

**Schedule D1**

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Projected Rate of Return Summary  
 Projected 12 Month Period Ending, December 31, 2010

Case No.: U-15990  
 Exhibit No.: A-4 (LJG-1)  
 Schedule: D1  
 Page: 1 of 1  
 Witness: Lisa Gast

Line No.	(a) Description	(b) Amount (1)	Capital Structure		(e) Cost Rate %	Weighted Cost			(i) Pre-Tax Return	(j) Percent Capital Incl ST	(k) Weighted Cost Incl ST
			(c) Percent Permanent Capital (2)	(d) Percent of Total Capital		(f) Permanent Capital (2)	(g) Total Cost %	(h) Conversion Factor			
1											
2	Long-Term Debt	\$ 84,000,000	48.34%	44.24%	5.9000% (3)	2.8523%	2.6100%		2.6100%	47.04%	2.7752%
3											
4	Preferred Stock	\$ -	0.00%	0.00%	0.0000% (4)	0.0000%	0.0000%		0.0000%	0.00%	0.0000%
5											
6	Common Shareholders' Equity	\$ 89,753,101	51.66%	47.27%	12.0000% (5)	6.1987%	5.6720%	1.637	9.2869%	50.26%	6.0310%
7											
8	Total Permanent Capital	<u>\$ 173,753,101</u>	<u>100.00%</u>			<u>9.0510%</u>					
9											
10	Short-Term Debt	\$ 4,829,548		2.54%	4.5636% (6)		0.1161%		0.1161%	2.70%	0.1234%
11											
12	Job Development - ITC - Debt										
13	Job Development - ITC Equity										
14	Total Job Development - ITC	\$ -		0.00%	9.0510%						
15											
16	Deferred Income Taxes (Net) - MBT	\$ -		0.00%							
17											
18	Deferred Income Taxes (Net) - Federal	\$ 24,345,332		12.82%	0.0000%		0.0000%		0.0000%		
19											
20	Capital Structure Adjustments	\$ (13,048,786)		-6.87%	8.9296% (7)		-0.6130%		-0.6130%		
21											
22	Total	<u>\$ 189,879,195</u>		<u>100.00%</u>			<u>7.7851%</u>		<u>11.4000%</u>	<u>100.00%</u>	<u>8.9296%</u>

- (1) See Exh. A-2, Sch. B1
- (2) Excludes Short-Term Debt, Deferred Job Development Investment Tax Credit, Deferred Investment Tax Credit and Deferred Income Taxes to calculate the rate of return for Job Development Investment Tax Credit purposes in accordance with Internal Revenue Service Income Tax Regulation Section 1.46-6
- (3) See Exh. A-4, Sch. D2
- (4) See Exh. A-4, Sch. D4
- (5) See Exh. A-4, Sch. D5
- (6) See Exh. A-4, Sch. D3
- (7) See row 22, column k



**Schedule D2**

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Cost of Long-Term Debt  
 Projected 12 Month Period Ending, December 31, 2010

Case No.: U-15990  
 Exhibit No.: A4 (LJG-1)  
 Schedule: D2  
 Page: 1 of 1  
 Witness: Lisa Gast

Line No.	(a) Description	(b) Original Issue Date	(c) Stated Maturity Date	(d) Interest Rate (%)	(e) Amount of Offering	(f) Price to Public (%)	(g) Underwriting & Financing Expenses (%)	(h) Net Proceeds to the Company (%)	(i) Cost Based on Net Proceeds (%)	(j) Amount Outstanding	(k) Annual Cost
1											
2	<b>Mortgage Bonds</b>										
3										\$ -	
4										-	
5										-	
6										-	
7										-	
8	Total Mortgage Bonds									<u>\$ -</u>	
9											
10	<b>Other Long-Term Debt</b>										
11		4/1/2006	4/1/2013	5.72%	28,000,000	28,000,000	-	28,000,000	5.80%	28,000,000	1,624,000
12		4/1/2006	4/1/2016	5.76%	28,000,000	28,000,000	-	28,000,000	5.84%	28,000,000	1,635,200
13		4/1/2006	4/1/2021	5.98%	28,000,000	28,000,000	-	28,000,000	6.06%	28,000,000	1,696,800
14	Total Other Long-Term Debt									<u>\$ 84,000,000</u>	<u>\$ 4,956,000</u>
15											
16	Total Long-Term Debt									\$ 84,000,000	
17											
18	Unamortized Debt Discount,										
19	Premium and Expense									-	
20											
21	Total Long-Term Debt Balance									<u>\$ 84,000,000</u>	<u>5.9000%</u>



**Schedule D3**

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Cost of Short-Term Debt  
 Projected 12 Month Period Ending, December 31, 2010

Case No.: U-15990  
 Exhibit No.: A-4 (LJG-1)  
 Schedule: D3  
 Page: 1 of 1  
 Witness: Lisa Gast

Line No.	(a) Month	(b) Projected Balance Outstanding	(c) Total Cost
1			
2	Commercial Paper	\$ -	\$ -
3			
4	Inter-Company Loans	4,829,548	220,401
5			
6	Letter of Credit	-	-
7			
8	Other	-	-
9			
10	Total	<u>\$ 4,829,548</u>	<u>\$ 220,401</u>
11			
12	Average Cost of Short-Term Debt		<u>4.5636%</u>







**Schedule D5**

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Cost of Common Shareholders' Equity  
Projected 12 Month Period Ending, December 31, 2010

Case No.: U-15990  
Exhibit No.: A-4 (LJG-1)  
Schedule: D5  
Page: 1 of 1  
Witness: Lisa Gast

<u>Line No.</u>		<u>Adjusted Common Stock</u>	
1			
2	Dec	92,887,479	
3	Jan	93,700,373	
4	Feb	96,268,594	
5	Mar	89,809,423	
6	Apr	85,113,973	
7	May	85,134,103	
8	Jun	84,085,681	
9	Jul	87,650,932	
10	Aug	87,113,269	
11	Sep	89,074,356	
12	Oct	93,154,273	
13	Nov	93,639,808	
14	Dec	91,697,381	
15			
16	Average	<u>\$89,753,101</u>	<u>12.0000%</u>



**Schedule D1**

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Rate of Return Summary  
 For the 12 Month Period Ended, December 31, 2008

Case No.: U-15990  
 Exhibit No.: A-14 (LJG-2)  
 Schedule: D1  
 Page: 1 of 1  
 Witness: Lisa Gast

Line No.	(a) Description	(b) Amount (1)	(c) Capital Structure		(e) Cost Rate %	(f) Permanent Capital (2)	(g) Weighted Cost			(i) Pre-Tax Return	(j) Percent Capital Incl ST	(k) Weighted Cost Incl ST
			Percent Permanent Capital (2)	Percent of Total Capital			Total Cost %	Conversion Factor				
1												
2	Long-Term Debt	\$ 84,000,000	45.15%	39.42%	5.9000% (3)	2.66%	2.3258%		2.3258%	40.85%	2.4100%	
3												
4	Preferred Stock	\$ -	0.00%	0.00%	0.0000% (4)	0.00%	0.0000%		0.0000%	0.00%	0.0000%	
5												
6	Common Shareholders' Equity	\$ 102,036,012	54.85%	47.88%	10.4500% (5)	5.73%	5.0035%	1.637	8.1924%	49.62%	5.1850%	
7												
8	Total Permanent Capital	<u>\$ 186,036,012</u>	<u>100.00%</u>			<u>8.40%</u>						
9												
10	Short-Term Debt	\$ 19,611,042		9.20%	4.0195% (6)		0.3699%		0.3699%	9.54%	0.3833%	
11												
12	Job Development - ITC - Debt											
13	Job Development - ITC Equity											
14	Total Job Development - ITC	\$ -		0.00%	8.3956%							
15												
16	Deferred Income Taxes (Net) - MBT	\$ -		0.00%								
17												
18	Deferred Income Taxes (Net) - Federal	\$ 18,714,552		8.78%	0.0000%		0.0000%		0.0000%			
19												
20	Capital Structure Adjustments	\$ (11,252,181)		-5.28%	7.9782% (7)		-0.4213%		-0.4213%			
21												
22	Total	<u>\$ 213,109,425</u>		<u>100.00%</u>			<u>7.2779%</u>		<u>10.4668%</u>	<u>100.00%</u>	<u>7.9782%</u>	

- (1) See Exh. A-2, Sch. B1
- (2) Excludes Short-Term Debt, Deferred Job Development Investment Tax Credit, Deferred Investment Tax Credit and Deferred Income Taxes to calculate the rate of return for Job Development Investment Tax Credit purposes in accordance with Internal Revenue Service Income Tax Regulation Section 1.46-6
- (3) See Exh. A-4, Sch. D2
- (4) See Exh. A-4, Sch. D4
- (5) See Exh. A-4, Sch. D5
- (6) See Exh. A-4, Sch. D3



## Schedule D2

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Cost of Long-Term Debt  
 For the 12 Month Period Ended, December 31, 2008

Case No.: U-15990  
 Exhibit No.: A-14 (LJG-2)  
 Schedule: D2  
 Page: 1 of 1  
 Witness: Lisa Gast

Line No.	(a) Description	(b) Original Issue Date	(c) Stated Maturity Date	(d) Interest Rate (%)	(e) Amount of Offering	(f) Price to Public (%)	(g) Underwriting & Financing Expenses (%)	(h) Net Proceeds to the Company (%)	(i) Cost Based on Net Proceeds (%)	(j) Amount Outstanding	(k) Annual Cost
1											
2	<b>Mortgage Bonds</b>										
3										\$ -	
4										-	
5										-	
6										-	
7										-	
8	Total Mortgage Bonds									<u>\$ -</u>	
9											
10	<b>Other Long-Term Debt</b>										
11		4/1/2006	4/1/2013	5.72%	28,000,000	28,000,000	-	28,000,000	5.80%	28,000,000	1,624,000
12		4/1/2006	4/1/2016	5.76%	28,000,000	28,000,000	-	28,000,000	5.84%	28,000,000	1,635,200
13		4/1/2006	4/1/2021	5.98%	28,000,000	28,000,000	-	28,000,000	6.06%	28,000,000	1,696,800
14	Total Other Long-Term Debt									<u>\$ 84,000,000</u>	<u>\$ 4,956,000</u>
15											
16	Total Long-Term Debt									\$ 84,000,000	
17											
18	Unamortized Debt Discount,										
19	Premium and Expense									-	
20											
21	Total Long-Term Debt Balance									<u>\$ 84,000,000</u>	<u>5.9000%</u>



**Schedule D3**

Michigan Public Service Commission  
 Michigan Gas Utilities Corporation  
 Cost of Short-Term Debt  
 For the 12 Month Period Ended, December 31, 2008

Case No.: U-15990  
 Exhibit No.: A-14 (LJG-2)  
 Schedule: D3  
 Page: 1 of 1  
 Witness: Lisa Gast

	(a)	(b)	(c)
Line No.	Month	Balance Outstanding	Total Cost
1			
2	Commercial Paper	\$ -	\$ -
3			
4	Inter-Company Loans	19,611,042	788,261
5			
6	Letter of Credit	-	-
7			
8	Other	-	-
9			
10	Total	<u>\$ 19,611,042</u>	<u>\$ 788,261</u>
11			
12	Average Cost of Short-Term Debt		<u>4.0195%</u>







## Schedule D5

Michigan Public Service Commission  
Michigan Gas Utilities Corporation  
Cost of Common Shareholders' Equity  
For the 12 Month Period Ended, December 31, 2008

Case No.: U-15990  
Exhibit No.: A-14 (LJG-2)  
Schedule: D5  
Page: 1 of 1  
Witness: Lisa Gast

<u>Line No.</u>		<u>Adjusted Common Stock</u>	
1			
2	Dec	89,685,505	
3	Jan	92,329,448	
4	Feb	95,915,889	
5	Mar	97,304,580	
6	Apr	97,790,571	
7	May	97,722,664	
8	Jun	96,906,418	
9	Jul	96,276,708	
10	Aug	110,930,875	
11	Sep	112,143,689	
12	Oct	112,733,204	
13	Nov	113,528,273	
14	Dec	112,014,149	
15			
16	Average	<u>\$102,036,012</u>	<u>10.4500%</u>



**Michigan Gas Utilities Corporation**

**Credit Rating Data for Parent, Integrys Energy Group, Inc.**

**S&P Credit Ratings**

	<b>Senior Unsecured</b>	<b>Junior Subordinated</b>	<b>Commercial Paper</b>	<b>Outlook</b>
<b>5-Mar-2009</b>	BBB	BBB-	A-2	Negative
<b>25-Nov-2008</b>	BBB+	BBB	A-2	Negative
<b>13-Nov-2007</b>	BBB+	BBB	A-2	Stable
<b>21-Feb-2007</b>	BBB+	BBB	A-2	Negative
<b>10-Jul-2006</b>	A/Watch Negative	-	A-1/Watch Negative	Watch Negative
<b>17-Jan-2006</b>	A	-	A-1	Negative
<b>22-Sep-2005</b>	A/Watch Negative	-	A-1/Watch Negative	Watch Negative
<b>26-Jan-2005</b>	A	-	A-1	Negative
<b>08-Nov-2002</b>	A	-	A-1	Stable

**Moody's Credit Ratings**

	<b>Senior Unsecured</b>	<b>Junior Subordinated</b>	<b>Commercial Paper</b>	<b>Outlook</b>
<b>9-Jun-2009</b>	Baa1	Baa2	Prime-2	Negative
<b>9-Mar-2009</b>	A3	Baa1	-	Negative Review
<b>9-Mar-2009</b>	-	-	Prime-2	Stable
<b>21-Feb-2007</b>	A3	Baa1	Prime-2	Stable
<b>28-Sep-2005</b>	A1	-	Prime-1	Negative
<b>25-Nov-2003</b>	A1	-	Prime-1	Stable

- (a) Integrys' Corporate Credit Rating was rated BBB+ by S&P as of June 1, 2009.  
 (b) Ratings are for Integrys Engery Group, Inc. on and after 02/21/07. Ratings are for WPS Resources Corporation prior to 02/21/07.  
 (c) Ratings listed are those in effect as of June 1, 2004 and subsequent ratings changes only. Affirmations are not included.  
 (d) Initially rated BBB+ by S&P and A2 by Moody's when issued on November 28, 2006.  
 (e) UPPCO is not rated by any agency.  
 (f) Integrys is not rated by Fitch.  
 (g) Integrys has no Senior Secured.



**Michigan Gas Utilities Corporation**

**Utility Bond Issuances**

<b>Issue Date</b>	<b>Issuing Company</b>	<b>Offering Type</b>	<b>Offering Amount (Millions)</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Offering Structure</b>	<b>Moody's Rating</b>	<b>S&amp;P Rating</b>	<b>Spread</b>
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Data not required to be filed. MGUC has not issued long-term debt within the 24 month period prior to filing the instant rate case.



Michigan Gas Utilities Corporation

Historical and Projected Financial Metrics - Financial Basis  
 (000s)

Line	Description [A]	Historical Source / Comment [B]	Rate Relief Test Year Ending 12/31/2010 [C]	No Rate Relief Test Year Ending 12/31/2010 [D]	12/31/2008 [E]	12/31/2007 [F]	Historical Year Ended		12/31/2004 [I]
							12/31/2006 [G]	12/31/2005 [H]	
1	<b>A EBIT Interest Coverage</b>								
2	Total Operating Income	FERC - Income Statement	\$ 15,021	\$ 9,859	\$ 10,656	\$ 10,785	\$ 5,646	\$ 13,938	\$ 13,070
3	Other Income and Deductions, net	FERC - Income Statement [417 - 426.5]	(207)	(191)	175	99	1,071	(607)	(1,150)
4	Federal and State Income Taxes	FERC - Income Statement [409.1- 411.4]	5,987	2,694	3,409	2,719	(753)	3,493	3,283
5	AFUDC Equity Funds Portion	N/A	-	-	-	-	-	-	-
6	EBIT	Sum of Lines 2-4, - Line 5	\$ 20,801	\$ 12,362	\$ 14,240	\$ 13,602	\$ 5,965	\$ 16,825	\$ 15,203
7	Total Interest Charges	FERC - Income Statement [427 - 431]	\$ 5,761	\$ 5,751	\$ 5,198	\$ 5,828	\$ 6,808	\$ 7,169	\$ 6,648
8	<b>EBIT Interest Coverage</b>	<b>Line 6 / Line 7</b>	<b>3.61</b>	<b>2.15</b>	<b>2.74</b>	<b>2.33</b>	<b>0.88</b>	<b>2.35</b>	<b>2.29</b>
9	<b>B EBITDA Interest Coverage</b>								
10	Total Operating Income		\$ 15,021	\$ 9,859	\$ 10,656	\$ 10,785	\$ 5,646	\$ 13,938	\$ 13,070
11	Depreciation and Amortization		7,648	7,648	7,309	7,158	7,268	10,152	9,881
12	Other Income and Deductions, net		(207)	(191)	175	99	1,071	(607)	(1,150)
13	Federal and State Income Taxes		5,987	2,694	3,409	2,719	(753)	3,493	3,283
14	AFUDC Equity Funds Portion		-	-	-	-	-	-	-
15	EBITDA	Sum of the Above	\$ 28,450	\$ 20,011	\$ 21,549	\$ 20,761	\$ 13,233	\$ 26,976	\$ 25,084
16	Total Interest Charges	Line 7	\$ 5,761	\$ 5,751	\$ 5,198	\$ 5,828	\$ 6,808	\$ 7,169	\$ 6,648
17	<b>EBITDA Interest Coverage</b>	<b>Line 15 / Line 16</b>	<b>4.94</b>	<b>3.48</b>	<b>4.15</b>	<b>3.56</b>	<b>1.94</b>	<b>3.76</b>	<b>3.77</b>
18	<b>C FFO Interest Coverage</b>								
19	<u>Funds from Operations</u>								
20	Net Income	FERC - Income Statement	\$ 9,053	\$ 3,917	\$ 5,633	\$ 5,056		\$ 6,162	\$ 5,272
21	Depreciation and Amortization		7,648	7,648	7,309	7,158		10,152	9,881
22	Deferred Income Tax and Investment Tax Credits		4,422	4,422	6,367	6,656		(2,165)	298
23	Other Operating Cash Flow		(65)	(65)	4,899	(2,916)		7,631	6,949
24	Total Funds from Operations	Sum of the Above	\$ 21,058	\$ 15,922	\$ 24,208	\$ 15,954		\$ 21,779	\$ 22,400
25	Total Interest Charges	Line 7	5,761	5,751	5,198	5,828		7,169	6,648
26	Funds from Operation plus Interest	Sum of the Above	\$ 26,819	\$ 21,673	\$ 29,406	\$ 21,782		\$ 28,948	\$ 29,048
27	Total Interest Charges	Line 7	\$ 5,761	\$ 5,751	\$ 5,198	\$ 5,828		\$ 7,169	\$ 6,648
28	<b>FFO Interest Coverage</b>	<b>Line 26 / Line 27</b>	<b>4.66</b>	<b>3.77</b>	<b>5.66</b>	<b>3.74</b>		<b>4.04</b>	<b>4.37</b>
29	<b>D Overall Fixed Charge Coverage:</b>								
30	Net Income	Line 20	\$ 9,053	\$ 3,917	\$ 5,633	\$ 5,056		\$ 6,162	\$ 5,272
31	Total Interest Charges (Gross Interest)	Line 7	5,761	5,751	5,198	5,828		7,169	6,648
32	Net Income plus Gross Interest	Sum of the Above	\$ 14,814	\$ 9,668	\$ 10,831	\$ 10,883		\$ 13,331	\$ 11,919
33	Total Interest Charges (Gross Interest)	Line 7	\$ 5,761	\$ 5,751	\$ 5,198	\$ 5,828		\$ 7,169	\$ 6,648
34	Preferred Dividends	N/A							
35	Gross Interest plus Preferred Dividends	Sum of the Above	\$ 5,761	\$ 5,751	\$ 5,198	\$ 5,828		\$ 7,169	\$ 6,648
36	<b>Overall Fixed Charge Coverage</b>	<b>Line 32 / Line 35</b>	<b>2.57</b>	<b>1.68</b>	<b>2.08</b>	<b>1.87</b>		<b>1.86</b>	<b>1.79</b>
37	<b>E Cash Flow Coverage of Dividends</b>	N/A MGUC doesn't pay dividends							
38	<b>F Common Dividend Payout Ratio</b>	N/A MGUC doesn't pay dividends							

Note (1): The above ratios are on a financial basis.

Note (2): Coverage Ratios for 2006 are not presented as data for the Jan-Mar 2006 time period is not available.

Michigan Gas Utilities Corporation  
Historical and Projected Financial Metrics - Financial Basis  
 (000s)

Line	Description [A]	Historical Source [B]	Rate Relief	Test Year	Historical Year Ended				
			Test Year Ending 12/31/2010 [C]	Ended 12/31/2010 [D]	12/31/2008 [E]	12/31/2007 [F]	12/31/2006 [G]	12/31/2005 [H]	12/31/2004 [I]
1	<b>G Permanent Capitalization Balances &amp; Percentages</b>								
2	<u>Capital Structure</u>								
3	Long-term Debt	GLN5117M	84,000	84,000	84,000	84,000	84,000	86,645	86,645
4	Preferred Stock	N/A							
5	Unadjusted Common Equity	GLN5117M	<u>\$ 213,202</u>	<u>\$ 213,993</u>	<u>\$ 234,093</u>	<u>\$ 222,704</u>	<u>219,328</u>	<u>88,388</u>	<u>86,341</u>
6	Unadjusted Total Capital	Sum of Lines 3 - 5	<u>\$ 297,202</u>	<u>\$ 297,993</u>	<u>\$ 318,093</u>	<u>\$ 306,704</u>	<u>\$ 303,328</u>	<u>\$ 175,032</u>	<u>\$ 172,985</u>
7	<u>Capital Structure Ratios - Financial</u>								
8	Long-term Debt Ratio	Line 3 / Line 6	28.26%	28.19%	26.41%	27.39%	27.69%	49.50%	50.09%
9	Preferred Stock Ratio	Line 4 / Line 6	-	-	-	-	-	-	-
10	Common Equity Ratio	Line 5 / Line 6	71.74%	71.81%	73.59%	72.61%	72.31%	50.50%	49.91%
11	<b>H Return on Equity (ROE)</b>								
12	<b>Financial ROE</b>	Line 20 from Page 1 / Line 5	<b>4.25%</b>	<b>1.83%</b>	<b>2.41%</b>	<b>2.27%</b>	<b>-0.04%</b>	<b>6.97%</b>	<b>6.11%</b>
13	<b>Authorized ROE</b>			<b>12%</b>	<b>10.45%</b>	<b>11.40%</b>	<b>11.40%</b>	<b>11.40%</b>	<b>11.40%</b>
14	<b>I Total Capitalization Balances &amp; Percentages</b>								
15	Short-term Debt	GLN5117M	5,015	4,830	19,611	10,436	22,300	65,846	30,114
16	Long-term Debt	Line 3 Above	84,000	84,000	84,000	84,000	84,000	86,645	86,645
17	Preferred Stock	Line 4 Above	-	-	-	-	-	-	-
18	Unadjusted Common Equity	Line 5 Above	<u>213,202</u>	<u>213,993</u>	<u>234,093</u>	<u>222,704</u>	<u>219,328</u>	<u>88,388</u>	<u>86,341</u>
19	Unadjusted Total Capital	Sum of Lines 15 - 18	<u>\$ 302,217</u>	<u>\$ 302,822</u>	<u>\$ 337,704</u>	<u>\$ 317,140</u>	<u>\$ 325,628</u>	<u>\$ 240,878</u>	<u>\$ 203,099</u>
20	<u>Capital Structure Ratios - Financial</u>								
21	Short-term Debt Ratio	Line 15 / Line 19	1.66%	1.59%	5.81%	3.29%	6.85%	27.34%	14.83%
22	Long-term Debt Ratio	Line 16 / Line 19	27.79%	27.74%	24.87%	26.49%	25.80%	35.97%	42.66%
23	Preferred Stock Ratio	Line 17 / Line 19	-	-	-	-	-	-	-
24	Common Equity Ratio	Line 18 / Line 19	70.55%	70.67%	69.32%	70.22%	67.36%	36.69%	42.51%

**Note (1):** The above ratios are on a financial basis.

**Note (2):** 2004 through 2006 data is on a year end basis. 2007 through 2010 data is on a 13 month average basis

Michigan Gas Utilities Corporation

Historical and Projected Financial Metrics - Ratemaking Basis  
 (000s)

Line	Description [A]	Historical Source / Comment [B]	Rate Relief Test Year Ending 12/31/2010 [C]	No Rate Relief Test Year Ending 12/31/2010 [D]	Historical Year Ended	
					12/31/2008 [E]	12/31/2007 [F]
1	<b>A EBIT Interest Coverage</b>					
2	Total Operating Income	Jurisdictional Models	\$ 15,017	\$ 9,859	\$ 10,654	\$ 10,523
3	Other Income and Deductions, net		-	-	-	-
4	Federal and State Income Taxes	Jurisdictional Models	\$ 4,795	\$ 2,572	\$ 3,294	\$ 2,456
5	AFUDC Equity Funds Portion	N/A	-	-	-	-
6	EBIT	Sum of Lines 2-4, - Line 5	\$ 19,812	\$ 12,431	\$ 13,948	\$ 12,979
7	Total Interest Charges	Jurisdictional Models	\$ 5,177	\$ 5,177	\$ 5,745	\$ 5,371
8	<b>EBIT Interest Coverage</b>	<b>Line 6 / Line 7</b>	<b>3.83</b>	<b>2.40</b>	<b>2.43</b>	<b>2.42</b>
9	<b>B EBITDA Interest Coverage</b>					
10	Total Operating Income	Line 2	\$ 15,017	\$ 9,859	\$ 10,654	\$ 10,523
11	Depreciation and Amortization	Line 21	7,648	7,648	7,309	7,158
12	Other Income and Deductions, net		-	-	-	-
13	Federal and State Income Taxes	Line 4	4,795	2,572	3,294	2,456
14	AFUDC Equity Funds Portion		-	-	-	-
15	EBITDA	Sum of the Above	\$ 27,460	\$ 20,079	\$ 21,257	\$ 20,137
16	Total Interest Charges	Line 7	\$ 5,177	\$ 5,177	\$ 5,745	\$ 5,371
17	<b>EBITDA Interest Coverage</b>	<b>Line 15 / Line 16</b>	<b>5.30</b>	<b>3.88</b>	<b>3.70</b>	<b>3.75</b>
18	<b>C FFO Interest Coverage</b>					
19	<u>Funds from Operations</u>					
20	Net Income	Jurisdictional Models	\$ 10,222	\$ 4,682	\$ 4,909	\$ 5,152
21	Depreciation and Amortization	GLN5250M	7,648	7,648	7,309	7,158
22	Deferred Income Tax and Investment Tax Credits	GLN5250M	92	92	2,027	12,380
23	Other Operating Cash Flow		(65)	(65)	4,899	(2,916)
24	Total Funds from Operations	Sum of the Above	\$ 17,897	\$ 12,358	\$ 19,144	\$ 21,774
25	Total Interest Charges	Line 7	5,177	5,177	5,745	5,371
26	Funds from Operation plus Interest	Sum of the Above	\$ 23,074	\$ 17,535	\$ 24,889	\$ 27,145
27	Total Interest Charges	Line 7	\$ 5,177	\$ 5,177	\$ 5,745	\$ 5,371
28	<b>FFO Interest Coverage</b>	<b>Line 26 / Line 27</b>	<b>4.46</b>	<b>3.39</b>	<b>4.33</b>	<b>5.05</b>
29	<b>D Overall Fixed Charge Coverage:</b>					
30	Net Income	Line 20	\$ 10,222	\$ 4,682	\$ 4,909	\$ 5,152
31	Total Interest Charges (Gross Interest)	Line 7	5,177	5,177	5,745	5,371
32	Net Income plus Gross Interest	Sum of the Above	\$ 15,399	\$ 9,859	10,654	10,523
33	Total Interest Charges (Gross Interest)	Line 7	\$ 5,177	\$ 5,177	\$ 5,745	\$ 5,371
34	Preferred Dividends	N/A	-	-	-	-
35	Gross Interest plus Preferred Dividends	Sum of the Above	\$ 5,177	\$ 5,177	\$ 5,745	\$ 5,371
36	<b>Overall Fixed Charge Coverage</b>	<b>Line 32 / Line 35</b>	<b>2.97</b>	<b>1.90</b>	<b>1.85</b>	<b>1.96</b>
37	<b>E Cash Flow Coverage of Dividends</b>	N/A MGUC doesn't pay dividends				
38	<b>F Common Dividend Payout Ratio</b>	N/A MGUC doesn't pay dividends				

Note (1): The above ratios are on a ratemaking basis.

Note (2): Data on a ratemaking basis is not available for 2006 and prior years, as MGUC was not under Integrys ownership prior to April 1, 2006.

Michigan Gas Utilities Corporation  
Historical and Projected Financial Metrics - Ratemaking Basis  
 (000s)

Line	Description	Historical Source	Rate Relief Test Year Ending 12/31/2010 [C]	Test Year Ended 12/31/2010 [D]	Historical Year Ended 12/31/2008 [E]	Historical Year Ended 12/31/2007 [F]
	[A]	[B]				
<b>1</b>	<b>G Permanent Capitalization Balances &amp; Percentages</b>					
2	<u>Capital Structure</u>					
3	Long-term Debt	Jurisdictional Models	84,000	84,000	84,000	84,000
4	Preferred Stock	N/A				
5	Common Equity - Ratemaking	Jurisdictional Models	88,962	89,753	102,036	92,517
6	Ratemaking Total Capital	Sum of Lines 3 - 6	<u>\$ 172,962</u>	<u>\$ 173,753</u>	<u>\$ 186,036</u>	<u>\$ 176,517</u>
7	<u>Capital Structure Ratios - Ratemaking</u>					
8	Long-term Debt Ratio	Line 3 / Line 6	48.57%	48.34%	45.15%	47.59%
9	Preferred Stock Ratio	Line 4 / Line 6	-	-	-	-
10	Common Equity Ratio	Line 5 / Line 6	51.43%	51.66%	54.85%	52.41%
<b>11</b>	<b>H Return on Equity (ROE)</b>					
12	Ratemaking Net Income	Line 20	\$ 10,222	\$ 4,682	\$ 4,909	\$ 5,152
13	<b>Ratemaking ROE</b>	Jurisdictional Models	<b>12.37%</b>	<b>6.25%</b>	<b>5.92%</b>	<b>4.97%</b>
14	<b>Authorized ROE</b>			<b>12%</b>	<b>10.45%</b>	<b>11.40%</b>
<b>15</b>	<b>I Total Capitalization Balances &amp; Percentages</b>					
16	Short-term Debt	Jurisdictional Models	5,015	4,830	19,611	10,436
17	Long-term Debt	Line 3	84,000	84,000	84,000	84,000
18	Preferred Stock	Line 4	-	-	-	-
19	Common Equity - Ratemaking	Line 6	88,962	89,753	102,036	92,517
20	Total Capital	Sum of Lines 16 - 19	<u>177,978</u>	<u>178,583</u>	<u>205,647</u>	<u>186,953</u>
21	Job Development - ITC - Debt		-	-	-	-
22	Job Development - ITC - Equity		-	-	-	-
23	Total Job Development - ITC		-	-	-	-
24	Deferred Investment Tax Credit	Jurisdictional Models	-	-	-	-
25	Deferred Income Taxes (Net) - Federal	Jurisdictional Models	24,345	24,345	18,715	8,924
26	Capital Structure Adjustment	Jurisdictional Models	(13,049)	(13,049)	(11,252)	5,502
27	Ratemaking Total Capital	Sum of Lines 20 - 26	<u>\$ 189,274</u>	<u>\$ 189,880</u>	<u>\$ 213,109</u>	<u>\$ 201,379</u>
28	<u>Percent Capital</u>					
29	Short-term Debt Ratio	Line 16 / Line 20	2.82%	2.70%	9.54%	5.58%
30	Long-term Debt Ratio	Line 17 / Line 20	47.20%	47.04%	40.85%	44.93%
31	Preferred Stock Ratio	Line 18 / Line 20	0.00%	0.00%	0.00%	0.00%
32	Common Equity Ratio	Line 19 / Line 20	49.99%	50.26%	49.62%	49.49%
29	<u>Percent of Total Capital</u>					
29	Short-term Debt Ratio	Line 16 / Line 27	2.65%	2.54%	9.20%	5.18%
30	Long-term Debt Ratio	Line 17 / Line 27	44.38%	44.24%	39.42%	41.71%
31	Preferred Stock Ratio	Line 18 / Line 27	0.00%	0.00%	0.00%	0.00%
32	Common Equity Ratio	Line 19 / Line 27	47.00%	47.27%	47.88%	45.94%
33	Job Development - ITC Ratio	Line 23 / Line 27	0.00%	0.00%	0.00%	0.00%
34	Deferred Investment Tax Credit Ratio	Line 24 / Line 27	0.00%	0.00%	0.00%	0.00%
35	Deferred Income Taxes (Net) - Federal - Ratio	Line 25 / Line 27	12.86%	12.82%	8.78%	4.43%
36	Capital Structure Adjustment	Line 26 / Line 27	-6.89%	-6.87%	-5.28%	2.73%

Note (1): The above ratios are on a ratemaking basis.

Note (2): Data on a ratemaking basis is not available for 2006 and prior years, as MGUC was not under Integrys ownership prior to April 1, 2006.

Note (3): Data is presented on a 13-month average basis.