



For More Information

If you have any questions about the rate increase or would like to learn about all of the rates that MGU 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 website at michigangasutilities.com.

Understanding Your Bill and Options

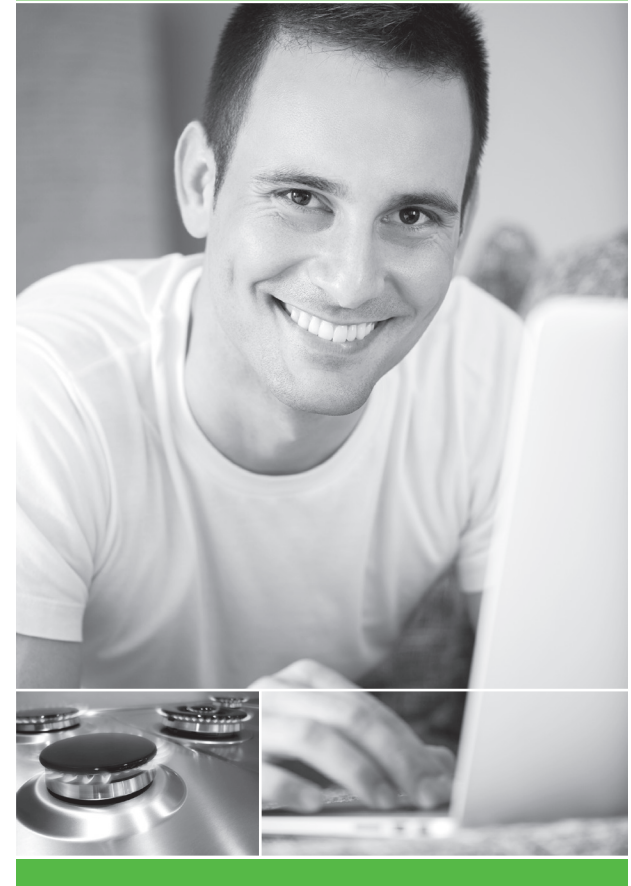
Want to manage your home energy costs? Understanding your energy bill and the options available to you are great places to start.

Monthly Charges

On your MGU bill, you will see various monthly charges. Some are variable and some are fixed.

- **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, issue bills and provide 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 Option.** While most customers purchase both their natural gas supply and distribution service from MGU, Customer Choice allows you to choose your natural gas supplier. Under this program MGU would continue to deliver the natural gas to your home.

Your Rates & Energy Bill



An explanation of changes to your natural gas delivery rates.



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MGU Typical 2016 Natural Gas Bills — Compared with Typical 2015 Bills

MGU Customer Class	Annual Mcf	Annual ccf	2015 Annual Bill	2016 Annual Bill	2016 Annual Increase/Decrease	% Change 2016 Above 2015	2015 Monthly Fixed Charge	2016 Monthly Fixed Charge
Residential	86	860	\$652	\$670	\$18	2.8%	\$12.00	\$13.00
Multi-Family Class I to Residential	148	1,480	963	1,041	77	8.0%	12.00	13.00
General Service - Small	426	4,260	2,912	2,967	54	1.9%	33.00	35.00
General Service - Large	10,132	101,320	58,950	60,050	1,100	1.9%	400.00	425.00
TR-1 Transport	19,628	196,280	24,210	24,210	0	0.0%	850.00	850.00
TR-2 Transport	135,001	1,350,010	81,288	81,288	0	0.0%	2,250.00	2,250.00
TR-3 Transport	684,975	6,849,750	297,203	297,203	0	0.0%	3,050.00	3,050.00
Aggregated - Residential	231	2,310	512	523	10	2.0%	12.00	13.00
Aggregated - Small	1,769	17,690	3,217	3,227	11	0.3%	33.00	35.00
Aggregated - Large	10,421	104,210	15,557	15,857	300	1.9%	400.00	425.00
Choice - Residential	87	870	283	294	11	4.0%	12.00	13.00
Choice - General Service - Small	429	4,290	1,080	1,101	21	1.9%	33.00	35.00
Choice - Multi-Family - Class I to Residential	148	1,480	325	391	66	20.2%	12.00	13.00

On December 11, 2015, 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 2.8%.

Although the net effect on customers will vary by rate classification, the average residential customer using 860 ccf of natural gas annually will see about a \$1.51 increase on their monthly bill, including a \$1.00 increase in the monthly fixed charge.

The cost of the natural gas itself is not affected by this rate increase. The rate increase, effective January 1, 2016, is only related to the delivery of the gas, which makes up about 45% 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 must approve any rate changes.

Primary reasons for the request

The requested natural gas rate increase is generally the result of:

- The cost of upgrades to its transmission and distribution system.
- Increased staffing to address customer growth and regulatory compliance.
- Natural gas main maintenance costs.
- General inflation.

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 michigangasutilities.com, you'll find tools and information to help you learn about your energy use and how to manage it. You can also visit www.encyclopedia.com for information on energy-saving programs and rebates available from MGU and Efficiency United.