Consumers

Currently under a fixed price structure. This will end on 3/01 – working with PSC to create new Gas Cost Recovery (GCR) mechanism. One program will be in place for all utilities in state. There will be no incentive mechanism.

Total throughput is 390 Bcf. Annual Sales are 200Bcf. 40 Bcf is supplied by third party marketers and 150 Bcf is industrial load.

Load increases 35,000 per HDD

Buying practice –
Consumers likes to buy 40,000-50,000/day packages from 10-12 suppliers.
Typically buys 16Bcf/month
    45 Bcf (22.5%) under long term contracts
    155 Bcf (77.5%) to be purchased under short & long term contracts
All gas for this winter is purchased.
Do not RFP.
Will release capacity with purchases and share in value creation (will do same transaction with multiple parties to keep marketers honest).

Load Growth -
2% annual load growth expected. (All efficiency have already been obtained)

Transportation & Migration –
Third party suppliers deliver gas on a flat annual basis (1/365th/day)
All daily balancing provided by Consumers (using storage - costs in base rates, which are charged to everyone)
150,000 customers have migrated under current program. PSC wants to increase that number going forward.

Assets –
Transportation

Trunkline	336,375	10/31/02
ANRSE	6,000	01/01/02
ANRSW	10,000	12/31/02
Great Lakes/ANRN	85,000	10/31/03

Storage
130 Bcf working gas owned behind the gate (in 14 fields)
Three fields make up Michigan Gas Storage, a FERC controlled company.
2.5Bcf peak deliverability
12 Bcf held by Ford and other industrial. 8 Bcf is held by Michigan Cogen Ventures. 14 Bcf won't be filled this winter.
No other capacity is available to third parties
100% of the utility controlled storage will be filled for this winter.

Wholesale Services –
Loan month to month, season to season
Buy/sell agreements
Swaps
Predeliveries & postdeliveries, when operationally feasible
Agency Agreements – supplier exchanges with third party and shares upside.
Recallable Loans

Third party deliveries are made to pools – could encumber most economical meters.

Storage – average cost pricing

There are no fuel switchables behind the citygate.

Last rate case was in 1996.

Monthly Meters only – cannot justify the expense of daily meters if storage can handle swings

ELA	Trunkline FT Exp 10/02			336,375
Southeast	ANR FTS-1 Exp 1/02			6,000
Southeast	ANR FTS-1 Exp 12/02			10,000
Empress	Great Lakes FT Exp 4/04	85,092 Crystal Falls	ANR FTS-1 Exp 11/03	83,943

Consumers
City Gate

	Capacity	MDWQ	MDIQ
Mich Gas Storage	34,000,000		
Four Corners	2,390,000	12,000	
Hessen	11,070,000	150,000	
Ira	4,000,000	350,000	
Lenox	1,500,000	120,000	
Lyon 34	700,000	30,000	
Northville	1,060,000	150,000	
Overisel	24,000,000	200,000	
Puttygut	9,020,000	250,000	
Ray	44,000,000	1,200,000	
Salem	12,000,000	100,000	
Swan Creek	420,000	12,000	