

SECTION D
GAS SALES SERVICE
General Terms and Conditions:

A. Terms of Payment:

All bills are due and payable on or before the due date shown thereon.

B. Special Taxes:

1. In municipalities which levy special taxes, license fees, or street rentals against the Company, and which levy has been successfully maintained, customers bills shall be increased within the limits of such municipalities so as to offset such special charges and thereby prevent the customers in other localities from being compelled to share any portion of such local increase.

2. Bills shall be increased to offset any new or increased specific tax or excise imposed by any governmental authority upon the Company's production, transmission or sale of gas.

C. Rules Applicable:

Service under all Rate Schedules shall be subject to the Rules and Regulations of the Company.

D. Controlled Service:

All Rates are subject to all provisions in Rule C2 of the Rules and Regulations of the Company which are applicable to priority of service hereunder.

E. Territory Served:

All Rates apply in the territory served by the Company, comprising the cities, villages and townships in all Districts in the applicable Rules and Regulations of the Company except where specifically noted.

F. Rules and Regulations:

Service supplied under these rate schedules shall be governed by the Rules and Regulations of the Company as approved by the Michigan Public Service Commission.

**SECTION D
GAS SALES SERVICE
SURCHARGES**

Energy Optimization Program Clause – This clause permits, pursuant to Section 91(3) of 2008 PA 295, collection of the energy optimization alternative compliance payments made by the utility in compliance with Section 91(1). This charge is to be on a volumetric basis for Residential customers and on a per meter basis for all other metered customers.

Energy Optimization
Surcharge

| <u>Rate Class</u> | <u>Amount</u> | <u>Order No.</u> |
|-------------------|-------------------|------------------|
| Residential | \$0.1778 per Mcf | U-16293 |
| GS-1 | \$2.41 per Month | U-16293 |
| GS-2 | \$13.26 per Month | U-16293 |
| GS-3 | \$67.23 per Month | U-16293 |

The Gas Cost Recovery Factors

Pursuant to MCL 460.6h (9), the Company is authorized to implement Gas Cost Recovery Factors for The April 2010 through March 2011 GCR plan period of up to:

| Billing Months | Maximum Authorized Factor \$/Mcf | Actual Factor Billed \$/Mcf |
|-----------------------|---|------------------------------------|
| April, 2010 | \$6.6377/Mcf | \$6.2000/Mcf |
| May, 2010 | \$6.6377/Mcf | \$6.2000/Mcf |
| June, 2010 | \$6.6377/Mcf | \$6.2000/Mcf |
| July, 2010 | \$6.6377/Mcf | \$6.2000/Mcf |
| August, 2010 | \$6.6377/Mcf | \$6.2000/Mcf |
| September, 2010 | | |
| October, 2010 | | |
| November, 2010 | | |
| December, 2010 | | |
| January, 2011 | | |
| February, 2011 | | |
| March, 2011 | | |

The current month's Gas Cost Recovery factor is composed of the following cost components:

| | |
|-----------------------------|------------------|
| Balancing Charge | \$0.2500 per Mcf |
| Capacity Demand Charge..... | \$0.5194 per Mcf |
| Gas Commodity Charge | \$5.4306 per Mcf |

Issued July 15, 2010 by
Michael V. Palmeri
Executive Vice President and C.F.O.
Port Huron, MI 48060

Effective for bills rendered on and after
The first billing cycle of the August 2010
Billing Month Issued under authority of 1982
PA 304, Section 6h and the Michigan
Public Service Commission for
Self-implementation in Case No. U-16147.

Contingency Factor Matrix

| | April-June 1st Q | | July-Sept 2nd Q | | Oct-Dec 3rd Q | | Jan-Mar 4th Q | |
|--|---|-------------|--------------------|-------------|------------------|-------------|------------------|-------------|
| | Summer | Winter | Summer | Winter | Summer | Winter | Summer | Winter |
| | April- Oct | Nov- Mar | April- Oct | Nov- Mar | April- Oct | Nov- Mar | April- Oct | Jan- Mar |
| Fractional Mult. F_m | 0.197 | 0.647 | 0.207 | 0.581 | 0.258 | 0.527 | 0.262 | 0.528 |
| Plan NYMEX (X_{plan}) | \$5.0733 | \$6.2889 | \$5.0733 | \$6.2889 | \$5.0733 | \$6.2889 | \$5.0733 | \$6.4547 |
| Base GCR Factor | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 |
| NYMEX Increase Greater than Or Equal to | Incremental Contingent GCR Factor \$/Mcf | | | | | | | |
| But Less than | | | | | | | | |
| \$0.00 | \$0.05 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 |
| \$0.05 | \$0.10 | \$0.0099 | \$0.0324 | \$0.0103 | \$0.0290 | \$0.0129 | \$0.0263 | \$0.0131 |
| \$0.10 | \$0.15 | \$0.0197 | \$0.0647 | \$0.0207 | \$0.0581 | \$0.0258 | \$0.0527 | \$0.0262 |
| \$0.15 | \$0.20 | \$0.0296 | \$0.0971 | \$0.0310 | \$0.0871 | \$0.0388 | \$0.0790 | \$0.0392 |
| \$0.20 | \$0.25 | \$0.0394 | \$0.1295 | \$0.0413 | \$0.1162 | \$0.0517 | \$0.1053 | \$0.0523 |
| \$0.25 | \$0.30 | \$0.0493 | \$0.1618 | \$0.0516 | \$0.1452 | \$0.0646 | \$0.1317 | \$0.0654 |
| \$0.30 | \$0.35 | \$0.0592 | \$0.1942 | \$0.0620 | \$0.1742 | \$0.0775 | \$0.1580 | \$0.0785 |
| \$0.35 | \$0.40 | \$0.0690 | \$0.2265 | \$0.0723 | \$0.2033 | \$0.0904 | \$0.1843 | \$0.0915 |
| \$0.40 | \$0.45 | \$0.0789 | \$0.2589 | \$0.0826 | \$0.2323 | \$0.1034 | \$0.2106 | \$0.1046 |
| \$0.45 | \$0.50 | \$0.0887 | \$0.2913 | \$0.0930 | \$0.2614 | \$0.1163 | \$0.2370 | \$0.1177 |
| \$0.50 | \$0.55 | \$0.0986 | \$0.3236 | \$0.1033 | \$0.2904 | \$0.1292 | \$0.2633 | \$0.1308 |
| \$0.55 | \$0.60 | \$0.1085 | \$0.3560 | \$0.1136 | \$0.3194 | \$0.1421 | \$0.2896 | \$0.1439 |
| \$0.60 | \$0.65 | \$0.1183 | \$0.3884 | \$0.1240 | \$0.3485 | \$0.1550 | \$0.3160 | \$0.1569 |
| \$0.65 | \$0.70 | \$0.1282 | \$0.4207 | \$0.1343 | \$0.3775 | \$0.1680 | \$0.3423 | \$0.1700 |
| \$0.70 | \$0.75 | \$0.1380 | \$0.4531 | \$0.1446 | \$0.4066 | \$0.1809 | \$0.3686 | \$0.1831 |
| \$0.75 | \$0.80 | \$0.1479 | \$0.4854 | \$0.1549 | \$0.4356 | \$0.1938 | \$0.3950 | \$0.1962 |
| \$0.80 | \$0.85 | \$0.1578 | \$0.5178 | \$0.1653 | \$0.4647 | \$0.2067 | \$0.4213 | \$0.2092 |
| \$0.85 | \$0.90 | \$0.1676 | \$0.5502 | \$0.1756 | \$0.4937 | \$0.2196 | \$0.4476 | \$0.2223 |
| \$0.90 | \$0.95 | \$0.1775 | \$0.5825 | \$0.1859 | \$0.5227 | \$0.2326 | \$0.4739 | \$0.2354 |
| \$0.95 | \$1.00 | \$0.1874 | \$0.6149 | \$0.1963 | \$0.5518 | \$0.2455 | \$0.5003 | \$0.2485 |
| \$1.00 | \$1.05 | \$0.1972 | \$0.6473 | \$0.2066 | \$0.5808 | \$0.2584 | \$0.5266 | \$0.2615 |
| \$1.05 | \$1.10 | \$0.2071 | \$0.6796 | \$0.2169 | \$0.6099 | \$0.2713 | \$0.5529 | \$0.2746 |
| \$1.10 | \$1.15 | \$0.2169 | \$0.7120 | \$0.2272 | \$0.6389 | \$0.2842 | \$0.5793 | \$0.2877 |
| \$1.15 | \$1.20 | \$0.2268 | \$0.7444 | \$0.2376 | \$0.6679 | \$0.2972 | \$0.6056 | \$0.3008 |
| \$1.20 | \$1.25 | \$0.2367 | \$0.7767 | \$0.2479 | \$0.6970 | \$0.3101 | \$0.6319 | \$0.3139 |
| \$1.25 | \$1.30 | \$0.2465 | \$0.8091 | \$0.2582 | \$0.7260 | \$0.3230 | \$0.6583 | \$0.3269 |
| \$1.30 | \$1.35 | \$0.2564 | \$0.8414 | \$0.2686 | \$0.7551 | \$0.3359 | \$0.6846 | \$0.3400 |
| \$1.35 | \$1.40 | \$0.2662 | \$0.8738 | \$0.2789 | \$0.7841 | \$0.3489 | \$0.7109 | \$0.3531 |
| \$1.40 | \$1.45 | \$0.2761 | \$0.9062 | \$0.2892 | \$0.8131 | \$0.3618 | \$0.7373 | \$0.3662 |
| \$1.45 | \$1.50 | \$0.2860 | \$0.9385 | \$0.2995 | \$0.8422 | \$0.3747 | \$0.7636 | \$0.3792 |

Continued on Sheet D-5.00

Issued March 15, 2010 by
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Port Huron, MI 48060

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Billing Month. Issued under authority of 1982
PA 304, Section 6h and the Michigan
Public Service Commission for
Self-implementation in Case No. U-16147.

Continued From Sheet D-4.00

| | April-June 1st Q | | July-Sept 2nd Q | | Oct-Dec 3rd Q | | Jan-Mar 4th Q | | |
|--|---|-------------|--------------------|-------------|------------------|-------------|------------------|-------------|----------|
| | Summer | Winter | Summer | Winter | Summer | Winter | Summer | Winter | |
| | April- Oct | Nov- Mar | April- Oct | Nov- Mar | April- Oct | Nov- Mar | April- Oct | Jan- Mar | |
| Fractional Mult. F_m | 0.197 | 0.647 | 0.207 | 0.581 | 0.258 | 0.527 | 0.262 | 0.528 | |
| Plan NYMEX (X_{plan}) | \$5.0733 | \$6.2889 | \$5.0733 | \$6.2889 | \$5.0733 | \$6.2889 | \$5.0733 | \$6.4547 | |
| Base GCR Factor | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 | \$6.6377 | |
| NYMEX Increase Greater than Or Equal to | Incremental Contingent GCR Factor \$/Mcf | | | | | | | | |
| But Less than | | | | | | | | | |
| \$1.50 | \$1.55 | \$0.2958 | \$0.9709 | \$0.3099 | \$0.8712 | \$0.3876 | \$0.7899 | \$0.3923 | \$0.7917 |
| \$1.55 | \$1.60 | \$0.3057 | \$1.0033 | \$0.3202 | \$0.9003 | \$0.4005 | \$0.8162 | \$0.4054 | \$0.8181 |
| \$1.60 | \$1.65 | \$0.3155 | \$1.0356 | \$0.3305 | \$0.9293 | \$0.4135 | \$0.8426 | \$0.4185 | \$0.8445 |
| \$1.65 | \$1.70 | \$0.3254 | \$1.0680 | \$0.3409 | \$0.9583 | \$0.4264 | \$0.8689 | \$0.4316 | \$0.8709 |
| \$1.70 | \$1.75 | \$0.3353 | \$1.1003 | \$0.3512 | \$0.9874 | \$0.4393 | \$0.8952 | \$0.4446 | \$0.8972 |
| \$1.75 | \$1.80 | \$0.3451 | \$1.1327 | \$0.3615 | \$1.0164 | \$0.4522 | \$0.9216 | \$0.4577 | \$0.9236 |
| \$1.80 | \$1.85 | \$0.3550 | \$1.1651 | \$0.3719 | \$1.0455 | \$0.4651 | \$0.9479 | \$0.4708 | \$0.9500 |
| \$1.85 | \$1.90 | \$0.3648 | \$1.1974 | \$0.3822 | \$1.0745 | \$0.4781 | \$0.9742 | \$0.4839 | \$0.9764 |
| \$1.90 | \$1.95 | \$0.3747 | \$1.2298 | \$0.3925 | \$1.1035 | \$0.4910 | \$1.0006 | \$0.4969 | \$1.0028 |
| \$1.95 | \$2.00 | \$0.3846 | \$1.2622 | \$0.4028 | \$1.1326 | \$0.5039 | \$1.0269 | \$0.5100 | \$1.0292 |
| \$2.00 | \$2.05 | \$0.3944 | \$1.2945 | \$0.4132 | \$1.1616 | \$0.5168 | \$1.0532 | \$0.5231 | \$1.0556 |
| \$2.05 | \$2.10 | \$0.4043 | \$1.3269 | \$0.4235 | \$1.1907 | \$0.5297 | \$1.0795 | \$0.5362 | \$1.0820 |
| \$2.10 | \$2.15 | \$0.4141 | \$1.3593 | \$0.4338 | \$1.2197 | \$0.5427 | \$1.1059 | \$0.5493 | \$1.1084 |
| \$2.15 | \$2.20 | \$0.4240 | \$1.3916 | \$0.4442 | \$1.2487 | \$0.5556 | \$1.1322 | \$0.5623 | \$1.1348 |
| \$2.20 | \$2.25 | \$0.4339 | \$1.4240 | \$0.4545 | \$1.2778 | \$0.5685 | \$1.1585 | \$0.5754 | \$1.1611 |
| \$2.25 | \$2.30 | \$0.4437 | \$1.4563 | \$0.4648 | \$1.3068 | \$0.5814 | \$1.1849 | \$0.5885 | \$1.1875 |
| \$2.30 | \$2.35 | \$0.4536 | \$1.4887 | \$0.4751 | \$1.3359 | \$0.5943 | \$1.2112 | \$0.6016 | \$1.2139 |
| \$2.35 | \$2.40 | \$0.4634 | \$1.5211 | \$0.4855 | \$1.3649 | \$0.6073 | \$1.2375 | \$0.6146 | \$1.2403 |
| \$2.40 | \$2.45 | \$0.4733 | \$1.5534 | \$0.4958 | \$1.3940 | \$0.6202 | \$1.2639 | \$0.6277 | \$1.2667 |
| \$2.45 | \$2.50 | \$0.4832 | \$1.5858 | \$0.5061 | \$1.4230 | \$0.6331 | \$1.2902 | \$0.6408 | \$1.2931 |
| \$2.50 | \$2.55 | \$0.4930 | \$1.6182 | \$0.5165 | \$1.4520 | \$0.6460 | \$1.3165 | \$0.6539 | \$1.3195 |
| \$2.55 | \$2.60 | \$0.5029 | \$1.6505 | \$0.5268 | \$1.4811 | \$0.6589 | \$1.3429 | \$0.6669 | \$1.3459 |
| \$2.60 | \$2.65 | \$0.5128 | \$1.6829 | \$0.5371 | \$1.5101 | \$0.6719 | \$1.3692 | \$0.6800 | \$1.3723 |
| \$2.65 | \$2.70 | \$0.5226 | \$1.7152 | \$0.5475 | \$1.5392 | \$0.6848 | \$1.3955 | \$0.6931 | \$1.3986 |
| \$2.70 | \$2.75 | \$0.5325 | \$1.7476 | \$0.5578 | \$1.5682 | \$0.6977 | \$1.4218 | \$0.7062 | \$1.4250 |
| \$2.75 | \$2.80 | \$0.5423 | \$1.7800 | \$0.5681 | \$1.5972 | \$0.7106 | \$1.4482 | \$0.7193 | \$1.4514 |
| \$2.80 | \$2.85 | \$0.5522 | \$1.8123 | \$0.5784 | \$1.6263 | \$0.7235 | \$1.4745 | \$0.7323 | \$1.4778 |
| \$2.85 | \$2.90 | \$0.5621 | \$1.8447 | \$0.5888 | \$1.6553 | \$0.7365 | \$1.5008 | \$0.7454 | \$1.5042 |
| \$2.90 | \$2.95 | \$0.5719 | \$1.8771 | \$0.5991 | \$1.6844 | \$0.7494 | \$1.5272 | \$0.7585 | \$1.5306 |
| \$2.95 | \$3.00 | \$0.5818 | \$1.9094 | \$0.6094 | \$1.7134 | \$0.7623 | \$1.5535 | \$0.7716 | \$1.5570 |
| \$3.00 | | \$0.5916 | \$1.9418 | \$0.6198 | \$1.7424 | \$0.7752 | \$1.5798 | \$0.7846 | \$1.5834 |

Continued on D-6.00

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Continued From D-5.00

NYMEX Increase = (X - X_{plan})

X = the simple average of the actual NYMEX monthly natural gas futures contract prices, (\$/MMbtu), for the summer strip (Apr-Oct) and the remaining months of the winter strip (Nov-Mar), (averaged over first five trading days of the month prior to implementation).

X_{plan} = the NYMEX average summer and winter strips incorporated in the calculation of the base GCR factor, as delineated in the above chart.

At least fifteen days before the beginning of each period, the company shall file with the Michigan Public Service Commission an updated Tariff Sheet No. D-3.00, a new GCR ceiling price calculated using the matrix, without regard to whether the new ceiling factor is higher or lower than the prior period's ceiling factor. In no event will the ceiling price decrease below the Base GCR Factor. The informational filing shall include all supporting documents necessary to verify the new price ceiling, including a copy of the calculation of the five-day average of the NYMEX strip for the remaining months of the GCR period, and a copy of the NYMEX futures prices sheets for the first five trading days of the month, such sheets being an authoritative source used by the gas industry. The filing shall be incorporated into the GCR Plan docket U-16147 with notice of filing provided to all interveners.

Gas Cost Recovery Factor Adjustment Process

Step 1) Using the first five trading days of the month prior to implementation determine two NYMEX five day averages. One for the seven month summer strip X_s (Apr-Oct), one for the remaining months of the five month winter strip X_w (Nov-Mar). Closing prices should be used for the summer months that are no longer trading. Only the remaining months should be used to calculate the winter strip.

Step 2) Determine the NYMEX increase for the summer and winter strips by subtracting the NYMEX plan X_{plan} for that strip from X calculated above for that same strip.

Step 3) Locate the two incremental contingent GCR factors, which correspond with the two NYMEX increases calculated in the previous steps (Summer and Winter), in the table for the desired period.

Step 4) Add the two incremental contingent GCR factors to the base GCR factor. The new GCR ceiling factor will be the greater of the Base GCR Factor or the resulting factor from the matrix.

RESIDENTIAL SERVICE RATE

Availability:

Subject to restrictions contained in the Rules and Regulations of the Company, service is available under this Rate Schedule to any customer in the Company's Service Territory to meet residential gas requirements, as defined in Rule C2.7.

Characteristics of Service:

Continuous service, except as may be limited by the effective Rules and Regulations of the Company.

Non-Gas Charges:

Customer Charge per meter: \$ 10.00 per month
Distribution Charge: \$ 1.5817 per Mcf

Gas Cost Recovery Charges:

This rate is subject to the Gas Cost Recovery charges set forth on Sheet No. D-3.00.

Surcharges and Credits:

Gas service under this rate may be subject to surcharges and/or credits as indicated on Sheet No. D-2.00.

Terms of Payment:

A late payment charge of two percent (2%) of the delinquent balance shall be added to any bill which is not paid on or before the due date shown thereon. The late payment charge is not applicable to customers participating in the Winter Protection Plan set forth in Order U-4240.

GENERAL SERVICE (GS) RATE

Availability:

Subject to restrictions contained in the Rules and Regulations of the Company, service is available under this Rate Schedule to any commercial or industrial customer in the Company's Service Territory, for any purpose, including multiple family dwellings.

Characteristics of Service:

Continuous service, except as may be limited by the effective Rules and Regulations of the Company.

Non-Gas Charges:

| Service Category | Customer Charge Per Meter | Distribution Charge |
|-------------------------|----------------------------------|----------------------------|
| GS-1 | \$10.00 per month | \$1.7488 per Mcf |
| GS-2 | \$35.00 per month | \$1.2813 per Mcf |
| GS-3 | \$100.00 per month | \$1.0062 per Mcf |

Customers may choose the Service Category under which they take service, consistent with the restrictions of Rule C4.1. When customers are selecting their initial service category, the Company must advise them that the economic break even point between GS-1 and GS-2 is 642 Mcf per year, and the economic break even point between GS-2 and GS-3 is 2,835 Mcf per year. After the initial selection has been made, then it is the customer's responsibility to determine when it is appropriate to switch rates, as permitted by Rule C4.1.

Gas Cost Recovery Charges

This rate is subject to the Gas Cost Recovery charges set forth on Sheet No. D-3.00.

Customer Charge Billing Option:

At the customer's option, the customer may contract with the Company to be billed the annual sum of the 12 monthly Customer Charges, evenly divided, over whichever billing months during the year shall be mutually agreeable between the Company and the customer.

Surcharges and Credits:

Gas service under this rate may be subject to surcharges and/or credits as indicated on Sheet No. D-2.00.

Unmetered Service:

When service is rendered under a contract with the Company, where the entire gas usage is a fixed hourly volume such that no meter is required, such service shall be treated as a GS-1 Service Category for billing purposes, except that no Customer Charge shall be applied.

Terms of Payment:

A late payment charge of three percent (3%) of the delinquent balance shall be added to any bill which is not paid on or before the due date shown thereon.