

Subj: **Consumers Energy's Comments on the Credit Addendum to the Wholesale Gas Contract**

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Please post the following comments for consideration at this week's meeting on the WGQ Credit Addendum.

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FXBerkemeier's - Consumers Energy's comments on the Proposed Credit Addendum to Base Contract are as follows:

1. On numbered page 1, the paragraph that begins with the word "Addendum" replace the opening word of the second sentence "Unless" with "Except as" because the Base Contract will indeed continue to apply.
2. On numbered page 1, the definition of "Credit Elections Cover Sheet" should be changed to read "... shall mean the Credit Support Addendum Cover Sheet..." because that is the way the referenced Cover Sheet is actually titled.
3. On numbered page 1, the phrase "or deposit obligations" in lines 2 and 4 is not understood. I personally am not aware that "deposit obligations" are given a "rating". Unless it is shown that my comment is invalid, the phrase should be deleted in both instances.
4. On numbered page 1, part "b" of the definition of "Credit Support Default", reference is made to "material agreement or obligation" but the term is not defined. A definition is needed.
5. On page 2, the definition for "Credit Support Provider" is not particularly helpful. I would modify the definition by:
 - a. adding the word "evidenced" to the first line immediately before the word "pursuant"; and
 - b. delete the clause ", if specified as applicable".
6. On page 2, the definition for "Exposure" appears to be incomplete. Immediately preceding the word "amount" I would add "net" and immediately following the same word I would add "owing as of a given point in time".
7. On page 3, I fail to understand why the definition for "Potential Event

of Default" does not end with the word "both". The final clause seems totally unnecessary and is apt to add confusion.

8. Is the reference to "\$1,000,000,000 in the definition of "Qualified Institution" excessive?
9. On page 3, the definition for "Substitute Posted Collateral" improperly references Section IX(b). The proper reference is to Section X(b).
10. On page 3, in Section II(2) the word "then" should be inserted immediately preceding "held".
11. On page 4, Section III(b) is confusing. The confusion can be eliminated by changing it to read:

"Notwithstanding anything else in this Contract, if an Event of Default or a Potential Event of Default shall occur with respect to a secured Party, the Secured Party shall immediately return all Posted Collateral it is holding hereunder on behalf of the Pledging Party to the Pledging Party."

12. On numbered page 5, in numbered line 10, "party's" should be "party".
13. On the last line of page 7 insert the phrase "or occur subsequent to" immediately after the word "from".