

April 21, 2003

Dykema Gossett PLLC
800 Michigan National Tower
Lansing, Michigan 48933
Attention: James P. Kiefer

Re: MPSC Case No. U-13715

Ladies and Gentlemen:

We have been advised that Dykema Gossett PLLC has been retained by the Michigan Public Service Commission ("Commission" or "MPSC") to provide legal services for the Commission in MPSC Case No. U-13715 a proceeding instituted by Consumers Energy Company ("Consumers Energy") pursuant to the terms and provisions of 2000 PA 142. The terms of Dykema Gossett's representation of the Commission are set forth in a July 17, 2000 engagement letter, which is incorporated by reference and which has been the subject of a March 24, 2003 Confirmation of Letter of Engagement ("Confirmation"). The Confirmation is attached hereto as Exhibit A.

Section 10i(10) of 2000 PA 142 provides that the Commission may require an electric utility to pay the cost of its legal services in a proceeding requesting a financing order such as MPSC Case No. U-13715. The Commission has requested that Consumers Energy agree to the payment of your fees with respect to your representation of the Commission in Case No. U-13715 and the issuance of a financing order requested by Consumers Energy.

Consumers Energy hereby acknowledges the representation of the Commission by Dykema Gossett pursuant to the Engagement Letter. Upon approval of such fees and expenses by the Commission, Consumers Energy hereby agrees to pay the legal fees and expenses of Dykema Gossett in its representation of the Commission pursuant to the Engagement Letter. The current hourly rates of the attorneys that will be working on this matter range from \$160 per hour to \$350 per hour, provided that an individual attorney's billing rate shall not increase between the date of this letter and December 31, 2003, and thereafter any increase in an attorney's billing rate shall be limited to the standard annual adjustment that is made to such respective attorney's billing rate. Payment for such services will be made on the date securitization bonds are issued. In the event that such bonds are not issued prior to September 1, 2003, then Consumers Energy will pay any such accrued legal fees to Dykema Gossett on or before September 1, 2003 and on a monthly basis thereafter. Consumers Energy hereby acknowledges and agrees that the payment arrangement described above shall not provide

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Consumers Energy with any management control over your relationship with the Commission and in no way affects your attorney/client relationship with the Commission.

I am enclosing three originals of this letter and attachment. Please indicate your intent to be bound by the terms of this letter by indicating your firm's acceptance below. Keep one original and return the other two to me. I will keep one for Consumer's files and provide the third original to the Commission.

Yours truly,

David A. Mikolowicz

Agreed and accepted:

DYKEMA GOSSETT PLLC

By: *J. P. Kiefer*
James P. Kiefer

Date: 4/22/03

Exhibit A

**Confirmation of Letter of Engagement between
the MPSC and Dykema Gossett PLLC**

Confirmation of Letter of Engagement

On July 17, 2000, the Michigan Public Service Commission ("MPSC") and Dykema Gossett PLLC entered into a Letter of Engagement with respect to Dykema Gossett providing legal services to the MPSC to assist the MPSC in its evaluation of stranded cost financing proposals from Michigan utilities. Consumers Energy has filed a new case, MPSC Case No. U-13715, and the MPSC and Dykema Gossett wish to confirm that the terms of the July 17, 2000 Letter of Engagement, a copy of which is attached, continue to apply.

Accordingly, the parties have signed this Confirmation of Letter of Engagement to confirm that Dykema Gossett will continue to provide legal services to the MPSC pursuant to the terms and conditions set forth in the attached Letter of Engagement. In accordance with such terms of engagement, payment to Dykema Gossett for its work for the MPSC will be paid by Consumers Energy pursuant to the provisions of 2000 PA 142. While payment will be made by Consumers Energy, Consumers Energy is not a client of Dykema Gossett and is not entitled to confidential information or work papers prepared by Dykema Gossett for the MPSC. A letter confirming this agreement will be provided to Dykema Gossett by Consumers Energy.

This Confirmation of Letter of Engagement is dated as of March 27, 2003.

MICHIGAN PUBLIC SERVICE COMMISSION

DYKEMA GOSSETT PLLC

By: Laura Chappelle

By: J. P. Kip

July 17, 2000
Letter of Engagement

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State of Michigan
John Engler, Governor

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

Public Service Commission

6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909-7721
(517) 241-6180

Commissioners

John G. Strand
David A. Svanda
Robert B. Nelson

July 17, 2000

Mr. James P. Kiefer
Dykema Gossett Law Offices
800 Michigan National Tower
Lansing, Michigan 48933

Dear Mr Kiefer:

This "letter of engagement" confirms the appointment of Dykema Gossett PLLC to provide legal services to the Michigan Public Service Commission ("MPSC") to assist in the MPSC in its evaluation of stranded cost financing proposals from Michigan utilities. The MPSC has received the appropriate approvals, if any, from the Department of Civil Service for this contract.

The services performed will be exclusively for the MPSC. Accordingly, the MPSC, and its designated representatives, will be Dykema Gossett's client for this engagement. All legal services performed under the contract shall be under the exclusive management and sole direction of the MPSC, as set forth in this letter of engagement. Unless otherwise agreed to by the MPSC, James Kiefer will be Dykema Gossett's primary contact with the MPSC on this matter.

It is imperative to clarify that payments to Dykema Gossett for its work for the MPSC will be paid by Consumers Energy Company pursuant to the provisions of 2000 PA 142. While payment will be made by Consumers Energy, Consumers Energy is not a client of Dykema Gossett and is not entitled to confidential information or work papers prepared by Dykema Gossett for the MPSC. The MPSC understands that a letter confirming this agreement will be provided to Dykema Gossett by Consumers Energy.

Pursuant to Michigan law (2000 PA 142), the MPSC must ensure the securitization financing to recover qualified costs relating to regulatory assets and stranded costs provides tangible and quantifiable benefits to the customers of the electric utility. As a legal consultant to the MPSC, Dykema Gossett will assist the MPSC, and its financial advisor, in its review of applications from electric utilities and in the development of technically, financially, and legally sound orders. Responsibilities of the legal consultant in connection with review of the applications are delineated in the attached work statement.

Dykema Gossett is required to assume responsibility for all services during this assignment. In the event that any subcontractors are required to be retained by Dykema Gossett, then Dykema Gossett will be responsible for engaging such subcontractors. A complete listing of subcontractors engaged, if any, including their qualifications, and identification of any potential conflicts of interest, will be provided to the MPSC.

It is understood that Dykema Gossett will not represent any electric utilities with respect to an application by an electric utility to the MPSC for recovery of costs as described above, or any other party in connection with legal representation involving participation in MPSC proceedings under 2000 PA 142. Dykema Gossett's representation of the MPSC in this matter will not prohibit Dykema Gossett from representing any other parties in matters unrelated to 2000 PA 142, even if such representation is

Mr. James P. Kiefer
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adverse to the MPSC and even if such representation is for parties that are requesting financing orders under 2000 PA 142 (provided such representation is not in connection with proceedings under 2000 PA 142).

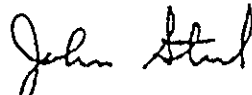
2000 PA 142 requires the utility to fund both the financial and legal advisory services. Payments for these services will be made on the date securitization bonds are issued. In the event that such bonds are not issued prior to December 15, 2000, then Consumers Energy Company will be required to pay any such accrued legal fees to Dykema Gossett on or before December 15, 2000 and on a monthly basis thereafter. Dykema Gossett's invoices for services must include the total hours for each professional and the rate for that individual, plus disbursements. Dykema Gossett must also provide in a separate memorandum marked "attorney-client communication" the detailed descriptions of the services provided by each individual.

The hourly rates of the Dykema Gossett attorneys assigned to this matter are set forth in Dykema Gossett's July 3, 2000 proposal to the MPSC. Such hourly rates are effective through December 31, 2000 and thereafter are subject to adjustment on a calendar year basis.

As was set forth in Dykema Gossett's July 3, 2000 proposal, the MPSC acknowledges that any agreement by Dykema Gossett to indemnify the MPSC will need to be specifically set forth in a separate document and such document will need to be approved in advance by Dykema Gossett's Executive Committee and Dykema Gossett's professional liability insurer.

Please confirm that the above is in accordance with your understanding and agreement with the MPSC by signing and returning the duplicate letter.

Sincerely,



John G. Strand, Chairman
Michigan Public Service Commission

attachment

Agreed and accepted by:

DYKEMA GOSSETT PLLC

By:



James P. Kiefer

Date:

7/17/00