydroelectric</b>                             |                                   |   |
| Conventional Hydro Generation                    | 13 Plants, 1907-1949              |   |
| Ludington Pumped Storage                         | 6 Units, 1973                     |   |
| <b>Total Hydroelectric</b>                       |                                   |   |
| <b>Nuclear Generation</b>                        |                                   |   |
| Palisades - South Haven                          | 1 Unit, 1971                      |   |
| <b>Total Nuclear Generation</b>                  |                                   |   |
| <b>Gas/Oil Combustion Turbine<br/>Generation</b> |                                   |   |
|  | 8 Plants, 1966-1999               |   |

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Total Gas/Oil Combustion Turbine

Total owned generation

Purchased and Interchange Power Capacity

TOTAL

- (a) Represents Consumers' share of the capacity of the J H Campbell 3, net of 6.69 percent of the Michigan Public Power Agency and Wolverine Power Supply Cooperative, Inc.).
- (b) Represents Consumers' share of the capacity of Ludington. Consumers and Detroit Edison have 49 percent undivided ownership, respectively, in the plant.
- (c) Represents Consumers' share of net pumped storage generation. This facility electricals are used during off-peak hours for storage to later generate electricity during peak-demand hours.
- (d) Includes 1.8 MW of distributed generation.
- (e) Includes 1,240 MW of purchased contract capacity from the MCV Facility.

Electric subtransmission and distribution lines are located on or under public highways, streets, and easements, except where they are located on or under easements or other rights. Consumers owns 340 miles of distribution radial lines. The subtransmission system consists of 4,152 structural miles of overhead lines, 1,200 subsurface miles of underground lines. The distribution system consists of 54,380 structural miles of overhead lines and 7,801 subsurface miles of underground lines.

Consumers owns substations having an aggregate transformer capacity of 28,868,000 kilovoltamperes.

On April 1, 2001, Consumers transferred its investment in electric transmission lines and substations to its wholly owned subsidiary, Michigan Electric Transmission Company (METC) and on May 1,

2002 sold the entire electric transmission system to an independent third party. The transaction included 1,200 structural miles of overhead lines.

METC owned substations having an aggregate transformer capacity of 12,015,660 kilovoltamperes.

Consumers is interconnected with certain Michigan and neighboring utilities. Consumers owns the rights-of-way and METC owns the non-land assets which connect with the electric transmission system to deliver electric energy at or near the Michigan state border to:

Indiana & Michigan Electric Company at the following interconnection points: Palisades-Cook No. 2, Argenta-Robinson Park and Argenta-Twin Branch; and Northern Indiana Public Service Company at the following interconnection point: Barton Lake-Batavia.

### (2) Gas Properties

Consumers' gas distribution and transmission system consists of 24,746 miles of distribution lines and 1,200 miles of transmission lines throughout Michigan's lower peninsula. It owns and operates six compressor stations with a total of 1,200 installed horsepower. Consumers has 11 gas storage fields located across Michigan with an aggregate capacity of 1,200 million cubic feet.

Michigan Gas Storage's transmission system consists of 521 miles of pipelines within Michigan. It owns and operates two compressor stations with a total of 53,500 installed horsepower. Michigan Gas Storage also owns and operates two gas storage fields with a total capacity of 1,200 million cubic feet.

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located in Osceola, Clare and Missaukee counties of Michigan with an aggregate storage capacity of

In November 2001, Michigan Gas storage filed an application with the Federal Energy Regulatory Commission for an exemption from provisions of the National Gas Act. Upon approval of the application, it is intended that its facilities would be merged into Consumers Energy Company.

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3. The following information for the last calendar year with respect to claimant and each of its utility companies:  
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ELECTRIC ENERGY

(a) Number of kWh of electric energy sold (at retail or wholesale).

Total Electric Energy Sold

(b) Number of kWh of electric energy distributed at retail outside Michigan.

Total Electric Energy Distributed Outside of the State of Michigan

(c) Number of kWh of electric energy sold at wholesale outside Michigan or at Michigan's state line.

Total Electric Energy Sold at Wholesale Outside

the State of Michigan or at Michigan's State Line.

(d) Number of kWh of electric energy purchased outside Michigan or at Michigan's state line.

Total Electric Energy Purchased Outside of Michigan

NATURAL GAS

CMS Energy information reports for natural gas, as it does not deal with or in manufactured gas.

(a) Number of Mcf of natural gas distributed at retail.

Total Natural Gas Distributed at Retail

(b) Number of Mcf of natural gas distributed at retail outside Michigan.

Total Natural Gas Distributed at Retail  
Outside the State of Michigan

(c) Number of Mcf of natural gas sold at wholesale outside Michigan or at Michigan's state line.

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Total Natural Gas Sold at Wholesale Outside Michigan or at Michigan's State Line.

(d) Number of Mcf of natural gas purchased outside Michigan.

Total Natural Gas Purchased Outside of Michigan

4. The following information for the reporting period with respect to claimant and indirectly in an EWG or a foreign utility company, stating monetary amounts in United States dollars:
- (a) Name, location, business address and description of the facilities used by the EWG or foreign utility company for the generation, transmission and distribution of electric energy for sale or for the distribution of manufactured gas;  
NONE
  - (b) Name of each system company that holds an interest in such EWG or foreign utility company;  
NONE
  - (c) Type and amount of the capital invested, directly or indirectly, by the holding company or any indirect guarantor of the security of the EWG or foreign utility company by the holding company, and any debt or other financial obligation for which there is recourse, directly or indirectly, by the holding company, claiming exemption or another system company, other than the EWG or foreign utility company;  
NONE
  - (d) Capitalization and earnings of the EWG or foreign utility company during the reporting period;  
NONE
  - (e) Identify any service, sales or construction contract(s) between the EWG or foreign utility company and describe the services to be rendered or goods sold and fees or revenues under such contract(s);  
NONE

Exhibit A-1 Consolidating statement of income and surplus of Claimant and its subsidiary companies together with a consolidating balance sheet of Claimant and its subsidiary companies as of the close of the reporting period.

Exhibit B- Not Applicable

The above-named Claimant has caused this statement to be duly executed on its behalf by its authorized officer on June 10, 2002.

CONSUMERS ENERGY COMPANY  
A Michigan corporation

[CORPORATE SEAL]

By: /s/David A. Mikelonis .  
David A. Mikelonis  
Senior Vice President and General Counsel

ATTEST:

/s/Michael D. VanHemert  
Michael D. VanHemert



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Assistant Secretary

Name, title, and address of officer to whom notices and correspondence concerning this Statement

David A. Mikelonis  
Senior Vice President and  
General Counsel  
Consumers Energy Company  
2123 West Michigan Avenue  
Jackson, Michigan 49201

## EXHIBIT A

A consolidating statement of income and surplus of Consumers Energy Company and its subsidiary company for the year, together with a consolidating balance sheet of Consumers Energy Company and its subsidiary company for the calendar year is attached.

CONSUMERS ENERGY COMPANY  
Consolidating Statement of Income  
For the Year Ended December 31, 2001  
(In Millions)

|   | Consumers<br>Energy<br>Company | Michigan<br>Electric<br>Transmission<br>Company | Consumers<br>Funding LLC | CMS<br>Midland<br>Holdings<br>Company |
|---|--------------------------------|---|--------------------------|---------------------------------------|
| Operating Revenue                                     |                                |   |                          |                                       |
| Electric  | \$2,649                        | \$82  | \$0                      | \$0                                   |
| Gas   | 1,337                          | 0   | 0                        | 0                                     |
| Other   | (1)                            | 0   | 0                        | 14                                    |
|   | -----                          | -----   | -----                    | -----                                 |
| Total operating revenue                               | 3,985                          | 82  | 0                        | 14                                    |
|   | -----                          | -----   | -----                    | -----                                 |
| Operating Expenses                                    |                                |   |                          |                                       |
| Fuel for electric generation                          | 330                            | 0   | 0                        | 0                                     |
| Purchased power -<br>related parties                  | 604                            | 0   | 0                        | 0                                     |
| Purchased and interchange<br>Power                    | 476                            | 0   | 0                        | 0                                     |
| Cost of gas sold                                      | 707                            | 0   | 0                        | 0                                     |
| Cost of gas sold-<br>related parties                  | 143                            | 0   | 0                        | 0                                     |
| Loss on power purchases agreement-<br>MCV Partnership | 126                            | 0   | 0                        | 0                                     |
| Other   | 621                            | 27  | 0                        | 0                                     |
| Maintenance   | 199                            | 10  | 0                        | 0                                     |
| Depreciation, depletion<br>and amortization           | 328                            | 8   | 0                        | 0                                     |
| General Taxes   | 181                            | 4   | 0                        | 0                                     |

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|  |       |    |   |    |
|--|-------|----|---|----|
| Total operating expenses   | 3,715 | 49 | 0 | 0  |
| Pretax Operating Income  | 270   | 33 | 0 | 14 |
| Other Income (Deductions)  |       |    |   |    |
| Dividends and interest   |       |    |   |    |
| From affiliates  | 7     | 1  | 3 | 0  |
| Accretion expense  | (10)  | 0  | 0 | 0  |
| Other, net   | 56    | 0  | 0 | 0  |
| Total other income (deductions)  | 53    | 1  | 3 | 0  |
| Interest Charges   |       |    |   |    |
| Interest on long-term debt   | 148   | 0  | 3 | 0  |
| Other interest   | 88    | 0  | 0 | 0  |
| Capitalized interest   | (6)   | 0  | 0 | 0  |
| Net interest charges   | 230   | 0  | 3 | 0  |
| Net Income (Loss) Before Income Taxes  | 93    | 34 | 0 | 14 |
| Income Taxes   | 24    | 12 | 0 | 3  |
| Net Income (Loss) Before Cumulative Effect of Change in Accounting Principle | 69    | 22 | 0 | 11 |
| Cumulative Effect of Change in Accounting for Derivative Instruments         | (11)  | 0  | 0 | 0  |
|  | 58    | 22 | 0 | 11 |
| Preferred Stock Dividends  | 2     | 0  | 0 | 0  |
| Preferred Stock Distribution   | 0     | 0  | 0 | 0  |

Consumers  
Energy

Michigan  
Electric  
Transmission

Consumers

CMS  
Midland  
Holdings

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|  | Company | Company | Funding LLC | Company |
|--|---------|---------|-------------|---------|
| Net Income (Loss) Available<br>To Common Stockholder | 56      | 22      | 0           | 11      |
| Dividends on Common Stock                            | 190     | 0       | 0           | 0       |
| Net Income (Loss) After Common<br>Dividends          | \$(134) | \$22    | \$0         | \$11    |

CONSUMERS ENERGY COMPANY  
Consolidating Statement of Income  
For the Year Ended December 31, 2001 (Continued)  
(In Millions)

|   | ES<br>Services<br>Company<br>(1) | CMS<br>Engineering<br>Company (2) | MEC<br>Development<br>Corporation<br>(3) | Consumers<br>Power<br>Company<br>Financing I | Consumers<br>Energy<br>Company<br>Financing<br>II |
|---|----------------------------------|-----------------------------------|--|--|---|
| Operating Revenue                                     |                                  |                                   |  |  |   |
| Electric  | \$0                              | \$0                               | \$0                                      | \$0  | \$0   |
| Gas   | 0                                | 0                                 | 0  | 0  | 0   |
| Other   | 5                                | 1                                 | 0  | 0  | 0   |
| Total operating revenue                               | 5                                | 1                                 | 0  | 0  | 0   |
| Operating Expenses                                    |                                  |                                   |  |  |   |
| Fuel for electric generation                          | 0                                | 0                                 | 0  | 0  | 0   |
| Purchased power -<br>Related parties                  | 0                                | 0                                 | 0  | 0  | 0   |
| Purchased and interchange<br>Power                    | 0                                | 0                                 | 0  | 0  | 0   |
| Cost of gas sold                                      | 0                                | 0                                 | 0  | 0  | 0   |
| Cost of gas sold-<br>Related parties                  | 0                                | 0                                 | 0  | 0  | 0   |
| Loss on power purchases agreement-<br>MCV Partnership | 0                                | 0                                 | 0  | 0  | 0   |
| Other   | 5                                | 1                                 | 0  | 0  | 0   |
| Maintenance   | 0                                | 0                                 | 0  | 0  | 0   |
| Depreciation, depletion<br>and amortization           | 0                                | 0                                 | 0  | 0  | 0   |
| General Taxes   | 0                                | 0                                 | 0  | 0  | 0   |
| Total operating expenses                              | 5                                | 1                                 | 0  | 0  | 0   |

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|  |   |   |   |   |    |
|--|---|---|---|---|----|
| Pretax Operating Income  | 0 | 0 | 0 | 0 | 0  |
| Other Income (Deductions)  | 0 | 0 | 0 | 0 | 0  |
| Dividends and interest<br>from affiliates  | 0 | 0 | 0 | 9 | 10 |
| Accretion expense  | 0 | 0 | 0 | 0 | 0  |
| Other, net   | 0 | 0 | 0 | 0 | 0  |
| Total other income<br>(deductions)   | 0 | 0 | 0 | 9 | 10 |
| Interest Charges   |   |   |   |   |    |
| Interest on long-term debt   | 0 | 0 | 0 | 0 | 0  |
| Other interest   | 0 | 0 | 0 | 0 | 0  |
| Capitalized interest   | 0 | 0 | 0 | 0 | 0  |
| Net interest charges   | 0 | 0 | 0 | 0 | 0  |
| Net Income (Loss) Before Income<br>Taxes   | 0 | 0 | 0 | 9 | 10 |
| Income Taxes   | 0 | 0 | 0 | 0 | 0  |
| Net Income (Loss) Before Cumulative<br>Effect of Change in Accounting<br>Principle | 0 | 0 | 0 | 9 | 10 |
| Cumulative Effect of Change in<br>Accounting for Derivative<br>Instruments         | 0 | 0 | 0 | 0 | 0  |

|  | ES<br>Services<br>Company<br>(1) | CMS<br>Engineering<br>Company (2) | MEC<br>Development<br>Corporation<br>(3) | Consumers<br>Power<br>Company<br>Financing I | C<br>E<br>C<br>F<br>I |
|--|----------------------------------|-----------------------------------|--|--|-----------------------|
| Net Income (Loss)                                    | 0                                | 0                                 | 0  | 9  |                       |
| Preferred Stock Dividends                            | 0                                | 0                                 | 0  | 0  |                       |
| Preferred Stock Distribution                         | 0                                | 0                                 | 0  | 9  |                       |
| Net Income (Loss) Available<br>To Common Stockholder | 0                                | 0                                 | 0  | 0  |                       |

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|  |     |     |     |     |
|--|-----|-----|-----|-----|
| Dividends on Common Stock                | 0   | 0   | 0   | 0   |
| Net Income (Loss) After Common Dividends | \$0 | \$0 | \$0 | \$0 |

- (1) Net Income (Loss) After Common Dividends, not rounded to millions, is \$22,868  
(2) Net Income (Loss) After Common Dividends, not rounded to millions, is \$(2,113)  
(3) Net Income (Loss) After Common Dividends, not rounded to millions, is \$(10)

CONSUMERS ENERGY COMPANY  
Consolidating Statement of Income  
For the Year Ended December 31, 2001 (Continued)  
(In Millions)

|   | Consumers<br>Energy<br>Guard<br>Services<br>(4) | Consumers<br>Nuclear<br>Services, LLC<br>(5) | Michigan Gas<br>Storage Company | Consumers<br>Parnall<br>Holdings,<br>LLC (6) |
|---|---|--|---------------------------------|--|
| Operating Revenue                           |   |  |                                 |  |
| Electric                                    | \$0   | \$0  | \$0                             | \$0  |
| Gas   | 0   | 0  | 21                              | 0  |
| Other                                       | 0   | 0  | 0                               | 0  |
| <b>Total operating revenue</b>              | <b>0</b>  | <b>0</b>                                     | <b>21</b>                       | <b>0</b>                                     |
| Operating Expenses                          |   |  |                                 |  |
| Fuel for electric generation                | 0   | 0  | 0                               | 0  |
| Purchased power -<br>Related parties        | 0   | 0  | 0                               | 0  |
| Purchased and interchange<br>Power          | 0   | 0  | 0                               | 0  |
| Cost of gas sold                            | 0   | 0  | 0                               | 0  |
| Cost of gas sold-<br>Related parties        | 0   | 0  | 0                               | 0  |
| Loss on power purchases<br>agreement-       |   |  |                                 |  |
| MCV Partnership                             | 0   | 0  | 0                               | 0  |
| Other                                       | 0   | 0  | 9                               | 0  |
| Maintenance                                 | 0   | 0  | 3                               | 0  |
| Depreciation, depletion<br>and amortization | 0   | 0  | 1                               | 0  |
| General Taxes                               | 0   | 0  | 2                               | 0  |
| <b>Total operating expenses</b>             | <b>0</b>  | <b>0</b>                                     | <b>15</b>                       | <b>0</b>                                     |
| <b>Pretax Operating Income</b>              | <b>0</b>  | <b>0</b>                                     | <b>6</b>                        | <b>0</b>                                     |

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|  |   |  |                                 |  |
|--|---|--|---------------------------------|--|
| Other Income (Deductions)  | 0   | 0  | 0                               | 0  |
| Dividends and interest<br>from affiliates  | 0   | 0  | 0                               | 0  |
| Accretion expense  | 0   | 0  | 0                               | 0  |
| Other, net   | 0   | 0  | 0                               | 0  |
| <br>   |   |  |                                 |  |
| Total other income<br>(deductions)   | 0   | 0  | 0                               | 0  |
| <br>   |   |  |                                 |  |
| Interest Charges   |   |  |                                 |  |
| Interest on long-term debt   | 0   | 0  | 0                               | 0  |
| Other interest   | 0   | 0  | 0                               | 0  |
| Capitalized interest   | 0   | 0  | 0                               | 0  |
| <br>   |   |  |                                 |  |
| Net interest charges   | 0   | 0  | 0                               | 0  |
| <br>   |   |  |                                 |  |
| Net Income (Loss) Before Income<br>Taxes   | 0   | 0  | 6                               | 0  |
| Income Taxes   | 0   | 0  | 2                               | 0  |
| <br>   |   |  |                                 |  |
| Net Income (Loss) Before Cumulative<br>Effect of Change in Accounting<br>Principle | 0   | 0  | 4                               | 0  |
| Cumulative Effect of Change in<br>Accounting for Derivative<br>Instruments         | 0   | 0  | 0                               | 0  |
| <br>   |   |  |                                 |  |
| Net Income (Loss)  | 0   | 0  | 4                               | 0  |
| Preferred Stock Dividends  | 0   | 0  | 0                               | 0  |
| Preferred Stock Distribution   | 0   | 0  | 0                               | 0  |
| <br>   |   |  |                                 |  |
|  | Consumers<br>Energy<br>Guard<br>Services<br>(4) | Consumers<br>Nuclear<br>Services, LLC<br>(5) | Michigan Gas<br>Storage Company | Consumers<br>Parnall<br>Holdings,<br>LLC (6) |
| Net Income (Loss) Available<br>To Common Stockholder                               | 0   | 0  | 4                               | 0  |

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|  |     |     |     |     |
|--|-----|-----|-----|-----|
| Dividends on Common Stock                | 0   | 0   | 0   | 0   |
| Net Income (Loss) After Common Dividends | \$0 | \$0 | \$4 | \$0 |

- (4) Net Income (Loss) After Common Dividends, not rounded to millions, is \$(17,472)  
(5) Net Income (Loss) After Common Dividends, not rounded to millions, is \$71,553  
(6) Net Income (Loss) After Common Dividends, not rounded to millions, is \$78,135

CONSUMERS ENERGY COMPANY  
Consolidating Balance Sheet Assets  
December 31, 2001  
(In Millions)

|  | Consumers<br>Energy<br>Company | Michigan<br>Electric<br>Transmission<br>Company | Consumers<br>Funding LLC | CMS<br>Midland<br>Holdings<br>Company |
|--|--------------------------------|---|--------------------------|---------------------------------------|
| Plant (At original cost)                                     |                                |   |                          |                                       |
| Electric   | \$7,211                        | \$450   | \$0                      | \$0                                   |
| Gas  | 2,475                          | 0   | 0                        | 0                                     |
| Other  | 17                             | 0   | 0                        | 0                                     |
|  | 9,703                          | 450   | 0                        | 0                                     |
| Less accumulated depreciation,<br>depletion and amortization | 5,656                          | 219   | 0                        | 0                                     |
|  | 4,047                          | 231   | 0                        | 0                                     |
| Construction work-in-progress                                | 429                            | 29  | 0                        | 0                                     |
|  | 4,476                          | 260   | 0                        | 0                                     |
| Investments  |                                |   |                          |                                       |
| Stock of affiliates  | 744                            | 0   | 0                        | 0                                     |
| First Midland Limited<br>Partnership                         | 0                              | 0   | 0                        | 253                                   |
| Midland Cogeneration<br>Venture Limited Partnership          | 0                              | 0   | 0                        | 0                                     |
|  | 744                            | 0   | 0                        | 253                                   |

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Current Assets

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Cash and temporary cash                 |       |       |       |       |
| Investments                             | 6     | 0     | 4     | 0     |
| Accounts receivable and accrued revenue | 115   | 17    | 0     | 0     |
| Accounts receivable - related parties   | 46    | 27    | 1     | 0     |
| Notes receivable - related parties      | 0     | 0     | 16    | 0     |
| Inventories at average cost -           |       |       |       |       |
| Gas in underground storage              | 569   | 0     | 0     | 0     |
| Materials and supplies                  | 63    | 6     | 0     | 0     |
| Generating plant fuel stock             | 52    | 0     | 0     | 0     |
| Prepaid property taxes                  | 144   | 0     | 0     | 0     |
| Regulatory assets                       | 19    | 0     | 0     | 0     |
| Other                                   | 4     | 10    | 0     | 0     |
|   | ----- | ----- | ----- | ----- |
|   | ----- | ----- | ----- | ----- |
|   | 1,018 | 60    | 21    | 0     |
|   | ----- | ----- | ----- | ----- |
|   | ----- | ----- | ----- | ----- |

Non-current Assets

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Regulatory Assets                             |       |       |       |       |
| Securitization costs                          | 717   | 0     | 0     | 0     |
| Postretirement benefits                       | 206   | 0     | 0     | 0     |
| Abandoned Midland project                     | 12    | 0     | 0     | 0     |
| Other   | 167   | 0     | 0     | 0     |
| Nuclear decommissioning trust funds           | 581   | 0     | 0     | 0     |
| Long-term notes receivables - related parties | 0     | 0     | 453   | 0     |
| Other   | 175   | 0     | 0     | 0     |
|   | ----- | ----- | ----- | ----- |
|   | ----- | ----- | ----- | ----- |
|   | 1,858 | 0     | 453   | 0     |
|   | ----- | ----- | ----- | ----- |
|   | ----- | ----- | ----- | ----- |

|              |         |       |       |       |
|--------------|---------|-------|-------|-------|
| Total Assets | \$8,096 | \$320 | \$474 | \$253 |
|              | -----   | ----- | ----- | ----- |

CONSUMERS ENERGY COMPANY  
Consolidating Balance Sheet Assets  
December 31, 2001 Continued  
(In Millions)

|                          |                     |                     |                                 |                                     |                                       |
|--------------------------|---------------------|---------------------|---------------------------------|-------------------------------------|---------------------------------------|
|                          | ES Services Company | CMS Engineering (1) | MEC Development Corporation (2) | Consumers Power Company Financing I | Consumers Energy Company Financing II |
| Plant (At original cost) |                     |                     |                                 |                                     |                                       |
| Electric                 | \$0                 | \$0                 | \$0                             | \$0                                 | \$0                                   |
| Gas                      | 0                   | 0                   | 0                               | 0                                   | 0                                     |



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|  |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|
| Other  | 0     | 0     | 0     | 0     | 0     |
|  | ----- | ----- | ----- | ----- | ----- |
|  | ----- | ----- | ----- | ----- | ----- |
| Less accumulated depreciation,<br>depletion and amortization | 0     | 0     | 0     | 0     | 0     |
|  | ----- | ----- | ----- | ----- | ----- |
|  | ----- | ----- | ----- | ----- | ----- |
| Construction work-in-progress                                | 0     | 0     | 0     | 0     | 0     |
|  | ----- | ----- | ----- | ----- | ----- |
|  | ----- | ----- | ----- | ----- | ----- |
|  | 0     | 0     | 0     | 0     | 0     |
|  | ----- | ----- | ----- | ----- | ----- |
|  | ----- | ----- | ----- | ----- | ----- |
| Investments  |       |       |       |       |       |
| Stock of affiliates  | 0     | 0     | 0     | 0     | 0     |
| First Midland Limited<br>Partnership                         | 0     | 0     | 0     | 0     | 0     |
| Midland Cogeneration<br>Venture Limited<br>Partnership       | 0     | 0     | 0     | 0     | 0     |
|  | ----- | ----- | ----- | ----- | ----- |
|  | ----- | ----- | ----- | ----- | ----- |
|  | 0     | 0     | 0     | 0     | 0     |
|  | ----- | ----- | ----- | ----- | ----- |
|  | ----- | ----- | ----- | ----- | ----- |
| Current Assets   |       |       |       |       |       |
| Cash and temporary cash                                      |       |       |       |       |       |
| Investments  | 1     | 0     | 0     | 0     | 0     |
| Accounts receivable and<br>accrued revenue                   | 0     | 0     | 0     | 0     | 0     |
| Accounts receivable -<br>related parties                     | 1     | 0     | 0     | 0     | 0     |
| Notes receivable -<br>related parties                        | 0     | 0     | 0     | 0     | 0     |
| Inventories at average cost-                                 |       |       |       |       |       |
| Gas in underground storage                                   | 0     | 0     | 0     | 0     | 0     |
| Materials and supplies                                       | 0     | 0     | 0     | 0     | 0     |
| Generating plant fuel stock                                  | 0     | 0     | 0     | 0     | 0     |
| Regulatory assets  | 0     | 0     | 0     | 0     | 0     |
| Other  | 0     | 0     | 0     | 0     | 0     |
|  | ----- | ----- | ----- | ----- | ----- |
|  | ----- | ----- | ----- | ----- | ----- |
|  | 2     | 0     | 0     | 0     | 0     |
|  | ----- | ----- | ----- | ----- | ----- |
|  | ----- | ----- | ----- | ----- | ----- |
| Non-current Assets   |       |       |       |       |       |
| Regulatory Assets  |       |       |       |       |       |
| Securitization costs   | 0     | 0     | 0     | 0     | 0     |
| Postretirement benefits                                      | 0     | 0     | 0     | 0     | 0     |

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|                           |   |   |   |   |   |
|---------------------------|---|---|---|---|---|
| Abandoned Midland project | 0 | 0 | 0 | 0 | 0 |
| Other                     | 0 | 0 | 0 | 0 | 0 |

|   | ES<br>Services<br>Company | CMS<br>Engineering<br>(1) | MEC<br>Development<br>Corporation<br>(2) | Consumers<br>Power<br>Company<br>Financing I | Consumers<br>Energy<br>Company<br>Financing<br>II |
|---|---------------------------|---------------------------|--|--|---|
| Nuclear decommissioning<br>trust funds          | 0                         | 0                         | 0  | 0  | 0   |
| Long-term notes receivables-<br>related parties | 0                         | 0                         | 0  | 103  | 124   |
| Other   | 0                         | 0                         | 0  | 0  | 0   |
|   | -----                     | -----                     | -----                                    | -----  | -----   |
|   | 0                         | 0                         | 0  | 103  | 124   |
|   | -----                     | -----                     | -----                                    | -----  | -----   |
| Total Assets                                    | \$2                       | \$0                       | \$0                                      | \$103  | \$124   |

(1) Total Assets, not rounded to millions, is \$316,385

(2) Total Assets, not rounded to millions, is \$985

CONSUMERS ENERGY COMPANY  
Consolidating Balance Sheet Assets  
December 31, 2001 Continued  
(In Millions)

|  | Consumers<br>Energy<br>Guard<br>Services<br>(3) | Consumers<br>Nuclear<br>Services, LLC | Michigan<br>Gas<br>Storage<br>Company | Consumers<br>Parnall<br>Holdings,<br>LLC | Inter<br>Elimi |
|--|---|---------------------------------------|---------------------------------------|--|----------------|
| Plant (At original cost)                                     |   |                                       |                                       |  |                |
| Electric   | \$0   | \$0                                   | \$0                                   | \$0                                      | \$0            |
| Gas  | 0   | 0                                     | 118                                   | 0  | 0              |
| Other  | 0   | 0                                     | 0                                     | 6  | 0              |
|  | -----   | -----                                 | -----                                 | -----                                    | -----          |
|  | 0   | 0                                     | 118                                   | 6  | 0              |
|  | -----   | -----                                 | -----                                 | -----                                    | -----          |
| Less accumulated depreciation,<br>depletion and amortization | 0   | 0                                     | 59                                    | 0  | 0              |
|  | -----   | -----                                 | -----                                 | -----                                    | -----          |
|  | 0   | 0                                     | 59                                    | 6  | 0              |
|  | -----   | -----                                 | -----                                 | -----                                    | -----          |
| Construction work-in-progress                                | 0   | 0                                     | 6                                     | 0  | 0              |

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|  |     |     |      |     |         |
|--|-----|-----|------|-----|---------|
|  | 0   | 0   | 65   | 6   | 0       |
| Investments                                      |     |     |      |     |         |
| Stock of affiliates                              | 0   | 2   | 0    | 0   | (687)   |
| First Midland Limited Partnership                | 0   | 0   | 0    | 0   | 0       |
| Midland Cogeneration Venture Limited Partnership | 0   | 0   | 0    | 0   | 0       |
|  | 0   | 2   | 0    | 0   | (687)   |
| Current Assets                                   |     |     |      |     |         |
| Cash and temporary cash investments              | 0   | 0   | 3    | 0   | 0       |
| Accounts receivable and accrued revenue          | 0   | 0   | 0    | 0   | (7)     |
| Accounts receivable - related parties            | 0   | 0   | 2    | 0   | (60)    |
| Notes receivable - related parties               | 0   | 0   | 0    | 0   | (26)    |
| Inventories at average cost-                     |     |     |      |     |         |
| Gas in underground storage                       | 0   | 0   | 0    | 0   | 0       |
| Materials and supplies                           | 0   | 0   | 0    | 0   | 0       |
| Generating plant fuel stock                      | 0   | 0   | 0    | 0   | 0       |
| Prepaid property taxes                           | 0   | 0   | 0    | 0   | 0       |
| Regulatory assets                                | 0   | 0   | 0    | 0   | 0       |
| Other  | 0   | 0   | 0    | 0   | 0       |
|  | 0   | 0   | 5    | 0   | (93)    |
| Non-current Assets                               |     |     |      |     |         |
| Regulatory Assets                                |     |     |      |     |         |
| Securitization costs                             | 0   | 0   | 0    | 0   | 0       |
| Postretirement benefits                          | 0   | 0   | 3    | 0   | 0       |
| Abandoned Midland project                        | 0   | 0   | 0    | 0   | 0       |
| Other  | 0   | 0   | 0    | 0   | 0       |
| Nuclear decommissioning trust funds              | 0   | 0   | 0    | 0   | 0       |
| Long-term notes receivables-related parties      | 0   | 0   | 0    | 0   | (989)   |
| Other  | 0   | 0   | 1    | 0   | 0       |
|  | 0   | 0   | 4    | 0   | (989)   |
| Total Assets                                     | \$0 | \$2 | \$74 | \$6 | \$ (1,7 |

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(3) Total Assets, not rounded to millions, is \$69,786

CONSUMERS ENERGY COMPANY  
 Consolidating Balance Sheet - Equity and Liabilities  
 December 31, 2001  
 (In Millions)

|   | Consumers<br>Energy<br>Company | Michigan<br>Electric<br>Transmission<br>Company | Consumers<br>Funding LLC | CMS<br>Midland<br>Holdings<br>Company | CMS<br>Midla<br>Inc. |
|---|--------------------------------|---|--------------------------|---------------------------------------|----------------------|
| <b>Capitalization</b>   |                                |   |                          |                                       |                      |
| Common Stockholders' Equity   |                                |   |                          |                                       |                      |
| Common stock  | \$841                          | \$0   | \$0                      | \$0                                   | \$0                  |
| Paid-in-capital   | 633                            | 198   | 2                        | 54                                    | 168                  |
| Revaluation capital   | 5                              | 0   | 0                        | 0                                     | (8)                  |
| Retained earnings   | 372                            | 22  | 0                        | 35                                    | 137                  |
|   | -----                          | -----   | -----                    | -----                                 | -----                |
|   | 1,851                          | 220   | 2                        | 89                                    | 297                  |
| Preferred stock   | 44                             | 0   | 0                        | 0                                     | 0                    |
| Company-obligated mandatorily<br>redeemable preferred<br>securities of subsidiaries | 0                              | 0   | 0                        | 0                                     | 0                    |
| Long-term debt  | 2,018                          | 0   | 453                      | 0                                     | 0                    |
| Intercompany long-term<br>notes payable   | 989                            | 0   | 0                        | 0                                     | 0                    |
| Non-current portion of capital leases   | 56                             | 0   | 0                        | 0                                     | 0                    |
|   | -----                          | -----   | -----                    | -----                                 | -----                |
|   | 4,958                          | 220   | 455                      | 89                                    | 297                  |
|   | -----                          | -----   | -----                    | -----                                 | -----                |
| <b>Current Liabilities</b>  |                                |   |                          |                                       |                      |
| Current portion of long-term<br>debt and capital leases                             |                                |   |                          |                                       |                      |
|   | 240                            | 0   | 16                       | 0                                     | 0                    |
| Notes Payable   | 416                            | 0   | 0                        | 0                                     | 0                    |
| Intercompany notes payable  | 26                             | 0   | 0                        | 0                                     | 0                    |
| Accounts payable  | 293                            | 0   | 0                        | 0                                     | 0                    |
| Accrued taxes   | 213                            | 11  | 0                        | 4                                     | (8)                  |
| Accounts payable - related<br>Parties   | 117                            | 18  | 0                        | 0                                     | 0                    |
| Deferred income taxes   | 12                             | 0   | 0                        | 0                                     | 0                    |
| Other   | 256                            | 0   | 3                        | 0                                     | 0                    |
|   | -----                          | -----   | -----                    | -----                                 | -----                |
|   | 1,573                          | 29  | 19                       | 4                                     | (8)                  |
|   | -----                          | -----   | -----                    | -----                                 | -----                |
| <b>Non-current Liabilities</b>  |                                |   |                          |                                       |                      |
| Deferred income taxes   | 530                            | 42  | 0                        | 146                                   | 22                   |
| Postretirement benefits   | 276                            | 0   | 0                        | 0                                     | 0                    |

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|  |         |       |       |       |       |
|--|---------|-------|-------|-------|-------|
| Regulatory liabilities for income taxes, net | 276     | 0     | 0     | 0     | 0     |
| Power purchase agreement - MCV Partnership   | 169     | 0     | 0     | 0     | 0     |
| Deferred investment tax credit               | 87      | 0     | 0     | 14    | 1     |
| Other  | 227     | 29    | 0     | 0     | 0     |
|  | -----   | ----- | ----- | ----- | ----- |
|  | 1,565   | 71    | 0     | 160   | 23    |
|  | -----   | ----- | ----- | ----- | ----- |
| Total Stockholders' Equity and Liabilities   | \$8,096 | \$320 | \$474 | \$253 | \$312 |
|  | -----   | ----- | ----- | ----- | ----- |

(1) Total Stockholders' Equity and Liabilities, not rounded to millions, is \$316,385

CONSUMERS ENERGY COMPANY  
 Consolidating Balance Sheet - Equity and Liabilities  
 December 31, 2001  
 (In Millions)

|   | MEC<br>Development<br>Corporation<br>(2) | Consumers<br>Power<br>Company<br>Financing I | Consumers<br>Energy<br>Company<br>Financing<br>II | Consumers<br>Energy<br>Company<br>Financing<br>III | Consumers<br>Energy<br>Company<br>Financing<br>IV |
|---|--|--|---|--|---|
| Capitalization  |  |  |   |  |   |
| Common Stockholders' Equity   |  |  |   |  |   |
| Common stock  | \$0                                      | 3  | \$4   | \$5  | \$4   |
| Paid-in-capital   | 0  | 0  | 0   | 0  | 0   |
| Revaluation capital   | 0  |  |   |  |   |
| Retained earnings   | 0  | 0  | 0   | 0  | 0   |
|   | -----                                    | -----  | -----   | -----  | -----   |
| Preferred stock   | 0  | 3  | 4   | 5  | 4   |
| Company-obligated mandatorily redeemable preferred securities of subsidiaries | 0  | 100  | 120   | 175  | 125   |
| Long-term debt  | 0  | 0  | 00  | 0  | 0   |
| Intercompany long-term notes payable  | 0  | 0  | 0   | 0  | 0   |
| Non-current portion of capital leases   | 0  | 0  | 0   | 0  | 0   |
|   | -----                                    | -----  | -----   | -----  | -----   |
|   | 0  | 103  | 124   | 180  | 129   |
|   | -----                                    | -----  | -----   | -----  | -----   |
| Current Liabilities   |  |  |   |  |   |
| Current portion of long-term debt and capital leases                          | 0  | 0  | 0   | 0  | 0   |

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|  |   |     |     |     |     |
|--|---|-----|-----|-----|-----|
| Notes Payable                                | 0 | 0   | 0   | 0   | 0   |
| Intercompany notes payable                   | 0 | 0   | 0   | 0   | 0   |
| Accounts payable                             | 0 | 0   | 0   | 0   | 0   |
| Accrued taxes                                | 0 | 0   | 0   | 0   | 0   |
| Accounts payable - related Parties           |   | 0   | 0   | 0   |     |
| Deferred income taxes                        | 0 | 0   | 0   | 0   | 0   |
| Other  | 0 | 0   | 0   | 0   | 0   |
|  | 0 | 0   | 0   | 0   | 0   |
| Non-current Liabilities                      |   |     |     |     |     |
| Deferred income taxes                        | 0 | 0   | 0   | 0   | 0   |
| Postretirement benefits                      | 0 | 0   | 0   | 0   | 0   |
| Regulatory liabilities for income taxes, net | 0 | 0   | 0   | 0   | 0   |
| Power purchase agreement - MCV Partnership   | 0 | 0   | 0   | 0   | 0   |
| Deferred investment tax credit               | 0 | 0   | 0   | 0   | 0   |
| Other  | 0 | 0   | 0   | 0   | 0   |
|  | 0 | 0   | 0   | 0   | 0   |
| Total Stockholders' Equity and Liabilities   | 0 | 103 | 124 | 180 | 129 |

(2) Total Stockholders' Equity and Liabilities, not rounded to millions, is \$985

(3) Total Stockholders' Equity and Liabilities, not rounded to millions, is \$69,786

CONSUMERS ENERGY COMPANY  
Consolidating Balance Sheet - Equity and Liabilities  
December 31, 2001  
(In Millions)

|                             | Consumers<br>Nuclear<br>Services, LLC | Michigan<br>Gas<br>Storage<br>Company | Consumers<br>Parnall<br>Holdings,<br>LLC | InterCompany<br>Eliminations | Consumers<br>Energy<br>Company<br>Consol. |
|-----------------------------|---------------------------------------|---------------------------------------|--|------------------------------|---|
| Capitalization              |                                       |                                       |  |                              |   |
| Common Stockholders' Equity |                                       |                                       |  |                              |   |
| Common stock                | \$0                                   | \$15                                  | \$0                                      | \$(31)                       | \$841                                     |
| Paid-in-capital             | 2                                     | 0                                     | 4  | (430)                        | 632                                       |
| Revaluation capital         | 0                                     | 0                                     |  | 7                            | 4   |
| Retained earnings           | 0                                     | 40                                    |  | (233)                        | 373                                       |

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|  |     |      |     |           |         |
|--|-----|------|-----|-----------|---------|
|  | 2   | 55   | 4   | (687)     | 1,850   |
| Preferred stock  |     |      |     | 0         | 44      |
| Company-obligated mandatorily<br>redeemable preferred<br>securities of<br>subsidiaries | 0   | 0    |     | 0         | 520     |
| Long-term debt   | 0   | 0    | 1   | 0         | 2,472   |
| Intercompany long-term<br>notes payable  | 0   | 0    |     | (989)     | 0       |
| Non-current portion of<br>capital leases   | 0   | 0    |     | 0         | 56      |
|  | 2   | 55   | 5   | (1,676)   | 4,942   |
| Current Liabilities  |     |      |     |           |         |
| Current portion of long-term<br>debt and capital leases                                | 0   | 0    | 1   | 0         | 257     |
| Notes Payable  | 0   | 0    | 0   | 0         | 416     |
| Intercompany notes payable   | 0   | 0    | 0   | (26)      | 0       |
| Accounts payable   | 0   | 5    | 0   | (7)       | 291     |
| Accrued taxes  | 0   | (1)  | 0   | 0         | 219     |
| Accounts payable - related<br>Parties  | 0   | 4    | 0   | (60)      | 80      |
| Deferred income taxes  | 0   | 0    | 0   | 0         | 12      |
| Other  | 0   | 1    | 0   | 0         | 260     |
|  | 0   | 9    | 1   | (93)      | 1,535   |
| Non-current Liabilities  |     |      |     |           |         |
| Deferred income taxes  | 0   | 7    | 0   | 0         | 747     |
| Postretirement benefits  | 0   | 3    | 0   | 0         | 279     |
| Regulatory liabilities for<br>income taxes, net  | 0   | 0    | 0   | 0         | 276     |
| Power purchase agreement -<br>MCV Partnership  | 0   | 0    | 0   | 0         | 169     |
| Deferred investment tax<br>credit  | 0   | 0    | 0   | 0         | 102     |
| Other  | 0   | 0    | 0   | 0         | 256     |
|  | 0   | 10   | 0   | 0         | 1,829   |
| Total Stockholders' Equity<br>and Liabilities  |     |      |     |           |         |
|  | \$2 | \$74 | \$6 | \$(1,769) | \$8,306 |

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CONSUMERS ENERGY COMPANY  
Consolidating Statement of Retained Earnings  
December 31, 2001  
(In Millions)

|                                       | Consumers<br>Energy<br>Company | Michigan<br>Electric<br>Transmission<br>Company | Consumers<br>Funding LLC | CMS<br>Midland<br>Holdings<br>Company | CMS<br>Midland<br>Inc. |
|---------------------------------------|--------------------------------|---|--------------------------|---------------------------------------|------------------------|
| Balance at January 1, 2001            | \$506                          | \$0   | \$0                      | \$24                                  | \$122                  |
| Net Income (Loss)                     | 58                             | 22  | 0                        | 11                                    | 15                     |
| Less Dividends Paid                   |                                |   |                          |                                       |                        |
| Common Stock                          | 190                            | 0   | 0                        | 0                                     | 0                      |
| Preferred Stock                       | 2                              | 0   | 0                        | 0                                     | 0                      |
| Preferred Securities<br>Distributions | 0                              | 0   | 0                        | 0                                     | 0                      |
|                                       | 192                            | 0   | 0                        | 0                                     | 0                      |
| Balance at December 31, 2001          | \$372                          | \$22  | \$0                      | \$35                                  | \$137                  |

CONSUMERS ENERGY COMPANY  
Consolidating Statement of Retained Earnings  
December 31, 2001 Continued  
(In Millions)

|                                       | ES<br>Services<br>Company (1) | CMS<br>Engineering<br>Company (2) | MEC<br>Development<br>Corporation<br>(3) | Consumers<br>Power<br>Company<br>Financing I | Consumers<br>Energy<br>Company<br>Financing<br>II |
|---------------------------------------|-------------------------------|-----------------------------------|--|--|---|
| Balance at January 1, 2001            | 0                             | 0                                 | 0  | 0  | 0   |
| Net Income (Loss)                     | 0                             | 0                                 | 0  | 9  | 10  |
| Less Dividends Paid                   |                               |                                   |  |  |   |
| Common Stock                          | 0                             | 0                                 | 0  | 0  | 0   |
| Preferred Stock                       | 0                             | 0                                 | 0  | 0  | 0   |
| Preferred Securities<br>Distributions | 0                             | 0                                 | 0  | 9  | 10  |
|                                       | 0                             | 0                                 | 0  | 9  | 10  |



