

CONSUMERS ENERGY CO  
Form U-3A-2  
April 27, 2001

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File No.

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

-----  
TO BE FILED ANNUALLY PRIOR TO MARCH 1  
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CONSUMERS ENERGY COMPANY  
(Name of Company)

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

April 27, 2001

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1. NAME, STATE OF ORGANIZATION, LOCATION AND NATURE OF BUSINESS OF  
CLAIMANT AND EVERY SUBSIDIARY THEREOF, OTHER THAN ANY EXEMPT WHOLESALE  
GENERATOR (EWG) OR FOREIGN UTILITY COMPANY IN WHICH CLAIMANT DIRECTLY  
OR INDIRECTLY HOLDS AN INTEREST.

All ownership interests are 100% unless indicated parenthetically to  
the contrary.

CONSUMERS ENERGY COMPANY

ADDRESS: 212 West Michigan Avenue, Jackson, Michigan 49201

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Consumers Energy Company ("Consumers") is a Michigan corporation engaged in the generation, purchase, transmission, distribution and sale of electricity, and in the purchase, storage, transmission, distribution and sale of natural gas, in the lower peninsula of the State of Michigan. On April 1, 2001, Consumers became a "public utility holding company", as defined in the Public Utility Holding Company Act of 1935 ("1935 Act"), upon transfer of control of certain of its transmission facilities to Michigan Electric Transmission Company ("Michigan Electric"), a wholly owned subsidiary of Consumers.

The name, state of organization and nature of business of Consumer's subsidiaries are described below:

1. CMS ENGINEERING CO.

ADDRESS: 212 West Michigan Avenue, Jackson, Michigan 49201

CMS Engineering Company is a Michigan corporation engaged in offering design, engineering, project management and related construction services to natural gas utilities, natural gas exploration and production companies, 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 Limited Partner in the First Midland Limited Partnership, a Delaware limited partnership, a partnership that leases assets to the Midland Cogeneration Venture Limited Partnership, a Michigan limited partnership.

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3. CMS MIDLAND, INC.

ADDRESS: 212 West Michigan Avenue, Jackson, Michigan 49201

CMS Midland, Inc. is as Michigan corporation engaged as a 49% General Partner in the Midland Cogeneration Venture Limited Partnership, a Michigan limited partnership.

4. 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 marketing EnergyGuard, a residential bill payment insurance product to Consumers' residential customers.

5. 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 acting as assignee of property transferred by Consumers and issuer of securitization bonds.

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6. ES SERVICES COMPANY

ADDRESS: 212 West Michigan Avenue, Jackson, Michigan 49201

ES Services Company is a Michigan corporation formed for the purpose of offering design, engineering, project management and related services primarily to electric utilities and generation facilities.

7. MEC DEVELOPMENT CORP.

ADDRESS: 212 West Michigan Avenue, Jackson, Michigan 49201

MEC Development Corp. is a Michigan corporation which previously held assets transferred to and holder of certain bonds issued by the Midland Cogeneration Venture Limited Partnership, a Michigan limited partnership.

8. MICHIGAN ELECTRIC TRANSMISSION COMPANY

ADDRESS: 212 West Michigan Avenue, Jackson, Michigan 49201

On April 1, 2001, Michigan Electric received from Consumers the following assets: transmission lines (including towers, poles, and conductors); transformers with voltage ratings of 120 kV and above; generation tie lines

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from the transmission grid to the point of connection to generator step-up transformers; associated voltage control devices and power flow control devices; associated transmission substations; and equipment spares from transmission facilities, in exchange for all of the outstanding common stock of Michigan Electric. Upon the transfer, Michigan Electric became a "public utility company as defined in the 1935 Act.

9. MICHIGAN GAS STORAGE COMPANY

ADDRESS: 212 West Michigan Avenue, Jackson, Michigan 49201

Michigan Gas Storage Company is a Michigan corporation and a natural gas company within the meaning of the Natural Gas Act engaged in the interstate transportation and storage of gas for a number of customers including Consumers.

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2. A BRIEF DESCRIPTION OF THE PROPERTIES OF CLAIMANT AND EACH OF ITS SUBSIDIARY PUBLIC UTILITY COMPANIES USED FOR THE GENERATION, TRANSMISSION AND DISTRIBUTION OF ELECTRIC ENERGY FOR SALE, OR FOR THE PRODUCTION, TRANSMISSION AND DISTRIBUTION OF NATURAL OR MANUFACTURED GAS, INDICATING THE LOCATION OF PRINCIPAL GENERATING PLANTS, TRANSMISSION LINES, PRODUCING FIELDS, GAS MANUFACTURING PLANTS, AND ELECTRIC AND GAS DISTRIBUTION FACILITIES, INCLUDING ALL SUCH PROPERTIES WHICH ARE OUTSIDE THE STATE IN WHICH CLAIMANT AND ITS SUBSIDIARIES ARE ORGANIZED AND ALL TRANSMISSION OR PIPELINES WHICH DELIVER OR RECEIVE ELECTRIC ENERGY OR GAS AT THE BORDERS OF SUCH STATE.

Consumers is a public utility. Its property and facilities used for the above-described purposes are located within the State of Michigan and are described below.

(1) ELECTRIC PROPERTIES

Consumers' electric generation is supplied by the following plants:

AREA	NAME	LOCATION	2000 SUMMER NET DEMONSTRATED CAPACITY (KILOWATTS)
COAL GENERATION	JH Campbell 1&2	West Olive	609,000
	JH Campbell 3	West Olive	765,100 (1)
	D.E Karn	Essexville	515,000
	B C Cobb	Muskegon	320,000
	JR Whiting	Erie	324,000
	JC Weadock	Essexville	310,000
TOTAL			2,843,100

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(1) Represents Consumers' share of the capacity of the Campbell Plant Unit 3 net of 6.69% (ownership interests of the Michigan Public Power Agency and Wolverine Power Supply Cooperative, Inc.).

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AREA	NAME	LOCATION	2000 SUMMER NET DEMONSTRATED CAPACITY (KILOWATTS)
OIL/GAS GENERATION	B C Cobb D E Karn	Muskegon Essexville	183,000 1,276,000
TOTAL			1,459,000
LUDINGTON PUMPED STORAGE			954,700 (2)
TOTAL			954,700
NUCLEAR GENERATION	Palisades	South Haven	760,000
TOTAL			760,000
GAS/OIL COMBUSTION TURBINE	Generation Hydro Generation		346,800 (4)  73,500
TOTAL			420,300
TOTAL OWNED BY GENERATION			6,437,100

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- (2) Represents Consumers' share of the capacity of the Ludington Pumped Storage Plant. Consumers and The Detroit Edison Company ("Detroit Edison") have 51% and 49% undivided ownership, respectively, in the plant, and the capacity of the plant is shared accordingly.
- (3) Represents Consumers' share of net pumped storage generation. This facility electrically pumps water during off peak-hours for storage to later generated electricity during peak demand hours.
- (4) Includes 1.8 MW of Distribution Generation. Generation Purchased and Interchange Power Capacity is 1,644,200, includes 1,240 MW of purchased contract capacity from the MCV Facility.

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On April 1, 2001, Michigan Electric acquired from Consumers transmission facilities currently operating at voltages of 120 kV and above. The transmission assets transferred generally consisted of the following: (i) transmission lines (including towers, poles, and conductors); (ii) transformers with voltage ratings of 120 kV and above; (iii) generation tie lines from the transmission grid to the point of connection to generator step-up transformers; (iv) associated voltage control devices and power flow control devices; (v)

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associated transmission substations; and (vi) equipment spares from transmission facilities. The transmission assets transferred to Michigan Electric did not include radial lines with voltage ratings of 138 kV, which are used to directly provide service to retail end-use customers. Additionally, less than 1 mile of 138 kV line that is part of a hydroelectric project was not transferred to Michigan Electric. Other facilities owned and operated by Consumers that are classified as distribution and used to provide transmission service to a limited number of customers at delivery points below 120 kV were not transferred.

Consumers and Michigan Electric's electric transmission, subtransmission and distribution lines are located on or under public highways, streets, alleys or lands, except where they are located on or under easements or other rights. After the transfer discussed in the previous paragraph, in the aggregate, the transmission systems of Consumers and Michigan Electric consist of 4,467 structural miles of overhead lines. Their subtransmission systems consist of a total of 4,176 structural miles of overhead lines and 16 subsurface miles of underground lines. Consumers' distribution system consists of 53,912 structural miles of overhead lines and 7,386 subsurface miles of underground lines.

Consumers and Michigan Electric own substations having an aggregate transformer capacity of 40,254,830 kilovolt amperes.

At December 31, 2000, Consumers was interconnected with certain Michigan and neighboring utilities. Consumers and Detroit Edison had previously formed and jointly operated as the Michigan Electric Coordinated Systems ("MECS") to facilitate the coordinated planning and operation of their electric systems. MECS took advantage of the individual company's various transmission interconnections with electric systems in Indiana, Ohio and Ontario, Canada. (1) Effective April 1, 2001 MECS ceased operations as formerly constituted. Over the near future, Michigan Electric and Detroit Edison will cooperate in operations of their respective transmission systems, but even this cooperation will of necessity change as Michigan Electric joins a regional transmission organization or sells its transmission facilities to an independent buyer. One or the other course of action is required by the electric industry restructuring law passed by the Michigan Legislature in 2000. Consumers and Detroit Edison will no longer cooperate in the operations of their generating plants and purchases of power.

Consumers and Michigan Electric own or connect with electric transmission lines that deliver electric energy at or near the Michigan state border to:

- (i) Indiana & Michigan Electric Company at the following interconnection points: Palisades-Cook No. 1, Palisades-Cook No. 2, Argenta-Robinson Park and Argenta-Twin Branch; and
- (ii) Northern Indiana Public Service Company at the following interconnection point: Barton Lake-Batavia.

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- (1) MECS interconnects with electric systems in Ohio and Ontario, Canada through Detroit Edison. Detroit Edison interconnects with The Toledo Edison Company at Majestic-Lemoyne, Monroe-Bayshore and Allen Junction-Majestic-Monroe. Detroit Edison also interconnects with Ontario Hydro at Waterman-Keith, Bunce Creek-Scott and two points at St. Clair-Lambton.

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(2) GAS PROPERTIES

As of December 31, 2000, Consumers' gas properties, all located in Michigan, included a gas distribution and transmission system, six compressor stations located at Consumers' storage fields and along the gas transportation lines and 11 storage fields.

Consumers' gas distribution and transmission systems consist of 24,383 miles of distribution mains and 1,108 miles of transmission lines, throughout the lower peninsula of Michigan. Consumers owns and operates six compressor stations with a total of 115,400 installed horsepower.

Michigan Gas Storage Company ("MGSC") owns and operates 2 gas transportation systems, 2 compressor stations, and 3 storage fields, all located in Michigan. Michigan Gas Storage transmission mains consist of 521 miles of transmission mains. Consumers receives natural gas for its local distribution system through interconnection facilities located in Michigan and at the Michigan State border.

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3. THE FOLLOWING INFORMATION FOR THE LAST CALENDAR YEAR WITH RESPECT TO CLAIMANT AND EACH OF ITS SUBSIDIARY PUBLIC UTILITY COMPANIES:

ELECTRIC ENERGY

(A) NUMBER OF KWH OF ELECTRIC ENERGY SOLD (AT RETAIL OR WHOLESALE) .

SUBSIDIARY	STATE	
CONSUMERS	Michigan	3
	Ontario, Canada*	
	Indiana	
	Ohio*	
TOTAL ELECTRIC ENERGY SOLD		4

\* Represents the amounts ultimately delivered to the State line by

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Detroit Edison.

(B) NUMBER OF KWH OF ELECTRIC ENERGY DISTRIBUTED AT RETAIL OUTSIDE OF THE STATE OF MICHIGAN.

NONE

(C) NUMBER OF KWH OF ELECTRIC ENERGY SOLD AT WHOLESALE OUTSIDE THE STATE OR AT THE STATE LINE OF MICHIGAN.

SUBSIDIARY	STATE
CONSUMERS	Ontario, Canada* Indiana Ohio*

TOTAL ELECTRIC ENERGY SOLD AT WHOLESALE OUTSIDE THE STATE OF MICHIGAN OR AT MICHIGAN'S STATE LINE.

\* Represents the amounts ultimately delivered to the state line by Detroit Edison.

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(D) NUMBER OF KWH OF ELECTRIC ENERGY PURCHASED OUTSIDE OF THE STATE OF MICHIGAN OR AT MICHIGAN'S STATE LINE.

SUBSIDIARY	STATE
CONSUMERS	Ontario, Canada* Indiana Ohio*

TOTAL ELECTRIC ENERGY PURCHASED OUTSIDE OF MICHIGAN

\* Represents amounts ultimately delivered to the state line by Detroit Edison.

NATURAL GAS (1)

(A) NUMBER OF MCF. OF NATURAL GAS DISTRIBUTED AT RETAIL.



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SUBSIDIARY	STATE
CONSUMERS TOTAL NATURAL GAS DISTRIBUTED AT RETAIL	Michigan

(B) NUMBER OF MCF. OF NATURAL GAS DISTRIBUTED AT RETAIL OUTSIDE THE STATE OF MICHIGAN.

NONE

(C) NUMBER OF MCF. OF NATURAL GAS SOLD AT WHOLESALE OUTSIDE MICHIGAN OR AT MICHIGAN'S LINE.

NONE

(D) NUMBER OF MCF. OF NATURAL GAS PURCHASED OUTSIDE THE STATE OF MICHIGAN.

SUBSIDIARY	STATE
CONSUMERS* TOTAL NATURAL GAS PURCHASED OUTSIDE OF MICHIGAN	

\* Purchased gas data is not available by state or county for Consumers.

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4. THE FOLLOWING INFORMATION FOR THE REPORTING PERIOD WITH RESPECT TO CLAIMANT AND EACH INTEREST IT HOLDS DIRECTLY OR 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 AT RETAIL OF NATURAL OR MANUFACTURED GAS.

NONE

(B) NAME OF EACH SYSTEM COMPANY THAT HOLDS AN INTEREST IN SUCH EWG OR FOREIGN UTILITY COMPANY; AND DESCRIPTION OF THE INTEREST HELD.

NONE

(C) TYPE AND AMOUNT OF THE CAPITAL INVESTED, DIRECTLY OR INDIRECTLY, BY THE HOLDING COMPANY CLAIMING EXEMPTION; ANY DIRECT OR INDIRECT GUARANTEE OF

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THE SECURITY OF THE EWG OR FOREIGN UTILITY COMPANY BY THE HOLDING COMPANY CLAIMING EXEMPTION; AND ANY DEBT OR OTHER FINANCIAL OBLIGATION FOR WHICH THERE IS RECOURSE, DIRECTLY OR INDIRECTLY, TO 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 A SYSTEM COMPANY, AND DESCRIBE THE SERVICES TO BE RENDERED OR GOODS SOLD AND FEES OR REVENUES UNDER SUCH AGREEMENT(S).

NONE

EXHIBIT A - 1 Consolidating statement of income and surplus of Claimant and its subsidiary companies for the calendar year 2000, together with a consolidating balance sheet of Claimant and its subsidiary companies as of the close of such calendar year.

EXHIBIT A - 2 Proforma Consolidating statement of income and surplus of Claimant and its subsidiary companies for the calendar year 2000, together with a proforma consolidating balance sheet of Claimant and its subsidiary companies as of the close of such calendar year, to reflect the transfer of transmission assets from Claimant to Michigan Electric as if such transfer occurred on or before December 31, 2000.

EXHIBIT B - Not Applicable

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The above-named Claimant has caused this statement to be duly executed on its behalf by its authorized officer on this 27th day of April, 2001.

CONSUMERS ENERGY COMPANY  
A Michigan corporation

[CORPORATE SEAL]

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

ATTEST:

/s/ Joyce Norkey

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Joyce Norkey  
Assistant Secretary

Name, title, and address of officer to whom notices and correspondence concerning this Statement should be addressed:

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

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EXHIBIT A-1

A consolidating statement of income and surplus of Consumers and its subsidiary companies for the last calendar year, together with a consolidating balance sheet of Consumers and its subsidiary companies as of the close of such calendar year is attached.

CONSUMERS ENERGY COMPANY  
Consolidating Statement of Income  
For the Year Ended December 31, 2000  
(In Millions)

	Consumers Energy Company (1)	Michigan Gas Storage Company	CMS Engineering Co.	CMS Midland Holdings Company
Operating Revenue				
Electric	\$ 2,676	\$ -	\$-	\$ -
Gas	1,191	24	-	--
Other	5	--	2	13
	-----	----	---	----
Total operating revenue	3,872	24	2	13
	-----	----	---	----
Operating Expenses				
Fuel for electric generation	324	--	-	--
Purchased power - related parties	534	--	-	--
Purchased and interchange power	402	--	-	--
Cost of gas sold	738	--	-	--
Other operation expense	517	8	2	--
Maintenance	170	2	-	--
Depreciation, depletion and amortization	423	2	-	--
General taxes	195	2	-	--
	-----	----	---	----
Total operating expenses	3,303	14	2	--

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Pretax Operating Income	569	10	-	13
Other Income (Deductions)				
Dividends and interest from affiliates	48	--	-	--
Accretion income	2	--	-	--
Accretion expense	(7)	--	-	--
Other, net	39	--	-	--
Total other income (deductions)	82	--	-	--
Interest Charges				
Interest on long-term debt	141	--	-	--
Other interest	80	1	-	--
Capitalized interest	(2)	--	-	--
Net interest charges	219	1	-	--
Income (Loss) Before Income Taxes	432	9	-	13
Income Taxes	127	3	-	3
Net Income (Loss)	305	6	-	10
Preferred Stock Dividends	2	--	-	--
Preferred Securities Distribution	34	--	-	--
Net Income (Loss) Available to Common Stockholder	269	6	-	10
Dividends on Common Stock	248	--	-	--
Net Income (Loss) After Common Dividends	\$ 21	\$ 6	\$-	\$10

(1) Represents Consumers consolidated with ES Services Company and Consumers EnergyGuard Services, Inc.; Michigan Gas Storage Company, CMS Midland Holdings Company, CMS Midland, Inc. and CMS Engineering Co. are included on the equity method of accounting.

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CONSUMERS ENERGY COMPANY  
Consolidating Balance Sheet - Assets  
December 31, 2000  
(In Millions)

Consumers Energy Company (1)	Michigan Gas Storage Company	ES Services Company	CMS Midland Holdings Company	C Mid In
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Plant and Property (At Cost)					
Electric	\$ 7,241	\$--	\$--	\$--	\$--
Gas	2,385	118	--	--	--
Other	23	--	--	--	--
	-----	-----	-----	-----	-----
	9,649	118	--	--	--
Less accumulated depreciation, depletion and amortization	5,711	57	--	--	--
	-----	-----	-----	-----	-----
	3,938	61	--	--	--
Construction work-in-progress	277	2	--	--	--
	-----	-----	-----	-----	-----
	4,215	63	--	--	--
	-----	-----	-----	-----	-----
Investments					
Associated companies	516	--	--	--	--
First Midland Limited Partnership	--	--	--	245	--
Midland Cogeneration Venture	--	--	--	--	--
Other	--	--	--	--	--
	-----	-----	-----	-----	-----
	516	--	--	245	--
	-----	-----	-----	-----	-----
Current Assets					
Cash and temporary cash investments	20	--	1	--	--
Accounts/notes receivable	75	3	--	--	--
Accrued revenues	266	--	--	--	--
Inventories to average cost					
Gas in underground storage	271	--	--	--	--
Materials and supplies	66	--	--	--	--
Generating plant fuel stock	46	--	--	--	--
Deferred income taxes	(16)	--	--	18	--
Prepayments and other	168	--	--	--	--
	-----	-----	-----	-----	-----
	896	3	1	18	--
	-----	-----	-----	-----	-----
Non-current Assets					
Securitization costs	709	--	--	--	--
Nuclear decommissioning trust funds	611	--	--	--	--
Postretirement benefits	228	4	--	--	--
Abandoned Midland project	22	--	--	--	--
Other	796	1	--	--	--
	-----	-----	-----	-----	-----
	2,366	5	--	--	--
	-----	-----	-----	-----	-----
Total Assets	\$ 7,993	\$ 71	\$ 1	\$263	\$
	=====	=====	=====	=====	=====

(1) Represents Consumers consolidated with ES Services Company and Consumers EnergyGuard Services, Inc.; Michigan Gas Storage Company, CMS Midland Holdings Company, CMS Midland, Inc. and CMS Engineering Co. are included on the equity method of accounting.

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CONSUMERS ENERGY COMPANY  
 Consolidating Balance Sheet - Equity and Liabilities  
 December 31, 2000  
 (In Millions)

	Consumers Energy Company (1)	Michigan Gas Storage Company	ES Services Company	CMS Midland Holdings Company	C Mid In
<b>Capitalization</b>					
Common Stockholders' Equity					
Common stock	\$ 841	\$15	\$ --	\$ --	\$
Other paid-in-capital	658	--	1	43	
Revaluation capital	33	--	--	--	
Retained earnings	506	36	--	32	
	-----	-----	-----	-----	-----
	2,038	51	1	75	
Preferred stock	44	--	--	--	
Company-obligated mandatorily redeemable preferred securities of:					
Consumers Power Company					
Financing I	100	--	--	--	
Consumers Energy Company					
Financing II	120	--	--	--	
Consumers Energy Company					
Financing III	175	--	--	--	
Long-term debt	2,517	--	--	--	
Non-current capital leases	49	--	--	--	
	-----	-----	-----	-----	-----
	5,043	51	1	75	
	-----	-----	-----	-----	-----
<b>Current Liabilities</b>					
Current portion of long-term debt					
	175	--	--	--	
Current capital leases	56	--	--	--	
Notes payable	413	5	--	--	
Accounts payable	250	4	--	--	
Accounts payable - related parties	69	1	--	--	
Accrued interest	41	--	--	--	
Accrued taxes	236	--	--	12	
Other	212	--	--	--	
	-----	-----	-----	-----	-----
	1,452	10	--	12	
	-----	-----	-----	-----	-----
<b>Non-current Liabilities</b>					
Deferred income taxes	542	6	--	159	
Postretirement benefits	362	4	--	--	
Deferred investment tax credit	91	--	--	17	
Regulatory liabilities for income taxes, net	246	--	--	--	

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Other	257	--	--	--	--
	-----	---	----	-----	----
	1,498	10	--	176	
	-----	---	----	-----	----
Total Stockholders' Equity and Liabilities	\$7,993	\$71	\$ 1	\$ 263	\$
	=====	===	====	=====	==

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CONSUMERS ENERGY COMPANY  
Consolidating Statement of Retained Earnings  
December 31, 2000  
(In Millions)

	Consumers Energy Company (1)	Michigan Gas Storage Company	CMS Midland Holdings Company	CMS Midland Inc.
Balance at January 1, 2000	\$485	\$30	\$22	\$ 96
Net Income (Loss)	305	6	10	28
Less Dividends Paid				
Common Stock	--	--	--	--
Preferred Stock	2	--	--	--
Preferred Securities Dist. Associated Companies	34	--	--	--
	248	--	--	--
	-----	---	----	-----
	284	--	--	--
	-----	---	----	-----
Balance at December 31, 2000	\$506	\$36	\$32	\$ 124
	=====	===	====	=====

(1) Represents Consumers consolidated with ES Services Company and Consumers EnergyGuard Services, Inc.; Michigan Gas Storage Company, CMS Midland Holdings Company, CMS Midland, Inc. and CMS Engineering Co. are included on the equity method of accounting.

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EXHIBIT A-2

An unaudited pro forma consolidating statement of income and surplus of Consumers Energy, its subsidiary companies and Michigan Electric Transmission

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Company for the last calendar year, together with an unaudited pro forma consolidating balance sheet of Consumers Energy, its subsidiary companies and Michigan Electric Transmission Company as of the close of such calendar year is attached.

CONSUMERS ENERGY COMPANY  
Pro Forma Consolidating Statement of Income  
For the Year Ended December 31, 2000  
(In Millions)

	Consumers Energy Company (1)	Michigan Electric Transmission Company (2)	Michigan Gas Storage Company	CMS Engineering Co.	CMS Midland Holdings Company
Operating Revenue					
Electric	\$2,673	\$ 64	\$ -	\$ -	\$ -
Gas	1,191	-	24	-	-
Other	5	-	-	2	13
	-----	-----	-----	-----	-----
Total operating revenue	3,869	64	24	2	13
	-----	-----	-----	-----	-----
Operating Expenses					
Fuel for electric generation	324	-	-	-	-
Purchased power - related parties	595	-	-	-	-
Purchased and interchange power	402	-	-	-	-
Cost of gas sold	738	-	-	-	-
Other operation expense	497	20	8	2	-
Maintenance	168	2	2	-	-
Depreciation, depletion and amortization	411	12	2	-	-
General taxes	188	7	2	-	-
	-----	-----	-----	-----	-----
Total operating expenses	3,323	41	14	2	-
	-----	-----	-----	-----	-----
Pretax Operating Income	546	23	10	-	13
	-----	-----	-----	-----	-----
Other Income (Deductions)					
Dividends and interest from affiliates	48	-	-	-	-
Accretion income	2	-	-	-	-
Accretion expense	(7)	-	-	-	-
Other, net	54	-	-	-	-
	-----	-----	-----	-----	-----
Total other income (deductions)	97	-	-	-	-
	-----	-----	-----	-----	-----
Interest Charges					
Interest on long-term debt	141	-	-	-	-
Other interest	80	-	1	-	-
Capitalized interest	(2)	-	-	-	-
	-----	-----	-----	-----	-----
Net interest charges	219	-	1	-	-
	-----	-----	-----	-----	-----
Income(Loss)Before Income Taxes	424	23	9	-	13
	-----	-----	-----	-----	-----
Income Taxes	119	8	3	-	3



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Net Income (Loss)	305	15	6	-	10
Preferred Stock Dividends	2	-	-	-	-
Preferred Securities Distribution	34	-	-	-	-
Net Income (Loss) Available to Common Stockholder	269	15	6	-	10
Dividends on Common Stock	248	-	-	-	-
Net Income (Loss) After Common Dividends	\$ 21	\$ 15	\$ 6	\$ -	\$ 10

- (1) Represents Consumers consolidated with ES Services Company and Consumers EnergyGuard Services, Inc. Michigan Electric, Michigan Gas Storage Company, CMS Midland Holdings Company, CMS Midland, Inc. and CMS Engineering Co. are included on the equity method of accounting.
- (2) Michigan Electric's statement of income reflects the best estimate available.
- (3) Intercompany Eliminations changes from exhibit A-1 related to the Michigan Electric's pro forma are as follows:
- A Electric Operating Revenue recorded by Michigan Electric of \$61 million was eliminated against \$61 million of Purchased power - related parties recorded by Consumers.
- B Equity earnings, recorded by Consumers related to Michigan Electric of \$15 million, was eliminated.

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CONSUMERS ENERGY COMPANY  
Pro Forma Consolidating Balance Sheet - Assets  
December 31, 2000  
(In Millions)

	Consumers Energy Company (1)	Michigan Electric Transmission Company (2)	Michigan Gas Storage Company	ES Services Company	CMS Midland Holdings Company
Plant and Property (At Cost)					
Electric	\$ 6,770	\$471	\$--	\$--	\$--
Gas	2,385	--	118	--	--
Other	23	--	--	--	--
	9,178	471	118	--	--
Less accumulated depreciation, depletion and amortization	5,500	211	57	--	--
	3,678	260	61	--	--
Construction work-in-progress	277	--	2	--	--

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	-----	----	----	----	----
	3,955	260	63	--	--
	-----	----	----	----	----
Investments					
Associated companies	746	--	--	--	--
First Midland Limited Partnership	--	--	--	--	245
Midland Cogeneration Venture	--	--	--	--	--
Other	--	--	--	--	--
	-----	----	----	----	----
	746	--	--	--	245
	-----	----	----	----	----
Current Assets					
Cash and temporary cash investments	20	--	--	1	--
Accounts/notes receivable	52	23	3	--	--
Accrued revenues	266	--	--	--	--
Inventories to average cost-					
Gas in underground storage	271	--	--	--	--
Materials and supplies	66	--	--	--	--
Generating plant fuel stock	46	--	--	--	--
Deferred income taxes	(16)	--	--	--	18
Prepayments and other	168	--	--	--	--
	-----	----	----	----	----
	873	23	3	1	18
	-----	----	----	----	----
Non-current Assets					
Securitization costs	709	--	--	--	--
Nuclear decommissioning trust funds	611	--	--	--	--
Postretirement benefits	228	--	4	--	--
Abandoned Midland project	22	--	--	--	--
Other	796	--	1	--	--
	-----	----	----	----	----
	2,366	--	5	--	--
	-----	----	----	----	----
Total Assets	\$ 7,940	\$283	\$ 71	\$ 1	\$263
	=====	=====	=====	=====	=====

- (1) Represents Consumers consolidated with ES Services Company and Consumers EnergyGuard Services, Inc. Michigan Electric, Michigan Gas Storage Company, CMS Midland Holdings Company, CMS Midland, Inc. and CMS Engineering Co. are included on the equity method of accounting.
- (2) Michigan Electric's balance sheet reflects the estimated asset transfer from Consumers.
- (3) Intercompany Eliminations changes from exhibit A-1 related to the Michigan Electric's pro forma are as follows:
- C Investments - Associated companies related to Michigan Electric of \$230 million, recorded by Consumers, was eliminated against \$215 million of Other paid-in capital and \$15 million of Retained earnings recorded by Michigan Electric.

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Pro Forma Consolidating Balance Sheet - Equity and Liabilities  
December 31, 2000  
(In Millions)

	Consumers Energy Company (1)	Michigan Electric Transmission Company (2)	Michigan Gas Storage Company	ES Services Company	CMS Midland Holdings Company
<b>Capitalization</b>					
Common Stockholders' Equity					
Common stock	\$ 841	\$--	\$15	\$--	\$--
Other paid-in-capital	658	215	--	1	43
Revaluation capital	33	--	--	--	--
Retained earnings	506	15	36	--	32
	-----	-----	-----	-----	-----
	2,038	230	51	1	75
Preferred stock	44	--	--	--	--
Company-obligated mandatorily redeemable preferred securities of:					
Consumers Power Company Financing I	100	--	--	--	--
Consumers Energy Company Financing II	120	--	--	--	--
Consumers Energy Company Financing III	175	--	--	--	--
Long-term debt	2,517	--	--	--	--
Non-current capital leases	49	--	--	--	--
	-----	-----	-----	-----	-----
	5,043	230	51	1	75
	-----	-----	-----	-----	-----
<b>Current Liabilities</b>					
Current portion of long-term debt	175	--	--	--	--
Current capital leases	56	--	--	--	--
Notes payable	413	--	5	--	--
Accounts payable	250	--	4	--	--
Accounts payable - related parties	69	--	1	--	--
Accrued interest	41	--	--	--	--
Accrued taxes	228	8	--	--	12
Other	212	--	--	--	--
	-----	-----	-----	-----	-----
	1,444	8	10	--	12
	-----	-----	-----	-----	-----
<b>Non-current Liabilities</b>					
Deferred income taxes	497	45	6	--	159
Postretirement benefits	362	--	4	--	--
Deferred investment tax credit	91	--	--	--	17
Regulatory liabilities for income taxes, net	246	--	--	--	--
Other	257	--	--	--	--
	-----	-----	-----	-----	-----
	1,453	45	10	--	176
	-----	-----	-----	-----	-----
<b>Total Stockholders' Equity and Liabilities</b>	<b>\$7,940</b>	<b>\$283</b>	<b>\$71</b>	<b>\$ 1</b>	<b>\$ 263</b>
	=====	=====	=====	=====	=====

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- (1) Represents Consumers consolidated with ES Services Company and Consumers EnergyGuard Services, Inc. Michigan Electric, Michigan Gas Storage Company, CMS Midland Holdings Company, CMS Midland, Inc. and CMS Engineering Co. are included on the equity method of accounting.
  - (2) Michigan Electric's balance sheet reflects the estimated asset transfer from Consumers.
  - (3) Intercompany Eliminations changes from exhibit A-1 related to the Michigan Electric's pro forma are as follows:
- C Investments - Associated companies related to Michigan Electric of \$230 million, recorded by Consumers, was eliminated against \$215 million of Other paid-in capital and \$15 million of Retained earnings recorded by Michigan Electric.

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CONSUMERS ENERGY COMPANY  
Pro Forma Consolidating Statement of Retained Earnings  
December 31, 2000  
(In Millions)

	Consumers Energy Company (1)	Michigan Electric Transmission Company	Michigan Gas Storage Company	CMS Midland Holdings Company	CMS Midland Inc.	In comp Eliminati
Balance at January 1, 2000	\$ 485	\$ -	\$ 30	\$ 22	\$ 96	\$ (14)
Net Income (Loss)	305	15	6	10	28	(6)
Less Dividends Paid						
Common Stock	-	-	-	-	-	-
Preferred Stock	2	-	-	-	-	-
Preferred Securities Dist.	34	-	-	-	-	-
Associated Companies	248	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
	284	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
Balance at December 31, 2000	\$ 506	\$ 15	\$ 36	\$ 32	\$ 124	\$ (20)
	=====	=====	=====	=====	=====	=====

- (1) Represents Consumers consolidated with ES Services Company and Consumers EnergyGuard Services, Inc. Michigan Electric, Michigan Gas Storage Company, CMS Midland Holdings Company, CMS Midland, Inc. and CMS Engineering Co. are included on the equity method of accounting.
- (2) Intercompany Eliminations changes from exhibit A-1 related to the Michigan Electric's pro forma are as follows:

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D Michigan Electric's Net Income of \$15 million was eliminated.

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