

for more INFORMATION

If you have any questions about the rate increase or would like to learn about all of the rates that Michigan Gas Utilities offers and which may be best for you, please contact our 24-Hour Customer Service at 800-401-6402. Copies of complete rate schedules are available on our Web site at michigangasutilities.com and at Michigan Gas Utilities' offices in Monroe, Coldwater, Benton Harbor and Grand Haven.



IMPORTANT INFORMATION about your rates

An Explanation of Changes to Your Natural Gas Delivery Rates

On December 16, 2009, the Michigan Public Service Commission (MPSC) approved new natural gas delivery rates for Michigan Gas Utilities' customers. Overall, residential natural gas delivery rates will increase customer bills by about 2.1%.

Although the net effect on customers will vary by rate classification, the average residential customer using 870 ccf of natural gas annually will see about a \$1.47 increase on their monthly bill.

Please refer to the natural gas cost comparison chart inside to see more specifically how the proposed changes may affect your bill.

The cost of the natural gas itself is not affected by this rate increase. The rate increase, effective January 1, 2010, is only related to the delivery of the gas, which makes up about 32% of the total bill for a typical residential customer. The remaining portion of a customer's bill covers the cost of the natural gas itself.

Please note that the MPSC oversees the rates we charge to our customers and approves all rate increases.



Primary Reasons for the Request

The primary reasons for this request are an increase in the cost of capital, low sales growth, increased customer service costs and increased employee benefit costs.

Helping You Manage Natural Gas Use and Costs

We realize that natural gas costs can make up a considerable portion of your monthly budget. As prices rise, we want to help you manage your use and costs. When you visit the **Energy-Saving Tools & Ideas** and **All About My Bill** sections at michigangasutilities.com, you'll find a wealth of information to help you learn about your natural gas use and how to better manage it.

Rate Options for our Residential Customers

Michigan Gas Utilities wants to provide you with the information you need to take control of your energy costs. A good way to start is by understanding your rate options and the charges you see on your monthly energy bill.

As a Michigan Gas Utilities customer, you are charged natural gas rates based on the type of service you receive. Your monthly energy bills include both *fixed* and *variable* charges that fall into these categories:

Variable Charges. Your bill includes a Distribution Charge and a Gas Cost Recovery Factor, which are *variable* charges associated with the amount of gas you use each month. You are charged for each ccf of natural gas you use.

Customer Charge. The Customer Charge is a *fixed* charge designed to help cover the costs of supplying equipment used to serve customers, issuing bills and providing customer service programs. This includes, for example, the cost of owning, operating and maintaining meters and pipelines. This charge does not change with the amount of natural gas a customer uses.

Michigan Customer Choice. While most customers purchase both their natural gas supply and distribution service from Michigan Gas Utilities, Customer Choice allows you to choose your natural gas supplier. Under this program Michigan Gas Utilities would continue to deliver the natural gas to your home.

2009-2010 COMPARISON CHART

MGU Customer Class	Annual ccf	2009 Annual Bill	2010 Annual Bill	2010 Annual Increase/Decrease	% Change Above 2009	2009 Monthly Fixed Charge	2010 Monthly Fixed Charge
Residential	870	\$841.58	\$859.27	\$17.69	2.1%	\$10.00	\$11.00
Res MF Class I	1,682	\$1,466.64	\$1,485.86	\$19.22	1.3%	\$10.00	\$11.00
Res MF Class II	4,577	\$4,018.62	\$4,074.26	\$55.64	1.4%	\$30.00	\$33.00
Res MF Class III	18,479	\$15,554.71	\$15,674.55	\$119.84	0.8%	\$80.00	\$88.00
Res MF Class IV	42,105	\$34,647.79	\$34,858.11	\$210.32	0.6%	\$130.00	\$143.00
GS Small	4,456	\$3,874.54	\$3,927.29	\$52.75	1.4%	\$30.00	\$33.00
GS Large	95,895	\$79,721.96	\$80,112.10	\$390.14	0.5%	\$375.00	\$400.00
TR-1	202,266	\$24,397.20	\$24,397.20	\$0.00	0.0%	\$825.00	\$825.00
TR-2	988,839	\$67,304.64	\$67,304.64	\$0.00	0.0%	\$2,250.00	\$2,250.00
TR-3	5,072,620	\$226,175.93	\$226,175.93	\$0.00	0.0%	\$3,050.00	\$3,050.00
Aggregated - Residential	2,474	\$499.34	\$527.52	\$28.18	5.6%	\$10.00	\$11.00
Aggregated - GS Small	20,220	\$2,685.30	\$2,797.33	\$112.03	4.2%	\$30.00	\$33.00
Aggregated - GS Large	82,718	\$12,771.80	\$13,149.55	\$377.75	3.0%	\$375.00	\$400.00
Customer Choice - Residential	652	\$219.97	\$236.24	\$16.26	7.4%	\$10.00	\$11.00
Customer Choice - GS Small	9,431	\$1,444.57	\$1,516.03	\$71.46	4.9%	\$30.00	\$33.00